
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 5.07.2009

Washington Post: "Stress Test Finds Strength in Banks ... Long-awaited results of the government's stress test of 19 major banks show that nearly all, including several that verged on collapse during the financial crisis, now have enough money to weather the recession, the Obama administration plans to announce this afternoon."

Washington Post: "List of Objecting Creditors Shrinks In Chrysler Case ... The group of lenders that had balked at the government-orchestrated sale of Chrysler has grown noticeably smaller in the week since the automaker filed for bankruptcy."

Washington Post: "Major Banks Receiving Federal Aid Backed Subprime Lenders, Report Says ... Many of the banks receiving billions of dollars in federal aid owned or bankrolled subprime lenders that directly contributed to the unraveling of the global economy, according to a new report."

Washington Post, Op-Ed: "Easy Credit: Our Nation's Downfall ... I have no doubt that those working to reform the credit card industry mean well. But neither Congress nor the president can fix the fixation that many Americans have with using credit rather than cash."

Washington Times: "Biggest banks rush to shrink ... Citigroup and Bank of America, the nation's biggest troubled banks, are furiously trying to sell off assets to build a cushion against losses in a downsizing strategy encouraged by the federal government that may save taxpayers from having to bail them out again."

Washington Times: "China's buying binge focused on Mae, Mac ... China, which recently became the American government's biggest creditor, was bulking up on risky Fannie Mae and Freddie Mac debt and U.S. equities from mid-2007 to mid-2008 as the U.S. stock market reached record highs, a recent Treasury Department report confirms."

New York Times: "As Stress Tests Are Revealed, Markets Sense a Turning Point ... Stress tests to be released Thursday suggest some banks still need money. But additional funds won't necessarily come from the government."

New York Times: "Senate Approves Measure to Reduce Home Foreclosures ... The Senate on Wednesday approved a bill that would expand federal efforts to prevent mortgage foreclosures, shield mortgage service companies from lawsuits if they participate in federal loan modification programs, and give renters of foreclosed properties at least 90 days' notice before eviction."

New York Times, Geithner: "How We Tested the Big Banks ... THIS afternoon, Treasury, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Federal Reserve will announce the results of an unprecedented review of the capital position of the nation's largest banks."

Wall Street Journal: "House Panel to Probe BofA's Merrill Deal ... Bank of America Corp. Chief Executive Kenneth Lewis and top federal officials will be asked to testify under oath by a U.S. House panel next month, as congressional investigators probe claims the bank was pressured by the government into completing its deal with Merrill Lynch & Co., a person familiar with the investigation said Wednesday."

Wall Street Journal: "Detroit's Troubles Lure World of Bidders ... Foreign bidders are lining up to pick off parts of General Motors Corp. as the contraction of the U.S. auto industry sets the stage for a global reshuffling."

Wall Street Journal: "As SEC Steps Up Vigilance, It's Policing Some New Beats ... The Securities and Exchange Commission has put credit-derivatives traders on notice: Their once-inscrutable corner of Wall Street is now in regulators' cross hairs. The agency, which on Tuesday filed its first insider-trading case related to credit-default swaps, is pushing into areas where it once tread lightly. At least 50 investigations involving derivatives are under way. Overall, the agency is pursuing 150 cases that involve hedge funds."

Wall Street Journal, Op-Ed: "Capitalism in Crisis ... The key to understanding is that a capitalist economy, while immensely dynamic and productive, is not inherently stable."

Wall Street Journal, Op-Ed: "Regulation Didn't Save Canada's Banks ... Canadian banks operate in a very different context. Copying the Canadian banking system in this country, without understanding how its banking and housing sectors operate, would be a mistake."

Financial Times: "Senate bill gives freer hand to mortgage market ... The US Senate on Wednesday passed legislation that seeks to prop up the housing market by giving mortgage servicers freedom to modify problem home loans without fear of investor lawsuits."

Financial Times: "Insolvent banks should feel market discipline ... The US Senate on Wednesday passed legislation that seeks to prop up the housing market by giving mortgage servicers freedom to modify problem home loans without fear of investor lawsuits."

Financial Times, Editorial: "Testing times for Geithner's plans ... Some US banks are walking wounded. Some are the

living dead. A full 21 months into the credit crisis, investors are still unclear about which banks are which. The banking system cannot function without confidence. So, Tim Geithner, the US Treasury secretary, is fighting chronic uncertainty with transparency."

Financial Times, Op-Ed: "How banks learnt to play the system ... If governments want to do better this time, they must learn the lesson that banks faced with new balance sheet rules will expend an inordinate amount of time and effort trying to evade those rules. Indeed, the cleverer the rules, the greater the opportunity for financiers to arbitrage them. This is why investors have lost faith in tier 1 and prefer a more basic sum."

Bloomberg: "Bair Urges Congress to Create Systemic-Risk Council ... Federal Deposit Insurance Corp. Chairman Sheila Bair recommended Congress set up a systemic-risk council to monitor companies that may pose threats to the financial system because of their size and ties to other firms."

CongressDaily: "FDIC Chief Bair Seeks Additional Authority ... FDIC Chairwoman Sheila Bair today proposed to the Senate Banking Committee that her agency be allowed to take control of failing bank holding companies to resolve their financial problems without the need for future federal bailouts."

Politico: "Geithner: Banks negotiated intensely ... Stress-test results showing major banks need to raise new capital were finalized after intense negotiation between the government and the banks, Treasury Secretary Tim Geithner told Charlie Rose in an interview taped on Wednesday."

The Hill: "House approves financial commission ... Congress is close to putting its final stamp on a new commission to examine the financial crisis, but Democrats and Republicans already are tussling over its membership."