This release is available online here

BETTER MARKETS

FOR IMMEDIATE RELEASE
Tuesday, August 20, 2019
Contact: Christopher Elliott, 202-618-6433

VOLCKER RULE CHANGES ARE UNJUSTIFIED, UNNECESSARY, DANGEROUS AND COME AT THE WORST POSSIBLE TIME

Washington, D.C. – Dennis M. Kelleher, President and Chief Executive Officer of Better Markets, issued the following statement with respect to the revised Volcker Rule finalized by the Federal Deposit Insurance Corporation (FDIC) this morning:

> "Proprietary trading by Wall Street's biggest banks and derivatives dealers generates enormous profits, huge margins and the biggest bonuses. Regardless of the stated reasons, that's why Wall Street has lobbied relentlessly for more than nine years to kill or weaken the Volcker Rule ban on proprietary trading. That's also why today's action by the FDIC weakening the Volcker Rule will deliver Wall Street its biggest victory since the 2008 financial crisis.
>
> "The weakening of the Volcker Rule ban on proprietary trading is unjustified, unnecessary and dangerous (as detailed in our comment letter and here). It incentivizes bankers to make the biggest bets because they get to use other people's money (from taxpayer-backed deposits) and keep the winnings but shift any losses to the bank and taxpayers. The Volcker Rule was designed to end that upside down 'heads I win; tails you lose' compensation scheme.
>
> "Prop trading is how Morgan Stanley lost more than $9 billion on a single bet in December 2007, at the same time it was hemorrhaging losses due to subprime lending and derivatives. It was also how J.P. Morgan Chase lost more than $6 billion in 2012 from its so-called 'London Whale' trades.
>
> "The FDIC's weakening of the Volcker Rule comes at the worst possible time. The U.S. is in the middle of the longest continuous economic expansion in recent history, but the business cycle has not been repealed and the question is when not if a downturn comes. Signs of domestic weakness are becoming more prominent; global weakness is undeniable; trade tensions are high; volatility is ever-present, particularly due to political instability; foreseeable shocks like Brexit are inevitable; and the U.S. fiscal and monetary capacity are stretched to their limits. Added to almost two years of financial deregulation, this is no time to be unleashing Wall Street's biggest banks to engage in high-risk prop trading, which is what today's action will do."
>
> The specific key wins for Wall Street in the new Volcker Rule are noted on the attached one-pager, available here.

###

Better Markets is a non-profit, non-partisan, and independent organization founded in the wake of the 2008 financial crisis to promote the public interest in the financial markets, support the financial reform of Wall Street and make our financial system work for all Americans again. Better Markets works with allies – including many in finance – to promote pro-market, pro-business and pro-growth policies that help build a stronger, safer financial system that protects and promotes Americans' jobs, savings, retirements and more. To learn more, visit www.bettermarkets.com.