AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

MEMBER DAY HEARING

HEARING

BEFORE THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

APRIL 3, 2019

Printed for the use of the Committee on Financial Services

Serial No. 116–14

U.S. GOVERNMENT PUBLISHING OFFICE
37–397 PDF WASHINGTON : 2019

HOUSE COMMITTEE ON FINANCIAL SERVICES

MAXINE WATERS, California, *Chairwoman*

CAROLYN B. MALONEY, New York
NYDIA M. VELÁZQUEZ, New York
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
WM. LACY CLAY, Missouri
DAVID SCOTT, Georgia
AL GREEN, Texas
EMANUEL CLEAVER, Missouri
ED PERLMUTTER, Colorado
JIM A. HIMES, Connecticut
BILL FOSTER, Illinois
JOYCE BEATTY, Ohio
DENNY HECK, Washington
JUAN VARGAS, California
JOSH GOTTHEIMER, New Jersey
VICENTE GONZALEZ, Texas
AL LAWSON, Florida
MICHAEL SAN NICOLAS, Guam
RASHIDA TLAIB, Michigan
KATIE PORTER, California
CINDY AXNE, Iowa
SEAN CASTEN, Illinois
AYANNA PRESSLEY, Massachusetts
BEN MCADAMS, Utah
ALEXANDRIA OCASIO-CORTEZ, New York
JENNIFER WEXTON, Virginia
STEPHEN F. LYNCH, Massachusetts
TULSI GABBARD, Hawaii
ALMA ADAMS, North Carolina
MADELEINE DEAN, Pennsylvania
JESÚS "CHUY" GARCIA, Illinois
SYLVIA GARCIA, Texas
DEAN PHILLIPS, Minnesota

PATRICK MCHENRY, North Carolina, *Ranking Member*
PETER T. KING, New York
FRANK D. LUCAS, Oklahoma
BILL POSEY, Florida
BLAINE LUETKEMEYER, Missouri
BILL HUIZENGA, Michigan
SEAN P. DUFFY, Wisconsin
STEVE STIVERS, Ohio
ANN WAGNER, Missouri
ANDY BARR, Kentucky
SCOTT TIPTON, Colorado
ROGER WILLIAMS, Texas
FRENCH HILL, Arkansas
TOM EMMER, Minnesota
LEE M. ZELDIN, New York
BARRY LOUDERMILK, Georgia
ALEXANDER X. MOONEY, West Virginia
WARREN DAVIDSON, Ohio
TED BUDD, North Carolina
DAVID KUSTOFF, Tennessee
TREY HOLLINGSWORTH, Indiana
ANTHONY GONZALEZ, Ohio
JOHN ROSE, Tennessee
BRYAN STEIL, Wisconsin
LANCE GOODEN, Texas
DENVER RIGGLEMAN, Virginia

CHARLA OUERTATANI, *Staff Director*

CONTENTS

	Page
Hearing held on:	
April 3, 2019	1
Appendix:	
April 3, 2019	3

APPENDIX

Prepared statements:	
Hill, Hon. French	4

MEMBER DAY HEARING

Wednesday, April 3, 2019

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The committee met, pursuant to notice, at 10:06 a.m., in room 2128, Rayburn House Office Building, Hon. Maxine Waters [chairwoman of the committee] presiding.

Members present: Representatives Waters, Foster, Vargas, Casten, Phillips; McHenry, Luetkemeyer, and Williams.

Chairwoman WATERS. The Financial Services Committee will come to order. Without objection, the Chair is authorized to declare a recess of the committee at any time.

Today, the committee will hear from Members of the House on matters of interest to them pursuant to Section 2(j) of H.Res.6 which requires each standing committee to hold a hearing at which it receives testimony from Members, Delegates, and the Resident Commissioner on proposed legislation within its jurisdiction.

The committee welcomes Members to discuss their priorities for this Congress.

And so, the Chair now recognizes the distinguished Ranking Republican Member, Mr. McHenry, for 5 minutes for any remarks he might want to give.

Mr. MCHENRY. I will be brief. Thank you, Chairwoman Waters, for yielding, and for holding this hearing. I think it is important to hear from our colleagues who wish to testify before the committee to give feedback on the direction she should be taking, I should be taking, other committee members should be taking, and the concerted effort we have for an agenda coming out of this committee.

And while there are areas of broad disagreement, there are also areas of broad agreement. My hope is that we will focus on areas of agreement and try to legislate in a bipartisan way. That is my hope. That is my interest and I am interested to hear from my colleagues on what they hope for us to achieve as a committee and as a Congress.

With that, I will yield back.

Chairwoman WATERS. Thank you very much.

This is Members' Day. And this is an opportunity for the Members of Congress to come before this committee to talk about their concerns. Now, this was created in an effort to help Members know and understand what each of these committees are doing. And Members are very busy and they decide where they want to spend their time.

Many of our Members who have been around for a while, know pretty much what is happening on these committees, and they don't take time to do that.

Many of our newer Members are busy trying to get to the committees that they are assigned to and to do the work that is necessary for them to be prepared for hearings, et cetera.

So, I don't expect that we are going to hear from Members in the way that the leadership anticipated in making this opportunity available. With that, we could do one of two things. We could use this time for Members of the committee to talk about their concerns, however, I do not wish to recommend that.

I wish to say thank you to our Members who showed up this morning. I wish to say thank you to our Ranking Member who showed up this morning.

And if there are no questions that you absolutely have to have, this committee is adjourned.

[Whereupon, at 10:10 a.m., the hearing was adjourned.]

A P P E N D I X

April 3, 2019

TESTIMONY

To: Chairman Waters and Ranking Member McHenry
From: Rep. French Hill
Date: April 3, 2019
Re: Testimony for Member Hearing

Chairwoman Waters, Ranking Member McHenry and Members of the Committee, thank you for convening this important Member Day hearing to allow Members of Congress to outline their financial services priorities.

I was first elected in 2014 and am privileged to be entering my third term in Congress. Prior to being elected, I have a long history of working in the financial industry both in the private and public sector. My work experience has been greatly beneficial for the current work we're doing on the Committee. However, even with this background, I've been humbled by what I have learned from my fellow Members on the Committee on both sides of the aisle.

Reflecting on the past four years, I wanted to take the opportunity today to outline my current legislative priorities for the Committee.

I've broken my priorities into five initiatives:

1) Reform the housing market

It's been 10 years since Fannie Mae and Freddie Mac entered conservatorship and there still seems to be no clear path to unwind them. I am encouraged by recent movements in both the Senate and the White House, however, there needs to be better coordination among all the stakeholders if we want to ensure American's taxpayers are no longer on the hook for bailing out Fannie and Freddie. The secondary mortgage market needs competition, private investment and restraints on the oligopoly.

Additionally, as it pertains to housing, I want to highlight a bill I introduced last Congress, the TRID Improvement Act which I plan to reintroduce this Congress. This legislation ensures homebuyers receive an accurate disclosure of their title insurance premiums. Last Congress, it was voted favorably out of the house with bipartisan support and includes a bipartisan Senate companion.

2) Ensure a properly tailored regulatory environment

Last Congress I worked on three very important issues that help create a tailored regulatory regime for financial institutions. I plan to continue pushing this legislation in the 116th Congress.

First is the Volcker Rule Regulatory Harmonization Act which designates the Federal Reserve as the lead regulator for the Volcker Rule. This modest reform will ensure that the Volcker Rule is implemented consistently across the financial services industry while preventing conflict. This legislation, which was introduced with Rep. Bill Foster (IL-11), passed the House Financial Services Committee with bipartisan support and passed the House with 300 votes.

Second is the Small Business Audit Correction Act of 2018 which exempts small broker-dealers from being required to hire a PCAOB-registered audit firm to meet annual reporting obligations. This costly one-size-fits-all PCAOB audit requirement has inhibited growth and success of small broker dealer businesses that do not have the same human and financial resources as larger firms. This legislation, which was introduced with Rep. Vincente Gonzalez (TX-15), was favorably referred to the House floor with a bipartisan vote of 36 – 16. It also includes a bipartisan Senate companion.

And lastly, I plan to continue my efforts to exclude custodial deposits from the definition of brokered deposits. This clarification will enhance community banks deposits ultimately only benefiting their communities and customers.

3) Increase accountability at the Federal Reserve

Last Congress, the Committee favorably reported H.R. 6741, the Federal Reserve Act, to the House floor. It included several provisions to reform different parts of the Federal Reserve including legislation I sponsored, the Independence from Credit Policy Act. This bill requires a Fed-Treasury asset swap, where non-Treasury assets transfer from the Fed's balance sheet to the Treasury, and the Fed receives an equally valued portfolio of Treasuries in return.

Additionally, the larger package included the FOMC Policy Responsibility Act which changes the law so that the interest on excess reserves is set by the Federal Open Market Committee.

I plan to pursue the passage of both of these pieces of legislation this Congress as the Fed needs to be held accountable for its actions.

4) Investigate financial national security concerns

I have the pleasure of serving on the National Security, International Development and Monetary Policy Subcommittee.

As part of my work for the Committee I've been pursuing a less costly, more effective alternative collection option for beneficial ownership information. I have discussion legislation that directs Treasury to create a rulemaking that would tie the beneficial ownership information collection to the IRS tax filing regime and then the IRS would be responsible for getting that information to FinCEN. It is crucial that we get this collection method correct as it impacts small business, banks and law enforcement. We need to ensure that we mitigate compliance costs for our small businesses.

Also, as part of the Committee work, I've sent Chairman Cleaver and Ranking Member Stivers hearing suggestion memos. I've proposed hearings on China's multilateral borrowing and lending and North Korea sanctions effectiveness.

5) Advance responsible financial technology

Per the amendment I offered during the markup of the Budget Views and Estimates, I support the advancement of responsible fintech innovation. I look forward to working with the FinTech

Task Force to foster responsible fintech that benefits both consumers and small businesses. Last summer Treasury released their Fintech Report[1] which I believe is an effective initial roadmap as the Task Force pursues their legislative priorities. I look forward to working with my colleagues to promote fintech innovation that can help reach underserved consumers, reduce transaction costs, and offer faster, more secure payments.

I would like to thank the Committee for holding this important hearing and look forward to working with my fellow Committee members to advance these important initiatives.

○

[1] https://home.treasury.gov/sites/default/files/2018-08/A-Financial-System-that-Creates-Economic-Opportunities---Nonbank-Financials-Fintech-and-Innovation_0.pdf