STATEMENT OF

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THE FINANCIAL SERVICES ROUNDTABLE

"MADE IN AMERICA: INNOVATION IN JOB CREATION AND ECONOMIC GROWTH"

BEFORE THE

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The Financial Services Roundtable
Executive Summary

Congress needs to carefully consider the full impact of the new Dodd-Frank Act on innovation, the economy, and jobs. While well intentioned, the net cumulative impact on our economy could be negative. For example, if the sum total of all new rules has just a 5 or 10 percent negative impact on lending as it could potentially, then there would be roughly $250 billion to $500 billion less lending available for our economy.

There are several immediate initiatives that the Administration, the Congress, and the industry can take to ensure a more balanced and effective regulatory outcome.

Administration

- Ensure the President's new Council on Jobs and Competitiveness also applies to the financial services industry, not just manufacturing and trade
- Ensure that the President's new Executive Order on Regulation - "promoting economic growth, innovation, competitiveness, and job creation" - applies to the new Financial Stability Oversight Council and other financial regulators

Congress

- Demand economic impact assessments for critical Dodd-Frank Title I rules
- Legislate new requirements for full economic impact assessment for all future financial regulations and put on Suspension Calendar within next 30 days
- Analyze full impact of new "more stringent" restrictions for financial activities and practices on economic growth as required by Dodd-Frank
- Mandate the Oversight Council and Office of Financial Research establish Industry Advisory Committees as the Dodd-Frank Act permits to ensure balanced deliberations between regulators and regulated firms and more effective outcomes
- Hold Treasury Secretary strictly accountable in annual Oversight Council reports for impact on economy and jobs - "efficiency" and "competitiveness" as required by Dodd-Frank
- Streamline current financial regulatory reporting burdens (e.g., 185 reports to 16 agencies)

Financial services industry

- Develop new recommendations for financial market competitiveness consistent with prudential standards for consumer protection and financial safeguards
- Conduct industry diagnostic of Dodd-Frank Act to assess impact on innovation, economy, and jobs
- Develop new research, metrics, and ways of communicating financial services industry impact on the economy and jobs

Chairwoman Bono Mack, Ranking Member Butterfield, and Members of the Subcommittee. My name is Greg Wilson. I serve as a special adviser to the Financial Services Roundtable and its new Financial Stability Industry Council. On behalf of the Roundtable, I am pleased to be invited to discuss the potential impact of new U.S. financial regulations on the economy and the implications for innovation and jobs.

The Roundtable is a trade association of the largest, diversified financial services firms in the United States, which have a market capitalization of $1.7 trillion and assets under management of over $90 trillion. Roundtable member companies provide fuel for America's economic engine and directly account for 2.3 million jobs. The financial services industry at large represents 8.3 percent of our nation's gross domestic product (GDP).

Some of the Roundtable's core beliefs are that large, integrated financial holding companies are critical to the nation's sustained economy growth, providing much of the fuel for our economy and job creation. Moreover, dynamic companies and competitive markets should govern the delivery of financial services to meet the needs of all consumers, subject of course to prudent risk management and regulation that is both balanced and effective.

Personally, my entire career has revolved around the issues of financial services policy and regulatory issues, having served on the staff of the old Committee on Banking, Finance, and Urban Affairs - now the Committee on Financial Services - and as a political appointee in the Administrations of Presidents Ronald Reagan and George H.W. Bush at the U.S. Treasury Department. Since then, I have been a partner at McKinsey & Company serving both public and private sector clients, and have just authored a new book, *Managing to the New Regulatory Reality: Doing Business under the Dodd-Frank Act.* So I will try and give this Subcommittee a perspective on the importance of innovation to our economy and jobs from a financial services perspective as a complement to other witnesses on this panel.

In my testimony today, I first want to provide a brief background to set the contents for my remarks. Then I will address several initiatives where the Administration, the Congress, and the financial services industry can play a vital role to ensure that U.S. financial companies and markets remain competitive, vibrant, and innovative. In turn, this should help to ensure that the United States remains the leading financial capital and marketplace within a larger, global world of competing financial centers. The Roundtable is fully engaged - and the financial services industry needs to be fully empowered - to play its critical role of financial intermediation, investment, and protection.

BACKGROUND

The obvious background to my remarks is the worst financial crisis in our lifetime, followed by the worst recession I can recall. The Bush Administration and the 110th Congress responded to the great financial panic of 2008 with the Emergency Economic Stabilization Act of 2008 to stop the bleeding. Roughly eighteen months later, the Obama Administration and Congress responded with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), the most comprehensive regulatory reform legislation I can recall in my professional career. The Financial Crisis Inquiry Commission issued its report in early 2011, which will set the stage for continuing debate on causes of the crisis as well as for additional reforms. Moreover, the Departments of Treasury and Housing and Urban Development have just issued a report to Congress, *Reforming America's Housing Finance Market*, describing several options to re-boot housing finance and hopefully ensure sustainable finance to creditworthy homeowners in the future without the need for another round of massive taxpayer assistance.

Moreover, there are several complicating factors, some of which Congress is just now starting to address. We have a pending fiscal and potentially significant sovereign debt crisis looming in this country at the national, state, and even municipal levels. We suffer under a tax system that is as complex and complicated as it is costly, putting the United State at a competitive disadvantage internationally as an attractive place to invest and do business. We have a monetary policy with few real policy levers left to pull, with short-term interest rates stuck near zero. We have huge, global, macro economic imbalances that the Group of Twenty Leaders are struggling to address, but which are proving difficult to resolve in a meaningful way beyond rhetorical flourishes from time to time. We struggle with a credible and coherent trade policy, just as inflation is creeping into global commodity markets and international energy markets are roiled by turmoil in North Africa and the Middle East that is spreading and no one knows where it will end.

As if these factors did not create enough negative and uncertain pressures on our economy, no one knows what the full economic impact of the Dodd-Frank Act will be on our economy and our society. No one today knows the full impact of the new law on responsible innovation and future job creation. No one knows for sure what the secondary and tertiary unintended consequences will be. No one - not the Administration, not the Congress, and not the private sector.

At the international level, the debate has been engaged on both the costs and benefits of global regulatory reform, among such groups at the new Financial Stability Board (FSB), the Basel Committee of Banking Supervisors (BCBS), the International Monetary Fund (IMF), and the Institute of International Finance

(IIF), representing the private sector. Yet, that important debate is only just beginning in earnest this year here at home. That debate is healthy and needs to be encouraged among the Administration, the Congress, and the private sector. Facts need to be put on the table, and new metrics to measure the real economic impact of regulation on the economy and job creation need to be developed. Respectfully, Congress needs to enhance its oversight role of the recent Dodd-Frank Act in particular and other financial services laws in general to determine their true economic impact.

My hypothesis is that the cumulative effect of the 250 or so new regulations mandated by the Dodd-Frank Act will be a net negative drag on our economic growth and job creation in the future, which will take effect over the next several years. I hope I am wrong. I can't prove my hypothesis for you today - no one can at the moment. However, it is a hypothesis that others ought to debate and analyze as a starting point about the real economic impact of financial reform, necessary as it is. Hopefully, with a concerned Administration, a watchful Congress, and an engaged private sector, we can avoid any negative effects on our economy over time, even if we have to make some regulatory reform course corrections through new legislation or revised rules.

If the financial crisis was a wealth-destroyer, and the recession a job-killer, then the Dodd-Frank Act is a formidable regulatory game-changer for the foreseeable future.

Presently, the Roundtable is focused on implementation of the Dodd-Frank Act. The Roundtable is committed to make the regulatory changes that follow from the Dodd-Frank Act work for the American economy. At the same time, the Roundtable remains concerned that certain regulations must be implemented with the restraint required by the Act, in a commercially reasonable manner, and that they not go beyond the original intent of Congress.

Unfortunately, while understandable politically and well-intentioned by its sponsors and supporters, we do not have a clear assessment or comprehensive view of what the Dodd-Frank Act will to financial intermediation and financial protection that is vital for our economy and jobs. We don't fully know what the cumulative impact will be on our economy of higher and higher capital and liquidity requirements, other new prudential requirements, and designating certain large financial institutions - banks and nonbanks - for closer systemic supervision by the new Financial Stability Oversight Council and Federal Reserve. We don't know what the new Bureau of Consumer Financial Protection, with its noble goals of better consumer disclosure and financial literacy, will have on the cost and availability of credit to consumers and others. We don't know what the combined effect of Dodd-Frank and whatever G20 policies to which President Obama commits the United States will have on the competitiveness of all financial firms doing business in our markets. We don't know what such action will have in terms of ensuring that the United States is an attractive market to invest and raise capital. We still don't know what it will do to the cost of capital or the ability of firms to earn a healthy return on top of their cost of capital.

All financial intermediaries by definition are in the business of taking risks, but we don't have a clear picture of what the Dodd-Frank Act collectively will do to increase or decrease prudential risk-taking by firms in the future. As an economic imperative, we need strong, healthy financial companies that can innovate responsibly and take measured risks to grow our economy and create new and better jobs.

This continuing uncertainty itself about the likely economic impact of our regulatory reforms, in turn, is likely to have a negative effect on both our economy as well as the historic U.S. leadership role in global financial markets. Our historic U.S. role unquestionably has been damaged severely by the crisis. Yet, it is not too late to ensure that the final outcome of the Dodd-Frank Act is balanced and effective, that our economy and jobs are protected from regulatory excess, and that we fully understand the economic consequences of our actions over time.

At the same time, we need to ensure that we do everything humanly possible to mitigate the impact of the next financial crisis. Unfortunately, there will be more financial crises, notwithstanding the best intentions of the Dodd-Frank Act.

FUTURE ACTIONS TO AVOID A NEGATIVE IMPACT ON THE ECONOMY AND JOBS

So what can we do as a nation, and more specifically what can the Administration, the Congress, and the financial services industry do to ensure a good outcome without the negative economic impact for our country?

Let me offer several practical and actionable starting points for your consideration as you and other Congressional committees engage this year on these issues. Admittedly, most of these suggestions fall within the jurisdiction of my former committee, but they are important to understand and get on the record as Congress conducts its critical oversight and legislative responsibilities.

What the Administration can do

President Obama should be commended for two recent actions, actions that need to be expanded and applied to the financial services especially in the wake of the Dodd-Frank Act.

First, President Obama appointed Jeff Immelt, GE's Chairman and CEO as the Chairman of his new Council on Jobs and Competitiveness. Mr. Immelt was quoted recently in the *Financial Times* as saying that the United States needs to be a country that "builds things" to revive the economy and create jobs,[1] and he is absolutely right.

At the same time, we need to ensure that the United States also is a country that "finances things" and encourages "investments in things" as competitively as any financial center on the planet. If we are united in "winning the future," as President Obama has declared, then we need to make sure that we fully understand the impact of the Dodd-Frank Act on innovation, the economy, and jobs. At the same time, we need to be mindful of the economic imperative of U.S. financial market competitiveness to meet the needs of consumers wherever they may reside or do business.

Looking backwards, the Dodd-Frank Act was understandably crafted with a bias toward financial stability and consumer protection. Looking forward, we need to embrace broader and equally critical policy objectives such as ensuring a strong and vibrant financial sector to support our economy and the needs of all consumers. We need policy objectives and rules that are balanced and effective, and not overly tipped in the direction of financial stability solely for the sake of financial stability.

Our shared national aspiration should be to ensure that the U.S. financial marketplace is the most attractive, secure, well governed, and welcoming one in the world to finance, invest, protect assets, and raise capital. If we can achieve that simple aspiration, then we will be ensuring a financial system fully and prudently enabled to support manufacturing, commerce, trade, innovation, growth, and jobs.

This may sound like a heretical point so soon after the worst financial crisis in history and enactment of the Dodd-Frank Act. Yet, we still need competitive, world class financial institutions and markets to finance "things" like manufacturing and exports, which in turn create jobs and stimulate economic growth.

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[1] "Obama gives GE chief key jobs role," *Financial Times*, January 22, 2011, p. 1.

Our current economic predicament of stubbornly high unemployment as well as an uncertain economic future demands a greater balancing of the ideal of financial stability and the reality of our precarious economic position as a nation. We need financial institutions that are well governed, ethically run, and prudently regulated for capital, liquidity, and risk. Good management is the first line of defense, followed by capable supervisors as the second line of defense. However, as a practical matter, we also need those same companies to be able to compete fairly to serve their clients - from retail consumers and Main Street businesses to corporate America and governments - to provide a strong, unsurpassed financial foundation for sustained economic recovery and growth.

Second, President Obama issued an important new Executive Order on January 18, 2011 - "Improving Regulation and Regulatory Review." While the President didn't mention financial services in that context, it nevertheless should be applied to all segments of our economy and not just some industries. To be comprehensive and complete, the President can publicly instruct his direct reports to fully implement both the letter and the spirit of his January 18th Executive Order.

For example, President Obama should direct Treasury Secretary Geithner to apply Section 1 of his new Executive Order - "promoting economic growth, innovation, competitiveness, and job creation" - to all of the rules, decisions, and actions the new Financial Stability Oversight Council that he chairs. This means Title I of the Dodd-Frank Act in particular, which affects the largest financial institutions in the country, including those financial holding companies with assets greater than $50 billion as well as nonbank financial companies ultimately.

These actions include not only the pending notice of proposed rulemaking for the designation of nonbank financial companies for regulation by the Federal Reserve, our new financial stability regulator, but also the new rule coming later this year on new prudential standards, which are required to be "more stringent" and "increase in stringency" based on a risk-based assessment yet to be crafted by the Council and overseen by the Board of Governors.

For good measure, Secretary Geithner can also use his bully pulpit as Council chair to encourage his fourteen other fellow Council members to start using their offices now to consider and promote the spirit of the President's Executive Order, even if the order doesn't strictly bind them.

Moreover, President Obama should specifically instruct his Directors of the National Economic Council (NEC) and the Office of Management and Budget (OMB) to take every opportunity within their purview to ensure that both the letter and spirit of his new Executive Order are implemented faithfully with the goal of "promoting economic growth, innovation, competitiveness, and job creation" for the financial services industry as well as all other industries in our economy.

What Congress can do

Let me turn next to what Congress can do. First, Congress can use its considerable power of oversight to ensure a balanced and effective outcome for all Dodd-Frank Act and other rules, just as this Subcommittee is doing. The House Financial Services and Oversight Committees are starting this process as well, as is the Senate Banking Committee.

Relentless, fact-finding oversight should be encouraged and structured in such a way so we are always asking and probing on the impact of financial reforms on the economy and jobs. Congress may need to rely more heavily on its own Congressional Budget Office (CBO) for economic impact analysis or outside expertise than it ever has in the past. Congress also can use its oversight powers over Treasury's new Office of Financial Research (OFR) to ensure that it is doing the kind of economic impact assessment that has never really been done in the past, but needs to be done in the future, not just in the name of financial stability - a term left undefined by Congress and the regulators - but from a broader national economic perspective.

The new requirements in Title I - the Financial Stability Act - are perhaps the most potentially impactful for our economy. They cover all basic aspects of financial intermediation, from capital and liquidity, to new prudential standards for credit exposures and reporting, to new recovery and resolution planning. At a minimum, they affect the top 35 bank holding companies by assets (those companies with total assets greater than $50 billion), and this number will expand once the Council designates nonbank financial companies for regulation and supervision by the Federal Reserve. Just the top 35 financial holding companies institutions alone affect a significant portion of our economy as highlighted in the following table, suggesting that the extensive new regulation coming under Title I could have a significant impact on our economy given these numbers for the top 35.

So, given these numbers, Congress needs to ensure that any actions taken by the Oversight Council are carefully considered, especially in the light of our fragile economic economy and the role these financial institutions play in our economy. This is not an issue of big companies versus small companies, or whether big companies are bad. Financial institutions of all size have an important role to play in our economy. Big companies are simply large, and they can have a significant impact on our economy. New regulations imposed only on that unique class of institutions, as contemplated by Title I, also potentially can have a serious impact on the economy by extension.

Table 1 - Impact of Top 25 Financial Holding Companies on the Economy

Indicator	Share of top 35 FHCs as a percent of total bank holding companies reporting to Federal Reserve (%)	Total ($)
Total Assets	87%	$13.9 Trillion
Total Risk-based Capital	86%	$1.3 Trillion
Total Loans and Leases	81%	$5.4 Trillion
Total Commercial and Industrial Loans	77%	$735.0 Billion
Total Domestic Real Estate loans	73%	$2.5 Trillion
Total Agricultural Loans	42%	$13.7 Billion

For example, the top 35 financial holding companies in Table 1 made over 80 percent of all total loans and leases in 2010, or $5.4 trillion, using fourth quarter data. If we assume that the net cumulative impact of all new Dodd-Frank Act rules - capital, liquidity, leverage, and everything else in Title I - was a negative hit of 5 or 10 percent less lending, which seems reasonable under my hypothesis, then we would lose roughly $250 billion to $500 billion in lending to our economy. Let me repeat, $250 billion to $500 billion in less lending potentially to all kinds of customers - if the Title I rules have this kind of impact, which reasonable people can debate. If these numbers have any validity, then we simply can not afford that kind of economic impact, especially given our weak economy today. So Congress needs to keep these numbers in Table 1 in mind as financial stability regulations are being written that will impact all companies ultimately captured by Title I.

Now, with respect to specific Congressional actions, here are six practical and immediate initiatives to consider:

1. **Economic impact assessment of all Title I rules.** Title I of the Dodd-Frank Act contains some of the most potentially impactful provisions for our economy that need to be fully analyzed and understood. Through both its oversight and legislative functions, the Congress can play an important role to ensure that the kind of economic impact assessment needed is fully considered by the Council and the regulators before the rules go into effect and impact the

real economy.

Specifically, the Council already has issued two proposals on the designation of nonbank financial companies to be subject to Federal Reserve regulation and supervision and the so-called Volcker rule, named after former Federal Reserve Chairman Paul A. Volcker. Both rules should have an economic impact assessment attached to them, so Congress has a full appreciation of their potential effects on innovation, the economy, and jobs.

The same applies to the new Basel III minimum capital, leverage, and liquidity rules that have been blessed by the G20, the Financial Stability Board, and the Basel Committee itself. The U.S. rules to implement these minimum requirements have not been proposed yet, nor have the additional "more stringent" requirements on top of these new minimums as required by Sections 115 and 165 of the Dodd-Frank Act.

The Roundtable believes increased capital standards, beyond what is required for safety and soundness, will directly retard the growth of credit availability and increase its cost, which will make it harder and more costly for businesses to borrow, thus making job creation more difficult. Similarly, overly strident liquidity requirements will reduce the amount of loans available, as they are comparatively illiquid assets, and negatively impacting economic growth.

Congress will need to have a firm understanding of the economic impact of these rules as well before they are finalized. For the record, I am attaching two recent Roundtable letters on these topics in an Appendix to my testimony for the Committee's attention; these letters describe the concerns of Roundtable member companies in greater detail.

2. **Legislative economic impact assessment.** More importantly, to show its renewed concern for the impact of financial regulation on innovation, the economy, and jobs, the Congress should quickly pass new legislation in the next 30 days to ensure that all future financial rules are subject to a more rigorous, real world economic impact assessment and more rigorous cost-benefit analysis than has been the practice in the past. All new rules should contain an equally dynamic analysis of the rule's potential impact on innovation, competitiveness, growth, and employment, in line with the President's new Executive Order I discussed previously.

   To paraphrase House Speaker Boehner, we simply don't need any more job-killing rules at this point in our fragile economic recovery. Based on my experience as a former Congressional staffer, this would be a simple one or two paragraph amendment to the Dodd-Frank Act and should be able to pass the House easily and overwhelmingly on the suspension calendar before the Memorial Day recess at the latest.

3. **Impact of "more stringent" financial restrictions on economic growth.** Section 120 empowers the Council to recommend "more stringent" regulation financial activities and practices as well as "new and heightened" standards and safeguards if the Council is worried about a variety of factors related to systemic risks. Section 120 is the also the only place in Title I where the words "economic growth" appear. There is a specific criterion that these new or heightened standards and safeguards "shall take cost to long-term economic growth into account. . . ." Congress should hold the Council fully accountable any time it makes such a recommendation under Section 120 and demand that the Secretary deliver a rigorous economic impact assessment to Congress every time a new Section 120 recommendation is issued to the primary regulators, who are the ultimate enforcers.

4. **Professional Advisory Committees.** Section 111 of Title I of the Dodd-Frank Act - the Financial Stability Act of 2010 - authorizes the Treasury Secretary, as Oversight Council Chairman, to appoint technical and professional committees to assist the Council. Congress should encourage the Secretary to go ahead and appoint these committees, as the Council's October 2010 timeline indicates. He should do it now.

   These committees could be patterned after the Federal Reserve's Federal Advisory Council (FAC), with diverse industry participation. These advisory committees can help to ensure that issues such as the impact of new financial regulation on the industry and its ability to support the economy are fully considered and debated between regulators and regulated firms on a formal, regular, and ongoing basis as market developments and supervisory practices change over time.

5. **Annual Oversight Council report to Congress**. Section 112 of the Dodd-Frank Act mandates that the Secretary of the Treasury report annually to the Congress on the Council's activities. Buried new the end of that provision is the requirement that the Secretary offer his recommendations to "enhance the integrity, efficiency, competitiveness, and stability of U.S. financial markets." Congress should hold the Secretary fully accountable for fulfill this Congressionally mandated requirement. While the words "innovation" and "jobs" are nowhere to be found in Title I, Congress should signal the Secretary and the Council that it will take its oversight responsibilities seriously in the context of this specific provision. Such action will help to ensure that we achieve a balanced and effective outcome, carefully weighing the competing policy objectives of financial stability and financial market competitiveness and their subsequent impact on the economy and employment.

6. **Streamline current regulatory reporting.** The Roundtable recently completed a survey of its members and found that they file more than 185 separate reports to at least 16 different federal agencies. The frequency varies, and these do not include "special requests" like recent stress test reporting. This substantial reporting burden will only increase under the Dodd-Frank Act in the coming years. Congress should investigate this reporting burden and oversee regulatory efforts to streamline reporting and make it more efficient and useful to both regulators and the industry. I would be happy to provide the Roundtable's survey to the Subcommittee separately.

As a final suggestion, I want to call to your attention 10 ideas for possible legislative changes to improve the Dodd-Frank Act that Congress should consider. From my perspective, many of these proposed changes would be beneficial to the economy in the long run. While early changes to the Dodd-Frank Act may have to wait given other priorities and agendas, Congress nevertheless needs to consider early thinking given our current environment. More importantly, Congress should analyze and hold hearings on all of these ideas as the year progresses. These 10 ideas were recently published by another colleague of mine, Jim Sivon, a founding partner of Barnett- Sivon, & Natter, in his firm's monthly newsletter, *Our Perspectives.* Not all of these ideas have been formally endorsed by the Roundtable, but they deserve serious attention by Congress in my view given the potential impact of the new law on the economy. Jim's article is attached to my testimony as an addendum.

What the financial services industry can do

Third, the financial services industry can play an important role as well. As I argue in my new book, *Managing to the New Regulatory Reality: Doing Business under the Dodd-Frank Act,* the industry needs to do several things differently and better in the future.

For starters, the industry can go back to the recent financial market competitiveness reports by Mayor Michael Bloomberg and Senator Schumer, the Financial Services Roundtable, U.S. Chamber of Commerce, the Bush Administration, and others, and resurrect those recommendations that not only make sense in our new regulatory reality but also can strengthen our economy. As the Bloomberg-Schumer report correctly noted in 2007, getting the legal, regulatory, and talent/skills (e.g., immigration) regimes right from a business investing perspective is a critical ingredient for the health and productivity of our financial markets. The same goes for corporate tax, ease of doing business and business certainty, and political stability - if we really want to see both our markets and our economy thrive and prosper.

Next, the financial industry can start its own diagnostic of the Dodd-Frank Act through the lens of the President's new Executive Order - "promoting economic growth, innovation, competitiveness, and job creation." Provisions such as the so-called Volcker rule, swap market changes, artificial size limits that know no G20 equivalent, price controls on interchange fees, "heightened" prudential standards, and resolution planning are good starting points. For good measure, an independent review of the dated 1956 Bank Holding Company Act and the 1978 International Banking Act would be in order as well.

Finally, the financial services industry needs to learn and fully embrace a new way of communicating with policymakers and regulators, speaking not just in the language of quarterly earnings and shareholder value creation, but more importantly in the new language of the impact of financial laws and regulations on economic growth and job creation. New research and analysis will be required as will new metrics.

To these ends, the Financial Services Roundtable created a new Financial Stability Industry Council last year to monitor the actions of the Oversight Council and offer its collective expertise wherever and whenever required to ensure that the Title I policies and regulations are as balanced and as effective as possible for the economy. This Industry Council is chaired by Brian Rogan, the Chief Risk Officer of BNY Mellon; its new Executive Director is Don Truslow, who was the Chief Risk Officer at Wachovia before it was acquired by Wells Fargo.

This Industry Council comprises most of the large financial holding companies already covered by Title I, and expects to increase in size at the Oversight Council designates new nonbanks in the future. Its members have met twice since last year and have established five substantive subcommittees that cover the full range of issues embedded in Title I. Each subcommittee is composed of industry experts, who can be a vital resource for the Oversight Council and the financial regulators.

SUMMARY

In summary, the Administration, the Congress, and the financial services industry have a common interest and an important responsibility to ensure that the Dodd-Frank Act policies and regulations are as balanced and as effective as possible, and fully consider their impact on innovation, our economy, and employment. The new attention by the Administration on U.S. competitiveness in manufacturing and trade is a critical national priority and welcomed. We also have other critical economic imperatives that need immediate attention, such as stopping runaway government spending and reversing our wealth-destroying national debt.

Yet, as a nation, we can't afford to ignore the equally vital imperative for responsible innovation and competitiveness for all financial firms doing business in U.S. markets. If we do these elements, then we put our own needed economic recovery - and future economic growth and standing as a global financial power - at even greater risk.

The Financial Services Roundtable and its new Industry Council are committed to playing a constructive and leadership role, and stand ready to work with the Administration and the Congress to achieve the aspiration I mentioned above - a financial system second to none. Looking forward, we have regulatory choices ahead of us that will have a direct impact on our economy and its ability to innovate and produce more and better jobs. If we are successful in implementing the Dodd-Frank Act by working constructively together for balanced and effective outcomes, then our economy and employment should prosper.

Thank you for your attention, and I look forward to your questions.