

**BETTER
MARKETS**

2019

IMPACT REPORT





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LETTER from the BOARD CHAIR and the PRESIDENT & CEO



MICHAEL W. MASTERS

Co-Founder & Chairman
of Better Markets

2019 was a year of progress in our ongoing fight for fairer, more just economic and financial systems for all Americans even as we faced an emboldened Wall Street with its many lobbyists and allies, particularly throughout the Trump administration.

Our team worked tirelessly during the year monitoring the financial regulatory agencies and holding them accountable for their actions—or lack of action—while pushing for real reform and transparency that protect Main Street families, businesses and banks. Too often, the financial industry’s allies at the regulatory agencies claim that they are just looking out for “consumers” (at the CFPB) or for “Mr. and Mrs. 401k” (at the SEC), but that’s just a disguise behind which they hide the real beneficiaries of their actions: the financial industry which always finds an open door in this administration.



DENNIS M. KELLEHER

Co-Founder, President & CEO
of Better Markets

Better Markets has a uniquely experienced team of former senior government officials and analysts as well as former financial industry professionals who know the ins and outs of financial regulation, the legal system and politics. They are experts in their fields—whether it’s securities, commodities, derivatives or banking regulation; practices and operations in the financial industry and regulatory agencies; or all aspects of the legislative, judicial and executive branches.

Because of this, we were able to participate strategically and effectively throughout the policymaking, rulemaking and litigation arenas across Washington, D.C. We crafted decisive, relevant and thoughtful comment letters that got the attention (if not always action) of top officials at the regulatory agencies, including the Federal Reserve, the Securities and Exchange Commission and the Commodity Futures Trading Commission. Our reports, white papers and fact sheets were cited by legislative staff on Capitol Hill as well as the media. And our team members were asked to provide testimony on the Hill and at various hearings held by regulatory agencies and others. Beyond the Hill, executive branch and financial agencies, Better Markets’ team of lawyers also watched and weighed in on key U.S. federal court cases impacting the economic conditions and financial rights and protections of consumers, investors and other hardworking Americans.

In 2019, we also continued to partner with other advocates and nonprofits throughout the year on economic and regulatory issues as well as court cases. We are also grateful for the support of influential leaders, including former President Barack Obama, Sen. Elizabeth Warren, Congresswoman Maxine Waters, Sen. Sherrod Brown and former Sen. Ted Kaufman, among many others, who have praised our work and our roles as a Wall Street and financial regulatory watchdogs. We are fortunate to also have the support of many in the financial industry, like the Investors Exchange (IEX), as well as many others who prefer to partner with us behind the scenes.

Better Markets was able to do all of this because of the generous support of our individual donors and foundations, as well as people who believe in our mission and who stand with us in fighting to prioritize Main Street economics and finance. Thanks to all those supporters. And please remember to follow us on Twitter, Facebook, LinkedIn and our YouTube.

In the following pages, we will share highlights of our successes and the impact we made in securing a fairer and more equitable economy and a financial system that works for all Americans. We hope you enjoy the highlights of what we have accomplished together. We look forward to your continued support, engagement and feedback.

Michael W. Masters
Chair and Co-Founder

Dennis M. Kelleher
Co-Founder, President and CEO

“Our team worked tirelessly during the year monitoring the financial regulatory agencies and holding them accountable for their actions—or lack of action—while pushing for real reform and transparency that protect Main Street families, businesses and banks.”



OUR MISSION, VISION & VALUES

MISSION

To fight for the economic security, opportunity and prosperity of the American people, particularly those who are disenfranchised, by working to ensure finance serves society, to enact economic and financial reforms to prevent another financial crash, to avoid the diversion of trillions of taxpayer dollars to bailing out the financial system, and to prevent the financial fraud and abuse that takes an enormous toll on countless hardworking Americans every year.

VISION

Protecting Americans' jobs, homes, savings, standard of living and retirements from an unbalanced, fragile economic and financial system that is too often tilted against Main Street families and enriches the already wealthy from high-risk activities with little or no social value.

VALUES

Better Markets supports pragmatic rules and a balanced banking and financial system that enables stability, growth and broad-based prosperity for all Americans, which will reduce inequality and make the American Dream available to all once again.



BETTER MARKETS' THEORY OF CHANGE

THE PROBLEM

The economy no longer works for the vast majority of Americans because, among other things, the financial system is too often a wealth-extraction mechanism for the few rather than a wealth-creation system for the many. This is because the financial sector uses its economic power to buy political power which it uses throughout the policymaking process to protect and increase its economic power.

THE SOLUTION: OUR THEORY OF CHANGE


Using our integrated, comprehensive Arc of Advocacy™, Better Markets' professionals apply their procedural and substantive expertise throughout the policy-making cycle to protect and promote the economic security, opportunity and prosperity of the American people, while holding Wall Street accountable. Change is certain, but progress is not. Change happens when people in power exercise that power, but progress only happens when those people exercise that power to serve the public interest. Progress is what the Arc of Advocacy™ is designed to accomplish.

THE GOALS

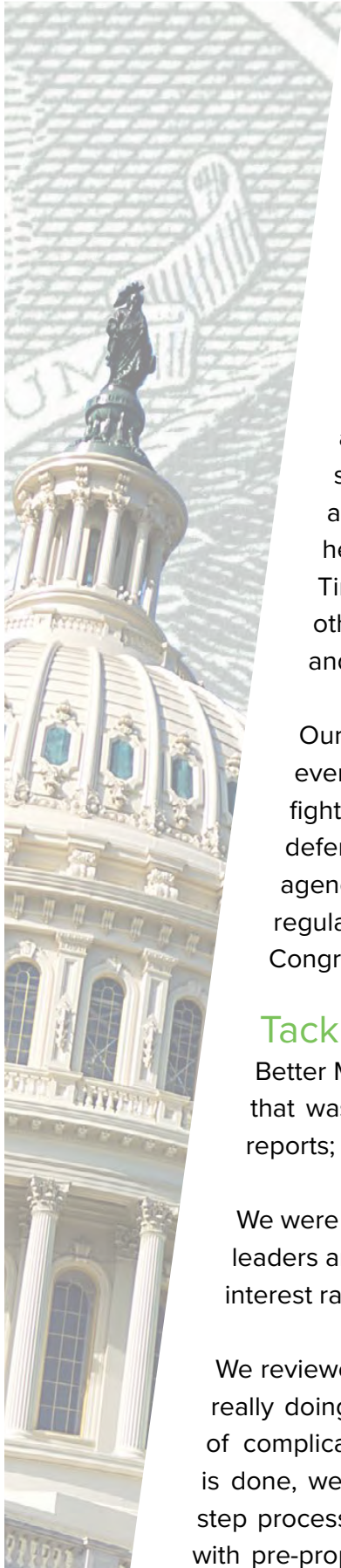
To create and support guardrails, gatekeepers and guard-dogs (the “three Gs”) that ensure the financial sector serves society by supporting the real, productive economy that generates jobs and broad-based economic growth, rather than enriching financiers on Wall Street, destabilizing the financial system, draining public resources for their own benefit, and unleashing predators on consumers and investors.



- 1 PRE-PROPOSAL:** A rule implementing a law is considered for proposal by an agency or department, sometimes with solicitation of public input on possible approaches.
 - Better Markets advocates for a rule or policy change (through meetings, op-eds, speeches, newsletters, etc.).
- 2 PROPOSED RULE:** An agency (or, less often, a group of agencies together) or a department proposes and publishes a rule for public comment.
 - Better Markets reviews the proposal.
 - Better Markets speaks to experts, develops its own ideas, talks with allies, academics and the industry.
 - Better Markets files comment letters on the proposal.

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- 3 POST-PROPOSAL:** Comment letters are filed during the comment period. Once the comment period is closed, all the comment letters are made public. The agency then considers all the information gathered from the public or otherwise submitted, as required by the Administrative Procedure Act.
- Better Markets reviews filed comment letters.
 - Better Markets meets with key policymakers to advocate our positions and rebut opposing views.
-
- 4 FINALIZATION OF THE RULE (AS ORIGINALLY PROPOSED OR RE-PROPOSED):** If the agency finalizes the rule, it publishes a final rulemaking addressing comments submitted in response to the initial proposal.
- Better Markets carefully reviews the final rule for compliance with the law and administrative record.
 - Better Markets comments on the final rule and strategizes on further action, if appropriate.
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- 5 LITIGATION:** The courts may review a rulemaking and reverse, revise or remand a final rule that is substantively or procedurally flawed. Challenged rules are often stayed pending the outcome of the litigation.
- Better Markets considers litigation.
 - If the new rule is challenged in court, Better Markets evaluates the challenge and, if appropriate, supports the agency and the process via amicus briefs and other advocacy.
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- 6 IMPLEMENTATION AND INTERPRETATION:** The agency interprets and provides guidance (and too often exemptions or relief from compliance) relating to the rule.
- Better Markets monitors how the rule is implemented and how the rule is interpreted by staff and agencies.
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- 7 ENFORCEMENT:** The agency also must then enforce the rule.
- Better Markets monitors the enforcement of the rule.
 - Better Markets challenges the agency when such enforcement fails to uphold the law or fails to punish and deter lawbreakers.
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- 8 ROLLBACK:** Action to repeal, dismantle or otherwise diminish the effect of a law or regulation is taken.
- Better Markets works to defend the rule if the agency rolls it back or if there are attempts by Congress to weaken the rule inappropriately.

2019—A Year of Impact and Progress



When Better Markets opened its doors in 2010, it had a specific purpose in mind: to fight for a fair and equitable economic and financial system for all Americans, especially those without a voice who didn't have a permanent army of lobbyists bending Washington to protect their profits. Nine years later, the impact Better Markets has made is notable thanks to an experienced, dedicated team who has rebutted, countered and parried the efforts of Wall Street and its well-funded lawyers, lobbyists and allies every step of the way.

We successfully blunted their efforts with knowledge, experience and pen and paper in the form of comment letters, white papers, detailed reports, amicus briefs and analysis. That was the ammo our team brought into countless meetings with staff and regulators at all the financial regulatory agencies in Washington. We also informed and educated myriad audiences through testimony at congressional hearings and panels, interviews with top media outlets, including the New York Times, the Washington Post, the Financial Times, CNBC, CNN, among hundreds of others, and insightful posts on social media platforms, including Twitter, Facebook and LinkedIn.

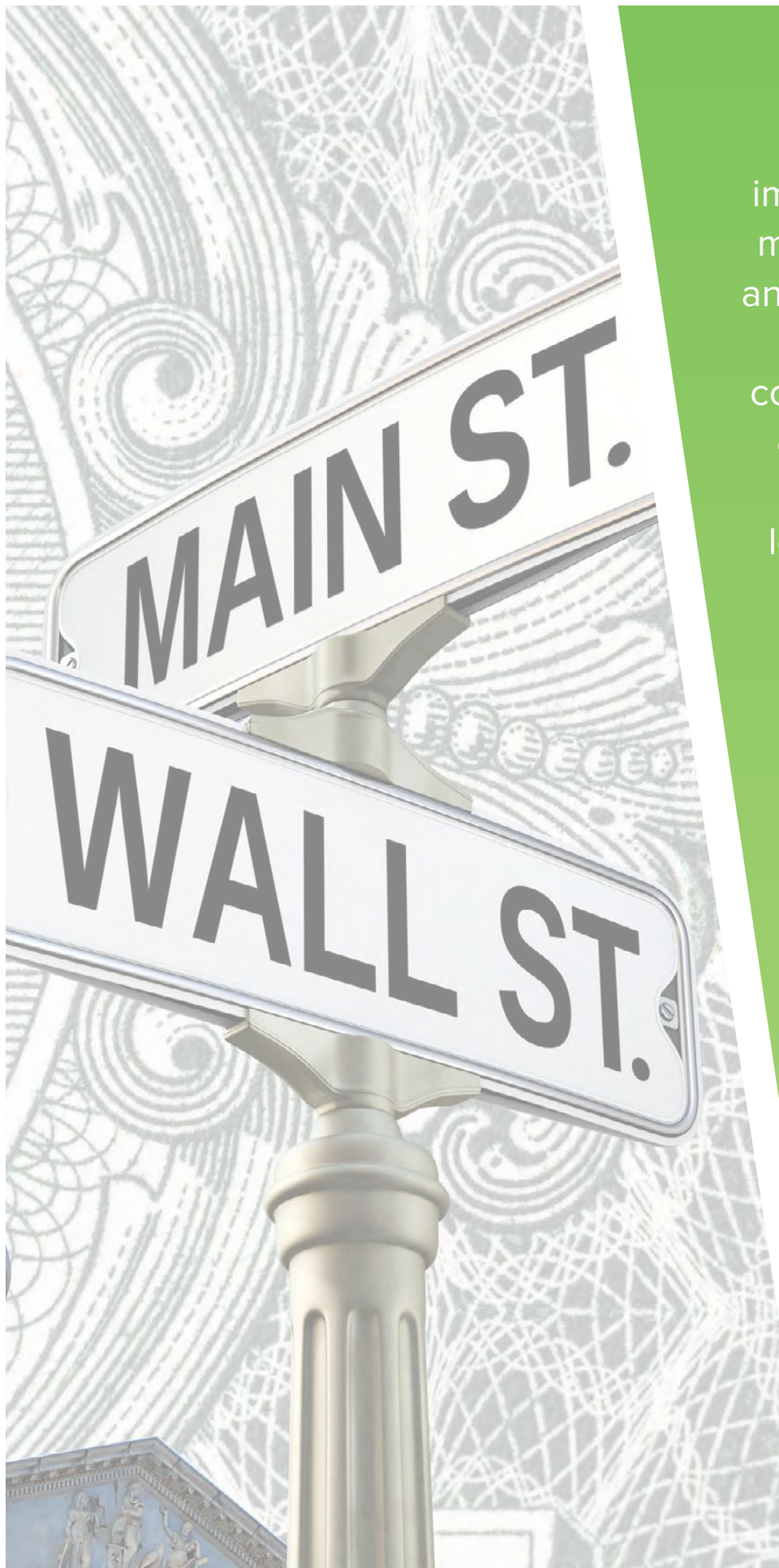
Our core programs throughout the year focused on making the economy work for everyone and ensuring that finance served society, not just enrich itself. That meant fighting to strengthen the Dodd-Frank Act, increasing financial reform and stability, defending Main Street through support for investor protection rules, holding government agencies and financial firms accountable, shining the bright light of transparency on the regulators, and conducting advocacy and outreach at the regulatory agencies, before Congress, in the courts and the media.

Tackling Each Proposed Rule, Court Action—One at a Time

Better Markets' success was due, in part, to our tenacious nature. We watched every rule that was proposed; we wrote detailed comment letters, fact sheets, white papers and reports; we engaged the media; and we filed legal briefs.

We were in the trenches at the agencies and departments, meeting with regulators and top leaders and fighting to get rules put in place that are as strong as possible and in the public interest rather than protecting one company's or industry's profits.

We reviewed every rulemaking at each financial regulatory agency to determine what it was really doing and who it was really benefiting. Given that many of the rules are hundreds of complicated pages long, this is an arduous and time-consuming process. Once that is done, we then decide on a strategy for action, using our "Arc of Advocacy™," an eight-step process that our staff follow throughout the rulemaking, as our guidepost. That begins with pre-proposal activities through finalization and even post-finalization rollback activities.



“Nine years later, the impact Better Markets has made is notable thanks to an experienced, dedicated team who has rebutted, countered and parried the efforts of Wall Street and its well-funded lawyers, lobbyists and allies every step of the way.”

BY THE NUMBERS



38
COMMENT LETTERS



14 OTHER LETTERS,
MANY IN PARTNERSHIP
WITH OTHER ORGANIZATIONS



10
RULE CITATIONS



3
COURT FILINGS



8
REPORTS AND
POLICY BRIEFS



85
MEETINGS, EVENTS &
CONFERENCES



65
BLOG POSTS &
FACT SHEETS

That gives us a strategic and wholistic view of each rule and its place in the activities of the specific agency as well as the overall regulatory agenda across agencies. It also enables us to coordinate our related activities on the Hill, in court and the media.

Here are just a few examples of how this process benefited Main Street families and businesses around the country in 2019:

Better Markets filed nearly 40 comment letters on issues, including predatory payday lending, high risk brokered deposits, bank living wills, regulations on total loss absorbency, transparency in the federal rulemaking process, securities and derivatives exemptions, and market structures and trading practices. Better Markets secured victories in a number of these areas by helping to shape the outcomes, limit the damage and, sometimes, killing bad rules or provisions in final rules.

Better Markets sounded the alarm about significant changes to the Federal Reserve's stress testing program and related banking supervision efforts. We took several actions, which included issuing a statement condemning the action that received widespread media attention. In addition, Co-founder, President and CEO Dennis Kelleher participated in a panel discussion titled "[Stress Tests as a Policy Tool](#)" as part of a Stress Testing Conference by the Federal Reserve Bank of Boston.

To clarify misinformation and set the record straight on changes to the Volcker Rule's ban on high risk proprietary trading, Better Markets issued a six-page [fact sheet](#) that detailed each change and its potential impact. In a [statement](#), Dennis Kelleher said:

"It is simply incorrect that the recent changes are 'tweaks,' 'nips,' 'symbolic,' or otherwise insubstantial. It is also incorrect that these changes merely 'clarify,' 'simplify,' or 'streamline' the prior rule."

And when the CFTC later in the year approved the revised and weaker Volcker Rule, we [warned](#) that this rule is "laying the groundwork" for another crash and noted that this was just the latest deregulatory action that ignored the lessons



Dennis Kelleher
President and Chief Executive Officer
Better Markets

#StressTestConference

Dennis Kelleher addresses a panel on “Stress Tests as a Policy Tool” as part of a [stress testing conference](#) hosted by the Federal Reserve Bank of Boston.

of the 2008 crash. A [Financial Times article](#) was among several publications that quoted Better Markets or referenced our materials on the issue.



Better Markets filed an [amicus brief](#) urging the D.C. Appeals Court to uphold a critical pilot program that the SEC initiated to end the legalized kickbacks that large exchanges offer to brokers to attract orders, which rip off investors and create instability in our markets. This was called the “Transaction Fee Pilot” and was supported not only by Better Markets, but also by most of the buy side. It’s an investor first program that we have supported for many years.



When the Securities and Exchange Commission adopted a rule known as the “Testing the Waters” rule, [Better Markets](#) challenged the SEC’s legal authority to adopt a sweeping exemption. [Better Markets](#) was the only advocate to highlight the utter lack of evidence in the record to justify its other provisions.



We also filed amicus briefs in support of two cases that would have a significant impact on investors: [Interactive Brokers LLC v. Saroop](#) (dealing with investors’ rights to recover for broker misconduct) and [Ford v. TD Ameritrade](#) (a class-action lawsuit that alleges brokers routinely violate their duty to seek best execution of client trades). Our brief in the Interactive Brokers case helped steer the Fourth Circuit to a winning decision for investors; the Ford case was still pending in the Eighth Circuit at year end.

Speaking “Truth to Power” and Demanding Change

Better Markets’ team of attorneys, former senior government officials and analysts were in demand for their knowledge and expertise of financial regulation, the legal system and Washington, D.C. Throughout 2019, they regularly appeared on industry panels, talked with the media and shared their expertise in meetings with financial regulators and others.

Their advocacy kept Better Markets and its work front and center among influential legislators, regulators, donors and the press; increased our credibility as a knowledgeable, informed and trusted organization; and led to relationships that allowed for an honest, respectful exchange of ideas and perspectives. Here are some examples of how we helped inform and shape the messaging on important financial and legislative topics throughout 2019:



In the truest sense of the famous quote, “Those who do not remember the past are condemned to repeat it.” Better Markets highlighted the 11th anniversary of the 2008 crash of Lehman Brothers investment bank with a [special report](#) and [press release](#). Earlier in the year, Better Markets released a [special report](#) on the six biggest bailed-out banks, their RAP sheets and their ongoing crime spree.



Dennis Kelleher testified at a key Senate [hearing](#) during which he reminded lawmakers that America’s top five gigantic, derivative-dealing banks must be properly regulated, serve Main Street instead of threatening it, and never again get taxpayer bailouts.



Dennis Kelleher published an op-ed, [CFPB is looking out for financial predators instead of Main Street](#), in The Hill in response to CFPB Director Kathy Kraninger’s first major rulemaking in favor of payday lenders that would put borrowers in an endless cycle of debt where they can never get out while the payday lenders keep collecting interest and fees. He called it “a debtor’s prison without walls.”



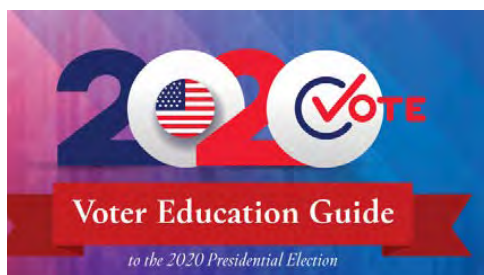
Senior Derivatives Consultant and Special Counsel Joe Ciesewski and Dennis Kelleher wrote an op-ed, [Don't mess with rules curbing derivatives risk](#), for American Banker in which they explained the dangerous realities of eliminating inter-affiliate initial margin as proposed by the FDIC and the Office of the Comptroller of the Currency.



In a [presentation](#) to the Financial Stability Board at the Federal Reserve Bank of New York, Dennis Kelleher discussed the ongoing problems with too-big-to-fail financial institutions and why ending TBTF is so important.



Led by Dennis Kelleher and Lev Bagramian, Senior Securities Policy Advisor, Better Markets continued to fight attempts by the SEC to weaken its Whistleblower Program and investor protections through press statements, [newsletter articles](#), media interviews, among other initiatives.



Better Markets launched a voter education scorecard to track 2020 presidential candidates' position on key issues. The report proved popular as it also pointed out key issues not being addressed by the large field of candidates. Dennis Kelleher also wrote an op-ed for The Hill on [The Economic Answers Voters Want from the Presidential Candidates](#).



Better Markets and its Chairman Michael Masters were featured in an Inside Philanthropy article, [Up Against Wall Street: How This Little-Known Hedge Funder Backs Financial Reform](#).



Distinguished Senior Banking Adviser Tim Clark wrote an opinion piece, [Don't Use Repo Volatility as a Reason to Roll Back Bank Regulations](#) for Bloomberg in which he stated that “weakening effective standards that have made the largest banks and the economy safe would be a mistake.” Clark also discussed the role regulation plays in a [panel discussion](#) hosted by Brookings. The event focused on seeking insight and answers to the repo market disruption that took place in September.

Building Partnerships that Strengthen the Impact of Our Work

Throughout 2019, we strategically joined with other nonprofits, advocates, academics and financial firms on specific regulatory issues and court cases. We worked with allies to promote pro-market, pro-business and pro-growth policies that help build a stronger, safer economic and financial system that protects and promotes Americans' jobs, savings, retirements and more.

We also saw an increase in donors and supporters throughout the year, which enabled us to focus on core programs and explore new initiatives and opportunities in our fight for an equitable financial and economic system. Better Markets is supported entirely by philanthropic donations, which enables us to be independent and take positions in the public interest regardless of who may, or may not, benefit.



We received the support of many influential leaders, including Sens. Elizabeth Warren and Sherrod Brown, Congresswoman Maxine Waters, among others.



Better Markets expanded relationships with leading academics in financial markets and continued its long-time partnership with The George Washington University Law School.



Better Markets joined with other advocacy groups during the year on various issues of common interest—collaborating on comment letters and press statements and holding regular meetings to discuss strategies and tactics regarding specific rules or regulations. For example, Better Markets, the Consumer Federation of America, Americans for Financial Reform and the Center for American Progress [called on the SEC](#) to halt any expansion of private offering exemptions until it makes a careful analysis of the impact of those offerings.



Better Markets has served as **a valuable and important voice pushing for fairness in our financial system.**



Maxine Waters

Chair, House Financial Services Committee
Representative from California (35th District)

Our partners have proven invaluable—not just through their gifts but also through their engagement and support—whether it’s sharing our work on social platforms, reading one of our many reports or attending our various webinars and conferences.



Better Markets continued to engage global regulators to prevent regulatory arbitrage, ensure U.S. rules continued to be the gold standard, and to protect the U.S. economy and taxpayers from weak regulation overseas. For example, the [New Secretary General for the Basel Committee on Banking Supervision](#) visited Better Markets and discussed U.S. and global financial reform efforts past, present and future.



Engagement on Better Markets’ social platform grew stronger as Better Markets deployed a digital strategy that focused on providing substantive information that rebutted industry spin and disinformation and highlighted industry and regulatory activities.



Better Markets built strong relationships with various partners by deploying targeted strategies.



We are proud to support Better Markets in its work to **promote a fairer and more inclusive financial sector**, which we see as a critical foundation of a more just and equitable capitalism.



Chris Jurgens

Director, Reimagining Capitalism
Omidyar Network



330
MEDIA COVERAGES

WHERE YOU'LL FIND US... Shaping the news, amplifying the public's voice and analyzing new policies so Main Street doesn't get left behind

AMERICAN
BANKER



The
Washington
Post

The
Boston
Globe



THE WALL STREET JOURNAL
WSJ



The
New York
Times

C-SPAN

Bloomberg



The
Economist



POLITICO

AP Associated Press

Separating Truth from Fiction through Data and Analysis

In 2019, Better Markets' team of subject matter experts wrote and published detailed reports, fact sheets and white papers on a range of topics that captured the attention of regulators, legislators, industry participants, the media and others for their credible facts and arguments.

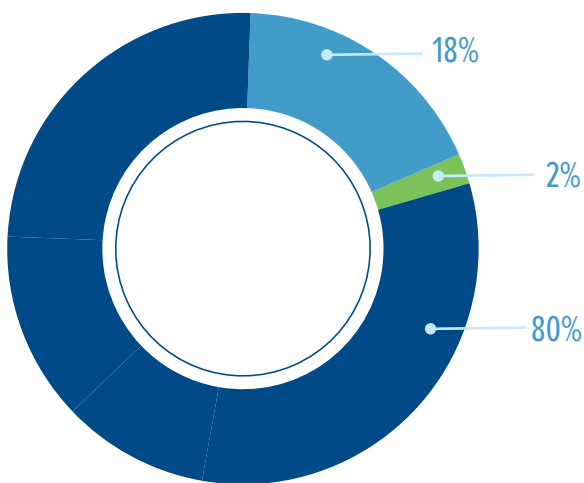
These published works served to rebut, set the record straight, put claims in context and bring attention to various regulatory and legal actions impacting the economic and financial security of all Americans. Better Markets was one of the only nonprofits in its space to produce such deliberate and thoughtful analysis of key issues in 2019.

Below are a few 2019 reports that illustrate the exacting and deliberate work of Better Markets and its staff.

- [Goldman Sachs' 1MDB "Four Monkeys" Defense and CEO Solomon's Golden Opportunity](#)
- [An Update on Supreme Court Cases Involving the Financial and Economic Security and Prosperity of the American People, A Report Card on the 2018-2019 Term and a Look Ahead to 2019-2020](#)
- [Eugene Scalia, Trump's Nominee to be Secretary of Labor has been Wall Street's Best Friend and a One-Man Financial Stability Wrecking Ball](#)
- [Wall Street's Six Biggest Bailed-Out Banks: Their Rap Sheets & Their Ongoing Crime Spree](#)
- [Repo Market: Reality vs. Wall Street Claims](#)
- [The State of Financial Reform on the 11th Anniversary of the Crash of Lehman Brothers Crash](#)
- [Fact Sheet on the SEC'S Proposed "Regulation Best Interest"](#)

2019 FINANCIALS

Better Markets' 2019 operating budget was \$2,683,277, which was donated by foundations, corporations, and individuals contributing directly or through their foundations. Better Markets raises its annual budget each year through contributions and does not have an endowment.



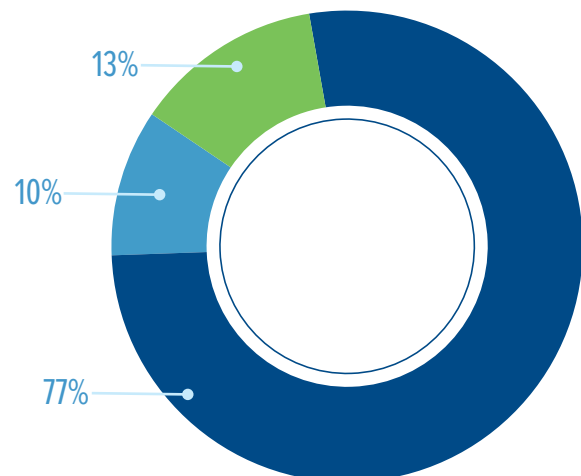
Contributions

INSTITUTIONAL FOUNDATIONS	\$460,000
CORPORATE	\$15,000
INDIVIDUALS and FAMILY FOUNDATIONS	\$1,943,537
SUBTOTAL	\$2,418,537
+USE OF CARRYOVER FUNDS	\$265,00
TOTAL	\$2,683,537

Expenses

PROGRAM	\$2,058,892
DEVELOPMENT	\$353,184
MANAGEMENT and GENERAL	\$271,201

TOTAL \$2,683,277



BOARD & STAFF

Board of Directors



MICHAEL W. MASTERS
Co-Founder & Chairman
of Better Markets



DENNIS M. KELLEHER
Co-Founder, President
& CEO of Better Markets



DAVID desJARDINS
Philanthropist,
Mathematician and
Software Engineers



MIKE SCHELL
Former Vice Chairman
Global Banking, Citigroup;
Former partner, Skadden,
Arps, Slate, Meagher &
Flom



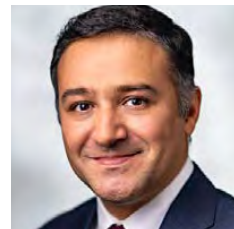
ADAM WHITE
Secretary of Better Markets,
Partner and Portfolio
Strategist at Masters Capital
Management

Staff

Better Markets has a talented team of professionals who are experts in their respective fields. In 2019, they worked together to advance Better Markets' goals to protect and promote the economic security, opportunity and prosperity of the American people and make finance serve society by supporting the real economy, jobs and growth.



MARYAN ABDELMESIH
Director of Development



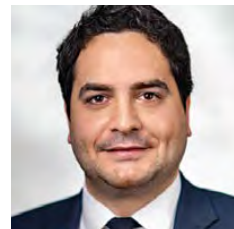
LEV BAGRAMIAN
Senior Securities
Policy Advisor



JEREMY BRATT
Director of External
Affairs



TIM P. CLARK
Distinguished Senior
Banking Advisor



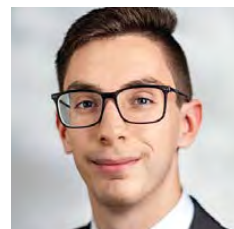
JOE CISEWSKI
Senior Derivatives
Consultant & Special
Counsel



JASON GRIMES
Senior Counsel



STEVE HALL
Legal Director &
Securities Specialist



MICHAEL HUGHES
Research & Program
Assistant



NATALIE SHOTTS
Director of Administration
& Human Resources



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Follow the Fight:
@BetterMarkets



Connect:
/Better-Markets





Better Banks

Better Businesses

Better Jobs

Better Economic Growth

Better Lives

Better Communities

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 to restore layers of protection between hardworking Americans on Main Street and Wall Street's riskiest activities. We work 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.