Outlook for Financial Regulatory Reform

- Legislative efforts
  - Financial CHOICE Act – passed the House 233-186
    - Includes Dodd-Frank and other regulatory reforms
    - Municipal-related provisions:
      - GASB Funding (Section 857)
      - Municipal Advisor Rule clarification (Section 846)
      - SEC Organizational Reforms (Title VIII, Subtitle A), including Office of Municipal Securities (Section 808)
      - MSRB Fine-sharing (Section 834)
      - Cost-benefit Analysis requirements (Title III, Subtitle A), including for MSRB
Outlook for Financial Regulatory Reform

- Legislative efforts
  - Senate
    - Most legislation requires 60 votes in the Senate (there are 52 GOP Senators), therefore focus on issues with bipartisan support
    - Bipartisan support for community bank and credit union regulatory relief
    - Other areas of bipartisan agreement?
  - Other Legislative Issues: Flood insurance reform; GSE reform; securities / capital formation / IPOs for small companies
Outlook for Financial Regulatory Reform

- **Regulation**
  - **Treasury Department reports**, E.O. on Core Principles for Regulating the U.S. Financial System
    - **First Report released June 12** – bank regulation focus
    - Recommendations include:
      - ✓ LCR – Include classifying high-grade municipal bonds as Level 2B liquid assets
      - ✓ Require enhanced use of Cost-benefit analysis
  
- **Regulatory Challenges**: Personnel and Administrative Procedure Act (APA)
Outlook for Financial Regulatory Reform

- **Summary:**
  - Legislation: Potential for issues with bipartisan support
  - Regulation: Potential for more reform from regulators, but personnel and process can impact timing and scope of reforms
Questions?
NAST Webinar
Outlook for Financial Regulatory Reform
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