Retirement Income
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The House Passes Financial Regulation Without Republicans

By Editor Test *Wed, Dec 16, 2009*

The bill consolidates several existing federal agencies into a single Consumer Financial Protection Agency that would set rules on credit cards, mortgages and loans.

The House of Representatives, by a vote of 223 to 202, approved a Democratic plan last Friday to tighten federal regulation of Wall Street and banks, the New York Times reported. No Republican legislators voted for the bill.

The bill, which is still subject to changes by the White House and the Senate, would:

- Consolidate several existing federal agencies into a single Consumer Financial Protection Agency that would set and enforce rules on credit cards, mortgages and loans. Retailers and auto dealers would be exempt from the agency's oversight.
- Preserve the federal government's ability to pre-empt tougher state consumer protection laws under certain circumstances.
- Allow consumers to sue credit rating agenc ies for flawed evaluations of financial products.
- Allow shareholders to vote on compensation and "golden parachute" severance packages and require that independent directors sit on compensation committees.
- Allow regulators to ban inappropriate or imprudently risky compensation practices for banks and other financial institutions.
- Establish a council of federal regulators to monitor the market.
- Impose stricter standards and regulations on firms that are large enough or interconnected enough to put the entire economy at risk. The government would set up a $150 billion fund, financed by assessments on large financial firms, to dissolve any large and complex financial companies that it deemed too risky.
- Merge the Office of the Comptroller, which supervises federally chartered banks, with the Office of Thrift Supervision, which supervises savings and loans.
- Impose tighter restrictions on the largely unregulated derivatives market and require many derivatives to be traded through clearinghouses where they could be monitored by the Securities and Exchange Commission and the Commodity Futures Trading Commission.
- Require hedge funds and private equity companies with more than $150 million in assets to be registered with the SEC and to disclose financial information. Venture capital companies and Small Business Investment Companies would be exempt.
- Redirect $4 billion from the bank bailout fund to provide low-interest loans to unemployed homeowners struggling to keep their residences and to purchase and repair abandoned and foreclosed homes.
- Under an amendment introduced last Thursday, investment advisors who are associated with broker-dealers would not be regulated by the Financial Industry Regulatory Authority (FINRA), National Underwriter reported.