

Elizabeth Taylor

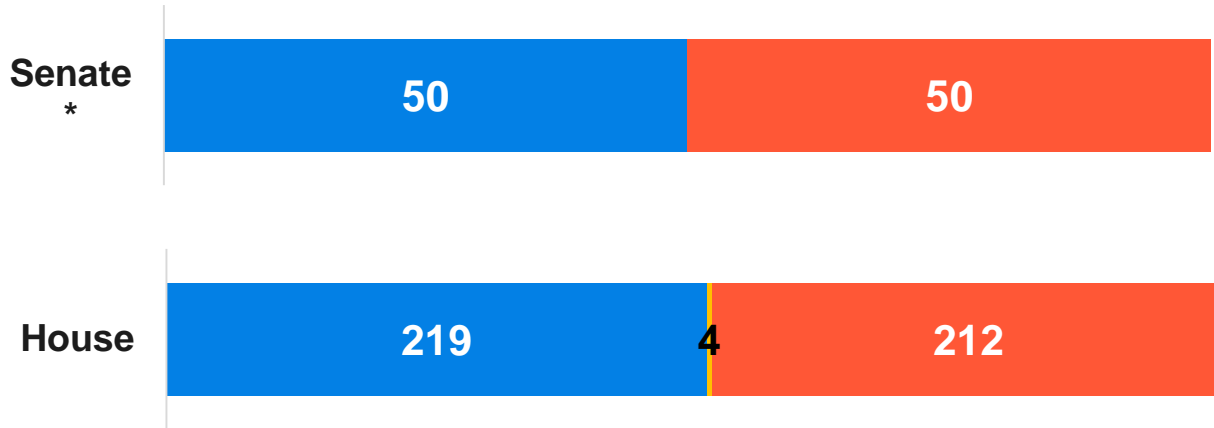
Head of Government Affairs & Assistant General Counsel



Roadmap

- Election Outcomes
- Top Priorities
- Challenges
- Sector Policy Outlook
- Committee Leadership
- Key Appointments
- Other Issues

2020 Congressional Election Results



*Independent Senators Sanders (I-VT) and King (I-ME) caucus with the Democrats

House Race Dynamics



Pelosi can only lose 3-4 votes before losing a majority over the coming months and special elections complicate matters

Special Elections

- › May 1 – TX-6 – Runoff date TBD
- › May 16 – Rep. Stivers resigns; special election TBD

Pelosi has three seats to spare

- › June 1 – NM-1 – Likely D

Pelosi has four seats to spare if they win NM

- › TX-6 runoff?

Pelosi has three seats to spare

- › Nov. 2 - OH-11 – Likely D
- › TBD - FL-26 – Likely D

Pandemic Response

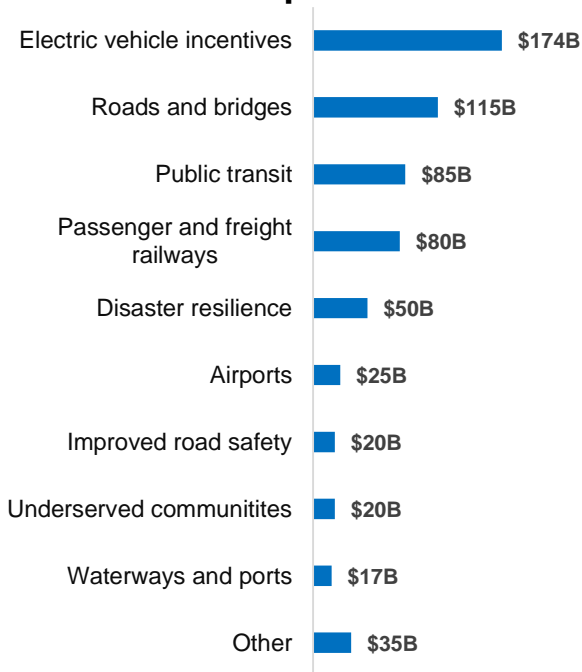
- › Phase 1 - \$7.7 Billion (March 2020)
- › Phase 2 - \$192 Billion (March 2020)
- › Phase 3 - \$1.8 Trillion (March 2020)
- › Phase 3.5 - \$484 Billion (April 2020)
- › Phase 4 - \$900 Billion (Dec. 2020)
- › Phase 5 - \$1.9 Trillion - American Rescue Plan (March 2021)
 - › **Total: \$5.3 Trillion**
- › American Jobs Act - \$2.3 Trillion
- › American Families Plan - \$1.8 Trillion
- › If both infrastructure bills are passed, total stimulus spending for 2021 will be 30% of GDP (\$6T).



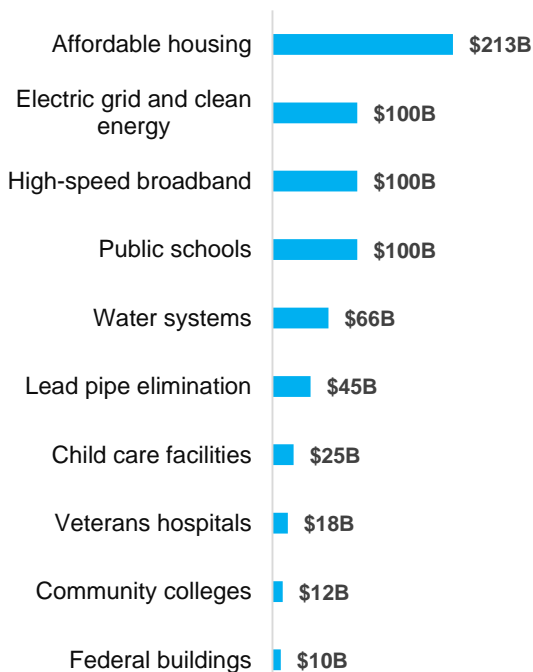
American Jobs Plan: \$2.3 Trillion Proposal

On March 31st, President Biden released his \$2.3 trillion American Jobs Plan, a proposal to restore and upgrade US infrastructure, and his Made in America Tax Plan, a proposal to overhaul the corporate tax code and fully fund the American Jobs Plan within 15 years. The American Jobs Plan focuses on the following spending priorities:

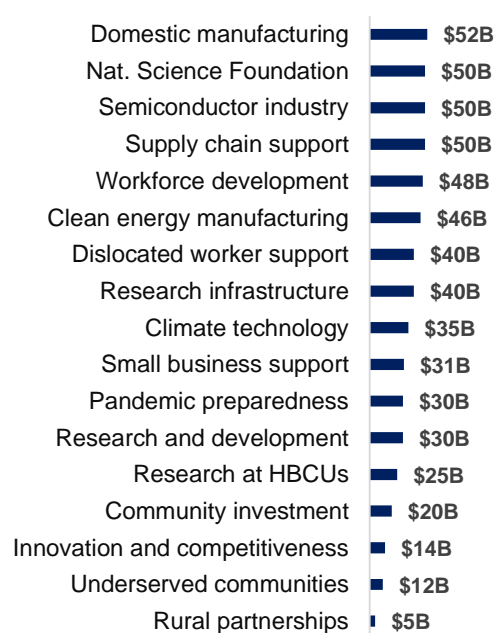
Transportation



Buildings and Utilities



Jobs and innovation



Key revenue provisions in President Biden's Made in America Tax Plan



Raising corporate tax rate to 28%



Raising taxes on US firms' foreign income



Altering taxes on foreign corporations



Discouraging US firms from claiming residence in other countries



Discouraging job offshoring



Removing deduction on foreign-derived intangible income (FDII)



Instituting minimum tax of 15% on corporate book income

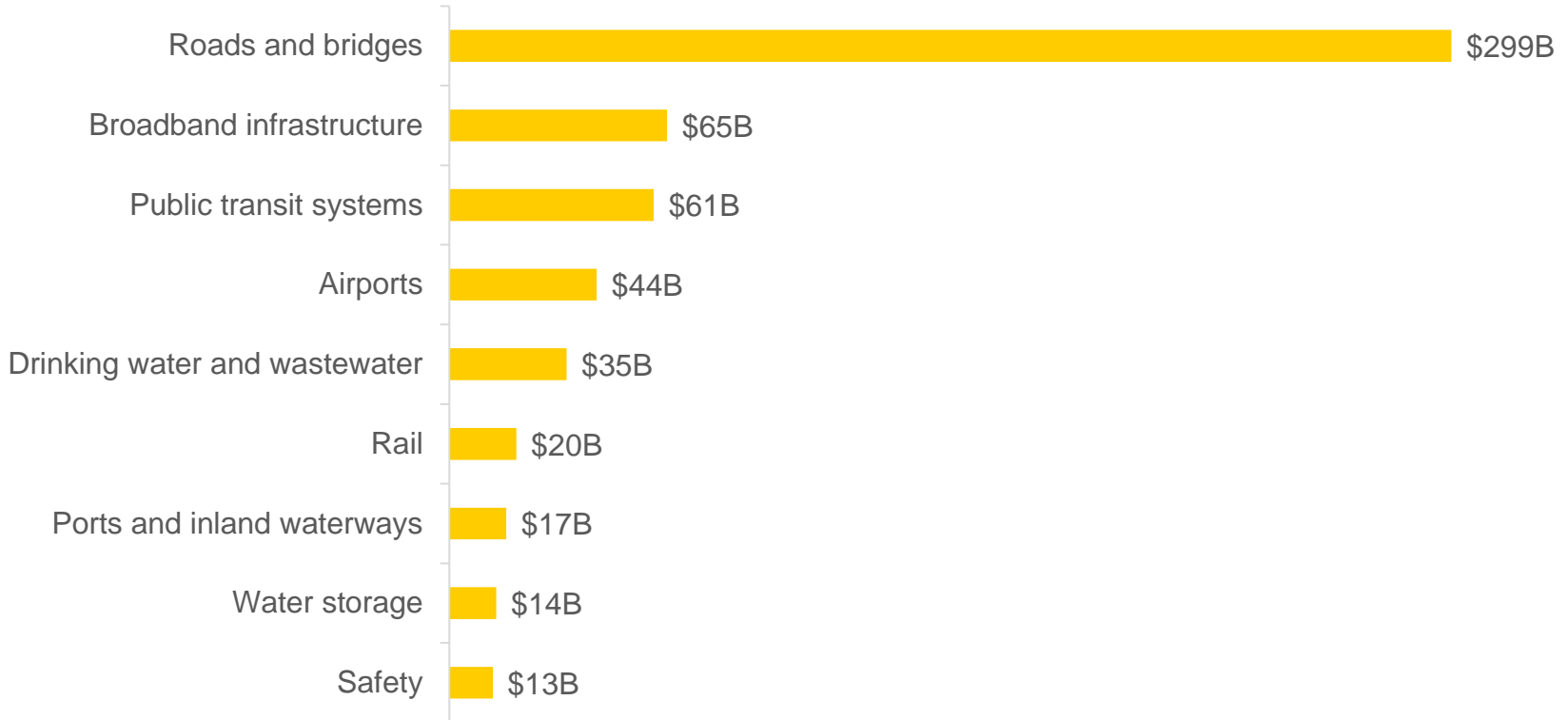


Removing fossil fuel tax preferences



Increasing corporate enforcement

Republicans' \$568B Infrastructure Counterproposal



Potential Roadblocks to a President's Agenda



Filibuster

- In the Senate, most legislation requires **60 votes** to advance to a final yes/no vote
- Limited legislation can be passed with a simple majority vote, via “**reconciliation**”
- The majority party could **abolish the filibuster** by a simple majority vote on a rule change



Intra-party divisions

- The **majority's margin is slim** in the Senate
- **Centrist factions** will hold outsized influence over legislation: conservative Democrats and liberal Republicans
- Reforms supported by only one party will be difficult to pass if not moderated



Court challenges

- Many regulations issued by the Trump administration have been **stalled in court**
- Any administration is likely to see most executive actions challenged in court, which could **delay any quick attempts at reform**

American Families Plan



› Policy Spending Changes

- › Tax Cuts (EITC, CTC, CDCTC)* - \$600B
- › Child Care - \$225B
- › Paid Leave - \$225B
- › Universal Pre-K - \$200B
- › ACA Premium Reductions \$200B
- › Other Education Initiatives \$117B
- › Free Community College \$109B
- › Pell Grants \$85B
- › Nutrition \$45B

› **Total \$1,806**

Proposed Individual Tax Changes

- Top income rate from 37% to 39.6%
- Tax capital gains + divis > \$1M as wage income
- End stepped-up basis for gains >\$1M
- IRS enforcement
- End 1031s for gains >\$500k
- Permanently extend excess business loss limitation
- End carried interest treatment
- Broaden applicability of 3.8% Medicare tax

Total: \$1.5T+ over 10 years

Outlook For the Finance Sector



Pres. House Sen.

Political Impacts

Policy Impacts

D	D	D	<p>Many Trump-era reforms could be reversed, but unless Democrats abolish the filibuster, major reforms would be limited by centrist Democrats in the Senate. Some initiatives possible through “reconciliation.”</p>	<p>Increased regulation and oversight; Possible backsliding of tailoring rules; Increases in capital gains and corporate tax rates likely; Increased government spending; Reorientation of ESG and D&I targets and mandates.</p>
---	---	---	---	--

Overall policy priorities

- Protecting consumer rights
- Expanding access to credit
- Stronger enforcement of fair lending laws
- Diversity, equity and inclusion targets and reporting obligations
- Tightening regulation and supervision of large banks
- Re-empowering the FSOC
- Increased scrutiny of CARES Act programs
- Banning mandatory arbitration
- Likely antitrust investigations

Key industry impacts

- Investigations into consumer banking
- Limitations on risk-based pricing
- Investments in energy sector majorly impacted by climate legislation and regulatory initiatives
- Increased capital requirements
- Corporate governance reforms
- More ESG initiatives and mandates
- Increased scrutiny of foreign investments/tax structures
- Trade policy that is more cooperative and less combative
- Increased government borrowing increasing risk of rising inflation

Key Committees



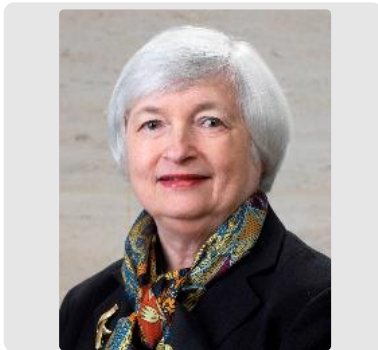
House of Representatives	Senate
Financial Services	Banking, Housing, and Urban Development
Ways and Means	Finance
Budget	Budget
Small Business	Small Business
Education and Labor	Health, Education, Labor and Pensions
Judiciary	Judiciary
Oversight and Reform	
Select Committee on Climate Crisis	
Select Committee on Economic Disparity and Fairness in Growth	

Regulatory Agency Leadership



Entity	Position	Personnel	Term Ends
FDIC	Chairman	Jelena McWilliams	6/23 (Chair)
	Vice Chairman	Vacant	n/a
	Director (Internal)	Marty Gruenburg	n/a
	Director (OCC)	Acting	TBD
	Director (CFPB)	Acting	Nominee: Rohit Chopra
Federal Reserve	Chairman	Jerome Powell	2/22 (Chair); 1/28 (Board)
	Vice Chair	Richard Clarida	9/22 (VC); 1/22 (Board)
	Vice Chair Supervision	Randy Quarles	10/21 (VC); 1/32 (Board)
	Board	Michelle Bowman	1/34
	Board	Lael Brainard	1/26
	Board	Christopher Waller	2/30
	Board	Vacant	1/30
OCC	Comptroller	Acting	TBD
CFPB	Director	Acting	TBD
FHFA	Director	Mark Calabria	4/24
SEC	Chairman	Gary Gensler	2026
	Commissioner	Allison Herren Lee	1/22
	Commissioner	Elad Roisman	1/23
	Commissioner	Caroline Crenshaw	1/24
	Commissioner	Hester Peirce	1/25

Secretary of Treasury Janet Yellen Profile



BIOGRAPHY

**CHAIR, FEDERAL RESERVE BOARD OF GOVERNORS
2014-2018**

**VICE CHAIR, FEDERAL RESERVE BOARD OF GOVERNORS
2010-2013**

**DATE OF BIRTH
08/13/46 (Age: 74)**

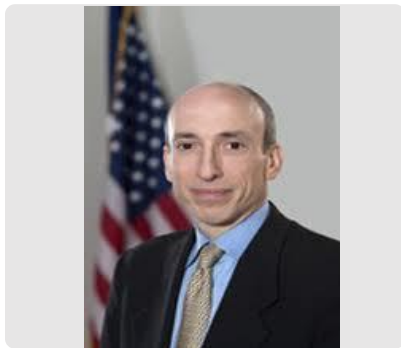
**EDUCATION
Brown U., BA, 1967
Yale U., PhD Economics, 1971**

BIOGRAPHY

Respected economist known for bringing economic success to organizations under her leadership; Led both the Council on Economic Advisors and the Federal Reserve is set to lead the Treasury in the Biden administration

- In her early Career, Yellen lectured at Harvard, the London School of Economics, and University of California Berkeley; she also served briefly as a researcher at the Fed's board of governors
- Yellen and her husband, George Akerlof, were key in developing the labor economics theory of the New Keynesian school of economic thought, which calls for greater government intervention in the economy
- Meteoric rise through the field of economics began with Yellen's appointment to the Federal Reserve Board of Governors in 1994 by President Clinton and her subsequent nomination to chair Clinton's Council of Economic Advisors in 1997; chosen to be President of the San Francisco Federal Reserve in 2004 until President Obama selected her to be Vice Chair of the Federal Reserve Board of Governors in 2010
- Yellen's 2010 appointment to the Fed along with Sarah Bloom Raskin was noted as a turning point in monetary policy; Yellen's leadership solidified a transition into a research-based, unemployment-focused economic safeguard that could react to a recession without being slowed by congressional gridlock
- Transitioned to chair of the Federal Reserve in 2014 following a period of slow recovery after the 2008 housing crisis, and immediately worked to expand monetary stimulus; during Yellen's four years as chair, unemployment fell from 6.7% to 4.1%, and she was credited for playing a substantial role in restoring the economy
- Following Yellen's chairmanship, she joined the Brookings Institution's Hutchins Center on Fiscal and Monetary Policy in 2018
- Commentary during the COVID-19 crisis has mirrored President-elect Joe Biden's concerns over recovery in the working class, and will likely make low-income Americans the number one priority when it comes to economic stimulus

Chair of the Securities & Exchange Commission Gary Gensler Profile



BIOGRAPHY

**CHAIR OF THE COMMODITY FUTURES
TRADING COMMISSION**
2009-2014

ASSISTANT SECRETARY OF THE TREASURY
1997-2001

DATE OF BIRTH
10/18/1957 (Age: 63)

EDUCATION
Univ. of Pennsylvania., Bachelor's, 1978
Univ. of Pennsylvania, MBA, 1979

BIOGRAPHY

Possessing experience as an academic, partner at Goldman Sachs, and as chair of the Commodity Futures Trading Commission, Gensler was confirmed by the Senate as Chair of the U.S. Securities & Exchange Commission on April 14, 2021, by a vote of 53-45.

- A Baltimore native, Gensler graduated from the University of Pennsylvania's Wharton School of Business before spending nearly two decades as an investment banker at Goldman Sachs, where he was a partner in the Mergers & Acquisition department and headed the firm's Media Group.
- Gensler worked as a senior advisor to U.S. Senator Paul Sarbanes, where he contributed heavily to writing the Sarbanes-Oxley Act (2002).
- During the Clinton Administration, he served as undersecretary of the Treasury for Domestic Finance and Assistant Secretary of the Treasury from 1997-2001.
- Gensler became chair of the Commodity Futures Trading Commission in 2009. There, he headed up an effort to increase transparency and reduce risk in the \$400 trillion swaps market.
- Before joining the SEC, Gensler was professor of the Practice of Global Economics and Management at MIT and served as chair of the Maryland Financial Consumer Protection Commission from 2017-2019.
- As Chair of the SEC, analysts expect Gensler to follow through on his promises focus on a series of issues including digital currencies, the GameStop trading mania and how corporate America prioritizes environmental, social and governance issues.
- Gensler's conformation gives Democrats a 3-2 majority on the among SEC commissioners.

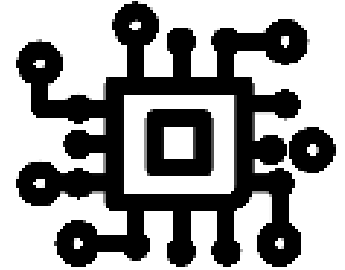
Fintech Challenges and Opportunities



Technology policy issues will continue to be a top focus of lawmakers on both sides of the aisle in the 117th Congress.

Fintech innovations fall generally into three buckets:

- **Banks as Competitors:** innovations in payments, currency, lending, and banking services that present both new competition for banks and payment processors, as well as targets for acquisition.
- **Banks as Customers:** developments in technologies such as cloud computing, distributed ledger technologies, and artificial intelligence that can provide banks with back-office efficiencies.
- **Regulators as Customers:** the same technologies discussed above, as applied to creating efficiencies in bank regulation and supervision.



In the 117th Congress, both Democrats and Republicans are expected to focus on the fintech space, but from different sides of the coin. However, there is a desire to work in a bipartisan fashion on issues related to the intersection of financial services and diversity and inclusion as it relates to lending. In addition, the House Financial Services Committee renewed both the Fintech and AI Task Forces this Congress, in addition to creating a new committee staff role of Fintech Policy Director.



REGIONS