



Overview: The U.S. Financial Regulatory Environment

Elliot Ganz, General Counsel and Co-Head of Public Policy, LSTA

TANDEM CAPITAL GLOBAL MARKETS INTERNATIONAL CONFERENCE

20 November 2019

Agenda

- The current lay of the land in the U.S. financial regulatory and legislative environments
- What, if anything is getting done in Congress now?
- What are the financial regulators doing?
- What are the looming threats?
- The potential impact of the 2020 elections
- Should we be worried?

The current lay of the land

- Republican president
 - Not interested in FinReg
 - No tweets other than Fed easing
- Split Congress
- Financial regulators
 - More business friendly but not radical anti-regulation
- **BOTTOM LINE: Very little getting done**

Congress/The House

- The House is run by the Democrats but they cannot get any bills passed
 - Instead, endless hearings at the House Financial Services Committee
 - Targets include Wall Street, Private Equity, Big Tech, Gig economy
 - A major theme is that Trump's regulators are asleep at the wheel
 - Lots of bills are introduced but die in the Senate

Congress/The Senate

- Nothing is Going on in the Senate Banking Committee
 - Playing Defense
 - Not taking up any bills passed by the House or introduced by Democrats in the Senate

Financial Regulators

- Headed mostly by moderates
 - “Goldman Democrats” but not radical anti-regulation
- Tempering, but not overturning, some of the more problematic parts of the 2010 Dodd-Frank Act
 - But, completely gutting and repurposing the Consumer Financial Protection Bureau
- The SEC is hyper-focused on protecting individual, not institutional, investors

Looming Threats

- The financial press is on the lookout for the instigator of the next financial crisis
- This feeds into the Democrats narrative that Trump's regulators are not paying attention
- Hearings and more press...
 - ...and the cycle continues

What about the 2020 elections?

- Populism is a big theme on both sides of the aisle
- Wall Street and Private Equity are targets
- Elizabeth Warren's agenda is very challenging for financial services
 - She introduced the "Stop Wall Street Looting Bill" targeting private equity
- A Democratic sweep could change everything

Should we be worried?

- Even with a Democratic sweep, it is not clear that there is an appetite for radical financial services or economic reform
- Many of the most radical proposals would not pass or are likely unconstitutional
- BUT, the regulators would undoubtedly be less friendly and some legislation would pass