

NAME: _____

DATE: _____

INSTRUCTION

Who Keeps Markets Fair?

What + Why: Learn how rules, oversight, and ethical behavior protect you when you use financial products and make decisions.

Financial markets involve many people and organizations—investors, banks, companies, and financial professionals.

Without rules, it would be difficult to trust that these systems are fair.

That's why systems are in place to:

- Promote fairness.
- Increase transparency.
- Protect consumers.

Instructions:

1. Pick one scenario and respond to each of the questions given.
2. Then, compare your answers with a partner.

Scenario 1: A lender charges fees that aren't explained until after someone signs a loan.	Scenario 2: A financial advisor recommends investments that pay them the highest commission instead of what is best for the client.
What went wrong?	What went wrong?
What protection would fix this?	What standard should the financial advisor be held to?
Who should respond to this situation: a government regulator, a professional standards body, or both, and why?	Who should respond to this situation: a government regulator, a professional standards body, or both, and why?

Key Ideas

- Financial laws help ensure fairness and transparency.
- Government regulators enforce rules and protect consumers.
- Ethical financial professionals are expected to act in the best interest of their clients.
- These systems work together to build trust in financial markets.
- Consumers should also advocate for themselves by asking questions, reading agreements carefully, and reporting concerns to regulatory agencies when something doesn't seem right.

Key Terms

- **Consumer Financial Protection Bureau (CFPB):** a government agency that enforces federal consumer financial protection laws; oversees banks, lenders, and financial companies; and ensures financial products are fair, transparent, and not deceptive
- **market regulatory agency:** an oversight agency that is responsible for protecting investors and maintaining the fair and orderly functioning of financial markets
- **Securities and Exchange Commission (SEC):** a U.S. government agency with many responsibilities, including regulating the securities markets and protecting investors