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US and Global Regulatory Responses to the Financial Crisis

As you are aware, the US Congress is turning its attention to legislation reforming the US system of prudential regulation of its commercial banking, insurance, and securities and investment banking industries. Squire Sanders continues to closely monitor the situation and will provide Alerts to keep our clients and contacts advised on this developing landscape.

Unlike congressional responses to the Great Depression of the 1930s and the savings and loan crisis of the late 1980s, US participants in the upcoming legislative tug-of-war will have to work with other governments, large non-US financial groups, international organizations and interest groups. US policy makers and legislators will confront different national and regional views on regulatory measures, protectionism, economic stimulus and sovereignty issues.

The multinational nature of the effort is evidenced by the proposals the G-20 Group made at its November 2008 meeting to implement policies to increase financial market transparency, enhance sound regulation, promote integrity in financial markets, increase international cooperation and reform international financial institutions. This was followed by the March 2009 meeting of G-20 Group finance ministers and central bank leaders in London who made preparations for the April 2 meeting of G-20 heads of state in London. In response, President Obama has stated that financial regulatory reform is "not just something that we want to do domestically, but we ought to make sure that we're coordinating with the other G-20 countries." French President Sarkozy was more blunt in Berlin on March 12 when, with German Chancellor Merkel at his side, he stated "The problem is not about spending more, but

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putting in place a system of regulation so that the economic and financial catastrophe that the world is seeing does not reproduce itself."

The United States and Europe differ on the best approach to the economic crisis. The United States is pushing for the G-20 countries to commit to spending more than 2 percent of their GDP toward economic stimulus. However, other countries, lead by Germany and France, are stressing regulatory reform over further spending. While the United States believes spending and reform are necessary to resolve the crisis, leaders throughout Europe have declared that there will be no blank checks.

The Obama Administration plans to unveil an outline of the US positions in advance of the April 2 London meetings. US government regulatory reform actions thus far include:

- The Treasury's release in March 2008 of its Blueprint for Financial Regulatory Reform.
- House Banking Committee Chairman Barney Frank's recent announcement that he planned to focus first on a "systemic regulator," leaving the more complicated task of rationalizing the "architecture" of the myriad federal and state regulatory agencies for a later date.
- Chairman Frank's scheduling of four hearings on financial re-regulation over the next month.
- Federal Reserve Chairman Ben Bernanke's March 10 speech to the Council on Foreign Relations in New York, which outlined four key factors in financial regulation reform.
- Treasury Secretary Geithner's March 11 press conference in which he previewed regulatory reform plans and indicated that prior to the April 2 G-20 meeting he would brief Congress on the Obama Administration's plan for financial regulatory reform.
- The House hearings on March 12 discussing mark-to-market accounting (OTTI) reform.
- Planning for US participation in the G-20 meetings as noted above.

We continue to devote our expertise in financial regulation in the Americas, Europe and Asia to monitoring, reporting and representing our clients' interests in the reform of financial regulations. [Our Financial Crisis Response Team](#) includes lawyers with decades of experience in the US federal and state regulation of commercial banks, insurance companies, investment banks, broker dealers, venture capitalists, private equity groups, hedge funds and other financial market participants. In the United States we are supported by the registered lobbyists and supporting legislative guidance of our affiliate, [Squire Sanders Public Advocacy, LLC](#), providing decades of experience and relationships on Capitol Hill, in the White House and in

the halls of government. Our experience includes public service, elected and appointed, at the state and federal levels, both within and outside the United States.

If you and any of your colleagues would like to receive our upcoming Squires Sanders Alerts on the US Congress' and other government efforts to regulate the financial services industry, please contact your principal Squire Sanders lawyer or a member of our Financial Crisis Response Team.

We invite you to [subscribe](#) to our Alerts for the most current information on the global response to the world's financial crisis.

The contents of this update are not intended to serve as legal advice related to individual situations or as legal opinions concerning such situations. Counsel should be consulted for legal planning and advice.

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