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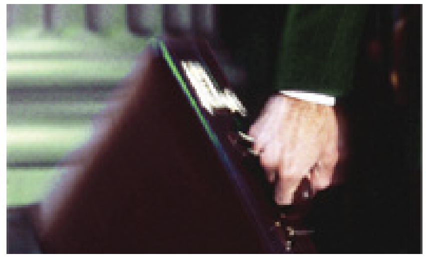

Secretary Geithner Outlines New Financial Sector Regulation

March 27, 2009

Yesterday, for the second time this week, Treasury Secretary Tim Geithner appeared before the House Committee on Financial Services at a hearing titled "Addressing the Need for Comprehensive Regulatory Reform." At the hearing, Secretary Geithner outlined a broad, four point blue print that the administration feels would address needed regulatory reforms to financial institutions: address systemic risk; protect consumers and investors; eliminate gaps in regulatory structures; and foster international coordination. Geithner stated that the Treasury will focus first on addressing systemic risk, and highlighted the following tools to accomplish this:

1) Create a single independent systemic risk regulator;

2) Create a higher capital standards on systemically important firms;

3) Require hedge funds to register with the SEC;

4) Increase the oversight of the OTC derivatives market; and

5) Create new requirements for Money Market Funds to prevent the possibility of rapid withdrawals by investors.

Additionally, the Treasury released a draft bill that would give the Federal government resolution authority, which would allow the government to put any troubled financial institution into conservatorship or receivership. This, according to the administration, would allow the government to reorganize, in an orderly way, any financial institution that posed a systemic risk to the nation's financial system. The FDIC currently has this authority over bank holding companies. Secretary Geithner has stated that this authority is necessary to reduce the need for government funded injections into crippled financial firms.

FDIC Seeks Public Comment on Legacy Loan Program

Today, the FDIC announced that it is currently seeking public comment on the recently announced Legacy Loan Program. The Legacy Loan Program was created to increase private demand for toxic loans that are currently hampering the books of many banks. The program combines a FDIC guarantee of debt financing with equity capital from the private sector and the Treasury. Individuals, mutual funds, pension plans, insurance companies and other investors of all sizes have been encouraged to participate by the U.S. government. Comments are due by April 10, 2009.

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