The Wall Street Transparency and Accountability Act of 2010

Senate Committee on Agriculture, Nutrition, and Forestry, Chairman Blanche Lincoln

This is landmark reform legislation that will bring 100 percent transparency to an unregulated $600 trillion market, close all loopholes and keep jobs on Main Street. This will protect taxpayers, jobs, consumers and the global economy, and will go further than any other proposal to prevent future bailouts.

Historic Reform of the Derivatives Market

Brings 100 Percent Transparency to Market with Real-Time Price Reporting:
Wall Street will no longer be able to make excessive profits by operating in the dark. Exposing these markets to the light of day will put this money where it belongs – on Main Street. The public will see what is being traded, who is doing the trading and, most importantly, regulators can go after fraud, manipulation and excessive speculation.

Lowers Systemic Risk by Requiring Mandatory Trading and Clearing:
Trading and clearing of swaps lower risks and make the entire financial system safer. Transactions, determined by the regulator, will be required to clear through a clearinghouse. In addition, these transactions must be traded on a regulated exchange, which will provide further market transparency.

Prevents Future Bailouts and Address "Too Big to Fail":
Banks need to be kept in the business of banking. The taxpayer funds used to bail out AIG and other Wall Street firms will never be used for this purpose again. The Federal Reserve and FDIC will be prohibited from providing any federal funds to bail out Wall Street firms who engage in risky derivative deals.

Closes Loopholes:
Loopholes have allowed far too many to avoid the law of the land or set up shell companies to claim exemptions. This bill gives regulators the authority to close any loophole they find, protecting the markets, taxpayers and the economy.

Protects Jobs on Main Street:
The interests of Main Street will be protected. Commercial businesses and manufacturers who use these markets and customized contracts to manage risk will still be permitted to do so without imposing additional margin costs. This will protect American jobs and keep consumer costs low.

Protects Municipalities and Pensions:
Swaps dealers will have a "fiduciary duty," just like investment advisers, that will require the interests of municipalities and pension retirement funds be put first; ensuring Wall Street doesn't take advantage of Main Street and taxpayers.

Regulates Foreign Exchange Transactions:
Foreign exchange swaps will be regulated like all other Wall Street contracts. At $60 trillion, this is the second largest component of the swaps market and must be regulated.

Increases Enforcement Authority to Punish Bad Behavior:
Regulators will be given broad enforcement authority to punish bad actors that knowingly help clients defraud third parties or the public such as when Wall Street helped Greece use swaps to hide the true state of the country's finances.

Full legislative text is available http://ag.senate.gov/site/legislation.html