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## Obama Addresses Wall Street A Year After Lehman Brothers' Collapse

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By Editor Test    *Tue, Sep 15, 2009*

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*The president gave Masters of the Universe a judicious scolding.*

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Addressing Wall Street executives, government officials and lawmakers at Federal Hall in Manhattan September 14, President Barack Obama described the reasoning behind his administration's plans to improve the government's regulation of the financial sector.

Here are excerpts from his speech:

"The Consumer Financial Protection Agency will have the power to ensure that consumers get information that is clear and concise, and to prevent the worst kinds of abuses. Consumers shouldn't have to worry about loan contracts designed to be unintelligible, hidden fees attached to their mortgages, and financial penalties—whether through a credit card or debit card—that appear without warning on their statements."

"The lack of clear rules in the past meant we had innovation of the wrong kind: the firm that could make its products look best by doing the best job of hiding the real costs won. For example, we had "teaser" rates on credit cards and mortgages that lured people in and then surprised them with big rate increases."

"By setting ground rules, we'll increase the kind of competition that actually provides people better and greater choices, as companies compete to offer the best product, not the one that's most complex or confusing."

"We'll create an oversight council to bring together regulators from across markets to share information, to identify gaps in regulation, and to tackle issues that don't fit neatly into an organizational chart. We'll also require these financial firms to meet stronger capital and liquidity requirements and observe greater constraints on their risky behavior."

"The only way to avoid a crisis of this magnitude is to ensure that large firms can't take risks that threaten our entire financial system, and to make sure they have the resources to weather even the worst of economic storms."

"I certainly did not run for President to bail out banks or intervene in the capital markets. But it is important to note that the very absence of common-sense regulations able to keep up with a fast-paced financial sector is what created the need for that extraordinary intervention."

"The lack of sensible rules of the road, so often opposed by those who claim to speak for the free market, led to a rescue far more intrusive than anything any of us, Democrat or Republican, progressive or conservative, would have proposed or predicted."

"What took place one year ago was not merely a failure of regulation or legislation; it was not merely a failure of oversight or foresight. It was a failure of responsibility that allowed Washington to become a

place where problems-including structural problems in our financial system-were ignored rather than solved. It was a failure of responsibility that led homebuyers and derivative traders alike to take reckless risks they couldn't afford. It was a collective failure of responsibility in Washington, on Wall Street, and across America that led to the near-collapse of our financial system one year ago."

"Here on Wall Street, you have a responsibility. The reforms I've laid out will pass and these changes will become law. But one of the most important ways to rebuild the system stronger than before is to rebuild trust stronger than before—and you do not have to wait for a new law to do that."

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