THE FOURTH ANNIVERSARY OF THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT OF 2010

Democratic Staff Report
Prepared for Democratic Members of the
House Committee on Financial Services
The Honorable Maxine Waters, Ranking Member

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EXECUTIVE SUMMARY

Lax enforcement of regulations and a lack of accountability for the nation's financial institutions directly led to the worst financial crisis since the Great Depression. This crisis eliminated millions of jobs, led to millions of foreclosures, wiped out personal savings, and contributed to steady increases in the poverty rate.

The failures that led to this crisis required bold legislative action. It was critical that Congress restore responsibility and accountability in our financial system to give Americans confidence that there is a system in place that works for and protects them. Such a financial system is essential for creating a sound foundation to grow the economy and create jobs.

The Dodd-Frank Wall Street Reform and Consumer Protection Act was passed in 2010 in order to advance these goals: to protect consumers from the unfair and deceptive practices and products that led to the 2008 crisis; to give regulators the tools to ensure that no Wall Street firm grows too large, complex, or risky so as to threaten the global economy; to create transparency in previously opaque markets; to provide shareholders with more say over the governance of corporations; and to provide financial regulators with new tools to detect and prosecute fraud.

In the last four years, much has been accomplished, and Americans from across the political spectrum—Democrats, Republicans, and Independents—overwhelmingly support regulating the financial services industry and financial products to ensure that consumers and taxpayers are protected.

Regulators have made tremendous progress in implementing the Dodd-Frank Act. The Consumer Financial Protection Bureau has already returned $4.6 billion to 15 million consumers who have been subjected to unfair and deceptive practices. The Bureau has established a qualified mortgage rule, ensuring that borrowers who are extended mortgage credit actually have the ability to repay the loan, and has established new rules-of-the-road for mortgage servicers. Additionally, it has worked with the Department of Defense to develop financial protections for service members and veterans, and established a national database to aide consumers with complaints about debt collectors, credit card companies, and credit rating agencies, among others.

The Volcker Rule has forced banks to sell-off their standalone proprietary trading desks, and banks have shifted away from speculative trading to investments in the real economy. Shareholders of U.S. corporations now have the ability to have a "say-on-pay," voting to approve or disapprove executive compensation. And the Securities and Exchange Commission (SEC) has recovered more than $9.3 billion in civil fines and penalties since 2011, leveraging enhanced authorities provided by Dodd-Frank. The SEC has also established an Office of the Whistleblower to aid them in policing securities market violations, which has already received more than 6,573 tips from 68 countries. Further, private funds are making systemic risk reports to regulators, helping them to understand previously opaque risks.

To implement the Dodd-Frank Act, the CFTC has completed 65 final rules, orders, and guidance documents resulting in the registration and enhanced oversight of 102 Swap Dealers, two Major Swap Participants, 22 Swap Execution Facilities, and four Swap Data Repositories. In addition, the CFTC has established rules governing mandatory clearing, exchange trading, and reporting of the entire $400 trillion notional swaps market.

References to credit rating agencies have been removed from federal banking rules and the Office of Financial Research is analyzing data to help spot emerging risks in the financial system. And lastly, a new Federal Insurance Office has been established and wrote its first report on modernization of insurance regulation, while the Offices of Minority and Women Inclusion have been established at our financial regulatory agencies.

Since Dodd-Frank's passage, stability in the market has led to significant economic growth. Nearly 9.7 million private sector payroll jobs have been created since February 2010. There are now nearly 900,000 more workers employed in the private sector than before recession-related job losses began in early 2008. The unemployment rate has fallen by 3.9 percentage points since its peak of 10.0 percent in October 2009 and currently stands at 6.1 percent—its lowest level since September 2008. Real GDP has grown 10.2 percent since its trough in 2009, and now stands 5.5 percent higher than its pre-recession peak in late 2007.

Moreover, the housing market is recovering, with home prices rising, negative equity falling dramatically, and measures of mortgage distress improving. The S&P 500 has risen by 85 percent since July 21, 2010 and has recently reached new peaks.

However, this progress has been regularly stymied by a concerted effort by the Majority to underfund regulators' operations, relentlessly pressure them to weaken regulations, and otherwise erect roadblocks to implementation. As a result, the progress regulators have made to implement the law remains precarious.

TABLE OF CONTENTS

SUMMARY OF THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

HIGHLIGHTS OF THE DODD-FRANK ACT

Consumer Protections with Authority and Independence: Created a new independent watchdog, the Consumer Financial Protection Bureau (CFPB), with the authority to ensure American consumers get the clear, accurate information they need to shop for mortgages, credit cards, and other financial products, and protects them from hidden fees, abusive terms, and deceptive practices through strong enforcement of consumer protection laws. To date, the CFPB has returned $4.6 billion to consumers subject to such practices.

Provided Tools Necessary to End "Too Big To Fail": Required large banks to detail a "living will," helping eliminate complexity; created a safe way to liquidate failed financial firms; imposed new capital and leverage requirements that make it undesirable to get too big; updated the Fed's authority to allow system-wide support but no longer prop up individual firms; and established rigorous standards and supervision to protect the economy and American consumers, investors, and businesses.

Advanced Warning System: Created the Financial Stability Oversight Council (FSOC) to identify and address systemic risks posed by large, complex companies, products, and activities before they threaten the stability of the economy; the council provides for cooperation and information sharing between agencies to research and correct threats before they become crises.

Transparency & Accountability for Exotic Instruments: Eliminated loopholes that allow risky and abusive practices to go on unnoticed and unregulated—including loopholes for over-the-counter derivatives, asset-backed securities, hedge funds, complex predatory mortgages, and unfair payday loan products.

Executive Compensation and Corporate Governance: Provided shareholders a "say-on-pay"—with a non-binding vote on executive compensation and golden parachutes; ensured that executives responsible for firm failures will be held accountable and removed from office; and required boards of banks and systemic non-financial firms to establish strong, independent risk committees.

Protects Investors: Provided tough new rules for transparency and accountability for credit rating agencies to protect investors and businesses; created an Office of the Investor Advocate at the SEC to represent investors' perspectives to the Commission.

Enforces Regulations on the Books: Strengthened oversight and empowered regulators to aggressively pursue financial fraud, conflicts of interest, and manipulation of the system that benefits special interests at the expense of American families and businesses.

STRONG CONSUMER FINANCIAL PROTECTION WATCHDOG

- **Independent Head:** Led by an independent director appointed by the President and confirmed by the Senate.
- **Independent Budget:** Dedicated budget drawn from the Federal Reserve System.
- **Independent Rule Writing**: Able to autonomously write rules for consumer protections governing all financial institutions—banks and non-banks—offering consumer financial services or products.
- **Examination and Enforcement**: Authority to examine and enforce regulations for banks and credit unions with assets of over $10 billion and all mortgage-related businesses (lenders, servicers, mortgage brokers, and foreclosure scam operators), payday lenders, and student lenders, as well as other non-bank financial companies that are large, such as debt collectors and consumer reporting agencies. Banks and credit unions with assets of $10 billion or less continue to be examined by the appropriate regulator.
- **Consumer Protections**: Consolidated and strengthened consumer protection responsibilities previously handled by the Office of the Comptroller of the Currency, Office of Thrift Supervision, Federal Deposit Insurance Corporation, Federal Reserve, National Credit Union Administration, the Department of Housing and Urban Development, and Federal Trade Commission. The Bureau oversees the enforcement of federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for individuals and communities.
- **Able to Act Fast**: With this Bureau on the lookout for unfair, deceptive, or abusive practices and schemes, consumers don't have to wait for Congress to pass a law to be protected from bad business practices.
- **Educates**: Created a new Office of Financial Literacy.
- **Consumer Hotline**: Created a national consumer complaint and advice hotline so consumers will have, for the first time, a single toll-free number to report problems with financial products and services, ask questions about their mortgages, student loans, and credit cards, and receive advice on locating housing counselors or fixing their credit score.
- **Consumer Complaint Database:** Takes input directly from consumers who experience problems and works with financial companies to address issues—providing transparency and encouraging quick resolution of consumer complaints.
- **Accountability:** Made one office accountable for consumer protections. Prior to Dodd-Frank, it was hard to know who was responsible for what, and emerging problems fell through the cracks because no one regulator bore sole responsibility.
- **Works with Bank Regulators**: Coordinates with other regulators when examining banks to prevent undue regulatory burden. Consults with regulators before a proposal is issued and regulators can appeal regulations they believe would put the safety and soundness of the banking system or the stability of the financial system at risk.

- **Responsive to Small Business Needs:** Works with small banks and businesses through the Office of Financial Institutions and Business Liaison and by consulting with small businesses prior to rulemakings.

LOOKING OUT FOR THE NEXT BIG PROBLEM: ADDRESSING SYSTEMIC RISKS

- **Expert Members**: Composed of 10 voting members that include the federal financial regulators, an independent member, and 5 nonvoting members, the Financial Stability Oversight Council is charged with identifying and responding to emerging risks throughout the financial system. The Council is chaired by the Treasury Secretary and includes the Federal Reserve Board, SEC, CFTC, OCC, FDIC, FHFA, NCUA, CFPB, and an independent appointee with insurance expertise. The 5 nonvoting members include the Office of Financial Research, the Federal Office of Insurance, and state banking, insurance, and securities regulators.
- **Tools to Reduce Bank Size and Complexity**: The Council makes recommendations to the Federal Reserve for increasingly strict rules for capital, leverage, liquidity, risk management, and other requirements as companies grow in size and complexity, with significant requirements on companies that pose risks to the financial system.
- **Regulates Nonbank Financial Companies**: Authorized the Council to require, with a 2/3 vote and vote of the chair, that a nonbank financial company be regulated by the Federal Reserve if the Council believes there would be negative effects on the financial system if the company failed or its activities pose a risk to the financial stability of the U.S.
- **Break Up Large, Complex Companies**: Council is able to approve, with a 2/3 vote and vote of the chair, a Federal Reserve decision to require a large, complex company, to divest some of its holdings if those activities pose a grave threat to the financial stability of the United States—but only as a last resort.
- **Technical Expertise**: Created a new Office of Financial Research within Treasury to be staffed with a highly sophisticated staff of economists, accountants, lawyers, former supervisors, and other specialists to support the Council's work by collecting financial data from all government regulators and conducting economic analysis.
- **Make Risks Transparent:** Through the Office of Financial Research and member agencies the Council collects and analyzes data to identify and monitor emerging risks to the economy and makes this information public in periodic reports and testimony to Congress every year.
- **Preventing Evasion:** Large bank holding companies that have received TARP funds are not able to avoid Federal Reserve supervision by simply dropping their banks (the "Hotel California" provision).
- **Capital Standards:** Establishes a floor for capital that cannot be lower than the standards in effect as of 2010, and authorizes the Council to impose a 15:1 leverage requirement at a company if necessary to mitigate a grave threat to the financial system.

LIMITING LARGE, COMPLEX FINANCIAL COMPANIES AND PREVENTING FUTURE BAILOUTS

- **No Taxpayer-Funded Bailouts**: Clearly states taxpayers are not on the hook to save a failing financial company or to cover the cost of its liquidation, requiring instead that large, systemically important firms are responsible for the costs of failures, thereby discouraging creation of new systemically risky financial companies.
- **Discourage Excessive Growth & Complexity**: The Financial Stability Oversight Council monitors systemic risk and makes recommendations to the Federal Reserve for increasingly strict rules for capital, leverage, liquidity, risk management, and other requirements as companies grow in size and complexity, with significant requirements on companies that pose risks to the financial system.
- **Volcker Rule**: For financial institutions that receive government assistance, limits proprietary trading, investment in and sponsorship of hedge funds and private equity funds, and limits relationships with hedge funds and private equity funds. Nonbank financial institutions supervised by the Fed also have restrictions on proprietary trading and hedge fund and private equity investments.
- **Extends Oversight Of All Large Financial Institutions**: The Council can require nonbank financial companies that pose a risk to the financial stability of the United States to submit to supervision by the Federal Reserve, ensuring that one regulator is responsible for regulating all institutions that may threaten financial stability.
- **Payment, Clearing, and Settlement Regulation**: Provides a specific framework for promoting uniform risk-management standards for systemically important financial market utilities and systemically important payment, clearing, and settlement activities conducted by financial institutions.
- **Living Wills**: Requires large, complex financial companies to periodically submit plans for their rapid and orderly shutdown should the company go under. Companies can be charged with higher capital requirements and be subject to restrictions on growth and activities, as well as divestment, if they fail to submit acceptable plans. Plans help regulators understand the structure of the companies they oversee and serve as a roadmap for shutting them down without government intervention if the company fails. Significant costs for failing to produce a credible plan create incentives for firms to eliminate structures or operations that cannot be unwound easily.
- **Liquidation:** Creates an emergency orderly liquidation mechanism for FDIC to unwind failing systemically significant financial companies. If the FDIC is forced to intervene, shareholders and unsecured creditors bear losses and management and culpable directors are removed.
- **Liquidation Procedure**: Requires that Treasury, the FDIC, and the Federal Reserve all agree to put a company into the orderly liquidation process to mitigate serious adverse effects on financial stability, with up front judicial review.
- **Costs to Financial Firms, Not Taxpayers:** Taxpayers bear no cost for liquidating large, interconnected financial companies. FDIC can borrow only the amount of funds to liquidate a company that it expects to be repaid from the assets of the company being liquidated. The government will be first in line for repayment. Funds not repaid from the sale of the company's assets will be repaid first through the

clawback of any payments to creditors that exceeded liquidation value, and then assessments on large financial companies, with the riskiest paying more based on considerations included in a risk matrix.

- **Federal Reserve Emergency Lending:** Significantly alters the Federal Reserve's 13(3) emergency lending authority to prohibit bailing out an individual company. The Treasury Secretary must approve any lending program, and such programs must be broad-based and not aid a failing financial company. Collateral must be sufficient to protect taxpayers from losses.
- **Bankruptcy**: Large financial companies are required to prove that they can be resolved through ordinary bankruptcy without government assistance before they get into trouble.
- **Limits on Debt Guarantees**: To prevent bank runs, the FDIC can guarantee debt of solvent insured banks, but only after meeting serious requirements: 2/3 majority of the Federal Reserve Board and the FDIC board must determine that there is a threat to financial stability; the Treasury Secretary must approve the terms and conditions and set a cap on overall guarantee amounts; the President then activates an expedited process for Congressional approval.

REFORMING THE FEDERAL RESERVE

- **Federal Reserve Emergency Lending**: Limits the Federal Reserve's 13(3) emergency lending authority by prohibiting emergency lending to an individual entity. The Treasury Secretary must approve any lending program, programs must be broad-based, and loans cannot be made to insolvent firms. Collateral must be sufficient to protect taxpayers from losses.
- **Audit of the Federal Reserve**: GAO conducted a one-time audit of all Federal Reserve 13(3) emergency lending that took place during the financial crisis. Details on all lending were published on the Federal Reserve website. In the future GAO has on-going authority to audit 13(3), emergency lending, discount window lending, and open market transactions.
- **Transparency & Disclosure**: Requires the Federal Reserve to disclose counterparties and information about amounts, terms and conditions of 13(3) emergency lending, discount window lending, and open market transactions on an on-going basis, with specified time delays.
- **Supervisory Accountability**: Creates a Vice Chairman for Supervision, a member of the Board of Governors of the Federal Reserve designated by the President, who will develop policy recommendations regarding supervision and regulation for the Board, and will report to Congress semi-annually on Board supervision and regulation efforts.
- **Federal Reserve Bank Governance**: GAO conducted a study of the current system for appointing Federal Reserve Bank directors, to examine whether the current system effectively represents the public, and whether there are actual or potential conflicts of interest. GAO examined the establishment and operation of emergency lending facilities during the crisis and the Federal Reserve banks involved therein. The GAO identified measures that would improve Reserve Bank governance.

- **Election of Federal Reserve Bank Presidents**: Presidents of the Federal Reserve Banks are elected by class B directors—elected by district member banks to represent the public—and class C directors—appointed by the Board of Governors to represent the public. Class A directors—elected by member banks to represent member banks—can no longer vote for presidents of the Federal Reserve Banks.
- **Limits on Debt Guarantees**: To prevent bank runs, the FDIC may guarantee debt of solvent insured banks, but only after meeting serious requirements: 2/3 majority of the Federal Reserve Board and the FDIC board determine there is a threat to financial stability; the Treasury Secretary approves terms and conditions and sets a cap on overall guarantee amounts; the President initiates an expedited process for Congressional approval.

CREATING TRANSPARENCY AND ACCOUNTABILITY FOR DERIVATIVES

- **Closes Regulatory Gaps**: Provides the SEC and CFTC with authority to regulate over-the-counter derivatives so that irresponsible practices and excessive risk-taking can no longer escape regulatory oversight.
- **Central Clearing and Exchange Trading**: Requires central clearing and exchange trading for swaps that can be cleared and provides a role for both regulators and clearing houses to determine which contracts should be cleared.
- **Market Transparency**: Requires data collection and publication through clearing houses or swap repositories to improve market transparency and price discovery, and provided regulators important tools for monitoring and responding to risks.
- **Financial Safeguards**: Adds safeguards to system by ensuring dealers and major swap participants have adequate financial resources to meet responsibilities. Provided regulators the authority to impose capital and margin requirements on swap dealers and major swap participants, not end users.
- **Higher Standard of Conduct**: Establishes a code of conduct for all registered swap dealers and major swap participants when advising a swap entity. When acting as counterparties to a pension fund, endowment fund, or state or local government, dealers are to have a reasonable basis to believe that the fund or governmental entity has an independent representative advising them.

NEW OFFICES OF MINORITY AND WOMEN INCLUSION

- Established an Office of Minority and Women Inclusion at federal financial regulators to address employment and contracting diversity matters. The offices also coordinate technical assistance to minority-owned and women-owned businesses, and seek diversity in the workforce of the regulators.

MORTGAGE REFORM

- **Requires Lenders Ensure a Borrower's Ability to Repay:** Established a simple federal standard for all home loans: institutions must ensure that borrowers can repay the loans they are sold.
- **Prohibits Unfair Lending Practices**: Prohibits the financial incentives for subprime loans that encourage lenders to steer borrowers into more costly loans, including the kickbacks known as "yield spread premiums" that lenders pay to brokers to sell riskier loans to borrowers, especially minorities, who qualified for better deals. Prohibits pre-payment penalties that trapped so many borrowers into unaffordable loans.
- **Establishes Accountability for Irresponsible Lending**: Lenders and mortgage brokers who don't comply with new standards can now be held accountable by consumers for as much as three years of interest payments and damages plus attorney's fees (if any). Protects borrowers against foreclosure for violations of these standards.
- **Expands Consumer Protections for High-Cost Mortgages**: Expands the protections available under federal rules on high-cost loans—lowering the interest rate and the points and fee triggers that define high-cost loans.
- **Requires Additional Disclosures for Consumers on Mortgages**: Lenders must disclose the maximum a consumer could pay on a variable rate mortgage, and include a warning that payments will vary based on interest rate changes.
- **Housing Counseling**: Established an Office of Housing Counseling within HUD to boost homeownership and rental housing counseling.

RAISING STANDARDS AND REGULATING HEDGE FUNDS

- **Fills Regulatory Gaps**: Reins in the "shadow" financial system by requiring hedge fund and private equity fund advisers to register with the SEC as investment advisers and provide information about their trades and portfolios necessary to assess systemic risk. This data is shared with the Council, and the SEC reports to Congress annually on how it uses this data to protect investors and market integrity.
- **Greater State Supervision**: Raises the assets threshold for federal regulation of investment advisers from $30 million to $100 million, a move expected to significantly increase the number of advisers under state supervision. States have proven to be strong regulators in this area.

NEW REQUIREMENTS AND OVERSIGHT OF CREDIT RATING AGENCIES

- **New Office, New Focus at SEC:** Created an Office of Credit Ratings at the SEC with expertise and its own compliance staff and the authority to fine agencies. The SEC now examines Nationally Recognized Statistical Ratings Organizations (NRSRO) at least once a year and makes key findings public.
- **Disclosure:** Requires NRSROs to disclose their methodologies, their use of third parties for due diligence efforts, and their ratings track record.

- **Independent Information**: Requires agencies to consider in their ratings any information that comes to their attention from a source other than the organizations being rated, if they find the information credible.
- **Conflicts of Interest:** Prohibits compliance officers from simultaneously working on ratings, methodologies, or sales; installs a new requirement for NRSROs to conduct a one-year look-back review when an NRSRO employee goes to work for an obligor or underwriter of a security or money market instrument subject to a rating by that NRSRO; and mandates a report to the SEC when certain employees of the NRSRO go to work for an entity that the NRSRO has rated in the previous twelve months.
- **Liability**: Investors can bring private rights of action against ratings agencies for a knowing or reckless failure to conduct a reasonable investigation of the facts or to obtain analysis from an independent source.
- **Right to Deregister**: Gives the SEC the authority to deregister an agency for providing bad ratings over time.
- **Education**: Requires ratings analysts to pass qualifying exams and have continuing education.
- **Eliminates Statutory and Regulatory Requirements to Use NRSRO Ratings**: Reduces over-reliance on ratings and encourages investors to conduct their own analysis.
- **Independent Boards**: Requires at least half the members of an NRSRO board to be independent, with no financial stake in credit ratings.
- **Ends Shopping for Ratings**: The SEC must create a new mechanism to prevent issuers of asset backed-securities from picking the agency they think will give the highest rating, after conducting a study and submitting it to Congress.

GIVES SHAREHOLDERS A SAY ON PAY AND CREATES GREATER ACCOUNTABILITY

- **Votes on Executive Pay and Golden Parachutes**: Gave shareholders a "say-on-pay" with the right to a non-binding vote on executive pay and golden parachutes. This gives shareholders a powerful opportunity to hold accountable executives of the companies they own, and a chance to disapprove where they see the kind of misguided incentive schemes that threatened individual companies and in turn the broader economy.
- **Discourages Excessive Compensation:** Requires companies to disclose the CEO's compensation, the median employee compensation, and a ratio of the two.
- **Nominating Directors:** Gives the SEC authority to grant shareholders proxy access to nominate directors. These requirements can help shift management's focus from short-term profits to long-term growth and stability.
- **Independent Compensation Committees**: Standards for listing on an exchange now require that compensation committees include only independent directors and have authority to hire compensation consultants in order to strengthen their independence from the executives they are rewarding or punishing.
- **No Compensation for Inaccurate Statements:** Requires that public companies set policies to take back executive compensation if it was based on inaccurate financial statements that don't comply with accounting standards.

- **SEC Review**: Directs the SEC to clarify disclosures relating to compensation, including requiring companies to provide charts that compare their executive compensation with stock performance over a five-year period.
- **Enhanced Compensation Oversight for Financial Industry:** Requires Federal financial regulators to issue and enforce joint compensation rules specifically applicable to financial institutions with a Federal regulator.
- **Risk Advisory Committees:** Requires systemically important firms to establish independent risk advisory committees on their boards to assess risks across all operations of the firm.

IMPROVEMENTS TO BANK AND THRIFT REGULATIONS

- **Abolished the Office of Thrift Supervision**: Shut down this dysfunctional regulator and transferred authorities mainly to the Office of the Comptroller of the Currency, but preserves the thrift charter.
- **Loss Absorbing Capital:** Requires banks be funded by a minimum amount of shareholder equity to prevent risk-taking with excessive debt
- **Stronger Lending Limits**: Adds credit exposure from derivative transactions to banks' lending limits.
- **Improves Supervision of Holding Company Subsidiaries**: Requires the Federal Reserve to examine non-bank subsidiaries that are engaged in activities that the bank can do (e.g., mortgage lending) on the same schedule and in the same manner as bank exams. Provides the primary federal bank regulator backup authority if that does not occur.
- **Intermediate Holding Companies**: Allows use of intermediate holding companies by commercial firms that control grandfathered unitary thrift holding companies to better regulate the financial activities, but not the commercial activities.
- **Interest on Business Checking**: Repeals the prohibition on banks paying interest on demand deposits.
- **Charter Conversions:** Removes a regulatory arbitrage opportunity by prohibiting a bank from converting its charter (unless both the old regulator and new regulator do not object) in order to get out from under an enforcement action.

INSURANCE

- **Federal Insurance Office**: Created the first-ever office in the Federal government focused on insurance. The Office, as established in the Treasury, gathers information about the insurance industry, including access to affordable insurance products by minorities, low- and moderate-income persons and underserved communities. The Office also monitors the insurance industry for systemic risk purposes.
- **International Presence**: The Office serves as a uniform, national voice on insurance matters for the United States on the international stage.
- **Streamlines** regulation of surplus lines insurance and reinsurance through state-based reforms.

- **Federal Supervision of Complex Insurance Companies:** Provided the Federal Reserve the ability to oversee large, complex insurers to prevent the need to bail out another firm like AIG.

CREDIT SCORE PROTECTION

- **Monitor Personal Credit Rating:** Allows consumers free access to their credit score if their score negatively affects them in a financial transaction or a hiring decision. Gives consumers access to credit score disclosures as part of an adverse action and risk-based pricing notice.

SEC AND IMPROVING INVESTOR PROTECTIONS

- **Fiduciary Duty**: Gives SEC the authority to impose a fiduciary duty on brokers who give investment advice so that the advice is in the best interest of their customers.
- **Encouraging Whistleblowers**: Creates a program within the SEC to encourage people to report securities violations, creating rewards of up to 30 percent of funds recovered for information provided.
- **SEC Management Reform**: Mandated a comprehensive outside consultant study of the SEC, an annual assessment of the SEC's internal supervisory controls, and GAO review of SEC management.
- **New Advocates for Investors**: Created the Investment Advisory Committee, a committee of investors to advise the SEC on its regulatory priorities and practices; the Office of the Investor Advocate in the SEC, to identify areas where investors have significant problems dealing with the SEC and provide them assistance; and an ombudsman to handle investor complaints.
- **SEC Funding**: Authorized more resources to the chronically underfunded agency to carry out its new and expanded duties.

REDUCING RISKS POSED BY SECURITIES

- **Skin in the Game**: Required companies that sell products like mortgage-backed securities to retain at least 5 percent of the credit risk, unless the underlying loans meet standards that reduce riskiness. That way, if the investment doesn't pan out, the company that packaged and sold the investment would lose out right along with the people to whom they sold it.
- **Better Disclosure**: Requires issuers to disclose more information about the underlying assets and to analyze the quality of the underlying assets.

BETTER OVERSIGHT OF MUNICIPAL SECURITIES INDUSTRY

- **Registers Municipal Advisors:** Requires registration of municipal advisors and subjects them to rules written by the Municipal Securities Rulemaking Board (MSRB) and enforced by the SEC.

- **Puts the Public First on the MSRB Board**: Ensures that at all times, the MSRB must have a majority of independent members, to ensure that the public interest is better protected in the regulation of municipal securities.
- **Fiduciary Duty**: Imposes a fiduciary duty on advisors to ensure that they adhere to the highest standard of care when advising municipal issuers.

REBUILDING IN THE AFTERMATH OF THE FORECLOSURE CRISIS

- **Neighborhood Stabilization Program**: Provided $1 billion to States and localities to combat the ugly impacts on neighborhoods of the foreclosure crisis—such as falling property values and increased crime—by providing funds for states and localities to rehabilitate, redevelop, and reuse abandoned and foreclosed properties.
- **Emergency Mortgage Relief**: Building on a successful Pennsylvania program, provided $1 billion for bridge loans to qualified unemployed homeowners with reasonable prospects for reemployment to help cover mortgage payments until they are reemployed.
- **Foreclosure Legal Assistance**: Authorized a HUD-administered program for making grants to provide foreclosure legal assistance to low- and moderate-income homeowners and tenants related to homeownership preservation, home foreclosure prevention, and tenancy associated with home foreclosure.

TRANSPARENCY FOR THE EXTRACTION INDUSTRY

- **Public Disclosure**: Requires public disclosure to the SEC of payments made to the U.S. and foreign governments relating to the commercial development of oil, natural gas, and minerals.
- **SEC Filing Disclosure**: Requires those engaged in the commercial development of oil, natural gas, or minerals to include information about payments they or their subsidiaries, partners or affiliates have made to the U.S. or a foreign government for such development in an annual report and post this information online.

CONGO CONFLICT MINERALS

- **Manufacturers' Disclosure**: Requires those who file with the SEC and use minerals originating in the Democratic Republic of Congo in manufacturing to disclose measures taken to exercise due diligence on the source and chain of custody of the materials and the products manufactured.
- **Illicit Minerals Trade Strategy**: Requires the State Department to submit a strategy to address the illicit minerals trade in the region and a map to address links between conflict minerals and armed groups and establish a baseline against which to judge effectiveness.

INTERNATIONAL MONETARY FUND

- **Restricts U.S. Funds for Foreign Governments:** Requires the Administration to evaluate proposed loans by the IMF to a middle-income country if that country's public debt exceeds its annual Gross Domestic Product, and oppose loans unlikely to be repaid.

THE STAGGERING COSTS OF THE FINANCIAL CRISIS

Four years later the purpose of the Dodd-Frank Act remains the same: to prevent another financial crisis and the incalculable costs that it would inflict on the economy, the financial markets, and society. Indeed, the 2007-2008 financial crisis was the worst financial disaster since the Great Depression. The costs of that crisis are staggering and long-lasting by every measure[1]:

- The crisis ravaged the economy, costing more than $13 trillion or about $120,000 for every U.S. household.
- Tens of millions of Americans lost their jobs as the number of unemployed climbed to 14.7 million over the course of the recession, and the number of underemployed and discouraged job seekers who gave up work rose to 12 million, a 94 percent increase.
- Median family income fell to $45,800 in 2010 from $49,600 in 2007, with middle-class families sustaining the largest percentage losses in both wealth and income during the crisis.
- Equity investments dramatically declined, with the stock market falling by more than 50 percent in just 18 months, from October 2007 to March 2009.
- Home prices across the nation fell about 29 percent from their peak in April 2006 until the end of the recession in June 2009.
- The poverty rate steadily rose 2.5 percentage points from 2007 to 2012, with 46.5 million people in poverty in 2012.
- The U.S. government created various emergency programs and provided $12.6 trillion in direct support to the U.S. financial sector, not including pre-crisis provisions by the FDIC deposit insurance limits and the Fed's traditional monetary policy operations and lender-of-last-resort functions.

These figures, however, fail to capture the incalculable, widespread human suffering that impacted millions of Americans and continues to this day. The Dodd-Frank Act provides an enormous collective benefit to Americans by preventing a recurrence of this crisis.

[1] http://dallasfed.org/assets/documents/research/staff/staff1301.pdf;
http://gao.gov/assets/660/651322.pdf;
http://www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf;
http://www.census.gov/prod/2013pubs/p60-245.pdf;
http://bettermarkets.com/sites/default/files/Cost%20Of%20The%20Crisis_2.pdf

POLLING DATA: BIPARTISAN SUPPORT FOR WALL STREET REFORM

Recent polls of likely voters found significant bipartisan support for the reforms in Dodd-Frank.

- **Voters broadly support regulation of banks and the financial services industry[2].** According to recent polling conducted this month, over 90 percent of Democrats and Independents and 89 percent of Republicans strongly support regulating the financial services industry and financial products to ensure that consumers and taxpayers are protected.
- **Voters overwhelmingly oppose relaxing regulatory efforts designed to rein in industry excesses.** When asked, the overwhelming majority of voters (78 percent) desired tougher rules and enforcement of Wall Street compared to only 10 percent of voters who felt that further oversight and regulation of the financial services industry was unnecessary. Nearly 85 percent of Democrats, 78 percent of Independents and 72 percent of Republicans agreed with existing efforts to hold Wall Street accountable.
- **By wide margins, voters support Dodd-Frank and believe that *<u>more oversight</u>* is necessary to protect consumers, investors and taxpayers.** Approximately 75 percent of voters favored Dodd-Frank with over half (53 percent) strongly supporting the Act and its measures designed to protect consumers and taxpayers. The law's popularity is bipartisan as solid majorities of Democrats (86 percent), Independents (69 percent) and Republicans (68 percent) favor the law. Unsurprisingly, the law's broad support contributed to a broad consensus concerning the need for more oversight whereby 65 percent of voters supported more government oversight of the industry and 62 percent supported more vigorous regulation of financial companies.
- **Stricter federal regulation of Wall Street and the big banks crosses party lines[3].** Over half (60 percent) of voters favor stricter regulation on the way banks and other financial institutions conduct their business, including 74 percent of Democrats, 56 percent of Independents, and 46 percent of Republicans.
- **The CFPB enjoys bipartisan support, and voters broadly support their enforcement actions to date.** Three-quarters (75 percent) of voters support the CFPB after hearing what the Bureau does and its purpose, including over 63 percent of Republicans. When told about the CFPB's enforcement actions, voters supported the CFPB's actions by a margin of 3:1 where even 52 percent of Republicans believe that enforcement actions are "exactly what the CFPB should be doing."

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[2] *Source:* Lake Research Partners, "Bipartisan Support for Regulation and Accountability for Financial Companies", available at: http://ourfinancialsecurity.org/blogs/wp-content/ourfinancialsecurity.org/uploads/2014/07/Summary-Memo-on-AFR-CRL-Lake-Poll.pdf

[3] Better Markets, "New Poll on 4th Anniversary of Passage of the Dodd-Frank financial reform law," *available at* https://www.bettermarkets.com/sites/default/files/National%20Poll%20on%20the%204th%20Anniv%20of%20Dodd-Frank_1.pdf

REPUBLICAN EFFORTS TO UNDERCUT DODD-FRANK

Since the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Majority has engaged in an aggressive, unrelenting campaign to repeal, weaken, or otherwise pressure regulators to significantly alter provisions in nearly all titles of the Act. In addition to passing legislation to weaken or repeal provisions of Wall Street Reform, the Majority has also undermined reform by underfunding regulators such as the SEC and CFTC and subjecting their rulemakings to constant implementation hurdles and court challenges. If enacted, the cumulative effect of these efforts would render the Dodd-Frank Wall Street Reform and Consumer Protection Act essentially toothless, inviting a return to the opacity, risk, and deregulation that caused the 2008 crisis.

A summary of Republican efforts to undercut Dodd-Frank over the last 4 years, encompassing both the 112th and 113th Congresses, is below.

HAMSTRINGING AND UNDERFUNDING WALL STREET'S SHERIFFS

- In both the 112th and 113th Congresses, the Majority passed bills out of the House that would subject all SEC rulemakings to much more onerous cost/benefit standards, which would make it impossible for the SEC to effectively regulate our capital markets and protect investors (H.R. 2308 in the 112th Congress; H.R. 1062 in the 113th Congress).
    - These bills raised significant hurdles for the SEC to issue rules, making it much more difficult to protect investors even when SEC has evidence of fraud or other wrongdoing.
    - The bills did not provide any additional funding for the SEC, even though they would require significantly more resources for economic analysis before rulemakings can be issued. The Congressional Budget Office estimated that the bills would cost the SEC an additional $22 million. Such funds would have to be diverted from other important SEC functions, like Enforcement.
    - While the SEC's mission is to protect investors, the bills would require that the SEC consider whether its rules present the least burden on market participants such as investment banks. In fact, nowhere in the bills does it require the SEC to consider the protection of investors.
    - Finally, these bills are unnecessary, as the SEC is already subject to cost/benefit standards, as well as court review (in fact, a court struck down the SEC's proxy access rules on the grounds that their cost/benefit analysis was inadequate).

- The Majority has proposed similar legislation to subject the CFTC to new cost/benefit analysis standards (H.R. 1840 in the 112th Congress; H.R. 1003 in the 113th Congress).

- On the Appropriations Committee, the Majority has undercut the SEC and CFTC by refusing to adequately increase their funding, despite the fact that they are given significant new responsibilities under Dodd-Frank. Two amendments that would have restored funding to the SEC and CFTC were recently defeated by the Majority.

  - The Waters amendment to H.R. 5016 (Financial Services and General Government Appropriations for 2015) would have restored SEC funding to the President's request of $1.7 billion at no cost to the taxpayer. Instead, the Majority underfunded the SEC by 20 percent.

  - The DeLauro/Waters/Himes amendment to H.R. 4800 (Agriculture Appropriations for 2015) would have restored funding to the CFTC to the President's request of $280 million. Instead, the Majority underfunded the CFTC by 22 percent.

ATTACKING THE CONSUMER FINANCIAL PROTECTION BUREAU

- Through the budget process, Republicans are also trying to eliminate the CFPB's funding, and subject it to appropriations so that they can limit the CFPB's authority with budget riders. In February, Republicans passed legislation out of the House that would change the CFPB's funding mechanism to be dependent on Congress rather than the Federal Reserve. They announced that this change would save $5.4 billion dollars over the next 10 years—which is true if Congress doesn't budget a single dollar for the CFPB from 2016-2025. Like the Federal Housing Finance Agency, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, the CFPB should be independently funded, so that the examination and enforcement process is not subject to political pressure (H.R. 2736 in the 112th Congress; H.R. 5016 in the 113th Congress).

- After the President nominated Richard Cordray to serve as the Bureau's first Director, with the backing of 10 Republican State Attorneys General, Senate Republicans refused to bring his nomination to the Senate floor for a vote, denying the CFPB a Director two years. After the President filled the vacancy using recess appointment powers, the Chairman of the Financial Services Committee refused to allow the Director to testify in front of the Committee and accused the Bureau of operating outside its mandate. Extraordinary action was required in the Senate to finally give the Director a vote in which Senate Republicans who had helped filibuster his nomination ended up supporting his appointment.

- The Majority on the Financial Services and the Oversight and Government Reform Committees has inundated the CFPB with dozens of document requests, second guessing nearly every initiative the Bureau takes and forcing the Bureau to devote staff resources to responding to these fishing expeditions. As a result, Bureau officials have appeared in front of Congress 50 times in the three years since the Bureau's doors have been open.

- During the 112th Congress, the Majority passed a bill to undercut the CFPB by changing its structure from a single director to a five-person commission, which would have made it harder for the CFPB to issue rules. This bill also would have made it easier for banking regulators to veto CFPB rulemakings and enforcement actions (H.R. 1315).

- During the 113th Congress, the Majority passed a to decrease CFPB employee salaries, lower the threshold for the Financial Stability Oversight Council's veto of CFPB rules, turn the agency into a commission, and subject the agency to appropriations (H.R. 3193).

- Additionally, during the 113th Congress, the Majority passed bills to prevent the CFPB from researching consumer credit markets (H.R. 4539) or collecting data to fulfill their market monitoring mandate (H.R. 4604), to require public notice and comment in order to provide guidance (H.R. 4811), to force the director to provide guidance to individuals in secret (H.R. 4662), and to impede the examination process (H.R. 4804).

- Through the budget process, the Majority is also trying to take away the CFPB's independent funding and subject it to appropriations so that they can both restrict its funding and limit the CFPB's authority with budget riders. Like the FHFA, OCC, and FDIC, the CFPB should be independently funded, so that its examination and enforcement processes are not subject to political pressure (H.R. 2736 in the 112th Congress; H.R. 5016 in the 113th Congress).

WEAKENING INVESTOR AND SHAREHOLDER PROTECTION

- The Majority passed a bill to gut provisions in Dodd-Frank that provide added protections for individuals who blow the whistle on securities law violations (H.R. 2483 in the 112th Congress).

- The Majority passed a bill out to remove a provision in Dodd-Frank which provides that credit ratings agencies can be held liable for ratings included in the prospectuses of securities offerings (H.R. 1539 in the 112th Congress).

- The Majority passed a bill to repeal a provision in Dodd-Frank that requires public companies to report their CEO's salary relative to the median worker's salary (H.R. 1062 in the 112th; H.R. 1135 in the 113th Congress).

- The Majority has twice voted to repeal the risk retention provisions in Dodd-Frank (Section 941, colloquially known as the "skin in the game" provision), which require securitizers to retain an economic interest in the credit risk of the assets they securitize, thereby aligning their incentives with the incentives of investors (H.R. 3644 in the 112th Congress; H.R. 2767 in the 113th Congress).

- Under Dodd-Frank, Congress exempted companies with less than $75 million in market capitalization from the requirement to obtain independent audits over their internal controls over financial reporting. The Majority has passed legislation to significantly expand the number of companies exempt from this requirement, thereby increasing the likelihood of investors falling victim to accounting fraud (H.R. 3606 in the 112th Congress; H.R. 2629 in the 113th Congress).

REPEALING THE ORDERLY LIQUIDATION AUTHORITY

- The Majority passed legislation to repeal the Orderly Liquidation Authority (OLA) in Dodd-Frank—the method by which financial regulators could wind-down a systemically important financial firm when its insolvency poses a threat to the stability of the U.S. economy. More troubling is the false claim by the Majority that repealing the OLA would "save" $22 billion, a figure that is arrived at through the Majority's use of bogus accounting gimmicks. This legislation also fails to provide any alternative to the OLA, meaning that regulators would be left in the same place they were in the fall of 2008 when the Bush Administration came to Congress, saying the economy would collapse without a taxpayer bailout (H.R. 6684 in the 112th Congress).

UNDERMINING THE FINANCIAL STABILITY OVERSIGHT COUNCIL

- The Majority has passed measures to delay the ability of FSOC to make any additional designations of nonbank systemically important financial institutions—or institutions subject to heightened capital or liquidity standards, "living will" requirements, or stress tests by the Fed pursuant to Dodd-Frank—for one year (H.R. 4881). Nonbank SIFIs include firms like AIG that received large bailouts during the 2008 crisis.

- The Majority has also passed measures to undermine the work and structure of the FSOC—an agency tasked with coordinating the various federal regulatory efforts of our banking and market regulators, and deciding when additional regulation is needed to prevent systemic instability. This bill would also violate the Constitution's principle of separation of powers by letting Members of Congress attend closed door FSOC meetings (H.R. 4387 in the 113th Congress).

ELIMINATING THE OFFICE OF FINANCIAL RESEARCH

- Through multiple budgets, the Majority has attempted to eliminate the Office of Financial Research (OFR), an agency tasked with collecting information on the health of our financial markets and conducting research on financial stability issues. Like a storm warning center, OFR gathers information about emerging threats to financial stability and shares that information with other regulators to allow them to intervene before a crisis occurs (H.R. 6684 in the 112th Congress; H.R. 5016 in the 113th Congress).

UNDOING TRANSPARENCY IN DERIVATIVES MARKETS

- Wall Street Reform served the important purpose of bringing comprehensive regulation to the swaps marketplace. Under CFTC and SEC rules, swap and security-based swap dealers will be subject to robust oversight. Standardized derivatives will be required to trade on open platforms and be submitted for clearing to central counterparties. As a result, the swaps market will benefit from increased transparency and decreased risk.

- One of the first bills passed by the Majority would delay regulation of the $400 trillion notional swaps market for two years, preventing regulators from taking any action to rein in this previously unregulated market (H.R. 1573 in the 112th Congress).

- In 2012, the Chairman of the Financial Services Committee called the Volcker Rule "a self-inflicted wound that should be repealed." In addition, the Majority introduced bills to repeal the Volcker Rule (H. R. 613 in the 113th Congress) and to delay the Rule by staying its enforcement until there is international compliance with a similar policy (H.R. 6524 in the 112th Congress). The Volcker Rule is one of the most important parts of Dodd-Frank, aiming to limit loan-making, deposit-taking banks from making risky, speculative bets and from investing in hedge funds and private equity funds.

- In 2012, after an industry legal challenge led the U.S. District Court for the District of Columbia to vacate the CFTC's rule on position limits—or rules to limit speculation in physical commodities contracts for oil, wheat, and gold, among other products—Members of the Majority wrote to the CFTC, questioning why the agency devoted "limited resources to pursu[ing] [this] ideological and political goal"—despite the fact that the position limits were expressly mandated by Congress. Presumably, the Majority was eager to dissuade the CFTC from appealing the ruling or re-proposing the position limits rule.

- The Majority passed a bill to undercut "business conduct standards" in Dodd-Frank, which require that swaps dealers engage in fair dealing when conducting swaps transactions with certain unsophisticated entities, including retirement plans, pension funds, and municipal governments. These standards were included in Dodd-Frank to avoid a repeat of scandals such as the one in Jefferson County, Alabama, where JP Morgan Chase sold complex swaps to the county, which ultimately led to the county's bankruptcy (H.R. 3045 in the 112th Congress).

- The Majority has also worked to hamstring the CFTC's and SEC's funding in order to weaken their ability to police this large and complex market. In fact, Gary Gensler, former CFTC Chairman, noted to the *New York Times* that the agency has only 36 more employees than it did 20 years ago, despite the rapid expansion of the markets it regulates. Without adequate funding, the SEC will likewise have inadequate resources to conduct enforcement in this new area of the law and to complete rulemakings related to the security-based swaps market.

THE CONSUMER FINANCIAL PROTECTION BUREAU: BY THE NUMBERS

- **$4.6 Billion:** Money ordered in relief to consumers by CFPB enforcement actions.
- **$75 Million**: Monetary relief provided to consumers as a result of CFPB supervisory actions.
- **15 Million:** Consumers who will receive relief due to CFPB enforcement actions.
- **400,000:** Number of complaints CFPB received since the CFPB opened its doors in July 2011.
- **1077:** Number of consumer questions answered in *Ask CFPB* .
- **12 Million:** Number of consumers who use loans from payday lenders, which are now subject to federal supervision for the first time.
- **2,066:** Number of colleges voluntarily adopting the Financial Aid Shopping Sheet developed by the CFPB and the U.S. Department of Education.
- **142:** Number of banks under the CFPB's supervisory authority as of June 2014.
- **91:** Number of military installations visited by the Office of Servicemember Affairs since 2011.
- **50:** Number of times senior CFPB officials have testified before Congress.
- **25:** Number of public town halls and field hearings CFPB has held since opening its doors in July 2011:
    - Des Moines, Iowa
    - Miami, Florida
    - Los Angeles, California
    - Portland, Maine
    - Itta Bena, Mississippi
    - Chicago, Illinois
    - Boston, Massachusetts
    - Dallas, Texas
    - Phoenix, Arizona
    - Nashville, Tennessee
    - New Orleans, Louisiana
    - Reno, Neva
    - Philadelphia, Pennsylvania
    - Minneapolis, Minnesota
    - Cleveland, Ohio
    - Birmingham, Alabama
    - New York City, New York
    - Sioux Falls, South Dakota
    - Durham, North Carolina
    - Detroit, Michigan
    - St. Louis, Missouri
    - Seattle, Washington
    - Mountain View, California
    - Baltimore, Maryland
    - Atlanta, Georgia

FINANCIAL SERVICES DEMOCRATS AND FINANCIAL REGULATORS: WORKING TO STRENGTHEN SMALL FINANCIAL INSTITUTIONS AND SMALL BUSINESSES

While reining in the risky activities of the largest Wall Street banks that caused the 2008 financial crisis, the Dodd-Frank Wall Street Reform and Consumer Protection Act also minimized the regulatory burdens on community financial institutions and took steps to support job creation at small businesses. Democrats and financial regulators have also taken actions during the 112th and 113th Congresses to support small banks, credit unions, and small businesses.

Strengthening Deposit Insurance

- **Changed the formula for deposit insurance assessments so community banks will pay significantly less in premiums**. The new formula better reflects the risk an institution poses to the Deposit Insurance Fund (DIF); using total consolidated assets minus tangible equity, rather than simply domestic deposits, will ensure that larger institutions engaged in riskier activities pay more. [Section 331]

- Increased the minimum level of the DIF to provide a better cushion in difficult financial times, but **protects community banks against footing the bill** for the increase. [Section 334]

- Made the $250,000 deposit insurance limit permanent, increasing public confidence and **helping community banks continue to serve their communities**. Provides **equal treatment for the Credit Union Share Insurance Fund** so that credit unions benefit in the same way. [Section 335]

- **Provided comparable share insurance coverage for Credit Unions** for Interest on Lawyer Trust and similar accounts. [HR 3468]

Reducing Systemic Risk and Improving Financial Market Stability

- **Toughened supervision of large, interconnected financial companies**. Large bank holding companies and systemically important nonbank financial companies will have heightened scrutiny over their financial activities; increased risk-based capital requirements; and enhanced leverage, liquidity, and other prudential standards. [Title I, Subtitle A; Title VI]

- **Provided Regulators the tools to end "Too Big To Fail" Bailouts**. Establishes a mechanism through which the FDIC and Fed can review firms' ability to be resolved under normal bankruptcy proceedings and enforce higher capital requirements or limit activities to ensure no firm is "too big to fail." [Title I, Section 165]

- **Increased stability in the financial system** by giving regulators the ability to identify and coordinate responses to systemic threats through the Financial Stability Oversight Council, as well as the necessary authority to resolve complex institutions without damaging the economy under the Orderly Liquidation Authority. [Title II]

- **Increased capital requirements for large bank holding companies**, but protects smaller bank holding companies' ability to count existing trust-preferred securities (TruPS) toward the requirements. TruPS issued before May 19, 2010 by a depository institution holding company with total consolidated assets of less than $15 billion as of December 31, 2009, or any mutual holding company will not be forced to take any capital deductions on these instruments. [Section 171]

- **Regulators honored Dodd-Frank treatment of community bank issued TruPS** in their follow up guidance to the issuance of the Volcker Rule, providing relief to community banks that hold TruPS backed CDOs. [http://www.gpo.gov/fdsys/pkg/FR-2014-01-31/pdf/2014-02019.pdf]

- **Exempted banks under $250 billion** in consolidated assets from Liquidity Coverage Ratio and Supplemental Leverage Ratio requirements, increasing stability at the largest firms while minimizing regulatory burden. [http://www.occ.gov/news-issuances/bulletins/2013/bulletin-2013-35.html]

- **Regulators modified stress tests** so that banks would not have to take into consideration new Basel III requirements until January 2016. [http://www.fdic.gov/news/news/press/2014/pr14046a.pdf]

- **Funded the FSOC and OFR.** Both the FSOC and OFR are funded by fees on only banks with more than $50 billion in assets and non-bank financial institutions designated by the Council.

Common Sense Regulation of Securities and Derivatives

- **SEC and CFTC used discretion to exempt community banks** providing swaps as an accommodation to customers from treatment as a swap dealer, and provided SEC and CFTC authority to exempt other smaller entities from regulation under derivatives rules. [Sections 721(a) and 761]

- **Excluded commercial end users of derivatives** from clearing and execution requirements under derivatives rules. [Sections 723(f) and 764]

- **Excluded venture capital firms** and hedge funds with assets of less than $150 million, which are important sources of capital for start-up business, from registration requirements for investment advisors. [Sections 407 and 408]

- **Permanently exempted public companies with less than $75 million in market capitalization** from auditor attestation requirements of section 404 of Sarbanes-Oxley. [989G]

- Regulators provided for a temporary transition period to companies, in which they are allowed to use the category **"DRC Conflict Undeterminable"** to describe their products in their Conflict Minerals Report. **The transition period for smaller entities is four years, while larger companies have two years.**

- **Extended compliance period for swap dealers** with between $3-7 billion in notional swaps for registration with CFTC. [http://www.cftc.gov/LawRegulation/DoddFrankAct/Rulemakings/DF_1_Registration/index.htm]

- **Exempted non-financial end-users** from swap clearing requirements. [Section 723]

- **Exempted non-financial end-users** from swap margin requirements. [HR 634]

- **Transferred oversight of small investment advisers (<$100 million in assets under management)** from SEC to state securities regulators. [Section 410]

- **Supported small business growth** by providing regulatory relief from SEC registration by Merger and Acquisition Brokers. [H.R. 2274]

- **Supported liquidity in small and medium public companies** by directing the SEC to study larger tick increments for trading in their stocks. [H.R. 3448]

Other Items of Interest for Community Banks and Credit Unions

- **Preserved the federal thrift charter** as an option for smaller institutions that want to remain housing-focused. [Section 324; Title III, Subtitle A]

- **Exempted small banks and credit unions** from provisions regulating interchange fees. [Section 1075]

- **Made it more difficult for the largest banks to acquire other banks by including thrift deposits in the calculation of 10 percent nationwide deposit cap,** limiting the merger ability of the largest institutions. [Section 622]

- **Reduced capital standards at traditional community lenders** by increasing the number of banks eligible for Small Bank Holding Company Policy Statement. [3329]

- **Eliminated burdensome paper privacy disclosure requirements** and replaced them with electronic notifications. [H.R. 749]

- **Allowed Savings and Loan Holding Companies to take advantage of relief** for community banks provided in the JOBS Act. [H.R. 801]

OVERSIGHT OF DODD-FRANK IMPLEMENTATION

Since the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Congress has conducted—and Democrats have supported—robust oversight of our financial services regulatory agencies as they go about implementing the law.

Below, please find data on the number of times our financial regulatory agencies have testified before the House on matters related to Dodd-Frank implementation.

- **Consumer Financial Protection Bureau:** testified 25 times since its inception.
- **Federal Deposit Insurance Corporation:** testified 12 times on Dodd-Frank implementation.
- **Securities and Exchange Commission:** testified 17 times on Dodd-Frank implementation.
- **Commodity Futures Trading Commission:** testified 18 times on Dodd-Frank implementation.
- **The Federal Reserve:** testified 16 times on Dodd-Frank implementation.
- **The Office of the Comptroller of the Currency:** testified 6 times on Dodd-Frank implementation.