



Committee Update

Financial Services Committee – October 24, 2014



Friday Quick Hits

Federal Regulators Approve Risk Retention Rule – Earlier this week, six federal [agencies jointly signed off](#) on a final Risk Retention Rule required under Section 941 of the Dodd–Frank Act. Industry reaction: [SIFMA](#). [Mortgage Bankers Association](#). [ABA](#).

Tarullo Calls for Shakeup in Behavior at Financial Services Firms – Federal Reserve Governor Daniel Tarullo gave [a fiery speech](#) Monday in which he said it was not “a few bad apples” behind the “malfeasance” in the industry, but rather a systemic problem whereby “many large financial firms...have not taken steps sufficient to ensure that the activities of their employees remain within the law and, more broadly, accord with the values of probity, customer service, and ethical conduct that most of them espouse on their websites and in their television commercials.” Tarullo made clear that regulators “will need to consider some combination of tougher sanctions, additional regulation, or more intrusive supervisory oversight,” for institutions that fail to clean up their act.

DOL Fiduciary Definition Revised Rule Still a Work in Progress – Secretary of Labor Tom Perez [told reporters](#) on Monday that the agency’s planned revised rule to amend the definition of fiduciary under the Employee Retirement Income Security Act is “on our regulatory agenda and we continue to reach out and listen to various stakeholders...and we continue to learn a lot from them,” but declined to confirm a January release for the proposal.

Lucas May Challenge Hensarling for House Financial Services Gavel – [POLITICO reports](#) that Rep. Frank Lucas (R-OK), current chairman of the House

Agriculture Committee, is contemplating current House Financial Services Chairman Jeb Hensarling (R-TX) for his spot next Congress. According to most sources, Hensarling would begin such a matchup as a prohibitive favorite.

Fed Announces 2015 Stress Tests – The Federal Reserve on Thursday [said that](#) its 2015 “severely adverse” stress test will look very similar to the 2014 scenario, but will assume wider corporate bond spreads and a higher oil price. The Fed’s scenarios may be read [here](#); additional information is available from the [FDIC](#) and [OCC](#).

McConnell Seeks Clean Legislative Slate if Republicans Take Senate – Senate Minority Leader Mitch McConnell (R-KY) hopes to consider all “must-pass” legislation – such as a long-term funding bill – during the lame duck session should Republicans take control of the Senate in the upcoming elections, in order to give the new majority a clean slate for its eventual agenda, [according to a story in The Hill](#). Questions remain whether or not the lame duck agenda would include tax extenders; some Republicans may advocate for passage of a two-year extension that the Senate Finance Committee reported favorably.

New Study Shows One-Third of Middle Class Americans Not Contributing to Retirement – The fifth annual [Wells Fargo Middle-Class Retirement study](#) finds that 34% of middle class Americans are “not currently contributing anything to a 401(k), an IRA or other retirement savings vehicle.”

CFPB Finalizes Rule on Privacy Disclosures – The Consumer Financial Protection Bureau (CFPB) [finalized a rule](#) this week that allows companies “that limit their consumer data-sharing and meet other requirements to post their annual privacy notices online rather than delivering them individually.”

New Survey Shows Cyber Risk Atop Companies’ List of Concerns – A [new report](#) from the Depository Trust and Clearing Corporation (DTCC) shows that a record high [84 percent](#) of respondents their survey list cyber vulnerability as one of their top five risks, an increase of 25 percentage points since a similar March study.

Concern Over Potential SEC Changes to Rating References in MMF Rule – *The Bond Buyer* [reports that](#) “market participants are concerned that language in the Securities and Exchange Commission’s proposal to remove references to credit ratings from its Rule 2a-7 governing money market funds could be too restrictive on what securities MMFs could purchase.”

CFPB Finalizes Two Minor Changes to Mortgage Rules – The Consumer Financial Protection Bureau (CFPB) has [finalized tweaks](#) to some mortgage rules that help ensure access to credit.

HUD Secretary Addresses Mortgage Bankers Conference – In a Monday [speech](#) to the Mortgage Bankers Association’s (MBA) 2014 Annual Conference, Housing and

Urban Development (HUD) Secretary Julian Castro discussed his agency's Blueprint for Access, noting that "multifamily lending and construction have stepped up and begun to address our nation's rental housing needs; now we need homeownership to complement this work."

FHFA Director Seeks to Boost Housing Market, Homeownership – Also at the MBA conference, Federal Housing Finance Agency (FHFA) Director Mel Watt [announced plans](#) to ease credit requirements so that more loans are made available to more homeowners.

Regulators Prepare to Release Public Guidance Document on Leveraged Loans – The [Wall Street Journal reported](#) this week that the Fed, OCC, and FDIC "plan to publish a list of frequently asked questions about their guidance governing so-called leveraged loans," in order to push banks into compliance.

Wyden, Harkin Call for De-listing Rules – Senate Finance Committee Chairman Ron Wyden (D-OR) and retiring Senate Health, Education, Labor and Pensions Committee Chairman Tom Harkin (D-IA) [wrote to](#) regulators this week seeking clear guidelines for employers who undertake pension de-risking.

Bipartisan Group Seeks Resolution to Basel III Disparity – A group of 43 members of the House of Representatives sent [a letter](#) to federal regulators urging them to "level the playing field between Subchapter S banks and Subchapter C banks, particularly in regard to the Basel III capital conservation buffer rules."

Credit Union Election Spending at Highest Level Ever – The Credit Union National Association (CUNA) has currently spent \$5.6 million on the 2014 elections, the most ever for the group, according to [The Hill](#).