



LATEST NEWS PROTESTERS PLAN MORE MASS RALLIES IN IRAN

Quotes, New



James Pethokoukis

Blogging money and politics

[See all posts](#)

ou are here: [Home](#) > [Business & Finance](#) > Article

DJIA : **8612.13** **-187.13** -

HOME
BUSINESS & FINANCE

[Markets](#)
[Deals](#)
[Small Business](#)
[Green Business](#)

[Industries](#)
[Industry Summits](#)
[Stocks](#)
[Funds](#)

[ETFs](#)
[Currencies](#)
[Commodities](#)

[Options](#)
[Economy](#)

[Bonds](#)
[Analyst Research](#)
[Portfolio](#)

NEWS

Do More With Reuters

[RSS](#)
[Widgets](#)
[Mobile](#)
[Podcasts](#)
[Newsletters](#)
[Your View](#)

[Make Reuters My Homepage](#)

Partner Services

[CareerBuilder](#)
[Affiliate Network](#)

Professional Products

[Support \(Customer Zone\)](#)

U.S. financial regulation reforms outlined

Mon Jun 15, 2009 6:39pm EDT

[Email](#) | [Print](#) | [Share](#) | [Reprints](#) | [Single Page](#) [\[-\] Text](#) [\[+\]](#)



1 of 1 [Full Size](#)

By [Kevin Drawbaugh](#)

WASHINGTON (Reuters) - The Obama administration will target critical weaknesses in the troubled U.S. financial system, such as thin bank capital cushions and eroded lending standards, when it proposes an overhaul of financial regulation this week, two senior officials said on Monday.

In the fullest summary to date of the administration's reform proposal, Treasury Secretary [Timothy Geithner](#) and White House economic adviser Lawrence Summers said the plan will also urge stronger consumer and investor protections and new powers for the Federal Reserve.

The two officials outlined the plan in The Washington Post ahead of the release on Wednesday of a detailed package of proposals that has been under discussion for six months.

Months of debate in Congress over the plan lie ahead, with time on the side of the status quo, especially if the economy continues to improve and public outrage at the banks begins to fade. Administration officials have argued a rewrite of U.S. financial rules is needed to prevent future crises.

The outline offered few new details on elements of the plan that were already known and sidestepped unanswered questions about streamlining bank

MOST POPULAR

1. [Qatar or U.S. axes display](#)
2. [UPDATE 2-E loan losses](#)
3. [Is the housin](#)
4. [Wall Street s month](#)
5. [Ford nimble chairman](#)
6. [IMF chief wa](#)
7. [U.S. financia](#)
8. [UPDATE 2-E "horrific" -Bo](#)
9. [RPT-UPDAT healthcare re](#)
10. [TOPWRAP 1 measures](#)

[Most Popular A](#)

MORE BUSINESS

- [U.S. homebuilde](#)
- [IMF chief warns](#)
- [U.S. credit card](#)
- [Citigroup says T.](#)
- [More Business N](#)

WE WANT TO HI

Join the Reuters Insight Panel and know you better

Please take a r complete our s

- [Reuters Media](#)
- [Financial Products](#)

- [About Thomson Reuters](#)

MARKET NEWS

- [Wall Street sees worst day in a month | Video](#)
- [Oil falls near 2 percent on firmer dollar](#)
- [Bonds rise as stock selloff revives safety bid](#)
- [More Business & Investing News...](#)

supervision, restraining executive pay and regulating over-the-counter (OTC) derivatives.

But it did clearly underline the administration's determination to give the Fed a central role, and to create a new way for the federal government to handle troubled firms whose failure could pose a risk to the economy.

President [Barack Obama](#) will make remarks on Wednesday on "his comprehensive plan for new rules of the road for the financial industry," a White House official said. Geithner will joint him at the event.

The Treasury secretary and Summers said that a key administration goal will be "raising capital and liquidity requirements for all institutions, with more stringent requirements for the largest and most interconnected firms."

In addition, they said, large and interconnected firms whose failure could threaten the stability of the system "will be subject to consolidated supervision by the Federal Reserve, and we will establish a council of regulators with broader coordinating responsibility across the financial system."

These dual proposals -- making the Fed a "systemic risk" regulator and creating a related inter-agency council in the same area -- come amid concerns by some lawmakers and other regulators about the Fed getting too much power.

NEW RULES FOR SECURITIZED PRODUCTS

The officials said the plan will propose new reporting requirements for issuers of asset-backed securities, as well as a rule saying that securitizers must "retain a financial interest" in the performance of the asset-backed securities they are involved in issuing.

Securitization, or the packaging and selling of loans as securities, has been blamed by critics for eroding lending standards in the mortgage business.

A Treasury spokesman said the administration would propose requiring lenders to retain 5 percent of the risk they securitize. A bill to do this was approved in May by the U.S. House of Representatives, but is languishing in the Senate.

Addressing another market implicated in the crisis, the officials said the Obama plan will urge oversight of OTC derivatives. It will call for unspecified "harmonizing" of futures and securities regulation, and stronger payment and settlement systems, they said. [Continued...](#)

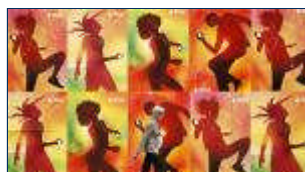
[View article on single page](#)

[Previous Page](#) **1** | **2** [Next Page](#)

SHARE: [Del.icio.us](#) [Digg](#) [Mixx](#) [Yahoo!](#) [Facebook](#) [LinkedIn](#)

NEXT ARTICLE: [U.S. homebuilder sentiment lower in June](#)

ALSO ON REUTERS



Virgin and Universal team up to take on iTunes



Investment Outlook Summit: Don't worry about inflation



Full Coverage: BRIC leaders seek voice at first summit

Ads by Marchex

Earn From 2.35% to 2.65%
With GE Capital Corporation. Not An Offer Of Securities For Sale.
geinterestplus.com

Prudential Life Insurance
Get a free, No-Obligation quote Affordable Coverage from Prudential
www.Prudential.com/LifeInsurance

Invest With Confidence
FREE and FAST service. Evaluate top-notch financial planners with one request.
www.wiseradvisor.com

Internet Marketing School - 100% Online
Master SEO, SEM, E Commerce, Media & More with a U of San Francisco Certificate.
www.USanFranOnline.com

[euters.com](http://reuters.com): [Help and Contact Us](#) | [Advertise With Us](#) | [Mobile](#) | [Newsletters](#) | [RSS](#)  | [Labs](#) | [Archive](#) | [Site Index](#) | [Video Index](#)

[Thomson Reuters Corporate](#): [Copyright](#) | [Disclaimer](#) | [Privacy](#) | [Professional Products](#) | [Professional Products Support](#) | [About Thomson Reuters](#) | [Contact Us](#)

[International Editions](#): [Africa](#) | [Arabic](#) | [Argentina](#) | [Brazil](#) | [Canada](#) | [China](#) | [France](#) | [Germany](#) | [India](#) | [Italy](#) | [Japan](#) | [Latin America](#) | [Mexico](#) | [United States](#)

Thomson Reuters is the world's largest international multimedia news agency, providing investing news, world news, business news, technology news, headline news, small business news, stock market, and mutual funds information available on Reuters.com, video, mobile, and interactive television platforms. Thomson Reuters journalists are subject to an Editor's Code of Ethics and disclosure of relevant interests.

NYSE and AMEX quotes delayed by at least 20 minutes. Nasdaq delayed by at least 15 minutes. For a complete list of exchanges and delays, please [click here](#).