Press Statement

FOR IMMEDIATE RELEASE
Contact: Jesse Strauss
Email: press@bettermarkets.com
Tel: 202-618-6430

Wall Street's Attempt to use the Budget Agreement to Gut Financial Reform and Put Taxpayers on the Hook for their Derivatives Losses Must be Stopped

Washington, D.C., December 10, 2014 – Dennis Kelleher, President and CEO of Better Markets, made the following statement today on the repeal of a key Dodd Frank financial reform provision in the "CRomnibus" budget agreement:

"The sneaky, midnight repeal of a key provision of the Dodd Frank financial reform law in the budget agreement is an indefensible early Christmas gift for Wall Street's biggest banks. This provision is specifically designed to protect taxpayers and prevent bailouts. If Wall Street gets the upside in big bonuses from its high-risk derivatives deals, then it should also have to pay the downside for any losses. That's exactly what this provision does by not allowing Wall Street's biggest banks to conduct their highest risk derivatives activities in a federally insured bank with full access to the Federal Reserve Board's cornucopia of backstops and bailout programs," said Dennis Kelleher, President and CEO of Better Markets, an independent nonprofit organization that promotes the public interest in the financial markets.

"This is nothing more than a brazen power play by Wall Street's biggest too-big-to-fail banks, just six years after they caused the worst financial crash since 1929 and the worst economy since the Great Depression. Wall Street's four biggest banks conduct 93% of all US derivatives activities, more than $200 trillion in notional deals, with JP Morgan Chase and Citigroup as the biggest players. This provision was designed to prevent them from shifting losses from those derivatives activities from their bonus pool to the taxpayers, which is exactly what happened in the financial crash of 2008," Mr. Kelleher said.

"Wall Street's fog machine of spin and disinformation is mischaracterizing this provision as 'technical' to benefit Main Street's 'mom and pop' shops. That is not true. First, it is not technical. It would be the biggest repeal of financial reform since the crash and would make a huge substantive change in the way derivatives activities at the biggest taxpayer-backed banks are regulated. Second, 'mom and pop' stores and Main Street businesses do not engage in high-risk derivatives activities. They also don't have an army of high priced lobbyists working Washington day and night. But, Citigroup and Wall Street do and it was their lobbyists who drafted this provision. Wall Street's too-big-to-fail banks are trying to shift the bill for their derivatives losses to the taxpayers and it shouldn't be allowed," Mr. Kelleher concluded.

###