

February 26,  
2010



## Government Affairs Bulletin

### Contact Us

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<http://www.fsround.org>

### Core Beliefs of The Financial Services Roundtable:

- . *Large, integrated financial companies finance the nation's economy.*
- . *The competitive marketplace should govern the delivery of products and services.*
  - . *Uniform national standards across state lines are critical.*
  - . *The effective use of technology is essential.*

### Legislative:

- **Hearing: House Small Business Committee and Financial Services on Condition of Small Business**
- **Hearing: House Financial Services Committee, : "Compensation in the Financial Industry Government Perspectives"**
- **Hearing: Senate Committee on Banking, Housing, and Urban Affairs: Monetary Report by Federal Reserve Chairman Bernanke**
- **Financial Regulatory Reform**
- **Hearing: Senate Committee on Finance, : "Trade and Tax Issues Related to Small Business Job Creation"**
- **Update on Retirement Security**

### Regulatory:

- **SEC Reinstates Alternative Uptick Rule to Restrict Short Selling**
- **FINRA Proposes to Repeal NYSE Rule 405(4) (Common Sales Account)**

### Housing Policy Council:

- **Roundtable/HPC Comment on FDIC Securitization Proposal**

### HOPE NOW:

- **HOPE NOW Provides Free Workshop for Struggling Homeowners in Texas**

### BITS:

- **Hearing: Senate Committee on Commerce, : "Science and Transportation Hearing on Cyber Security"**

## Agents for Change

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## Legislative News

### Hearing: House Small Business Committee and Financial Services on Condition of Small Business

The House Financial Services Committee and the House Small Business Committee held a joint hearing, “**Condition of Small Business and Commercial Real Estate Lending in Local Markets**” on Friday, February 26, 2010. The hearing had 3 panels of witnesses scheduled to testify: 1. Small Business, 2. Regulators and 3. Financial Institutions. Roundtable member Wells Fargo participated in the hearing. Wells Fargo was represented by Mr. David A. Hoyt, Senior Executive Vice President, Wholesale Banking. Prior to the hearing the Roundtable forwarded a list of recommendations to enhance lending programs operated by the Small Business Administration (SBA) to the House Small Business Committee. The Roundtable encourages Congress to pursue policies that expand and increase opportunities for small business to be successful.

For more information, please contact Brian Tate, [Brian@fsround.org](mailto:Brian@fsround.org).

### Update on Retirement Security

Senate Majority Leader Harry Reid (D-NV) has released legislative language for a second jobs bill that includes relief for defined benefit (DB) plans. The DB provisions are similar to the language that was included in the Senate Finance draft bill circulated earlier this month. Action on the bill could occur as early as next week; however, it is not certain. The Roundtable will continue to urge members of the House Ways & Means Committee, House Education & Labor Committee, Senate Health, Education, Labor, and Pensions, and the Senate Finance Committee to take action and craft legislation that will provide DB plan funding relief to help businesses of all sizes maximize resources and allow them to remain focused on job creation and retention.

For more information, please contact Brian Tate, [Brian@fsround.org](mailto:Brian@fsround.org).

### Hearing: House Financial Services Committee, : “Compensation in the Financial Industry- Government Perspectives”

On Thursday, February 26<sup>th</sup>, the House Financial Services Committee, Chaired by Representative Barney Frank (D-MA), held a hearing entitled “Compensation in the Financial Industry – Government Perspectives.” This was the committee’s second hearing on the issue of compensation this year. The hearing focused on the pay practices of both private and public financial entities such as AIG, along with Fannie Mae and Freddie Mac, and where the federal government plays a role in reviewing and/or approving compensation. The panel of witnesses included Ken Feinberg, Master for TARP Executive Compensation, Scott Alvarez, General Counsel for the Board of Governors of the Federal Reserve, and Edward DeMarco, the Acting Director of the Federal Housing Finance Agency. Testimony from witnesses indicated support for reining in excessive executive compensation, but stopped well short of offering solutions.

For more information, please contact Jill Hershey, [Jill@fsround.org](mailto:Jill@fsround.org).

### Hearing: Senate Committee on Banking, Housing, and Urban Affairs, : Monetary Report by Federal Reserve Chairman Bernanke

On Thursday, February 25, the Senate Committee on Banking, Housing, and Urban Affairs held a hearing on the monetary report given by Federal Reserve Chairman Ben Bernanke. The chairman’s testimony focused on which

tools that the Federal Reserve currently has to fight future inflation; the current high rate of unemployment; and financial services regulatory reform. In addition, committee members asked questions of Chairman Bernanke regarding the economic instability of Greece and the Federal Reserve's regulatory capacity to systemic monitor risk.

For more information, please contact Jill Hershey, [Jill@fsround.org](mailto:Jill@fsround.org).

### **Financial Regulatory Reform**

Senate Banking Committee Chairman Christopher Dodd (D-CT) continues negotiations with fellow committee member Senator Bob Corker (R-TN) to produce a bi-partisan regulatory reform bill. It is expected that a comprehensive bill could be unveiled as early as next week (March 1st). Ranking Member Richard Shelby (R-AL) remains part of the discussions and has been actively engaged in how to craft any new consumer protection regulation preferring that consumer protection and safety and soundness regulation remain connected.

For more information, please contact Jill Hershey, [Jill@fsround.org](mailto:Jill@fsround.org).

### **Hearing: Senate Committee on Finance, : "Trade and Tax Issues Related to Small Business Job Creation"**

This week, the Senate Committee on Finance held a hearing on, "Trade and Tax Issues Related to Small Business Job Creation," which addressed possible ways to fight the high unemployment rate by helping small businesses create jobs for Americans. Among all prospects to help small businesses, the committee members and witnesses emphasized on an extension of Section 179, various agencies' programs, foreign trade agreements, and government help to boost demand on small business goods and services.

For more information, please contact Peter Freeman, [Peter@fsround.org](mailto:Peter@fsround.org).

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## **Regulatory**

### **SEC Reinstates Alternative Uptick Rule to Restrict Short Selling**

This week the SEC adopted an "alternative uptick" rule to restrict short sale orders after a stock declines 10 percent from the previous day's closing price. A price decline of at least 10 percent triggers a "circuit breaker" that prohibits short sale orders for the remainder of the day and all of the next day, unless the price of the short sale order is greater than the current best national bid.

The alternative uptick rule applies to all listed equity securities, including exchange traded and over-the-counter market trades. The new rule also requires that trading centers establish, maintain, and enforce written policies and procedures reasonably designed to prevent the execution or display of a prohibited short sale.

Chairman Shapiro's statement describing the new rule is available [here](#). The final rule is not available yet, but the proposed rule is available [here](#).

For more information on this issue, please contact Rich Whiting, [Rich@fsround.org](mailto:Rich@fsround.org).

### **FINRA Proposes to Repeal NYSE Rule 405(4) (Common Sales Account)**

FINRA is proposing to eliminate a rule that allows NYSE members to liquidate "isolated" securities valued at less than \$1,000 for non-account holding customers. Rule 405(4) currently allows members to liquidate the securities without customer consent and without the need to send periodic account statements to the customer. Comments may be filed regarding the proposed rule for 21 days after publication in the *Federal Register*.

A copy of the proposed rulemaking is available [here](#).

For more information on this issue, please contact Rich Whiting, [Rich@fsround.org](mailto:Rich@fsround.org).



### **Roundtable/HPC Comment on FDIC Securitization Proposal**

On Monday, February 22, the Roundtable and its Housing Policy Council filed a joint comment letter on the FDIC's Advanced Notice of Proposed Rulemaking (ANPR) on the application of its safe harbor to securitizations after March 31, 2010. The safe harbor is FDIC's agreement not to void securitizations as the receiver of a failed bank if the securitization met all conditions for a sale accounting treatment under GAAP, and it is set to expire on March 31, 2010. The ANPR suggests extending the safe harbor to securitizations after March 31 but only if certain conditions are met. These conditions include: 5% credit risk retention, loans seasoned 12 months, no hedging of risk, extensive disclosures, and reps and warranties. The Roundtable urged the FDIC to slightly modify and extend its existing safe harbor, and let Congress continue its work on these issues, rather than placing these conditions on securitizations. In the letter, the Roundtable also suggested several changes to these conditions, in case the FDIC chooses to go forward with this proposal.

For more information, please contact Katie Wechsler, [Katie@fsround.org](mailto:Katie@fsround.org).

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### **HOPE NOW Provides Free Workshop for Struggling Homeowners in Texas**

HOPE NOW held a Homeownership Preservation workshop in Houston, TX last Saturday (February 20th). Approximately 900 (899) borrowers met face to face with their mortgage servicer and/or a HUD-approved non-profit housing counselor to look for a solution to their troubled mortgage. Representatives from 14 servicers were able to help about 25% of the borrowers that attended the event receive a mortgage workout solution on-site. Looking ahead, HOPE NOW is scheduled to hold Homeownership Preservation Workshops in Sacramento, Tucson, Phoenix, Portland, Seattle, Las Vegas and Long Island in the next month and a half.

HOPE NOW is continuing to expand HOPE LoanPort™, with potential participation in 25 states and over 100 cities. HOPE LoanPort™ allows HUD-approved non-profit housing counselors to submit completed HAMP applications directly to a homeowner's servicer, track the status and provide borrowers with more timely decisions.

For additional information, please contact Joseph Putney, [Joesphp@hopenow.com](mailto:Joesphp@hopenow.com).

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# BITS

FINANCIAL SERVICES  
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## Senate Committee on Commerce, Science and Transportation Hearing on Cyber Security

This week, the Senate Committee on Commerce, Science and Transportation held a hearing entitled “Cyber Security: Next Steps to Protect Our Critical Infrastructure” on the Cyber Security Act of 2009. A version of the bill passed the House and is now being reviewed by the Senate.

If passed, the Cyber Security Act of 2009, would:

- regulate organizations and companies that provide critical infrastructure for the U.S.,
- require licensing and certification for cybersecurity professionals, and
- provide funding for grant and scholarship programs.

BITS convened calls with members last year to discuss earlier versions of the bill and will continue to provide input on implications for financial services companies.

For more information, please contact Nicole Muryn, [Nicole@fsround.org](mailto:Nicole@fsround.org).

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“Simplifying Regulation for Agents and Brokers...”

## Agents for Change Recruitment Efforts

Agents for Change will exhibit at the General Agents Managers Association (GAMA International) Tradeshow in Las Vegas, NV from March 21-24. Tradeshows offer Agents for Change an excellent opportunity to educate producers about the benefits of an optional federal charter.

The Agents for Change legislative conference will be held from May 18-20 in Washington, D.C. Lauded as “Making an Impact,” attendees will have an opportunity to discuss their support of insurance regulation reform with elected officials, hear from high level guest speakers, tour Washington, D.C. landmarks, and network with their peers. Please urge your agents and brokers to attend.

Agents for Change is proud to travel the country to speak with insurance producers and/or executives about the benefits inherent in insurance regulation reform. Please consider inviting Agents for Change to speak with your colleagues as opportunities to educate insurance professionals are paramount to our success

If you are not a member company of Agents for Change, we welcome your support. Insurance regulation is receiving a significant amount of attention in the 111th Congress.

Membership in Agents for Change includes 7,500 producers in 50 states, the District of Columbia, Puerto Rico, and Guam. Members learn about Agents for Change at trade shows, by word of mouth, via the press and our website, and through member companies.

Visit the Agents for Change website – [www.agents4change.net](http://www.agents4change.net) – for additional information, updates, background material, FAQ's, and more. To receive periodic e-mail updates from Agents for Change please contact Peter Ludgin, [Peter@agents4change.net](mailto:Peter@agents4change.net); 202-589-1929.

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#### **9.4 Million Americans Helped Through Roundtable's CS09**

This week, The Financial Services Roundtable released the results of its Community Service 2009 (CS09) initiative. CS09 produced over 77,000 community service projects with more than a quarter of them focused on financial literacy. Projects were made possible by the support of 300,000 Roundtable member company employees which helped 9.4 million Americans. The full release can be found [here](#).

For more information on Company of the Week, please contact Aleksia Ilic, [Aleksia@fsround.org](mailto:Aleksia@fsround.org).

#### **Invite: Hill Reception Honoring Community Service Achievements**

To honor the leadership of the CS09 Honorary Congressional Host Committee and the community service achievements of the financial services industry, please join us for a congressional reception on March 11, 2010, in Rayburn B338 at 6:00pm. A formal invitation can be found [here](#). Please RSVP to [Aleksia@fsround.org](mailto:Aleksia@fsround.org) by March 8.

For more information on Company of the Week, please contact Aleksia Ilic, [Aleksia@fsround.org](mailto:Aleksia@fsround.org).

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#### **Roundtable in the News**

##### **Clip of the Week**

This week the Roundtable placed an op-ed in USA Today titled "Strike the Right Balance," which discussed the benefits of the CARD Act.

Click [here](#) to view the op-ed.

For more information please contact Elise Brooks, [Elise@fsround.org](mailto:Elise@fsround.org).

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#### **Roundtable Joins Twitter**

Follow the Roundtable's tweets at: <http://twitter.com/fsroundtable>.

For more information please contact Elise Brooks, [Elise@fsround.org](mailto:Elise@fsround.org).

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***The Mission of The Financial Services Roundtable:***  
*To be the premier executive forum of the financial services industry.*  
*To provide powerful legislative and regulatory advocacy.*

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*To enhance the industry's reputation.  
Led by BITS, to promote best practices and a strong infrastructure in technology.*

