

TALKING POINTS: WALL STREET REFORM AND CONSUMER PROTECTION

THE MELTDOWN: For eight years, President Bush and his Republican allies looked the other way as Wall Street and big banks exploited loopholes and ignored growing problems and, as a result, did not protect America's families and small businesses. This failure to regulate financial markets let Wall Street and the big banks gamble with our money and compromise our future, our savings, and the American Dream. We know what happened: the worst financial crisis since the Great Depression.

TOUGH CHOICES: Over the past year, this Congress and President Obama have made the tough choices and taken effective steps to bring our economy back from the brink of disaster.

RECOVERY BEGINS: Wall Street reform is the next critical step to create jobs and grow the economy. As we rebuild our economy, we must put in place common-sense rules to ensure big banks and Wall Street can't jeopardize our recovery and hurt hard-working families and small businesses. Wall Street may be bouncing back, but we know from experience they're not going to police themselves.

THE SOLUTION: Common sense reforms that hold Wall Street and the big banks accountable will:

- **End bailouts by ensuring taxpayers are never again on the hook for Wall Street's risky decisions**
- **Protect families' retirement funds, college savings, homes and businesses' financial futures from unnecessary risk by executives, lenders and speculators**
- **Protect consumers from predatory lending abuses, fine print, and industry gimmicks**
- **Inject transparency and accountability into a financial system run amok**

WHAT'S IN THE LEGISLATION?

- **Protect families and small businesses by ensuring that bank loans, mortgages, and credit cards are fair, affordable, understandable, and transparent by creating a new Consumer Financial Protection Agency.** We currently have rules that keep companies from selling us toasters that burn down our homes. We should have similar rules that bar the financial industry from offering mortgage loans to people who can't afford repayment.
- **End predatory lending practices** that occurred during the subprime lending frenzy.
- **End "too big to fail" financial firms** before risky and irresponsible behavior threatens to bring down the entire economy.
- **Prevent costly taxpayer bailouts** with new procedures to unwind failing companies that pose the greatest risk – paid for by the financial industry and not the taxpayers.
- **Tough new rules on the riskiest financial practices** that gambled with your money and caused the financial crash, like the credit default swaps that devastated AIG, and common sense regulation of derivatives and other complex financial products offered to consumers.
- **Tougher enforcement and oversight** with:

- More enforcement power and funding for the **Securities and Exchange Commission**, including requiring registration of hedge funds and private equity funds
- Enhanced oversight and transparency for **credit rating agencies**, whose seal of approval gave way to excessively risky practices that led to a financial collapse
- **Address egregious executive compensation**, allowing a ‘say on pay’ for shareholders, requiring independent directors on compensation committees, and limiting bank executive risky pay practices that jeopardize banks’ safety and soundness.