

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

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July 28, 2021

The Honorable Maxine Waters
Chair
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Chair Waters and Ranking Member McHenry:

The U.S. Chamber of Commerce appreciates the Committee holding the markup scheduled for July 28, 2021. We write to express our support for the following measures:

Amendment in the Nature of a Substitute to H.R. 935, the Small Business Mergers, Acquisitions, Sales, and Brokerage Simplification Act of 2021

This bill codifies a Securities and Exchange Commission (SEC) no action letter that exempts certain merger-and-acquisition brokers from securities registration requirements that facilitate the transfer of ownership in privately held companies with earnings or revenues under specified thresholds, provided such brokers meet certain conditions.

This bill would simplify SEC registration requirements and provide a safe harbor for certain financial professionals who assist small and mid-size businesses that are looking to transfer corporate ownership. Importantly, the legislation also includes strong investor protections such as requiring the disclosure of relevant information to clients as well as the owners of eligible privately held companies. The bill does not impede in any way on the ability of the SEC to crack down on bad actors and prevents past securities law violators from taking advantage of the exemption.

Amendment in the Nature of a Substitute to H.R. 4590, the Promoting New and Diverse Depository Institutions Act of 2021

This bill would require Federal banking regulators to conduct an 18-month study examining challenges prospective *de novo* depository institutions face. The bill would also require Federal banking regulators to develop a strategic plan based on the study to promote the creation of newly chartered depository institutions, especially Minority Depository Institutions and Community Development Financial Institutions (CDFIs), in a manner that promotes increased access to financial services as well as safety and soundness, consumer protection and community reinvestment.

This bill would help identify the barriers to entry in chartering *de novo* banking institutions. Prior to the 2008 financial crisis, Federal prudential regulators approved a robust number of new bank charters on an annual basis. In today's regulatory environment for financial institutions, the number of *de novo* banking institutions has fallen dramatically, which has direct implications for the availability

of credit for consumers and growth opportunities for businesses. A study of the relevant rules and regulations would help policymakers better understand what is discouraging the formation of new *de novo* institutions and how to act to remedy those impediments.

Further, studying barriers and making policy recommendations with a specific focus on Community Development Financial Institutions and Minority Depository Institutions could lead to better access to financial services for minority and rural communities. The Chamber is committed to increasing access to capital for underrepresented communities and supports expanding programming and financial support from Congress for both CDFIs and MDIs.

Amendment in the Nature of a Substitute to H.R. 4616, the Adjustable Interest Rate (LIBOR) Act 2021

This bill addresses the cessation of the London Interbank Offered Rate (LIBOR) for legacy contracts. When U.S. dollar LIBOR rates cease to be quoted by June 2023, approximately \$200 trillion of financial contracts that currently reference the benchmark rate will remain outstanding. A major obstacle to a smooth transition away from LIBOR is the sheer number of existing contracts that are impacted by the transition and the impracticality of renegotiating thousands of contracts.

The legislation is intended to provide a uniform and equitable solution for the many existing contracts that have insufficient fallback provisions for a replacement rate and cannot be amended among the parties to the contract. The bill would allow the parties to legacy contracts to reference the Secured Overnight Financing Rate (SOFR) – a rate recommended by the Alternative Reference Rates Committee (ARRC) – and it directs the Federal Reserve Board to issue regulations regarding the appropriate SOFR or adjusted SOFR replacement reference rate. The bill would also provide an important safe harbor protection to the impacted parties. We look forward to working with the Committee and the rest of Congress on these issues as the legislative process continues.

As we explained in our April 14, 2021 letter¹ to the Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets, the transition away from LIBOR is important because the cessation of LIBOR poses a financial stability risk as well as a risk to the individual firms with LIBOR exposures. In that letter, we also highlighted the importance, particularly for non-financial corporates (NFCs), of minimizing the legal uncertainty and adverse economic impacts if a contract does not contain fallback provisions for a LIBOR replacement rate. It is especially important that Main Street companies, which often operate with limited staffing and resources, be able to navigate a smooth LIBOR transition.

Sincerely,



Neil Bradley

cc: Members of the House Committee on Financial Services

¹ Center for Capital Markets Competitiveness, et al. [Letter to Subcommittee Chair Brad Sherman](#), April 14, 2021.