

THE ROAD TO RECOVERY: DODD-FRANK, 5 YEARS LATER

On July 21, 2010, the President signed the *Dodd-Frank Wall Street Reform and Consumer Protection Act* into law. Its reforms have introduced much-needed safety and accountability measures to strengthen the financial sector, putting our economy back on track.



THE DAMAGE THAT WAS DONE

During the largest financial crisis since the Great Depression, **the global economy lost \$15T**—including **as much as \$2T in the U.S. mortgage market** alone. The **Dow plummeted over 50%** as the crisis unfolded.

FOUR DODD-FRANK ACCOMPLISHMENTS

- **Equity is up 140%** at the 31 biggest U.S. banks since 2009.
- Firms that securitize mortgages have more **skin in the game** because they must hold on to a portion of the loan's risk.
- **All swap trades must be reported** in real time to Swap Data Repositories.
- **Over 10,000 whistleblower reports** have been sent to the SEC since 2011.



PROGRESS MADE BY DODD-FRANK REFORMS

- **Banks are better capitalized** and more prepared for potential worst-case scenarios.
- **The CFPB's tougher standards on mortgages** protect borrowers, lenders, and the financial system.
- **Swaps have come out of the dark** thanks to comprehensive reforms that enhance transparency.
- **Say-on-Pay empowers investors** to weigh in on executive compensation.

BEEFING UP ENFORCEMENT

The "spoofing" ban in Dodd-Frank helped the CFTC initiate charges against the alleged perpetrator of the 2010 Flash Crash.

STICKING POINTS

Despite Dodd-Frank's considerable successes, concerns remain. Dodd-Frank did not address the need for **GSE reform**, which is widely seen as the last big piece in the recovery puzzle. Meanwhile, lawmakers are discussing **regulatory relief** for small banks. Some worry, however, that this cannot be accomplished without broader rollbacks of Dodd-Frank.

WHAT'S NEXT?

- Fully implementing the **Volcker rule** so losses on swaps aren't billed to taxpayers.
- Finalizing the CFTC **swap margin rule** requiring down payments on trades.
- Completing the SEC's rule that will publish **CEO-to-worker pay ratios** in annual reports.
- Tailoring rules for **nonbank SIFIs** that reflect their business models.



THE STATE OF THE ECONOMY

Overall, the markets are showing signs of recovery. **The Dow has more than bounced back**, and market watchers are attuned to signs of potential bubbles. Meanwhile, **consumer confidence has climbed** to pre-recession levels.



The Road to Recovery: Dodd-Frank, 5 Years Later

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