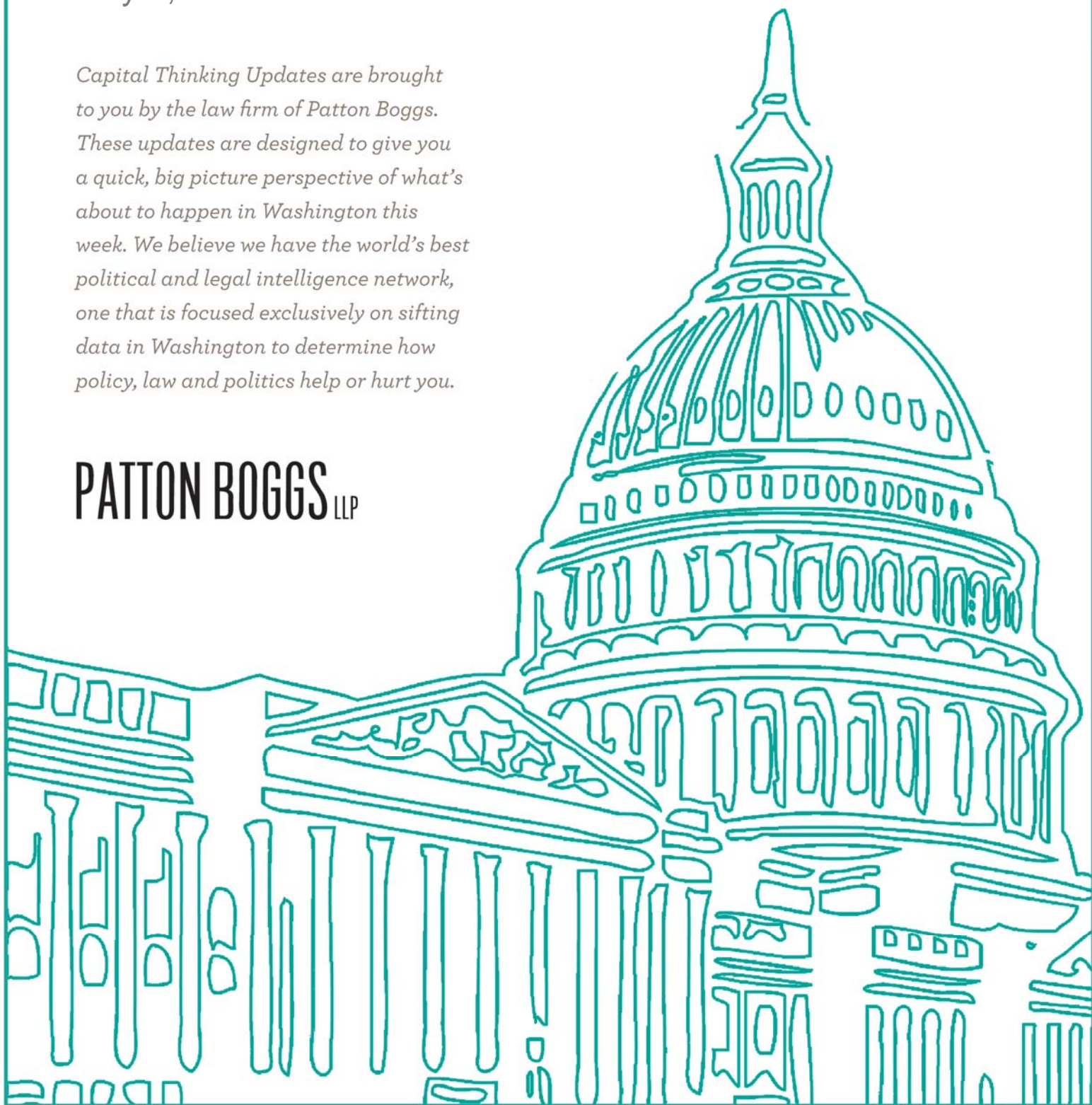


CAPITAL **thinking** UPDATES

July 9, 2012

Capital Thinking Updates are brought to you by the law firm of Patton Boggs. These updates are designed to give you a quick, big picture perspective of what's about to happen in Washington this week. We believe we have the world's best political and legal intelligence network, one that is focused exclusively on sifting data in Washington to determine how policy, law and politics help or hurt you.

PATTON BOGGS LLP



General Legislative

On Monday, the House will meet at 2:00 p.m. for legislative business. Votes will be postponed until 6:30 pm. Legislation considered under suspension of the rules will include: H.R. 4155 – Veteran Skills to Jobs Act; H.R. 4114 – Veterans’ Compensation Cost-of-Living Adjustment Act of 2012; H.R. 4367 – To amend the Electronic Fund Transfer Act to limit the fee disclosure requirement for an automatic teller machine to the screen of that machine; H.R. 5892 – Hydropower Regulatory Efficiency Act of 2012; H.R. 6019 – Juvenile Accountability Block Grant Reauthorization and the Bullying Prevention and Intervention Act of 2012, as amended; S. 1959 – Haqqani Network Terrorist Designation Act of 2011; and S. 2061 – Former Charleston Naval Base Land Exchange Act of 2012. On Tuesday, the House will meet at 10:00 am to begin consideration of H.R. ___ - Repeal of Obamacare Act (subject to a Rule). Thereafter, the House will complete consideration of the Repeal of Obamacare Act and begin consideration of H.R. 4402 – National Strategic and Critical Minerals Production Act of 2012.

The Senate will convene at 2:00 pm on Monday and recognize the Majority Leader.

Agriculture

LEGISLATIVE ACTIVITY

- **House Draft Farm Bill.** On Thursday, July 5, the House Agriculture Committee released its draft Farm Bill titled “Federal Agriculture Reform and Risk Management Act” (FARRM). The bill does the following:
 - Repeals Direct Payments, Countercyclical Payments, ACRE and SURE;
 - Includes a price loss coverage system that covers multi-year losses only;
 - Consolidates 23 conservation programs into 13 programs;
 - Reauthorizes the Food for Peace program, maintaining minimum levels of assistance, but reduces overall authorized appropriations for emergency and nonemergency food assistance from \$2.5 billion to \$2 billion moving forward; and
 - Restricts categorical eligibility, or automatic eligibility, to those households receiving cash assistance from Supplemental Security Income, Temporary Assistance for Needy Families, or other state general assistance programs. The bill eliminates state bonuses for administering the Supplemental Nutritional Assistance Program.

In response to the release of the House Agriculture Committee’s draft bill, Senate Agriculture Committee Chairwoman Debbie Stabenow (R-MI) issued the following statement: “I am very concerned about some of the differences between the two bills—for example, rather than focusing on fraud and misuse like the Senate bill, the House bill takes far greater cuts in food assistance by changing eligibility rules so that some people truly in need will not receive the help their family needs.” Southern farmers, however, are more pleased with the House’s draft version of the Farm Bill than with the Farm Bill that passed the Senate due to the inclusion of the price loss coverage system.

- **Congressional Budget Office Score of the House Farm Bill.** On Thursday, July 5, the Congressional Budget Office (CBO) released its score of the House Agriculture Committee’s draft Farm Bill. CBO estimates that the bill would reduce direct spending by \$35.1 billion from 2013-2022.
 - **Commodity Programs.** The bill reduces commodity programs by \$11.7 billion over five years and \$23.6 billion over 10. Part of the savings, however, will be shifted to the crop insurance program to create new revenue policies. The bill increases the cost of the crop insurance program by \$9.5 billion over 10 years. As such, the net reduction in commodity and crop insurance spending is \$14.1 billion (approximately 9 percent).
 - **Conservation Programs.** The bill reduces conservation spending by \$6.1 billion (approximately 9 percent) over 10 years. Reductions in the acreage cap on the Conservation Reserve Program saves \$3.6 billion over 10 years, while the bill saves an additional \$3.1 billion by cutting funding from the Conservation Stewardship Program.
 - **Nutrition Programs.** The bill reduces spending under the nutrition title by \$16 billion (2 percent) over 10 years. Specifically, \$11.5 billion of the reduction would result from limiting eligibility rules for the Supplemental Nutrition Assistance Program, while the bill saves \$4.5 billion by limiting states’ use of heating assistance to increase SNAP benefits.

On Friday, July 6, CBO released its score of the Farm Bill that passed the Senate on June 21. CBO estimates that the bill would save \$23.1 over the same 10-year period, which is \$12 billion less in cost-savings than the House Agriculture Committee’s draft Farm Bill.

- **Farm Bill Markup.** The House Agriculture Committee is scheduled to markup its draft Farm Bill on Wednesday, July 11.

Budget, Appropriations

LEGISLATIVE ACTIVITY

- **FY 2013 Appropriations Action.** Prior to the July Fourth recess, the House approved its FY 2013 Transportation-Housing and Urban Development (THUD) bill with a vote of 261-163. As with all House appropriations bills, the White House issued a veto threat for the THUD bill given that overall spending levels are less than those set by the debt limit agreement last summer. With the passing of the THUD bill, the House has now completed half of its appropriations bills, while the Senate has yet to consider any spending bills on the floor.

On Thursday, June 28, the House Rules Committee also considered the rules for floor consideration for the Defense and Financial Services appropriations bills. These two bills are likely to be the next in line for consideration on the House floor in July. The Rules Committee previously approved a rule for the Agriculture bill, but consideration of the bill has been delayed due to work on the Farm Bill.

After a two-day markup, the House Appropriations Committee also passed its FY 2013 Interior-Environment bill on June 28, despite Committee Democrats’ objections to policy provisions aimed at limiting the Environmental Protection Agency’s ability to impose new greenhouse gas emissions

standards. Given the controversy surrounding the bill, it is unlikely that the Interior-Environment measure will see any action on the House floor this summer.

As of the writing of this report, both the Senate and the House Appropriations Committees have not released their schedules for this week. Given that none of the FY 2013 spending bills have seen action on the Senate floor, it is likely the Senate will start bringing spending bills to the floor this month.

Cybersecurity

LEGISLATIVE ACTIVITY

- **Senate Cybersecurity Legislation.** The end of the July Fourth recess and the month of July could bring the much anticipated cybersecurity bill to the Senate floor. Senate Majority Leader Harry Reid (D-NV) previously stated that he plans to bring the cybersecurity bill introduced by Senators Joe Lieberman (I-CT) and Susan Collins (R-ME) after the July Fourth recess, but Members continue to work out details on the possible regulation of Critical Infrastructure. Prior to adjourning for recess, Senator John McCain (R-AZ) and several other Republican Ranking Members re-introduced their cybersecurity legislation, the SECURE IT Act (S. 3342), which included changes to the bill to try to address concerns from privacy and civil liberties groups that opposed the bill. Despite these changes, leaders from the American Civil Liberties Union, The Constitution Project, and the Center for Democracy and Technology are still concerned that the SECURE IT Act does not require companies to remove all personal information from the data that would be shared with the government.

The path forward to complete a bill and have it signed into law this year remains clear, although given the number of legislative days left before the November election, this could slip into a Lame Duck session. Issues remain with the House passed cybersecurity bills, the veto threat against the Cyber Intelligence Sharing and Protection Act (CISPA / H.R. 3523).

- **Data Security Legislation.** Senator Patrick Toomey (R-PA) introduced a data security bill, the Data Security and Breach Notification Act of 2012 (S. 3333), on June 21 that sets rules for companies that digitally collect and maintain personal information. The need for a comprehensive data security bill has been an issue for some time, and was included in the White House's suggested cybersecurity legislation. Companies have difficulty navigating the 46 different data breach state laws and as with others, this bill would preempt existing state laws and replace them with a single national standard. The bill would require companies to notify any individual whose personal information is compromised in a breach and report any breach that affects more than 10,000 records to the Secret Service or the FBI. Senator Toomey introduced the bill along with four other Republican Senators.

EXECUTIVE BRANCH ACTIVITY

- **Cyber Emergency Response Team Report.** The U.S. Department of Homeland Security (DHS) Industrial Control Systems – Cyber Emergency Response Team (ICS-CERT), released a report last week that revealed that companies that operate critical infrastructure systems have reported sharp increases in cybersecurity incidents in the past year. In 2011, ICS-CERT received 198 incident reports, a major increase from the 41 reports in 2010 and 9 reports in 2009. Despite the spike in reported cybersecurity incidents, only 21 of these cases required on-site help from DHS. ICS-CERT also saw a shift in sector-

specific attacks with 44 percent of all attacks in 2010 from the energy sector, while 41 percent of reports in 2011 were from water utilities. This report will help ICS-CERT to build better situational awareness, provide alerts to the critical infrastructure community and may bolster the arguments of proponents of Senator Lieberman's cybersecurity bill who are calling for greater regulation of critical infrastructure.

Education

LEGISLATIVE ACTIVITY

- **Immigration Reform.** In a June 28 letter, the Presidents and Chancellors of more than 100 major research universities urged Congress and the Obama Administration to find a bipartisan solution for "antiquated" immigration laws that now force many American-trained scientists and engineers to leave the country after graduating, resulting in "a growing skill gap across America's industries."
- **Student Loan Rates/Transportation Compromise.** On Friday, June 29, Congress approved the Conference Report reauthorizing the nation's surface transportation programs, which was packaged with legislation that would avert a doubling of student loan rates. (See further detail on the deal below.) The President immediately signed a temporary extension and held an event at the White House on Friday, July 6 with construction workers and college students for the ceremonial signing of the permanent measure. The deal included limiting the duration of new Stafford loan borrowers' in-school interest subsidy to 150 percent of the normal time required to complete the degree to help pay for the extension. That offset was originally used by the Senate Appropriations Committee to pay for extending and expanding the maximum Pell Grant award in its Fiscal Year 2013 Labor-HHS-Education Appropriations bill. Therefore, we expect to see new offsets offered at some point before a bill is finalized in that chamber.

Additionally, the measure authorized \$72.5 million for the University Transportation Centers (UTC) Program for each of FY 2012 and FY 2013, and includes a competition for national transportation centers, regional transportation centers, and Tier 1 university transportation centers. Grants recipients are required to be selected within one year of enactment.

- **Hearings and Events.** The following hearings and events have been scheduled:
 - Monday, July 9 – The Center for American Progress will hold a panel discussion on "Manufacturing Growth for a Strong Economy," with Minority Whip Steny Hoyer (D-MD) as a featured speaker to discuss the role of manufacturing in building and sustaining a strong economy. Minority Whip Hoyer is expected to announced new policy proposals aimed at helping U.S. manufacturers lead the recovery forward.
 - Thursday, July 12 – The Senate Health, Education, Labor and Pensions (HELP) Committee will hold a hearing titled "Beyond Seclusion and Restraint: Creating Positive Learning Environments for All Students." The hearing has been postponed twice.
 - Thursday, July 12 – The Brookings Institution will hold a half-day conference titled "U.S. Manufacturing: Policies for a New Economic Reality." The conference marks the first annual John

White, Jr. Forum on Public Policy, which convenes leaders from academia, business and government to discuss and identify solutions to the United States' most pressing challenges.

REGULATORY ACTIVITY

- **No Child Left Behind Waivers.** On Friday, July 6, the Department of Education approved No Child Left Behind (NCLB) waiver requests for Washington and Wisconsin, and on Friday, June 29, the Department approved five additional waiver requests for Arkansas, Missouri, South Dakota, Utah, and Virginia. These states are now required to set new performance targets for student achievement, establish accountability systems to reward high-performing schools, and address the needs of the lowest performing schools.

Based on the Department's latest announcement Friday, 26 states have been approved for NCLB waivers. The 12 remaining states with applications under review are: Arizona, the District of Columbia, Idaho, Illinois, Iowa, Kansas, Michigan, Mississippi, Nevada, Oregon, South Carolina and Vermont.

- **Gainful Employment Ruling.** On Saturday, June 30, Judge Rudolph Contreras of the United States District Court struck down the Department of Education's gainful employment rules, which were to take effect on Sunday, July 1. In 2011, a lawsuit was brought against the Department of Education asserting that the Department's gainful employment regulations were an overreach in authority and arguing that for-profit and vocational programs were held to arbitrary standards. As part of the gainful employment regulation, the Department issued the following three standards:
 - the estimated annual loan payment of a typical graduate does not exceed 30 percent of his or her discretionary income;
 - the estimated annual loan payment of a typical graduate does not exceed 12 percent of his or her total earning; and
 - the requirement that at least 35 percent of a program's former students repay their federal student loans.

In his ruling, Judge Contreras reasoned that the Department failed to provide sufficient evidence to justify the third standard – also known as the “debt-repayment” standard. Judge Contreras believed, however, the first two standards, “debt-to-income standards,” were based on expert studies and industry practices. Given that Judge Contreras found the debt repayment and debt-to-income tests work together, the court was unable to sever the third standard from the others.

Judge Contreras did uphold the Department of Education's legal right to issue gainful employment regulations and found that the Department did not overstep its bounds regulating in this particular area. He also left in place disclosure standards that require institutions to provide students with data on their performance.

In response to the court's decision, House Education and the Workforce Chairman John Kline (R-MN) and Subcommittee on Higher Education and Workforce Training Chairwoman Virginia Foxx (R-NC) issued the following statement: “The red tape and bureaucracy associated with the so-called ‘gainful employment’ regulation would have severely limited students’ academic options and made it impossible for many schools to respond quickly to local workforce needs without pre-approval from the Secretary of Education. The court's decision to strike the most burdensome portions of the ‘gainful employment’

regulation is a welcome development in the fight to remove unnecessary federal rules that restrict choice and opportunities in higher education.”

- **College Cost Transparency.** On Tuesday, June 26, Department of Education Secretary Arne Duncan issued a call to action for all colleges and universities to become more transparent as it relates to costs of attending their institutions. This call to action follows the commitment of 10 colleges and universities during a White House meeting with Vice President Biden and Secretary Duncan in June.

As part of the call to action, Secretary Duncan requested that institutions of higher education provide the following information to all incoming students as part of their financial aid package, beginning with those applying for the 2013-2014 school year:

- How much one year of college will cost;
- Financial aid options to pay this cost, with a clear differentiation between grants and scholarships, which do not have to be repaid, and loans, which do;
- Net costs after grants and scholarships are taken into account;
- Estimated monthly payments for the federal student loans the student would likely owe after graduation; and
- Vital information about student results, including comparative information about the rates at which students enroll from one year to the next, graduate, and repay their loans without defaulting on their obligations.

Energy

LEGISLATIVE ACTIVITY

- **Congressional Hearings.** On Tuesday, July 10, a House Energy and Commerce subcommittee hearing will focus on challenges and opportunities with alternative fuels and vehicles. On Wednesday, July 11, a House Energy and Commerce subcommittee hearing will focus on the Environmental Protection Agency’s efforts to ensure market integrity in the Renewable Fuels Program. On Thursday, July 12, the Senate Energy and Natural Resources Committee will hold a hearing on oil well remediation in Alaska’s National Petroleum Reserve; a House Energy and Commerce subcommittee hearing will focus on the draft discussion bills “No More Solyndra’s Act” and the “Smart Energy Act.”

REGULATORY ACTIVITY

- **Western Energy Corridors.** Pending court approval, the Obama Administration has agreed to settle a suit brought by environmental groups that challenged the Bush Administration-era designation of “Section 368” energy corridors for electricity and energy pipelines in 11 Western States because it failed to sufficiently address environmental impacts. The settlement strives to ensure that future designations consider the location of corridors in favorable landscapes, facilitate renewable energy projects where feasible, avoid environmentally sensitive areas to the maximum extent practicable, decrease the

proliferation of dispersed rights-of-way crossing the landscape, and improve the long-term benefits of reliable and safe transmission.

- **Wind and Solar Lease and Permits.** The Interior Department's Bureau of Indian Affairs has filed a proposed rule to update procedures for entering into wind and solar resource, residential, and business leases on tribal lands with the White House Office of Management and Budget for regulatory review prior to public release.
- **Hydraulic Fracturing.** The comment period for the Bureau of Land Management's proposed rule that would require companies to publicly disclose chemicals used in HF operations on federal and tribal lands has been extended. The deadline has been extended from July 10 to September 10 in order "to facilitate greater input from the public and key stakeholders, including industry and public health groups." White House officials still expect the Interior Department to complete the rule by the end of the year. In addition, the Environmental Protection Agency has extended the comment period on its Draft Permitting Guidance for Using Diesel Fuel in Oil and Gas Hydraulic Fracturing by 45 days, to August 23.
- **OCS Lease Sales.** The Bureau of Ocean Energy Management (BOEM) has released the Final Programmatic Environmental Impact Statement for the Proposed Final Five-Year OCS Oil and Gas Leasing Program for 2012-2017, and the Multisale Final EIS for the Western and Central Planning Area lease sales tentatively scheduled for 2012-2017. On Monday, July 9, BOEM will solicit a "call for information and nominations" for the Central and Western Gulf Planning Area lease sales, beginning with the Western Gulf of Mexico Lease Sale 233 in the fall of 2013. Comments will be due in early August. In addition, BOEM will be preparing a Supplemental Environmental Impact Statement for the Western Gulf of Mexico Lease Sale 233 (off Texas and Louisiana) and Central Gulf of Mexico Lease Sale 231 (off Louisiana, Mississippi and Alabama).
- **OCS Safety Rules.** The Bureau of Safety and Environmental Enforcement will soon issue the final drilling safety rule, officially strengthening and codifying existing mandates issued on an emergency basis in October 2010 after the Deepwater Horizon disaster. A new rule to strengthen blowout preventers is expected this fall.
- **Deepwater Horizon.** The independent federal Chemical Safety Board will release initial findings from its investigation into the April 2010 Deepwater Horizon disaster in Houston during a July 23-24 hearing.

Environment

LEGISLATIVE ACTIVITY

- **Renewable Fuels.** On Wednesday, July 11, the House Committee on Energy and Commerce, Subcommittee on Oversight and Investigations will hold a hearing regarding the U.S. Environmental Protection Agency (EPA) renewable fuels program.
- **Alternative Fuels.** On Tuesday, July 10, 2012, the House Committee on Energy and Commerce will hold a continuation of its hearing on the American Energy Initiative. The focus of the hearing will be on alternative fuels and vehicles, and the corresponding challenges and opportunities.

- **Farm Bill.** On Wednesday, July 11, the House Committee on Agriculture will hold an internal meeting to consider the 2012 Farm Bill.

REGULATORY ACTIVITY

- **Public Water Systems.** EPA has issued a correction to a rule that was issued on May 2, 2012 concerning “Unregulated Contaminant Monitoring Regulation (UCMR 3) for Public Water Systems.” This affects both large and small public water systems. The corrected table is provided below.

EXHIBIT 1—APPLICABILITY OF UCMR 3 TO WATER UTILITIES BY SYSTEM TYPE AND SIZE		
System Type	System size ¹	
	Serving > 10,000	Serving ≤ 10,000
UCMR 3 Assessment Monitoring		
CWS & NTNCWS	Requires all systems to monitor for List 1 chemicals	Requires 800 randomly selected systems to monitor for List 1 chemicals. EPA will pay for the analysis of samples.
TNCWS	No requirements	No Requirements.
UCMR 3 Screening Survey		
CWS & NTNCWS	Requires all systems serving more than 100,000, and 320 randomly selected systems serving 10,001 to 100,000 to monitor for List 2 chemicals.	Requires 480 randomly selected systems to monitor for List 2 chemicals. EPA will pay for the analysis of samples.
TNCWS	No requirements	No Requirements.
UCMR 3 Pre-Screen Testing		
CWS, TNCWS & NTNCWS	No requirements	Requires 800 randomly selected systems to permit EPA to sample and analyze List 3 microbes. The selected systems will be served by non-disinfecting ground water wells in vulnerable areas. EPA will pay for the analysis of samples.

¹ Based on the retail population, as indicated by SDWIS/Fed on December 31, 2010.

- **Environmental Policy and Technology.** EPA’s National Advisory Council for Environmental Policy and Technology (NACEPT) has been renewed for an additional two-year period and will hold a meeting in August in Washington, DC. The Council provides advice and recommendations to the Administrator of EPA on environmental policy, technology and management issues and represents interests from academia, industry, non-governmental organizations and state, local and tribal governments. The purpose of the meeting is to continue developing recommendations to the Administrator regarding actions that EPA can take in response to the National Academy of Sciences Report titled “Incorporating Sustainability in the U.S Environmental Protection Agency.” The two-day public meeting will be held on August 2 through August 3.
- **Coral Reefs.** The U.S. Fish and Wildlife Service has announced a public meeting of the U.S. Coral Reef Task Force (USCRTF) and has issued a request for written comments. The meeting, which is the 28th biannual meeting of the USCRTF, is being held in order to provide a forum for coordinated planning and

action among federal agencies, state and territorial governments and nongovernmental partners. The meeting will be held from August 20 through August 23. Public comments are due by July 22.

Financial Services

LEGISLATIVE ACTIVITY

- **House Financial Services Subcommittee to Hold First in Series of Hearings Regarding Impact of Dodd-Frank.** On Tuesday, July 10, the House Financial Services Subcommittee on Capital Markets and Government Sponsored Enterprises will hold a hearing on the impact the Dodd-Frank Act is having on job creators, credit, and financial institution customers. The list of witnesses includes Mr. Kenneth E. Bentsen, Jr., Executive Vice President of Public Policy and Advocacy of the Securities Industry and Financial Markets Association; Mr. Thomas C. Deas, Jr., Vice President and Treasurer of the FMC Corporation, on behalf of the U.S. Chamber of Commerce and the Coalition for Derivatives End-Users; Mr. Tom Deutsch, Executive Director of the American Securitization Forum; Mr. Dennis M. Kelleher, President & CEO of the Better Markets, Inc.; Mr. Thomas P. Lemke, General Counsel and Executive Vice President of Legg Mason & Co., LLC, on behalf of the Investment Company Institute; Ms. Anne Simpson, Senior Portfolio Manager of CalPERS; and Mr. Paul Vanderslice, President of the Commercial Real Estate Finance.
- **House Judiciary Subcommittee to Analyze Effects of Dodd-Frank on Intellectual Property Matters.** On Tuesday, July 10, the House Judiciary Committee Subcommittee on Intellectual Property, Competition and the Internet will hold a hearing titled “The Dodd-Frank Act’s Effects on Financial Services Competition.”
- **Senate Banking Committee to Explore Mobile Payments.** On Tuesday, July 10, the Senate Banking Committee will hold a hearing titled “Developing the Framework for Safe and Efficient Mobile Payments, Part 2.” The witnesses participating at the hearing will be Mr. Michael L. Katz, the Sarin Chair in Strategy and Leadership and Professor of Economics of the University of California, Berkeley; Ms. Sarah Jane Hughes from the University Scholar and Fellow in Commercial Law, Maurer School of Law, University of Indiana; and Mr. Thomas P. Brown, Adjunct Professor of the University of California, Berkeley School of Law.
- **House Financial Services Subcommittee to Assess Impact of Dodd-Frank on Mortgage Lending.** On Wednesday, July 11, the House Financial Services Subcommittee on Financial Institutions and Consumer Credit will examine the Dodd-Frank Act’s effect on mortgage lending.

REGULATORY ACTIVITY

- **CFTC Releases Proposed Guidance and Phased Compliance for the Cross-Border Application of Certain Swaps.** On June 29, the Commodity Futures Trading Commission (CFTC) released its proposed interpretive guidance and policy statement on the “Cross-Border Application of Certain Swaps Provisions of the Commodity Exchange Act.” On the same day, the CFTC proposed a phased compliance program for the cross-border application of the swap dealer and major swap participant regulatory requirements.

- **OCC Releases Report Outlining Risks Facing Banks.** On Thursday, July 5, the Office of the Comptroller of the Currency (OCC) released its Spring Report, “Semiannual Risk Perspective,” highlighting the biggest potential risks to the U.S. banking sector. Among the OCC’s chief concerns are the slow economic recovery, low interest rates, and bad loans and underwriting standards.
- **CFTC to Consider Final Definitional Rules on Swap Products.** On Tuesday, July 10, the CFTC will hold an open meeting to discuss the final rule related to the further definition of “swap,” “security-based swap,” and “security-based swap agreement”; mixed swaps; and security-based swap agreement recordkeeping. The meeting will also discuss the final rule related to the end-user exception to the clearing requirement for swaps and the proposed rule related to the clearing exemption for certain swaps entered into by cooperatives. Of note, the Securities and Exchange Commission (SEC) has not yet announced a similar meeting regarding the definitional rules.
- **SEC to Hold Open Meeting to Address Conflict Minerals Rule and Other Matters.** On Wednesday, August 22, the SEC will hold an open meeting to consider whether to adopt rules regarding disclosure and reporting obligations with respect to the use of conflict minerals to implement the requirements of Sections 1502 and 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The SEC will also consider rules to eliminate the prohibition against general solicitation and general advertising in securities offerings conducted pursuant to Rule 506 of Regulation D under the Securities Act, and Rule 144A under the Securities Act, as mandated by Section 201(a) of the Jumpstart Our Business Startups Act.

International, Defense, Homeland Security

- **Pakistan and Afghanistan.** After Secretary of State Hillary Clinton called and again expressed her “deepest regrets” to Pakistani Foreign Minister Hina Rabbani Khar for last November’s tragic incident in Salala, NATO supply trucks were allowed to resume travel via Pakistan to Afghanistan. The United States is also expected to release approximately \$1.1 billion to Pakistan, funding that was withheld last year as the U.S.-Pakistan relationship deteriorated and is intended for counterterrorism operations.

This weekend, Secretary Clinton is traveling to Tokyo to attend the Afghanistan Donor Conference, where the Afghan government will be looking for at least \$4 billion of aid pledges from the international community. Donors, meanwhile, will seek a plan to improve Afghanistan’s accountability, management of finances, democratic process, rule of law and human rights.

- **Trade Developments.** In San Diego this week, Trans Pacific Partnership (TPP) negotiators met for another round of discussions that included topics such as Australia’s alternate data-flow proposal and the TPP chapter on state owned enterprises (SOEs). There is growing consensus that the more contentious chapters – such as those on intellectual property rights, SOEs, and market access – likely will not be addressed prior to the November U.S. elections. The United States is not expected to want to make concessions that may have any political ramification to President Obama’s re-election. Moreover, TPP countries will likely not want to make concessions when it is unclear who will win the U.S. presidential election. The next TPP negotiation round is scheduled to be held again in the United States in September, where it is expected the negotiators will likely focus on addressing “low-hanging fruit” in attempting to close out some of the 29 TPP chapters.

On Thursday while campaigning in Ohio, President Obama announced the United States is challenging China's imposition of antidumping and countervailing duties on imported American-produced automobiles. Specifically, the United States has requested dispute settlement consultations with China at the World Trade Organization (WTO) to eliminate what the United States alleges are unfair duties.

Transportation

LEGISLATIVE ACTIVITY

- **SAFETEA-LU Reauthorization.** On July 6, President Obama sign into law Moving Ahead for Progress in the 21st Century (MAP-21) (H.R. 4348), the two-year reauthorization of the nation's surface transportation programs. Patton Boggs has prepared a detailed summary and analysis of the bill. If you would like a copy or have questions about the reauthorization legislation, please contact cmederos@pattonboggs.com.