

**The Regulatory Landscape Has Changed:  
Your Roadmap for Keeping Up**

**Henry M. Fields  
Morrison & Foerster LLP**

**2011 Annual Conference for Bank Presidents, Senior  
Officers and Directors  
Leading the Industry: Best Practices in Community Banking**

**February 26–March 2, 2011  
Grand Wailea, Maui, Hawaii**

# I. Financial Crisis Fallout

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- A. Criticism of Congress for lax regulatory structure
- B. Criticism of bank regulatory agencies and SEC for lack of vigilance  
(Why were you “asleep at the switch”?)
  - 1. Congressional hearings
  - 2. Material Loss Reviews: When FDIC incurs a loss of \$200 million or more from a bank failure, Inspector General of the appropriate federal banking agency reviews the agency’s supervision of the bank (including the implementation of Prompt Corrective Action) to ascertain the cause of the loss and make recommendations for preventing such loss in the future
- C. Criticism of bankers for lack of prudence—for failing to act in their own self interest

# I. Financial Crisis Fallout

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- D. Economic effects on banks of the financial crisis itself
  - 1. High levels of NPA's: particular concern over CRE loans:
    - a. Congressional Oversight Panel on Feb 4, 2011:  
<http://cop.senate.gov/hearings/library/hearing-020411-cre.cfm>
      - i. CRE values down 1/3 from their peak: witnesses say that we have bounced along the bottom for about a year
      - ii. \$350 billion of CRE debt maturities per year from 2011-2013
      - iii. Greatest CRE exposure among banks with \$1 to \$10 billion
      - iv. Recovery of CRE generally lags recovery of other sectors in a recession: CRE losses expected to continue well after the real estate downturn bottoms
      - v. Income-producing CRE loans continue to experience increased charge-off rates
      - vi. Regulators have enhanced supervision of banks with CRE concentrations

# I. Financial Crisis Fallout

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- vii. But regulators also see emergence of stabilizing trends:
  - a) At end of 2008, 2200 banks had CRE concentrations: most have weathered the storm. As of Q3 2010, just fewer than 1300 banks had CRE concentration
  - b) Economic turnaround helps reduce problems for lenders: prices have leveled off in several key markets
  - c) Decline in noncurrent CRE loan balances, particularly in construction and development loans: most have been resolved
  - d) Year-over-year improvements in bank earnings for five consecutive quarters

# I. Financial Crisis Fallout

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2. Capital depleted
3. Earnings adversely affected by high provisioning, lower level of interest earning assets, high workout expenses, etc.
4. Lower loan demand from credit-worthy borrowers
5. Tough competition from mega-banks (advantages of scale in mortgage; consumer products and in other business lines)
6. High level of bank failures: 300 since beginning of recession—most with less than \$1 billion. Fed director of Division of BSR points to high levels of construction and land development loans (particularly in residential sector) as dominant reason for bank failures since 2008

=> Silver lining: industry attracting new opportunistic capital

## II. Reactions to Crisis

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- A. Most extensive banking legislation since 1930's
- B. Extensive regulation and rulemaking
- C. **"Never Again"**: hardened (some would say defensive) attitude of bank regulatory agencies
- D. Explosion in informal/formal enforcement actions (no longer a last resort):
  1. FDIC: 1,263 in 2010, up 29% from 2009 (stronger focus on MOU's)
  2. Fed: 903 in 2010, up 37% from 2009
  3. OCC: 321 in 2010, down 16% (formal enforcements actions up, informal down): probably more aggressive earlier in the cycle
  4. Of 7,647 depository institutions, 2,724 are under an order (may overstate for those who migrated from informal to formal)
  5. Enforcement focuses on capital, risk management, strategic planning and asset issues (concentrations, NPA's) and the like and not so much on compliance (BSA, operations, etc.) as in the past

## III. Dodd-Frank Act

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### The Dodd-Frank Wall Street Reform & Consumer Protection Act: Provisions with most Impact on Community Banks

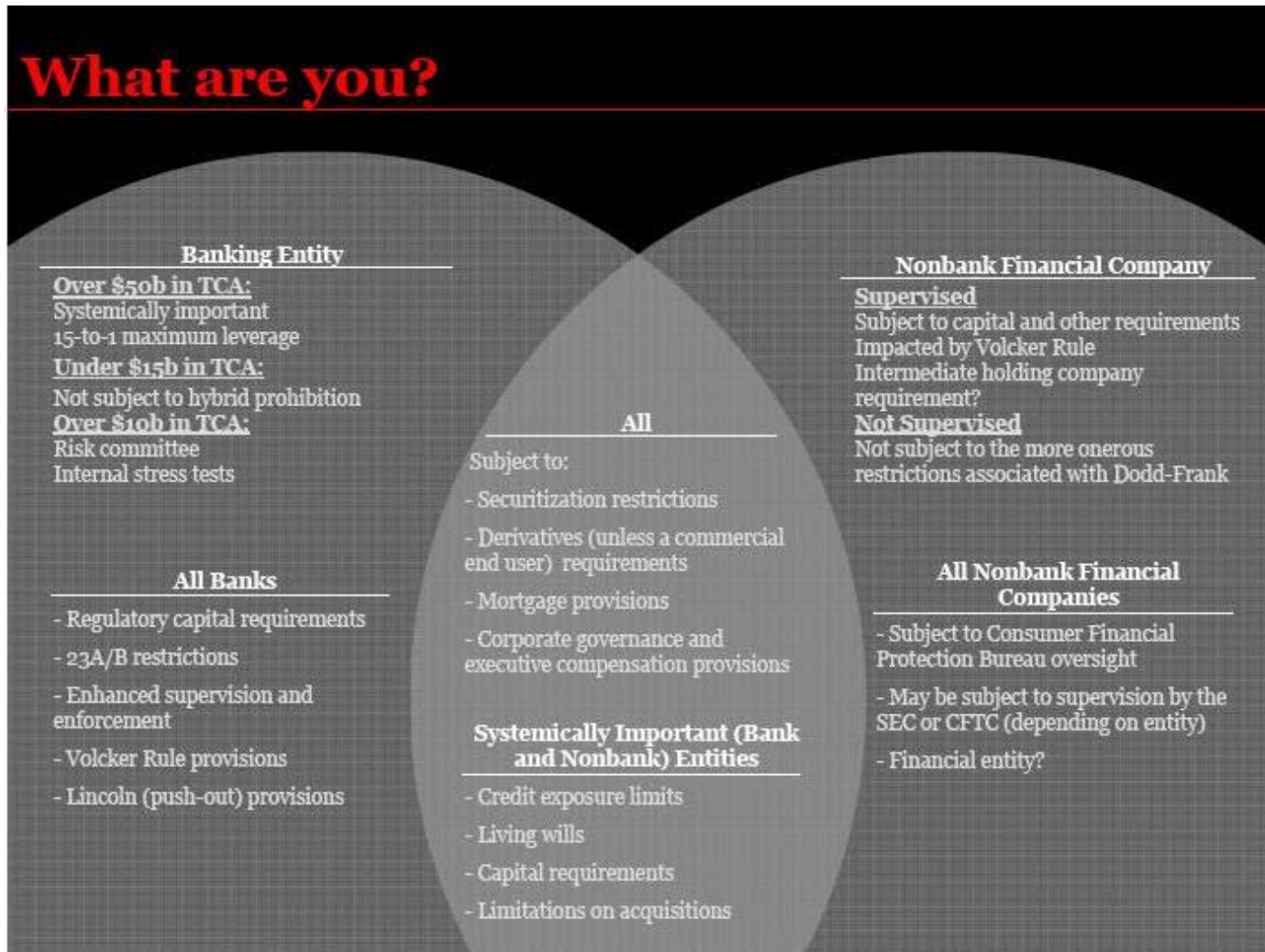
*“I wondered at times what the Ten Commandments would have looked like if Moses had run them through the U.S. Congress.”*

Ronald Reagan

Summary of Dodd-Frank may be found at:

<http://www.mofo.com/files/Uploads/Images/SummaryDoddFrankAct.pdf>

# III. Dodd-Frank Act



## III. Dodd-Frank Act

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### Provisions with Most Impact on Community Banks

- Capital Requirements
- Risk Committee
- Stress Test
- Interstate Branching
- Executive Compensation
- Deposit Insurance
- Interest on Demand Deposits
- Consumer Financial Protection
- Interchange Fees
- Appraisals and Evaluations
- Source of Strength
- Investor Protection

## A. More Stringent Capital Requirements

1. The FSOC will recommend to the Fed heightened prudential standards for risk-based capital, leverage, liquidity and contingent capital.
2. Fed will establish for BHC's and banks larger than \$50 billion prudential standards, including risk-based capital, leverage limits, liquidity requirements, requirements for a "living will," and concentration limits. These standards to include a contingent capital requirement (hybrid capital that converts to equity when bank fails to meet certain prudential standards), requirements for enhanced public disclosure, short-term debt limits, a risk committee requirement and a stress test requirement.
3. Countercyclical capital. Fed to provide for capital requirements that increase during economic upswings and decrease during economic contraction, consistent with safety and soundness, so as not to contribute to an exaggeration of these economic cycles. See BIS Consultative Document at <http://www.bis.org/publ/bcbs172.htm>

## Capital (cont'd)

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4. Section 171 of Dodd-Frank (the “Collins Amendment”) requires bank regulators, by January of 2012, to set minimum leverage and risk-based capital requirements as determined under the PCA regulations
  - a. Applies to banks, BHC’s and nonbank financial institutions supervised by Fed
  - b. Has the effect of excluding trust preferred securities (“TruPS”) from capital
    - i. Section 171 does not apply to “small bank holding companies” (assets of less than \$500 million and not engaged in significant nonbanking activities)
    - ii. Capital deductions for TruPS issued before May 19, 2010 will be phased in for over three years beginning January 2013 (except for BHC’s with less than \$15 billion)
    - iii. Bottom line: newly issued TruPS not available for any BHC’s except for “small bank holding companies.” Doubtful, as a practical matter, that TruPS will be available as capital for any BHC going forward

## Capital (cont'd)

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- c. TARP continues to count as Tier 1 capital
- d. Supplemental capital to be considered for activities that pose risks to the financial system (*e.g.*, derivatives, trading, etc.)
- e. GAO reports to Congress on the following subjects:
  - i. Access to capital for smaller depository institutions (\$5 billion or less). Report due January 2012
  - ii. Use of hybrid capital instruments (*e.g.*, TruPS) as components of Tier 1 capital. Study to consider availability of capital for banks with less than \$10 billion. Report due January 2012
  - iii. Use of contingent capital, including effect on safety and soundness. Report due July 2012
- f. New capital requirements will be considered in light of Basel III (see next slides)

## Capital (cont'd)—Basel III

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The Proposed **Basel III** Framework.

See <http://www.mofo.com/resources/regulatory-reform/#base1>

Highlights:

- **Minimum common equity** required will be set at 4.5% of risk-weighted assets.
- **Minimum Tier 1 capital** requirement will be set at 6%.
- **Minimum common equity** requirement will be set at 4.5% of risk-weighted assets.
- **Minimum total capital requirement** will be set at 8%.
- For each category, there will be a 2.5% **conservation buffer**. The capital conservation buffer must be met with equity. If an institution “uses up” the conservation buffer and approaches the specified minimums, it will become subject to progressively more stringent constraints on dividends and on executive compensation.

## Capital (cont'd)—Basel III

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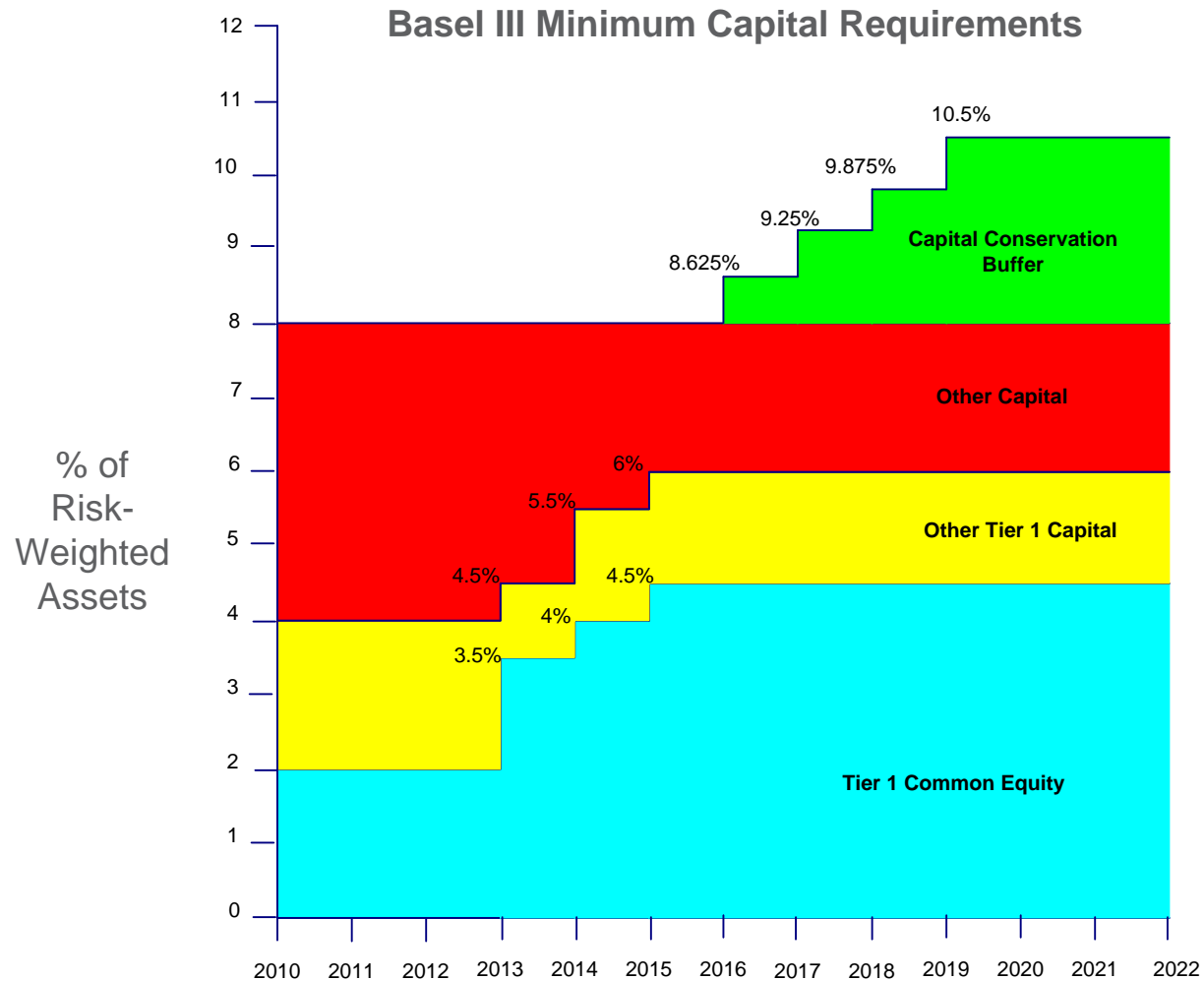
- Minimums will be phased in between January 2013 and January 2015, and the conservation buffer will be phased in from January 2016 to December 2018.
- A **countercyclical buffer** also could be imposed by countries in order to address economies that are building excessive risks as a result of experiencing rapid economic growth.
- In addition to raising the capital requirements, the Basel III framework imposes more stringent criteria in order for instruments to classify as common equity and to count as Tier 1 capital. Instruments that no longer will qualify as common equity will be excluded beginning in January 2013.
- In addition to these more stringent criteria, the Basel III framework also requires that banks take certain deductions from common equity. Deductions from capital will be required for (among other things) minority interests in non-bank subsidiaries, unrealized losses, goodwill and other intangibles, gains and losses due to the bank's own credit risk, any provision shortfall. The required deductions will be phased in beginning in January 2014.

## Capital (cont'd)—Basel III

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- There will be higher capital requirements for certain trading, derivatives and securitization activities. These will be introduced at the end of 2011.
- There will be a leverage ratio. The current proposal is for a non-risk based Tier 1 leverage limit of 3%.
- A **liquidity coverage ratio** will be introduced in 2015 and the **net stable funding ratio** will be applied starting in 2018.
- There are a number of elements of the Basel III framework that are still being discussed and considered.
- See Morrison & Foerster Client Alert at <http://www.mofo.com/files/Uploads/Images/101223-Basel-III-The-Nearly-Full-Picture.pdf>

# Capital (cont'd)—Basel III



# Risk Committees

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## B. Risk Committees

1. Fed to require each publicly traded BHC with assets of \$10 billion or more to establish a risk committee
2. Fed may require smaller publicly traded BHC's to establish a risk committee
3. A risk committee is a board level committee that:
  - a. is responsible for the oversight of enterprise-wide risk management;
  - b. includes such number of independent directors as the Fed requires; and
  - c. includes at least one risk management expert with experience in identifying, assessing and managing risk exposures of large, complex firms.

# Stress Tests

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## C. Stress Tests

1. Financial institutions with assets of greater than \$10 billion are required to conduct annual stress tests and report the results to the Fed and their primary bank regulator
2. The bank regulatory agencies are required to issue regulations establishing methodologies for the conduct of stress tests

# Interstate Branching

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## D. Interstate Branching

1. Helpful to community banks on state borders
2. Will accelerate proliferation of interstate *de novo* branching and branch acquisitions
3. May make community banks less attractive as acquisition targets for in-state entry

# Executive Compensation

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## E. Executive Compensation

1. June 10, 2010 Interagency guidance on incentive compensation.  
See Morrison & Foerster Client Alert at <http://www.mofo.com/files/Uploads/Images/110131-SEC-Adopts-Say-on-Pay-Rules.pdf>
2. Bank regulators issue proposal on February 7, 2011 pursuant to Section 956 of Dodd-Frank
  - a. Banks with \$1 billion or more (“covered banks”) must disclose to their primary federal bank regulator the nature of their incentive-based compensation arrangements to “covered persons” (executive officers, other employees, directors or principal shareholders) to permit regulators to determine whether the compensation structure provides excessive compensation or could lead to a material loss

## Executive Compensation (cont'd)

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- b. Covered banks must adopt policies and procedures setting forth corporate governance guidelines for developing, monitoring and evaluating their incentive compensation arrangements.
- c. Covered banks are prohibited from maintaining any incentive-based compensation arrangement that encourages a covered person to expose the bank to inappropriate risks that could lead to a material financial loss.
- d. Comments requested on what is “incentive-based compensation”

## Executive Compensation (cont'd)

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- e. Banks with \$50 billion or more subject to specific prohibitions:
  - i. Senior officers and heads of material business lines must defer at least 50% of incentive awards for a period of at least three years.
  - ii. During deferral period, award must be adjusted to reflect actual losses or other measures of performance that become better known during the deferral period.
  - iii. Board must identify those covered person other than executive officers that can expose the bank to substantial losses (e.g., traders) and approve compensation arrangements for them, balancing risk and financial rewards.
- f. Whether or not a bank is a covered bank, regulators likely to focus on incentive-based compensation in assessing corporate governance and safety and soundness. Will require all banks to deal with incentive-based compensation arrangements.

# Deposit Insurance

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## F. Deposit Insurance

1. \$250,000 limit made permanent
2. FDIC Insurance of non-interest bearing transaction accounts through December 31, 2012
3. Broader FDIC deposit insurance assessment base. See Morrison & Foerster alert at [www.mofo.com/files/Uploads/Images/110210-FDIC-Approves-Final-Rule-of-Assessments.pdf](http://www.mofo.com/files/Uploads/Images/110210-FDIC-Approves-Final-Rule-of-Assessments.pdf)
  - a. Assessment base will capture nondeposit liabilities by imposing assessment on excess of assets over Tier 1 capital
  - b. FDIC expects most healthy banks will pay 5% less in assessments under the new regime
  - c. Will larger banks shift away from debt financing and enhance their deposit funding, pushing deposit rates higher?

# Interest on Demand Deposits

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## G. Interest on Demand Deposits

1. Repeal of prohibition of payment of interest on demand deposits effective July 21, 2011
2. Largest effect on business demand accounts. Will increase cost of funds as banks forced to pay interest on demand deposits of business entities to retain these customers.
3. Will this affect your arrangements with title companies and escrow companies? What about sweep arrangements?

# Consumer Financial Protection

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## H. Consumer Financial Protection

- See Consumer Financial Protection User Guide at <http://www.mofo.com/files/Uploads/Images/101111-Dodd-Frank-Consumer-Financial-Protection.pdf>
  1. Consumer Financial Protection Bureau (“CFPB”) will have authority to examine banks with assets over \$10 billion and enforce consumer financial regulations against them.
  2. Banks with assets of \$10 billion or less will be examined for consumer financial compliance by their normal bank regulators but will be subject to the CFPB’s rules.
  3. CFPB will have rulemaking authority for all federal consumer financial laws such as Truth in Lending, Truth in Savings, RESPA, etc.

# Consumer Financial Protection (cont'd)

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4. CFPB also will have the authority to issue regulations to prohibit acts and practices in connection with consumer financial products and services that are unfair, deceptive or abusive. This will provide the CFPB with the power to make unlawful a wide range of bank practices.
5. Significant regulation of residential mortgage lending and other kinds of consumer lending. See Dodd Frank “User Guides” and other materials at <http://www.mofo.com/resources/regulatory-reform/>
6. Federal preemption of state consumer financial protection laws for national banks and federal thrifts has been severely weakened in various respects. Federal preemption rights of operating subsidiaries of national banks and federal thrifts have been eliminated. The new rules for federal preemption and the perceived abuses of the past several years may encourage states to adopt more stringent consumer financial protection laws that apply to all banks. State attorneys general have been given authority to bring actions against national banks and federal thrifts to enforce the regulations of the new CFPB. Note that state attorneys general have already become more aggressive in the consumer financial protection area.

# Interchange Fees

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- I. Interchange Fees. Dodd-Frank, pursuant to Durbin Amendment, authorizes Fed to prescribe rules to set reasonable interchange fees for debit cards proportional to the cost of the service.
  1. Not a simple task. See Morrison & Foerster comment letter at [http://www.federalreserve.gov/newsevents/files/morrison\\_and\\_foerster\\_comment\\_letter\\_20101105.pdf](http://www.federalreserve.gov/newsevents/files/morrison_and_foerster_comment_letter_20101105.pdf)
  2. On December 16, 2010, the Fed proposed two approaches for setting interchange fees. The first approach would allow interchange fees based on each issuer's costs, with a safe harbor (initially set at 7 cents per transaction) and a cap (initially set at 12 cents per transaction). The second approach would establish a stand-alone cap, initially set at 12 cents per transaction. The industry has had a very negative response to this proposal.
  3. Debit cards issued by banks under \$10 billion are exempt, as are prepaid reloadable cards, which may make these products more profitable than debit cards of larger banks.
  4. However, no requirement that networks maintain the same rates for small and large issuers.
  5. Competition may force fees down in any event.

# Appraisals and Evaluations

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## J. Appraisal and Evaluation Guidelines

1. Section 1471-1476 of Dodd Frank made significant changes to the federal regulatory framework for appraisals and evaluation of real property.
2. On December 23, 2010, the federal banking agencies issued Appraisal and Evaluation Guidelines, which supersede the 1994 Appraisal and Evaluation Guidelines. While the Guidelines take Dodd Frank into consideration, there is likely to be more Dodd Frank regulation in this area. See Morrison & Foerster analysis at [www.mofo.com/files/Uploads/Images/101216-Final-Interagency.pdf](http://www.mofo.com/files/Uploads/Images/101216-Final-Interagency.pdf).
3. The Federal Reserve has issued an interim final rule to implement the appraisal independence provisions of Dodd-Frank for consumer credit transactions secured by principal dwellings. The rule becomes effective 4/1/2011. Morrison & Foerster's summary of the rule is at <http://www.mofo.com/files/Uploads/Images/101101-Interim-Final-Rule-on-Real-Estate-Appraisals.pdf>

# Source of Strength

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## K. Source of Strength

1. Statutory basis for “source of strength” doctrine
2. Codifies Fed doctrine that holding company must be source of financial strength to distressed bank subsidiary

# Investor Protection

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## L. Investor Protection

Dodd-Frank made major changes to federal securities laws to enhance investor protection. Here are some specific changes:

1. Securities whistleblower incentives and protection. Dodd-Frank provides significant bounties to whistleblowers whose information leads to SEC enforcement actions. See Morrison & Foerster Client Alert at <http://www.mofo.com/files/Uploads/Images/101104-Dodd-Frank-Whistleblower.pdf>
2. Changes to SEC disclosure and substantive rules with respect to executive compensation for publicly traded banks. See Morrison & Foerster Client Alert at <http://www.mofo.com/files/Uploads/Images/100721CorpGov.pdf>

## Investor Protection (cont'd)

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3. SEC “Say-on-Pay” and “Say on Golden Parachutes” rules for publicly traded banks. See Morrison & Foerster Client Alert at <http://www.mofo.com/files/Uploads/Images/110131-SEC-Adopts-Say-on-Pay-Rules.pdf>
4. Corporate governance.
  - a. Proxy access permitting shareholder to use the company’s proxy solicitation materials to nominate director candidates
  - b. Companies required to disclose why have separated or combined the positions of Chair and CEO.
5. Accredited Investor definition: \$1 million net worth requirement will now exclude value of home (net of mortgage). Will this make it more difficult for community banks to raise capital through their holding companies?

## IV. Regulatory Developments that Impact Community Banks

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- A. Capital levels commensurate with degree of risk in portfolio: most enforcement actions require increased capital: minimum 10% Tier 1 leverage ratio for banks with higher levels of NPA's; banks no longer deemed well capitalized if they meet "well capitalized" PCA standards (*NB*: publicly traded banks: check your disclosure on this)
- B. Higher expectations of regulators on risk management, based on risk management standards applied to larger institutions, which are likely to become "best practices." For example:
  - 1. Board level risk committee
  - 2. Stress tests. For a description of the Supervisory Capital Assessment Program ("SCAP"), see Board of Governors, "The Supervisory Capital Assessment Program: Design and Implementation" (April 24, 2009), <http://www.federalreserve.gov/bankinfo/bcreg20090424a1.pdf>

## IV. Regulatory Developments that Impact Community Banks

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- C. Tougher attitude on asset valuations, impairment accounting
- D. Skeptical attitude of regulators towards management (including directors) that were in charge during periods of increased lending into bubble: senior officers and directors not presumed to be capable: they need to prove themselves
- E. Lack of tolerance for concentrations—particularly CRE: will community banks be pushed towards a new banking model?
- F. Expect heavy regulation in all areas of consumer lending, including residential mortgage lending, and possibly more aggressive state laws (and state law enforcement) addressing consumer financial protection. Expect aggressive class action litigation arising from alleged noncompliance with consumer financial protection laws

## IV. Regulatory Developments that Impact Community Banks

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- G. Increased focus on interest rate risk management as rates appear poised to rise. See [http://www.mofo.com/docs/pdf/Summary\\_of\\_FFIEC\\_Interest\\_Rate\\_Risk\\_Advisory.pdf](http://www.mofo.com/docs/pdf/Summary_of_FFIEC_Interest_Rate_Risk_Advisory.pdf)
- H. Higher compliance costs generally
- I. Increased attention on CRA requirements
- J. Presumption/prohibition against mergers/acquisitions for banks without satisfactory ratings

## V. How to Navigate in this Environment?

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- A. Operate with higher capital levels: build capital model from stress tests
- B. Invest in your regulatory relationship: understand pressures under which your regulators operate—and restore relationship of mutual confidence and trust
- C. Self-assessment and strategic planning: SWOT (or some other self-assessment ) followed by written strategic plan. What will your bank look like at the other end of the tunnel, without heavy CRE concentrations?

## V. How to Navigate in this Environment

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- D. Enhance corporate governance
  1. More demands on compensation committee
  2. Enhance enterprise-side risk management. Board level risk committee?
  3. More training and education of Board to respond to new regulatory and compliance demands
- E. Enhance compliance, especially in residential mortgage lending and with respect to other consumer financial products. Risk of enforcement and private litigation will be significant

## V. How to Navigate in this Environment

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- F. To address new “whistleblower” provisions applicable to public companies (See Morrison & Foerster Client Alert at <http://www.mofo.com/files/Uploads/Images/101104-Dodd-Frank-Whistleblower.pdf>):
1. Re-emphasize culture of compliance
  2. Hotlines. Examine hotline procedures to ensure the employee concerns are adequately addressed
  3. Renewed management training, especially senior management, including on recognition of whistleblower complaints, procedures for responding and non-retaliation
  4. Regular compliance audits and risk assessments.
- G. What do you recommend?

# Morrison & Foerster

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We are Morrison & Foerster — a global firm of exceptional credentials. Our clients include some of the largest financial institutions, investment banks, Fortune 100, technology and life science companies. We've been included on *The American Lawyer's* A-List for seven straight years, and *Fortune* named us one of the "100 Best Companies to Work For." Our lawyers are committed to achieving innovative and business-minded results for our clients, while preserving the differences that make us stronger.

## Regulatory Reform News and Resources

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- A. Dodd-Frank Act Wall Street Reform and Consumer Protection Act  
(printer-friendly version)  
A Short Summary of the Dodd-Frank Act  
Dodd-Frank Act Milestones
- B. Dodd-Frank Act User Guides
  - i. Federal Preemption User Guide
  - ii. Residential Mortgage User Guide
  - iii. Mortgage Servicing User Guide
  - iv. Consumer Financial Protection User Guide
- C. Summaries of Legislation
  - i. Summary of FFIEC Interest Rate Risk Advisory
  - ii. FDIC and BOE Memorandum of Understanding
  - iii. Designation and Status under Dodd-Frank (a summary)

## Regulatory Reform News and Resources

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### D. Summaries

- i. The Dodd-Frank Act Summary
- ii. Financial Stability Reform
- iii. Agencies and Agency Oversight Reform
- iv. Securitization Reform
- v. Derivatives Regulation
- vi. Investor Protection Reform
- vii. Credit Rating Agency Reform
- viii. Volcker Rule Provisions
- ix. Compensation and Corporate Governance Reform
- x. Capital Requirements
- xi. Restrictions on Affiliate Transactions (23 A/B)
- xii. Basel III

# Financial Institutions and Financial Services — Strength Across the Board

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*The consistent quality and efficacy of our work in the financial institutions and financial services sector has been well recognized by rankings and directories.*

Morrison & Foerster has one of the largest and most well-regarded banking and finance practices in the world. Our knowledge of the regulatory and business environment, practice before the regulatory agencies, and regular interaction with Congressional staff all combine to enhance our clients' ability to execute their business goals effectively.

Morrison & Foerster is one of the leading firms for advising domestic and foreign banks, insurance companies, investment banks, investment management companies and investment advisers, and other financial institutions on regulatory and litigation matters, as well as transactional matters.

Our bank regulatory and financial services practice is one of the most active in the U.S. and provides a broad array of advice in the areas of privacy, money laundering, consumer financial services, commercial and retail banking, and regulatory capital issues.

We are one of the few firms in the United States with particular expertise in financial services, as well as outstanding capabilities in capital markets, debt trading, derivatives, financial product structuring, and restructuring.

Our finance group handles a range of secured and unsecured financing transactions, including asset-based lending, syndicated lending, secondary debt trading, equipment leasing, vendor financing, and securitizations. Our insurance group counsels some of the largest U.S. and international insurance and reinsurance companies in connection with capital markets, mergers, acquisitions, litigation, regulatory, derivatives, and other matters.

We represent banks and other financial services clients throughout the United States in both federal and state court matters. Our lawyers have been at the forefront of consumer class action litigation in the financial services industry, successfully representing banks and other financial services companies in numerous suits involving deposit and checking accounts, credit cards, real estate, mortgage transactions, consumer loans, loan-related fees, mortgage insurance, auto loans, ADR clauses, and other consumer relationships.

# Financial Institutions M+A

One of the cornerstones of our banking and finance practice is our preeminent M+A practice. We are recognized both for our technical acumen as well as our financial institutions industry expertise. The depth and breadth of our practice reflects the dynamic nature of our clients, which include Fortune 500 companies, private equity sponsors, investment banks and privately-held companies.

Our M+A lawyers work as an integrated team with experts in key areas. Our M+A practice is consistently recognized for its leading practitioners, and we are a highly recommended law firm for global M+A advice. We are a regular presence on the “league tables” for top legal M+A Advisors.

The consistent quality and efficacy of our work in the financial institutions and financial services sector have been well recognized by rankings and directories. The *PLC Which lawyer?* Global 50 portrait states, “MoFo is renowned for its excellent bank regulatory practice, advising a number of the world's largest financial institutions.” When it comes to financial institutions and financial services work, the fundamental point about us is our strength across the board. We believe that our industry knowledge (which is broadly disseminated across a number of the key practices within the firm) and our superb regulatory capabilities combined with our transactional expertise differentiate us from a number of our key competitors.

Working with financial institutions throughout Asia, Europe, and the Americas, Morrison & Foerster represents international banks in establishing, conducting and expanding their U.S. businesses, including counseling foreign banks in connection with their M+A activities in acquiring both U.S. banks and nonbank companies, providing guidance regarding compliance and the regulatory environment, with a sensitivity to understanding cross-cultural differences in regulatory and business environments.

Our attorneys have successfully represented clients in virtually all segments of the financial institutions sector, including:

- |                               |                                  |                                       |
|-------------------------------|----------------------------------|---------------------------------------|
| A. Depository institutions    | A. Asset management              | A. Banking services                   |
| B. Consumer finance companies | B. Insurance                     | B. Diversified financial institutions |
| C. Specialty finance          | C. Government sponsored entities | C. Financial services products        |
| D. Securities firms           |                                  |                                       |

# Financial Services: Rankings

“The lawyers are flexible, fast and great at giving you the business context along with the legal advice.”

“Knows the regulations inside-out, resulting in incredibly efficient advice.”

## *Chambers USA 2010*

“Regarded as one of the US’ innovative finance teams, Morrison & Foerster has a comprehensive banking and finance practice...MoFo is renowned for its excellent bank regulatory practice, advising a number of the world’s largest financial institutions.”

## *PLC Which lawyer? Global 50 2009*

“a strong financial platform to complement its success in capital markets work...”

## *IFLR1000 2009*

## **Chambers USA 2010**

### **Financial Services Regulation**

#### **Consumer Finance Compliance (Band 1)**

##### *Star Individual*

L. Richard Fischer

##### *Leading Individuals*

Oliver Ireland

Joan Warrington

#### **Regulation Banking Compliance (Band 3)**

##### *Leading Individuals*

Henry M. Fields

Oliver Ireland

Barbara Mendelson

Joseph Gabai

## **IFLR1000 2010**

### **Recommended**

Financial Services Regulatory

### **Leading Individuals**

Henry Fields

L. Richard Fischer

Barbara Mendelson

## **PLC Which lawyer?**

### **Highly Recommended**

Banking & Finance, San Francisco and Silicon Valley

### **Recommended Individual**

Roland Brandel, Banking and Finance

## **Best Lawyers in America**

### **Banking**

Roland Brandel (Banking Operations, Consumer Finance, Electronic Banking, Finance, Outsourcing)

Henry Fields (Finance, International Business Transactions, Mergers and Acquisitions, Private Equity, Regulatory)

L. Richard Fischer (Credit and Debit Card)

Joseph Gabai (Consumer Finance, Finance, Mortgage, Regulatory)

Oliver Ireland (Regulatory)

Barbara Mendelson (Banking Regulatory, Derivatives, Finance, Mergers and Acquisitions, Regulatory)