



Financial Industry Week in Review

The Week in Review highlights this week's important legal and regulatory developments affecting the financial industry. Links to prior issues, Orrick Client Alerts, and other useful resources are located in the right sidebar.

TALF Revisions

On June 23, the **New York Fed** posted revised **TALF Terms and Conditions, Documents and Forms**, and **FAQs** (for both non-legacy ABS/CMBS and legacy CMBS). The FAQs cover clarifications regarding a wide variety of areas including: (i) TALF loan repayments, including clarification of how collateral payments will be allocated between payments to the borrower and repayments on the TALF loan and (ii) the eligibility of CMBS collateral (both non-legacy and legacy CMBS). [TALF Terms and Conditions](#). [TALF Documents and Forms](#). [TALF FAQs](#).

Fed Program Extensions and Modifications

On June 25, the **Fed** announced that the **expiration dates** of the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility, the Commercial Paper Funding Facility, the Primary Dealer Credit Facility, and the Term Securities Lending Facility have been extended through **February 1, 2010**. These programs were initially scheduled to expire on October 30 of this year. The Fed also adopted certain modifications to these programs, including the suspension of auctions of certain collateral types under the TSLF and the establishment of a redemption threshold for the AMLF. [Fed Release](#).

NYSE Euronext and DTCC Joint Venture

On June 18, **NYSE Euronext** and the **DTCC** agreed to create **New York Portfolio Clearing**, a joint venture for **clearing U.S. fixed income derivatives**. Cash positions and derivatives will be margined through NYPC in a "single pot", resulting in: (i) improved operational and capital efficiency and (ii) improved transparency of investment positions between cash positions and derivatives, allowing regulators to more

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effectively monitor market participants' total exposure across multiple interest rate asset classes. NYPC is expected to be operational in the second quarter of 2010. [DTCC Release](#).

European and Emerging Markets CDS

On June 19, **ISDA** announced **market practice changes** to the trading convention for **credit default swaps** in **Europe** and **emerging markets**, including: (i) adopting standardized fixed coupons for European CDS and (ii) moving from monthly to quarterly "roll" dates in emerging market CDS. These changes, effective June 22, aim to enhance industry standardization, transparency, and liquidity and to facilitate compression of offsetting trades and central clearing of CDS. [ISDA Release](#).

Moody's Hedge Fund OQ Rating Methodology

On June 23, **Moody's** updated its approach to assigning **Operational Quality ratings** to **hedge funds**, which opine on the quality of a fund's operations in the context of its stated objectives and investment strategy. The update groups rating factors into five key categories. [Moody's Report \(free registration required\)](#).

IOSCO Hedge Funds Oversight Report

On June 22, the **International Organization of Securities Commissions** published "**Hedge Funds Oversight: Final Report**", which recommends that all securities regulators apply six proposed principles to collectively and effectively address the regulatory and systemic risks posed by hedge funds. [IOSCO Release](#). [IOSCO Report](#).

SEC Money Market Funds Proposals

On June 24, the **SEC** proposed **amendments** to the regulatory framework for **money market funds**, including requiring funds to: (i) keep a portion of their portfolios in highly liquid investments, (ii) shorten weighted average maturity limits, (iii) provide monthly reports of portfolio holdings, and (iv) eliminate the ability to invest in "Second Tier" securities. Comments must be received within 60 days of publication of the amendments in the Federal Register. [SEC Release](#).

Carlisle Bank Shelf Charter

On May 29, the **OCC** granted conditional approval for a "**shelf**" **national bank charter** for Carlisle Bancshares, Inc., a wholly-owned subsidiary of Carlisle Bank, National Association. The charter will remain inactive, or "on the shelf", until the FDIC accepts Carlisle Bank's bid to acquire a failed

institution. [OCC Shelf Charter Approval](#).

FDIC Proposed Extension of TLGP

On June 23, the **FDIC** requested comments on a proposed amendment to the **Temporary Liquidity Guarantee Program** to extend the **transaction account guarantee** program (currently scheduled to run through December 31, 2009) through June 30, 2010 and increase fees for institutions opting to continue with the program. Comments are requested within 30 days of publication of the proposal in the Federal Register. [FDIC Financial Institution Letter](#).

Allison Confirmed as Assistant Secretary for Financial Stability

On June 19, the **Senate** confirmed **Hebert M. Allison, Jr.** as Treasury's **Assistant Secretary for Financial Stability**, where he will develop and coordinate policies for financial stability, including overseeing TARP. Allison was most recently President and CEO of Fannie Mae. [Treasury Release](#).

U.S.-Switzerland Tax Information Sharing

On June 19, **Treasury** announced an agreement to amend the **U.S.-Switzerland income tax treaty** to allow for the exchange of income tax information to the full extent permitted under the OECD Model Income Tax Convention in an effort to reduce offshore tax evasion. [Treasury Release](#).

New York Fed Timelines

The **New York Fed** has produced a **U.S. timeline** covering Fed policy actions, market events and other policy actions since June 2007 and an

international timeline covering G-7 responses to the economic crisis in the form of bank liability guarantees, liquidity and rescue interventions, unconventional monetary policy, and other market interventions since September 2008. [U.S. Timeline](#). [International Timeline](#).

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