Press Release

AAF Examines Recent Dodd-Frank Rulemaking

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With financial regulators issuing the most expensive regulation to date under the Dodd-Frank law, the American Action Forum (@AAF) today released a new analysis examining the cost imposed by the law. Two recent regulations by the Federal Reserve added $6.7 billion in costs, driving the overall Dodd-Frank cost burden to $29.3 billion, including more than 72.8 million paperwork hours. The most expensive regulation to date is the Margin and Capital Requirements for Covered Swap Entities, which added $5.2 billion in costs. The analysis also includes a state-by-state breakdown of the Fed's margin rule that shows the top four states taking the biggest hit are: New York, California, Illinois, and Massachusetts.

The AAF research also examines the cost-benefit analysis for the swaps margin requirement and finds that the regulatory analysis is questionable. For example, regulators estimated that the capital margin requirement should be between $280 billion and $3.6 trillion. The agencies eventually decided the requirement would be $644 billion because it "falls roughly in the middle;" however, $644 billion is not the mathematical mid-point. Additionally, the analysis' estimated cost is based on three different global studies conducted in 2013. Instead of segmenting out the costs and burden hours per capita, regulators merely reduced the figures from the studies by 65 percent, reasoning that the U.S. share of the global swaps market is roughly 35 percent.

Click here to view the research.