United States Senate
WASHINGTON, DC 20510

December 11, 2014

John Boehner
Speaker of the House
H-232 The Capitol
Washington, DC 20515

Nancy Pelosi
House Minority Leader
233 Cannon House Office Building
Washington, DC 20515

Harry Reid
Senate Majority Leader
522 Hart Senate Office Building
Washington DC, 20510

Mitch McConnell
Senate Minority Leader
317 Russell Senate Office Building
Washington, DC 20510

Dear Speaker Boehner, House Minority Leader Pelosi, Senate Majority Leader Reid and Senate Minority Leader McConnell:

We are writing you about the broad bipartisan support for removing section 630 from H.R. 83. This provision would repeal section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection (Dodd-Frank) Act. We urge you to remove this provision from the year-end spending bill.

Section 716, also known as the Lincoln Amendment or the "swaps push-out" provision, prohibits Federal assistance to entities that engage in certain derivatives dealing and speculation. The problem of "too big to fail" is clearly far from over. Removing any taxpayer subsidy for risky derivative trades that are unnecessary for normal banking purposes is an important step.

The catastrophic events of the financial crisis demonstrated the risks posed by trading certain types of risky derivatives, and we are concerned that these activities continue to present a threat to financial stability. Forceful implementation of section 716 is an important first step in ensuring that derivatives activities are conducted outside of the public safety net, where they can be properly supported by private capital instead of a taxpayer-provided backstop.

Yesterday, Federal Deposit Insurance Corporation (FDIC) Vice Chairman Thomas Hoeing pointed out that, "in 2008 we learned the economic consequences of conducting derivatives trading in taxpayer-insured banks. Section 716 of Dodd-Frank is an important step in pushing the trading activity out to where it should be conducted: in the open market, outside of taxpayer-backed commercial banks."

Former FDIC Chair Sheila Bair has also said that "this activity should be done outside of insured banks and only in non-FDIC insured affiliates. It should not be funded with FDIC insured deposits."

We agree with them.

If Wall Street banks want to gamble, Congress should force them to pay for their losses, and not put the taxpayers on the hook for another bailout. Congress should not gamble on a possible government shutdown by attempting to tuck this controversial provision into a spending bill without having been considered by the committees of jurisdiction, where it can be subjected to a transparent and vigorous debate.

Thank you for considering our views on this important matter.

Sincerely,

David Vitter
United States Senator

Sherrod Brown
United States Senator