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Council Applauds House Passage of Financial Reform Bill

Washington, D.C., Dec. 11, 2009 —The Council of Institutional Investors applauds the House of Representatives' efforts to strengthen the regulation of the U.S. financial system through the reforms contained in the Wall Street Reform and Consumer Protection Act of 2009 (H.R. 4173).

The Council is grateful to Representative Barney Frank (D-Mass.), chairman of the House Committee on Financial Services and prime sponsor of the bill, for his leadership on this important and comprehensive legislation.

"The House of Representatives has taken a significant step toward restoring trust in U.S. financial markets," said Ann Yerger, executive director of the Council of Institutional Investors. The Council believes that the global financial crisis revealed critical gaps in the regulation of U.S. markets and the urgent need for improvements in corporate governance. "The Wall Street Reform and Consumer Protection Act gives regulators and investors new tools to oversee financial firms more diligently and promote market stability," Yerger added.

Many provisions of the act are in tune with Council priorities and the recommendations of the [Investors' Working Group](#), which the Council has endorsed. In particular, the Council welcomes the act's affirmation of the authority of the Securities and Exchange Commission (SEC) to give shareowners the right to place their nominees for directors on company proxy cards. Making it easier for investors to nominate their own candidates for director would invigorate board elections and make directors more responsive, thoughtful and vigilant.

The Council also lauds measures in the legislation that enhance the oversight and accountability of credit rating agencies and bolster the resources of the SEC. However, the act's provisions to regulate over-the-counter derivatives trading, while an improvement, need to be strengthened.

Passage of the Wall Street Reform and Consumer Protection Act of 2009 marks progress toward an urgently needed, broad overhaul of financial markets and corporate governance regulation. The Council looks forward to Senate approval of comprehensive regulatory reform legislation next and is eager to work with Senate Banking Committee Chairman Christopher Dodd (D-Conn.) and Senator Richard Shelby (R-Ala.), ranking member of the Senate Banking Committee, on the proposed Restoring American Financial Stability Act of 2009.

The Council of Institutional Investors (CII) is a nonprofit association of public, union and corporate pension funds with combined assets that exceed \$3 trillion. Member funds are major long-term shareowners with a duty to protect the retirement assets of millions of American workers. The Council strives to educate its members, policymakers and the public about good corporate governance, shareowner rights and related investment issues, and to advocate on members' behalf.