The Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act)

Will It Prevent the Next Financial Meltdown?
DFA – Punitive or Preventive?

• 2,000+ Pages
• 423 Regulations
• 11 Agencies
• Enormous Costs to Implement
• General Consensus: Congress Whiffed
Market Meltdown – Causative Factors

• Government Intrusion into Financial Markets
• Fall of Glass-Steagall
• Ineffective Regulation
• Combustible Accounting Requirements
• Rating Agency Dependencies
Did DFA Address These Deficiencies?

• Generally Speaking, No
• Where It Did Touch on Problems, It Didn’t Go Far Enough
• Provided Many Solutions to Problems That Didn’t Exist
Unintended Consequences

• Higher Capital Levels Draw Funds Out of Economy
• Consolidation Driven by Inability to Cover Expense Burden
• Mortgage Rules Likely to Dampen Credit Availability, Prolonging Housing Doldrums
Unintended Benefits

- Capital Stress Testing
- Investment Bankers Now Under Safety & Soundness Regulator
- Banker, “Know Thy Concentrations”