WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP

MESSAGING RESOURCES/POLLING UPDATE

Regulatory
Reform/Executive Compensation

Restoring Confidence In Our Financial Markets Requires Smart Regulation, Not More Regulation.
The Republican bill (H.R. 3310) will restore market discipline; reduce incentives to take excessive, imprudent and systemically significant risks; and help consumers to make informed decisions about the financial products and services they want. The Democrats' solution is to increase government intervention in the financial markets, ration resources, limit consumer choice, and dictate wages and prices. Consistent with that approach, the Democrats intend to bring to the House floor next week H.R. 3269, the so-called Corporate and Financial Institution Compensation Fairness Act, which seeks to impose wage controls on a broad segment of the workforce.

Imposing Wage Controls On A Broad
Segment Of The Workforce Is An Overreach. H.R. 3269 is not just about restricting CEO pay or giving shareholders a non-binding vote on executive compensation. It gives the government broad authority to review and determine appropriate compensation for every employee of every financial firm. This broad authority will vest enormous discretion with the regulators, who will have little guidance on how to implement the authority.

H.R. 3269 Will Undermine The Economic Recovery And The International Competitiveness Of U.S. Firms. Legislating one size fits all rules for public companies will discourage some private firms from going public and encourage others to list on foreign exchanges. This will limit U.S. firms' access to the capital markets and undermine U.S. economic competitiveness. Further, by expanding potential wage controls to all financial institutions, H.R. 3269 will require community banks and credit unions to dedicate more resources to compliance with vague and ever changing regulatory dictates on compensation - resources that would otherwise be used to expand credit and create jobs and economic growth.

Polling Update:

Rasmussen: "Just
25% Now Say Stimulus Has Helped The Economy, 31% Say it Hurt... Confidence in the $787-billion economic stimulus plan proposed by President Obama and passed by Congress in February continues to fall."

ON THE HORIZON

Tuesday,
July 28:
The Full Committee will mark up executive compensation legislation at 9:30 am in room 2128 Rayburn.

Wednesday, July 29: The Housing Subcommittee will hold a hearing entitled: "Academic Perspectives on the Future of Public Housing" at 10 am in room 2128 Rayburn.

Friday, July 31: The House is expected to consider executive compensation legislation.

WEEKEND MUST-READS

Washington
Times:
"GOP
seeks bailout limits ... House Republicans plan to introduce legislation Thursday that calls for sweeping regulatory reforms of the financial services industry that would make it more difficult for institutions to receive federal bailout money."

The Hill:
"GOP
to propose alternative financial overhaul ... House Republicans plan to unveil on Thursday their answer to Democratic efforts to overhaul the financial regulatory system."

The
Hill, Spencer Bachus: "GOP
alternative to Dem reform bill ... The collapse of the housing and mortgage markets, which led to the worst financial market meltdown in U.S. history, has shown that our 1930s-era regulatory system is not up to the task of monitoring the safety and soundness of the complex financial firms of the 21st century. We need comprehensive regulatory reform to restore market discipline, reduce incentives to take excessive, imprudent and systemically significant risks, and protect consumers from abusive lending practices."

Wall Street Journal: "Obama
Proposes New Transaction Fees for Financial Firms' Riskiest Investments ... President Barack Obama said for the first time that the government might assess new fees against financial companies engaging in what he labeled "far-out transactions," in order to protect taxpayers from future bailouts."

Wall
Street Journal:
"Bad
Loans Still Haunt Banks ... Banks are doing some things right, like borrowing money at a low rate, lending it at a higher one and pocketing the difference. But that isn't enough to overcome a relentless rise in troubled loans to cash-strapped consumers and struggling businesses, as results from four big U.S. banks showed Wednesday."

Wall
Street Journal:
"Fed Unveils
Rules to Protect Borrowers ... The Federal Reserve on Thursday proposed sweeping new consumer protections for mortgages and home-equity loans. The proposals seek to overhaul the timing and content of disclosures to consumers, and to ban controversial side payments to mortgage brokers for steering customers to higher-cost loans."

Wall
Street Journal:
"Doubts
Slow Financial Regulation Overhaul on Capitol Hill ... The Obama administration's effort to swiftly overhaul supervision of financial markets is running into trouble on Capitol Hill, with some Democrats balking at key elements of the plan."

Washington
Post:
"Bailouts
Prompt Bipartisan Outcry ... The government bailout of General Motors and Chrysler was roundly criticized by both Republicans and Democrats on Tuesday as a House subcommittee heard testimony from the chief of the Obama administration's auto task force."

The
Economist, Editorial: "On
the mend ... IT HAS been a long time since comments on the economy by an official of America's Federal Reserve comments could be described as cheerful. Yet there was no denying the upbeat tone of Ben Bernanke's testimony to Congress on Tuesday July 21st."

Politico: "Spencer Bachus to
examine banks' AIG losses ... Now, Rep. Spencer Bachus of Alabama, the ranking Republican on the House Financial Services Committee, wants hearings on whether the feds overlooked smaller banks on the hook for losses from their American International Group dealings, in favor of big foreign banks, when it

forked over $70 billion to keep the insurance giant from collapsing."

Wall
Street Journal, Bernanke: "The
Fed's Exit Strategy ... My colleagues and I believe that accommodative policies will likely be warranted for an extended period. At some point, however, as economic recovery takes hold, we will need to tighten monetary policy to prevent the emergence of an inflation problem down

New York Times: "Subprime
Brokers Resurface as Dubious Loan Fixers ... Despite making promises of relief to homeowners desperate to keep their homes, FedMod and other profit making loan modification firms often fail to deliver, according to a New York Times investigation based on interviews with scores of former employees and customers, more than 650 complaints filed with the Better Business Bureau, and documents filed by the Federal Trade Commission in a lawsuit against the company."

COMMITTEE REPUBLICANS IN THE NEWS

Rep. Judy Biggert gave this one minute speech on
consumer protection.

Rep. Ed Royce penned this op-ed: TARP
AND ACORN.

Rep. Frank Lucas penned this op-ed: Too small to
matter? He also gave this one minute
speech on consumer protection.

Rep. Tom Price issued this press release: Republicans Introduce
Reform of Financial Sector.

Rep. Randy Neugebauer issued this press release: Republicans'
Comprehensive Regulatory Reform Plan Confronts The "Too Big To Fail" Mentality.
He also gave this
one minute speech on consumer protection.

Rep. Patrick McHenry issued this press release: Reconsider
Federal Reserve's Expansion of Power.

Rep. Adam Putnam issued this press release: Putnam
and Bernanke discuss pace of economic recovery.

Rep. Spencer Bachus issued these press releases: Bachus
Commends Goldman Sachs For Fulfilling Its Obligations To The American Taxpayers;
Republicans
Introduce Comprehensive Financial Regulatory Reform Legislation. He penned
this op-ed: GOP
alternative to Dem reform bill. He also discussed regulatory reform in this
CNBC interview, this
YouTube video, and this
one minute floor speech.

CARTOON OF THE WEEK

(

The Hill, 7/24/2009)