What does regulatory reform mean for the Fed?

- **Increased transparency and changes to governance**
  The Federal Reserve will increase transparency and accountability by providing more public information about its actions to stabilize the financial system. For example, it will disclose borrowers from its special lending programs, and the Government Accountability Office (GAO) will audit the Federal Reserve's emergency lending facilities. To reduce potential conflicts of interest, commercial banks will no longer play a role in selecting presidents of the 12 regional Federal Reserve Banks and, more generally, the GAO will review how these regional banks are governed. The U.S. President will appoint a new vice chair of supervision to oversee regulatory operations. These provisions are intended to increase oversight of the Federal Reserve while preserving its independence from short-term political pressures.

  References:
  Brief Summary of the Dodd-Frank Wall Street Reform and Consumer Protection Act, United States Senate Committee on Banking, Housing and Urban Affairs, July 1, 2010.

- **Expanded supervisory responsibilities**
  The reform act expands the Federal Reserve's responsibility for safeguarding financial stability. To do so, the Federal Reserve will now supervise thrift holding companies as well as large, complex financial institutions—whether they are banks or nonbanks. The Federal Reserve is also developing new tools to monitor potential threats to the overall stability of the financial system. These tools draw on Federal Reserve expertise in economics, financial markets, payment systems, and bank supervision. This macro-prudential approach, which focuses on risks to the overall financial system, will complement ongoing "micro-prudential" supervision of individual firms. In addition, briefings of Federal Reserve officials before policy meetings have begun to include an analysis of risks to the stability of the financial system.

  References:
  Brief Summary of the Dodd-Frank Wall Street Reform and Consumer Protection Act, United States Senate Committee on Banking, Housing and Urban Affairs, July 1, 2010.
  Community Bankers and Supervisors: Seeking Balance, speech by Sarah Bloom Raskin, Governor, Federal Reserve Board of Governors, at the Federal Reserve Bank of New York Community Bankers Conference, New York, New York, April 7, 2011.

- **Transfer of consumer protection authority**
  The financial reform establishes the Bureau of Consumer Financial Protection, which has authority over a broad range of financial services providers. The goal is to create consistent rules ensuring that individuals are treated fairly and transparently in the financial marketplace. The Bureau will be an autonomous entity within the Federal Reserve. Its director will be appointed by the President and confirmed by the Senate. The Bureau will take over responsibility from the Federal Reserve and other financial regulatory agencies for writing rules that protect consumers in financial matters, and it will have responsibility for supervising and enforcing these rules for larger banking organizations, namely, those with assets over $10 billion. The Bureau will have explicit authority to examine nonbank firms, such as mortgage lenders, that were largely unregulated prior to the financial crisis. The Federal Reserve and other federal banking agencies will continue to be responsible for supervising the Community Reinvestment Act and for supervising and enforcing rules for smaller depository institutions.

  References:
  Brief Summary of the Dodd-Frank Wall Street Reform and Consumer Protection Act, United States Senate Committee on Banking, Housing and Urban Affairs, July 1, 2010.
  Implementation of the Dodd-Frank Act, speech by Ben S. Bernanke, Chairman, Federal Reserve Board of Governors, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, D.C., February 17, 2011.