

June 13,
2008



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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Tax Extenders Held Up Over Pay-Fors

The House and Senate are working on a number of interconnected tax provisions. The House passed a bill which would expand subpart f and the look-through rules, which the Roundtable supports. The House tax bill included revenue raisers to offset the cost of the tax extenders. The House did not include the addition of the Alternative Minimum Tax (AMT) exclusion, which the Roundtable supports.

Senate Democrats are trying to put together a tax package of extenders, including subpart f, look-through rules, and AMT, which may or may not include pay-fors.

The debate between the House and Senate focuses on the use of pay-fors. The Roundtable supports extending subpart f and look-through rules and will work towards getting these two provisions enacted before year end.

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

Business Activity Tax On Deck

The Commercial and Administrative Law subcommittee of the House Judiciary Committee are holding a hearing on the issue of Business Activity Tax bill (H.R. 5267), on June 24. The bill creates a bright-line test for determining corporate nexus with a state for tax purposes. The Roundtable supports the bill and has filed testimony and joined a joint letter in support of the bill.

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

Energy- Futures Activity and Gas Prices

Congress is looking for a way to address the increasing cost of gasoline. Some are arguing that trading in energy futures is having an upward pressure on gas prices. The Senate Energy bill included a provision to increase margin requirements on energy futures contracts. The Roundtable opposed the provision. The White House opposed the provision. Fortunately, the Senate voted to table the Energy bill at this time.

At the same time, the Energy Committee of the Commodity Futures Trading Commission met to focus on the connection, if any, between energy speculators and the price of gasoline. The participants stated that their primary concern is with regulating the energy market so that prices are fair and governed by supply and demand, and trading is done in a transparent manner to avoid market abuse.

The committee members argued that actual prices in the spot market prevent speculative prices in the forward market from being grossly overinflated. They also discussed several other causes for high energy prices including: 1) the falling value of the U.S. dollar, 2) relentless growth in demand, 3) limited growth in production, 4) no cushion in production in case of disasters, and 5) international geopolitical tension.

The Committee members argued that futures trading does not increase gas prices because 1) investing in the futures market is essentially just risk diversification, 2) no single entity has a large stake in futures investing, so there is no large force that could act as a manipulator, 3) the index investor does not hoard commodities, buying in terms of dollar amounts, not physical quantities, and 4) simple price appreciation of existing investments and caused rising futures values, not a large increase in the number of investments.

A number of hearings are scheduled on the Senate and Senator Richard Durbin (D-IL) has introduced a bill that would place new restrictions and requirements on the CFTC.

The Roundtable will work with ISDA to prevent overregulation of the energy futures market.

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

Uniform National Standards Attacked

The Senate Judiciary Committee held a hearing entitled, "Short-change for Consumers and Short-shrift for Congress? The Supreme Court's Treatment of Laws that Protect American's Health, Safety, Jobs and Retirement." The focus of the hearing was to draw attention to the need for national laws that pre-empt state laws and Supreme Court decisions which upheld pre-emption. The Roundtable submitted testimony arguing for the continuance of uniform national standards.

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

Bankruptcy: Reservists Bill Changes and Moves

The House Judiciary Committee completed its delayed mark-up of the reservist bill (H.R. 4044). The bill carves out reservists who

file for bankruptcy from the means test. During the mark-up, a compromise amendment by the Committee's Ranking Republican Lamar Smith (R-TX) was accepted.

The Smith amendment includes a requirement that the GAO study and report to Congress no later than two years after enactment on the effects of exempting reservists which go on active duty from the means test. This is to include looking at whether and to what degree they avail themselves of this "benefit" and the service "substantially related" to the bankruptcy, among other things. There is also a three-year sunset.

The Roundtable is working to ensure that the bill focuses on those reservists in need and that it does not undermine the means-test.

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

Roundtable Holds Two Events on Interchange: June 17th and 19th

On June 17, the Roundtable will hold a Hill briefing for congressional staff. The Roundtable, along with a number of other associations are putting together this briefing, including the American Financial Services Associations, Independent Community Bankers of America, Credit Union National Association, and the National Association of Federal Credit Unions.

On June 19, CEO's and executives from Roundtable member companies and credit unions are coming to Washington to lobby Members of Congress against an interchange price control bill, (H.R. 5546). Merchant groups support this bill, sponsored by House Judiciary Chairman John Conyers (D-MI). Executives from the following companies are participating: Bank of America, Citi, JP Morgan Chase, MasterCard, Visa, Regions, SunTrust, and Wells Fargo. In addition, CEOs and executives from credit unions will be joining the effort.

If your company is interested in participating in the "fly-in" or for more information, please contact Paul Begey, Paulb@fsround.org.

Regulatory

Hearing: House Small Business Committee on Problematic Credit Card Reporting Provision

The House Small Business Committee held a hearing on a provision to close the tax gap. This would require financial institutions to implement costly and impractical tax reporting requirements on credit card receipts. The Roundtable opposes this provision, and joined the American Bankers Association and others in a letter to committee members expressing this view. The letter is available on the Roundtable's website, www.fsround.org.

Fifth Third, a member of the Roundtable testified along with a number of small business groups, against this reporting provision which would also create administrative and financial burdens for small businesses. Chairwoman Nydia Velazquez (D-NY) indicated she would send a letter expressing her concerns over the provision, along with a transcript of the hearing, to House Ways and Means Chairman Charles Rangel (D-NY). The Ways and Means Committee will potentially use this provision, which raises revenue, to pay for other programs.

For more information, please contact Paul Begey, Paulb@fsround.org.

Senate Foreign Relations Committee Discusses Sovereign Wealth Funds

The Senate Foreign Relations committee held a hearing on the foreign policy consequences of sovereign wealth funds (SWF). Members of the Committee expressed a need to balance national security concerns associated with SWF investments with the need for an open flow of foreign capital.

Three witnesses testified that sovereign wealth funds invest in the United States solely to achieve favorable rates of return, and that the current CFIUS framework is sufficient to evaluate any threatening investment in sensitive sectors. Chairman Biden (D-DE) and Senator Dodd (D-CT) stated that increasing transparency and establishing a set of 'best practices' for sovereign wealth fund management would alleviate many of our concerns in this area, and implied that more hearings on this subject would take place in the future.

For more information, please contact, Paulb@fsround.org.

House Poised to Take Regulatory Action

House Financial Services Committee Chairman Barney Frank intends to hold a series of legislative oversight hearings, during the month of July on financial regulatory restructuring. Chairman Frank wants to take a comprehensive look at reforming our regulatory system as a result of the current housing crisis and the liquidity issues surrounding the collapse of Bear Stearns. The hearings will cover a range of issues including: systemic risks, adequacy of current oversight and tools, and the capability of existing structures to respond to potential future problems.

Chairman Franks' announcement is consistent with the Roundtable's call for passing regulatory reform this year. The Roundtable has a new policy statement and draft legislative language on effective regulation. We will host a conference call in the very near future, to review our draft proposal and discuss the anticipated issues to be addressed in these upcoming House hearings.

For more information, please contact Irving Daniels, Irving@fsround.org.

Housing Policy Council (HPC)

HPC and CBA Urge HUD to Withdraw RESPA Regulation

The Housing Policy Council and the Consumer Bankers Association filed a joint comment letter this week to HUD asking it to withdraw its proposed RESPA regulations. HPC and CBA's letter states, "We have a number of significant concerns with the Proposal. We believe HUD's approach to changing the framework of the mortgage lending process is flawed and should be reconsidered. It is overly complicated, burdensome to lenders, confusing to consumers, and would add unnecessary cost and delay to the lending process. Even if this were a perfect solution to the problems besetting mortgage lending, now would not be the time to make the industry and consumers go through a major overhaul. The current proposal, although well-intentioned, generates confusion and ambiguity rather than clarity, to the detriment of borrowers and all other participants in the system."

For more information, please contact Paul Leonard, Paul@fsround.org.

Hearing: House Judiciary Committee on Fair Housing Act

The House Judiciary Subcommittee on the Constitution, Civil Rights, and Civil Liberties held a hearing this week titled "Enforcement of the Fair Housing Act of 1968." The purpose of the hearing was to determine if discrimination will continue to exist in the housing market today and whether or not the federal government is acting adequately to enforce anti-discrimination laws. Seven witnesses testified. Chairman John Conyers (D-MI) and Congressman Melvin Watt (D-NC) felt housing discriminations are persistent in a variety of ways, and the executive departments responsible are not acting strongly enough to enforce existing laws.

For more information, please contact Paul Leonard, Paul@fsround.org.

HOPE NOW Holds Counseling Sessions in Texas and Nevada

The HOPE NOW Alliance conducted homeownership preservation workshops in Dallas, San Antonio, and Las Vegas this week to assist borrowers who are in trouble with their mortgage. More than 1000 borrowers came to the events to meet with lenders and non-profit counselors to discuss workouts and other solutions to prevent foreclosures. HOPE NOW Alliance members have met with over 5000 borrowers face-to-face in less than 4 months through these workshops. The HOPE NOW Alliance has directly assisted over 1.6 million borrowers, avoid foreclosure since July 2007.

For more information, please contact Larry Gilmore at: Larry@fsorund.org.



ID Theft Red Flags Rule Implementation Challenges

BITS convened a call with members on June 9 to discuss implementation challenges to the ID Theft Red Flags Rule, including:

- An approach for measuring program effectiveness
- Board reporting
- Metrics collection
- Issues concerning discrepancies in street addresses
- The American Bankers Association's activities on Red Flags

This was the fourth in a series of BITS-hosted calls to discuss the Red Flags regulation and implementation challenges. A call summary, along with the other Red Flags materials, is available on the BITS Members Only website, <http://www.bitsinfo.org/members-only/moregulatory.php#RedFlags> (contact Ann Patterson, ann@fsround.org, for a login).

BITS has also scheduled a call to discuss and address discrepancies for Thursday, June 19 at 12 noon ET.

Members interested in joining the Red Flags discussion, please contact John Carlson, John@fsround.org.

Hearing: Subcommittee on Consumer's Affairs on Spyware

On June 11, the Subcommittee on Consumer Affairs, Insurance and Automotive Safety of the Senate Commerce, Science and Transportation Committee held a hearing on the "Impact and Policy Implications of Spyware on Consumers and Business."

Senator Pryor reviewed the goals of a proposed anti-spyware bill:

- Provides a workable definition of spyware
- Includes civil money penalties and state AG's with enforcement authority
- Focuses on illegal activity (e.g., malicious attacks) rather than the use of cookies, web-beacons and other legitimate software often employed by financial firms and others to enhance the on-line experience
- Mandates that spyware must have an easily identifiable uninstall feature and a clear statement of its purpose and actions

Officials from the Federal Trade Commission, Americans for Fair Electronic Commerce, Direct Marketing Association, Electronic Privacy Information Center, Harvard Business School, Symantec, and the Business Software Alliance offered the following comments:

- There was overwhelming agreement that spyware is an extremely important issue and that legislation is necessary for both businesses and individuals whose computer are threatened and attacked on a daily basis
- Although definition of spyware varied, the general idea was that any software surreptitiously put on a computer and impeded the autonomy of the computer's owner by giving some control to a third-party should be deemed spyware
- Officials from Americans for Fair Electronic Commerce, Electronic Privacy Information Center, and Harvard Business School argued that the proposed bill is under-inclusive because it does not include several types of invasive software and actions similar to spyware
- The FTC official welcomed additional regulatory and enforcement authority that would penalize illegal spyware developers
- Several officials noted that there should be no limited liability offered to spyware developers, and there should be no exception that allows an Internet Service Provider (ISP) to monitor spyware on customer's computer and unilaterally disable that computer

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

Identity Theft Assistance Center (ITAC)

Ten New Directors Appointed to the Identity Theft Assistance Center

The Identity Theft Assistance Center announced on Wednesday, June 11, 2008, the appointment of ten new financial services professionals to its board of directors.

The new board members are Allen Duffin, Vice President, Emerging Risk Business Strategy, PNC Financial Services Group, Inc.; Donald Duggan, Senior Executive Vice President and Chief Information Officer, Bank of the West; Susan Joseph, Senior Vice President, Financial Intelligence, Comerica Incorporated; LeAnne Kennedy, Enterprise Risk Management Director, Synovus; John Louis, Senior Manager Fraud Operations, GE; Michael Metzger, Global Operations Controller, Genworth Financial; Rod Pittman, Executive Vice President, Director of Security, Compass Bank Shares; James Resmer, Senior Vice President and Head of Liability Risk Management, BB&T Corporation; David Rowan, SVP, Enterprise Technology Risk Management, SunTrust; and Jamie Warder, Executive Vice President, Retail Direct and Channel Support Manager, National City Corporation.

"I'm excited about joining the ITAC board," said Jamie Warder. "ITAC is especially relevant now, given the role that ITAC fraud alerts and victim assistance play in financial institutions' red flags compliance program. Given our collective knowledge, ITAC is in a unique position to provide leadership on this issue."

For more information, please contact Anne Wallace, Anne@fsround.org.

Other



“Simplifying Regulation for Agents and Brokers...”

Agents for Change holds Successful Legislative Conference

This year's Agents for Change legislative conference, the largest one to date, was held on June 10 & 11 in Washington, D.C. Hailed as National Co-Sponsor Day, dozens of insurance agents and brokers urged 55 members of Congress and/or their staff to co-sponsor the National Insurance Act of 2007 (S. 40 and H.R. 3200).

A common theme we heard throughout the day were the arguments proponents were making for an optional federal charter trump those in favor of the status quo or other legislative proposals. We also noted a huge shift in awareness of the issue, all of the offices we met with were both cognizant of the importance of the issue, and understood insurance regulation reform is necessary and forthcoming.

Guest speakers included Senator John Sununu (R-NH), Representative Ed Royce (R-CA) and Evan Greenberg, CEO of ACE INA. Attendees enjoyed private tours of the Capitol, White House, and National Museum of Natural History.

Agents for Change has held eight in-district meetings in 2008 bringing our total to 34 in less than two years. Our next in-district meeting is with Rep. Gary Miller in Brea, CA on July 1. Please invite producers in Orange County, CA to attend our July 1 meeting with Gary Miller.

Agents for Change has exhibited at three trade shows this year. On June 20 & 21 Agents for Change will be exhibiting at Prudential Financial's Pre-MDRT meeting in Toronto, ON. These recruiting opportunities, coupled with initiatives by member companies and other efforts, have increased our membership to over 5,500 agents and brokers across all lines of insurance.

Membership in Agents for Change includes producers in 50 states, the District of Columbia, Puerto Rico, and Guam. We continue to recruit 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 at Peter@agents4change.net or 202-589-1929.

For more information, please contact Peter Ludgin, Peter@agents4change.net.

THE FINANCIAL SERVICES ROUNDTABLE



COMMUNITY SERVICE 2008

FOCUS: FINANCIAL EDUCATION

Co-Chairs: Richard K. Davis, U.S. Bancorp • Dan J. McGrath, BancWest Corporation

Community Service 2008 Update

AEGON USA, Inc., AXA Equitable, GE Money, HSBC – North America and Frost Bank all have financial education projects scheduled for the upcoming week! These events integrate elementary and high school students as well as family centric needs with non-profit partners who specialize in financial literacy.

If your company would like help or is interested in developing a financial education curriculum please feel free to reach out to one of our national Partners: <http://www.fsround.org/hyperlink/Partnerslist-detail.pdf>

The following CS08 companies have not yet registered any projects:

<http://www.fsround.org/hyperlink/CommunityService2008CompaniesWhoNeedtoRegisterProjects.pdf>

ACTION REQUESTED

Each company needs to register at least one community service project ASAP

1. We are issuing a national press release for the formal kick-off of CS08 (July 1st) and in doing so, are hoping to list the top 1-2 projects, or "highlight events" per registered company.
2. In spotlighting these "highlight events," we are looking to contact Members of Congress in hopes of them serving as Honored Guest at your event.
3. We would like to give your company some form of recognition either by a press release or newsletter article for your community service project(s).

SPECIAL INCENTIVE

Any company who registers events with us by the close of business Friday, June 20, will receive a U.S. Capitol Travel Mug.

To register your company's community service projects, please visit: <https://registration.fsround.org>

We have a total of 334 community service projects already registered in 38 states and Puerto Rico. Last year we had a total of 450 projects in all 50 states. Let's make 2008 the biggest year yet with over 1,000 activities!

To view a complete list of registered projects please click here: <http://www.fsround.org/hyperlink/642008WGupdate.pdf>

As of today, June 13, 2008:

National Sponsors: AEGON USA, Inc., The Allstate Corporation, American General Financial Services, AXA Equitable, Bank of America Corporation, BancWest Corporation, The Bank of New York Mellon Corporation, Barclays Capital, Inc., Capital One Financial Corporation, The Charles Schwab Corporation, Edward Jones, GMAC Financial Services, HSBC – North America, ING, MasterCard Worldwide, The NASDAQ OMX Group, Inc., Nationwide, The PMI Group, Inc., Principal Financial Group, Protective Life Corporation, Raymond James Financial, Inc., Regions Financial Corporation, State Farm Insurance Companies, Toyota Financial Services, UnionBanCal Corporation, Unum, U.S. Bancorp, Visa, Inc., Washington Mutual, Inc., and Wells Fargo & Company (30)

For more information, please contact Aleksia Ilic, Aleksia@fsround.org.

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- Summaries of relevant articles
- Latest information from The Financial Services Roundtable
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For more information, please contact John Doyle, Johndle@fsround.org.

Roundtable Calendar

Date	What	Where	Contact
June 19, 2008	Executive Fly-in on Interchange	Roundtable Offices Washington, D.C.	Paul Begey, Paulb@fsround.org
July 1, 2008	Agents for Change In-District Meeting with Rep. Gary Miller	Brea, CA	Peter Ludgin, Peter@Agents4Change.net
July 1, 2008	Community Service 2008	Nationwide	Aleksia Ilic,

	Kickoff		Aleksia@fsround.org
August 26, 2008	Democratic National Convention Brunch Event	Denver, 2008 Democratic National Convention	Scott Talbott, Scott@fsround.org
September 2, 2008	Republican National Convention Brunch Event	Minneapolis/St. Paul, 2008 Republican National Convention	Scott Talbott, Scott@fsround.org
September 17-18, 2008	Roundtable Fall Conference	Mandarin Oriental Hotel Washington, D.C.	Sharon Salter, Sharon@fsround.org
September 30, 2008	Community Service 2008 Concludes	Nationwide	Aleksia Ilic, Aleksia@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.