

## **Regulatory Reform Bill Adopted; Sent to President for Signature**

The inevitable finally has occurred. Today, July 15, 2010, the Senate approved the conference report for H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act. The measure now goes to the President for signature, which is expected to happen as soon as next week.

The measure will impact financial institutions and the regulatory process for years to come. Included among the provisions of the bill are:

**New consumer protections.** The bill creates the Bureau of Consumer Financial Protection (BCFP). BCFP will take over all consumer regulations, with the exception of the Community Reinvestment Act, and will enforce those rules. However, the BCFP will not examine depository institutions under \$10BB in assets. For those institutions the banking agencies (FDIC, Fed, OCC) will still do examinations. As years go by we might see “tougher” consumer regulations issued by BCFP but nothing right off.

**OTS abolished.** The Office of Thrift Supervision (OTS) is being eliminated. However, the savings association charter is not being abolished. Under the new regime, the OCC will take the reigns in examining federal thrifts, the FDIC will examine state-chartered savings associations, and the Fed will be responsible for regulating savings and loan holding companies.

**New comprehensive disclosures.** The measure requires new comprehensive mortgage disclosures. This may mean that the early Truth in Lending and RESPA disclosures will finally be combined. We can only hope. Other new mortgage loan regulations are required, to be issued within 18 months and effective 12 months after that.

**Collection of monitoring information on small business loans.** Lenders will be required to collect and report race, sex and age of borrower information on small business loans. HMDA data collection will also be revised.

**Restrictions on investment activities.** The bill requires regulators to implement regulations for banks and their affiliates to prohibit proprietary trading, investment in and sponsorship of hedge funds and private equity funds. The bill also places limits on relationships

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with hedge funds and private equity funds. Regulations are to be developed after a study by the newly created Financial Stability Oversight Council.

Payment, clearing and settlement supervision. The bill establishes systemically important clearing, payments and settlements systems. It gives broad discretion to the federal regulators to determine what measures are necessary to ensure that these systems operate in a sound manner.

As we wade through the bill, a more detailed analysis of the provisions of the bill that impact our clients, including members of the Bankers' Compliance Group® will be forthcoming. Handouts will be issued on more targeted topics addressed by the bill in the months to come.