

November 7, 2014



SPOTLIGHT ISSUE

TRIA High on List of Lame Duck Priorities – [POLITICO Pro](#) reports that House Speaker John Boehner (R-OH) has indicated he supports Financial Services Committee Chairman Jeb Hensarling’s (R-TX) approach of a potential short-term extension of the Terrorism Risk Insurance Act (TRIA) program so that the debate on longer-term reforms can occur in the next Congress, unless Hensarling can rally adequate support for House passage of his Committee’s bill in the coming weeks. The [Washington Post](#), however, suggests that “House leaders have privately told Hensarling that he has only a few weeks to assemble a coalition to pass his version of the bill. Otherwise, they are planning to bring the Senate bill [with far less reforms] to the House floor, pass it and head home for Christmas.” It’s uncertain how the Tuesday night’s election results will impact the decision-making process, and whether the new Republican majority will want to engage in reforms of the TRIA program next year, or simply move the issue off their plate for the long term.

Earlier this week, New England Council President and CEO Jim Brett [penned an OpEd](#) that appeared in several of the region’s business journals, including the New Hampshire Business Review. Brett says that “it is absolutely critical that Congress reauthorize TRIA for as long as possible, with as few changes as possible,” because “[p]rivate business, real estate agents, economic development companies and insurers need certainty for the long term.”

In an effort to help promote efforts for passage of a long-term TRIA extension in the coming weeks, the New England Council is participating in a ***TRIA Fly-In on Capitol Hill on Wednesday, November 19th***. The day will begin with an 8am strategy briefing breakfast held in conjunction with the Coalition for Insurance Against Terrorism (CIAT) – of which the Council is a member – followed by visits to a number of New England lawmakers’ offices both with CIAT and independent of the group. **If you or someone from your company would like to participate**, please e-mail me at caverill@newenglandcouncil.com for more details.

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Regulators Urge Banks to Share Cyber Threat Information – After the release of a cybersecurity [report](#) from the Federal Financial Institutions Examination Council on Monday, five of the country’s banking regulators urged financial institutions to share cyber threat information with each other. In the wake of major recent security breaches, lawmakers and regulators have been urging banks to increase their level of security.

Economic Confidence Highest Since July 2013 – Economic confidence in October registered at the highest level since July, 2013, according to a [survey](#) released by Gallup on Tuesday. Last month, the index average clocked in at -12, which is the most positive score in more than a year.

GOP Senate Likely to Put Fed Under Scrutiny – With the likely ascension of Senator Richard Shelby (R-AL) to become the new chairman of the Senate Banking Committee, [experts expect](#) an increased focus on the Federal Reserve. Mr. Shelby has made it clear that he is not a fan of the Fed, having criticized its regulatory performance in the run-up to the crisis, and supported stripping the central bank of its bank-supervision authority when Congress was writing the 2010 Dodd-Frank financial-regulatory overhaul law. Other Senate Republicans have expressed interest in passing Senator Rand Paul's “Audit the Fed” legislation, a bill that would open up the Fed's core monetary-policy deliberations to congressional scrutiny. [Business Week](#) has more on the relationship between Shelby and Fed Chair Janet Yellen.

Bank Regulators to Review Federal Rulebooks – Next month, officials within the Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation and Board of Governors of the Federal Reserve System will begin meeting to determine which rules should be scrapped from federal bank regulation rulebooks. The agencies are required to examine the regulations once every 10 years—the last review was completed in 2007. The first meeting this year is scheduled for December 2 in Los Angeles, with more to follow in 2015 in Dallas, Boston, Chicago and Washington, D.C., [The Hill](#) reports.

OpEd Offers Simple Dodd-Frank Modifications – In an opinion piece published on Wednesday in the *Wall Street Journal*, American Enterprise Institute (AEI) scholar Paul Kupiec offered [Three Easy Fixes to Dodd-Frank](#). Fix #1: Raise the trigger for mandatory, enhanced prudential standards and Federal Reserve oversight for bank holding companies to \$250 billion. Fix #2: Remove the Financial Stability Oversight Council’s power to designate a nonbank financial firm as a “systemically important financial institution”—which subjects them to heightened supervision by the Federal Reserve Board of Governors—and rescind any existing SIFI designations. Fix #3: Require banks’ “living wills” to focus on eliminating the weakness in the FDIC bank resolution process, instead of planning for a hypothetical bank holding company reorganization in bankruptcy.

McConnell Intimates Relief for Community Bankers – In a post-election news conference, likely incoming Senate Majority Leader Mitch McConnell (R-KY) offered his thoughts on the chamber’s upcoming agenda, suggesting that the Senate Banking Committee [will examine ways](#) to provide relief from the Dodd-Frank Act to community banks. McConnell noted that “the community bankers are struggling. And I do think the Banking Committee will want to take a look at how much damage [Dodd-Frank has] done to the little guys who had nothing whatsoever to do

with the meltdown in 2008.”

Election Outcome May Lead to Action on Tax Break Extensions – The new GOP- run Congress may now give Republican lawmakers in both chambers the leverage needed to press for permanent renewal of some of the \$50 billion in expired tax breaks that remain in legislative limbo, [CQ](#) reported on Wednesday. Because the provisions expired at the end of last year and would have to be revived by the end of 2014 to be part of the current year’s tax laws, a decision of some sort on the package of 55 credits known as tax extenders will likely come in the lame-duck session.

Hensarling Makes Statement on Outlook for Financial Services Committee – On Wednesday, House Financial Services Committee Chairman Jeb Hensarling (R-TX) signaled that he plans on working in a bipartisan matter on financial regulatory bills in the 114th Congress. In his [statement](#), Hensarling pointed to legislation his panel passed that drew both Republican and Democratic support as measures the new Senate Republican majority can take up.

Report: 214,000 Jobs Added in October, Jobless Rate at 5.8 percent – A [report](#) released Friday by the Bureau of Labor Statistics shows that 214,000 jobs were added in October, and the unemployment rate fell to 5.8 percent, the lowest since July 2008.

Hotel Association Urges TRIA Passage – In a [statement](#) made this week, The American Hotel & Lodging Association (AH&LA) urged lawmakers to pass a long-term continuation of the Terrorism Risk Insurance Act (TRIA), which would expire at the end of the year without congressional action. The group said it is confident that legislation can be passed with some modification to the committee-approved bill.

Yellen Discusses Monetary Policy Normalization - At a conference of central bankers in Paris on Friday, Federal Reserve Chairwoman Janet Yellen [said](#) that the eventual normalization of monetary policy “could lead to some heightened financial volatility.” She reflected on policies before and after the crisis, and added that looking ahead, the Fed plans to clearly communicate the strategy while it begins to raise interest rates that have remained near zero for six years.

Engage China Seeks POTUS’ Help for Reform – In a [letter to President Obama](#), a dozen financial services advocacy groups urged the president to pay heed to “the critical importance of accelerated reform and modernization of China’s financial system, including a level playing field for foreign participants in China’s financial services marketplace,” and asked him to “raise with President Xi the mounting urgency of addressing threats to cybersecurity” during his upcoming visit to the country.

Treasury Official Wants Student Loan Servicers to Do More to Help Students – Echoing comments of other Obama Administration officials, Deputy Treasury Secretary Sarah Bloom Raskin [told a consumer advocacy conference](#) that companies handling student-loan payments need to be more flexible in helping troubled borrowers.

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