

FINANCIAL REGULATORY REFORM SIDE-BY-SIDE

Prepared by FSC Republican Staff

	<p align="center">House Democrat Approach (H.R. 4173)</p>	<p align="center">House Republican Approach</p>	<p align="center">The Dodd Approach (March 15 Draft)</p>
<p>Systemic Risk</p>	<p>Establishes an 11-member Financial Services Oversight Council, chaired by the Secretary of the Treasury, consisting of federal and state regulators to monitor the financial services marketplace to identify potential threats, including individual companies or activities that might threaten the stability of the financial system or pose systemic risk.</p> <p>Authorizes the Council to identify financial firms to be regulated by the Federal Reserve and subject to stricter regulatory requirements if their size or activities pose a risk to the financial system. The prudential standards for these companies, among other things, include stricter risk-based capital requirements; leverage limits; liquidity constraints; market concentration limits; prompt corrective action; and the creation of pre-failure resolution plans (so-called “living wills”).</p> <p>Authorizes the Council to “break up” a large financial firm by requiring it to divest assets if it finds that the firm poses a “grave threat” to U.S. financial stability.</p>	<p>Establishes a Market Stability and Capital Adequacy Board – chaired by the Secretary of the Treasury and comprised of outside experts as well as representatives from the financial regulatory agencies responsible for supervising large, complex firms – that would be tasked with monitoring the interactions of various sectors of the financial system, and identifying risks that could endanger the stability and soundness of the system.</p> <p>Addresses current regulatory gaps by requiring each functional regulator to assess the effects of their regulated entities’ activities on macroeconomic stability and review how entities under their regulatory purview interact with entities outside their purview. The Board will not have independent enforcement or supervisory authority over individual firms</p>	<p>Establishes a 9-member Financial Stability Oversight Council, chaired by the Secretary of the Treasury, consisting of federal regulators to monitor the financial services marketplace to identify potential threats, to promote market discipline by eliminating bailout expectations, and to respond to emerging threats to the stability of the U.S. financial markets.</p> <p>Authorizes the Council to collect information from other Federal and State financial regulatory agencies, to require Fed supervision of nonbank financial companies that may pose risks to the financial stability of the U.S., to make recommendations to federal regulators concerning the establishment of heightened prudential standards (including capital requirements and so-called “living wills”), and to resolve disputes between member agencies.</p> <p>Authorizes the Fed and Council jointly to “break up” firms supervised by the Fed by requiring it to cease certain activities or divest assets if the Fed finds that the firm poses a “grave threat” to U.S. financial stability.</p>

<p>Resolving Failed Institutions</p>	<p>Gives the FDIC the authority to take over and wind down large, complex financial institutions that are in default or in danger of default, and whose failure would – in the judgment of executive branch officials – threaten the financial system.</p> <p>Permits the FDIC to make loans to a failing firm; purchase the assets of a failing firm; guarantee the obligations of a failing firm to its creditors; take a security interest in the assets of the failing firm; and/or sell or transfer assets that the FDIC has acquired from the failing firm.</p> <p>Establishes a \$150 billion resolution fund that will be capitalized by risk-based assessments levied against financial companies having total assets greater than \$50 billion, and against hedge funds with assets greater than \$10 billion. If the resolution fund is insufficient, \$50 billion more may be borrowed from the Treasury.</p>	<p>Provides for the resolution of insolvent non-bank institutions—no matter how large or systemically important—by creating a new chapter of the bankruptcy code to make it more efficient and better suited for resolving large non-bank financial institutions. This new chapter will facilitate coordination between regulators and the courts to ensure technical and specialized expertise is applied when dealing with these complex institutions. Bankruptcy judges would also have the power to stay claims by creditors and counterparties to prevent runs on troubled institutions.</p> <p>Reliance upon an enhanced bankruptcy regime ensures that failed institutions will be resolved according to well-established legal precedents and objective legal standards, not the subjective judgments of executive branch officials seeking to contain “systemic risk.”</p>	<p>Gives the FDIC the authority to act as a receiver in unwinding systemically significant financial companies that are insolvent. Shareholders and unsecured creditors will bear losses, and management will be removed.</p> <p>Requires that Treasury, the FDIC, and the Federal Reserve all agree to resolve an insolvent financial company. That decision will be reviewed by a panel of three bankruptcy judges within 24 hours.</p> <p>Establishes a \$50 billion resolution fund to be capitalized by taxing those institutions with assets greater than \$50 billion. The fund will be built up over time, and is to be used to wind down insolvent non-bank financial institutions whose failure is deemed by regulators to pose systemic risk. Allows FDIC to borrow from the Treasury only for working capital that it expects to be repaid from the assets of the company being liquidated. Provides that government will be first in line for repayment.</p>
<p>Volcker Rule</p>	<p>The Fed <i>may</i> prohibit proprietary trading by a financial holding company subject to stricter standards if it poses an existing or foreseeable threat to safety and soundness of the company or the financial stability of the U.S.</p> <p>The Council may prohibit any activity, including proprietary trading, hedge</p>	<p>No provision</p>	<p>The federal banking agencies, in consultation with the Council, <i>shall</i> prohibit proprietary trading and investing in or sponsoring hedge funds and private equity funds by any entity within a bank holding company.</p> <p>The Council may recommend the prohibition of any activity, including proprietary trading, hedge fund investments, and private equity</p>

	fund investments, and private equity fund investments, if it finds that the activity could threaten the stability of the financial system or economy.		fund investments, if it finds that the activity could create significant risks to the financial markets of the U.S.
Powers of the Federal Reserve	<p>Expands the powers of the Fed in at least 19 different ways, including granting broad discretion to:</p> <ul style="list-style-type: none"> decide which financial firms need to be put through a resolution process, and require financial firms deemed systemically significant to sell or transfer assets to unaffiliated firms. <p>Imposes limitations on the Fed's use of its section 13(3) authority in a manner similar to that first proposed by House Republicans.</p> <p>Fed retains supervisory authority over state-chartered member banks.</p>	<p>Imposes limitations on the Fed's use of its authority under section 13(3) of the Federal Reserve Act to respond to "unusual and exigent" circumstances by subjecting actions under 13(3) to Treasury approval and giving Congress the ability to disapprove, placing 13(3) transactions on Treasury's balance sheet, and eliminating the use of this authority to benefit specific institutions.</p> <p>Removes restrictions on GAO audits of the Fed and calls for an audit to be completed within one year. Allows unreleased minutes and transcripts of Board of Governors and FOMC meetings to be exempt from audit, and sets a 180-day time lag on publication of market interventions, to allay Fed concerns that Congress is attempting to dictate monetary policy. <i>[Adopted in Financial Services Committee over Chairman Frank's objection]</i></p>	<p>Gives the Fed rulemaking authority over all thrifts and supervisory authority over large thrifts.</p> <p>Houses the new Consumer Financial Protection Bureau within the Federal Reserve.</p> <p>Imposes limitations on the Fed's use of its section 13(3) authority in a manner similar to that first proposed by Republicans.</p> <p>GAO has authority to audit the Federal Reserve's special credit facilities <u>except</u> for the three Maiden Lanes.</p> <p>President of the New York Federal Reserve Bank will be nominated by the President of the United States and confirmed by the Senate.</p> <p>Fed has oversight of banks and holding companies with greater than \$50 billion in assets, but would no longer regulate state member banks.</p>
Consumer Protection	<p>Creates a new federal Consumer Financial Protection Agency (CFPA), separate from safety-and-soundness regulation, paid for by transferring up to 10% of the Federal Reserve System's total expenses and by fees and other assessments on providers of financial products and services and financial transactions. A single individual (Presidentially-appointed, Senate</p>	<p>Expands the Federal Financial Institutions Examination Council – comprised of existing Federal and State financial regulatory agencies – and grants it explicit authority to adopt uniform consumer protection rules and examination practices, subject to the Administrative Procedures Act, that would be adopted jointly with and enforced by the prudential regulators.</p>	<p>Creates a new Bureau of Consumer Financial Protection to be housed within the Federal Reserve, although there are firewalls established to prevent the Fed from managing the consumer protection agency. The Bureau will be led by a single Director, appointed by the President and confirmed by the Senate, to a term of 5-years.</p> <p>Provides the Bureau with examination and</p>

	<p>confirmed) would have rule-writing authority.</p> <p>Provides the CFPA with examination and enforcement authority over credit providers and all consumer financial products and services. (Provides a carve-out from CFPA examination and enforcement authority for smaller banks and credit unions, but the CFPA retains the ability to supplant the safety-and-soundness regulator by fiat.)</p> <p>Restricts the use of mandatory pre-dispute arbitration in any agreement between a covered firm and a consumer for a consumer financial product or service</p> <p>Protects state laws from federal preemption, unless the law discriminates against national banks or federal thrifts, or “prevents or significantly interferes” with a banking power.</p> <p>Allows each of the 50 states to superimpose its own consumer protection regime on top of the CFPA if that state’s protection of a consumer is deemed greater than that of the Federal standard.</p>	<p>Enforcement of consumer protection rules on state regulated institutions to be carried out by the appropriate state regulatory authority.</p> <p>Simplifies and streamlines the complaint process for consumers and investors who believe they have been wronged by abusive industry practices, by establishing a single, toll-free number and website to field consumer inquiries and direct them to the appropriate regulatory or enforcement agency.</p> <p>Amends the mission statements of each regulatory agency to include consumer protection and establishes within each such agency a consumer protection division.</p> <p>Codifies the Supreme Court’s decision in <i>Cuomo vs. Clearing House Association</i> allowing State Attorneys General to compel national banks to comply with State consumer protection laws.</p>	<p>enforcement authority over credit providers and all consumer financial products and services. (Provides a carve-out from Bureau examination and enforcement authority for smaller banks and credit unions, but the Bureau retains the ability to supplant the safety-and-soundness regulator by fiat.)</p> <p>Establishes within the Bureau a research office to, among other things, evaluate “consumer behavior with respect to consumer financial products”. Also establishes an Office of Financial Literacy and an Office of Fair Lending and Equal Opportunity.</p> <p>Creates a toll-free number to collect consumer complaints and refer to appropriate agencies. Bureau must report to Congress annually concerning the nature and volume of consumer complaints.</p> <p>Requires the Director to testify before Senate Banking and House Financial Services twice a year.</p> <p>The Bureau of Consumer Financial Protection is to be funded by the Federal Reserve as an “amount determined by the Director to be <u>reasonably necessary...</u>” The Bureau’s budget is capped at 10% of the total expenditures of the Federal Reserve System. Currently, that would mean a budget of roughly \$300 million per year.</p> <p>The federal banking agencies, in their capacity as members of the Council, may petition the Bureau to delay the implementation of a consumer protection rule should there be a safety and soundness concern. That being said, there are hurdles and roadblocks which any federal banking agency must manage prior to</p>
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<p>Investor Protection</p>	<p>Creates within the SEC a Capital Markets Safety Board to investigate how institutions in the securities industry failed.</p> <p>Authorizes the SEC to restrict broker-dealers, municipal dealers or investment advisers from entering into mandatory pre-dispute arbitration agreements for disputes arising under Federal securities laws.</p> <p>Requires the SEC to write rules to establish a fiduciary duty for brokers and dealers harmonizing their standard of conduct with that of investment advisers when giving personalized investment advice about securities to retail customers.</p> <p>Establishes a whistleblower bounty program to reward individuals whose tips about securities wrongdoing lead to successful SEC enforcement actions.</p> <p>Gives SEC power to impose a collateral bar on a regulated person who violates the securities laws from practicing in all parts of the industry.</p> <p>Doubles the SEC's budget over the next five years SEC as part of the</p>	<p>Increases civil money penalties in government enforcement actions.</p> <p>Maximizes restitution to victims of fraud.</p> <p>Improves surveillance of bad actors who exploit gaps in the current regulatory regime to continue preying upon innocent consumers.</p> <p>Provides the SEC with the authority to improve the collection of delinquent judgments.</p> <p>Reauthorizes the Financial Crimes Enforcement Network (FinCEN), authorizing an additional \$15 million to combat financial fraud.</p>	<p>Creates an Office of the Investor Advocate within the SEC to assist retail investors in resolving significant problems such investors may have with the SEC or with SROs, among other objectives.</p> <p>Authorizes the SEC to restrict broker-dealers, municipal dealers or investment advisers from entering into mandatory pre-dispute arbitration agreements for disputes arising under Federal securities laws.</p> <p>Authorizes an SEC study on possibly harmonizing the standard of care for broker-dealers and investment advisers, regulatory gaps or overlap, and potential benefits or harm to retail customers resulting from changes in regulations or standards for broker-dealers and investment advisers.</p> <p>Establishes a whistleblower bounty program to reward individuals whose tips about securities wrongdoing lead to successful SEC enforcement actions.</p> <p>Gives SEC power to impose a collateral bar on a regulated person who violates the securities laws from practicing in all parts of the industry.</p> <p>SEC is removed from the Congressional appropriations process and becomes self-funding.</p>

	<p>Congressional appropriations process.</p> <p>Requires the SEC to perform an independent, comprehensive study of the securities regulatory regime to identify possible reforms.</p> <p>Amends the Sarbanes-Oxley Act to give the Public Company Accounting Oversight Board (PCAOB) authority to regulate the auditors of all broker-dealers, and allows the PCAOB to share information and coordinate with its foreign counterparts.</p> <p>Creates a grant program to provide funding to the states to protect senior citizens from securities fraud.</p> <p>Requires SEC registration of municipal financial advisers.</p> <p>Provides the SEC with new power to bring enforcement actions for aiding and abetting violations of the Securities Act of 1933 and the Investment Company Act of 1940. Establishes that the knowledge requirement to bring an aiding and abetting claim can be satisfied by recklessness.</p> <p>Numerous reforms to the Securities Investor Protection Act (SIPA), including a provision that, if the SIPC Fund is or may reasonably appear to be insufficient to satisfy its statutory requirements, the SEC is authorized to make loans to SIPC by issuing notes or</p>		<p>SEC must submit numerous reports to Senate Banking and House Financial Services, including: an annual report on the SEC's examinations and enforcement actions; triennial report on the quality of personnel management; and a report on the SEC's oversight of national securities associations.</p> <p>Amends the Sarbanes-Oxley Act to give the Public Company Accounting Oversight Board (PCAOB) authority to regulate the auditors of all broker-dealers, and allows the PCAOB to share information and coordinate with its foreign counterparts.</p> <p>Creates a grant program to provide funding to the states to protect senior citizens from securities fraud.</p> <p>Requires SEC registration of municipal financial advisers.</p> <p>Inspectors General from the Fed Board, SEC, CFTC, NCUA, and PBGC will be elevated to Presidentially appointed and Senate confirmed positions.</p> <p>Commissions Government Accountability Office study on proprietary trading.</p>
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Derivatives Reform	<p>Requires institutions dealing in over-the-counter derivatives to be subject to federal regulation; meet new requirements for record-keeping, reporting and capital standards; and maintain adequate margins, or collateral.</p> <p>Establishes a regulatory regime for the over-the-counter (OTC) derivatives market requiring clearing and trading on exchanges or electronic platforms for all standardized transactions between dealers and other large market participants.</p> <p>Requires that all swaps and security-based swaps (SBS) that are subject to a clearing requirement be exchange-traded or traded on a swap execution facility. All swaps/SBS with certain small municipalities and “unsophisticated” investors (non-eligible counterparties) must be exchange-traded.</p> <p>End users are exempted from the definitions and obligations of “swap dealers,” “major swap participants,” “security-based swap dealers” and “major security-based swap participants” and from the clearing requirements if they are hedging commercial risk and their swaps do not pose a systemic risk.</p> <p>Requires that all non-cleared swaps be</p>	<p>Establishes a comprehensive OTC derivatives trade repository that would provide transparency to the market, give regulators the ability to analyze appropriate data to detect and prevent fraud, manipulation, and insider trading, and provide aggregated data to the markets and help regulators understand and analyze counterparty exposures in order to prevent excessive risks from building up within the system.</p> <p>Requires regulators to review market data and report back to Congress if they identify an entity not already regulated by a prudential regulator that should be more heavily regulated based on its size or activities in the OTC derivatives markets.</p> <p>Codifies commitments that the private sector has made to the Federal Reserve Bank of New York to engage in ever greater amounts of central clearing.</p> <p>Establishes margin requirements between dealers and major market participants, and directs regulators to take the swaps activities of supervised entities into account when setting capital requirements for those entities.</p>	<p>Similar to Obama Administration August 2009 proposal and Senator Dodd’s November 2009 draft.</p> <p>Would give the SEC and CFTC authority to regulate OTC derivatives with joint rulemaking authority. Financial Stability Oversight Council would resolve disagreements.</p> <p>Requires central clearing and exchange trading for certain derivatives. Regulators and clearinghouses determine which contracts should be cleared and SEC/CFTC is required to pre-approve contracts before clearing</p> <p>Requires margin and capital requirements for non-cleared trades, swap dealers and major swap participants.</p> <p>End-users are exempt from clearing if one of the counterparties to the swap is not a swap dealer or major swap participant; and does not meet the eligibility requirements of any derivatives clearing organization that clears the swap.</p> <p>(Chairman Dodd announced that the derivatives language is placeholder language until Senators Jack Reed (D-RI) and Judd Gregg (R-NH) reach agreement on substitute language on derivatives, which they will offer as an amendment during the Committee markup with Chairman Dodd’s support.)</p>

	<p>reported to a swap repository or the SEC/CFTC. The SEC and CFTC must make public aggregate data on all cleared and non-cleared swaps.</p> <p>Prohibits identified financial holding companies that are swap/SBS dealers, major swap/SBS participants (and associated persons) in aggregate from being able to vote more than 20% of the votes entitled to be cast on any matter. Divestiture of interests acquired in operational entities before January 1, 2010 is not required. SEC and CFTC may determine whether acquisitions in the interim were for the purpose of evading regulation.</p> <p>Prohibits a majority of the directors from being associated with an “identified financial holding company” that is a swap/SBS dealer, major swap/SBS participant or associated person</p>		
GSE Reform	No provision	Phases out taxpayer subsidies of Fannie Mae and Freddie Mac and sunsets the current GSE conservatorship by a date certain. Requires receivership if the GSEs are not financially viable, and privatization if they are.	No provision
Credit Rating Agencies	Requires the SEC to establish an office to administer SEC rules with respect to the practices of credit rating agencies; requires the SEC to establish a 7-member Credit Ratings Agency Advisory Board to advise the SEC; requires the SEC to examine annually	Changes the definition of the Nationally Recognized Statistical Ratings Organization to "nationally registered statistical rating organizations" and removes all references to ratings throughout Federal law and regulation, so that the rating agencies will no longer	Establishes a new Office of Credit Rating Agencies at the Securities and Exchange Commission with its own compliance staff and the authority to fine agencies. The SEC is required to examine Nationally Recognized Statistical Ratings Organizations at least once a year and make key findings public.

	<p>each registered credit rating agency's ratings, policies, procedures, and methodologies.</p> <p>Requires credit rating agencies to establish, maintain, and enforce written procedures and methodologies and an internal control system reasonably designed to achieve specified goals.</p> <p>Requires credit rating agencies to include an extensive disclosure form with the publication of each credit rating; requires a written certification from any third-party due diligence service provider used in connection with a rating action; requires rating agencies to disclose preliminary ratings received from a credit rating agency, ratings performance over time, historical default rates, and ratings histories.</p> <p>Requires each credit rating agency to have a board with independent directors; requires each credit rating agency to designate a compliance officer; expands specified misconduct to which certain penalties apply and includes fines within such penalties.</p> <p>Establishes extensive conflicts of interest guidelines; requires a credit rating agency to establish and enforce written policies and procedures to manage and disclose any conflicts of interest; provides for SEC review of such policies.</p> <p>Clarifies that credit rating agencies can be sued under private rights of action;</p>	<p>operate as a government-sanctioned oligopoly. [This provision is included in H.R. 4173.]</p>	<p>Requires SEC to prescribe rules regulating rating agency procedures and methodologies.</p> <p>Requires Nationally Recognized Statistical Ratings Organizations to disclose their methodologies on a form accompanying the publication of each rating, their use of third parties for due diligence efforts, and their ratings performance over time.</p> <p>Establishes new rules for internal controls, independence, transparency, and establishes penalties for poor performance.</p> <p>Requires rating agencies to consider information in their ratings that comes to their attention from a source other than the organizations being rated if they find it credible.</p> <p>To reduce conflicts of interest, prohibits compliance officers from working on ratings, methodologies, or sales.</p> <p>Establishes private right of action against rating agencies for a knowing or reckless failure to conduct a reasonable investigation of the facts or to obtain analysis from an independent source.</p> <p>Gives the SEC the authority to suspend or revoke the registration of a credit rating agency for providing bad ratings over time.</p> <p>Requires ratings analysts to pass qualifying exams and participate in continuing education.</p> <p>Requires rating agencies to establish and clearly define universal ratings symbols and</p>
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	<p>establishes gross negligence as the requisite state of mind for private securities actions against credit rating agencies for money damages; provides that a purchaser of a rated security has a right to recover damages if the process of determining the rating was both grossly negligent and a substantial factor in the investor's economic loss; renders credit rating agencies experts subject to Securities Act liability in the same manner as accountants when ratings are included in a registration statement and requires the credit rating agency's consent for such inclusion; removes Regulation FD exemption for information disclosed from an issuer to the credit rating agency.</p> <p>Requires all credit rating agencies to register with the SEC; registration exemption available to any credit rating agency that does not provide credit ratings to issuers for a fee and issues credit ratings only in certain publications of general and regular circulation; SEC may provide other registration exemptions; permits voluntary withdrawal of registration only if the credit rating agency received less than \$250,000 in net ratings revenue during its last full fiscal year.</p> <p>Requires credit rating agencies to establish, maintain and enforce written policies and procedures to ensure that ratings are clear and consistent; permits SEC to require credit rating agencies to establish rating symbols that distinguish structured product</p>		<p>apply those symbols consistently across all types of securities and money market instruments for which the symbols are used.</p> <p>Requires the GAO to study, and report to Congress in two years, whether ratings requirements in federal law or regulations should be removed; requires federal regulators to review and remove any reference in regulations to credit ratings that are not appropriate and report to Congress one year after the GAO report.</p>
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	<p>ratings from others.</p> <p>Requires the removal of numerous statutory references to credit ratings and requires numerous agencies to modify regulations to remove references to or reliance upon credit ratings and substitute an alternative standard of creditworthiness.</p>		
<p>Private Pools of Capital</p>	<p>Eliminates the “private adviser” exemption in the Investment Advisers Act of 1940 commonly relied on by hedge fund advisers to avoid registering with the U.S. Securities and Exchange Commission (SEC), and establishes reporting and recordkeeping requirements to enable the collection of data on systemic risk.</p> <p>For each private fund advised by a registered investment adviser, requires the adviser to maintain or file with the SEC records detailing the private fund’s assets under management; use of leverage, including off-balance sheet leverage; counterparty credit risk exposure; trading and investment positions; trading practices; and other information that the SEC and the Federal Reserve deem necessary or appropriate “in the public interest and for the protection of investors or for the assessment of systemic risk.”</p> <p>Requires the SEC to share information filed with or provided to the SEC with the Federal Reserve and the Systemic Risk Council. Information shared is to</p>		<p>Eliminates the “private adviser” exemption in the Investment Advisers Act of 1940 commonly relied on by hedge fund advisers to avoid registering with the U.S. Securities and Exchange Commission (SEC), and establishes reporting and recordkeeping requirements to enable the collection of data on systemic risk.</p> <p>For each private fund advised by a registered investment adviser, requires the adviser to maintain or file with the SEC records detailing the private fund’s assets under management; use of leverage, including off-balance sheet leverage; counterparty credit risk exposure; trading and investment positions; trading practices; and other information that the SEC and the Federal Reserve deem necessary or appropriate “in the public interest and for the protection of investors or for the assessment of systemic risk.”</p> <p>Requires the SEC to share information filed with or provided to the SEC with the Federal Reserve and the Systemic Risk Council. Information shared is to be kept confidential, except it may be disclosed to Congress, to a Federal department or agency or any self-regulatory organization for purposes within the scope of its jurisdiction, or by court</p>

	<p>be kept confidential, except it may be disclosed to Congress, to a Federal department or agency or any self-regulatory organization for purposes within the scope of its jurisdiction, or by court order in an action brought by the US or the SEC.</p> <p>Advisers to private funds with less than \$150 million in assets under management are exempt from SEC registration. Such advisers would, however, be subject to recordkeeping and reporting requirements as determined by the SEC.</p> <p>Exempts advisers to venture capital funds (to be defined by the SEC) and small business investment companies from registration requirements.</p> <p>GAO shall conduct a study within two years to assess the annual costs on industry members and their investors due to the registration requirements and ongoing reporting requirements.</p> <p>Requires the SEC to take into consideration the “relative risk profile” of different private funds in establishing “the registration requirements for private funds.”</p> <p>Requires periodic adjustment of the Qualified Client Standard for inflation when the SEC grants certain exemptions under the Advisers Act.</p>		<p>order in an action brought by the US or the SEC.</p> <p>Requires the SEC to take into consideration the “relative risk profile” of different private funds in establishing “the registration requirements for private funds.”</p> <p>Requires periodic adjustment of the Qualified Client Standard for inflation when the SEC grants certain exemptions under the Advisers Act.</p> <p>GAO shall conduct a study on the appropriate criteria for determining the financial thresholds or other criteria needed to qualify for accredited investor status and eligibility to invest in private funds.</p> <p>GAO shall conduct a study of the feasibility of forming a self-regulatory organization to oversee private funds, private equity funds, and venture capital funds.</p> <p>Exempts venture capital funds (to be defined by the SEC) and small business investment companies from registration requirements.</p> <p>Exempts advisers to private equity but requires advisers to maintain and provide to the SEC annual or other reports as the Commission determines necessary.</p> <p>Raises the asset threshold for federal registration of investment advisers from \$25 to \$100 million.</p>
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<p>Federal Insurance Office</p>	<p>Establishes the Federal Insurance Office to monitor all aspects of the insurance industry, including issues or regulatory gaps that could contribute to systemic risk; and authorizes the Treasury Secretary to negotiate and enter into international insurance agreements on prudential matters on behalf of the United States.</p>	<p>Same</p>	<p>Same</p>
<p>Corporate Governance and Executive Pay</p>	<p>Requires all publicly traded companies to hold an annual, non-binding shareholder vote on compensation for executives, and mandates a separate non-binding shareholder vote on “golden parachute” compensation in the event of a corporate merger or acquisition.</p> <p>Requires that all publicly traded companies have compensation committees comprised of independent directors, and requires compensation consultants to the corporate compensation committee to meet independence standards established by the SEC.</p> <p>Requires financial institutions to disclose incentive-based compensation arrangements, and grants broad power to Federal regulators to determine if the compensation structure at financial institutions is aligned with sound risk management and meets other criteria appropriate to reduce unreasonable incentives to take undue risks.</p>	<p>Provides for a triennial, nonbinding shareholder vote on executive compensation and mandates a separate non-binding shareholder vote on “golden parachute” compensation in the event of a corporate merger or acquisition.</p> <p>Requires that all publicly traded companies have compensation committees comprised of independent directors, and requires compensation consultants to the corporate compensation committee to meet independence standards established by the SEC.</p>	<p>Requires all publicly traded companies to hold an annual, non-binding shareholder vote on compensation for executives.</p> <p>Requires that all publicly traded companies have compensation committees comprised of independent directors, and requires compensation consultants to the corporate compensation committee to meet independence standards established by the SEC.</p> <p>Publicly traded companies must have policies to recover erroneously awarded compensation.</p> <p>Publicly traded companies must disclose a clear description of any compensation that shows the relationship between executive compensation and financial performance.</p> <p>Publicly traded companies must disclose whether any employee or board member, is permitted to purchase financial instruments that are designed to hedge or offset any decrease in the market value of equity securities.</p>

	<p>The SEC is given clear authority to issue regulations regarding the nomination of directors by shareholders to serve on a company's board of directors. (Contained in the Investor Protection Act Title of H.R. 4173)</p>		<p>The Federal Reserve shall establish standards prohibiting as an unsafe and unsound practice any compensation plan of a bank holding company that provides any director, shareholder or employee with excessive compensation, fees, or benefits; or could lead to material financial loss.</p> <p>Gives the SEC authority to grant shareholders proxy access to nominate directors.</p> <p>Directors must win their election by a majority vote in uncontested elections and if they do not, submit their resignation.</p> <p>Publicly traded companies must disclose the reasons why the company has chosen the same person to serve as chairman of the board and chief executive officer or different individuals to serve as chairman of the board and chief executive officer.</p>
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