

FOR IMMEDIATE RELEASE:

Contact:

Marc Smrikarov

(212) 486-7070

press@volckeralliance.org

Volcker Calls for Fixing Federal Financial Regulatory System

In New Report, The Volcker Alliance Issues Urgent Call for “Long Delayed, Now Crucial” Reforms; Outlines Recommendations for Stronger Financial Regulatory Framework

Washington, DC (April 20, 2015)—The Volcker Alliance, a non-partisan, non-profit organization founded by former Chairman of the Board of the Federal Reserve Paul A. Volcker to address the challenge of effective execution of public policies and to help rebuild public trust in government, today released a report outlining recommendations for much-needed reform of the financial regulatory structure and emphasizing the urgency of implementing such reforms. The report finds that “failure to reorganize the regulatory structure will contribute to the buildup of systemic risk and make us more vulnerable to the next financial crisis.”

The report, titled “Reshaping the Financial Regulatory System: Long Delayed, Now Crucial,” was introduced by The Volcker Alliance’s Founder and Chairman Paul A. Volcker at a press conference at the National Press Club and is being distributed to key decision makers in Washington, DC and on Wall Street. “Even as America continues its long climb back from the financial crisis, it is all too clear that the Federal financial regulatory system needs restructuring to deal effectively with the threats to financial stability,” said Mr. Volcker. “We urge Congress, the administration, existing regulatory agencies, and financial institutions themselves to step up to the needed debate and set out an agreed framework for reform suitable for the 21st century.”

Among the report’s findings is that “The system for regulating financial institutions in the United States is highly fragmented, outdated, and ineffective. A multitude of federal agencies, self-regulatory organizations, and state authorities share oversight of the financial system under a framework riddled with regulatory gaps, loopholes, and inefficiencies.”

To address these shortcomings, the report sets out a basic framework for a reformed financial regulatory system, clarifying the particular responsibilities of various agencies and arrangements for effective cooperation and decision-making. In doing so, it recommends building upon initiatives in the Dodd-Frank Act to promote needed oversight and to provide a forum to protect against unchecked regulatory and supervisory authority by individual agencies.

The Alliance is also releasing a series of background papers, which delve into greater detail about prior proposals for reform, international regulatory systems, and specific aspects of the US regulatory system.

“The aim is a simpler, clearer, adaptive, and resilient regime that has a mandate to deal with the financial system as it exists now, and is capable of keeping pace with the evolving financial landscape,” added Mr. Volcker.

Key areas for reforms proposed in the report include:

1. More effective surveillance of financial markets as well as appropriate checks and balances:
 - a. The Financial Stability Oversight Council would establish a Systemic Issues Committee (SIC) to vote on designations of systemically important financial institutions and risky activities and practices composed of the chairman of the Federal Reserve, the chairman of the Federal Deposit Insurance Corporation, the director of the Federal Housing Finance Agency, the director of the Consumer Financial Protection Bureau, the chair of a newly created Investor Protection-Capital Market Conduct Regulator (combining the Securities and Exchange Commission and the Commodities Futures Trading Commission), the director of the Office of Financial Research (OFR), and a state insurance commissioner designated by the state insurance commissioners.
 - b. The OFR would be moved out of the Treasury Department and become an independent entity, with its director continuing to be appointed by the president and subject to Senate confirmation.
2. Responsibility for regulation and supervision clarified by the establishment of a new Prudential Supervisory Authority (PSA) as an independent agency with a strong link to the Federal Reserve, which would maintain authority for rules and regulation.
3. The Securities and Exchange Commission and the Commodity Futures Trading Commission merged to create a new, independent investor protection and capital market conduct regulator, with a seat on the PSA and the SIC.
4. Needed independence, adequate funding, and professional staffing of the various agencies assured.

The full report is available at www.volckeralliance.org.

###

About The Volcker Alliance

The Volcker Alliance is a nonpartisan, nonprofit organization launched in 2013 to address the challenge of effective execution of public policies and to rebuild trust in government. Based in New York City, The Volcker Alliance seeks to rekindle intellectual, practical, and academic interest in the implementation of policy – the “nuts and bolts” and, increasingly, the “electrons” of governance – and serve as a catalyst for sustained government improvement. For more information, please visit www.volckeralliance.org.

As a procedural matter, the responsibility for the analysis and specific proposals of the report lie with the Chairman and the staff, not with the Board of Directors collectively or its individual members.