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**Agenda for Financial Crisis Inquiry Commission Telephonic Business Meeting of
Tuesday July 13, 2010**

12:00-1:30pm EST

Conference Dial-In Number: 866-692-3582

Participant Access Code: 3387529

<u>Agenda Item</u>	<u>Presentation</u>
1) Call to Order	Chairman Angelides
2) Roll Call	Chairman Angelides
3) Approval of Minutes of Telephonic Business Meeting of June 15, 2010 and Addendums (<i>Attached</i>)	Chairman Angelides
4) Chairman's and Vice Chairman's Report	Chairman Angelides and Vice-Chairman Thomas
5) Executive Director's Report	Wendy Edelberg, Executive Director
6) Update on the Report	Wendy Edelberg, Executive Director
7) Comments and Questions from Commissioners	All Commissioners
8) Report to Commission re: Legislative And Regulatory Update (<i>ForthcomingAttached</i>)	Wendy Edelberg/ Scott Ganz, Special Assistant
9) Other Items of Business	All Commissioners
10) Adjournment	Chairman Angelides



Financial Crisis Inquiry Commission
Agenda Item 3 for Telephonic Business Meeting of July 13, 2010
Minutes of Telephonic Business Meeting of
June 15, 2010

Agenda Item 1: Call to Order

Chairman Angelides called the telephonic business meeting to order at 12:03pm EST.

Agenda Item 2: Roll Call

Chairman Angelides asked Gretchen Newsom to call the roll of the Commissioners. Present were Phil Angelides, Bill Thomas, Brooksley Born, Douglas Holtz-Eakin, Heather Murren, and Peter Wallison. Commissioner Bob Graham joined the call immediately after Agenda Item 3. Commissioners Byron Georgiou, Keith Hennessey, John W. Thompson were absent.

Also participating in the meeting were: Wendy Edelberg, Executive Director; Gary Cohen, General Counsel; Gretchen Newsom, assistant to Chairman Angelides; and Scott Ganz, assistant to Vice Chairman Thomas. Matt Cooper, Senior Advisor and Greg Feldberg, Research Director joined the meeting for Agenda Item 8.

Agenda Item 3: Approval of Minutes of Meeting, May 18 2010

Chairman Angelides introduced the minutes from the FCIC meeting of May 18, 2010.

MOTION: Murren moved and Holtz-Eakin seconded a motion to adopt the meeting minutes (attached) with the correction of a typo.

APPROVED: 6-0 (Commissioners Georgiou, Graham Holtz-Eakin, and Thompson absent).

Agenda Item 4: Chairman's and Vice Chairman's Report

Chairman Angelides did not make a report.

Agenda Item 5: Executive Director's Report

Executive Director Wendy Edelberg noted details of the upcoming hearing on derivatives.

Agenda Item 6: Hearing 5a – Credit Ratings - Debriefing

Executive Director Wendy Edelberg informed the Commission that staff are reviewing transcripts and compiling a list of materials and items for follow-up requested by the Commission during the hearing. A working group meeting will be scheduled soon to review and discuss main findings.

Agenda Item 7: Commissioner Meeting Schedule

Chairman Angelides introduced the draft schedule (attached) and requested that Commissioners direct questions or conflicts to him as soon as possible. Commissioner Murren noted a potential conflict during the tail end of the schedule. No other comments were made or concerns raised at this time.

Agenda Item 8: Process for Commission Report

Chairman Angelides introduced the report outline and process memo for the production of the report (attached). Executive Director Wendy Edelberg noted the proposal includes four broad categories for the report: 1) what created the scene that allowed crisis to occur; 2) the housing crisis; 3) the financial crisis; and, 4) the economic crisis. A broad discussion ensued wherein the outline and memo were discussed and the Commission provided feedback to the staff. Wendy will incorporate suggestions and feedback into a revised draft and circulate to the Commission in the near future (*Ms. Edelberg sent redlines to the Commission on June 28th – these are attached as addendums*). The Commission agreed that work and writing of the report should commence.

Agenda Item 9: Comments and Questions from Commissioners

No comments or questions were brought up by the Commissioners.

Agenda Item 10: Report to Commission re: Legislative And Regulatory Update

Mr. Ganz presented the Commission with an update on legislative and regulatory matters.

Agenda Item 11: Other Items of Business

No other items of business were brought up by the Commissioners.

Agenda Item 12: Adjournment

Chairman Angelides requested a motion to adjourn the meeting at 1:07pm.

MOTION: Born moved and Murren seconded a motion to adjourn the meeting.

APPROVED: 7-0 (Commissioners Byron Georgiou, Keith Hennessey, John W. Thompson were absent.)



Financial Crisis Inquiry Commission
Agenda Item 3 for Telephonic Business Meeting of July 13, 2010
Minutes of Telephonic Business Meeting of
June 15, 2010

ATTACHMENT
Approved Minutes of Telephonic Business Meeting of
May 18, 2010

Agenda Item 1: Call to Order

Chairman Angelides called the telephonic business meeting to order at 12:04pm EST.

Agenda Item 2: Roll Call

Chairman Angelides asked Gretchen Newsom to call the roll of the Commissioners. Present were Phil Angelides, Brooksley Born, Byron Georgiou, Bob Graham, Keith Hennessey, Heather Murren, and Peter Wallison. Commissioner John W. Thompson joined the call immediately after Agenda Item 3. Vice Chairman Bill Thomas and Commissioner Doug Holtz-Eakin were absent.

Also participating in the meeting were: Wendy Edelberg, Executive Director; Beneva Schulte, Chief Deputy Director; Gary Cohen, General Counsel; Gretchen Newsom, assistant to Chairman Angelides; and Scott Ganz, assistant to Vice Chairman Thomas.

Agenda Item 3: Approval of Minutes of Meeting, April 20, 2010

Chairman Angelides introduced the minutes from the FCIC meeting of April 20, 2010.

MOTION: Born moved and Wallison seconded the motion to adopt the meeting minutes (attached).

APPROVED: 7-0 (Commissioners Thompson and Holtz-Eakin and Vice Chairman Thomas absent).

Agenda Item 4: Chairman's and Vice Chairman's Report

Chairman Angelides reviewed the schedule for the Commission's upcoming hearing in New York on June 2nd and the following retreat in Washington DC on June 3rd and 4th. He next provided a brief update on the Commission's budget and request for an additional appropriation,

citing the earnest work of Beneva Schulte. Chairman Angelides briefly touched upon an upcoming informal meeting with delegates of the of the European Parliament CRISIS Committee, wherein all Commissioners are invited to attend.

Agenda Item 5: Executive Director's Report

Executive Director Wendy Edelberg noted organizational changes among staff wherein Chris Seefer will lead a team focused on case study investigations and follow-up from hearing matters, and Brad Bondi will lead a second team focused on cross-cutting horizontal issues with the aid of Tom Krebs. Both teams will work closely with the research unit.

Agenda Item 6: Hearing 4 – Shadow Banking – Debriefing

Wendy Edelberg will schedule a follow-up meeting with the Shadow Banking working group to finalize takeaways. Public comments on the shadow banking preliminary staff report are being received and compiled and will be posted online in the Commissioner workspace for review.

Agenda Item 7: Process for Referral to the Department of Justice

General Counsel Gary Cohen introduced his memo (attached) outlining a process for referral of criminal matters uncovered by the Commission to the Department of Justice. Mr. Cohen answered questions and concerns, and objections were not raised to the proposed process.

Agenda Item 8: Discussion and Update on Work Plan

This item was placed on the agenda prior to redoing the Commission schedule to make available the Commission retreat; much of this topic will be covered in person at the retreat (materials attached). A broad discussion ensued wherein the work plan was discussed and the Commission debated issues and identified areas that cut across the various research and investigation plans as well as areas of agreement and disagreement. Staff received comments and feedback from the Commission on areas to be presented and covered at the retreat, including hypotheses formation and finalizing the definition(s) of a financial crisis and what would constitute a cause. The Commission agreed to have working groups provide the Commission updates and presentations on their work to date and progress.

Agenda Item 9 - Commission Report Outline and Process

This agenda item was largely covered and discussed during Agenda Item 8 (materials attached). Staff agreed to provide the Commission a process for Commissioner input into the drafting of the final report, as well as a skeleton framework of the report.

Agenda Item 10: Comments and Questions from Commissioners

No comments or questions were brought up by the Commissioners.

Agenda Item 11: Report to Commission re: Legislative And Regulatory Update

Mr. Ganz presented the Commission with an update on legislative and regulatory matters. He noted that during the previous night, Senator Rejed filed a closure motion wherein debate could conclude as soon as 10am on Wednesday on the financial regulation legislative package.

Agenda Item 12: Other Items of Business

No other items of business were brought up by the Commissioners.

Agenda Item 13: Adjournment

Chairman Angelides requested a motion to adjourn the meeting.

MOTION: Georgiou moved and Graham seconded a motion to adjourn the meeting.

APPROVED: 8-0 (Commissioner Holtz-Eakin and Vice Chairman Thomas absent)



Financial Crisis Inquiry Commission
Agenda Item 3 for Telephonic Business Meeting of July 13, 2010
Minutes of Telephonic Business Meeting of
June 15, 2010

ATTACHMENT
Future Meeting Schedule
(as of 6/14/2010)

****Confidential – Not for Public Distribution ****

Tuesday, June 15, 2010

Telephonic Business Meeting
Location: Teleconference/FCIC Office
Time: 12:00-2:00pm EDT

Tuesday/Wednesday/Thursday, June 29-July 1, 2010

Briefing Session and Hearing (Derivatives)
Location: Dirksen Senate Office Building, Room 538, Washington D.C.
Note: Briefing for hearing to take place on Tuesday, June 29th 5:00-8:00pm (approx)

Tuesday, July 13, 2010

Telephonic Business Meeting
Location: Teleconference/FCIC Office
Time: TBA

Wednesday/Thursday, July 28-29

Commission Meeting on the Report
Location: Washington DC
Time: TBA

Tuesday, August 17, 2010

Telephonic Business Meeting
Location: Teleconference/FCIC Office
Time: TBA

Tuesday/Wednesday, August 31-September 1, 2010

Briefing Session and Hearing (Too Big Too Fail)

Location: TBA

Time: TBA

Note: Briefing for hearing to take place on Tuesday, August 31st 5:00-8:00pm (approx)

Thursday/Friday, September 2-3, 2010

Commission Meeting on the Report

Location: Washington DC

Time: TBA

Tuesday/Wednesday, September 28-29, 2010

Commission Meeting on the Report

Location: Washington DC

Time: TBA

Tuesday/Wednesday/Thursday/Friday, October 26-November 12, 2010

Commission Meetings to finalize the Report

Location: Washington DC

Time: TBA

Note: The Commission will meet Tuesday thru Friday during these three weeks: October 26th-29th; November 2nd-5th; and November 9th-12th.

Monday, November 15, 2010

Meeting of the Commission – Approval of the Report

Location: Washington DC

Time: TBA

Wednesday, December 15, 2010

Report released

Note: After the release of the report, there will be Commissioner participation in the roll out of the report between December 15, 2010-Friday, February 11, 2011



Financial Crisis Inquiry Commission
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June 15, 2010

ATTACHMENT

Outline for
Final Report of the
Financial Crisis Inquiry Commission
June 14, 2010
For Discussion Purposes Only

What follows is a summary of the four main sections of the report. Preceding these main sections would be an introductory section discussing the main themes of the report. In addition, a concluding section would come at the end of the report.

Section I. _____

This section is meant to establish the tableau for the financial crisis. Among other things, this section will examine America's financial and economic conditions in the decades leading up to the early 2000s. In these decades, household debt rose dramatically as access to credit increased and costs of borrowing fell. This section will trace the changing structure of the US financial system, including the growth of markets, such as "shadow banking markets" and securitization; financial products, such as over-the-counter derivatives; and the increased use of very short-term funding. This section will explore the degree to which market participants underpriced risks and regulators and policy makers underestimated risks. This section will also discuss ways in which financial institutions took on increasingly risky and nontransparent positions, often with slim capital. This discussion will address the extent to which failures in risk management and corporate governance, including compensation incentives, may have played a role. This section would also include a discussion of the changes in the regulation of the financial system and the broad forces behind those changes, including the influence that the financial sector may have had over financial policy, regulation, and oversight. Many of these trends and changes in financial markets may have been encouraged by the view that the US was experiencing a "great moderation."

Section II. _____

This section will explore the credit boom as well as the historic decline in home prices. As liquidity rose globally, and monetary policy remained accommodative, long- and short-term interest rates were remarkably low. Overall, market participants began aggressively to chase

returns and risk premiums fell. Asset bubbles appeared in housing, commercial real estate, and other assets. Among other things, this section will discuss how the housing bubble, with historic records in home price appreciation, may have been fueled by factors such as the domestic and international investors who desired AAA assets with higher yields, US homeownership policy, aggressive mortgage lending (including the increased offering of exotic and inappropriate mortgages), and securitization. This section will also explore the potential role played by important participants in this bubble, including individuals who borrowed beyond their ability to repay, speculators, mortgage originators, and financial institutions, including the Government-Sponsored Enterprises. This section will examine warning signs that may have been unappreciated, overlooked, or ignored by those in a position to see them and act on them, including regulators, corporate management, and the credit rating agencies. This section will discuss asset bubbles in other countries as well and in what ways the US housing bubble, in particular, was unique.

After historic home price appreciation, home prices fell at historic rates. Losses on mortgage-related assets brought down mortgage originators and major financial institutions including the GSEs. The bursting of the housing bubble and the drying up of mortgage lending generated a devastating foreclosure crisis. The section will trace the extraordinary losses faced across the system (in the US and abroad) resulting from the collapse of the housing bubble.

Section III. _____

This section will discuss the collapse or near-collapse of major financial firms, the freezing of credit, and the drying up of liquidity—exploring how a not-unprecedented collapse of a bubble helped to trigger a crisis in the financial system. Among other things, the section will explore how the crisis spread, including the downward spiral in asset values; what markets (such as securitization markets), products (such as derivatives), and firms (both shadow banking and traditional banking firms) played a key role in the spreading of the crisis; the role played by management at these firms in the crisis; the extent to which contagion put so many markets in crisis; and the reasons and degree to which financial markets, firms, and regulators failed to respond to warning signs, prepare for this decline in value, and act in advance of the crisis. This section will also examine the role of the failure or near-failure of firms considered too big to fail by policy makers, market participants, and the firms themselves. Finally, this section will explore how other countries fared during the depths of this crisis.

Section IV. _____

This section will describe how the foreclosure crisis and ensuing financial crisis led to the economic crisis, a deep recession with ongoing economic pain, exploring how the financial system and the real economy are deeply interrelated. This section will also stress the international interconnectedness of the financial system and the world economy.



Financial Crisis Inquiry Commission
Agenda Item 3 for Telephonic Business Meeting of July 13, 2010
Minutes of Telephonic Business Meeting of
June 15, 2010

ATTACHMENT
Process for Review and Approval of the Report by the Commission
June 14, 2010
For discussion purposes only

Below is an outline of a suggested process for the preparation and consideration of the report by the Commission. The report preparation and consideration will move in parallel with the Commission's consideration of findings and conclusions to be incorporated into the report. In that vein, Commission meetings will be scheduled as needed in addition to the regularly scheduled business meetings and the meetings indicated below. The Executive Director, under the direction of the Chair and Vice Chair, will be responsible for preparing the report for consideration by the Commission.

- **Review of Initial Drafts of Sections of the Report** – The staff will start to draft sections of the report that can be written now, recognizing that they will contain language/preliminary conclusions that will be changed or added as the research and investigation continue and that findings and conclusions will be added as the Commission's deliberative process proceeds.
 - Section 1
 - 1st draft to Commissioners **Due: July 9**
 - Written comments from Commissioners **Due: July 16**
 - 2nd draft to Commissioners with track changes, identification of comments made and disposition of comments (including listing of comments still sought but not yet incorporated) **Due: July 24**
 - Commission meeting to discuss first section of the report, outline for the remaining sections, and other matters related to the report **July 28 – July 29**
 - Section 2
 - 1st draft to Commissioners **Due: July 23**
 - Written comments by Commissioners **Due: July 30**

- **Approval of Commission Report**

Due: November 15

Process Questions

1. Who controls the pen?

The executive director, under the direction of the chair and the vice chair.

2. When do Commissioners see drafts?

Per the above schedule. The chair and the vice chair will review drafts prior to distribution to commissioners. These drafts will go to the remaining eight Commissioners at the same time.

3. How do Commissioners give comments on drafts?

Commissioners send in comments electronically using a process similar to “track changes” in a word processing program. This program can keep track of all ten Commissioners’ comments in the same merged document after all comments are submitted to the staff.

4. How are comments incorporated/not incorporated?

In the “2nd draft” of each section will respond to comments made by Commissioners. This draft will identify changes, identification of comments made and disposition of comments (including listing of outstanding comments not yet incorporated).

The draft sections as well as all comments not yet incorporated into the draft that Commissioners still wish to discuss will be the subject of Commissioner meetings on July 28 - 29 and September 2 - 3. Results of these discussions will be incorporated into the 1st full draft.

Commissioners will submit electronic comments on the 1st full report draft in “track changes” as above. These comments will be discussed at the Commission meeting on September 28 – 29. Results of these discussions will be incorporated into the 2nd full draft.

5. How are disagreements resolved?

[Commissioners will discuss and propose ideas for dispute resolution.]

6. What is the process for the approval of the final report?

The final report will be voted on by the Commission.



**Financial Crisis Inquiry Commission
Agenda Item 3 for Telephonic Business Meeting of July 13, 2010
Addendum to Minutes of Telephonic Business Meeting of
June 15, 2010**

**For the Record
Extension of the Delegation of Authority by Unanimous Consent Via Email
Unanimously Approved by the Commission**

On Monday, June 21, 2010 an e-mail was sent to all Commissioners by Gary Cohen, General Counsel, requesting their unanimous consent to the following resolution:

**Delegation to execute agreements and contracts
on behalf of the Financial Crisis Inquiry Commission**

Pursuant to the authority set forth in Public Law 110-21(d)(3) that allows the Financial Crisis Inquiry Commission to enter into contracts to enable the Commission to conduct its business; and,

Now, pursuant to the unanimous written consent provisions of the Commission's [adopted](#) procedures, it is:

Hereby delegated to the Chairman of the Commission the authority to enter into agreements on behalf of the Financial Crisis Inquiry Commission in order to facilitate the work of the Commission. This delegation is effective until September 30, 2010, unless revoked earlier.

The Chairman may delegate this authority to the Vice-Chairman in order to expedite the business of the Commission. If the Chairman does delegate to the Vice-Chairman, the delegation shall remain in effect until September 30th, unless revoked earlier.

In addition, any actions taken by the Chairman and the Vice-Chairman in order to establish the Commission, and agreements signed by the Chairman or the Vice-Chairman, are hereby ratified by the Commission.

All of the commissioners responded in the affirmative on the dates indicated below, and the resolution was adopted.

Brooksley Born- June 21
Bob Graham- June 21
Keith Hennessy- June 21
Heather Murren- June 21
Doug Holtz-Eakin- June 21
Byron Georgiou- June 21
Bill Thomas- June 22
John Thompson- June 22
Phil Angelides- June 22
Peter Wallison- June 28



Financial Crisis Inquiry Commission
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Addendum to Minutes of Telephonic Business Meeting of
June 15, 2010

For the Record
Revised Outline and Process Memo for Commission Report
Distributed by Executive Director Wendy Edelberg

See PDF Attachments



Financial Crisis Inquiry Commission
Agenda Item 8 for Telephonic Business Meeting of July 13, 2010
SUMMARY OF MAJOR LEGISLATION AND REGULATIONS AS OF
JULY 12, 2010

Contents

Major Issues Resolved in House-Senate Conference

Additional Information

Regulatory Implementation Timelines

The Senate-House Conference Committee on the Dodd-Frank Wall Street Reform and Consumer Protection Act passed on the morning of Friday, June 25. The votes were 20-11 among House negotiators and 7-5 among Senate negotiators, strictly along party lines. On Wednesday, June 30, the House passed the conference report on H.R. 4173: “Dodd-Frank Wall Street Reform and Consumer Protection Act”, by a vote of 237-192. It has been sent to the Senate, and a vote is expected no earlier than this Thursday or Friday.

Enclosed are a summary of key issues that were resolved in conference and some additional information on the legislation. More information from the House Committee on Financial Services, as well as the text of the conference report, is [here](#). An excellent full summary of the legislation is [here](#).

Major Issues Resolved in House-Senate Conference

Issue	House Version	Senate Version	Resolution	More information
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<p>Consumer Protection</p>	<p>Creates an independent Consumer Financial Protection Agency, with a presidentially appointed director and an independent budget. It has full rule-writing authority and the ability to enforce its rules for banks with more than \$10 billion in assets.</p>	<p>Creates a Bureau of Consumer Financial Protection housed within the Federal Reserve. The bureau would have a presidentially appointed director, and independent budget, and the ability to take enforcement action against banks with more than \$10 billion in assets. The bureau has rule writing authority, but its rules could be vetoed by a two-thirds vote of the Financial Stability Oversight Council. The Senate version does not include an exemption for auto dealers.</p>	<p>Modified form of Senate version. Bill exempts auto dealers from the bureau's oversight.</p>	
<p>Derivatives</p>	<p>Mandates exchange trading for standardized derivatives and clearing of customized derivatives, with larger exemptions for end users.</p>	<p>Mandates that all standardized derivatives be traded on public exchanges and that all customized derivatives go through clearinghouses, with an exemption for nonfinancial companies. Federally insured banks would be forced to spin off their derivatives trading desks, placing them under an independently capitalized subsidiary.</p>	<p>Modified form of Senate version. Banks will be allowed to maintain swaps operations used to hedge risk, but subsidiaries trading of non-investment grade entities, commodities and credit default swaps not cleared through an exchange will be required to be moved to a separate entity.</p>	<p>Senate-House Conference Agrees on Swap Pushout Rule.</p>
<p>Volcker Rule</p>	<p>Not included. Allows the Federal Reserve Board to prohibit companies from engaging in certain trading activities.</p>	<p>Prohibits any "banking entity" from engaging in proprietary trading, subject to certain exceptions</p>	<p>Modified form of Senate version. Banks would be barred from some kinds of speculative investing, but still can invest up to 3 percent of their equity in hedge funds and private equity funds.</p>	<p>Senate-House Conference Agrees on Final Volcker Rule</p>

Resolution fund	Levies a fee on large financial institutions which will go towards creating a \$150 billion resolution fund, which would be used to unwind a failed institution.	Not included.	After the inclusion of a \$19 billion fee charged to large financial companies was inserted in conference to create a fund for orderly liquidation was strongly opposed by Senate Republicans, and specifically Senator Scott Brown (R-Mass.) and Chuck Grassley (R-Iowa), the conference reconvened and replaced the fee with a reallocation of funds from TARP and an increase in FDIC deposit insurance.	
Statutory Capital Requirements (Collins Amendment)	Not included.	Directs the appropriate federal banking supervisors, subject to Council recommendations, to develop capital requirements for all insured depository institutions, depository institution holding companies and systemically important nonbank financial companies to address systemically risky activities.	Modified form of Senate version. Allows banks with less than \$15 billion in assets to maintain their existing capital buffers, and giving larger banks five years to comply with the new rules developed by regulators.	Collins Amendment – Minimum Capital and Risk-Based Capital Requirements

Additional Information

- The Government-Sponsored Enterprises were not addressed in the legislation.
- The legislation makes the following changes, among others, to the financial regulatory structure:
 - Creation of a **Consumer Financial Protection Bureau** with an independently appointed director and budget paid by the Federal Reserve System. It has the authority to examine and enforce regulations for banks and credit unions with assets over \$10 billion and all mortgage-related businesses and other non-bank financial companies with a role in consumer finance. This bureau would consolidate the consumer protection roles played by the OCC, OTS, FDIC, Federal Reserve, NCUA, HUD and FTC.
 - Creation of a **Financial Risks Oversight Council** includes 10 financial regulators, an independent member and 5 nonvoting members. The Council would make recommendations to the Federal Reserve on capital, leverage, liquidity and risk management rules. The Council would also have the authority to place a non-bank financial company under Federal Reserve supervision if the Council believes there would be negative effects on the financial system if the company failed or its activities would pose a risk to the financial system of the U.S. The Council also has the power to break up large, complex companies, if they are felt to be a grave threat to the financial stability of the United States.

- Creation of an **orderly liquidation mechanism for FDIC** to unwind systemically significant financial institutions, and stipulates that the FDIC can only borrow the amount of funds to liquidate a company that it expects to be repaid from the assets of the company being liquidated.
- Provides SEC and CFTC authority to **regulate OTC derivatives**.
- Creation of an **Office of Credit Ratings** at the SEC which will examine NRSROs at least once a year and make findings public.
- **OTS is abolished** and its responsibilities are primarily transferred to OCC.
- Creation of **Federal Insurance Office** in the Treasury.
- The **Congressional Budget Office estimates** that the bill will reduce budget deficits by \$2.3 billion over the 2011-2015 time period and will have no net effect on the deficit on the full 2011-2020 time period.
- Davis Polk & Wardwell estimate the following rulemakings mandated in the bill by agency:

Estimates of Rulemaking By Agency

Agency	All Rulemaking*	One-Time Reports / Studies	New Periodic Reports
Bureau	24	4	5
CFTC	61	6	2
Council	56	8	4
FDIC	31	3	1
Federal Reserve	54	3	3
FTC	2	0	0
GAO	0	23	2
OCC	17	2	2
OFR	4	1	2
SEC	95	17	5
Treasury	9	1	1
Total**	243	67	22

* This estimate only includes references to explicit rulemakings in the bill, and thus likely represents a significant underestimate.

** The Total count eliminates double counting for joint rulemakings.

Regulatory Update

- On Friday June 9th, Chairman Schapiro of the **SEC** announced that the agency is preparing to propose rules that would give investors greater access and power in their companies by requiring companies to include more information to investors in their periodic disclosures and reforming the process by which investors vote for who sits on corporate boards. On Wednesday, July 14, the agency will issue a request for public comment on these matters.
- The Joint **CFTC-SEC** Advisory Committee on Emerging Regulatory Issues held a meeting on June 22 to conduct a review of the unusual market events of May 6, 2010, when the stock market dropped suddenly and precipitously. There will be a second meeting to review the same issue to be held in late July.
- On June 21, the **Federal Reserve**, the **Office of the Comptroller of the Currency (OCC)**, the **Office of Thrift Supervision (OTS)**, and the **Federal Deposit Insurance Corporation (FDIC)** issued final guidance to ensure that incentive compensation arrangements at financial organizations take into account risk and are consistent with safe and sound practices. In conjunction with other banking agencies, the Fed has completed a first round of in-depth analysis of incentive compensation practices at large, complex banking organizations as part of a so-called horizontal review, a coordinated examination of practices across multiple firms.
- On June 17, a consortium of federal agencies announced a series of upcoming public hearings on modernizing the regulations that implement the Community Reinvestment Act (CRA). The agencies, which include the **Fed**, the **OCC**, the **FDIC**, and **OTS**, will “consider how to update the regulations to reflect changes in the financial services industry, changes in how banking services are delivered to consumers today, and current housing and community development needs.”
- For specific details on new regulations in the financial reform bill as well as implementation timelines, see [Davis Polk Regulatory Implementation Slides](#).