Top Ten Things You Should Know About the Dodd-Frank Wall Street Reform and Consumer Protection Act

"Wall Street reform will bring greater security to folks on Main Street – to families who are looking to buy their first home or send their kids to college; to taxpayers who shouldn't have to pay for someone else's irresponsibility; to small businesses, community banks and credit unions who play by the rules; to shareholders and investors who want to see their company grow and thrive."

– President Obama, July 15, 2010

"[T]hese reforms and the new certainty they provide will build a better foundation for future economic growth. They will help restore the great strength of the American financial system which – at its best – develops innovative ways to provide credit and capital, not just for our great global companies, but for the individual with an idea and a plan."

– Treasury Secretary Geithner, July 15, 2010

1) **Ends "Too Big To Fail":** If a big financial firm is failing, it will have only one fate: liquidation. There will be no taxpayer funded bailout. Instead, 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.

2) **Closes Loopholes in Regulation of Major Financial Firms:** Loopholes that allowed firms like Lehman Brothers, Bear Stearns and AIG to operate without tough standards or oversight were major contributors to the financial crisis. The Wall Street Reform and Consumer Protection Act closes these loopholes, and create accountable regulation for all firms that pose the most risk to the financial system. It ends the ability of financial firms to avoid tough standards by manipulating their legal structure.

3) **Brings Transparency to Hedge Funds:** The Wall Street Reform and Consumer Protection Act requires advisers to hedge funds to register with the SEC for the first time, bringing transparency and oversight to these unregulated financial firms.

4) **Constrains the Size of the Largest Firms:** Financial reform will prevent any financial firm from growing by acquisition to more than 10% of the liabilities in the financial system. This will reduce the adverse effects of the failure of any single firm and prevent the further concentration of our financial system.

5) **Reforms Executive Pay and Strengthen Shareholder Protections:** Financial reform will give shareholders a say in the compensation of senior executives at the companies they own, and require that the compensation committees of corporate boards are independent.

6) **Separates Banking and Speculative Trading – the Volcker Rule:** The Wall Street Reform and Consumer Protection Act safeguards taxpayers and depositors by separating risky, speculative "proprietary trading" from the business of banking.

7) **Strongest Consumer Protections Ever:** Instead of seven federal agencies with only partial responsibilities for consumer protection, there will be the Consumer Financial Protection Bureau whose sole responsibility is establishing clear rules of the road for banks, mortgage companies, payday lenders, credit card lenders, and other financial service firms and for enforcing these rules. From now on, every consumer will be empowered with the clear and concise information they need to make financial decisions that are best for them.

8) **Cracks Down on the Abuses in the Mortgage Markets at the Center of the Crisis:** The Wall Street Reform and Consumer Protection Act bans abusive practices in the mortgage markets, like those where brokers got paid more to put families into higher priced loans than those they qualified for, and require mortgage brokers and banks to consider a family's ability to repay when making a loan. The reforms will also require lenders and Wall Street loan packagers to keep skin in the game when selling off loans to investors and make full disclosure so investors know what's in those packages. Reforms of credit rating agencies will help make sure investors do not rely unwisely on their ratings on these packages.

9) **Safer, More Transparent Derivatives Market to Help Main Street Businesses:** By bringing the derivatives markets out of the shadows, the Wall Street Reform and Consumer Protection Act benefits those businesses that use derivatives to manage their commercial risks. Financial form 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. Derivatives reform also means the taxpayer won't be on the hook for reckless risks of an AIG.

10) **Supports Long Term Job Growth by Helping Prevent Future Crises:** By making the financial system safer and stronger, the Wall Street Reform and Consumer Protection Act will reduce the chances that a financial crisis deprives businesses of the credit they need to grow and to create jobs. Financial reform will ensure businesses a more stable and predictable source of credit through the business cycle and reduce the risk of a sharp and sudden cut-off because of financial panic.

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