

The Wall Street Reform and Consumer Protection Act of 2010 Boosts Main Street and Curbs Wall Street

“Over the past several weeks, opponents of reform have tried to convince the American people that these reforms will hurt Main Street or help Wall Street. Those arguments won't work because they aren't true. Reforming Wall Street will create greater certainty for all businesses. And it will restore the financial system to its proper role of providing financing for Main Street businesses across the United States.”

– *Treasury Secretary Timothy F. Geithner, Statement before the Senate Committee on Appropriations, Subcommittee on Financial Services and General Government, April 29, 2010*

“In the wake of the worst financial crisis since the Great Depression, it is time to build a financial system that works for families and small businesses, not just for bankers or brokers; for long-term investors, not just for traders looking to turn a profit. To put America back on the path to growth, stability and global economic leadership, we need financial reform.”

– *Deputy Secretary of the Treasury Neal S. Wolin, McClatchy-Tribune News Service Op-Ed, April 30, 2010*

Enacting Meaningful Financial Reform is Critical for All Americans

- **Everyone has a stake in financial reform:** A family whose pension is invested in the stock market, an entrepreneur who needs credit to build her business, and parents saving for their kids' college education all have a stake in building a more stable financial system.
- **The Wall Street Reform and Consumer Protection Act boils down to protecting Americans' financial security:** When people talk about regulating derivatives, registering hedge funds, and ending "too-big-to-fail," it may sound remote to most Americans. But the truth is, these issues affect the financial security of all Americans. Financial reform will:
 - Help ensure that consumers and investors have the information they need to make financial decisions that are right for them
 - Help ensure that our financial system provides a stable source of affordable credit and capital for businesses seeking to innovate and grow
 - Help reduce the risk that families' savings are depleted by a financial and economic crisis spurred by irresponsible risk-taking on Wall Street
 - Help ensure that the American taxpayer never has to foot the bill for the irresponsibility of Wall Street

Promoting Transparency and Consumer Choice – and Preventing Abuse

- **Increasing transparency and choice:** Requiring clear, plain language disclosures will give American families the information they need to comparison shop for the financial products and prices that best meet their needs.
- **Preventing unfair and deceptive practices:** Financial reform will hold credit card companies, mortgage brokers, payday lenders and auto lenders accountable – so that they can't trap customers with misleading terms buried in the fine print.
- **Increasing competition and innovation:** When there are clear, consistent rules of the road, the market for consumer financial services will be more transparent, more competitive, and more innovative. Why? Because providers of financial services will have to compete by offering their customers good quality and competitive prices – not by taking advantage of their customers.

Making Derivatives Markets Safer and More Effective

- **Preventing another AIG:** Through its massive derivatives trading operation, AIG built up so much risk that it put the entire financial system at risk. Strong reforms of the derivatives market will help ensure that our financial system is less vulnerable to dangerous risk-taking in the derivatives markets. That's good for American families and businesses who bear the brunt of the pain when the financial system fails.
- **Improving competition and lowering costs:** By bringing the derivatives markets out of the shadows, reform will benefit those businesses that use derivatives to manage their real risks. The lack of transparency today benefits large Wall Street dealers, who use the lack of open competition to charge higher prices. Financial reform will benefit Main Street companies at the expense of Wall Street's hidden fees. That's good for every farmer and every manufacturer that uses derivatives the way they were meant to be used.

Protecting Taxpayers

- **Making crises less likely:** By strengthening shock absorbers in the system, financial reform will make it far less likely that a big firm will fail or that its failure will cause a broader panic.
- **Ending bailouts:** And if a big financial firm gets into trouble – despite the higher standards and tougher supervision – it will have only one fate: failure. There will be no taxpayer funded bailout.
- **Shutting down large firms without putting the economy at risk:** Regulators will have the ability to shut down and break apart failing financial firms in a safe, orderly way – without putting the rest of the financial system at risk, and without asking the taxpayers to pay a dime.
- **Separating banking from speculative trading:** The Wall Street Reform and Consumer Protection Act will protect taxpayers and depositors by separating risky, speculative “proprietary trading” from the business of banking.

Allowing the Financial System To Do Its Job – Helping Businesses Grow

- **Closing loopholes:** Loopholes in financial regulation were major contributors to the financial crisis. The Wall Street Reform and Consumer Protection Act closes these loopholes. By making the financial system safer and stronger, financial reform will reduce the chances that a financial crisis deprives businesses of the credit they need to grow and to create jobs.

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