

# *Where They Stand on Financial Reform*

***Votes cast in 2015 - the first year of the 114<sup>th</sup> Congress***

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[Click here](#) to see how a particular House member or Senator voted on the full complement of measures covered in this report, or who voted for or against any one measure.

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# *Introduction*

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This report is a compilation of votes cast by members of Congress during the year 2015 on a selection of important bills, amendments, and resolutions related to the structure and regulation of the financial system. The votes listed and described here are a record of actions by lawmakers facing specific choices about protecting investors, consumers, or borrowers or strengthening the stability, transparency, or accountability of the financial sector.

The nature of the measures debated and voted was also, in itself, revealing. Seven years after the financial crisis and five-and-a-half years after passage of the Dodd-Frank financial reforms, most voters, regardless of political party, express broad support for the reforms already enacted, and say they want the rules governing banks and lending companies to be made tougher. In Congress, however, the great majority of the bills and amendments actually brought up for a vote last year were industry-backed proposals to weaken existing reforms or the agencies responsible for carrying them out.

These measures fell into three broad categories. Some were directed at specific reforms: HR 1210, for example, would carve out significant exemptions from new mortgage rules requiring verification of a borrower's ability to repay before a loan is issued; HR 1090 would undermine the Department of Labor's plan to close gaping loopholes in the fiduciary-duty standard for retirement investment advisers; HR 1737 would disrupt the Consumer Financial Protection Bureau (CFPB)'s efforts to address the problem of discriminatory auto lending.

Other measures took aim at the authority or independence of the financial regulatory agencies, especially the CFPB and the Financial Stability Oversight Council (FSOC). These are two important new bodies created by the Dodd-Frank Act—one to safeguard consumers against deceptive or abusive financial products and practices, and the other to monitor and make it possible to regulate patterns of risky behavior that threaten the system as a whole.

Yet another set of measures contained provisions affecting nonfinancial as well as financial oversight agencies. These proposals were put forward in the name of regulatory “reform”—a concept that, as currently understood by many lawmakers, means to add new obstacles to the already complicated and drawn-out processes that agencies must go through before issuing a final rule or moving ahead with an enforcement action.

The good news is that none of the anti-reform measures covered in this report passed both chambers and were signed into law as stand-alone bills. Twenty-six such measures won the backing of the House Financial Services Committee, however, and 16 were approved by the full House of Representatives. And while only a few gained traction in the Senate, the end of the year brought a high-stakes battle in both chambers over efforts to promote a long list of these measures as amendments, or riders, to spending bills or other “must pass” legislation.

In 2014, industry lobbyists managed, over protest from financial reform advocates, to win passage of a rider that repealed an important provision of the Dodd-Frank Act, putting the big banks back in a position to use insured deposits and other taxpayer subsidies to gamble in the riskiest financial derivatives. In 2015, the advocacy community mobilized early, the Administration took a strong preemptive stand, and with pro-reform lawmakers in both the House and Senate standing firm, the defenders of the public interest were largely successful in spreading their message and keeping harmful financial regulation policy riders out of the omnibus spending bill. That said, between the omnibus bill and a giant transportation funding bill, the financial industry did win some limited victories, securing the approval of one provision allowing collectors of debt owed to the federal government (including federal student loans) to call cell phones without the express permission of their owners, and of another widening a “rural-area” exemption from mortgage safeguards established by the CFPB.

It is also important to note that deregulatory bills, even when they fail, can have an intimidating effect

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on the agencies involved, and may be put forward partly or largely for that purpose. In addition, Congress controls the purse-strings of several key financial regulators; that power, too, can be used to cow an agency or impede its effectiveness. This has been a particular problem for the Commodity Futures Trading Commission (CFTC). Dodd-Frank gave the CFTC a vast and crucially important new area of responsibility—regulation of the derivatives markets; and yet, year after year, the Commission has been drastically under-funded, leaving it without sufficient resources to carry out its legislative mandate.

Finally, the time and energy devoted to opposing deregulatory proposals is time and energy not spent examining the real, continuing problems of the financial system or debating credible remedies for them. Some lawmakers did come forward with such proposals in 2015: the 21<sup>st</sup> Century Glass-Steagall Act, for example, would reestablish the wall between conventional banking and the risky world of Wall Street securities packaging and trading. To cite just a few more examples, measures were introduced to establish a Wall Street transaction tax (partly to combat the dangers of high-speed trading and nudge the financial markets away from speculation back toward their core mission of providing capital for private and public investment), to give the CFPB more authority to protect members of the military against predatory lending, and to close the tax loophole for carried interest and require additional reporting from private funds. These bills did not get voted on, however.

The next section of this report includes summaries of the included legislation. Each summary comes with links to the text of the proposal and to the official record of votes cast either on the House or Senate floor or, where a bill did not get a floor vote, in committee. In addition, we have compiled, as appendices to this report, [tables of the relevant House and Senate votes](#) with the measures presented side by side, making it easy to see how a particular House member or Senator voted on the full complement of issues, as well as who voted for or against any particular measure.

Together, these summaries and tables tell the story of an important set of decisions made by members of the 114<sup>th</sup> Congress.



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# Consumer Protection and the CFPB

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## **Toomey Amendment to Financial Regulatory Improvement Act. [Amendment #8.](#)**

This amendment would eliminate the Consumer Financial Protection Bureau's supervisory authority over large banks with assets between \$10 billion and \$50 billion. The CFPB exists to address unfair, deceptive, and abusive practices by the financial industry. The Dodd Frank Act gave the Bureau supervisory authority over banks with at least \$10 billion in assets—the country's 112 largest banks—in order to make sure that consumers' interests are protected when they do business with these major market participants. The Toomey amendment would leave only 38 institutions subject to CFPB oversight, exempting 99% of all U.S. banks. (The underlying bill is described under "Systemic Risk and Derivatives.") [AFR opposed.](#)

*Introduced by Sen. Pat Toomey (R-Penn.), Amendment #8 was approved on May 21, 2015 by a vote of 13-9 in the Senate Banking Committee.*

## **Crapo Amendment to Financial Regulatory Improvement Act. [Amendment #19.](#)**

This amendment would prohibit the financial oversight agencies from implementing or participating in Operation Choke Point. Operation Choke Point is a Justice Department-led initiative, strongly opposed and badly misrepresented by payday lenders and other financial companies, which protects consumers by cracking down on banks and other firms that knowingly facilitate fraud by processing payments for scammers and lawbreakers. [AFR opposed.](#)

*Introduced by Sen. Mike Crapo (R-Idaho), Amendment #19 was approved on May 21, 2015 by a vote of 13-9 in the Senate Banking Committee.*

## **Reforming CFPB Indirect Auto Financing Guidance Act. [HR 1737. Roll Call #637.](#)**

Over the past several years, the Consumer Financial Protection Bureau has begun to tackle the long-neglected and well-documented problem

of discriminatory auto lending, linked to hidden kickbacks that let car dealers profit by charging higher interest rates than a customer would qualify for based simply on creditworthiness. While dealers deserve to be paid for their financing work, this form of compensation has contributed to a longstanding pattern of higher-cost loans for African-Americans and Latino borrowers, relative to white borrowers with similar credit. HR 1737 would invalidate a CFPB guidance on fair-lending-law compliance for third-party lenders working with dealerships. It would also impose burdensome and unnecessary new procedures on any future CFPB efforts to address the issue. This bill would sanction and perpetuate a system that routinely costs minority car buyers more money and puts them at added risk of having their cars repossessed as a result. [AFR opposed.](#)

*Introduced by Rep. Frank Guinta (R-N.H.), HR 1737 was approved on Nov. 18, 2015 by a vote of 245-186 in the House of Representatives.*

## **Duckworth Amendment to National Defense Authorization Act. [Amendment No. 143. Roll Call #23.](#)**

This amendment to the National Defense Authorization Act removed language designed to delay the adoption of new and stronger rules implementing the Military Lending Act (MLA) of 2006. The original rules, issued by the Defense Department in 2007, applied the 36 percent interest-rate cap and other protections in the statute to certain types of payday and auto-title loans made to servicemembers and their families. Because of major gaps in the rules, however, high-cost open-end loans and payday installment loans continued. The new rules close those loopholes. The Duckworth amendment cleared the way for the new, expanded protections to be finalized and go into effect as scheduled. [AFR supported.](#)

*Introduced by Rep. Tammy Duckworth (D-Ill.), the amendment was approved on Apr. 29, 2015 by a vote of 32-30 in the House Armed Services Committee.*

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**Bureau of Consumer Financial Protection Advisory Boards Act. [HR 1195](#). [Roll Call #167](#).**

Under a “pay-for” amendment adopted in the House Rules Committee, this legislation as passed on the floor would cut the CFPB’s budget by an estimated \$45 billion over five years, turning the bill into a significant attack on the Bureau and its ability to perform the mission assigned to it by the Dodd-Frank Act. Another portion of HR 1195 directs the CFPB to establish a new and largely redundant set of industry review boards, and to consult them in the exercise of its authority to protect consumers. The CFPB already consults amply with industry at every stage of the rulemaking process. [AFR opposed](#).

*Introduced by Rep. Robert Pittenger (R-N.C.), HR 1195 was approved on Apr. 22, 2015 by a vote of 235-183 in the House of Representatives.*

**Perdue Amendment to Senate Budget Resolution. [Perdue Amendment](#).**

This amendment would end the CFPB’s independent funding, and instead make it subject to the Congressional appropriations process. Like the other financial regulators, the Bureau is currently not funded through that process in order to insulate it from political and financial industry pressure. If it had to depend on annual appropriations, banks and predatory lenders would be in a position to get friendly lawmakers to use the power of the purse to intimidate the CFPB and block regulatory actions requiring companies to end abusive practices. [AFR opposed](#).

*Introduced by Sen. David Perdue (R-Ga.), the amendment was approved on Mar. 26, 2015 by a vote of 12-10 in the Senate Budget Committee.*

**Financial Product Safety Commission Act. [HR 1266](#). [Roll Call #63](#).**

This bill would change the structure of the CFPB; instead of being led by a single director, it would be headed by a five-member commission. As a director-led agency, the Consumer Bureau has proved to be a strong and effective regulator of an industry long associated with deceptive and abusive practices. Regulatory commissions, by contrast, often have difficulty taking forceful action and can get stuck in partisan gridlock. [AFR opposed](#).

*Introduced by Rep. Randy Neugebauer (R-Texas), HR 1266 was approved on Sept. 30, 2015 by a vote of 35-24 in the House Financial Services Committee.*

**Financial Institutions Examination Fairness and Reform Act. [HR 1941](#). [Roll Call #46](#).**

This legislation imposes a cumbersome new appeals and review process on bank examiners, creating numerous opportunities for banks to delay or avoid making changes that supervisors require in order to protect consumers and the public. This process would be likely to greatly reduce the speed and effectiveness of bank supervision on the part of both prudential regulators and the Consumer Financial Protection Bureau. [AFR opposed](#).

*Introduced by Rep. Lynn Westmoreland (R-Georgia), HR 1941 was approved on July 29, 2015 by a vote of 45-13 in the House Financial Services Committee.*

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# *Executive Compensation*

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**Burdensome Data Collection Relief Act. [HR 414](#). [Roll Call #59](#).**

This legislation would eliminate the requirement in Section 953(b) of the Dodd-Frank Act that firms publicly disclose the ratio of the pay of their chief executive officer to that of their median worker. Wage differentials affect company performance and are therefore important to investors. They are also material information for the significant number of investors who prioritize social impact in their investment choices, and may wish to consider firm wage-setting practices as part of their decision making. [AFR opposed](#).

*Introduced by Rep. Bill Huizenga (R-Mich.), HR 414 was approved on Sept. 30, 2015 by a vote of 32-25 in the House Financial Services Committee.*

**Reed amendment to Senate budget resolution. [Amendment 919](#). [Roll Call #127](#).**

This amendment would carry out the intent of a law, originally enacted in 1993, setting a \$1 million-a-year cap on the corporate-tax deductibility of any one executive's pay. Because of a loophole for "performance-based" pay, corporations have been able to simply call sky-high salaries performance-based, and deduct much larger amounts. [AFR supported](#).

*Introduced by Sen. Jack Reed (D-R.I.), Amendment 919 failed on Mar. 17, 2015 by a vote of 44-54 in the US Senate.*

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# *Investor Protection and Market Integrity*

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## **Retail Investor Protection Act. [HR 1090](#). [Roll Call #575](#).**

This legislation would derail the Department of Labor's efforts to insist that Wall Street brokers and insurance company salespeople who advertise themselves as retirement investment "advisers" give what most people would call honest advice—the kind that puts their clients' best interests first. Conflicted advice costs American workers and retirees an estimated \$17 billion a year in foregone savings. Under the terms of HR 1090, DOL would have to wait for action by the Securities and Exchange Commission, which has been working on this issue for a decade without action, and shows no sign that it will complete a rule soon. The bill also saddles the SEC with new procedural requirements before it can promulgate its own rule. [AFR opposed](#).

*Introduced by Rep. Ann Wagner (R-Mo.), HR 1090 was approved on Oct. 27, 2015 by a vote of 245-186 in the House of Representatives.*

## **Small Company Disclosure Simplification Act. [HR 1965](#). [Roll Call #35](#).**

This legislation would exempt more than 60 percent of publicly traded companies from having to file machine-readable financial statements. Congress should be taking steps to help the Securities and Exchange Commission and the issuer community bring financial reporting into the 21st century by creating an open data-disclosure system to improve transparency for investors, issuers, and the public. HR 1965 would move the markets in the opposite direction. [AFR opposed](#).

*Introduced by Rep. Robert Hurt (R-Va.), HR 1965 was approved on May 20, 2015 by a vote of 44-11 in the House Financial Services Committee.*

## **Small Business Mergers, Acquisitions, Sales, and Brokerage Simplification Act. [HR 686](#). [Roll Call #26](#).**

This legislation would eliminate SEC broker-dealer registration requirements—which provide valuable oversight information for regulators and the public—for merger-and-acquisition brokers. HR 686 poses risks to investors and interferes with needed oversight of private equity firms. [AFR opposed](#).

*Introduced by Rep. Bill Huizenga (R-Mich.), HR 686 was approved on May 20, 2015 by a vote of 36-24 in the House Financial Services Committee.*

## **Streamlining Excessive and Costly Regulations Review Act. [HR 2354](#). [Roll Call #40](#).**

This legislation would impose burdensome new regulatory-review requirements on the Securities and Exchange Commission. Under current laws and executive orders, the SEC already has a duty to periodically review its rules in order to determine whether they continue to be effective in protecting investors. Moreover, the Commission frequently issues exemptions or no-action letters based on requests from market participants to revisit the utility of past regulations. The additional review requirements imposed by HR 2354 would create a dangerous new opportunity for regulated firms to use the courts to challenge agency actions they dislike. [AFR opposed](#).

*Introduced by Rep. Robert Hurt (R-Va.), HR 2354 was approved on May 20, 2015 by a vote of 41-16 in the House Financial Services Committee.*

## **Small Business Credit Availability Act. [HR 3868](#). [Roll Call #72](#).**

This legislation would make at least three major deregulatory changes in the oversight of Business Development Corporations (BDCs), exposing them to greater leverage and increasing the risks for retail investors and retirees. In addition, HR 3868 would allow BDC funds to be diverted into financial entities rather than being invested in the real-economy small businesses that BDCs were created to support. [AFR opposed](#).

*Introduced by Rep. Mick Mulvaney (R-S.C.), HR 3868 was approved on Nov. 4, 2015 by a vote of 53-4 in the House Financial Services Committee.*



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# *Mortgage and Housing Issues*

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**Portfolio Lending and Mortgage Access Act. [HR 1210](#). [Roll Call #636](#).**

This bill grants even the largest banks significant and dangerous exemptions from new mortgage affordability rules if they keep loans on their own books. HR 1210 would sacrifice important consumer protections and allow for higher-cost, riskier lending practices. Abusive and unaffordable mortgage lending by big banks and other large financial institutions was a central cause of the financial crisis, and of the devastating foreclosures that followed. [AFR opposed](#).

*Introduced by Rep. Andy Barr (R-Ky.), HR 1210 was approved on November 18, 2015 by a vote of 255-174 in the House of Representatives*

**Preserving Access to Manufactured Housing Act. [HR 650](#). [Roll Call #151](#).**

This legislation would roll back consumer safeguards for purchasers of mobile (or manufactured) homes. Among other things, it would substantially raise both the interest-rate and fee triggers above which added borrower protections apply. HR 650 would also permit lenders to get around regulations designed to protect borrowers with high-cost loans. The net effect would be to make homeownership more costly for those who can least afford it. [AFR opposed](#).

*Introduced by Rep. Stephen Lee Fincher (R-Tenn.), HR 650 was approved on Apr. 14, 2015 by a vote of 263-162 in the House of Representatives.*

**Community Institution Mortgage Relief Act. [HR 1529](#). [Roll Call #21](#).**

This legislation would exempt option-ARM and other dangerous mortgage loans from ability-to-repay requirements. HR 1529 would also remove the safeguard of required escrow accounts from loans that currently have that protection. [AFR opposed](#).

*Introduced by Rep. Brad Sherman (D-Calif.), HR 1529 was approved on Mar. 25, 2015 by a vote of 48-10 in the House Financial Services Committee.*

**Mortgage Choice Act. [HR 685](#). [Roll Call #152](#).**

This legislation would carve out a loophole in new mortgage-lending rules, allowing the originators of some high-fee loans to enjoy the advantage of a regulatory safe harbor despite the high fees. It would do so by exempting certain fees paid to lender-affiliated title companies—fees associated with a long history of price-gouging—from a points-and-fees threshold. This would raise costs and remove protections for millions of homebuyers. [AFR opposed](#).

*Introduced by Rep. Bill Huizenga (R-Mich.), HR 685 was approved on Apr. 14, 2015 by a vote of 286-140 in the House of Representatives.*

**Homebuyers Assistance Act. [HR 3192](#). [Roll Call #540](#).**

This legislation would undermine compliance with new mortgage disclosure rules by letting lenders off the hook, even when homeowners have been harmed, for the first four months after the new rules go into effect. HR 3192 would remove key incentives for lenders to comply, leaving misled homeowners with no recourse. [AFR opposed](#).

*Introduced by Rep. French Hill (R-Ariz.), HR 3192 was approved on Oct. 7, 2015 by a vote of 303-121 in the House of Representatives.*

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# *Regulatory Authority and Effectiveness*

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## **Merkley amendment to Senate budget bill.**

**[Amendment 842](#). [Roll Call 117](#).**

This amendment was a general statement of congressional backing for the Consumer Financial Protection Bureau. **AFR supported.**

*Introduced by Sen. Jeff Merkley (D-Ore.), Amendment 842 failed on Mar. 26, 2015 by a vote of 46-54 in the US Senate.*

## **Financial Institution Customer Protection Act. [HR 766](#). [Roll Call #43](#).**

This legislation would amend the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) to eliminate penalties for, and investigative authority into, unlawful conduct “affecting” federally insured financial institutions. It would inappropriately restrict regulatory anti-fraud efforts under the Department of Justice’s “Operation Choke Point,” an effort that targets banks that have knowingly facilitated access by scammers and fraudsters to consumer bank accounts.

**[AFR opposed](#).**

*Introduced by Rep. Blaine Luetkemeyer (R-Mo.), HR 766 was approved on July 29, 2015 by a vote of 35-19 in the House Financial Services Committee.*

## **Regulations from the Executive in Need of Scrutiny (REINS) Act. [HR 427](#). [Roll Call #482](#).**

This legislation would require economically significant regulations—including financial regulations—to be approved by both chambers of Congress before taking effect. This requirement would cover all major rules, including uncontroversial ones. Well-funded special interests would gain leverage to prevent the adoption of important regulations that they oppose. The financial industry would be in a strong position to block rules intended to curb Wall Street recklessness and deceptive or abusive practices. **[AFR opposed](#).**

*Introduced by Rep. Todd Young (R-Ind.), HR 427 was approved on July 28, 2015 by a vote of 243-165 in the House of Representatives.*

## **Small Business Regulatory Flexibility Improvements Act. [HR 527](#). [Roll Call #68](#).**

This legislation would make it much harder for regulatory agencies to issue rules or guidance documents by adding a series of new analytical requirements to the process whenever an initiative affects small business, either directly or indirectly. Because the bill defines “indirect effects” broadly, it would mandate wasteful new analyses that could be applied to virtually any action an agency attempts to undertake, no matter how tenuous the connection to small-business interests. HR 527 also ties the hands of agencies by forcing them to delay actions until new analyses are completed. **[AFR opposed](#).**

*Introduced by Rep. Steve Chabot (R-Ohio), HR 527 was approved on Feb. 15, 2015 by a vote of 260-163 in the House of Representatives.*

## **Regulatory Accountability Act. [HR 185](#). [Roll Call #28](#).**

Under the terms of this legislation, the agencies charged with oversight of the largest banks and most critical financial markets would have to comply with a host of new bureaucratic and procedural requirements. The ability of financial regulators to take effective action against deceptive, exploitative, and reckless industry practices would be sharply reduced, tilting the playing field further toward powerful Wall Street banks, and away from the public interest. **[AFR opposed](#).**

*Introduced by Rep. Bob Goodlatte (R-Va.), HR 185 was approved on Jan. 13, 2015 by a vote of 250-175 in the House of Representatives.*

## **Promoting Job Creation and Reducing Small Business Burdens Act. [HR 37](#). [Roll Call #37](#).**

This legislation includes numerous changes that could have significant negative impacts on regulators’ ability to police the financial markets so that they function safely and transparently. Provisions in HR 37 would weaken regulatory authority over derivatives markets, private equity firms, reporting by public corporations, and bank holdings of complex debt securities. **[AFR opposed](#).**

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*Introduced by Rep. Michael Fitzpatrick (R-Pa.), HR 37 was approved on Jan. 14, 2015 by a vote of 271-154 in the House of Representatives.*

**Unfunded Mandates Information and Transparency**

**Act. [HR 50](#). [Roll Call #64](#).**

This legislation would impose dozens of additional paperwork and analysis burdens on the financial regulators who oversee Wall Street; and then, in a departure from existing law, empower banks and other financial companies to challenge a regulation in court based on even a single claimed analytical failure. HR 50 also calls for a \$36 million cut in the budgetary authority of the Consumer Financial Protection Bureau. By impeding the work of the regulatory agencies and making it easier for companies to file lawsuits, this bill would increase the likelihood of a resurgence of the reckless practices that caused such enormous economic damage in 2008 and '09. [AFR opposed](#).

*Introduced by Rep. Virginia Foxx (R-Va.), HR 50 was approved on Feb. 4, 2015 by a vote of 250-173 in the House of Representatives.*

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# *Systemic Risk and Derivatives*

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## **Financial Regulatory Improvement Act. [S 1484](#).**

The numerous provisions of this multi-hundred page bill would, among other things, weaken protections against the kind of mortgage lending abuses that were at the heart of the financial crisis, create major barriers to designating large non-bank financial institutions for heightened oversight, and delay Dodd-Frank regulations that have yet to be implemented. [AFR opposed](#).

*Introduced by Sen. Richard Shelby (R-Ala.), S 1484 was approved on May 21, 2015 by a vote of 12-10 in the Senate Banking Committee.*

## **Brown Substitute Amendment to Financial Regulatory Improvement Act. [Amendment #17](#).**

The substitute amendment takes a better approach, balancing the concerns of real community banks with the need to apply key standards across the system. In addition, Senator Brown's amendment includes enhancements of existing consumer protections. [AFR supported](#).

*Introduced by Sen. Sherrod Brown (D-Ohio), Amendment #17 failed on May 21, 2015 by a vote of 12-10 in the Senate Banking Committee.*

## **Office of Financial Research Accountability Act. [HR 3738](#). [Roll Call #71](#).**

HR 3738 would inappropriately limit the independence of the Office of Financial Research. It would obligate the OFR to publicly announce the dates and topics of all work meetings and the nature and results of all its consultations with primary financial regulators; it would also place procedural barriers in the way of the official release of any study. By opening every stage of its work process to outside influence, this bill would greatly reduce the OFR's ability to examine risks in the financial system free of industry lobbying pressure. [AFR opposed](#).

*Introduced by Rep. Ed Royce (R-Calif.), HR 3738 was approved on Nov. 4, 2015 by a vote of 35-22 in the House Financial Services Committee.*

## **Swap Data Repository and Clearinghouse Indemnification Correction Act. [HR 1847](#). [Roll Call #32](#).**

This legislation would make it clear that derivatives clearinghouses and data repositories are NOT required to indemnify the government for any litigation costs resulting from information sharing arrangements. These indemnification requirements act as a barrier to necessary data sharing between regulators and governments. [AFR supported](#).

*Introduced by Rep. Rick Crawford (R-Ariz.), HR 1847 was approved on May 20, 2015 by a vote of 60-0 in the House Financial Services Committee.*

## **Mortgage Servicing Asset Capital Requirements Act. [HR 1408](#). [Roll Call #20](#).**

The legislation would delay the application of new capital rules by prudential regulators. Because its provisions would apply to all banks other than the country's eight biggest, large regional banks with hundreds of billions of dollars in assets would be able to postpone action to strengthen their capital positions. Excessive bank leverage was a major contributor to the global financial crisis. Congress should not intervene to weaken new rules that strengthen controls on bank borrowing. [AFR opposed](#).

*Introduced by Rep. Ed Perlmutter (D-Colo.), HR 1408 was approved on Mar. 25, 2015 by a vote of 49-9 in the House Financial Services Committee.*

## **Federal Reserve Reform Act. [HR 3189](#). [Roll Call #641](#).**

The Federal Reserve is the single most significant regulator of U.S. financial institutions, including the large Wall Street banks that played a central role in the 2008 financial crisis. HR 3189 would dramatically reduce the Fed's ability to effectively regulate these institutions. One section of the bill directs the Fed to disclose, ahead of time, the details of its models for "stress testing" banks—the regulatory equivalent of giving out the answers to a test in advance. Another section requires the Fed to perform dozens of new "cost benefit" analyses prior to any rulemaking, laying the



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basis for a flood of industry lawsuits and potentially slowing regulatory action to a crawl. [AFR opposed.](#)

*Introduced by Rep. Bill Huizenga (R-Mich.), HR 3189 was approved on Nov. 19, 2015 by a vote of 241-185 in the House of Representatives.*

**Commodity End-User Relief Act. [HR 2289. Roll Call #309.](#)**

This legislation would hinder the work of the Commodity Futures Trading Commission (CFTC) by placing inappropriate statutory restrictions on its oversight powers, and by more than doubling the number of cost-benefit analyses the agency must perform prior to taking any action. These requirements could mean years of delay and a flood of additional lawsuits, greatly limiting the CFTC's ability to police the commodity futures and derivatives markets. To compound matters, HR 2289 does nothing to address the Commission's most pressing problem: Congress's persistent failure to increase its budget to a level commensurate with the importance and scale of the markets it is charged with overseeing, which have grown roughly 15-fold over the past decade. [AFR opposed.](#)

*Introduced by Rep. Michael Conaway (R-Tex.), HR 2289 was approved on June 9, 2015 by a vote of 246-171 in the House of Representatives.*

**Systemic Risk Designation Improvement Act. [HR 1309. Roll Call #65.](#)**

HR 1309 would significantly weaken regulatory oversight of 25 large regional bank holding companies (BHCs), which each hold over \$50 billion in assets but are not among the eight U.S. mega-banks with a global footprint. These large regional banks, while smaller than the very largest Wall Street mega-banks, are still a major part of the financial system and hold trillions of dollars in assets. [AFR opposed.](#)

*Introduced by Rep. Blaine Luetkemeyer (R-Mo.), HR 1309 was approved on Nov. 4, 2015 by a vote of 39-16 in the House Financial Services Committee.*

**Financial Stability Oversight Council Improvement Act. [HR 1550. Roll Call #66.](#)**

HR 1550 would add numerous red-tape obstacles to the the Financial Stability Oversight Council's already cumbersome and time-consuming process for designating large non-bank financial entities as systemically important. The Council's ability to make these determinations in a timely fashion is essential

to the nation's economic security and stability. This legislation would require the FSOC to identify "with specificity" why a financial institution might pose a risk before the Council could even request financial statements and gather information. These and other requirements could add years to the designation process. [AFR opposed.](#)

*Introduced by Rep. Dennis Ross (R-Fla.), HR 1550 was approved on Nov. 4, 2015 by a vote of 44-12 in the House Financial Services Committee.*

**FSOC Reform Act. [HR 3340. Roll Call #69.](#)**

This legislation would eliminate independent funding for the Financial Stability Oversight Council and its research arm, the Office of Financial Research (OFR), leaving their work much more vulnerable to the inappropriate influence of Wall Street special interests. HR 3340 also directs the OFR to solicit public comment before issuing reports on financial risk; this requirement would seriously interfere with the OFR's ability to present independent findings and keep up with rapidly changing developments. [AFR opposed.](#)

*Introduced by Rep. Tom Emmer (R-Minn.), HR 3340 was approved on Nov. 4, 2015 by a vote of 33-24 in the House Financial Services Committee.*

**FSOC Transparency and Accountability Act. [HR 3557. Roll Call #70.](#)**

This legislation would sharply increase—from 10 to 26 members—the size of the Financial Stability Oversight Council. It would also impose excessive and unprecedented access requirements, permitting more than a hundred additional elected officials, political appointees, and staffers to participate in any FSOC or FSOC-related meeting. The net effect would be to burden FSOC operations in ways that would make it almost impossible for the Council to accomplish its oversight role. [AFR opposed.](#)

*Introduced by Rep. Scott Garrett (R-N.J.), [HR 3557](#) was approved on Nov. 4, 2015 by a vote of 33-24 in the House Financial Services Committee.*

**FSOC designation bill. [HR 3857. Roll Call #73.](#)**

This legislation would make it harder for the Financial Stability Oversight Council to designate nonbank financial companies as systemically significant and therefore in need of heightened regulation. It would do so through a poorly drafted, overly broad provision requiring the Federal Reserve to establish

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prudential standards for companies before they could be designated—a step that would likely delay needed designations. [AFR opposed](#).

*Introduced by Rep. Luke Messer (R-Ind.), HR 3857 was approved on Nov. 4, 2015 by a vote of 33-24 in the House Financial Services Committee.*

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Americans for Financial Reform is a nonpartisan and nonprofit coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, and civic and community groups. Formed in the wake of the 2008 crisis, we are working to lay the policy foundation for a strong, stable, and ethical financial system—one that serves the economy and the country as a whole. Through policy analysis, education, and outreach to our members and others, AFR builds public will for its policy goals. A separate project, the AFR Activism Fund, pursues the same objectives through a range of nonpartisan advocacy activities. AFR is a project of The Leadership Conference Education Fund (a 501C3). The AFR Activism Fund is a project of The Leadership Conference on Civil and Human Rights (a 501C4). Neither the Leadership Conference on Civil and Human Rights nor the AFR Activism Fund receives tax-deductible contributions.



**FINAL NOTES**

From GK Just a suggestion, on Amendment 8 (raise the threshold to 50 billion), might be helpful to add a short line about the number of banks—to show this expansion is about a very small number of larger banks.

Also, on 1737, we (CRL) have not said the entire markup is a kickback (i.e. unjustified). Others have suggested that so it is more a matter of AFR's position. We have focused more on the discretion that allows for discrimination. Just so you know, if asked, we do say that some compensation for arranging the loan is ok but that the amount should not be based on the color of one's skin.