REPORT SUMMARY

ROAD TO RECOVERY

Protecting Main Street from President Trump's Dangerous Deregulation of Wall Street

Sept. 15, 2020, marked the 12th anniversary of the collapse of the Lehman Brothers—an economic calamity that continues to impact many Americans, especially Main Street families.

The collapse and the financial crash that followed must serve as reminders of how the actions of Wall Street dramatically impact Main Street families and businesses in catastrophic ways, and if left unchecked or otherwise unregulated, can kill economic growth, vaporize savings, increase inequality and throw millions of Americans out of their homes and jobs. This check on Wall Street has become increasingly important during the last few years under the Trump administration, which has launched an all-out assault on important financial protection rules.

To help keep this issue front and center, Better Markets released a report entitled the "Road to Recovery: Protecting Main Street from President Trump's Dangerous Deregulation of Wall Street." The report examines the current state of financial stability rules and identifies the top priorities for each financial regulatory agency to address in order to undue the most dangerous deregulations undertaken since 2017.

Highlighted below are the top priorities for the Federal Reserve Board, the U.S. Securities and Exchange Commission, the Commodity Futures Trading Commission, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Consumer Financial Protection Bureau.

The Federal Reserve. The Federal Reserve System is the country's central bank. Among its many responsibilities is the job of supervising and regulating the largest banks in the country. Top priorities for the Fed to restore financial safety:

- Strengthen capital requirements for the largest banks
- Restore and strengthen liquidity requirements for U.S. and foreign banks operating in the U.S.

- Strengthen the Volcker Rule's prohibitions on speculative proprietary trading by taxpayer-backed banks
- End the two-tier regulatory system that incentivizes regulatory arbitrage by taking the lead in getting FSOC up and running
- Require banks to have strong risk management policies and publicly sanction them when they fail to do so

The Securities and Exchange Commission. The SEC enforces the nation's law that govern the securities markets to protect investors, maintain fair and efficient markets and help businesses access capital to grow. Top priorities for the SEC to fulfill its mission of protecting investors and ensuring stock markets are fair:

- Protect investors by promoting their ownership rights to have a meaningful voice in the management of their corporations
- Protect investors by expanding transparent public markets, not dark private markets with too few investor protections
- Strengthen—don't weaken—wildly successful whistleblower program
- End rigged markets and protect investors from predators by enacting market structure reforms
- Stop wall street's biggest banks from incentivizing high-risk if not illegal conduct with out-of-control compensation schemes
- End the conflicts of interest and protect investors by requiring all brokers and financial advisors to have a fiduciary duty requiring them to put their clients' best interests first

The Commodity Futures Trading Commission. The CFTC is the financial regulator charged with regulating the derivatives, commodities and related futures and options markets. Top priorities for this agency to protect the public, the financial system and the economy are:

- Stop outsourcing the protection of U.S. taxpayers to foreign regulators with conflicts of interest, competing priorities and a history of failing to protect their own citizens
- Stop excess speculation by Wall Street traders in essential commodities like gas, oil, coffee and cereal by imposing meaningful position limits
- Reduce risk while protecting customers and markets by requiring all standardized swaps to trade on transparent, accessible exchanges; not dark markets controlled by wall street dealers
- Ensure derivatives dealers maintain sufficient capital to absorb losses, prevent failure, and limit the risk of contagion and other disruptions to U.S. financial markets
- Rein in high frequency and predatory trading

The Consumer Financial Protection Bureau. The Dodd-Frank Act created the CFPB to protect consumers from unfair, deceptive or abusive practices. Top priorities for the CFPB to restore important financial protections for consumers are:

- Reinstate payday lending requirements to prevent predatory debt traps
- Stop debt collectors from harassing and misleading consumers
- Ensure the cops are on the consumer beat to remedy, punish and deter violations that harm consumers
- Protect the public consumer complaint database
- Eliminate industry-biased task force

The Federal Deposit Insurance Corporation. The FDIC is an independent regulatory agency that shares responsibility for maintaining the stability of, and the public's confidence in, our nation's banks. Top priorities for the FDIC to restore safety and soundness to the banking system are:

- End too-big-to-fail by strengthening the living will and orderly liquidation authority process
- Do not change the definition of eligible retained income to allow banks to reduce their capital
- Rescinded the exemption from initial margin requirements on derivatives transactions between derivative dealing banks and their affiliates
- Do not allow non-bank financial and commercial enterprises to acquire industrial banks
- Do not expand access to brokered deposits
- End the use of 'rent-a-bank' schemes that allow payday lenders and debt collectors to prey on borrowers

The Office of the Comptroller of the Currency. The OCC is an independent regulator within the Department of the Treasury that regulates national banks, savings and loans and branches of foreign banks. Top priorities for the OCC to restore safety and soundness to the banking system are:

- Withdraw proposed changes to applicability thresholds for regulatory capital and liquidity requirements
- Make company-run stress testing more robust, not less
- Withdraw proposed "true lender" rule allowing predatory lenders
- Restore the community reinvestment act

Read the report for further details, including an appendix comprehensively listing many of the deregulatory rulemakings taken by each agency during the Trump administration with links to Better Markets' related comment letters.

---

www.BetterMarkets.com
1815 K Street NW, Suite 1080 | Washington, D.C. 20006| 202-618-6464 | press@bettermarkets.com