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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.*

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Legislative News

House Committee Approves Anti-Industry 401 (k) Fees & Investment Advice Legislation

Earlier this week, the House Committee on Education & Labor approved the "401(k) Fair Disclosure and Pension Security Act (H.R. 2989) on July 24, by a vote of 29 - 17. H.R. 2989 combines the "401(k) Fair Disclosure for Retirement Security Act" (H.R. 1984) and the "Conflicted Investment Advice Prohibition Act" (H.R. 1988), both marked up on June 17 in the Health, Employment, Labor and Pensions Subcommittee. While the industry expected a party-line vote on both bills, a number of Democratic committee members expressed similar concerns shared by our member companies. For example, Representative Rush Holt (D-NJ) is concerned that the bill as currently drafted creates legal liabilities regarding investment advice and would in fact limit investment advice going forward and Representative Carolyn McCarthy (D-NY) opposes the mandatory index in the 401(k) fee bill and believes some of the disclosure provisions could result in increased costs to consumers. The Roundtable will lobby these members in particular to amend H.R. 2989 prior to floor consideration.

Key Provisions of H.R. 2989

- Requires that investment advisers must be registered under the Investment Advisers Act of 1940,
- Requires that the required inclusion of a low-cost index fund option in retirement plans,
- Increases ongoing reporting requirements for plan servicers to the Secretary of the Department of Labor, and
- Requires the inclusion of a fee disclosure chart which includes investment performance over defined periods among other modifications to the legislation but removes the safe harbor for advisory opinions and exemptions granted by the DOL.

For any additional questions or information, please contact Irving Daniels, Irving@fsround.org.

HFSC Subcommittee on Financial Institution and Consumer Credit Discusses Financial Literacy Programs

The House Financial Services Committee (HFSC) Subcommittee on Financial Institutions and Consumer Credit held a hearing on Consumer Financial Literacy on June 25. During the hearing, there was bipartisan agreement on the importance of financial literacy but a disagreement over the creation of a Consumer Financial Protection Agency and its role in removing risk. The Roundtable supports an improvement in financial literacy education but it opposes the creation of the CFPA because it separates the regulation of the products from the regulation of the entities leaving both regulators with only half the information.

For more information, please contact Scott Talbott, Scott@fsround.org.

Regulatory News

HFSC Hearing on Creation of the CFPA

The House Financial Service Committee (HFSC) held a hearing on Wednesday to discuss whether the creation of a Consumer Financial Protection Agency (CFPA) would be the most effective method to enhance the protection of consumer financial products. The three panels represented various leaders and experts on the subject of financial services. During the hearing members questioned panelists about how much regulation the CFPA should have, the types of financial products that should be regulated, and how disclosures on products should be restructured.

The Financial Services Roundtable supports improving consumer protection practices but is opposed to the establishment of a CFPA to oversee and regulate consumer financial products. Rather, the Roundtable advocates that consumer protection should remain with the prudential regulators and that filling regulatory gaps and coordinating principles-based regulation among the Agencies would further enhance consumer protection.

For more information, please contact Melissa Netram, Melissa@fsround.org.



Foreclosure Prevention efforts in California and resources for homeowners

On Thursday, June 25, the HOPE NOW Alliance sent a letter to each member of the California Congressional Delegation to update them on HOPE NOW's efforts to assist at-risk homeowners. The update includes a summary of the HOPE NOW in-

person outreach events in California in 2008-2009, including the most recent events June 11 and 13 in Fresno and Bakersfield that enabled more than 1,200 homeowners to meet with their servicer or a non-profit counselor. The letter provided internet links to a variety of resources for homeowners including the Administration's Making Home Affordable Program; counseling agencies; and, resources for homeowners dealing with unemployment. The update also urges consumers to avoid loan modification scams.

For more information, please contact Paul Leonard, Paul@fsround.org; or Eric Selk, Eric@hopenow.com.



ICANN Seeks Security Requirement Consultations

On June 21, the Dr. Paul Twomey, President and CEO of the Internet Corporation for Assigned Names and Numbers (ICANN) sent a letter inviting the American Bankers Association, BITS, the Financial Services-Information Sharing and Analysis Center and the Financial Services Technology Consortium to "facilitate conducting a series of focused consultations with key stakeholders in the banking and finance sector" regarding the security requirements the industry would require for any new top level domain intended for use as a financial services domain. Leigh Williams, BITS President, participated in the ICANN meetings in Sydney, Australia this week.

For more information, please contact Paul Smocer, PaulS@fsround.org.

BITS Participates in APEC Pilot

BITS is currently participating in the Asia Pacific Economic Cooperation (APEC) pilot on cross border data flows. As part of the process, BITS has scheduled a series of conference calls in July to discuss its submission and engagement strategy with the Commerce Department, Federal Trade Commission and other participating organizations, including: Experian, Oracle, Microsoft, IBM, HP, P&G and the FDIC.

For more information, please contact Leigh Williams, Leigh@fsround.org.

FSSCC R&D Committee Sends Memo to Obama CTO

On June 22, the Financial Services Sector Coordinating Council (FSSCC) R&D Committee sent a memo to Aneesh Chopra, Chief Technology Officer for the Obama Administration, concluding that identity management is the top, "actionable" R&D priority that the Federal Government should promote or invest in the near term. The memo is a response to a request that the CTO made at the June 3rd Cyber Security Committee of FSSCC and the Financial and Banking Information Infrastructure Committee (FBII) after reviewing the FSSCC R&D Committee's *Research Agenda for the Banking and Finance Sector*.

For more information, please contact John Carlson, John@fsround.org.

FinCEN Guidance Clarifies 314(b) Information Sharing

On June 16, the Financial Crimes Enforcement Network (FinCEN) issued guidance to financial institutions clarifying the scope of permissible information sharing made possible by section 314(b) of the USA PATRIOT Act. Section 314(b) permits participating financial institutions, upon providing notice to FinCEN, to avail themselves of a statutory safe harbor from civil liability for sharing information with one another to identify and report activities, such as mortgage fraud, that they suspect may involve possible terrorist activity or money laundering. For more information, see http://www.fincen.gov/news_room/nr/html/20090616.html.

For more information, please contact Heather Wyson, Heather@fsround.org.

Regulation Steering Committee Announces New Leaders

This week, the BITS Steering Committee announced the selection of Susan Lau of Wells Fargo & Co. as Committee Chair and Kim Quish of Charles Schwab as Committee vice chair. Susan and Kim will serve in these roles until December 2010.

For more information, please contact John Carlson, John@fsround.org.

Other



“Simplifying Regulation for Agents and Brokers...”

The fourth annual Agents for Change legislative conference was held on June 23 and 24 in Washington, D.C. Hailed as “2009: Year of Change,” this year’s conference was the most successful one to date. Earlier today, Representatives Walt Minnick (D-ID) and Jim Moran (D-VA) co-sponsored the National Insurance Consumer Protection Act. Their co-sponsorship was secured, in large part, by our meetings with them on Wednesday.

Forty insurance agents and brokers attended 70 meetings on Capitol Hill with members of Congress and senior staff to discuss the need to modernize insurance regulation. Producers shared real world stories regarding the hoops they have to jump through to serve their customers.

Attendees heard from Steve Bartlett, Brian Atchison, President and CEO of the Insurance Marketplace Standards Association, Frank Keating, President and CEO of ACLI, and Reps. Melissa Bean (D-IL) and Ed Royce (R-CA). After a very busy and productive day on Capitol Hill members of Agents for Change attended a Washington Nationals baseball game. The following day they enjoyed private tours of the Federal Reserve and National Museum of American History.

As part of Project Town Hall, Agents for Change brings to the attention of our members Congressional town hall meetings throughout the country. These meetings, scheduled directly by Congressional offices, oftentimes focus on the economy, healthcare, and the war. Therefore, when a constituent raises the arcane but important issue of insurance regulation reform it makes an impact.

Please let us know if you have producers (or executives) who are interested in attending town hall meetings and we will provide a detailed list of upcoming meetings.

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 reform is poised to receive a significant amount of attention in the 111th Congress.

Membership in Agents for Change includes 7,330 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 – 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; 202-589-1929.



A Picture of the Group on the East Capitol Steps

THE FINANCIAL SERVICES ROUNDTABLE



COMMUNITY SERVICE 2009

FOCUS: FINANCIAL EDUCATION

Co-Chairs: Don McGrath, BancWest Corporation • Larry Zimpleman, Principal Financial Group

Event: June 26, Greater Des Moines Habitat for Humanity/Des Moines Arts Festival House Build

Principal Financial Group and BancWest Corporation sponsored a Habitat Build in Des Moines, IA on Friday June 25. These two companies both received the Community Service Partnership Award from the Roundtable.

The Des Moines Habitat chapter began home construction on-site at the Des Moines Arts Festival, one of the top 10 festivals in the

United States. Principal is a partial house sponsor as well as a co-sponsor of the Arts Festival. At the conclusion of the Arts Festival the home will be relocated to its permanent lot where construction will continue. Habitat is also planning a "door decorating" event to tie-in with the Arts Festival.

Over 1,000 people will be impacted by this event.

Jule Reynolds, a member of Senator Tom Harkin's (D-IA) Des Moines staff represented the Senator at the event.

The Community Service Partnership Award recognizes Roundtable member company's community service efforts. The award serves to acknowledge a company's leadership within the community and its partnerships with the government sector and community partners.

Community Service 2009 Highlight Events and Second Quarter Aggregate Data

Please find a list of upcoming Highlight Events [here](#)—these are projects Roundtable member companies would like to promote and feature within their companies and throughout the media through Roundtable invites to members of Congress, press releases, premium items, etc.

To register Highlight Events for your company, please use the following registration database: <http://registration.fsround.org/>

The Roundtable will be collecting second quarter aggregate community service data at the end of June.

For more information on Community Service 2009, please visit: www.financialcommunityservice.org

United We Serve

This past week, President Obama unveiled United We Serve—a sustained effort to expand the size and impact of volunteer efforts in addressing tough challenges facing the nation. The initiative, which will be led by the Corporation for National and Community Service, officially kicks off on June 22, and runs for 81 days through a new National Day of Service and Remembrance on September 11.

It is easy to become involved. The President is urging Americans to visit the website, www.Serve.gov, where visitors can search for local volunteer opportunities, recruit volunteers by posting their organization's projects, or get ideas for creating their own projects with friends, families, and neighbors.

The Roundtable has posted information on Community Service 2009 under the "Tell Your Story" section to promote the good work the financial services industry is doing. If you would like to mention your company's work in the community, please contact Aleksia@fsround.org.

Community Service 2009 Company of the Week: Principal Financial Group Week of June 21, 2009

"Company of the Week" is a weekly update used to communicate to the CS09 Working Group the variety of community services projects Roundtable member companies are involved in. Through "Company of the Week," companies can showcase their strengths and successes through CS09 projects as well as inspire other companies in their individual efforts.



The Principal Financial Group, headquartered in Des Moines, Iowa, is the proud home of Iowa's oldest organized employee volunteer program—Principal Volunteer Network. For more than 36 years, employees of The Principal have been actively making a difference in the many communities where they live and work.

Employees benefit from a wealth of opportunities coordinated by the employee-run Principal Volunteer Network.

Two new and notable programs include:

1. **Days of Action** – Principal Volunteer Network launched Days of Action in 2008 to harness employee volunteer spirit throughout the year. Building on the already strong commitment to United Way's Day of Caring, Days of Action provides quick, one-time opportunities for employees to make a difference.

The first Days of Action event was a city-wide Trash Bash in Des Moines. More than 120 employees volunteered to clean up a massive stretch of riverbank in the downtown area. By the end of the year, between Day of Caring and Days of Action in our Des Moines offices alone, **more than 1,600 employees contributed time** to their better their local community. Additional activities have included an Arbor Day tree planting, neighborhood beautification projects, a Big Brothers Big Sisters fishing derby and a homelessness awareness sleep-out.



2. **Habitat for Humanity** – While this program is not new, our involvement has increased in recent years, with great results. In Grand Island, Neb., the Principal Financial Group Foundation, Inc., contributed **all of the materials** for one build, and employees in our local office of 600 employees provided **all of the volunteer hours**—nearly 1,400 total hours—to make a family's dream of home ownership a reality. The project was a celebration of our office's 25th anniversary. It was the first time in Grand Island that one company had contributed all the resources for a Habitat build.

Our employees make the difference. The Principal helps make it possible.
The company finds numerous ways to support employee volunteer efforts:

- **Time off**
 - Employees get eight hours of Volunteer Time Off (VTO) annually—company time they can spend volunteering for the charity of their choice. In 2008, **more than 5,000 employees used more than 35,000 hours of VTO.**
 - Employees can use four additional hours of company time to participate in United Way's Day of Caring or Principal Days of Action activities in their local communities.
 - And in 2008, for a one-time celebration, employees received four Pay it Forward hours they could use to make a difference however they chose.
- **Flexibility**—Our commitment to work/life balance and array of flexible work arrangements make it easier for employees to work volunteer activities into their daily schedules
- **Encouragement**—In the Development Opportunities section of our intranet, volunteering for a leadership role in a community organization is the first suggestion listed under ideas for informal development. It's just one more way the company demonstrates its commitment to community involvement and to employees finding meaningful ways to make a difference on a regular basis.



Congratulations Principal Financial Group!

For more information on Community Service 2009, please visit www.financialcommunityservice.org.

For more information on CS09 Company of the Week, please contact Aleksia Ilic, Aleksia@fsround.org.

Elise Brooks Presented 'First Pitch' Award



Elise Brooks, Communications Manager with the Roundtable, is presented the 'First Pitch' award from Steve Bartlett, President and CEO, for her media pitch to Jim Lehrer.

Roundtable Staff Holds Lunch with Hurricane Risk Mitigation Leadership Forum



Thursday, June 25th, the Roundtable staff held a lunch meeting with member companies and participants in the Hurricane Risk Mitigation Leadership Forum - WeatherPredict, Federal Alliance for Safe Homes, Inc. – FLASH, the Institute for Business & Home Safety (IBHS), and RenaissanceRe were in attendance.

Roundtable Supports Simplification of FAFSA

The Roundtable applauds the simplification of the Free Application for Federal Student Aid (FAFSA) this week by the Obama Administration. Speaking at a White House press corps briefing, Secretary of Education Duncan announced that the new form is shorter and simpler that skips unnecessary questions. Sec. Duncan also announced legislation to remove more than half the financial questions and a web application that would allow some families to answer the remaining questions with data from the IRS.

For more information, please contact Elise Brooks, Elise@fsround.org.

Jill Hershey Joins The Financial Services Roundtable

On Thursday, June 25th, The Financial Services Roundtable welcomed Jill Hershey to the company as Vice President for Government Affairs where she will lead the Roundtable's lobbying efforts on regulatory reform. "Jill brings a wealth of knowledge and experience on the financial services industry and Capitol Hill," said Steve Bartlett, President and CEO for the Roundtable. "Her recent work on a variety of fixed income securities including municipal bond issues makes for an excellent addition to the Roundtable team." Welcome Jill!

Roundtable in the News

Scott Talbott, Senior Vice President of Government Affairs, and Peter Ludgin, Executive Director of Agents For Change, were quoted in *Roll Call* in support of an optional federal charter for insurance companies. The article also highlighted the Agents for Change conference held during the past week. To read the article, click [here](#).

For more information, please contact Elise Brooks, Elise@fsround.org.

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.

To enhance the industry's reputation.

Led by BITS, to promote best practices and a strong infrastructure in technology.