



FINANCIAL RISK  
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## DODD-FRANK ACT: ARE YOU READY?

The full name of this act is *Dodd-Frank Wall Street Reform and Consumer Protection Act*. The purpose of the act is to provide a sound economic foundation and to improve protection to Americans in relation to the financial services industry. It is considered to be the most comprehensive change to the financial regulatory system since the Great Depression. The Dodd-Frank act was introduced on December 2, 2009 and signed into law on July 21, 2010 and is therefore already in effect, though some components have yet to be finalized.

Among important elements of the Dodd-Frank Act are:

- It creates the Consumer Financial Protection Bureau, which is able to write rules and enforce regulations on banks with assets of \$10 billion or more.
- It establishes the Financial Stability Oversight Council to identify and act on emerging systemic risk.
- It requires hedge funds to register with the SEC and provide information about their trades in order to assess systemic risk.
- It institutes the Volcker Rule, which prohibits banks from investing and sponsoring hedge funds or private equity funds.
- It specifies that nationally recognized statistical ratings organizations must disclose their methodologies as well as the past performance of the ratings.
- It imposes a requirement on companies selling securitized products that they retain at least 5% of the credit risk.
- It stipulates that swaps no longer be traded over-the-counter but instead be traded through clearing houses or exchanges.

## DODD-FRANK ACT: HOW CAN THE FINANCIAL RISK GROUP HELP YOU?

With the headline of the Dodd-Frank act being increased regulation, any financial institution covered by the act is due for a review of their risk management system to ensure compliance.

The Financial Risk Group is a consulting firm that specializes in measuring financial risk and implementing the technology to support that. We cover the risk management process from end to end; data integration, analytics, reporting and user interfaces. To us a successful implementation not only means compliance with regulation, it also means furthering business objectives through best practices in risk management.



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One characteristic that sets us apart is that we have both domain expertise in financial risk management and the experience in implementing technology that supports that. The Financial Risk Group has extensive experience in the different stages of risk platform development to help businesses not only meet regulatory requirements, but also align their risk management system with their business objectives.

In our mind, the right way of meeting the demands of any increased regulation, is to go beyond satisfying the requirements and ensure business growth through best practices in risk management. For that you will need an implementation partner who understands your business and the regulatory requirements.

With technology being the backbone of the risk measurement process, you will need an implementation partner with in-depth knowledge of your technology infrastructure and the best analytical tools to meet your objectives.

The Financial Risk Group can provide this partnership through our integrated view of business objectives and technology.

Please contact us at (919) 449-6742 or [info@frgrisk.com](mailto:info@frgrisk.com) for more information about how we can assist you.

For additional information, the following Websites provide further information on the Dodd-Frank Act:

[http://docs.house.gov/rules/finserv/111\\_hr4173\\_finsrvcr.pdf](http://docs.house.gov/rules/finserv/111_hr4173_finsrvcr.pdf)

<http://www.govtrack.us/congress/bill.xpd?bill=h111-4173>

[http://banking.senate.gov/public/\\_files/070110\\_Dodd\\_Frank\\_Wall\\_Street\\_Reform\\_comprehensive\\_summary\\_Final.pdf](http://banking.senate.gov/public/_files/070110_Dodd_Frank_Wall_Street_Reform_comprehensive_summary_Final.pdf)