

The regulatory framework for Financial markets aims to achieve various goals. Each regulator has a different goal to accomplish.

The Federal Reserve Board, also known as the FRB or FED, is a highly respected regulatory body that influences the economy by controlling money, liquidity, and overall credit conditions. The FRB's main tool for implementing monetary policy is through open market operations, which involves controlling the buying and selling of U.S Treasury securities and federal agency securities. These transactions affect the amount of reserves available in the financial market and shape the federal funds rate, which is the interest rate at which depository institutions lend balances to each other overnight.

The Office of the Comptroller of the Currency (OCC) is a separate agency within the Department of Treasury created in 1863.

The OCC's mission is to make sure that national banks and federal savings associations are operating safely and fairly. They want to provide fair access to financial services, treat customers well, and make sure that everyone is complying with the laws and regulations that apply to them.

The Federal Deposit Insurance Corporation, or FDIC for short, was established by the Glass-Steagall Act of 1933. Its purpose is to provide deposit insurance that guarantees the safety of funds held by depositors at banks. The FDIC's mandate is to protect up to \$250,000 of each depositor's account.

The FDIC covers 100% of checking and savings accounts, credit default swap and money market accounts.

The Securities and Exchange Commission, also known as the SEC, was established by the Securities Exchange Act of 1934 and operates independently of the US government. It is one of the most comprehensive and powerful financial regulators.

The SEC is organized into six divisions, each with a specific responsibility. The Division of Corporate Finance ensures that investors have the information they need to make wise investment decisions. The Division of Enforcement investigates cases and brings civil suits and administrative proceedings to enforce SEC regulations. The Division of Investment Management regulates investment companies, variable insurance products, and federally registered investment advisors.

The Division of Economic and Risk Analysis integrates economics and data analytics into the SEC's core mission. The Division of Trading and Markets sets and maintains standards for fair, orderly, and efficient markets. Finally, the Division of Examinations leads the SEC's National Exam Program.

There are important laws that have shaped the regulatory framework for financial markets, such as the Securities Act of 1933. This law requires companies to register with the Securities and Exchange Commission (SEC) to ensure that they provide investors with all necessary information through a prospectus and registration statement. The Securities Exchange Act of 1934 oversees and controls the buying and selling of stocks and other securities on major stock exchanges, and requires companies to follow reporting standards to ensure fairness, transparency, and investor confidence. The Commodity Exchange Act (CEA) was established in 1936 to regulate and oversee commodity markets and prevent excessive speculation, and defined the framework under which the Commodity Futures Trading Commission (CFTC) works. The CFTC aims to promote competitive and efficient future markets, protect investors against market manipulation, and police abusive and fraudulent trade practices. The CFTC also has power over the crypto-currency market through its technology committee. We will learn more about the CFTC's involvement in financial frauds realized by FTX in the fifth part.