

The President's Executive Order on Financial Regulation - A Thoughtful Step ForwardHidden Beneath the Spin

February 3, 2017 | Client Update | 2-minute read

There is a world of difference between the initial public perceptions and the actual text of the executive order. The elegantly written [Executive Order](#), sets forth a series of core principles that the Trump Administration believes should guide financial regulation. These principles are broad goals upon which, in more normal times, consensus (but not the details with all of its devils, we realize) might be possible. The key shifts are to rebalance the goals of financial regulation to include jobs and economic growth in addition to financial stability. There is also a new focus on regulatory costs, agency transparency and more vigorously promoting American interests in the international arena.

The heart of the Executive Order calls for the Treasury Secretary, in consultation with the heads of the FSOC agencies,[1] to conduct a review of all existing financial regulatory law with one overriding question in mind. Does it work in light of the core principles? It should not be surprising that our financial regulations, which have been through so many recent changes need a rethink. As we recently noted in another [blog](#), “finding opportunities for bipartisan consensus will require careful, evidence-driven reassessment of what the Dodd-Frank Act has accomplished, as well as its costs.... By assessing both what the Dodd-Frank Act has done right and where it went wrong, policymakers can spot the low-hanging fruit for financial regulatory reform—laws and regulations that generate high costs while offering few to no corresponding benefits”.

The Executive Order requires a relook at all existing financial regulation, including treaties, guidance, reporting and recordkeeping requirements and other government policies within 120 days. It is ambitious in both its scope and timing. We expect that the report will be made public and we imagine that, in the coming days and weeks, the FSOC agencies may request and will almost certainly receive many suggestions from the private sector and all corners of the political spectrum.

Law clerk Brooklynn Moore contributed to this post.

[1] The Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Bureau of Consumer Financial Protection, the Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the Commodities Futures Trading Commission, the Federal Housing Finance Agency, the National Credit Union Administration, the Office of Financial Research, and the Federal Insurance Office.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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