



March 10, 2011

The Honorable Timothy F. Geithner  
Secretary  
United States Treasury Department  
1500 Pennsylvania Avenue, N.W.  
Washington, DC 20220

Dear Mr. Secretary:

As difficult as it was to bring to fruition the enactment of the Dodd-Frank Act, that effort pales in comparison with the monumental task of implementing the legislation. One of the most serious challenges is how to cope with the many rulemakings undertaken by a variety of departments and regulatory agencies. Without proper coordination and sequencing of implementation steps, the various actors in the economy can be driven through an unhappy series of changes in programs or activities only to find each adjustment to a new regulation rendered obsolete by the next change by a different or even the same agency.

As one example, financial firms were required to register as municipal advisors before regulations defining that term were promulgated, leaving many to guess whether they would be included in the definition or not. As a related example, the Securities and Exchange Commission and the Municipal Securities Rulemaking Board are currently considering differing proposals for permissible contributions to the campaigns of state and local officials. You are no doubt aware of similar issues.

These may be comparatively simple examples, but illustrate the nature of many more complex and serious problems. These include rules that can affect whole lines of business, the recovery of the secondary debt markets, the availability of swaps to manage financial risks, and the sufficiency of funding for mortgage finance, among others. Each of these is critical even in isolation, but also important because of the potential for systemic risk.

While assigning a multitude of tasks, the Dodd-Frank Act fails to assign anyone to coordinate those tasks to ensure that they are properly sequenced and effectively synchronized. Perhaps I am biased by my past experience as a Treasury official, but it seems to me that this role falls naturally to the Secretary of the Treasury. Besides the President himself, the Secretary of the Treasury is the only officer of government whose field of concern embraces the entire financial system, including its many parts. Surely it was in recognition of that perspective that Congress named the Secretary of the Treasury as Chairman of the new Financial Stability Oversight Council (FSOC), an echo of a similar role given the Secretary by every President from Ronald Reagan to Barack Obama to chair the President's Working Group on Financial Markets (PWG).

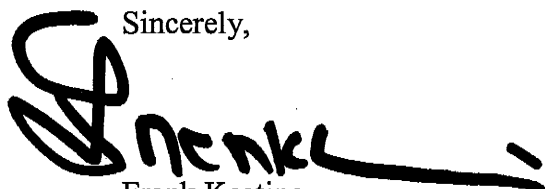
I am not telling you anything new, since it was clear from your speech of August 2, 2010, that you acknowledge the leadership role of the Secretary of the Treasury with regard to Dodd-Frank implementation. The American Bankers Association strongly supported then and continues to support today the guidelines for implementation of Dodd-Frank that you presented to the public at that time.

The purpose of my letter today is to reemphasize our pledge of support for that leadership role by the Secretary of the Treasury. Without any compromise of the important status of the independent financial regulatory agencies, you are the only official under the authority of the President who can consistently encourage agencies to cooperate and consult effectively with each other to ensure that new regulations do not work at cross purposes, that they promote our economic growth and financial competitiveness. Only the Treasury Secretary can lead the effort to organize and sequence the regulatory tasks so that they make sense and do not subject the nation's financial institutions and our customers to a painful series of rapid changes—and changes to changes—as the provisions of the Dodd-Frank Act unfold.

While I am not suggesting that the Secretary of the Treasury exercise powers and authorities that the Congress did not intend to be extended or that are otherwise limited, I am recommending that you make full and appropriate use of the good offices of the Secretary of the Treasury to encourage full interagency consultation and coordination, including a rational sequencing of regulatory projects. I believe such an important but informal role is consistent with the charge given to the FSOC and that it is a precedent for the similar role played on many occasions by the Secretary of the Treasury as Chairman of the PWG.

Our nation's nearly 8,000 banks of all sizes, locations, and charter types, our more than 2 million employees, and our hundreds of millions of customers need that leadership in this historic implementation challenge, and we continue to stand ready to lend our best efforts to help.

Sincerely,

  
Frank Keating

Best regards!