



Dodd-Frank scale back ‘welcome news’ for small banks

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What the Dodd-Frank overhaul means for banks

President Donald Trump is expected to sign a bill on Thursday to scale back some regulations put in place on banks in the wake of the financial crisis, White House sources told FOX Business on Wednesday, after the measure passed the House this week.

The bill is viewed as a big victory for small and mid-sized banks, which many experts believe have been unduly burdened by the Obama-era law, known as Dodd-Frank.

“This is welcome news, since small banks pose little threat to financial stability, are generally well-capitalized and were never the target of post-crisis regulation anyway,” Diego Zuluaga, a policy analyst at the Cato Institute's Center for Monetary and Financial Alternatives, told FOX Business.

The president had expressed his goal of having a relief bill passed by Memorial Day.

Among the provisions that the bill will address is increasing the threshold, to \$250 billion from \$50 billion, for banks that are considered potentially “too big to fail,” and therefore subjected to a variety of tests and regulation – including annual stress tests. It will simplify capital requirements for banks with less than \$10 billion in assets, weakening regulations on trading and lending.

When the bill is signed, it will mark the first time since Dodd-Frank’s passage in 2010 that members of Congress have agreed on reducing its reach.

Still, some believe efforts to roll back the law did not go far enough. Republican House members have suggested they will seek to address some of the other provisions at a later date.

Despite the promise of regulatory relief, bank stocks were trading relatively flat during Wednesday’s trading session.