

Financial Services Committee – October 3, 2014



*Friday Quick Hits*



**SPOTLIGHT ISSUE**

***FHFA Proposes Changes to FHLBank Membership*** – The Federal Housing Finance Agency (FHFA) [has proposed changes](#) that have the potential to significantly increase Federal Home Loan Bank membership requirements that would impact both existing as well as prospective members. The Council is exploring possible action to weigh in regarding this issue. All comments are due to the FHFA by November 12<sup>th</sup>. If you have any information that would be helpful, or concerns regarding this matter, please let me know at [caverill@newenglandcouncil.com](mailto:caverill@newenglandcouncil.com) or (202) 547-0048.

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***Obama Pivots Back to Economy in Northwestern Speech*** – Visiting Chicago for an [economic address](#), President Obama told an audience at Northwestern University that his administration had made significant progress in improving economic conditions, but that more work needed to be done, including raising the minimum wage, enacting protections for equal pay for women, and infrastructure spending. Of note, the president said during the speech that “Now, I am not on the ballot this fall....But make no mistake: These policies are on the ballot -- every single one of them” – a line which is likely to be seen and heard in political commercials for the next 32 days.

***SEC Analysis on Fiduciary Duty Expected Early Next Year*** – Mark Flannery, director and chief economist of the Securities and Exchange Commission’s (SEC) Division of Economic and Risk Analysis, told *Financial Advisor* magazine this week that SEC commissioners are on track to receive an analysis early next year regarding the potential costs and benefits of imposing a fiduciary duty on broker-dealers.

***Piowar Floats Alternative to Broker-Dealer Fiduciary Rule*** – [Speaking before](#) the National Association of Plan Advisors, Securities and Exchange Commission (SEC) Commissioner Michael Piowar suggested that the agency “should consider the value of a concise disclosure document for broker-dealers and investment advisers” instead of a more costly fiduciary duty rule.

***SEC Commissioner Concerned About Bond Bubble*** – According to [a Bloomberg story](#), SEC Commissioner Daniel Gallagher, speaking at a Security Trader Association conference, said that he sees a bubble in the U.S. corporate bond market and expressed his concern for investors “if the bubble gets pricked.”

***BLS Releases September Employment Numbers*** – [In September](#), employment increased by 248,000 jobs – about 30,000 more than expected – and the unemployment rate further declined to 5.9%, the first reading below 6.0% since July 2008.

***Federal Reserve Begins Study of Insurance Companies*** – The Federal Reserve is [moving forward with a study](#) regarding the potential effects of its regulatory capital framework on insurance holding companies.

***Fed’s Dudley Calls for Broadening of LIBOR Definition*** – Federal Reserve Bank of New York President William Dudley [told students at NYU’s business school](#) that “the definition of LIBOR should be broadened so that it more accurately reflects the observed funding patterns of large banks and puts the rate on a broader, more stable base of observable transactions.”

***Federal Reserve Looking at Dividend Arbitrage*** – The [Wall Street Journal reported](#) that U.S. regulators are beginning to examine a maneuver employed by some banks known as “dividend arbitrage,” which helps hedge funds and other clients reduce their tax bills.

***IRS Failing to Collect Delinquent Taxes*** – The Treasury Inspector General for Tax Administration (TIGTA) [reported this week](#) that the Internal Revenue Service (IRS) “may be missing opportunities to collect delinquent taxes because it is not always completely researching cases before closing them as uncollectible.”

***JPMorgan Data Breach Numbers Disclosed*** – This summer’s cyber breach of JPMorgan Chase’s computer systems affected 76 million households and 7 million small businesses, [according to regulatory filings](#).

***House Chairman Concerned About Fate of Cybersecurity Bill*** – House Intelligence Committee Chairman Mike Rogers (R-MI) expressed concern that cybersecurity legislation – which he calls a must-do for the lame duck session – may fall victim to “political tantrums” from opponents of the bill, [The Hill reported](#). Otherwise, with both Rogers and Senate Intelligence Committee Vice Chairman Saxby Chambliss (R-GA) retiring, he fears it “could be years before this gets done.”