



THE BLUEPRINT
FOR U.S. FINANCIAL COMPETITIVENESS

Financial Services Roundtable
Blue Ribbon Commission on Enhancing Competitiveness

November 7, 2007
National Press Club
Washington, D.C.

TODAY'S AGENDA

Welcome and Background on
Commission

Steve Bartlett
President and Chief Executive Officer
The Financial Services Roundtable

Introductory Remarks by
Co-Chairmen of the Commission

Richard Kovacevich
Chairman, Wells Fargo

James Dimon
Chairman and Chief Executive Officer
JPMorgan Chase

Highlights of the Blueprint by
Co-Directors of Commission

Greg Wilson
Gregory P. Wilson Consulting

James C. Sivon
Barnett Sivon & Natter, PC

Roundtable Action Plan

Steve Bartlett

Q&A



THE BLUEPRINT

FOR U.S. FINANCIAL COMPETITIVENESS

- **Principles-based Regulation**
- **An Agenda for Reform**
- **Modernized Charters**

OBJECTIVES OF FINANCIAL REGULATION

1. Enhancing the competitiveness of financial services firms to serve and protect consumers.
2. Promoting financial market stability and security.
3. Supporting sustained economic growth and job creation.

THE BLUEPRINT'S PROPOSAL FOR PRINCIPLES-BASED REGULATION

1. Guiding Principles of U.S. Financial Regulation
2. Enhanced President's Working Group on Financial Markets
3. Regulatory Actions Plans

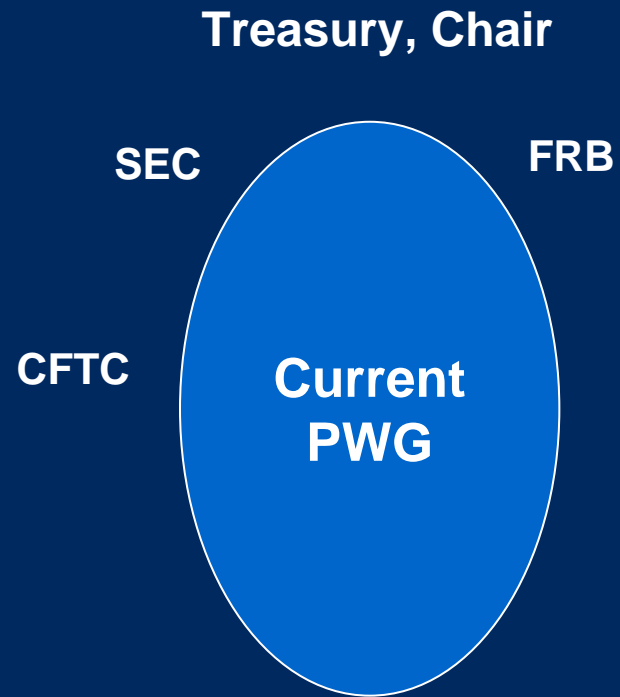
RECOMMENDATION 1 - SIX GUIDING PRINCIPLES

1. Fair treatment for consumers (customers, investors, issuers)
2. Competitive and innovative financial markets
3. Proportionate, risk-based regulation
4. Prudential supervision and enforcement
5. Options for serving consumers
6. Management responsibilities

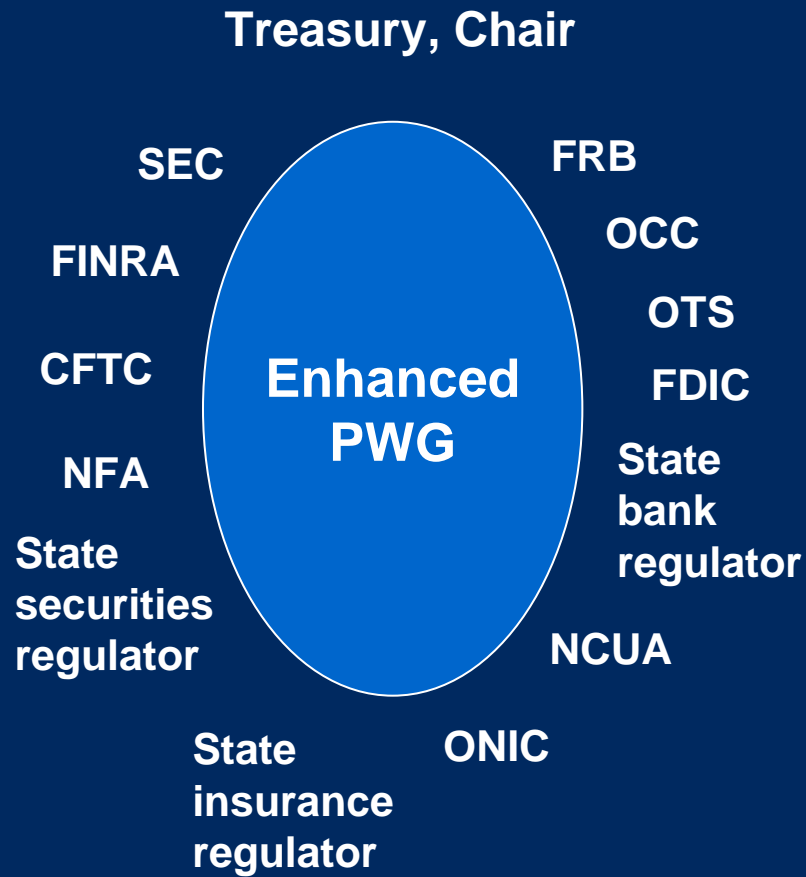
RECOMMENDATION 2 – ENHANCE THE PRESIDENT’S WORKING GROUP ON FINANCIAL MARKETS

1. Expand to include all national and representative state financial regulators
2. Oversee implementation of Guiding Principles by individual agencies
3. Coordinate policies across all financial markets, especially during times of market volatility and financial crisis

CURRENT PRESIDENT'S WORKING GROUP ON FINANCIAL MARKETS



ENHANCED PRESIDENT'S WORKING GROUP ON FINANCIAL MARKETS



RECOMMENDATION 3 – REGULATORY ACTION PLANS

1. Develop formal Regulatory Action Plans by individual regulators
2. Consider all major and new regulations in light of proposed Guiding Principles (e.g., consumers, competitiveness, innovation, risk-based, cost-effectiveness, proportionality)
3. PWG Report progress on Regulatory Actions Plans publicly to Congress and President at least annually

AN AGENDA FOR REFORM - “MUST DO” REFORMS

- Prudential supervision
- Litigation reform
- Consumer lending and financial security
- AML
- Risk-based capital
- Insurance regulation
- Sarbanes-Oxley Section 404
- U.S. and International Accounting standards

PRUDENTIAL SUPERVISION

Recommendations 4 - 9 – Congress should enact laws to apply prudential supervision to all sectors of the financial services industry.

- Mitigating factors
- Continuum of corrective actions
- Field examiners
- SEC communication and coordination
- Limited waivers
- Fair notice

LITIGATION REFORM

Recommendations 10 - 29 - Congress should amend federal securities and other relevant laws to achieve a better balance between protecting the rights of injured parties and assuring financial market competitiveness and capital formation.

- Reform class action litigation process
- Amend Private Securities Litigation Reform Act (PSLRA)
- Amend Securities Litigation Uniform Standards Act (SLUSA)

CONSUMER LENDING AND FINANCIAL SECURITY

Recommendations 30 - 34 - Financial services opportunities for all consumers should be enhanced through a combination of policy, regulatory, and industry initiatives.

- Financial literacy
- Uniform national standards
- Disclosures
- Alternative dispute mechanism
- Centralized complaint system

ANTI-MONEY LAUNDERING

Recommendations 35 - 51 - Policymakers and regulators should make Bank Secrecy Act supervision and enforcement more proportionate, risk-based, and prudential.

- New exam guidelines
- Information sharing
- Substitute SAR filings for multiple CTRs
- Standardized training for insurance agents and brokers

RISK-BASED CAPITAL

Recommendations 52 - 55 - The U.S. and international financial regulators should build upon the Basel II Capital Accord and apply a consistent risk-based focus to capital regulation for all financial services firms.

- Examine components of capital
- Review leverage ratio
- Adopt comparable capital rules – including Solvency II

SARBANES-OXLEY ACT – SECTION 404

Recommendations 56 - 60 - Policymakers, regulators, and the financial services industry should monitor of the implementation of recent regulatory initiatives to enhance the implementation of Sarbanes-Oxley Section 404 and, based on the results of this monitoring, take appropriate actions as necessary.

- Benchmarks
- SEC supervision of PCAOB
- Industry survey
- Public reporting

ACCOUNTING REFORMS

Recommendations 61 - 64 - Policymakers, regulators, and public companies including financial services firms should continue to advocate that U.S. accounting standards be modernized.

- Current initiatives
- IFRS
- Convergence
- Transition

ENHANCING CURRENT CHARTERS TO SERVE CONSUMERS

Recommendation 65 - The regulators and Congress should modernize national and state charters to allow firms to innovate and serve their customers more effectively and efficiently in their local markets as well the global financial marketplace.

- National bank charter
- State and thrift charters
- Federal thrift charter
- Financial holding companies

THREE NEW NATIONAL CHARTER OPTIONS

Recommendations 66-68 - Congress should authorize 3 new national charter options to serve consumers.

Charter

National insurance charter –
National Insurance Act of
2007, S.40, H.R. 3200

National securities charter

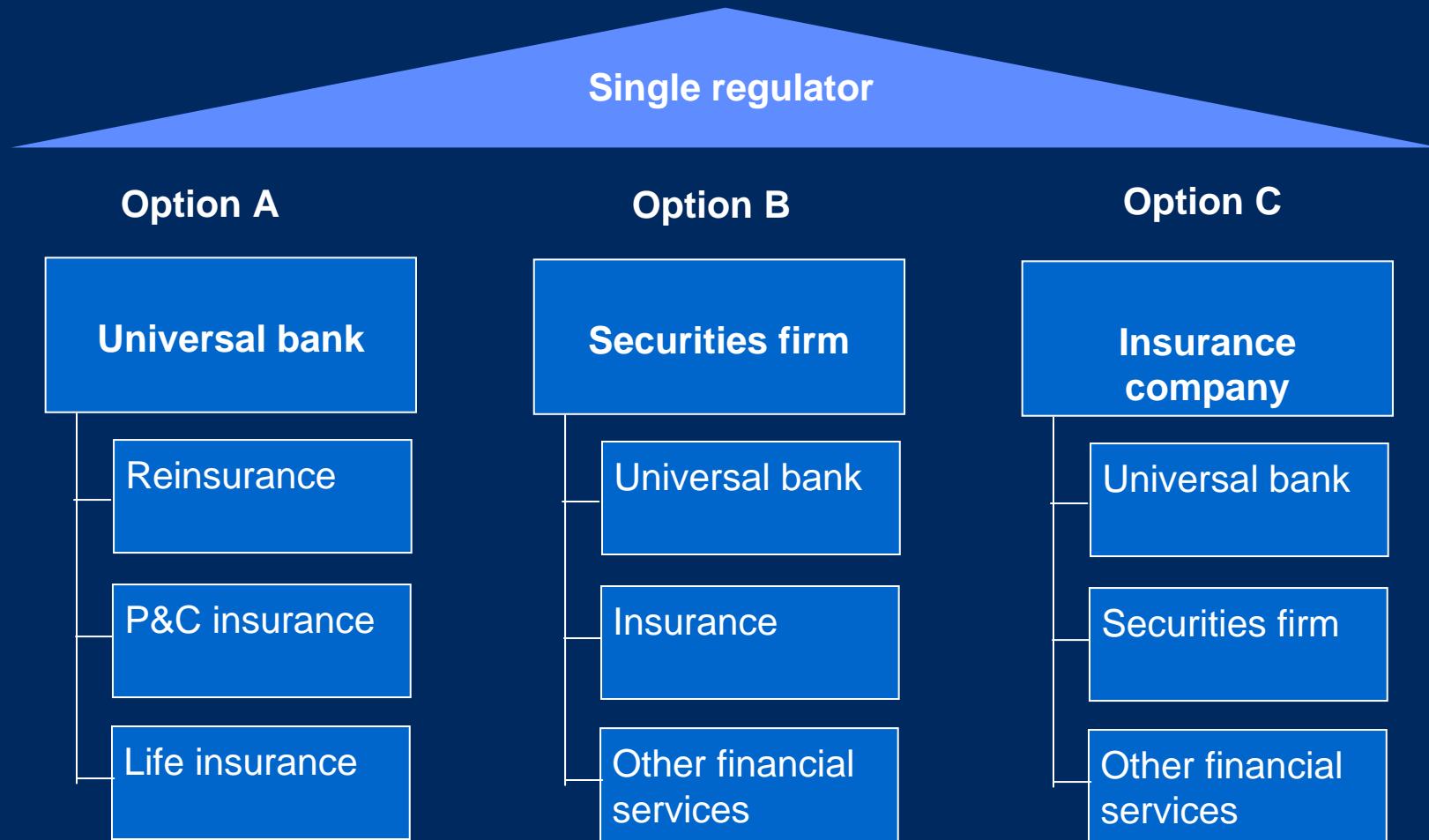
Universal financial services
charter

Regulator

- National Insurance
Commissioner
(U.S. Treasury) - proposed
- To be determined
- To be determined

MULTIPLE UNIVERSAL FINANCIAL SERVICES OPTIONS ARE POSSIBLE TO SERVE CONSUMERS

Illustrative





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