

January 17, 2018

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

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

Dear Chairman Hensarling and Ranking Member Waters:

The U.S. Chamber of Commerce supports several bills the Committee is scheduled to markup on January 17, 2018. The Chamber appreciates the Committee's continued commitment to modernize our nation's financial regulatory structure for the benefit of investors, consumers, and entrepreneurs. The Chamber supports the following bills:

H.R. 2226, the "Portfolio Lending and Mortgage Access Act," would amend the Truth in Lending Act to produce a common-sense fix to the "ability to repay" requirement for loans on portfolio. While providing for the fix, the safe harbors for both depository institutions and mortgage originators would maintain the safety for consumers and the marketplace.

H.R. 3746, the "Business of Insurance Regulatory Reform Act of 2017," would clarify that the Consumer Financial Protection Bureau ("CFPB") has no authority over the business of insurance. This clarification simply codifies a practice that the CFPB should have already been adhering to because insurance is thoroughly regulated by the states, which have expertise and experience regulating insurance, not the federal government. Therefore, only the states should continue to do so.

H.R. 4061, the "Financial Stability Oversight Council Improvement Act of 2017," would make sensible and necessary improvements to the process through which the Financial Stability Oversight Council ("FSOC") subjects non-bank financial companies to heightened supervision and regulation under Section 113 of the Dodd-Frank Act. The Chamber has long-argued that severe deficiencies in this process are fundamentally inimical to transparency, accountability, due process, and well-reasoned decision-making. Similar concerns have been voiced by federal courts and the Treasury Department. H.R. 4061 would require FSOC to consider the appropriateness of imposing such heightened standards as opposed to other forms of regulation, provide for annual and periodic reevaluation of FSOC determinations, and enhance procedures for additional determinations. Critically, H.R. 4061 includes provisions that would allow non-bank financial companies potentially subject to a Section 113 determination to submit a plan to modify the company's businesses, structure, or operations in order to mitigate the risks identified—effectively allowing the company to voluntarily de-risk prior to a determination.

H.R. 4550, the "Practice of Law Technical Clarification Act of 2017," would clarify that the CFPB shall not regulate the practice of law, and has no authority over attorneys. The CFPB is charged with enforcing consumer finance law with respect to financial products or

services. 12 U.S.C. § 5511. Attorneys filing on behalf of their client are not engaged in the business of financial products or service, and therefore, should not be subject to CFPB oversight.

H.R. 4566, the “Alleviating Stress Test Burdens to Help Investors Act,” would amend the stress test requirements under section 165(i) of the Dodd-Frank Act. The Chamber has long argued against the misguided application of bank-centric regulation and supervision to non-bank companies. The professional staff of the Securities and Exchange Commission concurs. In 2016, the SEC Chief Economist described how the application of stress-tests to asset managers was premised on a “false parallel.”

H.R. 4607, the “Comprehensive Regulatory Review Act,” would amend the Economic Growth and Regulatory Paperwork Reduction Act to increase the retrospective review of regulations and assessment of their real-world impact. This bipartisan bill would create a more robust assessment for regulators, which improves streamlining of regulatory burden and emphasizes the need to improve regulations that have become unnecessarily onerous.

H.R. 4771, the “Small Bank Holding Company Relief Act of 2018,” would instruct the Federal Reserve Board to raise the consolidated asset threshold under its Small Bank Holding Company Policy Statement from \$1 billion to \$3 billion. The Federal Reserve has recognized that small bank holding companies have less access to equity financing than larger bank holding companies. The Small Bank Holding Company Policy Statement permits the formation and expansion of small bank and thrift holding companies with debt levels that are higher than typically permitted for larger bank holding companies, while still ensuring that those levels do not present an undue risk to the safety and soundness of their subsidiary banks and thrifts. By facilitating capital formation for small banks and thrifts, H.R. 4771 would promote Main Street lending and help these institutions serve their communities.

Taken together, these bills would provide greater credit access to consumers, help businesses raise the capital they need to grow and expand, and hold regulators accountable. We commend the Financial Services Committee for again putting forth a number of positive bills, and look forward to working with the Committee and Congress as these bills advance through the legislative process.

Sincerely,



Neil L. Bradley

cc: Members of the House Committee on Financial Services