
Financial Reform Bill Released by Senator Dodd

By Editor Test *Wed, Mar 17, 2010*

Here are highlights of the controversial financial reform bill, courtesy of OpenCongress.org.

Senator Christopher Dodd (D-CT), chairman of the Senate Committee on Banking, Housing and Urban Affairs, released a draft of his financial reform bill on March 15.

[A summary of the bill's main provisions](#) was published by the blog, OpenCongress.org, including the following highlights:

Consumer Protections with Authority and Independence: Creates a new independent watchdog, housed at the Federal Reserve, 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 protect them from hidden fees, abusive terms, and deceptive practices.

Ends Too Big to Fail: Ends the possibility that taxpayers will be asked to write a check to bail out financial firms that threaten the economy by:

- Creating a safe way to liquidate failed financial firms.
- Imposing tough new capital and leverage requirements that make it undesirable to get too big.
- Updating the Fed's authority to allow system-wide support but no longer prop up individual firms.
- Establishing rigorous standards and supervision to protect the economy and American consumers, investors and businesses.

Advanced Warning System: Creates a council to identify and address systemic risks posed by large, complex companies, products, and activities before they threaten the stability of the economy.

Transparency & Accountability for Exotic Instruments: Eliminates 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, mortgage brokers and payday lenders.

Federal Bank Supervision: Streamlines bank supervision to create clarity and accountability. Protects the dual banking system that supports community banks.

Executive Compensation and Corporate Governance: Provides shareholders with a say on pay and corporate affairs with a non-binding vote on executive compensation.

Protects Investors: Provides new rules for transparency and accountability for credit rating agencies to protect investors and businesses.

