Chapter 13 AND AGENDA

I. Regulatory Modernization Framework **(All, to be fleshed out more)**
   a. Interagency
      i. Current state: Considerations of overlaps & gaps, overlap, gaps

-Should there be supervision in a consumer protection agency
-cost of duplicative supervision by prudentials outweighs benefits
-friction exists in findings/interpretations of each regulator
-consumer groups likely favor more cops on the beat
-Bank Policy Institute RFI response = "Work with other federal regulators to make clear that cfpb is the consumer compliance examiner. Do this by revising the mou that exists now between federal regulators."

CFPB/FTC and Data Breach – cfpb has authority via unfair deceptive application to data breach, cfpb and ftc have specific skill set
FTC – Auto Dealer Issue – Shared jurisdiction over auto dealers (CFPB-FTC) is appropriate considering cfpb covers financial service providers within State transactions in other purchase transactions. (ftc – auto sale, cfpb = auto finance)
Military Lending Jurisdiction

Conclusion: CFPB are the experts in consumer financial protection. CFPB has the overall view of consumer welfare. Prudential regulators have legitimate views as to the intersection of safety and soundness with consumer protection but CFPB has the broad view across markets. Other regulators are siloed.

   b. Federalism
      -Conclusion: Growth of a national economy leads to a seeming need for more federal preemption. Cost of federalism grows with federal dominance. States want power to protect their consumers. States have proven responsible regulators. Marquette decision fostered competition beyond state boundaries thus more consumer choice. But with the presence of a national entity (cfpb) is preemption more appropriate than before this national entity.
   c. Regulatory Modernization
      -Conclusion: Taskforce leans toward principal based rules with the use of enforcement action to clarify rules via incremental actions. The Taskforce acknowledges that this approach can create uncertainty within the regulated community so the Taskforce endorses the use of safe harbors and issuance of more and frequent guidance by regulators.
   d. Regulatory Effectiveness

-Conclusion: Taskforce recommends continuation on the current path. Coordinate among regulators as best they can. Formal lines of authority are not yet needed. The CFPB-FTC relationship continues to evolve. Shared jurisdiction can be a good thing because each entity has a skill set, CFPB specializes in financial institutions while FTC is a data breach specialist. It's a messy configuration but it works.