

Private Fund Update

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As the East Coast digs out of the snow once again, this week's Private Fund Update describes:

- The major housing finance reform bill released over the weekend by the two top Senators on the Senate Banking Committee (Johnson and Crapo);
- The five bills that passed the House Financial Services Committee last week; and
- The SEC's new enforcement cooperation initiative for municipal underwriters and issuers.

Key things to watch this week include:

- Tuesday's CFTC roundtable on risk management by commodity pool operators;
- Wednesday's 8th Annual U.S. Chamber of Commerce Capital Markets Summit in DC; and
- Janet Yellen's first press conference as Chair of the Federal Reserve Board, which takes place Wednesday after the FMOCC meeting.

Venable LLP [tracks a wide range of regulatory issues](#), so please contact me for more information regarding anything contained in this update.

The 113th Congress

House of Representatives

House Financial Services Committee

[Markup of Five Bills](#) – The HFSC [passed five bills](#) last week:

- [H.R. 3584](#), the "Capital Access for Small Community Financial Institutions Act," which amends the Federal Home Loan Bank Act to authorize privately insured credit unions to become members of a Federal Home Loan Bank, was approved [by a vote of 55-0](#). Allowing privately insured credit unions to access the Federal Home Loan Bank System would provide these credit unions with a new insured source of mortgage funding for their members;
- [H.R. 2672](#), the "CFPB Rural Designation Petition and Correction Act," which amends the Dodd-Frank Act to allow for an application process for counties to be designated as rural areas with respect to the CFPB's Qualified Mortgage Rule, passed the Committee [by a vote of 55-1](#);
- [H.R. 3623](#), the "Improving Access to Capital for Emerging Growth Companies Act," which, among other things, creates simplified disclosure requirements for emerging growth companies, was approved [by a vote of 56-0](#).

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- [H.R. 4161](#), the “Small Company Disclosure Simplification Act,” which exempts smaller public companies relating to use of Extensible Business Reporting Language (EBRL) for SEC reporting, passed the Committee [by a vote of 51-5](#).
 - [H.R. 4167](#), the “Restoring Proven Financing for American Employers Act,” which excludes certain debt securities of CLOs from the Volcker Rule, passed the Committee [by a vote of 53-3](#).

[Hearing on Federal Reserve](#) – Last week, HFSC held a hearing on the Federal Reserve entitled “[Federal Reserve Oversight: Examining the Central Bank’s Role in Credit Allocation](#).” Witnesses were:

- [Dr. Marvin Goodfriend](#), Professor, Carnegie Mellon University
- [Mr. Paul H. Kupiec](#), Scholar, American Enterprise Institute
- [Dr. Lawrence H. White](#), Professor, George Mason University
- [Dr. Josh Bivens](#), Research and Policy Director, Economic Policy Institute

The Committee Memo is [here](#) and a video of the hearing is [here](#).

House Ways & Means Committee

[Hearing on the President’s Budget](#) – Last week, Health and Human Services (HHS) Secretary Kathleen Sebelius testified before the HW&MC to discuss the President’s FY 2015 budget. Secretary Sebelius’ written testimony is [here](#).

House Small Business Committee

The HSBC [recently passed a package of seven bills](#) designed to ease regulatory burdens for small businesses, make the federal contracting process more efficient for small businesses, and improve small business development centers. Bills that passed the committee include:

- [H.R. 4093](#) (“Greater Opportunities for Small Business Act”) – Increases the prime and subcontract goals under the Small Business Act.
- [H.R. 4094](#) (“Contracting Data and Bundling Accountability Act”) – Directs the SBA Administrator to develop and implement a plan to improve the quality of data reported on bundled and consolidated contracts.
- [H.R. 2751](#) (“Commonsense Construction Contracting Act”) – Prohibits the use of reverse auctions for construction contracts.
- [H.R. 2882](#) (“Improving Opportunities for Service-Disabled Veteran-Owned Small Businesses”) – Directs the SBA to assume control of database of small businesses owned and controlled by disabled veterans from the Department of Veterans Affairs.
- [H.R. 776](#) (“Security in Bonding Act”) – Revises requirements for assets pledged by a surety by increasing the guarantee rate from 70 to 90%.
- [H.R. 2452](#) (“Women’s Procurement Program Equalization Act”) – Amends the federal procurement program to promote contracts for women-owned small businesses.
- [H.R. 4121](#) (“Small Business Development Centers Improvements Act”) – Provides for improvements to small business development centers.

The Senate

Senate Banking Committee

[Release of “Housing Finance Reform and Taxpayer Protection Act”](#) – The big news of the week is that over the weekend, SBC Committee Chairman Tim Johnson (D-SD) and Ranking Member Mike Crapo

(R-ID) released the text of their long-awaited GSE reform bill. The bill would, among other things, wind down and eventually eliminate Fannie Mae and Freddie Mac and create a Federal Mortgage Insurance Corporation (FMIC) modeled after the FDIC. A section-by-section summary of the bill is [here](#), the text of the legislation is [here](#), and a general overview of the bill is [here](#). [Click here](#) to read Venable's alert on the bill.

[Rescheduled Hearing for Federal Reserve Nominees](#) – Last week, SBC held a rescheduled hearing with several nominees to become members of the Federal Reserve Board: [Dr. Stanley Fischer](#) (also to be Vice-Chairman), [Jerome H. Powell](#), and [Lael Brainard](#). A link to a video of the hearing is [here](#). All of them are expected to be confirmed by the Senate.

[Hearing on Capital Regulations for Insurers](#) – SBC also held a hearing entitled "[Finding the Right Capital Regulations for Insurers](#)." Witnesses were:

Panel 1

- Honorable Susan Collins (R-ME), United States Senator

Panel 2

- [Michael W. Mahaffey](#), Chief of Risk Officer, Nationwide Insurance
- [Virginia M. Wilson](#), CFO, TIAA-CREF
- [H. Rodgin Cohen](#), Senior Chairman, Sullivan & Cromwell LLP
- [Aaron Klein](#), Director, Financial Regulatory Reform Initiative, Bipartisan Policy Center
- [Daniel Schwarcz](#), Associate Professor, University of Minnesota Law School

SBC also held hearings on [Superstorm Sandy recovery](#) and the [state of the middle class](#).

The Administration

Last week, the President [met with Ukraine Prime Minister Yatsenyuk](#) in the Oval Office to show solidarity with the leader of the beleaguered nation. On the domestic front, the President also announced a [proposal to increase overtime pay](#) for workers. The Office of Management and Budget (OMB) also issued three veto threats for [H.R. 4015](#) (repeals portions of the Affordable Care Act), [H.R. 4138](#) (limits executive power), and [H.R. 3973](#) (limits executive power).

Securities and Exchange Commission

SEC Launches Enforcement Cooperation Initiative for Municipal Issuers and Underwriters

The SEC's enforcement division announced a new cooperation initiative to encourage issuers and underwriters of municipal securities to self-report certain violations of the federal securities laws rather than wait for their violations to be detected. Under the [Municipalities Continuing Disclosure Cooperation \(MCDC\) Initiative](#), the Enforcement Division will recommend standardized, favorable settlement terms to municipal issuers and underwriters who self-report that they have made inaccurate statements in bond offerings about their prior compliance with continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934. The questionnaire for municipalities is [here](#).

Commodity Futures Trading Commission (CFTC)

CFTC Public Roundtable to Discuss Risk Management by Commodity Pool Operators – March 18

This Tuesday, March 18, from 9:30 a.m. to 3:00 p.m. the CFTC will hold a public roundtable [to discuss risk](#)

[management practices by Commodity Pool Operators](#). The roundtable will focus on the use of risk management procedures in the operation of various types of commodity pools, including registered investment companies, public commodity pools, private funds, and funds of funds. Discussion will include risk management controls relating to investment risk, operational risk, and compliance or regulatory risk. No formal agenda is available. The dial-in number is: U.S. Toll-Free Number 877-951-7311.

CFTC to Host Public Roundtable on End-Users – April 3

The CFTC announced that it will be holding a public roundtable on April 3 [to discuss issues concerning end-users and the Dodd-Frank Act](#). The roundtable will consist of three panels, discussing (i) the obligations of end-users under Reg 1.35 concerning recordkeeping for commodity interest and related cash or forward transactions; (ii) the appropriate regulatory treatment of forward contracts with embedded volumetric optionality; and (iii) the appropriate regulatory treatment for purposes of the \$25 million (special entity) *de minimis* threshold for swap dealing to government-owned electric utilities.

Weekly Swaps Report

Here is a link to the CFTC's [Weekly Swaps Report](#) for the week ending February 28, 2014. The weekly report provides a detailed view of the swaps marketplace, covering the interest rate and credit asset classes that comprise about 90% of the approximately \$400 trillion swaps market. The report includes: the gross notional outstanding value, the weekly transactions measured by dollar volume, and the weekly transactions measured by ticket volume.

Association for Corporate Growth (ACG)

InterGrowth 2014

Registration has opened for [InterGrowth 2014](#), which will be held April 28 – April 30, 2014 at the Aria Hotel in Las Vegas. To register online for InterGrowth click [here](#). [Click here](#) for the CEO panel participants and [here](#) for a list of capital providers who are attending.

2014 Policy Agenda

ACG released its [2014 policy agenda](#), which includes the organization's legislative and regulatory priorities. Top legislative priorities include H.R. 1105 (private equity fund registration under IAA), H.R. 2274 (M&A broker legislation), and protecting deductibility of interest on corporate debt in case of comprehensive tax reform. Top regulatory issues include broker-dealer issues for private equity funds, JOBS Act implementation, and improving the efficiency of SEC examinations.

Private Equity Growth Capital Council (PEGCC)

New "Private Equity at Work" Video

The PEGCC [released a new "Private Equity at Work" video](#) highlighting how Florida-based Emergency Communications Network (ECN) was able to grow and innovate thanks to a partnership with private equity firm The Riverside Company. The PEGCC launched Private Equity at Work in 2012 to educate the media, policy makers, and the public about the private equity industry and its positive contributions to the American economy.

Small Business Investor Alliance (SBIA)

Presents Congressman Cicilline (D-RI) With "Champion of Small Business Investing" Award

Last week the Small Business Investor Alliance [presented Congressman David N. Cicilline](#) with its "Champion of Small Business Investing."

U.S. Chamber of Commerce

FAR Agenda 2014

The U.S. Chamber of Commerce's Center for Capital Markets Competitiveness released its [Fix. Add. Replace \(FAR\) Agenda for 2014](#), outlining areas of concern that still need to be addressed from the 2010 Dodd-Frank Act. The document contains a very good overview of areas of industry concern regarding a broad range of issues relating to Dodd-Frank, including several relevant to private funds such as reforming the Financial Stability Oversight Counsel (FSOC) and the designation process, improving the Office of Financial Research (OFR), fixing the Volcker Rule, and ensuring agency coordination regarding the imposition of a fiduciary standard for advisers for individual retirement accounts.

8th Annual Capital Markets Summit – March 19

The U.S. Chamber of Commerce's [Center for Capital Markets Competitiveness](#) will hold its eighth annual Capital Markets Summit on Wednesday, March 19. The agenda for the Summit is [here](#), and to register for the Summit, click [here](#).

Miscellaneous

Report on PE Dry Powder

Bain & Co [released its fifth annual "Global Private Equity Report"](#) last week. The report found that private equity funds collectively have more than \$1 trillion in available dry powder to invest. The report states that this dry powder is likely to keep asset prices high and may result in an uptick in "pricey" deals in 2014.

Better Markets Financial Reform Newsletter

Financial reform group Better Markets [released its March 14, 2014 newsletter](#), with links to several news stories as well as Better Markets' recent media coverage. Issues include the CFTC budget, Better Markets' comment letter to the FSB assessing its Feasibility Study on Aggregate OTC derivatives trading and FDIC Vice Chairman Thomas M. Hoening.

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