FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 8.6.2009

Wall Street Journal: "AIG Breakup Is Fee Bonanza... Wall Street banks and lawyers could collect nearly $1 billion in fees from the Federal Reserve Bank of New York and American International Group Inc. to help manage and break apart the insurer, according to a Wall Street Journal analysis."

Wall Street Journal: "Fed Reviews Two Programs As Markets Look More Stable... Federal Reserve officials could move in the coming weeks to extend the life of a program aimed at reviving consumer and business lending markets. The program -- called the Term Asset-Backed-Securities Loan Facility, or TALF -- will be one of several issues on the table at the Fed's next policy meeting Aug. 11 and 12, when Fed governors meet with presidents of the Fed's 12 regional banks to set a path for interest rates."

Wall Street Journal: "Regulator of Fannie, Freddie to Step Down... The top regulator of mortgage giants Fannie Mae and Freddie Mac is stepping down, providing an opportunity for the Obama administration to put its own stamp on the future of the troubled firms. James Lockhart, who headed the Federal Housing Finance Agency during the government's seizure of the two companies, said he decided to leave at the one-year anniversary of the agency, which was created last summer as a beefed-up version of its predecessor."

Wall Street Journal, Op-Ed: "How Japan Restored Its Financial System... Regulatory authorities around the world are currently discussing ways to prevent another financial crisis. One idea is to mandate higher levels of capital reserves. Japan's banking reform shows that a comprehensive solution would work better."

Wall Street Journal: "BOE Increases Asset-Purchase Plan; Central Banks Leave Rates Unchanged... The Bank of England's Monetary Policy Committee decided Thursday to inject an additional £50 billion (about $85 billion) in new money into the U.K. economy, despite signs that it has begun to grow after a year-long recession. At the conclusion of their regular two-day meeting, the MPC's nine members voted to leave the key bank rate at 0.5% for the sixth straight month..."

New York Times: "Geithner Takes Regulators to Task on Turf Battle... In what has become a routine spectacle, financial regulators went to Congress this week and raised objections to major portions of President Obama's plan to overhaul financial industry rules."

New York Times, Deal Book Blog: "Morgan Stanley Buys Back Treasury Warrant... Morgan Stanley said on Thursday that it has paid $950 million to buy back a warrant it issued to the federal government as part of the broad financial rescue plan rolled out last fall. In a statement, Morgan Stanley said that it has now paid the government nearly $1.3 billion for the $10 billion the firm received as part of the Troubled Assets Relief Program. Morgan Stanley paid back the $10 billion in June, as did other firms like Goldman Sachs and JPMorgan Chase."

New York Times: "Despite Bailouts, Business as Usual at Goldman... Lloyd C. Blankfein has a story about the cataclysm that nearly brought down all of Wall Street. It goes something like this: One by one, lesser banks were swept away by the financial storm of 2008. And as the floodwaters rose, no one, not even Goldman Sachs, seemed safe."

Reuters: "Judge Halts Settlement With Bank...A federal judge has refused to approve a settlement between the Securities and Exchange Commission and Bank of America related to the acquisition of Merrill Lynch. In an order on Wednesday, Judge Jed Rakoff of the Federal District Court in Manhattan said it might be unfair to the public to accept the settlement, which would resolve S.E.C. allegations that Bank of America made false and misleading statements to shareholders about bonuses promised to Merrill employees."

Washington Post: "Administration Might Remake Mortgage Giants... The Obama administration is considering an overhaul of Fannie Mae and Freddie Mac that would strip the mortgage finance giants of hundreds of billions of dollars in troubled loans and create a new structure to support the home-loan market, government officials said. The bad debts the firms own would be placed in new government-backed financial institutions -- so-called bad banks -- that would take responsibility for collecting as much of the outstanding balance as possible. What would be left would be two healthy financial companies with a clean slate."

USA Today: "Credit card issuers pile on new fees... For months, issuers have raised credit card rates and fees at a dizzying pace. Now, a growing number are starting to tack on new card fees for inactivity or purchases made outside the U.S."

USA Today: "Homeownership rates plunge... The rate of homeownership is forecast to keep tumbling in the next decade to lows not seen since the 1980s, a trend that could redefine a key element of the American dream even after the housing market recovers."