COMMITTEE ON CAPITAL MARKETS REGULATION

CCMR STATISTICAL RELEASE: PUBLIC SETTLEMENTS AND REGULATORY PENALTIES INCREASE SIGNIFICANTLY IN 2012 AND 2013

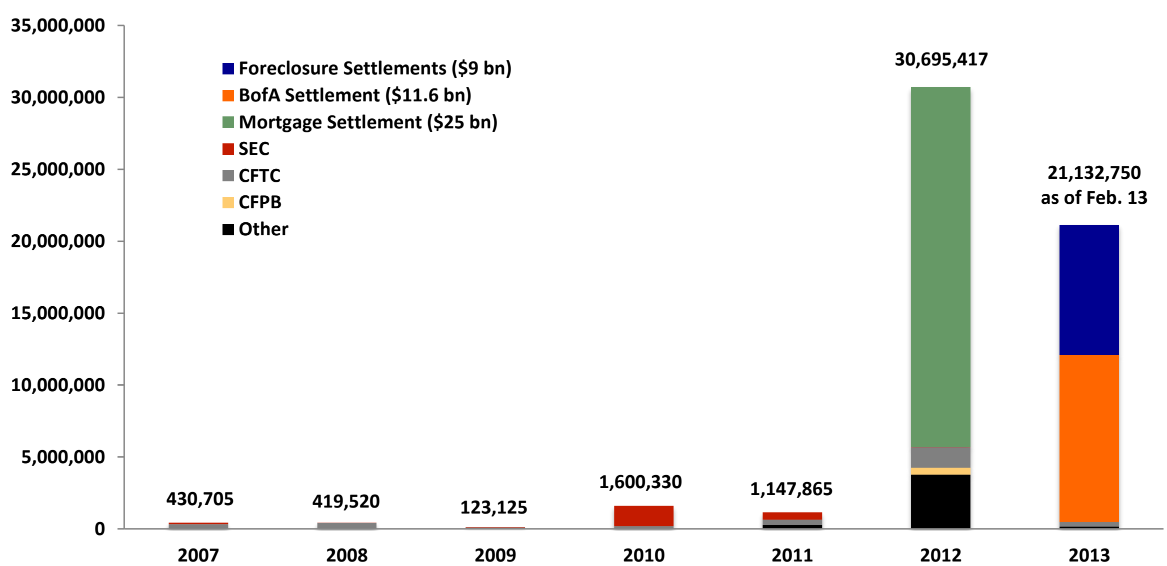
CAMBRIDGE, March 7, 2013—Data released today by the Committee on Capital Markets Regulation reveal a dramatic jump in public settlements and regulatory penalties imposed on financial institutions in 2012 and 2013, and the liability of financial institutions may grow further in the wake of the recent LIBOR manipulation scandal. The rise in settlements and penalties is of a magnitude such that the business, financial condition, and results of operations of certain financial institutions may be materially affected.

U.S. and international regulators have to date levied a combined total of $2.6 billion in fines against financial institutions as a result of the LIBOR manipulation scandal alone. Over $21 billion in public settlements and fines have been imposed during just the first six weeks of 2013, including over $9 billion in settlements between regulators and twelve banks regarding alleged mortgage foreclosure wrongdoing. In addition, one bank reached an $11.6 billion settlement with Fannie Mae over claims related to soured mortgage-backed investments.

The Committee has also found that over the past five years, total *public* class action settlements (including class action settlements of lawsuits brought by government entities, *e.g.*, state attorneys-general) and regulatory penalties against financial institutions have increased in value from $431 million in 2007 to over $30 billion in 2012 (Chart 1).

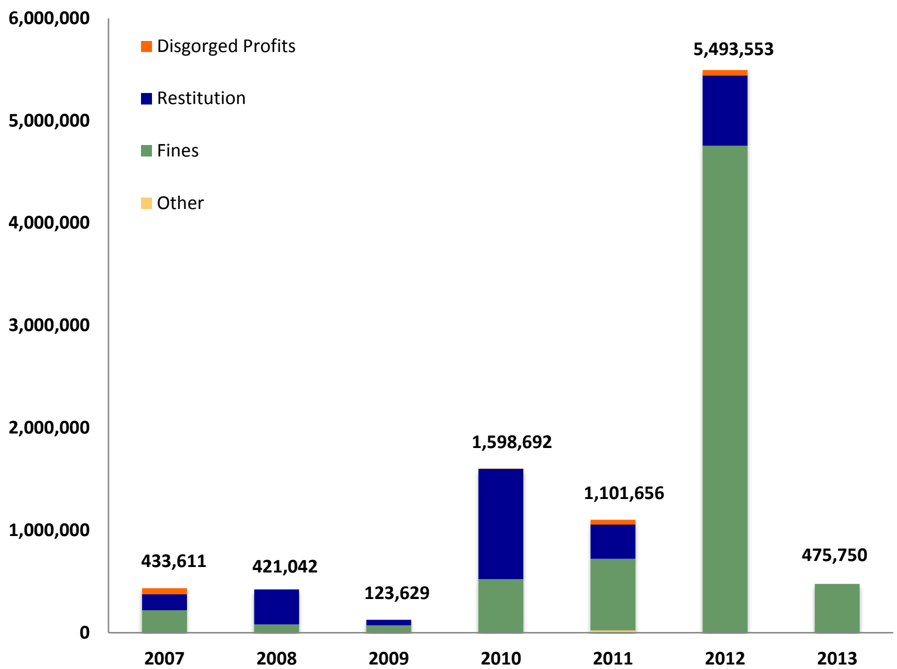
While a substantial portion of the 2012 figure consists of a $25 billion mortgage settlement between state attorneys general and the federal government with five major financial institutions, total penalties excluding the settlement have increased ten-fold since 2007. In addition, the SEC has reached settlements related to auction rate securities with nine firms, requiring those firms to provide $67 billion in liquidity to customers since 2008.

Chart 1: Public Settlements and Regulatory Penalties on Financial Institutions
$ thousands



The absolute level of regulatory penalties increased from nearly $80 million in 2008 to $4.8 billion in 2012 (Chart 2). Fines also constitute an increasing proportion of total regulatory penalties, their share increasing from 19% in 2008 to 87% in 2012.

Chart 2: Regulatory Penalties on Financial Institutions
$ thousands



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The Committee on Capital Markets Regulation is an independent and nonpartisan 501(c)(3) research organization dedicated to improving the regulation of U.S. capital markets.

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