BCLP. Client Intelligent

BankBCLP

FINANCIAL SERVICES UPDATE - MARCH 18, 2011

Mar 18, 2011

G7 RESCUES THE YEN

On Friday, the central banks of the United States, the United Kingdom, Canada, and the European Central Bank joined with Japan to intervene and strengthen the Yen in foreign exchange markets. The Yen's unexpected surge on Wednesday was driven by speculation that Japanese firms would repatriate some of their huge foreign assets to help meet insurance claims and pay for reconstruction.

TEMPORARY GOVERNMENT FUNDING BILL PASSED AND SIGNED INTO LAW

The House and Senate passed, and President Obama signed into law, a stopgap spending measure to keep the government operating through April 8. The 87-13 Senate vote averts any threat of a shutdown Friday and delivers another $6 billion in cuts to current fiscal year spending. The temporary funding bill is the sixth such continuing resolution, or CR, for the 2011 fiscal year which began October 1. To an unprecedented degree, the entire government, including war funding, has been without permanent appropriations for almost six months.

SENATE AND HOUSE BILLS INTRODUCED TO DELAY DURBIN RULE

On Wednesday, lawmakers in the House and Senate introduced bills to delay a Federal Reserve proposal that would cap debit-card "swipe" fees. The main sponsors of the bipartisan legislation were Senator Jon Tester, a Montana Democrat, and Representative Shelley Moore Capito, a West Virginia Republican. The Senate bill would put off implementation of the rule for two years while the House version would delay it for one year. Tester's bill, which has nine co-sponsors, would require a joint study of the rule's impact to be conducted within the first year by the Fed's board, the chairman of the Federal Deposit Insurance Corp., the Office of the Comptroller of the Currency and the chairman of the National Credit Union Administration. The bill by Capito, the Chairman of the House Financial Services subcommittee on Financial Institutions and Consumer Credit, has twenty-seven cosponsors and would require the same agencies to conduct an impact study.

FDIC PROPOSES NEW RULES FOR LIQUIDATION

On Tuesday, the FDIC unanimously approved a proposed rule that regulates the repayment of creditors if the federal government seizes and breaks up a large, faltering financial firm. The proposed rule establishes criteria the FDIC would use to determine if a firm's senior executives or directors are "substantially responsible" for the failure of the firm, and thus could be forced to repay past compensation. Under the new rules, as has been the case with banks for decades, the FDIC can take over flailing firms, pay off some creditors, fire the management and temporarily operate the entities until it closes or sells them. The draft rule also lays out the order in which unsecured creditors would get paid and how creditors would file claims. After the proposal is published in the Federal Register, it is opened to public comment for 60 days. It would then be subject to another vote before it would take effect.

More Information

If you have any questions regarding any of these issues, please contact:

Matt Jessee, Policy Advisor
matt.jessee@bryancave.com
1 314 259 2463

MEET THE TEAM

Matthew C. Jessee

St. Louis / Washington

matt.jessee@bclplaw.com
+1 314 259 2463
