

THE FINANCIAL SERVICES ROUNDTABLE



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Impacting Policy. Impacting People.

October 24, 2008

The Honorable Neel Kashkari
Interim Assistant Secretary for Financial Stability
US Treasury Department
Washington, DC 20020

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STEVE BARTLETT
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

Dear Mr. Kashkari:

On behalf of the Financial Services Roundtable (“Roundtable”), thank you for all the assistance and guidance you have provided to our members while moving forward with the statutory requirements under the *Emergency Economic Stabilization Act of 2008* (“EESA”). The Roundtable is supportive of the Treasury Department’s Capital Purchase Program (the “Program”) and of the wide use of preferred shares within the Program. The Roundtable would urge, however, that the Treasury Department expand the range of institutions eligible to participate in this Program, consistent with the terms of EESA.

According to EESA, a financial institution is defined as:

“any institution, including, but not limited to, any bank, savings association, credit union, security broker or dealer, or insurance company, established and regulated under the laws of the United States or any State, territory, or possession of the United States, the District of Columbia, Commonwealth of Puerto Rico, Commonwealth of Northern Mariana Islands, Guam, American Samoa, or the United States Virgin Islands, and having significant operations in the United States, but excluding any central bank of, or institution owned by, a foreign government.” (Emphasis added)

Conversely, according to the Program, a qualifying financial institution is defined as:

“(i) Any U.S. bank or U.S savings institution not controlled by a Bank Holding Company (“BHC”) or Savings and Loan Company (“SLHC”); and (ii) any U.S. BHC, or any U.S. SLHC which engages solely or predominately in activities that are permitted for financial holding companies under relevant law, and any U.S bank or U.S savings association controlled by such a qualifying U.S. BHC or U.S. SLHC; except that QFI shall not mean any BHC, SLHC, bank or savings association controlled by a foreign bank or company.” (Emphasis added)

As emphasized, a qualifying financial institution under the Program does not include institutions such as broker-dealers, insurance companies, and automobile companies nor does it include institutions controlled by a foreign bank or company. This is a global crisis and to not recognize the U.S. firms controlled by foreign banks or companies would create further impediment to the market’s recovery. Further, the institutions that are excluded play a vital role in the U.S. economy by providing liquidity to the market. The Roundtable would strongly urge that you permit such institutions to participate in the Program and as such, extend the deadline for application to participate, so those entities not currently included can adequately evaluate the opportunity.

Thank you for your leadership on these important issues. My staff will be contacting you soon to arrange a meeting to discuss these issues in more detail. In the meantime, if there is anything the Roundtable can do to help with the process, please be sure to contact me directly at 202-589-2410 or steve@fsround.org.

Sincerely,

Steve Bartlett