

Hillary Clinton's Aggressive Plan to Put a Leash on Babylon

U.S. Democratic presidential candidate Hillary Clinton will unveil on Thursday a sweeping plan to curb what she has called the abuses of Wall Street, proposing everything from raising the fines that can be levied by regulators to requiring executives to bear some of those costs.

The outline of Clinton's plan, which was provided to Reuters for review, also includes strengthening the "Volcker rule" in the 2010 Dodd-Frank Act and imposing a new tax on high-frequency trading.

Clinton's push to get tough on Wall Street comes as she is fending off a challenge from U.S. Senator Bernie Sanders, her main rival for the Democratic nomination for the November 2016 election.

Sanders, a socialist from Vermont who is popular within the Democratic Party's progressive wing, has made reining in Wall Street and reducing income inequality his signature campaign issues. Recent polls in early-voting states have shown Sanders eroding Clinton's lead, and in some cases overtaking her.

Clinton aims to "tackle abuses and risks at big banks as well as other institutions," a campaign aide said. And her plan "will hold bad actors on Wall Street accountable – whether they are individuals or corporations."

Towards that end, Clinton is expected to propose that executives share the burden of fines levied for financial wrongdoing and that individuals convicted of financial crimes be barred from working in the entire financial industry, not just banking and investment firms as statute currently

dictates.

Clinton also believes that the statute of limitations for financial fraud should be extended to 10 years to enable additional prosecutions.

"People should have gone to jail," Clinton said this week of the 2008 financial crisis.

Financial firms would also face increased culpability under Clinton's proposals. Clinton believes that deferred prosecution agreements are overused in the financial sector and she wants to set guidelines to curb their use.

Clinton will also propose increasing the maximum penalties that can be levied by regulators such as the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission.

Clinton said at an Iowa campaign stop this week that her Wall Street plan would focus on more than banks, taking into account any kind of financial institution that causes disruption in the marketplace.

At the same time, Clinton also said she did not think the reinstatement of a Great Depression-era law that separated commercial banks from riskier investment arms would do enough to curtail risky trading.

"If you only reinstate Glass-Steagall, you don't go after all these other institutions, in what is called the shadow banking systems, hedge funds and other big financial entities that have too much power in our economy," Clinton said in Davenport, Iowa.

The reinstatement of Glass-Steagall, which was repealed during the administration of Clinton's husband, former President Bill Clinton, has been a key issue for progressives.

Clinton's proposal to strengthen the Volcker rule is a nod to

those progressives. Clinton believes banks are already structuring their operations to avoid it, and she would push to enforce its “underlying goals,” her campaign said.

Clinton’s high-frequency trading tax would target securities transactions with excessive levels of order cancellations because such trading has “unnecessarily burdened our markets and enabled unfair and abusive trading strategies,” her campaign said.

Clinton is also expected to encourage the SEC to pursue changes that ensure equity markets favor investors over high-frequency traders and those that use so-called “dark pools,” which are private networks that allow institutions to trade with one another outside traditional stock exchanges. {eo}

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