

Key Measures & Votes in the 113th Congress

This report shows how members of the 113th Congress voted on a selection of important bills, amendments, motions and nominations touching on the design and regulation of the U.S. financial system. Through the votes described and tabulated here, lawmakers have left a record of their actions when facing choices with the potential to strengthen or weaken the stability of the financial system or to protect investors, consumers and borrowers rather than the power and profits of Wall Street and financial services companies.

In one of its final acts, the 113th Congress gave Wall Street a huge gift. Majorities in both the House and Senate approved a government-spending package that contained language repealing a provision of the Dodd Frank Act in order to allow a handful of big banks to once again use insured deposits and other taxpayer subsidies and guarantees to gamble in the riskiest financial derivatives.

Inclusion of this Wall Street-written measure in a “must pass” budget bill was striking evidence of the financial industry’s continued clout in Washington and of its ability, on too many occasions, to override the will of the electorate. More than six years after the financial crisis, most voters, regardless of party, want tougher regulation of Wall Street. In the 113th Congress, that sentiment was reflected in the behavior of a number of lawmakers, who defended the reforms of Dodd Frank and in a few cases introduced or supported measures calling for more bank accountability. At the same time, many other lawmakers lined up behind industry-backed proposals to undo or weaken rules already on the books or to undermine the agencies responsible for their implementation.

The two years of the 113th Congress were marked by fresh revelations of financial sector abuses and regulatory laxness. Nevertheless, during that time, not a single piece of legislation calling for stronger or swifter Wall Street regulation got as far as a floor vote in either the House or Senate. By contrast, the House voted on, and approved, a series of industry-backed bills to undo Dodd-Frank reforms or impede the agencies responsible for carrying them out. Many of these bills would put consumers and investors at risk, and some would invite a resurgence of the kind of reckless behavior that fueled the financial crisis and the economic devastation that followed.

Despite the strenuous advocacy efforts of the financial industry, only one such measure (the one described above and attached to emergency budget legislation at the end of the session) actually became law. The others failed, generally because the Senate refused to move them forward. Nevertheless, these bills and votes had an intimidating effect on financial regulators, as their authors and supporters plainly intended. And through the continued failure to adequately fund the Commodities Future Trading Commission, and to a less dramatic extent, the Securities and Exchange Commission, the 113th Congress hampered the ability of these agencies to adequately fulfill their regulatory missions.

While rulemaking at some agencies proceeded slowly and weakly, the years 2013 and 2014 did see the completion of a number of important regulations that financial-industry lobbyists had hoped to block. And the agency that had been the most conspicuous target of industry attack, the Consumer Financial Protection Bureau, continued to go about its work methodically and forcefully.

Creation of the CFPB – a regulatory body charged with bringing basic standards of fairness and transparency to the consumer financial marketplace – was one of the central achievements of the Dodd Frank Act. Since it got up and running in 2011, the CFPB has proven its worth by, among other things, forcing financial services companies to pay some \$4.8 billion in relief to wronged consumers; directing mortgage lenders to stop making unaffordable loans; cracking down on “last dollar” scams that pocket up-front fees from financially desperate people for help that is never actually delivered; and developing a searchable consumer complaint system, which has helped people get answers or monetary relief from their lenders, while giving the Bureau and the public a valuable window onto problems in the market.

Throughout its short life, however, the Bureau has been the target of legislative moves designed to curtail its effectiveness. A substantial bloc of lawmakers has sought both to eliminate the CFPB’s guaranteed funding through the Federal Reserve, making it depend on annual congressional appropriations instead, and to place the Bureau under a commission of political appointees rather than a single director. In fact, from 2011 until the middle of 2013, Senate opponents refused to allow an up or down confirmation vote on the White House’s nominee for that job. Many of the same CFPB critics voted for measures that would chip away at the Bureau’s authority in narrower ways by, for example, exempting many mortgage loans from CFPB oversight and restricting its ability to gather and analyze market data.

The Commodity Futures Trading Commission is another key financial regulatory agency that, like the CFPB, has been singled out for attack. Dodd-Frank gave the CFTC a vast and crucially important new area of responsibility – regulation of the derivatives markets. But the Commission has been drastically under-funded, leaving it without sufficient resources to carry out its legislative mandate. In addition, House lawmakers have advanced a series of proposals to impede CFTC rulemaking and, in practice, make it easier to keep trades off of regulated exchanges where the big banks would lose much of their ability to generate huge profits – and sow huge risks.

The financial industry also won House backing in the 113th Congress for measures that would benefit Wall Street at the expense of investors and the integrity of the financial markets. For example, the House passed legislation designed to derail an effort by the Department of Labor to insist that retirement fund advisors look out for the best interests of workers and retirees, despite evidence that the cost of conflicted or self-serving advice can run into the tens or even hundreds of thousands of dollars over a lifetime.

In December 2013, the House passed HR 1105 (the “Small Business Capital Access and Job Preservation Act”), which would have exempted private equity advisors from a set of modest disclosure requirements intended to help regulators monitor systemic risk in the financial system and protect investors and the public. Five months later, based on data generated by those requirements, the Securities and Exchange Commission found that more than half of all private equity funds had been systematically cheating their investors by sticking them with hidden fees and charges. Since many such investors are pension funds, foundations and endowments, these deceptive practices, the SEC [went on to note](#), had been eating away at “the retirement savings of teachers, firemen, police officers, and other workers throughout the U.S.”

Despite this powerful evidence of the need for oversight, the House voted in September 2014 to approve the measure once again, this time as part of a package bill, HR 4. In addition to the private equity proposal, HR 4 included provisions requiring financial regulators to meet dozens of new procedural mandates prior to any rule-making, thus creating fresh opportunities for large financial companies to block government action in court.

On the positive side of the ledger, two controversial financial regulatory appointments were eventually approved. After a two-year standoff, the Senate voted in July 2013 to confirm Richard Cordray as Director of the CFPB – a major victory for financial reform. Five months later, after a rules change that made it possible to approve presidential nominees with a simple majority vote, the Senate confirmed Representative Mel Watt as Director of the Federal Housing Finance Agency (FHFA). This powerful agency (the overseer of Fannie Mae and Freddie Mac) had been led for years by a holdover acting director who failed to implement common sense policies to help struggling homeowners and ensure broader access to credit.

The next section of this document summarizes each of the measures covered in the voting record. Each summary includes links to the text of the proposal and to the official record of votes taken either on the House or Senate floor or, in a few cases, in House or Senate committees. Together, these summaries and charts tell the story of an important set of choices made by members of the 113th Congress.

In a separate document, "[Wall Street Money in Washington](#)," AFR has tracked financial industry spending on lobbying and campaign contributions during the 113th Congress. Drawing on incomplete data reported through the first half of 2014, our report put the official total of that spending at \$1.2 billion. That works out to just under \$1.8 million a day or an average of \$2.3 million spent to elect or influence each of the 535 members of the Senate and House of Representatives.

Powers and Authority of the Consumer Financial Protection Bureau

HOUSE OF REPRESENTATIVES - 2014

CFPB Slush Fund Innovation Act. [HR 3389](#). [Committee Vote #71](#).

In its enforcement actions against companies that have broken the law, the CFPB typically both orders restitution to injured consumers, and, where violations warrant it, requires payment of a fine which goes into its Civil Penalty Fund. Money from this fund is used, in turn, to make restitution to consumers injured by companies that are bankrupt or otherwise unable to pay. The Bureau also uses the fund to promote financial literacy (in line with its congressional mandate), and specifically to support financial education programs for members of the military. HR 3389 would eliminate the Civil Penalty fund, redirecting the relevant fines to the Treasury. By doing so, it would undermine the CFPB's ability to protect vulnerable and targeted populations, and weaken the agency's financial literacy work. [AFR opposed](#).

Introduced by Representative Shelley Moore Capito (R-W. Va.), HR 4662 was approved on June 11, 2014 by a vote of 31-27 in the House Financial Services Committee.

Bureau Research Transparency Act. [HR 4539](#). [Committee Vote #73](#).

Under the terms of this bill, research findings released by the CFPB would have to be accompanied by all related studies, data, and analyses conducted by the Bureau. HR 4539, while it sounds reasonable, would put the Bureau in the impossible position of being mandated to disclose facts it is otherwise legally bound to protect, including confidential supervisory information and materials specifically protected by contracts with companies providing data. It would impede the CFPB's ability to use and collect much of the data it needs to understand markets and make thoughtful regulatory decisions. [AFR opposed](#).

Introduced by Representative Michael Fitzpatrick (R-Pa.), HR 4539 was approved on June 10, 2014 by a vote of 32-27 in the House Financial Services Committee.

Bureau Examination Fairness Act. [HR 4804](#). [Committee vote #76](#).

This bill would prohibit the CFPB from letting enforcement attorneys take part in examinations; it would also restrict data requests and place time limitations on field work and the issuance of exam reports. The CFPB has already halted the regular participation of enforcement attorneys in examinations. But HR 4804 would ban this practice completely, robbing the agency of the flexibility to call in an experienced attorney as needed. Furthermore, the bill's restrictions on the length of examinations and the cost of data collection would harm the CFPB's ability to conduct necessary and adequate supervision. [AFR opposed](#).

Introduced by Representative Mick Mulvaney (R-S.C.), HR 4804 was approved on June 10, 2014, by a vote of 33 to 26 in the House Financial Services Committee.

Bureau Advisory Opinion Act. [HR 4662](#). [Committee vote #77](#).

This bill would require the CFPB to issue advisory opinions on request. It would also make these opinions confidential through a very problematic new exemption from the Freedom of Information Act. In practice, HR 4662 would force the CFPB to divert scarce resources away from consumer protection into the task of creating private opinions for financial firms. While some agencies do provide limited advisory opinions, Congress has never imposed a statutory mandate to that effect. [AFR opposed](#).

Introduced by Representative Bill Posey (R-Fla.), HR 4662 was approved on June 11, 2014 by a vote of 32-27 in the House Financial Services Committee.

CFPB Data Collection Security Act. [HR 4604](#). [Committee Vote #72](#).

This bill requires an opt-out list for consumers who do not want the CFPB to collect personally identifiable information about them. The Bureau already goes to considerable lengths to protect people's privacy, not collecting identifiable information unless it is voluntarily provided with the consumer's explicit consent. In addition to being unnecessary, HR 4604 could be burdensome, interfering with the Bureau's

congressionally authorized ability to handle consumer complaints, regulate financial firms, and monitor financial markets. [AFR opposed.](#)

Introduced by Representative Lynn Westmoreland (R-Ga.), HR 4604 was approved on June 11, 2014 by a vote of 32-27 in the House Financial Services Committee.

Responsible Consumer Financial Protection Regulations Act - [HR 2446](#), [Committee Vote #40](#).

This bill would place the CFPB under a five-member board instead of a single director. Such boards – whose members are customarily chosen by party leaders on both sides of the aisle – are very unlikely to have a majority of strong consumer advocates, and can easily succumb to partisan gridlock. They also lack the clear accountability provided by a single director. [AFR opposed.](#)

Introduced by Representative Spencer Bachus (R-Ala.), HR 2446 was approved on November 20, 2013, by a 31-21 vote in the House Financial Services Committee.

Bureau of Consumer Financial Protection Accountability and Transparency Act - [HR 3519](#), [Committee Vote #42](#).

HR 3519 includes the same change in the CFPB's governance structure as HR 2446; this bill also eliminates the Bureau's stable source of funding, subjecting it, unlike other bank regulators, to annual appropriations, and makes it easier for the Financial Stability Oversight Council to overturn the CFPB actions. The combined effect of these provisions would be to undermine the CFPB's ability to protect consumers. [AFR opposed.](#)

Introduced by Representative Randy Neugebauer (R-Tex.), HR 3519 was approved on November 20, 2013, by a 32-24 vote in the House Financial Services Committee.

SENATE

Motion to Invoke Cloture on Nomination of Richard Cordray to Lead CFPB – [Senate Roll Call #173](#).

This vote set the stage for the Senate to confirm former Ohio Attorney General Richard Cordray, who was already serving as the CFPB's Director on the basis of a recess appointment. [AFR supported cloture.](#)

Cloture was invoked on July 16, 2013, by a vote of 71-29.

Confirmation Vote on Richard Cordray's Nomination – [Senate Roll Call #174](#)

After invoking cloture, the Senate voted to confirm Richard Cordray's appointment to a full five-year term as Director. [AFR supported confirmation.](#)

The nomination was approved on July 16, 2013, by a vote of 66-34.

Protecting Investors and the Capital Markets

HOUSE OF REPRESENTATIVES

Jobs for America Act. [HR 4](#). [Roll call #513](#).

HR 4 is a package of proposals. Among other things, it would force oversight agencies to satisfy dozens of additional mandates prior to any rule-making, giving large financial companies a set of new arguments to use in lawsuits against government action. Another component of the bill is the "Small Business Capital Access and Job Preservation Act"; it would exempt private equity fund advisors – who include some of the wealthiest and most significant entities on Wall Street – from modest Dodd-Frank reporting requirements designed to protect investors and the public and monitor risk in the financial system. (Based on an analysis of data that would no longer have to be disclosed if HR 4 became law, the SEC recently

found that more than half of all private equity fund advisers had been cheating their investors, including public pension funds, through hidden fees and charges.) [AFR opposed.](#)

Introduced by Representative Dave Camp (R-Mich.), HR 4 passed the House on Sept. 18, 2014 by a vote of 253 to 163.

Fostering Innovation Act. [HR 2629. Committee Vote #82.](#)

HR 2629 would exempt numerous public companies from Sarbanes-Oxley rules designed to prevent accounting fraud. The JOBS Act of 2012 had already carved out an exemption for a set of new “emerging growth” companies during a multi-year “on ramp” period. HR 2629 would create a permanent exemption for many well-established companies. [AFR opposed.](#)

Introduced by Representative Michael G. Fitzpatrick (R-Pa.), HR 2629 was approved on June 11, 2014 by a vote of 31 to 28 in the Financial Services Committee.

Small-Cap Access to Capital Act. [HR 4697. Committee Vote 81](#)

This bill would greatly expand the definition of “well known seasoned issuer” to include a substantial majority of public companies. Far from helping companies raise initial capital, it would facilitate secondary-market stock sales by company insiders without adequate public notice. This bill is highly deregulatory and does not ensure adequate investor protections. [AFR opposed.](#)

Introduced by Representative Kevin McCarthy (R-Calif.), HR 4697 was approved on June 11, 2014 by a vote of 32 to 27 in the Financial Services Committee.

Retail Investor Protection Act - [HR 2374, Roll Call #567.](#)

Tens of millions of Americans rely on financial professionals for investment advice that will determine whether they can afford to retire or fund their children’s college educations. In too many circumstances, financial advisors are permitted to recommend investments that make more money for them, even while generating less income for the clients they are advising. Over a lifetime, families can easily lose tens or even hundreds of thousands of dollars as a result of such conflicts of interest.

HR 2374 would derail a Department of Labor (DOL) effort to close major loopholes in fiduciary responsibilities that should protect investors moving money out of IRAs and in other circumstances. The bill would also make it harder for the SEC to raise the standard of conduct for brokers giving advice to retail investors. [AFR opposed.](#)

Introduced by Rep. Ann Wagner (R-Mo.), HR 2374 passed the House by a vote of 254-166 on October 29, 2013.

Small Business Capital Access and Job Preservation Act - [HR 1105, Roll Call #622.](#)

“Private equity” funds specialize in leveraged buyouts, which involve the takeover of companies using small amounts of investor equity and large amounts of debt. Until Dodd-Frank, these funds operated with virtually no oversight, despite managing trillions of dollars of investor capital and playing a large role in the financial and employment markets. This legislation would exempt nearly all private equity fund advisers from Dodd-Frank reporting requirements. Regulators would be denied access to even the most basic data involving business practices, fees, and conflicts of interest. [AFR opposed.](#)

Introduced by Rep. Robert Hurt (R-Va.), HR 1105 passed the House by a vote of 254-159 on December 4, 2013.

Burdensome Data Collection Relief Act - [HR 1135, Roll Call #23.](#)

HR 1135 would repeal Section 953(b) of the Dodd-Frank Act, which requires publicly traded companies to disclose the ratio of CEO compensation to median-employee compensation. Section 953b was meant to give investors access to important information about a company’s compensation structure, helping them (and others) evaluate a company’s long-term soundness in light of evidence that out-of-control pay at the top breeds cynicism and opportunism up and down the line. (The Securities and Exchange Commission issued a [proposed rule](#) implementing this provision on September 18, 2013.) [AFR opposed.](#)

Introduced by Representative Bill Huizenga (R-Mich.), HR 1135 was approved on June 19, 2013, by a 36-21 vote of the House Financial Services Committee.

Mortgage and Housing Issues

HOUSE OF REPRESENTATIVES

Introduced by Representative Andy Barr (R-Ky.), HR 2672 was approved on January 13, 2014 by a vote of 55-1 in the House Financial Services Committee.

Portfolio Lending and Mortgage Access Act, [HR 2673](#). [Committee Vote #67](#).

Under the CFPB's Qualified Mortgage rules, a lender is generally required to make a good-faith effort to document a borrower's ability to repay before issuing a loan. The Bureau has already carved out a limited exemption for loans issued by institutions with less than \$2 billion in total assets and held by such institutions for a minimum of three years. HR 2673 would extend the exemption to loans held in portfolio by any lending institution, regardless of size. If it became law, this bill would substantially roll back protections put in place to prevent the kinds of dangerous lending practices and rampant deception that precipitated the housing collapse. [AFR opposed](#).

Introduced by Representative Andy Barr (R-Ky.), HR 2673 was approved on May 22, 2014 by a vote of 36-23 in the House Financial Services Committee.

Helping Expand Lending Practices in Rural Communities Act, [HR 2672](#). [Committee Vote #47](#).

HR 2672 would make it easier for lenders to circumvent new mortgage standards put in place by the Consumer Financial Protection Bureau (CFPB) in order to prevent abuses like those that led to the financial crisis. Specifically, this legislation would create a politicized process to increase the portion of the country designated as rural, where lenders would be exempt from certain prohibitions on harmful loan terms. The CFPB has already agreed to review its criteria for designating areas as rural so that they appropriately match realities on the ground. [AFR opposed](#).

Community Institution Mortgage Relief Act of 2014. [HR 4521](#). [Committee Vote #65](#).

HR 4521 would allow a great many mortgages to escape escrow requirements, which ensure that homeowners have funds for recurring expenses such as property taxes and insurance premiums. The bill would exempt loans issued by institutions with up to \$10 billion in total assets, a much higher threshold than has previously been used to define a "community" bank. The effect would be to upend rules with an established record of helping homeowners avoid default and stay in their homes. [AFR opposed](#).

Introduced by Representative Blaine Luetkemeyer (R-Mo.), HR 4521 was approved on May 22, 2014 by a vote of 43-16 in the House Financial Services Committee.

Community Bank Mortgage Servicing Asset Capital Requirements Study Act. [HR 4042](#). [Committee vote #87](#).

HR 4042 would delay the application of new capital-treatment requirements for mortgage servicing assets by up to 18 months and put additional hurdles in the way of finalizing rules to carry out these requirements. The practical effect would be to allow banks to operate with lower levels of common equity capital and with higher rates of leverage. Moreover, the bill defines "community bank" so loosely that all but a handful of the very biggest institutions would qualify. [AFR opposed](#).

Introduced by Representative Blaine Luetkemeyer (R-Mo.), HR 4042 was approved on July 30, 2014, by a vote of 44-9 in the House Financial Services Committee.

Truth in Lending Act. [HR 5148](#). [Committee vote #88](#).

This bill would exempt “higher-risk mortgages” of up to \$250,000 from new appraisal requirements of the Dodd-Frank Act, so long as such loans were held for at least three years on the balance of the lender. [AFR opposed](#).

Introduced by Representative Blaine Luetkemeyer (R-Mo.), HR 5148 was approved on July 30, 2014, by a vote of 31-23 in the House Financial Services Committee.

SENATE

Eminent Domain Amendment to Senate Housing Finance Bill. [Toomey-Coburn Amendment](#).

This amendment to S. 1217, a broad housing finance bill, would withhold federal support and guarantees from mortgages wherever local governments use the power of eminent domain in order to refinance underwater mortgages and help families remain in their homes. [AFR opposed](#).

Introduced by Senators Patrick Toomey (R-Pa.) and Tom Coburn (R-Okla.), the amendment was rejected on May 15, 2014 by a vote of 8-14 in the Senate Committee on Banking, Housing, and Urban Affairs.

Cloture Vote on Nomination of Melvin L. Watt to Lead the Federal Housing Finance Agency – [Senate Roll Call #251](#).

In April 2013, President Obama nominated Representative Mel Watt for the job of FHFA Director. On October 31, a motion to end debate and bring the nomination to the floor fell short, with 56 Senators voting for cloture and 42 against. Three weeks later, with multiple nominations of qualified candidates held up, the Senate changed its rules to allow a simple majority to bring executive-branch nominations to a vote, setting the stage for an up-or-down vote on Representative Watt’s nomination. [AFR supported cloture](#).

Cloture was invoked on December 20, 2013, by a vote of 56-42.

Confirmation Vote on Melvin L. Watt’s Nomination – [Senate Roll Call #252](#).

After invoking cloture, the Senate vote to confirm Representative Watt’s appointment.

The nomination was approved on December 20, 2013, by a vote of 57-41.

Systemic Risk and Derivatives Reform

HOUSE OF REPRESENTATIVES

Government Spending Bill with Repeal of Dodd-Frank “Swaps Pushout” Provision – [HR 83](#), [House Resolution #776 \(procedural vote\)](#), [Roll Call #563 \(final\)](#)

Originally a stand-alone bill approved by the House in October 2013 (see HR 992 below), this proposal reappeared as a rider to a massive government spending bill at the end of 2014. It repeals a key provision of the Dodd-Frank Act which required bank holding companies to segregate, and independently fund, their riskiest and most exotic derivatives trading. The rider’s effect is to let banks once again engage in such activity with the benefit of insured deposits and other taxpayer subsidies and guarantees. [AFR opposed](#).

Offered in its new form by Rep. Edwin Yoder (R-Kan.), this measure became part of a spending package that passed the House on Dec. 11, 2014, by a vote of 219-206. A procedural vote earlier the same day

on whether move the spending bill forward – with all the riders attached - was closer, with supporters of the bill prevailing, 214-212.

Federal Reserve Accountability and Transparency Act. [HR 5018](#). [Committee vote #96](#).

This legislation would require the Federal Reserve to meet complex analysis requirements (subject to industry litigation) before any rulemaking. The Fed would also have to provide advance information to banks concerning important examinations and tests. The effect would be to dramatically impair the Fed's ability to effectively regulate Wall Street banks and financial institutions. [AFR opposed](#).

Introduced by Representative Bill Huizenga (R-Mich.), HR 5018 was approved on July 30, 2014 by a vote of 32-26 in the House Financial Services Committee.

Insurance Capital Standards Act. [HR 5461](#). [Roll Call #502](#).

The original "Insurance Capital Standards Act," unanimously approved by the Senate on June 3, 2014, was a carefully negotiated bipartisan compromise with input from both industry and consumer groups. The House version, by contrast, includes a number of unrelated deregulatory measures. One, the so-called "Mortgage Choice Act," would amend the definition of "points and fees" to allow mortgage lenders to evade the cost caps of the new Qualified Mortgage rules mandated by the Dodd-Frank Act and issued by the Consumer Financial Protection Bureau. This would effectively reopen the door to the higher fees borrowers faced in the runup to the mortgage crisis. [AFR opposed](#).

Introduced by Representative Andy Barr (R-Ky.), HR 5461 passed the House by a vote of 327 to 92 on Sept. 16, 2014.

Promoting Job Creation and Reducing Small Business Burdens Act. [HR 5405](#). [Roll Call #501](#).

This is a package bill, combining a number of previous deregulatory proposals. Going beyond the "end-user" exemptions already granted by the Commodity Futures Trading Commission, HR 5405 would effectively end the CFTC's statutory authority to impose margin requirements on non-bank derivatives dealers. The bill also seeks to undermine the aim of the Volcker Rule by creating new loopholes to permit banks to hold onto a greater number of collateralized loan obligations (CLOs), a class of assets that can be used to perform hedge fund-style proprietary trading. [AFR opposed](#).

Introduced by Representative Michael Fitzpatrick (R-Pa.), HR 5405 passed the House by a vote of 320-102 on Sept. 16, 2014.

Consumer Protection and End User Relief Act. [HR 4413](#). [Roll call #349](#).

This legislation would impede the Commodity Futures Trading Commission (CFTC) in its ability to police the commodities and derivatives markets. It would open new loopholes to reduce the CFTC's authority over derivatives trades in foreign subsidiaries of U.S. banks. New analysis requirements in the bill could require additional years of bureaucratic and legal red tape prior to agency action, even in areas where Congress has clearly directed the CFTC to act and where action is badly needed to protect the public interest. [AFR opposed](#).

Introduced by Representative Frank Lucas (R-Ohio), HR 4413 passed the House by a vote of 265-144 on June 24, 2014.

Amendment 950 (Waters Amendment) to HR 4413. [Amendment 950](#). [Roll Call 344](#).

This amendment stipulates that the additional analysis mandated by HR 4413 cannot be used as the basis for industry lawsuits. Wall Street banks regulated by the CFTC would therefore be unable to turn these new requirements into an opportunity to mount many more legal challenges to regulations. [AFR supported](#).

Introduced by Maxine Waters, this amendment failed in a House vote of 168-242 on June 24, 2014.

Amendment 951 (Moore amendment) to HR 4413. [Amendment 951. Roll Call 345.](#)

This amendment would strike the cost-benefit provisions in Section 203 of HR 4113. Instead, the amendment expresses the sense of the Congress that the Commodities Future Trading Commission (CFTC) is already required by law to consider costs and benefits when promulgating rules and issuing orders, and is held accountable to this requirement by courts. [AFR supported.](#)

Introduced by Representative Gwen Moore (D-Wisc.), the amendment failed in a House vote of 173-239 on June 24, 2014

Amendment 864 (De Lauro amendment) to HR 4800. [Amendment 864. Roll Call #307.](#)

HR 4800 would reduce funding for the CFTC by 22 percent below President Obama's budget request. It could also force the agency to lay off personnel, by requiring it to devote almost a quarter of its remaining budget to information technology. This amendment would eliminate the spending restrictions in HR 4800. [AFR opposed.](#)

Introduced by Representative Rosa De Lauro (D-Conn.), this amendment was defeated in a House vote of 194-227 on June 11, 2014.

The FSOC Transparency and Accountability Act. [HR 4387. Committee vote #86.](#)

The Financial Stability Oversight Council (FSOC) coordinates regulatory efforts to spot emerging risks in the financial system, so that the failures of oversight that led to the financial crisis are not repeated. This legislation would make the FSOC effectively unmanageable by increasing the number of voting members of the Council from 10 to 28 and imposing "open access" requirements that, going beyond those that apply elsewhere, would permit hundreds of elected officials, political appointees, and staffers to participate in any FSOC or FSOC-related meeting. [AFR opposed.](#)

Introduced by Rep. Scott Garrett (R-N.J.), HR 4387 was approved on June 19, 2014, by a vote of 32-27 in House Financial Services Committee.

Consumer Financial Freedom and Washington Accountability Act. [HR 3913. Committee vote #89.](#)

This bill would ban any rulemaking under Section 13 of the Bank Holding Company Act (the "Volcker Rule") that "would impose a burden on competition not necessary or appropriate in furtherance of the goals of this section." This vague mandate would make it extremely difficult to implement the Volcker Rule and control proprietary trading, subjecting such efforts to endless legal challenges. [AFR opposed.](#)

Introduced by Representative Sean Duffy (R-Wis.), HR 3913 was approved on July 30, 2014, by a vote of 32 to 22 in the House Financial Services Committee.

Swaps Jurisdiction Certainty Act - [HR 1256, Roll Call #218](#)

By reducing the ability of U.S. regulators to oversee transactions between overseas affiliates of U.S. banks, HR 1256 would effectively create a significant loophole in the new structure of derivatives regulation. The major Wall Street banks already transact well over half of their swaps business through overseas subsidiaries; the UK has been the venue of some of the worst swaps-related problems of recent years, including JPMorgan Chase's "London Whale" debacle and the massive recklessness that led to the \$160 billion taxpayer bailout of AIG.

HR 1256 would be an invitation to shift even more of this activity offshore. It would encourage a "race to the bottom," driving the global swaps business to locations with lax regulation, and undermining efforts to make those markets safer. [AFR opposed.](#)

Introduced by Representative Scott Garrett (R-N.J.), HR 1256 passed the House by a vote of 301-124 on June 12, 2013.

Swaps Regulatory Improvement Act – [HR 992, Roll Call #569.](#)

HR 992 would effectively repeal the Dodd-Frank Act provision known as the "swaps pushout" rule, which directs banks to shift much of their large-scale derivatives dealing into separately funded subsidiaries.

The pushout rule requires derivatives trades to be backed by adequate private investment capital, removing them more clearly from the public safety net. Although the statute already carves out a number of exemptions to this general rule, HR 992 goes much further, leaving almost none of the market still subject to the provision. The New York Times [reported](#) (after the vote) that most of the bill had been drafted by a lobbyist for Citibank. [AFR opposed](#).

Introduced by Representative Randy Hultgren (R-Ill.), HR 992 passed the House by a vote of 292-122 on October 30, 2013.

Inter-Affiliate Swap Clarification Act - [HR 677](#), [Committee Vote #13](#).

This legislation would undermine and limit the scope of the Dodd-Frank Act's rules for derivatives-market transparency and safety, by exempting transactions between companies or subsidiaries sharing even limited levels of common ownership. Regulators had already reduced requirements for many inter-affiliate swaps; this bill proposes a far broader exclusion. The effect would be to significantly constrict regulators' ability to police the derivatives markets. [AFR opposed](#).

Introduced by Representative Steve Stivers (R-Ohio), HR 677 was approved on March 20, 2013, by a voice vote of the Agriculture Committee, and, on May 7, by a recorded vote of 50-10 in the Financial Services Committee.

Underfunding = Backdoor Deregulation

Over-the-counter derivatives or "swaps" were at the heart of the financial crisis. Under the Dodd-Frank Act, the task of regulating them falls mainly to the Commodity Futures Trading Commission (CFTC). But the CFTC has yet to receive anything like the resources it would need to do the job it has been handed.

"Woefully understaffed, underfunded, and outmatched" is how [Bloomberg BusinessWeek](#) described the Commission in late 2013, when it faced the prospect of laying off staff in response to the automatic spending cuts known as sequestration. Even after Congress approved an FY 2014 budget that undid most of those cuts, the CFTC's \$215 million budget was still \$65 million less than the Obama administration had requested.

A few yardsticks of comparison:

- \$1.04 billion - annual budget of the Office of the Comptroller of the Currency
- \$2.4 billion - annual budget of the Federal Deposit Insurance Corporation
- \$59.5 billion – estimated annual [technology spending](#) of U.S. banks. That's roughly 275 times the total CFTC budget
- \$2 billion – amount the Commission collected in fines in 2013 (roughly twice the size of its budget)

"We don't have enough people to simply oversee many of the participants in this industry," CFTC Chairman Tim Massad told [Politico](#) in July 2014. "We can't get in there and review what they're doing very often. We don't have enough people to process the applications of swap dealers. The same people processing the applications of swap dealers are processing the applications for the swap execution facilities and they're also overseeing the existing future markets we already have."

House leaders have said they are just looking out for the public purse. But this is a very small agency, and one that could be funded without budget impact – if that was in fact the issue – by adding tiny fees on the institutions it regulates to supplement its budget. This is how most other financial regulators are funded, and it's a mechanism that the Obama administration has proposed.

SENATE

Government Spending Bill with Repeal of Dodd-Frank “Swaps Pushout” Provision – [HR 83](#), [Roll Call #352 \(cloture\)](#), [Roll Call #354 \(final\)](#)

Originally a stand-alone bill approved by the House in October 2013 (see HR 992 below), this proposal reappeared as a rider to a massive government spending bill at the end of 2014. It repeals a key provision of the Dodd-Frank Act which required bank holding companies to segregate, and independently fund, their riskiest and most exotic derivatives trading. The rider’s effect is to let banks once again engage in such activity with the benefit of insured deposits and other taxpayer subsidies and guarantees. [AFR opposed](#).

On Dec. 13, 2014, the Senate invoked cloture by a vote of 77-19. It went on to approve the House spending package by a vote of 56-40.

Resources and Authority of Financial Regulators

HOUSE OF REPRESENTATIVES

Financial Services and General Government Appropriations Act. [HR 5016](#). [Roll call #427](#).

This legislation would place funding restrictions on financial regulatory agencies, making it more difficult for them to effectively regulate. Sections of the bill would undermine consumer protections that are currently in place, weaken Wall Street reforms, and hurt the ability of regulators to do an efficient job of protecting the public and looking out for the stability of the financial system. [AFR opposed](#)

Introduced by Representative Ander Crenshaw (R-Fla.), HR 5016 was approved by a House vote of 228 to 195 on July 16, 2014.

Financial Regulatory Clarity Act. [HR 4466](#). [Committee Vote #66](#).

HR 4466 would require oversight agencies to undergo an additional set of costly, complex and redundant assessments of proposed regulations. These additional requirements would create unnecessary and time-consuming paperwork. The bill would undercut the CFPB’s ability to protect consumers from predatory financial practices by frustrating its rulemaking authority. [AFR opposed](#).

Introduced by Representative Shelley Moore Capito (R-W.Va.), HR 4466 was approved on May 22, 2014, by a vote of 34 to 25 in the House Financial Services Committee.

2013

SEC Regulatory Accountability Act - [HR 1062](#), [Roll Call #160](#).

HR 1062 would tie the Securities and Exchange Commission (SEC) up in procedural knots by directing it, for example, to separately assess the costs and benefits of all “available regulatory alternatives” to any proposed rule; this requirement alone could add dozens of analyses to what is already a long process. The SEC is already required to conduct an economic analysis of every rule it issues, specifically evaluating the impact on capital formation, market efficiency, and competition. [AFR opposed](#).

Introduced by Representative Scott Garrett (R-NJ), HR 1062 passed the House by a vote of 235-161 on May 17, 2013.

SENATE

Cost-benefit Amendment to Budget Bill – [S. Amendment #340](#), [Roll Call #79](#).

This amendment would require financial regulators to conduct expensive, time-consuming, imprecise and, in some cases, impossible forms of analysis. It would further delay the extremely slow progress of the reforms needed to make the financial system safer and more transparent. Financial oversight agencies are already required by statute to analyze and weigh the economic costs and benefits of their regulations; they must also consider comments from affected businesses, other market participants and the public. [AFR opposed.](#)

Proposed by Senator Richard Shelby (R-Ala.), this budget amendment was rejected by a Senate vote of 47-52 on March 23, 2013.

DRAFT

DRAFT