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# **DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT**

Law, Explanation and Analysis

By CCH Attorney-Editor Staff



**Wolters Kluwer**  
Law & Business

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## Dodd-Frank Wall Street Reform and Consumer Protection Act

*Law, Explanation and Analysis*

CCH Attorney-Client Publication



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Law & Business

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.

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## Foreword

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*Dodd-Frank Wall Street Reform and Consumer Protection Act: Law, Explanation and Analysis* provides comprehensive analysis of this sweeping new banking and securities legislation. Passed by the House of Representatives on June 30 and by the Senate on July 15, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law by the President on July 21, 2010.

These historic reforms will transform the way banks, broker-dealers, hedge funds, investment advisers, credit rating agencies, accountants, public companies and other financial institutions—and the attorneys who advise these entities—operate. Thus, a comprehensive understanding of these changes will be vital to all participants in the U.S. financial system. This definitive publication provides immediate insight into the impact of the new law.

Written by the CCH editorial staff of banking and securities attorneys, the 1,600-plus page book explains every provision of this complex legislation, providing the analysis you need to understand the impact of this historic legislation. Commentary includes discussion of the relevant legislative history, including committee reports, colloquies and floor remarks, detailed citations to new and amended law sections, and editorial comments and caution notes. This publication also features the full text of the legislation and committee reports, tables of effective dates and statutes amended, and a topical index.

The legislation's far-reaching reforms include the creation of an independent Bureau of Consumer Financial Protection housed within the Federal Reserve Board and new federal government power to wind down large, failing financial institutions. The Act establishes a 10-member Financial Stability Oversight Council to oversee systemic risk, strengthen regulation of financial holding companies and abolish the Office of Thrift Supervision, transferring its functions to the Fed, Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation.

The Act introduces a new Volcker Rule that will limit the amount of money a bank can invest in hedge funds. The legislation also discourages financial institutions from excessive risk-taking by imposing tough new capital and leverage requirements. The Act effectively ends new lending under the Troubled Asset Relief Program. Further, it allows the Government Accountability Office to conduct a one-time audit of the Fed's emergency lending activities during the financial crisis and would establish the Federal Insurance Office to supervise insurance products, other than health insurance, at the federal level.

In addition, the legislation imposes stricter oversight of the over-the-counter derivatives market, including mandatory clearing and trading and real-time reporting of derivatives trades. Among other measures, the Act institutes numerous investor protections, including greater oversight of credit rating agencies, important securitization reforms and expanded SEC enforcement powers. It also mandates strong mortgage protections requiring lenders to ensure that their borrowers can repay their loans by establishing a simple federal standard for all home loans.

These and all other measures contained in the Dodd-Frank Act are explained in full detail.





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## ¶1 Features of This Publication

This publication is your complete guide to the Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law by President Barack Obama on July 21, 2010. The core feature of this work is the Explanation portion. Written by the CCH staff of attorney-editors, the explanations discuss and analyze all sections of the Dodd-Frank Act, explaining the changes, the historical context, the congressional intent and the practical impact. To clarify the law's purpose and effect, the explanations integrate relevant pieces of the legislative history—committee reports, statements, floor remarks, colloquies and congressional testimony—that bring meaning to the statutory text. CCH editorial comments and caution notes throughout the explanations alert readers to statutory inconsistencies, uncertainties, related provisions and other concerns.

The publication reproduces the full text of the Dodd-Frank Act. It also reproduces the relevant committee reports: the Conference Committee's joint explanatory statement, the Senate Banking Committee report, the House Financial Services Committee report on the mortgage reform provisions (Title XIV), as well as a letter from Senators Christopher Dodd and Blanche Lincoln explaining the derivatives provisions in Title VII.

The book also contains numerous other features designed to help you locate and understand the changes made by this legislation. These features include cross references to related materials, detailed effective dates, and numerous tables and indexes. A more detailed description of these features appears below.

### EXPLANATIONS

Explanations are designed to give you a complete and accessible understanding of the new laws. Explanations are arranged by subject and follow the organizational structure of the law for ease of use. There are several options for locating explanations on a given topic. These are:

- A detailed table of contents at the beginning of the publication listing all of the explanations of the new laws;
- A table of contents preceding each chapter; and
- An extensive topical index covering the subject matter of the legislation.

The explanations contain special features to aid in your complete understanding of the new laws. These include:

- A brief overview of the new laws;
- Discussion of background or prior law, as applicable, that puts the law changes into perspective;
- Analysis of legislative history (committee reports, statements, floor remarks, colloquies and congressional testimony) where available and appropriate;
- Editorial aids, including cautions and comments, that highlight the law's impact, related provisions, inconsistencies in the statutory text, and other concerns;

- Captions at the end of each explanation identifying the law sections added, amended or repealed, as well as the Act sections containing the changes;
- Cross references to the law and committee report paragraphs related to the explanation; and
- A caption highlighting the effective date of each law change, marked by an arrow symbol.

The Explanations begin at ¶ 55.

### LAW TEXT

The full text of the Dodd-Frank Wall Street Reform and Consumer Protection Act appears at ¶ 10,001 *et seq.* Cross references to explanation paragraphs related to each provision are also provided.

The online version of this book will, shortly after publication, include the existing laws as amended or repealed. This presentation will display the amendments to existing laws in context, giving a fuller sense of how existing laws will appear after the changes are integrated. These will include the added, amended and repealed provisions of the major banking and securities laws, *e.g.*, the Bank Holding Company Act, the Commodity Exchange Act, the Federal Deposit Insurance Act, the Federal Reserve Act, the Investment Advisers Act, the Investment Company Act, the National Bank Act, the Securities Act, the Securities Exchange Act, and the Securities Investor Protection Act.

### COMMITTEE REPORTS

The publication reproduces the relevant committee reports and related materials. These include: the Conference Committee's joint explanatory statement discussing the final bill (see ¶ 50,001 *et seq.*); the Senate committee report (S. Rep. No. 111-176) explaining the Senate bill (see ¶ 54,000 *et seq.*); the House committee report (H. Rep. No. 111-94) on the separate legislation from which the Title XIV mortgage reform provisions originated (see ¶ 55,000 *et seq.*); and a joint letter from Senators Christopher Dodd and Blanche Lincoln explaining the derivatives provisions in Title VII (see ¶ 56,001).

The Conference Committee Report for the Dodd-Frank Act consists only of the Act itself. The Act text is reproduced in the "Law Text" portion of this publication. There is no narrative conference report explaining the Act's purpose and its individual provisions apart from the Conference Committee's joint explanatory statement noted above.

### TABLES and INDEX

The publication also contains tables and other finding devices. A Table of Effective Dates listing provisions containing major effective dates offers a reference bridge between existing or new law sections and Act sections. The table also indicates the retroactive or prospective nature of the laws. Compliance dates for prescribed rules and regulations, as well as mandated studies and reports, also are included. The effective dates table begins at ¶ 60,001.

A Table of Statutes Added, Amended or Repealed lists the existing law provisions changed by the Dodd-Frank Act. It contains an alphabetically organized list of

existing laws (*e.g.*, Bank Holding Company Act, Commodity Exchange Act, etc.) and the new, amended or repealed provisions. This table is located at ¶ 61,001.

A Table of Act Sections Not Amending Existing Laws lists all the Dodd-Frank Act provisions that do not change existing laws but are new, stand-alone sections that, as of enactment, have not been codified. This table is located at ¶ 62,001.

Finally, a Topical Index provides an alternate means of finding information in the explanations. It lists major topics and subtopics, with references to the paragraph number of explanations on point. The index appears at the end.



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