President Donald Trump signs executive order to rein in Wall Street reform law, CFPB

Earlier this week, the Consumer Financial Protection Bureau (CFPB) fined real estate brokers and lenders $4 million.

Today, the future of the agency is up in the air, with President Trump taking a step towards rolling back the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, according to media reports.

The President will sign an executive order today asking the Treasury secretary to work with regulators to determine how the administration can fix issues with rules issued under Dodd-Frank, a White House official said, according to Reuters. Trump will also sign another executive order to halt a Labor Department rule designed to reduce conflicts of interest among stock brokers, the official reportedly said.

What did Dodd-Frank do?

Enacted in response to the Great Recession, Dodd-Frank created new financial regulation along with several new government enforcement agencies.

These agencies include the Consumer Financial Protection Bureau (CFPB), which is tasked with preventing predatory mortgage lending and enforcing anti-kickback laws, among other rules.

The argument for repeal or rewriting

Dodd-Frank has frustrated some in the business community, who argue the law is overly restrictive and that the CFPB has enforced regulation in a draconian manner.

Reuters notes that Trump described Dodd-Frank “as a disaster” earlier this week, and that, by seeking to pare back the law, the president is delivering on a campaign promise.

“There are quite a few things that we could do on Dodd-Frank … that we think will have fairly immediate and dramatic impact,” the White House official said, according to Reuters.

That could include shaking up the personnel at regulatory agencies or more executive orders, the official said, Reuters reported.

CFPB and GSEs

Richard Cordray

Forbes reported that it looks like Trump will try to replace CFPB head Richard Cordray as a first step towards “neutralizing” the CFPB.

White House National Economic Council Director Gary Cohn told the *The Wall Street Journal* that the Treasury Department would seek to revamp government-controlled Fannie Mae and Freddie Mac, which keep mortgage rates for many homebuyers.

He also told *WSJ* that rolling back mortgage rules won’t encourage the proliferation of high-risk mortgages. That’s because, he told *WSJ*, those loans can’t be packaged into bonds and sold like they were before the financial crisis because the market for those products has changed.

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