



Consumer Federation of America

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FOR IMMEDIATE RELEASE:
Wednesday, July 21, 2010

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Consumer Federation of America Applauds President Obama's Signing of the Dodd-Frank Financial Reform Bill Into Law

Consumer and Investor Protections are now the law of the land.

Washington, DC – Today, the Consumer Federation of America applauded President Obama's signing of the landmark pro-consumer and pro-investor legislation in the Dodd-Frank financial regulatory reform bill.

"We commend President Obama for signing meaningful financial reform legislation that the American people want and need," said Travis Plunkett, CFA's Legislative Director. "This legislation is the most sweeping overhaul of federal financial regulations since the Great Depression and should help protect consumers, Main Street investors, and the economy for decades to come."

"Once new regulations are implemented, consumers and Main Street investors will be able to participate in the marketplace without the tricks and traps that have plagued so many financial products and services," said Susan Weinstock, CFA's Financial Reform Campaign Director. "Now it's up to the regulators to make sure that the Dodd-Frank legislation achieves its goals."

"One of the first critical implementation decisions facing the President is who will lead the new federal watchdog agency that will protect consumers from abusive financial practices," said Plunkett. "It is critical that the President select a director who has demonstrated a strong commitment to better consumer protection and who has deep knowledge of the problems Americans are encountering in the financial services marketplace."

The Consumer Federation of American is a non-profit association of more than 280 groups that, since 1968, has sought to advance the consumer interest through advocacy and education.



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Key Provisions for Consumers and Investors in the Dodd-Frank Financial Reform Bill

The Dodd-Frank bill will improve the marketplace for consumers and thereby improve the stability of our economy through a number of landmark provisions.

Consumer Protections:

- Creation of a new Consumer Financial Protection Bureau (CFPB) to oversee credit and lending products like mortgages, credit cards, overdraft loans and payday loans.
- Allows states to go beyond the CFPB's rules to rein in a local problem prior to it erupting into a national disaster.
- CFPB is autonomous, with independent funding, and led by a single director.
- Restrictions on prepayment penalties on mortgages, a requirement that mortgage lenders ensure that home loans are affordable to the borrower, and a prohibition on steering consumers into unaffordable loans.
- Expedited FTC rulemaking authority over auto dealers who are loan brokers or creditors.
- Authority for the CFPB to prohibit or limit the use of mandatory arbitration.

Investor Protections:

- Authority for the Securities and Exchange Commission (SEC) to impose a fiduciary duty on brokers to work in the best interest of their customers when they give investment advice, following an SEC study of the issue.
- Creation of a powerful new Investor Advocate Office within the SEC, elimination or limits on the use of pre-dispute binding arbitration clauses in brokerage and investment adviser contracts, improved disclosures, reform of broker-dealer compensation practices, and strengthened SEC enforcement tools.

Credit Rating Agencies

- Strengthens regulatory oversight of ratings agencies, increases rating agency accountability, and improves rating transparency.
- Includes steps to reduce the conflicts of interest inherent in the rating agency business model and to improve corporate governance practices within rating agencies.

Derivatives:

- Strong provisions on the key issues of moving the majority of clearable swaps into central clearing, requiring exchange trading, increasing capital and margin requirements, and other measures to improve the stability, transparency, and regulatory oversight of the derivatives market.