SIFMA PUBLIC POLICY AND ADVOCACY OVERVIEW

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Asia Securities Forum Public Seminar 2011
Panel Discussion 3: “The Trend in Global Securities Regulation and its Influence in Each Jurisdiction”
Unprecedented Times

- The industry and regulators are faced with an unprecedented amount of rulemaking over the next 2-5 years
- The stakes are high; must get these regulations right
- Poorly crafted regulations could create unintended consequences that harm economic growth and stifle job creation
- Could result in capital markets “winners and losers”
- Need for international coordination
- SIFMA will continue to work with regulators to provide economic analysis, research and substantive feedback throughout this process
Key Dodd Frank Implementation Issues

- Systemic Risk
- IA/BD Fiduciary Standard
- Resolution Authority
- OTC Derivatives
- Securitization
- Volcker – Proprietary Trade, Private Equity and Hedge Funds
Other Key Federal Priorities

- DOL Proposed Rule on ERISA Fiduciary
- Regulation of brokers and advisors
- 12b-1
- Taxes
  - Cap gains/dividends; tax reform
  - Transaction tax
- Municipal issues
- Market Structure
- GSE/Housing Finance Reform
- Accounting standards – convergence of FASB and IFRS
- Rule 2a-7 Money Market Fund Reform
- Executive Compensation
Other Regulatory Issues

- International
  - Basel III/Capital/Liquidity Standards
  - Outreach to Financial Stability Board/G20/IOSCO
  - Legal Entity Identifiers
  - Market Access
- State
  - Budget deficits
  - Taxes and fees
  - Criminal and credit background check legislation
  - Placement agent legislation
  - Investment restrictions
  - Data breach legislation
Large Number of Regulatory Bodies

U.S.
- MSRB - State regulators
- CFTC - Federal Reserve Board
- US Congress
- SEC - US Treasury
- US Administration
  - OCC - Federal Reserve Board
  - FDIC - Federal Reserve Board
  - FINRA - Federal Reserve Board
  - DOL - Federal Reserve Board
  - Federal Reserve Banks
  - CFPB
  - FSOC
  - OFR
  - GAO

EU
- BaFin
- CONSOB
- European Commission
- FSA (UK)
- AMF
- CEBS
- CESR
- European Parliament
- BoE
- ECB
- HMT
- Banque de France
- European Council

Global
- IMF
- FSB
- IASB
- Basel
- G-20
- IAIS
- IOSCO
- OECD

Other
- MAS
- SFBC
- FINMA
- SNB
Extensive Rulemaking Agenda

243+ Rulemakings, 41 Reports, 71 Studies

Across 11 Departments, Agencies, Bureaus and the Government Accountability Office (GAO)
Commodity Futures Trading Commission (CFTC)

55 Final Rules Required by *Dodd-Frank*

**State-of-Play**
- 39 Proposed Rules
- 4 Interim/Final Rules
- 17 Future Deadlines

**Key Progress Items**
- Position Limits for Derivatives (Proposed)
- Registration of Swap Dealers and Major Swap Participants (Proposed)
- Retail FOREX Transactions (Final Rule)

**Still to Come**
- Final Definitions incl. Swap Dealer, Major Swap Participant
- Final Rules on Position Limits for Derivatives
- Final Rules on Conflicts of Interest at DCOs, DCMs, SEFs
Securities and Exchange Commission (SEC)

95 Final Rules Required by *Dodd-Frank*

**State-of-Play**
- 43 Proposed Rules
- 12 Final Rules
- 5 Studies
- 35 Future Deadlines

**Key Progress Items**
- Study on Obligations of Broker-Dealers
- Municipal Advisor Registration
- Proposed Rules on Risk Retention
- Issuer Review of Assets in Offerings of ABS (Final Rule)

**Still to Come**
- Rules Imposing Capital/Margin on Non-Bank SB Swap Dealers
- Proposed Rules (as may be appropriate) Based on § 913 Study
Federal Reserve Board (FRB)

50 Final Rules Required by Dodd-Frank

State-of-Play
• 11 Proposed Rules
• 4 Interim/Final Rules
• 2 Notices/Comment Requests
• 1 Advanced Notice

Key Progress Items
• Conformance Period for Prohibited Activities Under the Volcker Rule (Final)
• Truth in Lending (Proposed)
• Risk-Based Capital Guidelines: Market Risk (Proposed)

Still to Come
• Final Rules on Volcker Rule Restrictions
• Final Rules on Capital Floors Required by Collins Amendment
• Joint Final Rules on ABS Risk Retention and Qualified Residential Mortgage Exemption
U.S. Treasury/Financial Stability Oversight Council (FSOC)

7 Final Rules Required by Dodd-Frank

State-of-Play
- 3 Proposed Rules
- 1 Comment Request
- 2 Advanced Notices

Key Progress Items
- Financial Market Utilities (Final)
- Authority to Require Supervision/Regulation of Non-Bank Firms (Proposed)
- Concentration Limit on Large Financial Companies (Study/Comment Request)

Still to Come
- Final Designation Criteria for Systemic BHCs & Non-Bank Firms
- Studies/Reports on Contingent Capital, Prompt Corrective Action, Haircuts on the Claims of Secured Creditors
G-SIB List

- There are 35 potential G-SIBS based on our research
- Most of these firms are already a member of SIFMA, AFME, or ASIFMA

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SIFMA – Coordination

• Member Firms
  • Government Reps, Committee Liaisons, General Counsels

• Financial and Business Trades
  • ISDA, FIA, ABA, FSR, ICI, FSF, CoC, BRT, FSI, TCH, IIF, IIB

• AFME and ASIFMA