

Dodd-Frank Wall Street Reform and Consumer Protection Act

Create a Sound Economic Foundation to Grow Jobs, Protect Consumers, Rein in Wall Street and Big Bonuses, End Bailouts and Too Big to Fail, Prevent Another Financial Crisis

Years without accountability for Wall Street and big banks brought us the worst financial crisis since the Great Depression, the loss of 8 million jobs, failed businesses, a drop in housing prices, and wiped out personal savings.

The failures that led to this crisis require bold action. We must restore responsibility and accountability in our financial system to give Americans confidence that there is a system in place that works for and protects them. We must create a sound foundation to grow the economy and create jobs.

HIGHLIGHTS OF THE LEGISLATION

Consumer Protections with Authority and Independence: Creates a new independent watchdog, housed at the Federal Reserve, with the authority to ensure American consumers get the clear, accurate information they need to shop for mortgages, credit cards, and other financial products, and protect them from hidden fees, abusive terms, and deceptive practices.

Ends Too Big to Fail Bailouts: Ends the possibility that taxpayers will be asked to write a check to bail out financial firms that threaten the economy by: creating a safe way to liquidate failed financial firms; imposing tough new capital and leverage requirements that make it undesirable to get too big; updating the Fed's authority to allow system-wide support but no longer prop up individual firms; and establishing rigorous standards and supervision to protect the economy and American consumers, investors and businesses.

Advance Warning System: Creates a council to identify and address systemic risks posed by large, complex companies, products, and activities before they threaten the stability of the economy.

Transparency & Accountability for Exotic Instruments: Eliminates loopholes that allow risky and abusive practices to go on unnoticed and unregulated --

including loopholes for over-the-counter derivatives, asset-backed securities, hedge funds, mortgage brokers and payday lenders.

Executive Compensation and Corporate Governance: Provides shareholders with a say on pay and corporate affairs with a non-binding vote on executive compensation and golden parachutes.

Protects Investors: Provides tough new rules for transparency and accountability for credit rating agencies to protect investors and businesses.

Enforces Regulations on the Books: Strengthens oversight and empowers regulators to aggressively pursue financial fraud, conflicts of interest and manipulation of the system that benefits special interests at the expense of American families and businesses.

STRONG CONSUMER FINANCIAL PROTECTION WATCHDOG

The Consumer Financial Protection Bureau

- **Independent Head:** Led by an independent director appointed by the President and confirmed by the Senate.
- **Independent Budget:** Dedicated budget paid by the Federal Reserve system.
- **Independent Rule Writing:** Able to autonomously write rules for consumer protections governing all financial institutions – banks and non-banks – offering consumer financial services or products.
- **Examination and Enforcement:** Authority to examine and enforce regulations for banks and credit unions with assets of over \$10 billion and all mortgage-related businesses (lenders, servicers, mortgage brokers, and foreclosure scam operators), payday lenders, and student lenders as well as other non-bank financial companies that are large, such as debt collectors and consumer reporting agencies. Banks and Credit Unions with assets of \$10 billion or less will be examined for consumer complaints by the appropriate regulator.
- **Consumer Protections:** Consolidates and strengthens consumer protection responsibilities currently handled by the Office of the Comptroller of the Currency, Office of Thrift Supervision, Federal Deposit Insurance Corporation, Federal Reserve, National Credit Union Administration, the Department of Housing and Urban Development, and Federal Trade Commission. Will also oversee the enforcement of federal laws intended to

ensure the fair, equitable and nondiscriminatory access to credit for individuals and communities.

- **Able to Act Fast:** With this Bureau on the lookout for bad deals and schemes, consumers won't have to wait for Congress to pass a law to be protected from bad business practices.
- **Educates:** Creates a new Office of Financial Literacy.
- **Consumer Hotline:** Creates a national consumer complaint hotline so consumers will have, for the first time, a single toll-free number to report problems with financial products and services.
- **Accountability:** Makes one office accountable for consumer protections. With many agencies sharing responsibility, it's hard to know who is responsible for what, and easy for emerging problems that haven't historically fallen under anyone's purview, to fall through the cracks.
- **Works with Bank Regulators:** Coordinates with other regulators when examining banks to prevent undue regulatory burden. Consults with regulators before a proposal is issued and regulators could appeal regulations they believe would put the safety and soundness of the banking system or the stability of the financial system at risk.
- **Clearly Defined Oversight:** Protects small business from unintentionally being regulated by the CFPB, excluding businesses that meet certain standards.

LOOKING OUT FOR THE NEXT BIG PROBLEM: ADDRESSING SYSTEMIC RISKS

The Financial Stability Oversight Council

- **Expert Members:** Made up of 10 federal financial regulators and an independent member and 5 nonvoting members, the Financial Stability Oversight Council will be charged with identifying and responding to emerging risks throughout the financial system. The Council will be chaired by the Treasury Secretary and include the Federal Reserve Board, SEC, CFTC, OCC, FDIC, FHFA, NCUA, the new Consumer Financial Protection Bureau, and an independent appointee with insurance expertise. The 5 nonvoting members include OFR, FIO, and state banking, insurance, and securities regulators.
- **Tough to Get Too Big:** Makes recommendations to the Federal Reserve for increasingly strict rules for capital, leverage, liquidity, risk management and other requirements as companies grow in size and complexity, with

significant requirements on companies that pose risks to the financial system.

- **Regulates Nonbank Financial Companies:** Authorized to require, with a 2/3 vote and vote of the chair, that a nonbank financial company be regulated by the Federal Reserve if the council believe there would be negative effects on the financial system if the company failed or its activities would pose a risk to the financial stability of the US.
- **Break Up Large, Complex Companies:** Able to approve, with a 2/3 vote and vote of the chair, a Federal Reserve decision to require a large, complex company, to divest some of its holdings if it poses a grave threat to the financial stability of the United States – but only as a last resort.
- **Technical Expertise:** Creates a new Office of Financial Research within Treasury to be staffed with a highly sophisticated staff of economists, accountants, lawyers, former supervisors, and other specialists to support the council’s work by collecting financial data and conducting economic analysis.
- **Make Risks Transparent:** Through the Office of Financial Research and member agencies the council will collect and analyze data to identify and monitor emerging risks to the economy and make this information public in periodic reports and testimony to Congress every year.
- **No Evasion:** Large bank holding companies that have received TARP funds will not be able to avoid Federal Reserve supervision by simply dropping their banks. (the “Hotel California” provision)
- **Capital Standards:** Establishes a floor for capital that cannot be lower than the standards in effect today and authorizes the Council to impose a 15-1 leverage requirement at a company if necessary to mitigate a grave threat to the financial system.

ENDING TOO BIG TO FAIL BAILOUTS

Limiting Large, Complex Financial Companies and Preventing Future Bailouts

- **No Taxpayer Funded Bailouts:** Clearly states taxpayers will not be on the hook to save a failing financial company or to cover the cost of its liquidation.
- **Discourage Excessive Growth & Complexity:** The Financial Stability Oversight Council will monitor systemic risk and make recommendations to the Federal Reserve for increasingly strict rules for capital, leverage,

liquidity, risk management and other requirements as companies grow in size and complexity, with significant requirements on companies that pose risks to the financial system.

- **Volcker Rule:** Requires regulators implement regulations for banks, their affiliates and holding companies, to prohibit proprietary trading, investment in and sponsorship of hedge funds and private equity funds, and to limit relationships with hedge funds and private equity funds. Nonbank financial institutions supervised by the Fed also have restrictions on proprietary trading and hedge fund and private equity investments. The Council will study and make recommendations on implementation to aid regulators.
- **Extends Regulation:** The Council will have the ability to require nonbank financial companies that pose a risk to the financial stability of the United States to submit to supervision by the Federal Reserve.
- **Payment, clearing, and settlement regulation.** Provides a specific framework for promoting uniform risk-management standards for systemically important financial market utilities and systemically important payment, clearing, and settlement activities conducted by financial institutions.
- **Funeral Plans:** Requires large, complex financial companies to periodically submit plans for their rapid and orderly shutdown should the company go under. Companies will be hit with higher capital requirements and restrictions on growth and activity, as well as divestment, if they fail to submit acceptable plans. Plans will help regulators understand the structure of the companies they oversee and serve as a roadmap for shutting them down if the company fails. Significant costs for failing to produce a credible plan create incentives for firms to rationalize structures or operations that cannot be unwound easily.
- **Liquidation:** Creates an orderly liquidation mechanism for FDIC to unwind failing systemically significant financial companies. Shareholders and unsecured creditors bear losses and management and culpable directors will be removed.
- **Liquidation Procedure:** Requires that Treasury, FDIC and the Federal Reserve all agree to put a company into the orderly liquidation process to mitigate serious adverse effects on financial stability, with an up front judicial review.
- **Costs to Financial Firms, Not Taxpayers:** Taxpayers will bear no cost for liquidating large, interconnected financial companies. FDIC can borrow only the amount of funds to liquidate a company that it expects to be repaid from

the assets of the company being liquidated. The government will be first in line for repayment. Funds not repaid from the sale of the company's assets will be repaid first through the claw back of any payments to creditors that exceeded liquidation value and then assessments on large financial companies, with the riskiest paying more based on considerations included in a risk matrix

- **Federal Reserve Emergency Lending:** Significantly alters the Federal Reserve's 13(3) emergency lending authority to prohibit bailing out an individual company. Secretary of the Treasury must approve any lending program, and such programs must be broad based and not aid a failing financial company. Collateral must be sufficient to protect taxpayers from losses.
- **Bankruptcy:** Most large financial companies that fail are expected to be resolved through the bankruptcy process.
- **Limits on Debt Guarantees:** To prevent bank runs, the FDIC can guarantee debt of solvent insured banks, but only after meeting serious requirements: 2/3 majority of the Board and the FDIC board must determine there is a threat to financial stability; the Treasury Secretary approves terms and conditions and sets a cap on overall guarantee amounts; the President activates an expedited process for Congressional approval.

REFORMING THE FEDERAL RESERVE

- **Federal Reserve Emergency Lending:** Limits the Federal Reserve's 13(3) emergency lending authority by prohibiting emergency lending to an individual entity. Secretary of the Treasury must approve any lending program, programs must be broad based, and loans cannot be made to insolvent firms. Collateral must be sufficient to protect taxpayers from losses.
- **Audit of the Federal Reserve:** GAO will conduct a one-time audit of all Federal Reserve 13(3) emergency lending that took place during the financial crisis. Details on all lending will be published on the Federal Reserve website by December 1, 2010. In the future GAO will have on-going authority to audit 13(3), emergency lending, and discount window lending, and open market transactions.
- **Transparency - Disclosure:** Requires the Federal Reserve to disclose counterparties and information about amounts, terms and conditions of 13(3)

emergency lending and discount window lending, and open market transactions on an on-going basis, with specified time delays.

- **Supervisory Accountability:** Creates a Vice Chairman for Supervision, a member of the Board of Governors of the Federal Reserve designated by the President, who will develop policy recommendations regarding supervision and regulation for the Board, and will report to Congress semi-annually on Board supervision and regulation efforts.
- **Federal Reserve Bank Governance:** GAO will conduct a study of the current system for appointing Federal Reserve Bank directors, to examine whether the current system effectively represents the public, and whether there are actual or potential conflicts of interest. It will also examine the establishment and operation of emergency lending facilities during the crisis and the Federal Reserve banks involved therein. The GAO will identify measures that would improve reserve bank governance.
- **Election of Federal Reserve Bank Presidents:** Presidents of the Federal Reserve Banks will be elected by class B directors - elected by district member banks to represent the public - and class C directors - appointed by the Board of Governors to represent the public. Class A directors - elected by member banks to represent member banks - will no longer vote for presidents of the Federal Reserve Banks.
- **Limits on Debt Guarantees:** To prevent bank runs, the FDIC can guarantee debt of solvent insured banks, but only after meeting serious requirements: 2/3 majority of the Federal Reserve Board and the FDIC board determine there is a threat to financial stability; the Treasury Secretary approves terms and conditions and sets a cap on overall guarantee amounts; the President initiates an expedited process for Congressional approval.

CREATING TRANSPARENCY AND ACCOUNTABILITY FOR DERIVATIVES

Bringing Transparency and Accountability to the Derivatives Market

- **Closes Regulatory Gaps:** Provides the SEC and CFTC with authority to regulate over-the-counter derivatives so that irresponsible practices and excessive risk-taking can no longer escape regulatory oversight.
- **Central Clearing and Exchange Trading:** Requires central clearing and exchange trading for derivatives that can be cleared and provides a role for both regulators and clearing houses to determine which contracts should be cleared.

- **Market Transparency:** Requires data collection and publication through clearing houses or swap repositories to improve market transparency and provide regulators important tools for monitoring and responding to risks.
- **Financial safeguards:** Adds safeguards to system by ensuring dealers and major swap participants have adequate financial resources to meet responsibilities. Provides regulators the authority to impose capital and margin requirements on swap dealers and major swap participants, not end users.
- **Higher standard of conduct:** Establishes a code of conduct for all registered swap dealers and major swap participants when advising a swap entity. When acting as counterparties to a pension fund, endowment fund, or state or local government, dealers are to have a reasonable basis to believe that the fund or governmental entity has an independent representative advising them.

NEW OFFICES OF MINORITY AND WOMEN INCLUSION

- At federal banking and securities regulatory agencies, the bill establishes an Office of Minority and Women Inclusion that will, among other things, address employment and contracting diversity matters. The offices will coordinate technical assistance to minority-owned and women-owned businesses and seek diversity in the workforce of the regulators.

MORTGAGE REFORM

- **Require Lenders Ensure a Borrower's Ability to Repay:** Establishes a simple federal standard for all home loans: institutions must ensure that borrowers can repay the loans they are sold.
- **Prohibit Unfair Lending Practices:** Prohibits the financial incentives for subprime loans that encourage lenders to steer borrowers into more costly loans, including the bonuses known as "yield spread premiums" that lenders pay to brokers to inflate the cost of loans. Prohibits pre-payment penalties that trapped so many borrowers into unaffordable loans.
- **Establishes Penalties for Irresponsible Lending:** Lenders and mortgage brokers who don't comply with new standards will be held accountable by consumers for as high as three-years of interest payments and damages plus attorney's fees (if any). Protects borrowers against foreclosure for violations of these standards.

- **Expands Consumer Protections for High-Cost Mortgages:** Expands the protections available under federal rules on high-cost loans -- lowering the interest rate and the points and fee triggers that define high cost loans.
- **Requires Additional Disclosures for Consumers on Mortgages:** Lenders must disclose the maximum a consumer could pay on a variable rate mortgage, with a warning that payments will vary based on interest rate changes.
- **Housing Counseling:** Establishes an Office of Housing Counseling within HUD to boost homeownership and rental housing counseling.

HEDGE FUNDS

Raising Standards and Regulating Hedge Funds

- **Fills Regulatory Gaps:** Ends the “shadow” financial system by requiring hedge funds and private equity advisors to register with the SEC as investment advisers and provide information about their trades and portfolios necessary to assess systemic risk. This data will be shared with the systemic risk regulator and the SEC will report to Congress annually on how it uses this data to protect investors and market integrity.
- **Greater State Supervision:** Raises the assets threshold for federal regulation of investment advisers from \$30 million to \$100 million, a move expected to significantly increase the number of advisers under state supervision. States have proven to be strong regulators in this area and subjecting more entities to state supervision will allow the SEC to focus its resources on newly registered hedge funds.

CREDIT RATING AGENCIES

New Requirements and Oversight of Credit Rating Agencies

- **New Office, New Focus at SEC:** Creates an Office of Credit Ratings at the SEC with expertise and its own compliance staff and the authority to fine agencies. The SEC is required to examine Nationally Recognized Statistical Ratings Organizations at least once a year and make key findings public.
- **Disclosure:** Requires Nationally Recognized Statistical Ratings Organizations to disclose their methodologies, their use of third parties for due diligence efforts, and their ratings track record.

- **Independent Information:** Requires agencies to consider information in their ratings that comes to their attention from a source other than the organizations being rated if they find it credible.
- **Conflicts of Interest:** Prohibits compliance officers from working on ratings, methodologies, or sales; installs a new requirement for NRSROs to conduct a one-year look-back review when an NRSRO employee goes to work for an obligor or underwriter of a security or money market instrument subject to a rating by that NRSRO; and mandates that a report to the SEC when certain employees of the NRSRO go to work for an entity that the NRSRO has rated in the previous twelve months.
- **Liability:** Investors can bring private rights of action against ratings agencies for a knowing or reckless failure to conduct a reasonable investigation of the facts or to obtain analysis from an independent source. NRSROs will now be subject to “expert liability” with the nullification of Rule 436(g) which provides an exemption for credit ratings provided by NRSROs from being considered a part of the registration statement.
- **Right to Deregister:** Gives the SEC the authority to deregister an agency for providing bad ratings over time.
- **Education:** Requires ratings analysts to pass qualifying exams and have continuing education.
- **Eliminates Many Statutory and Regulatory Requirements to Use NRSRO Ratings:** Reduces over-reliance on ratings and encourages investors to conduct their own analysis.
- **Independent Boards:** Requires at least half the members of NRSRO boards to be independent, with no financial stake in credit ratings.
- **Ends Shopping for Ratings:** The SEC shall create a new mechanism to prevent issuers of asset backed-securities from picking the agency they think will give the highest rating, after conducting a study and after submission of the report to Congress.

EXECUTIVE COMPENSATION AND CORPORATE GOVERNANCE

Gives Shareholders a Say on Pay and Creating Greater Accountability

- **Vote on Executive Pay and Golden Parachutes:** Gives shareholders a say on pay with the right to a non-binding vote on executive pay and golden parachutes. This gives shareholders a powerful opportunity to hold accountable executives of the companies they own, and a chance to

disapprove where they see the kind of misguided incentive schemes that threatened individual companies and in turn the broader economy.

- **Nominating Directors:** Gives the SEC authority to grant shareholders proxy access to nominate directors. Also requires directors to win by a majority vote in uncontested elections. These requirements can help shift management's focus from short-term profits to long-term growth and stability.
- **Independent Compensation Committees:** Standards for listing on an exchange will require that compensation committees include only independent directors and have authority to hire compensation consultants in order to strengthen their independence from the executives they are rewarding or punishing.
- **No Compensation for Lies:** Requires that public companies set policies to take back executive compensation if it was based on inaccurate financial statements that don't comply with accounting standards.
- **SEC Review:** Directs the SEC to clarify disclosures relating to compensation, including requiring companies to provide charts that compare their executive compensation with stock performance over a five-year period.
- **Enhanced Compensation Oversight for Financial Industry:** Requires Federal financial regulators to issue and enforce joint compensation rules specifically applicable to financial institutions with a Federal regulator.

IMPROVEMENTS TO BANK AND THRIFT REGULATIONS

- **Volcker Rule** Implements a strengthened version of the Volcker rule by not allowing a study of the issue to undermine the prohibition on proprietary trading and investing a banking entity's own money in hedge funds, with a *de minimis* exception for funds where the investors require some "skin in the game" by the investment advisor--up to 3% of tier 1 capital in the aggregate
- **Abolishes the Office of Thrift Supervision:** Shuts down this dysfunctional regulator and transfers authorities mainly to the Office of the Comptroller of the Currency, but preserves the thrift charter.
- **Stronger lending limits:** Adds credit exposure from derivative transactions to banks' lending limits.
- **Improves supervision of holding company subsidiaries:** Requires the Federal Reserve to examine non-bank subsidiaries that are engaged in activities that the subsidiary bank can do (e.g. mortgage lending) on the

same schedule and in the same manner as bank exams, Provide the primary federal bank regulator backup authority if that does not occur.

- **Intermediate Holding Companies:** Allows use of intermediate holding companies by commercial firms that control grandfathered unitary thrift holding companies to better regulate the financial activities, but not the commercial activities.
- **Interest on business checking:** Repeals the prohibition on banks paying interest on demand deposits.
- **Charter Conversions:** Removes a regulatory arbitrage opportunity by prohibiting a bank from converting its charter (unless both the old regulator and new regulator do not object) in order to get out from under an enforcement action.
- **Establishes New Offices of Minority and Women Inclusion at the federal financial agencies**

INSURANCE

- **Federal Insurance Office:** Creates the first ever office in the Federal government focused on insurance. The Office, as established in the Treasury, will gather information about the insurance industry, including access to affordable insurance products by minorities, low- and moderate-income persons and underserved communities. The Office will also monitor the insurance industry for systemic risk purposes.
- **International Presence:** The Office will serve as a uniform, national voice on insurance matters for the United States on the international stage.
- **Streamlines** regulation of surplus lines insurance and reinsurance through state-based reforms.

INTERCHANGE FEES

- **Protects Small Businesses from Unreasonable Fees:** Requires Federal Reserve to issue rules to ensure that fees charged to merchants by credit card companies debit card transactions are reasonable and proportional to the cost of processing those transactions.

CREDIT SCORE PROTECTION

- **Monitor Personal Financial Rating:** Allows consumers free access to their credit score if their score negatively affects them in a financial transaction or a hiring decision. Gives consumers access to credit score disclosures as part of an adverse action and risk-based pricing notice.

SEC AND IMPROVING INVESTOR PROTECTIONS

SEC and Improving Investor Protections

- **Fiduciary Duty:** Gives SEC the authority to impose a fiduciary duty on brokers who give investment advice --the advice must be in the best interest of their customers.
- **Encouraging Whistleblowers:** Creates a program within the SEC to encourage people to report securities violations, creating rewards of up to 30% of funds recovered for information provided.
- **SEC Management Reform:** Mandates a comprehensive outside consultant study of the SEC, an annual assessment of the SEC's internal supervisory controls and GAO review of SEC management.
- **New Advocates for Investors:** Creates the Investment Advisory Committee, a committee of investors to advise the SEC on its regulatory priorities and practices; the Office of Investor Advocate in the SEC, to identify areas where investors have significant problems dealing with the SEC and provide them assistance; and an ombudsman to handle investor complaints.
- **SEC Funding:** Provides more resources to the chronically underfunded agency to carry out its new duties.

SECURITIZATION

Reducing Risks Posed by Securities

- **Skin in the Game:** Requires companies that sell products like mortgage-backed securities to retain at least 5% of the credit risk, unless the underlying loans meet standards that reduce riskiness. That way if the investment doesn't pan out, the company that packaged and sold the investment would lose out right along with the people they sold it to.
- **Better Disclosure:** Requires issuers to disclose more information about the underlying assets and to analyze the quality of the underlying assets.

MUNICIPAL SECURITIES

Better Oversight of Municipal Securities Industry

- **Registers Municipal Advisors:** Requires registration of municipal advisors and subjects them rules written by the MSRB and enforced by the SEC.
- **Puts Investors First on the MSRB Board:** Ensures that at all times, the MSRB must have a majority of independent members, to ensure that the public interest is better protected in the regulation of municipal securities.
- **Fiduciary Duty:** Imposes a fiduciary duty on advisors to ensure that they adhere to the highest standard of care when advising municipal issuers.

TACKLING THE EFFECTS OF THE MORTGAGE CRISIS

- **Neighborhood Stabilization Program:** Provides \$1 billion to States and localities to combat the ugly impact on neighborhood of the foreclosure crisis -- such as falling property values and increased crime - by rehabilitating, redeveloping, and reusing abandoned and foreclosed properties.
- **Emergency Mortgage Relief:** Building on a successful Pennsylvania program, provides \$1 billion for bridge loans to qualified unemployed homeowners with reasonable prospects for reemployment to help cover mortgage payments until they are reemployed.
- **Foreclosure Legal Assistance.** Authorizes a HUD administered program for making grants to provide foreclosure legal assistance to low- and moderate-income homeowners and tenants related to home ownership preservation, home foreclosure prevention, and tenancy associated with home foreclosure.

TRANSPARENCY FOR EXTRACTION INDUSTRY

For Investors

- **Public Disclosure:** Requires public disclosure to the SEC payments made to the U.S. government relating to the commercial development of oil, natural gas, and minerals on federal land.
- **SEC Filing Disclosure:** The SEC must require those engaged in the commercial development of oil, natural gas, or minerals to include information about payments they or their subsidiaries, partners or affiliates have made to a foreign government for such development in their annual reports and post this information online.

Congo Conflict Minerals:

- **Manufacturers Disclosure:** Requires those who file with the SEC and use minerals originating in the Democratic Republic of Congo in manufacturing to disclose measures taken to exercise due diligence on the source and chain of custody of the materials and the products manufactured.
- **Illicit Minerals Trade Strategy:** Requires the State Department to submit a strategy to address the illicit minerals trade in the region and a map to address links between conflict minerals and armed groups and establish a baseline against which to judge effectiveness.
- **Deposit Insurance Reforms:** Permanent increase in deposit insurance for banks, thrifts and credit unions to \$250,000, retroactive to January 1, 2008.

Restricts US Funds for Foreign Governments: Requires the Administration to evaluate proposed loans by institutions such as the IMF or World Bank to a middle-income country if that country's public debt exceeds its annual Gross Domestic Product, and oppose loans unlikely to be repaid.

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