
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 5.14.2009

Washington Post: "U.S. Pushes Ahead With Derivatives Regulation ... The Obama administration yesterday unveiled a plan to regulate a vast market of exotic financial instruments known as derivatives, which fueled the global economic crisis and wounded some of the biggest names on Wall Street."

Washington Post: "More Homeowners Getting Aid, but Demand Keeps Rising ... In the two months since it launched, the Obama administration's foreclosure prevention plan has outperformed the government's previous attempts, offering more than 50,000 homeowners lower-cost mortgages."

Washington Post: "AIG Could Repay U.S. in 3 to 5 Years, Chief Tells Congress ... Edward M. Liddy, American International Group's chief executive, said yesterday that he believes that the beleaguered insurer could pay back the federal government's massive investment within several years."

Washington Post: "Treasury Clarifying Pay Rules for Bailed-Out Firms ... The Treasury Department may release as early as next week its long-awaited ruling on how to limit pay for executives at firms bailed out by the federal government, sources familiar with the deliberations said."

Washington Post: "White House Presses For Senate Passage Of Credit Card Bill ... The Senate and White House worked feverishly yesterday to ensure passage of a bill that would prohibit many unpopular credit card industry practices, including arbitrary interest rate increases."

Washington Post, Editorial: "Road Hazards Ahead ... President Obama may call them 'speculators,' but the economy needs private investors."

Washington Times: "Bankrupt Tribune gives bonuses after berating AIG ... Two months after denouncing a troubled financial company for doling out hefty management bonuses, a bankrupt news media company is doing the same thing."

New York Times: "Obama Urges Rules on Investments Tied to Crisis ... The proposal would require credit-default swaps and other types of derivative contracts to be traded on exchanges and backed by capital reserves."

New York Times: "Records Show Full-Court Press Behind Banking Bailout ... Judicial Watch, a conservative watchdog group, said Wednesday that it had obtained government documents that showed how the Bush administration had forced the nation's nine largest banks to accept \$125 billion in bailout money in exchange for equity stakes."

New York Times: "Stress Testing the Rest of the Banks ... Treasury Secretary Timothy F. Geithner isn't the only one thinking about smaller banks these days."

Wall Street Journal: "TARP to Help Smaller Banks ... Treasury Secretary Timothy Geithner on Wednesday told a group of community bankers that the Treasury Department plans soon to offer smaller banks more capital by reopening a key

financial rescue program."

Wall Street Journal: "AIG Rescue Didn't End Bonus Pay ... Many risk managers who remain at American International Group Inc. since the September federal bailout received performance bonuses, retention payments or both since then, according to a May 4 letter to a member of Congress."

Financial Times: "US banks swamped as refi fever takes hold ... The rush of US homeowners to refinance mortgages at lower rates is creating a boom in the home lending business, prompting banks to hire thousands of new employees and put them to work on extra shifts to process mountains of paper."

Financial Times: "Shining a light into the world of derivatives ... The proposed regulatory overhaul of the multi-trillion-dollar derivatives industry is expected to vastly increase the amount of information available to regulators around the world and could increase the cost of trading and taking on positions."

USA Today: "S&P: Banking crisis may last until 2013, now entering a new phase ... A day after saying big U.S. banks probably needed to raise only one-fourth the capital demanded by the government, Standard & Poor's said the nation's banking crisis has "merely entered a new phase" and might not end before 2013."

USA Today: "Stress tests find small banks need to raise capital, too ... A large number of smaller banks will need to raise additional capital if they want to fortify themselves against a sharp downturn in the U.S. economy."

Los Angeles Times : "SEC staff recommends civil fraud charges against Mozilo of Countrywide ... The co-founder and former chief executive of the onetime mortgage giant could face charges of insider trading and failing to disclose risks to shareholders."

Los Angeles Times: "California treasurer asks U.S. to backstop state borrowing ... Bill Lockyer requests the federal government to in effect guarantee California's debt against default, so that investors would be willing to provide the financing at reasonable interest rates."

Bloomberg: "U.S. Regulators Seek Trace-like Reporting for OTC Derivatives ... U.S. regulators may impose the same price reporting and transparency requirements on over-the-counter derivatives that reduced bank profits by almost half in the corporate bond market when the Trace system was adopted seven years ago."

BusinessWeek: "Failure: A Bankrupt Idea ... Failure can be a beautiful thing. Maybe not if you work for General Motors (GM), which seems to be stumbling toward bankruptcy. But for the U.S. economy as a whole, the swift and clean disposition of weak companies is an essential part of the formula for getting growth back on track."

CongressDaily: "Geithner Proposes New Fund To Deal With Big Bank Crises ... Treasury Secretary Geithner said today he will introduce legislation to create a risk fund that would be used to rescue the nation's largest financial institutions in future economic crises and be funded with fees charged to those big institutions."

CongressDaily: "Facing Possibly Tough Re-Election, Card Battle Gives Dodd New Lease ... The political subtext is unmistakable as the Senate nears passage of legislation that would place new rules on controversial credit card fees and interest-rate policies."

Politico: "War funds may hang on IMF bid ... A \$96.7 billion wartime spending bill hits the House floor Thursday even as the Senate Appropriations Committee takes up its own version together with billions in expanded financing for the International Monetary Fund."

The Hill: "Little oversight of AIG before its \$180B bailout ... In the eight months before AIG received a taxpayer bailout that now stands at \$180 billion, top officials at the firm's main federal regulator paid scant attention to the troubled insurer."