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TMAC NEWS

Treasury Management Association of Chicago

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2005/2006 MEETING DATES

October 20, 2005
Scoozie's
Chicago

November 17, 2005
Suburbs

Dec, 2005/Jan, 2006
Winter Outing

January 11, 2006 *
Joint Meeting with
TMA of WI
Chicago

February 16, 2006
Suburbs

March 16, 2006
Chicago

April 27, 2006
Suburbs

Windy City Summit
May 24-26, 2006

June 8, 2006
Chicago

June 16, 2006
Banker's Day

* Note: date change

October 20th Meeting Information

Treasurer's Guide to Capitalizing on Recent Advances in Cross Border Trading and Transaction Management

The concurrent events unfolding in the worldwide foreign exchange marketplace are providing an unprecedented opportunity for multinational treasury to capitalize on advancements in foreign exchange trading, transaction and risk management practices. With the advent of more direct access to FX liquidity providers, maturation of pathways to SWIFT and International ACH (iACH), we are now entering an environment in which transparency; competitiveness and highly efficient movement of international funds are readily available to corporations. This overview will focus on the essentials necessary to capitalize on major improvements – including FX trading considerations, risk dimensions and cross border transfer alternatives designed to improve process and price efficiencies.

Presented By:

Steve Kuhl
Travelex
VP, FX Solutions & Strategy

Steve Kuhl is responsible for all risk management oversight and strategy formulation within Travelex Commercial Foreign Exchange. Steve has lectured extensively on multinational treasury related topics, including Euro Finance, NACHA and Association Financial Professional (AFP) sponsored symposiums (The national show as well as LA Expo, Windy City Summit and New York Cash Exchange to name a few). In addition, Steve has been cited in numerous publications including Bloomberg, Global Finance and the Wall Street Journal on topics ranging from the importance of the US Dollar in world commerce to mitigating emerging market exposures. More recently, Steve published an overview of the foreign exchange marketplace which appeared in the Corporate Treasury Management Manual. Steve holds a MS in economics from the University of Nebraska and has been with Travelex for eight years



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Deadlines for article submissions:
November – 11/2/05
January – 12/27/05
February – 2/1/06
March – 3/1/06
April – 4/12/06
June – 5/24/06

Current Issues in Washington **June Johnson, Hartmarx Corporation** **Member, AFP Government Relations Committee**

The passing of Chief Justice Rehnquist and the hurricanes hitting the Gulf Coast have significantly altered the Congressional schedule. Despite these changes, the House and Senate worked through the August recess on pension reform legislation, and are likely to pass comprehensive reform legislation by year's end. An update of current issues is as follows:

- **Deposit Insurance System Reform** - In its latest report, the FDIC noted that increased deposit growth has pushed the bank insurance fund close to the statutory limit of 1.25 percent. If the fund hits the limit and is not recapitalized, the FDIC is required to charge premiums to the nation's banks.
- **Interest on Business Checking** - On July 29, the Senate introduced "Interest on Business Checking of 2005". The controversy over the expansion of Industrial Loan Companies authority has held up passage of the legislation in the Senate.
- **Rating Agency Regulation** - The "Credit Rating Agency Duopoly Relief Act" was introduced in the House. The legislation is intended to enhance competition, transparency and accountability in the credit ratings market. The Act would eliminate Nationally Recognized Statistical Rating Organizations. The Act would require the SEC to rely upon Nationally Registered Statistical Rating Organizations. This change would eliminate the ambiguous process of recognizing rating agencies through SEC staff no-action letters and would require all rating agencies that issue publicly available ratings to register.
- **Retirement Savings Legislation** - On July 26, the Senate Finance Committee approved "The National Employee Savings and Trust Equity Guarantee (NESTEG)". The legislation address both defined benefit and defined contribution (dc) issues. On the dc side, the proposal calls for increased diversification of company stock, new benefit statements for 401(k) plan participants and allowing plan sponsors to provide independent investment advice to plan participants. The House also introduced legislation to simplify dc rules, improve portability between plans, and make higher contribution limits in dc plans permanent. All bills appear to follow the Administration's reform plan to some degree. A detailed comparison can be found at <http://thepensioncoalition.org/>.

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- **Regulation E** - The Federal Reserve is expected to decide before the end of the year on proposed changes to Regulation E dealing with the conversion of consumer checks to ACH debits and payroll cards used to provide compensation to employees.
- **Hurricane Response by SEC and FASB** - Both the Securities Exchange Commission and the Financial Accounting Standards Board have issued regulations in response to the hurricanes. The regulations can be found on the SEC and FASB web sites.
- **Revisions to Accelerated Filer Definition and Deadlines for Filing Periodic Reports** - The SEC has issued a proposal to modify the periodic report filing deadlines for 10-K and 10-Q reporting. Under the proposal, filers would have the following reporting deadlines: a large accelerated filer would have 10-K deadlines within 60 days and 10-Q deadlines within 40 days, an accelerated filer would have 10-K deadlines within 75 days and 10-Q deadlines within 40 days, and a non-accelerated filer would have 10-K deadlines within 90 days and 10-Q deadlines within 45 days. If the proposed deadlines are adopted, the application of the revised deadlines for the Form 10-K annual reports would be for the fiscal years ending on or after December 15, 2005.
- **Card Interchange Fees** - Several lawsuits have been filed recently against the card associations alleging price fixing in the setting of interchange fees for credit card transactions. A number of retailer trade associations have formed a Merchant Payment Coalition.
- **Corporate Check Conversion** - The NACHA Board is expected to vote in October on a proposal that would define the business checks that are eligible for conversion to ACH debits and those that are ineligible. Under the proposal, checks would be ineligible for conversion if they contain an auxiliary on-us field in the MICR line or are written for an amount greater than \$25,000. The effective date of the proposal would be September 15, 2006.

For more information regarding these issues, including comment letters and AFP positions, please visit the AFP web site. Feel free to contact me at jjohnson@hartmarx.com or any other member of the AFP Government Relations Committee (GRC) if you have any questions.