

Financial Services Industry Braces for Changes Stemming from Dodd-Frank Act

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[Click here to download a white paper about the forthcoming changes under the new Dodd-Frank Wall Street Reform and Consumer Protection Act.](#)

The financial services industry is bracing for more complications as the rulemaking authority of the new Bureau of Consumer Financial Protection Agency, established in Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act, begins its rulemaking authority on July 22.

Considered to be one of the most important pieces of American financial legislation enacted since the Great Depression in the early 1930s, the Dodd-Frank Act will bring about numerous changes and new challenges for providers of financial services. The Act, which was signed into law by President Barack Obama on July 21, 2010, has four Titles that are of particular importance to the industry:

Title I - the Financial Stability Act of 2010

This portion of the Act establishes a Financial Stability Oversight Council, which is comprised of current bank and securities regulators, to identify risks to the United States' overall financial stability arising from the financial difficulties of large interconnected non-bank financial companies and bank holding companies. The Act will bring many large non-bank financial companies under detailed federal regulation for the first time.

Title III - the Enhancing Financial Institution Safety and Soundness Act of 2010

This title abolishes the Office of Thrift Supervision, the current regulator of federal savings and loans, and transfers its functions to the Office of the Comptroller of the Currency, the current regulator of national banks.

Title X - the Consumer Financial Protection Act of 2010

This title establishes a new federal agency called the Bureau of Consumer Financial Protection, which will centralize the federal regulation of consumer financial products under federal law. Many in the financial services industry oppose this development, believing that the agency will make an already complicated system of federal agencies and regulations even more complicated.

Title XIV - the Mortgage Reform and Anti-Predatory Lending Act

This portion of the Act brings major change to the federal regulation of mortgages. Motivated by a concern that the residential mortgage market broke down because loans were being issued to borrowers who had little chance of repaying, Title XIV will place new duties on lenders to verify that borrowers have the ability to repay their loans.

For a more detailed white paper about the many forthcoming changes under the new Dodd-Frank Wall Street Reform and Consumer Protection Act, click the link below.