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FINANCIAL SERVICES LEGISLATIVE AND REGULATORY UPDATE

March 26, 2012

Leading the Past Week

The past week was an incredibly busy one here in Washington, DC. Leading the past week, an overwhelming majority of the Senate voted to pass the capital formation deregulation bill, colloquially known as the JOBS Act, but not before adding an amendment to increase the regulations on crowdfunding from the House version. This change only served as a small speed bump, as it sent the bill back to the House which is expected to pass the bill again by a wide margin early this week, before sending the bill to the President. Given that the President had asked Congress to pass the bill, it will be interesting to see whether he holds a signing ceremony, which could potentially put him in the politically tricky situation of having to congratulate the so-called "do nothing" Congress he is trying to run against.

Nearly drowned out by the news of the JOBS bill was the fact that a bipartisan group of senators (3 Ds and 3Rs) came together to introduce legislation to official delay the effective date of the Volcker Rule. Surprisingly adding to those voices was Barney Frank, one of the architects of the Dodd-Frank Act, who released a letter following the introduction of that Senate bill calling on the regulators responsible for implementing the Volcker Rule to not only inform banks as to how they will be regulated in the twilight zone between the statutory deadline of July 21st and day the regulators actually release a final rule, but also called on the regulators to release a simplified version of the rule by labor day. Like Dean Smith's teams of yore, it seems like the strategy to delay until victory seems to be working here as well.

This past week saw the rare occurrence of an American IPO being cancelled mid-market. Our understanding is that this has only happened a couple of times in the last thirty-years, and so it will be interesting to see if the BATS IPO failure, caused apparently by a technology glitch that resulted in irrational trades of the BATS stock, as well as blue chippers like Apple, will add to the growing attention on high frequency traders. And finally, both Secretary Geithner and Fed

Chairman Bernanke repeatedly assured Congress that there is no danger to the American taxpayer in Europe. As I mentioned, there's a lot to get through from last week, so let's get right to it.

JOBS Act Update

Last week the Senate cleared an amended version of the JOBS Act by a wide margin of 73-26, and the bill is now set to go back to the House, where it is expected to be up for a vote on March 27th, under a procedure known as the suspension calendar, which limits the bill from further amendments, but requires a 2/3rds vote for passage. The Senate amendment would add additional restrictions to the bill's crowdfunding provisions, requiring registration with securities regulators for all those who seek to raise capital through crowdfunding. Despite the vocal criticism from consumer groups and the SEC, another amendment—put forth by Senator Jack Reed (D-RI)—to increase some of the regulatory provisions of the bill, including changing the definition of shareholders, ultimately failed in a voice vote.

The inclusion of the bill on the Suspension Calendar is indicative that House leadership is confident the measure will pass as amended, again by a larger margin. It will be interesting to see if any members switch their votes due in part to the fact that since the March 8th House vote consumer groups and the SEC have become increasingly vocal in their opposition to the capital formation bill. For example, last week, SEC Commissioner Luis Aguilar cautioned that the JOBS Act would have a "detrimental effect" on regulations and securities investor protection, noting "with the passage of H.R. 3606, an important mechanism for enhancing the reliability of financial statements would be lost for most public companies, during the first five years of public trading." It seems that specifically, securities regulators are most concerned about provisions that would temporarily exempt emerging growth companies—or companies with less than $1 billion in annual profits and less than $700 million in public float—seeking an IPO from several regulations including section 404(b) of Sarbanes-Oxley that controls internal control over financial reporting.

Despite these objections, the bill is expected to pass the House as both the White House and the Republican leadership are united in support of the measure. Unless a substantial number of House members switch their vote, which is unlikely given that it has been less than a month since they had voted in favor of this bill, the measure should be at the President's desk by the end of the week. Once the President signs the bill into law, many of the provisions are then subject to SEC rulemakings and so some time will pass before they are effective.

Legislative Branch

Senate

Senate Banking Examines International Harmonization with Focus on Volcker Rule – Calls for Delay Grow Louder:

On March 22nd, the Senate Banking Committee met to hear testimony from banking regulators on their efforts to promote international harmonization of Dodd-Frank Act rulemakings. Lawmakers and banking regulators agreed that international cooperation and harmonization is crucial when implementing the Dodd-Frank Act given the global nature of our financial system. Throughout the hearing regulators sought to highlight efforts already underway to work with

international partners on a host of regulatory issues, including systemically important financial institutions (SIFIs), orderly resolution, the Volcker Rule, capital requirements and derivates and swaps markets.

Chief among lawmakers' concerns was the Volcker Rule, for its potential to create a US competitive disadvantage and fears that it treats foreign sovereign debt asymmetrically from US debt. Regulators sought to assuage fears that the Volcker Rule would have such unintended consequences, emphasizing exemptions for market making and long-term investments. Additionally, Fed Governor Tarullo attempted to address concerns from lawmakers how the rule could work if Regulators failed to publish a final rule by the July 21st statutory effective date, assuring Senators that there is precedent for this likelihood and furthermore, because of the two year phase in, it will not overly burden banks. Although Tarullo expressed his continued hope that regulators will have a proposal before July 21st; he did admit the possibility that the effective date would pass before a final rule was published and stressed the need for guidance to banks in the absence of a final rule.

Later that day, a bipartisan group of Senators, almost all of which are on the Senate Banking Committee, introduced legislation to delay the effective date of the Volcker Rule. Lead by Senator Michael Crapo (R-ID), the bill changes the effective date of the regulation to one year after regulators issue a final rule. Cosponsors include Mark Warner (D-VA), Kay Hagan (D-NC), Tom Carper (D-DE), Bob Corker (R-TN) and Patrick Toomey (D-PA). Until recently, Democrats have not expressed a desire to delay the Volcker Rule and generally have remained publicly quiet in opposition, so the inclusion of Democrats on a bill to delay a major component of Dodd-Frank is a significant event, which followed comments made by Senator Johnson at Thursday's hearing that he is open to exploring a technical corrections bill. Perhaps even more relevant to the introduction of Crapo's bill was a letter released on Thursday by Representative Barney Frank (D-MA), who acknowledged that he would be willing to accept some slippage in the upcoming deadline for the effective date of the Volcker Rule in exchange for "simplified" rules being issued by Labor Day this year and written guidance from the regulators on what, if anything the banks will need to comply with following July 21st when the law technically goes into effect.

Senators Introduce CFTC Bill to End Oil Speculation:
In response to continued political pressure to respond to the continuing rise in gas prices, on March 21st, Senator Bernie Sanders (I-VT), along with five Democratic Senators, introduced S. 2222, a bill to require the CFTC to take certain actions to reduce excessive speculation in energy markets. The bill requires the CFTC, under its emergency powers in the Commodity Exchange Act, to issue a rule within two weeks to stop oil speculation. This comes despite the fact that the Dodd-Frank Act required that the Commission address speculation by January 2011, yet the Commission has failed to produce a final rule, claiming that there is insufficient data to calibrate the limits, the need for a definition for swaps products and legal challenges. In addition, 101 House Democrats sent a letter on March 23rd to the leadership of the House Agriculture Committee requesting that they fully fund the CFTC so it can "finalize key rulemakings and prevent abusive speculation in oil markets."

Senate Banking Considers Various Banking Regulator Nominations:
On March 20th, the Senate Banking Committee met to consider nominees for the FDIC Board, the Federal Reserve Board of Governors, the Office of Financial Research (OFR) and Special Inspector General to TARP. Chairman Tim Johnson (D-SD) stressed his desire for Congress to move quickly on these and other candidates and said a markup of the nominations will before the Committee soon. Still, Ranking Member Richard Shelby (R-AL) gave no indication of whether he would block the nominations of Jerome Powell and Jeremy Stein to the Federal Reserve Board, as he has done in the past. Notably, nominee to the FDIC Board, Jeremiah Norton, lauded Basel III capital standards and expressed optimism on the improved quality of capital under the new rules. Norton was also grilled on community banking and tightness of credit at small banks, promising he would help community banks proposer while being responsibly regulated and bemoaning the lack of credit in the market. The FDIC has been operating without a full board for months, with the nominations of Norton, Martin Greunberg and Thomas Hoenig all pending Senate floor consideration. No Senator expressed strong concerns with any of the nominees before the Senate panel on Tuesday; however, Shelby reiterated concerns that the OFR does not have sufficient privacy protections on the financial data it may collect.

Buffet Rule Bill would only Nets Treasury $47 Billion:
A report commissioned by Senate Finance Committee Ranking Member Orin Hatch (R-UT), released on March 20th by the Joint Committee on Taxation, found that the so-called Buffet Rule bill would net $47 billion over the next 11 years. The report scored a bill, S. 2059, the Paying a Fair Share Act of 2012, which had been introduced last month by Senator Sheldon Whitehouse (D-RI) and would require those earning at least $2 million per year to pay at least 30% of their income in taxes, with a phase in for those making at least $1 million. Senator Hatch said the findings demonstrated that the President was engaged in more rhetoric than meaningful action when promoting the Buffet Rule to help reduce the federal debt. Still, Senator Whitehouse noted that the bipartisan Tax Policy Center had earlier estimated that the bill raised more revenue than the JTC score indicated.

House of Representatives

House to Consider Several Financial Services Bills Monday:
Before the House takes up the JOBS Act on March 27th, it will consider take up three other bills of interest to the financial services industry, all also under the suspension calendar. These bills include: Representative Stivers' (R-OH) bill to exempt inter-affiliate swaps from certain regulatory requirements under the Dodd-Frank Act (H.R. 2779); Representative Grimm's Business Risk Mitigation and Price Stabilization Act of 2011 (H.R. 2682); and Representative Huizenga's bill to amend the Federal Deposit Insurance Act with respect to information provided to CFPB. Of the three, Representative Huizenga's legislation is expected to move through the Senate quickly, as both Chairman Johnson and Ranking Member Shelby have indicated their support for the measure.

House Financial Services Subcommittee Examines Future of Money:

On March 22nd, the House Subcommittee on Financial Institutions and Consumer Credit held a hearing on "*The Future of Money: How Mobile Payments Could Change Financial Services.*" The hearing focused on ways that mobile payments technology can be beneficial for consumers, but also on potential roadblocks to adoption and current regulatory uncertainty. For example, Richard Oliver, a former Federal Reserve official noted that interoperability and a better understanding of regulatory oversight are necessary for both adoption and security of mobile payments technology. At the same time the witness from the Consumers Union, noted that while mobile payments technology provide financial access to those who do not have access to traditional banking, there are significant risks to using the technology because of its complexity and lack of clear oversight. It was also clear that many of the members of the subcommittee are not yet personally comfortable with the concept of replacing their wallets with their smartphones. This is clearly a growing area of interest in Congress, as the Senate Banking committee has scheduled a hearing on the topic this week as well.

House Republicans Unveil FY2013 Budget Proposal:
On March 20th, House Republicans released their FY 2013 budget which closely resembles the Republican budget plan released in 2011. The 99-page summary of the budget proposal outlines over $4 trillion in revenue cuts over 10 years and funds the government $5.3 trillion below President Obama's budget request through 2022. The plan assumes enactment of the Medicare plan put forth by Representative Paul Ryan (R-WI) and Senator Ron Wyden (D-OR) that would allow seniors to use Medicare money to shop for individual insurance policies, cutting Medicare costs by $205 billion. The budget also cuts other entitlement programs such as food stamps, agriculture subsidies and transportation by close to $1 trillion and cuts health programs, including Medicaid, by $770 billion. The plan also puts forth a flatter income tax system with only two tax brackets of 10 percent and 25 percent. The budget predicts the baseline deficit under the proposal over ten years to be $3.127 trillion—less than the estimated deficit under the President's budget of $3.504 trillion over 10 years. The House Budget Committee passed the proposal by a narrow 19 to 18 vote on March 21st, with two Republicans joining all Democrats on the Committee in voting no.

Secretary Geithner Discusses IMF and other Concerns at House Committee:
On March 20th, at a House Financial Services Committee hearing, Treasury Secretary Tim Geithner attempted to allay concerns over the IMF's request for additional funds to resolve the European debt crisis. He does not expect the IMF to request additional resources as it still has $400 billion in uncommitted reserves, noting that the US has "never lost a penny" over its more than 60 years of membership in the organization. The IMF is always treated as senior to any other creditor. With regard to the European financial crisis, Geithner believes that officials have taken the appropriate steps to reduce the risk of collapse and therefore, as a result, there is diminished risk to the US economy. Still, he cautioned that they will need to continue to carefully balance the needs of financial support to deficit reduction. Geithner also rebuffed concerns expressed by several foreign countries, and echoed by lawmakers, that the Volcker Rule will impact liquidity and credit availability in foreign countries. "I don't believe, that despite the concerns expressed by governments and central banks, the rule as drafted presents a meaningful risk to liquidity or credit in those countries," said Geithner.

Bernanke and Geithner Assure House Oversight Lawmakers that US Will Not Wade into Eurozone Crisis:
On March 21st, Federal Reserve Chairman Ben Bernanke and Treasury Secretary Geithner testified before the House Oversight Committee on the European debt crisis. Faced with fears the US will worsen its own debt situation, Bernanke and Geithner repeatedly assured lawmakers that the US has no intentions of bailing out embattled Eurozone countries nor is the US considering foreign debt purchases outside of its holdings of French, German and Japanese obligations of foreign exchange reserve holdings. The regulators also reassured Members of the Committee that recent stress tests show the US banking system, despite its various exposures to European shocks through money market fund assets and credit default swaps, would be able to maintain adequate capital levels to withstand a sharp decline in the situation in Europe.

In addition, the regulators fielded questions on rising gas prices and ongoing troubles with the housing sector, including providing aid to homeowners through principal reductions. Geithner told lawmakers that the Administration cannot require the FHFA to take specific action to ease homeowner burden and that, as the agency is under conservatorship, it must guard against steep losses that could be realized through principal reductions.

Regulators Urge Congress to Remove Indemnification Requirement for Swaps Data Repositories:
On March 21st, officials told lawmakers on the House Financial Services Capital Markets Subcommittee that the Commission would like Congress to strike a provision in the Dodd-Frank Act requiring regulatory authorities to indemnify security-based swap data repositories when accessing sensitive swap trade information. Director of the SEC's Office of International Affairs, Ethiopis Tafara, told lawmakers that Swap Data Repositories (SDRs) accomplish the goal of the indemnification requirement as they collect information on swap trades which can be given to regulators at request.

Additionally, CFTC General Counsel Dan Berkovitz warned that the indemnification issue is concerning to foreign regulators who fear they could not legally meet the requirements and thus could not access data. Tafara echoed these concerns, saying foreign regulators have expressed that if the indemnification requirement were to stand, they would adopt similar requirements, barring the SEC from data in a foreign SDRs. According to Berkovitz, the CFTC is already working on a draft concept release that would exempt SDRs from the requirement; however, the agencies would prefer Congressional action to correct the problem. Both regulators said that Representatives Robert Dold (R-IL) and Gwen Moore's (D-WI) H.R. 4235, the Swap Data Repository and Clearinghouse Indemnification Correction Act of 2012 would correct the problem, and that bill is slated to be marked up at the full committee this week.

House Subcommittee Subpoenas MF Global Executive:
On March 21st, The House Financial Services Oversight and Investigations Subcommittee conducted a voice vote to subpoena Edith O'Brien, the former MF Global Assistant Treasurer, to appear at its hearing this Wednesday, March 28th. O'Brien oversaw fund transfers prior to the firm's collapse last October. An estimated $1.6 billion is missing from a customer segregated account, which many suspect was transferred to the firm's brokerage account in an effort to

prevent its looming bankruptcy. Three other MF Global officials were invited to testify at the same hearing.

Executive Branch

Treasury

Treasury Continues to Divest Securities Purchased During Crisis – Latest Round Yields Profit:

Last week the Treasury announced it received a $25 billion profit from holdings of agency-guaranteed mortgage-backed securities (MBSs) which it acquired during the financial crisis. When the Treasury began to divest the portfolio last year it was valued at $142 billion. The portfolio was acquired for $225 billion between October 2008 and December 2009—the height of the crisis—and, in total, the Treasury received $250 billion from the sales, principal and interest on the securities. In addition to garnering a profit, the Treasury credits the MBS purchase with assisting prospective homeowners to take out mortgages despite a struggling housing market. The sale of the MBSs is the latest step by the Treasury to wind down various emergency programs, including the Troubled Asset Relief Program (TARP). Throughout the wind down process JPMorgan Chase, Bank of America and Barclays Capital have been the largest purchasers of MBSs.

Treasury Seeks Qualified Individuals to Advise Office of Financial Research:

The Treasury Department announced March 22nd that it is creating the Financial Research Advisory Committee to make recommendations to the Office of Financial Research (OFR). The 30-member panel will be comprised of academics, researchers, and industry leaders who will support the OFR in its efforts to assist and provide data collection for the Financial Stability Oversight Council. Both the Council and OFR were created as part of the Dodd-Frank Act. After apparently having some difficulty in finding a willing candidate, President Obama nominated Richard Berner, the former chief U.S. economist for Morgan Stanley, last month to head the OFR. Treasury is soliciting applications for the new advisory panel through April 16th.

CFTC

Chairman Gensler Appeals to Senate Appropriators for Full Funding:

Testifying before the Senate Appropriations Financial Services Subcommittee on March 21st, Chairman Gary Gensler reiterated that the CFTC must be funded at the full $308 million request "to oversee a much expanded field of play." Gensler continued, appealing to lawmakers that the Commission's budget request "strikes a balance between important investments in technology and human capital." Senators on the panel questioned Gensler on the CFTC's actions this past year, including on position limits. Senator Jerry Moran (R-KN) charged that the CFTC has moved to a more prescriptive regulatory program and away from its core principles.

Swaps Squad Formed to Boost CFTC Enforcement and Oversight:

Even as the CFTC investigates the failure of MF Global, it is working to beef up its oversight of the $300 trillion US derivatives market. Director of Enforcement, David Meister said that the CFTC is in the midst of finalizing two enforcement "squads," one aimed at derivatives oversight and one focusing on manipulative or disruptive trading practices such as high-frequency trader violations. Officials are finalizing Dodd-Frank measures to regulate off-exchange derivatives and

to define swaps in the coming month. The enforcement squads are the first in the CFTC's history. Currently, the swaps squad has 15 enforcement attorneys under its purview while the manipulative trading squad will be larger. Meister expressed "hope the squads leverage [the CFTC's] resources and expertise," which is of increasing importance due to Congressional resistance to funding the agency at its full budget request.

SEC

SEC to Examine High-Frequency Trading Activities:

Ironically during the same week that the much anticipated BATS IPO had to be pulled due to an apparent software glitch that resulted in trades needing to be canceled, the SEC announced that it will investigate the relationship between exchanges and high-frequency trading. Securities regulators will examine whether these rapid trading firms have abused their close ties to computerized exchange software and information to gain an unfair advantage in trades. The investigation is being undertaken by the SEC's enforcement division and will be focused on the computerized trading platforms used by exchanges. The investigation is just part of an increased focused in market stability driven by the 'flash crash' in May 2010—during which computer glitches caused erratic jumps and declines in stock.

Commissioner Urges Money Market Industry to Engage with its Regulator:

On March 19th, SEC Commissioner Elisse Walter appealed to money market mutual fund participants to discuss their concerns with industry reforms with the SEC, rather than through the media. Speaking at an Investment Company Institute conference, Walters called on the industry to "engage or re-engage in the discussion on these issues." Industry gripes come as the SEC plans in the coming months to propose reforms to address structural weaknesses in money market funds. Proposals include two alternative fixes: moving funds from their fixed $1 net asset value (NAV) to a floating NAV or requiring capital buffers with redemption limits or fees.

While the SEC has yet to release a proposal, the industry has already been vocal in opposition to such reforms. Walter said that the industry unexpectedly ended all conversations with the SEC late in 2011 and has refused to engage in discussions on proposed reforms. Walter reminded industry that funds remain vulnerable to runs by institutional investors and a potential systemic risk, saying there is as much risk in not moving forward with reforms as there is in moving forward "in a time of low yields."

FDIC

FDIC Requests Comment on Updates to Risk Based Fee Assessment Rule:

On March 20th, FDIC board members voted unanimously to seek comment on updating a February 2011 rule that set the methodology for determining risk and assessing quarterly deposit insurance fees on large banks. The move comes as response to concerns from industry and would change the way banks evaluate assets when calculating payments to the Deposit Insurance Fund (DIF). Currently, under the rule that took effect last year, fees are based on liabilities rather than domestic deposits. The FDIC said the proposed rule would not impact the fee revenue it receives from the 107 institutions with more than $10 billion in assets that are subject to risk-based assessments.

The proposed rule updates the threshold for the leveraged loan category from $1 million in leveraged loans to $5 million to accommodate concerns that the low threshold captured a number of small business loans. The proposal renames leveraged loans to "higher-risk commercial and industrial loans and securities," including a purposed test to identify especially high risk loans. Similarly, subprime consumer loans will be moved into a new category titled "higher risk consumer loans and securities." Industry response to the rulemaking has been positive;

OCC

Regulators Extend Comment Period on Dodd-Frank Rules:

The FDIC and the Office of the Comptroller of the Currency (OCC) announced on March 21st, that they have extended the comment period for rules related to Section 165 of the Dodd-Frank Act. They added an additional month for stakeholders to file complaints, with the new deadline set for April 30th. Section 165 requires banks and certain other institutions with assets of more than $10 billion to conduct annual stress tests. The move follows the Federal Reserve Board's decision to extend the comment period on rules related to Sections 165 and 166 to the same April date. The Fed rules relate to the basic requirements for banks with assets of $50 billion or more and could also apply to certain nonbank financial firms later, if they are designated as systemically significant institutions.

International

Basel Commission and FSB to Pursue Work on SIFIs:

Last week, officials reported that discussions between the Financial Stability Board (FSB) and the Basel Committee on Banking Supervision are most likely to result in a "principles-based" regulatory approach with flexibility for sovereign regulators rather than a prescriptive, harmonized approach. The regulatory bodies are also likely to focus their efforts on creating an effective resolution regime for globally systemically important banks (G-SIBs). Rules currently underway expand on the G-SIB framework put forth by Basel and the FSB with its list of the 29 G-SIBs, including 8 headquartered in the US that will be subject to additional capital charges as a percent of risk weighted assets. Domestic regulatory bodies are scheduled to start discussions with G-SIBs by June in regards to frameworks for resolving banks and assessments of resolution plans are due by the end of this year.

With the regulatory framework for G-SIBs underway, the FSB is now working with the Basel Committee to extend the framework to domestic systemically important financial institutions (D-SIFIs). There is growing support for a principles-based approach to D-SIFI regulation coupled with appropriate monitoring. The international regulators are also working with the International Association of Insurance Supervisors (IAIS) to include systemically significant insurers and the International Organization of Securities Commissions (IOSCO) to include systemically important non-banks. Selection criteria for these institutions will mirror that used for G-SIBs, such as size, interconnectedness and lack of substitutability.

EU Poised to Regulate Shadow Banking System:

In conjunction with a green paper published on March 19th, the European Commission announced the EU will be considering stricter regulations for money market funds, special investment vehicles and other "shadow banking" entities as part of the EU's broader post-financial crisis reform agenda. The Financial Stability Board (FSB) characterizes shadow banking as "the system of credit intermediation that involves entities and activities outside the regular banking system" and identifies money market funds, exchange traded funds and special investment vehicles as part of the shadow banking system. Specifically, the Commission will consider: banking regulations and the role of banks in "any flawed risk transfer towards shadow banking entities"; tighter regulation of asset management firms; closing regulatory gaps in securities lending and repurchase agreements; and the appropriateness of existing regulations for securitization of shadow banking activities.

The announcement comes after the head of the UK's Financial Services Authority, Adair Turner, called the shadow banking system complex and "potentially very unstable." In the announcement, Internal Market Commissioner Michel Barnier said the Commission does not have any preconceived notions about regulation of shadow banking and that he is not "waging a war against this system." Calling shadow banks "very useful" in providing some services, Barnier said the Commission will "decide on appropriate follow up" to the green paper after an April 27th shadow banking conference.

Dartmouth College President Nominated to Head World Bank:
President Obama nominated South Korean-born Jim Young Kim, the current President of Dartmouth College, on March 23rd to succeed current World Bank President Robert Zoellick, whose term ends in June. Kim is a physician by trade and the co-founder of Partners in Health—a global health advocacy organization. Kim also served as the Director of the World Health Organization's HIV/AIDS Department. The final decision rests with the World Bank's 25-member executive committee, which is expected to confirm the nomination next month.

The United States has the largest vote share on the committee, and has held the post since the creation of the organization following World War II. An informal agreement with European nations trades an American presidency of the World Bank for a European presidency of the International Monetary Fund. The nomination comes somewhat as a surprise as other, more prominent, figures including Secretary of State Hillary Clinton and Ambassador to the UN Susan Rice had been discussed to replace Zoellick. Still, Kim's background may assuage concerns expressed by many emerging nations who have long sought to end US-control of the World Bank.

Miscellaneous
Large International Trading Firms Maybe Eyeing Toronto as Haven from Volcker Rule:
Last week, Bloomberg reported that large international banks are in talks with Canadian business and government groups concerning moving trading operations from New York to Toronto in order to avoid Volcker Rule regulations. By moving operations to Toronto, banks would avoid the burden of the proprietary trading ban—which would also require international banks with US trading operations to comply with 17 metrics daily to ensure they are not trading for their

own benefit—while still being in the same time zone as the US trading cycle. Janet Ecker, President of the Toronto Financial Services Alliance told Bloomberg that she is engaged in "strategic discussions companies are having about where they want to go and what they want to move." The conversations reflect the growing fear that the Volcker Rule will negatively impact the operations of large trading firms and highlight concerns, expressed by many lawmakers, that the Volcker Rule will put the US at a competitive disadvantage.

UPCOMING HEARINGS

On Tuesday, March 27th at 10am, in 2128 Rayburn, the House Financial Services Subcommittee on Domestic Monetary Policy and Technology will hold a hearing on assistance to the Eurozone by the Federal Reserve System and its impact on the U.S. economy, the monetary system and the dollar.

On Tuesday, March 27th at 10:30am, in 538 Dirksen, the Senate Banking, Housing and Urban Affairs Subcommittee on Housing, Transportation, and Community Development will hold a hearing titled "The Choice Neighborhoods Initiative: A New Community Development Model."

On Tuesday, March 27th at 1pm, in 2128 Rayburn, the House Financial Services Committee will meet to markup the following measures: Amendment in the nature of a substitute to the discussion draft, H.R. ____, the FHA Emergency Fiscal Solvency Act of 2012; H.R. 2446, the RESPA Home Warranty Clarification Act of 2011; H.R. 3283, the Swap Jurisdiction Certainty Act; and H.R. 4325, the Swap Data Repository and Clearinghouse Indemnification Correction Act of 2012.

On Tuesday, March 27th at 2pm, in 216 Hart, the Joint Economic Committee will hold a hearing on monetary policy, focusing on why a sound dollar boosts growth and employment.

On Tuesday, March 27th at 2:45pm, in 215 Dirksen, the Senate Finance Subcommittee on Energy, Natural Resources, and Infrastructure will hold a hearing titled "Renewable Energy Tax Incentives: How Have the Recent and Pending Expirations of Key Incentives Affected the Renewable Energy Industry in the United States?"

On Wednesday, March 28th at 10am, in 2128 Rayburn, the House Financial Services Subcommittee on Capital Markets and Government Sponsored Enterprises will hold a hearing on current issues facing the accounting and auditing profession.

On Wednesday, March 28th at 1pm, in 2360 Rayburn, the House Small Business Committee will hold a hearing titled "Large and Small Businesses: How Partnerships Can Promote Job Growth."

On Wednesday, March 28th at 2pm, in 2128 Rayburn, the House Financial Services Subcommittee on Oversight and Investigations will hold a hearing on MF Global's last week of operation before bankruptcy.

On Wednesday, March 28th at 2:30pm, in 538 Dirksen, the Senate Banking, Housing and Urban Affairs Subcommittee on Economic Policy will hold a hearing titled "Retirement (In)security: Examining the Retirement Savings Deficit."

On Thursday, March 29th at 9:30am, in 2128 Rayburn, the House Financial Services Committee will hold a hearing to receive a semiannual report from the Consumer Financial Protection Bureau.

On Thursday, March 29th at 10am, in 538 Dirksen, the Senate Banking, Housing and Urban Affairs Committee will hold a hearing titled "Developing the Framework for Safe and Efficient Mobile Payments."

On Thursday, March 29th at 10am, in 428-A Russell, the Senate Small Business and Entrepreneurship Committee will hold a hearing on the fiscal 2013 budget request for the programs and activities of the Small Business Administration.