

Washington Update



HOUSE LEADERSHIP IN FLUX AS SPEAKER OF THE HOUSE VOTE POSTPONED

Rep. Kevin McCarthy (R-CA) announced last Thursday, just hours before the vote was to be held, that he would not seek the speaker of the House vacancy resulting from Rep. John Boehner's (R-OH) impending retirement. McCarthy was expected to garner the 218 votes needed from the Republican caucus to move forward to the full House vote later this month, but his withdrawal has left the House leadership position in flux. No specific details were given as to why McCarthy was withdrawing, but last Wednesday Rep. Walter Jones (R-NC) sent a letter to his colleagues

urging any candidates for leadership to drop out if they have committed any "misdeeds" since joining Congress. His letter can be found at <http://jones.house.gov/sites/jones.house.gov/files/10.6.15%20Letter%20to%20McMorris%20Rodgers.pdf>.

No clear candidates have emerged to replace the void left by McCarthy's announcement. Rep. Boehner has indicated that he will remain speaker of the House until the situation is resolved.

MSRB REQUESTS COMMENT ON BOARD MEMBER TERMS

The Municipal Securities Rulemaking Board is seeking public comment on a proposal to lengthen the term of board member service from three years to four. The draft amendments to MSRB Rule A-3 (on board membership) are primarily designed to improve the continuity and institutional knowledge of the Board, while retaining the benefits of the regular addition of new members. MSRB Executive Director Lynnette Kelly noted, "Given the complexity of many MSRB initiatives, we think a four-year board term is more appropriate and would enhance the board's overall effectiveness and institutional knowledge."

The MSRB Board of Directors establishes regulatory policies and oversees the operations of the MSRB. The board has 11 independent public members, as well as 10 members from firms regulated by the MSRB, including broker-dealers, banks and municipal advisors. Each year, seven individuals join the board as seven others complete their three-year terms.



The MSRB's request for comment includes a draft transition plan that would implement the proposed changes in an expeditious but minimally disruptive manner. Comments should be submitted no later than November 19, 2015.

The full regulatory notice can be found at www.msrb.org/~media/Files/Regulatory-Notices/RFCs/2015-18.ashx?la=en.

HOUSE COMMITTEE HOLDS CHIP PAYMENT HEARING

The House Small Business Committee held a hearing last Wednesday to look at the way the new Europay, Mastercard, Visa (EMV) chip payment system will be implemented nationwide this October. The upgraded technology is designed to protect against cybercrime and fraud. EMV is the new global standard for integrated circuit, or "chip" cards, and EMVCo (the body that sets EMV specifications) is owned jointly by American Express, Discover, JCB, MasterCard, UnionPay, Visa and other organizations from the payments industry. EMV cards feature embedded microprocessor chips that store and protect cardholder data, similar to magstripe.

This hearing examined the implications of the EMV chip deadline and the efforts that are being made to ensure America's small businesses are in compliance with their financial service providers. Scott Talbott, senior vice-president for government relations at the Electronic Transactions Association (ETA), noted in his testimony:

"To incentivize more rapid migration to EMV adoption, on Oct. 1 the payments industry implement a long-planned liability shift for their card transactions, at which point any participant in the transaction chain who is not EMV compliant became responsible for any resulting fraud... The members of the ETA are the first line of defense for consumers to avoid the fraud perpetuated by criminals in the financial systems, and the payments industry takes seriously this charge and works hard every day to detect and deter crime. ETA members are deploying multiple layers of protection, including EMV, tokenization, encryption, biometrics and other payments technologies that secure systems against criminal intrusions and protect consumers and merchants."

This hearing topic is similar to Concurrent Session #19 that was conducted at the NASACT Annual Conference in Chicago this past August entitled "New EMV Chip Technology and Compliance Mandate: Are You Ready?" The presentation can be found at http://www.nasact.org/2015_nasact_annual

Testimony from all panelists and hearing video can be found at <http://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=398471>.

The Week Ahead: Fall Recess

Congress enters the Columbus Day recess this week, with both chambers returning to work on Monday, October 19. The next *Washington Update* will appear on Monday, October 26.

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