Since Wall Street Reform was enacted in July 2010...

...our financial system is **safer and stronger**.

...consumers are more **empowered and protected**.

...financial markets are more **transparent**.

...regulators have new tools **to monitor and mitigate threats** to the financial system.

...implementation steadily continues despite attempts by opponents to roll back, delay, and defund reforms.

These reforms are helping build a sound foundation to support economic growth.
Our financial system is safer and stronger since the crisis...

Our banks have added more than $420 billion of additional capital over the last three years to:

- Cushion against unexpected losses.
- Support lending to consumers and businesses.
- Comply with the common-sense standards called for by Wall Street Reform.
...and business conditions are gradually improving, although we need faster economic growth.

Business lending has increased by 15 percent since July 2010...

...and businesses have added jobs every month since Wall Street Reform passed, for a total of 3.8 million jobs.
Federal deposit insurance now protects \textbf{55 percent} of consumer and business deposits, up from 52 percent in early 2008.

The new financial rules are making banking safer for customers by:

Permanently increasing \textbf{federal deposit insurance coverage} to $250,000 per depositor to protect a greater share of business and consumer deposits.

Prohibiting banks, through the \textbf{Volcker Rule}, from making speculative, proprietary bets that would put deposits at risk.

* Does not include noninterest-bearing transaction account amounts insured by Wall Street Reform through the end of 2012.
Consumers are empowered to make informed financial choices because of Wall Street Reform.

The new Consumer Financial Protection Bureau (CFPB) helps make consumer financial products clearer and more understandable:

**New student loan assessment tools**
- A “Financial Aid Shopping Sheet” that helps students and their families evaluate the cost of college
- Already adopted by 10 major college systems representing roughly 1.4 million students, including:
  - State University of New York system
  - University of North Carolina at Chapel Hill
  - Miami Dade College

**New simplified credit card card contracts**
- Highlights rates and eliminates legalese so borrowers “know before they owe”
- Currently testing prototype forms with the Pentagon Federal Credit Union
Wall Street Reform helps homebuyers choose a mortgage that is right for them.

### Helping Borrowers Obtain an Affordable Mortgage

- The CFPB is making it easier to shop for and close on a mortgage with proposals that:
  - Simplify loan estimates and closing documents
  - Give clear warnings about potentially risky features such as pre-payment penalties or rising loan balances
  - Place new restrictions on closing cost increases so that consumers do not pay more than the amount stated on their loan estimate

### Holding Mortgage Servicers Accountable

The CFPB is also developing rules that will require servicers to:

- Provide borrowers with clear monthly statements
- Give borrowers earlier warnings about adjustments in interest rates
- Inform struggling borrowers about mortgage modifications and other foreclosure alternatives
The CFPB will now supervise consumer financial products and services that once operated outside of federal oversight.

The CFPB has already begun to oversee the products and practices of:
- Payday lenders
- Private student lenders
- Mortgage originators, brokers, and servicers

The CFPB is also preparing to oversee the largest players in other markets:
- Credit reporting agencies
- Debt collection agencies
- Other potential areas include:
  - Debt relief services
  - Prepaid card industry
  - Money transfer companies
  - Check cashing businesses

The CFPB is already bolstering oversight:
- Today, the CFPB has more than 230 examiners stationed in four regional offices and is reviewing the operations of some nonbank financial companies.
Wall Street Reform is empowering shareholders and influencing companies to change their compensation practices.

**Say-on-Pay Votes**
Wall Street Reform arms investors with more detailed information about senior executive compensation packages and then gives them a vote to express their views.

Even when shareholders approve executive compensation packages, the added scrutiny of “Say on Pay” proposals has helped change compensation practices.

**Clawback Policies**
If a publicly-traded company restates its earnings because of serious accounting errors...

...it must seek repayment of compensation from any past or present executive officer in excess of what would have been paid under the restatement.

If a large financial company is put into receivership...

...the FDIC can take back the last two years of compensation from any senior executive or director, past or present, who is substantially responsible for the failure of the firm.
Wall Street Reform puts large financial firms that once operated outside of federal oversight under greater scrutiny.
…and establishes new ways to identify potential threats to the financial system…

**Financial Stability Oversight Council (FSOC)**
- Established as a central forum for senior federal officials to flag concerns and monitor developments in the financial markets
- Although the FSOC is required to convene only four times a year, there have been 19 meetings over the last two years.
- Produced first-ever comprehensive report on the health of the financial system

**Office of Financial Research (OFR)**
- Identifies and monitors emerging risks in the financial system
- Fills gaps in financial data and research for the FSOC and the public

**Stress tests**
- Requires the Federal Reserve to conduct annual reviews of the nation’s largest banks to assess their ability to weather a severe financial storm
- Helps restore investor confidence and encourages the return of private capital into the banking system
...and creates new tools to wind down large financial firms so that taxpayers do not bear the burden of the firms’ mistakes.

**Resolution authority** gives regulators legal tools for winding down large financial firms that are similar to the ones they have long used to wind down traditional banks in order to:

- Prevent serious adverse effects on financial stability
- Prevent taxpayers from ultimately bearing the losses

Regulators did not have these powers when they were addressing the failures of Lehman Brothers and AIG during the fall of 2008.

**Living wills** provide a blueprint for the bankruptcy of large financial institutions so that these firms and their regulators can make informed decisions in the event of serious financial distress or failure.

- In July 2012, nine of the largest financial firms submitted living wills to the Federal Reserve and FDIC.
- Another 115 firms are expected to submit plans to the agencies over the next year.
Federal oversight must keep pace with the size and complexity of the financial markets.

While the size of financial markets has grown dramatically over the last decade, the number of regulators to police them has not.

The recent financial crisis shows that the cost of inadequate oversight can be devastating:

- **$19 trillion** in lost household wealth (2007 Q2 – 2009 Q1)
- **8.7 million** lost jobs (December 2007 – February 2010)
- **6.3 million** more Americans in poverty (2007 – 2009)

*See notes.

Source: Bank of International Settlements, Barclay’s Hedge, Federal Reserve, OMB.
Yet opponents of Wall Street Reform have repeatedly tried to roll back, delay, and weaken the rules.

Since the legislation passed in July 2010, opponents have:

• **Proposed more than 50 bills** and countless amendments to gut or slowdown Wall Street Reform – including full repeal of the legislation.

• **Mounted legal challenges** that have blocked investor protections, would prevent derivatives rules from taking effect, and would dismantle the CFPB and undermine the FSOC as well as other important aspects of the legislation.
Budget cuts could further undermine implementation and enforcement of Wall Street Reform.

The House of Representatives has proposed to cut $195 million from the President’s Securities and Exchange Commission (SEC) budget request for Fiscal Year 2013...

...and another $128 million from the President’s Commodity Futures Trading Commission budget request.

These cuts are less than .002% of the total household wealth lost during the 2007-09 financial crisis.

**Proposed SEC and CFTC cuts**
$323 million

**Household wealth lost 2007 – 2009**
$19 trillion

* SEE NOTES

SOURCE: HOUSE APPROPRIATIONS COMMITTEE, FEDERAL RESERVE, BUREAU OF ECONOMIC ANALYSIS
Even so, implementation steadily continues as the rule-writers balance speed and diligence.

Dodd-Frank Rule-Making Progress on Passed Deadlines
Deadlines Before July 18, 2012

The vast majority of the rules will be proposed by the end of this year which will:

- Protect consumers
- Constrain excessive risk taking
- Limit the impact of financial institution failures
- Bring derivatives into the daylight
- Reform executive compensation

That leaves the industry, consumers, and the marketplace with a good picture of where we are headed in the years to come.
Notes and Sources

**Chart 12**

**Chart 14**
Difference in household net worth from peak (2007 Q2) to trough (2009 Q1) from the Federal Reserve Flow of Funds. Inflation-adjusted to 2011 dollars using the PCE price index.

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**Icons**

*The Noun Project (http://www.thenounproject.com)* collection

**Chart 1**
“Shield” by Sidney Chagas
Family icon taken from “Genetics” by Jack Biesek, Gladys Brenner, Margaret Faye, Healther Merrifield, Kate Keating, Wendy Olmstead, Todd Pierce, Jamie Cowgill, and Jim Bolek.

“Magnifying Glass” by Ana Carolina Santos

“Fire Extinguisher” by Roger Cook and Don Shanosky

“Crane” by Kenneth Von Alt

**Chart 2**
“Shield” by Sidney Chagas

**Chart 4**
“Piggy Bank” by Patrick Brentano
“Dice” by The Noun Project

**Chart 5**
“Credit Card” by The Noun Project
“Graduate” by Thomas Weber

**Chart 8**
“Light Bulb” by The Noun Project
“Crab” by Okan Benn

**Chart 10**
“Meeting” by Ben King
“Pulse” by Sébastien Desbenoit
“Bar Graph” by Fernando Vasconcelos

**Chart 11**
“Museum” by Joris Hoogendoorn
“Blueprint” by Ofer Lehr

**Chart 12**
“Piggy Bank” by Thibault Geoffroy
“Worker” by Kris Khoury
Family icon taken from “Genetics” by Jack Biesek, Gladys Brenner, Margaret Faye, Healther Merrifield, Kate Keating, Wendy Olmstead, Todd Pierce, Jamie Cowgill, and Jim Bolek.

**Chart 13**
“Capital” by Jonathan Keating
“Gavel” by Connie Shu
“Hand” by Megan Strickland