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Financial Services Alert Quarterly

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Alert on the Web: Back issues of the *Alert* are available at www.goodwinprocter.com/Publications/Financial%20services%20Alerts.aspx

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Issues During the Most Recent Quarter

May 22, 2007 - Overview

- FDIC Chairman Speaks on Industrial Loan Companies
- SEC Elects Not to Seek Further Review of D.C. Circuit Decision Vacating Advisers Act Broker-Dealer Exception Rulemaking
- OTS Adopts Interim Rule Prohibiting Persons Convicted of Criminal Offenses from Holding Certain Positions with SLHCs
- FDIC Issues Final Assessment Adjustment Guidelines for Large Banks and Insured Foreign Branches

May 29, 2007 - Overview

- Staff of SEC's Division of Investment Management Issues Q&A Regarding Disclosure of Expenses of Investing in Other Funds in Prospectus Fee Tables
- FRB Proposes Regulation Z Amendments
- Federal Court of Appeals for 7th Circuit Reverses District Court Injunction Requiring Consumer Products and Munitions Company to Register as Investment Company

June 5, 2007 - Overview

- NYSE Excludes Registered Investment Companies from Proposed Rule Change Eliminating Discretionary Broker Voting on Director Elections
- SEC Chairman Urges Congress to Repeal the Soft Dollar Safe Harbor Afforded by Section 28(e) of the Securities Exchange Act of 1934
- NASD and NYSE File Proposed Rules Addressing Business Entertainment Oversight
- Review of SEC's Semi-Annual Regulatory Agenda

June 12, 2007 - Overview

- The Increasing Importance of Business Method Patent Protection for Innovations in the Financial Services Sector
- SEC Adopts Rules for NRSRO Registration, Reporting and Oversight

June 19, 2007 - Overview

- FRB Issues Guidance on Retail Sweep Requirements
- DOL Releases Advisory Opinion that a U.S. Branch of a Non-U.S. Bank is 'Bank or Trust Company' under ERISA
- OCIE Issues First *ComplianceAlert* to CCOs Outlining Recent Examination Deficiencies and Weaknesses
- FRB Approves Final Rule Eliminating Certain Regulation O Requirements
- OCC Permits Custody Trust Ledger Deposit Account Program
- FinCEN Issues Guidance Regarding Law Enforcement Requests to Financial Institutions that They Allow Accounts to Remain Open Despite Suspicious or Potential Criminal Activity
- SEC Staff Grants No-Action Relief to Permit REIT to Treat Tier 1 Mezzanine Loans as Qualifying Interests for Purposes of Section 3(c)(5)(C) of the 1940 Act

June 26, 2007 - Overview

- Independent Directors Council Issues Report on Board Oversight of Certain Mutual Fund Service Providers
- FDIC Issues Further Guidance on Third-Party Arrangements
- MA Appellate Tax Board Holds that MA Can Impose Excise on Certain Out-of-State Financial Institutions Without Physical Presence in MA
- FinCEN Issues Guidance on SAR Supporting Documentation
- Coalition of Mutual Fund Investors Releases Results of Its 2007 Study on the Use of Redemption Fees and Other Means of Deterring Short-Term Mutual Fund Tradi

July 3, 2007 - Overview

- Federal District Court Dismisses 401(k) Excessive Fee Litigation
- OCC Issues Guidance Clarifying its Capital and Liquidity Expectations for National Trust Banks
- FRB Amends Regulation E to Exempt Transactions of $15 or Less from Receipt Requirement
- Banking Agencies Determine Bank Merger Act Not Applicable to Bank/Thrift Acquisition of Credit Card Portfolios with Small Credit Balances
- OCC Issues Report Concerning Best Practices Used by Loan Servicers to Prevent Foreclosures
- SEC Issues Release Proposing Electronic Filing and Revised Information Requirements for Form D
- OCC Confirms National Banks May Honor Items Relating to Deposit Accounts with Insufficient Funds and Charge Overdraft Fees

July 10, 2007 - Overview

- Federal Regulators Issue Final Statement on Subprime Mortgage Lending
- Director of SEC's Division of Investment Management Speaks at NAVA Compliance and Regulatory Affairs Conference
- SEC Eliminates Short Sale Price Tests
- SEC Staff Provides Guidance on the Application of FIN 48 to Registered Funds
- Basel Committee Chairman Discusses Basel II Pillars
- FDIC Announces that Insured Financial Institutions Will be able to Exchange Examination Information with State Regulators Through FDICconnect

July 17, 2007 - Overview

- S&P Proposes Enhanced Basel II Pillar 3 Disclosures
- SEC Votes to Adopt Antifraud Rule under Investment Advisers Act Directed at Advisers to Pooled Investment Vehicles
- GAO Issues Report on Pension Consultant Conflicts
- OCIE Issues First *ComplianceAlert* to CCOs Outlining Recent Examination Deficiencies and Weaknesses
- OCC Proposes Rule Amendments Designed to Reduce National Bank Regulatory Burdens
- Agencies Issue Proposed Revisions to CRA Q&As
- SEC Approves Voluntary Data Tagging of Risk/Return Summary Information in Mutual Fund Prospectus Filings
- US Basel II: The Discussion/Debate Continues

July 24, 2007 - Overview

- Federal Banking Agencies Reach Agreement on Basel II
- Federal Banking Agencies Issue Statement on Enforcement of BSA/AML Requirements
- FDIC Issues Letter on Applicability of Market Risk Capital Rules

July 31, 2007 - Overview

- FRB Grants Risk-Based Exception for Margin Loans
- Federal District Court Dismisses Excessive Fee Suit against Mutual Fund Adviser and Distributor
- SEC Chairman Issues Letter Concluding that a Mortgagor's Modification of Securitized Loans when Default is "Reasonably Foreseeable," but Before Default Occurs, Does Not Violate FAS 140
- SEC Adopts Proxy Rule Changes Mandating Internet Availability of Proxy Materials
- SEC Staff Issues Denial of No-Action Request Regarding Broker-Dealer Registration to Company Acting as a Financial Consultant and Finder of Investors for Small Businesses

August 7, 2007 - Overview

- SEC Issues Release Designed to Clarify Exclusion under the Proxy Rules for Shareholder Proposals Related to Director Elections
- SEC Proposes Proxy Rule Amendments Addressing Shareholder Proposals for Bylaw Amendments Establishing Procedures for Shareholder Nominations of Directors and the Treatment of Electronic Shareholder Forums under Federal Securities Laws
- BIS Report Cites Reduction of F/X Settlement Risk and Makes Further Recommendations
- SEC Issues Release Adopting Proxy Rule Changes to Require Delivery of Proxy Materials Via Website
- OTS Issues ANPR Concerning Regulation of Unfair or Deceptive Acts or Practices
- Massachusetts Security Breach Notice Law, Unlike Most Other States, Contains Requirements for Financial Institutions
- DOL Provides Guidance on ERISA Impact of New IRS 403(b) Regulations

Quarterly Status of Recent Rules/Policy Statements

Rule/Statement (Rules Unless Otherwise Noted)	Proposed/ Interim/Final (P/I/F)	Comment Period Ends (Proposals)/ Effective Date (Final)	*Alert* Description Date
MULTI-AGENCY			
Federal Banking Agencies' Final Statement on Subprime Lending	F	7/10/07	7/10/07
Federal Banking Agencies Revise CRA Q&As	P	9/10/07	7/17/07
FDIC			
Large Bank Assessment Adjustment Guidelines	F	5/8/07	5/22/07
FRB			
Proposes to Amend Reg. Z	P	10/12/07	5/29/07
Eliminates Certain Reg. O Requirements	F	7/2/07	6/19/07
Amends Reg. E to Exempt Transactions of $15 or Less from Receipt Requirement	F	8/6/07	7/3/07
OCC			
Reduces Bank Regulatory Burden	P	9/4/07	7/17/07
OTS			
Prohibits Convicted Persons from Holding Certain Positions with SLHCs	I/F	Effective 5/8/07 Comments due 7/9/07	5/22/07
ANPR on Regulation of Unfair or Deceptive Acts or Practices	P	11/5/07	8/7/07
SEC			
Adopts Rules for NRSRO Registration, Reporting and Oversight	F	6/26/07	6/12/07
Proposes Electronic Filing and Revised Information Requirements for Form D	P	9/7/07	7/3/07
Extension of Temporary Exemption of Banks from Definition of "Broker" Under Securities Exchange Act of 1934	Extension	Extended to 9/28/07	7/3/07
Eliminates Short Sale Price Tests	F	7/3/07	7/10/07

Rule/Statement (Rules Unless Otherwise Noted)	Proposed/ Interim/Final (P/I/F)	Comment Period Ends (Proposals)/ Effective Date (Final)	*Alert* Description Date
Adopts Antifraud Rule Under Investment Advisers Act Directed at Advisers to Pooled Investment Vehicles	F	9/10/07	7/17/07
Approves Voluntary Data Tagging of Risk/Return Summary Information In Mutual Fund Prospectus Filings	F	8/20/07	7/17/07
Proposes to Clarify Amendment Exclusion Under Proxy Rules for Shareholder Proposals Related to Director Elections	P	10/2/07	8/7/07
Proposes Proxy Rule Amendments Addressing Shareholder Proposals for Bylaw Amendments Establishing Procedures for Shareholder Nominations of Directors and the Treatment of Electronic Shareholder Forums under Federal Securities Laws	P	10/2/07	8/7/07
Adopts Proxy Rule Changes to Require Delivery of Proxy Materials via Website	F	1/1/08 (large accelerated filers)/1/1/09 (other issuers)	8/7//07
Proposes Amendments to Regulation D Private Placement Exemptions	P	10/9/07	8/7/07

Attention: **Gregory J. Lyons/Eric R. Fischer/Elizabeth Shea Fries/Jackson Galloway**

Facsimile: **(617) 523-1231**

Please e-mail (circle one) me the issue(s) indicated below:

- May 22, 2007 – Overview
- May 29, 2007 – Overview
- June 5, 2007 – Overview
- June 12, 2007 – Overview
- June 19, 2007 – Overview
- June 26, 2007 – Overview
- July 3, 2007 – Overview
- July 10, 2007 – Overview
- July 17, 2007 – Overview
- July 24, 2007 – Overview
- July 31, 2007 – Overview
- August 7, 2007 – Overview

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Attention: **Gregory J. Lyons/Eric R. Fischer/Elizabeth Shea Fries/Jackson Galloway**

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