INTRODUCTION

*This country has come to feel the same when Congress is in session, as when the baby gets hold of a hammer!*  
—Will Rogers

This classic quip about Congress rings true for those in the financial industry who must comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act (“DFA”), signed into law by President Obama on July 21, 2010. Indeed, Rogers’s sense of pessimism may have been renewed, along with the workloads of government, private practice, and in-house attorneys. Eleven federal agencies must generate at least 243 new formal rules and issue a plethora of studies, reports, and recommendations concerning the implementation of the 2,319 pages of legislation. Nicknamed “Financial Reform” and “Dodd-Frank” after its House and Senate cosponsors who led the hammering of compromises, the legislation results in new powers to, among others, the Federal Reserve, the FDIC, and a new Consumer Financial Protection Bureau.

DFA was marketed to the public as legislation that would prevent a recurrence of 2008’s dramatic implosion of large financial institutions, widespread credit market disruption, taxpayer-funded bailouts, and an economic recession. However, when reading the thousands of pages of the DFA, it becomes apparent that certain banking-related provisions of the DFA had nothing to do with responding to the financial crisis. For example, mandating debit card interchange fees and increasing the daily threshold amount for check availability from $100 to $200 had nothing to do with the 2008 crisis. Yet Congress deemed them worthy of legislative tinkering in the DFA.

Moreover, our congressional leaders swept a few things into the 2,319 pages of legislation that are beyond the banking world, which makes the process of interpreting, drafting, and implementing regulations even more complicated and time consuming for regulators. For example, one provision requires companies to disclose payments
made to foreign governments for the right to extract oil and natural gas. Another mandates SEC regulations concerning conflict minerals, which will require companies to track the roots of the material they used in products to determine whether any was mined in countries with human rights abuses, such as the Congo. These provisions are illustrative of the bandwagon mentality that existed when DFA was making its way through Congress.

Ironically, DFA does not have a single provision to regulate or restrict the activities of Fannie Mae and Freddie Mac, which bear much responsibility for the subprime mortgage loan problems that led to the 2008 economic meltdown. The future of these two insolvent government-sponsored enterprises—with their multitrillion dollar holdings of subprime mortgage loans, mortgage-backed securities, and foreclosed property—remains undetermined at this time.

The sweeping statutory provisions of the DFA, along with their accompanying regulations, will be phased in between now and 2015. Attorneys and financial industry professionals need to understand the sweeping changes in the regulatory landscape in order to minimize the time, cost, and headaches related to complying with them. The purpose of this book is to serve as a practical guide to help financial industry professionals untangle the complexities of the most noteworthy provisions of this far-reaching law, and the myriad of regulations that have been issued so far in response to this law.