Flake
Fleming
Forbes
Fortenberry
Foster
Foxx
Frank (MA)
Franks (AZ)
Frelinghuysen
Fudge
Gallegly
Garamendi
Garrett (NJ)
Gerlach
Giffords
Gingrey (GA)
Gonzalez
Goodlatte
Gordon (TN)
Granger
Graves (GA)
Graves (MO)
Grayson
Green, Al
Griffith
Grijalva
Guthrie
Gutierrez
Hall (NY)
Hall (TX)
Halvorson
Hare
Harman
Harper
Hastings (FL)
Hastings (WA)
Heinrich
Heller
Hensarling
Herger
Herseth Sandlin
Hill
Himes
Hinchey
Hinojosa
Hirono
Hodes
Hoekstra
Holden
Holt
Honda
Hoyer
Hunter
Inglis
Inslee
Israel
Issa
Jackson (IL)
Jackson Lee (TX)
Jenkins
Johnson (GA)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones
Jordan (OH)
Kagen
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick (MI)
Kilroy
Kind
King (IA)
King (NY)
Kingston
Kirk
Kirkpatrick (AZ)
Kissell
Klein (FL)
Kline (MN)
Kosmas
Kratovil
Kucinich
Lamborn
Lance
Langevin
Larsen (WA)
Larson (CT)
Latham
LaTourette
Latta
Lee (CA)
Lee (NY)
Levin
Lewis (CA)
Lewis (GA)
Linder
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lucas
Luetkemeyer
Luján
Lummis
Lungren, Daniel E.
Lynch
Mack
Maffei
Maloney
Manzullo
Marchant
Markey (CO)
Markey (MA)
Marshall
Matheson
Matsui
McCarthy (CA)
McCarthy (NY)
McCaul
McClintock
McCollum
McCotter
McDermott
McGovern
McHenry
McIntyre
McKeon
McMahon
McMorris Rodgers
McNerney
Meek (FL)
Meeks (NY)
Melancon
Mica
Michaud
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Minnick
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Moran (VA)
Murphy (CT)
Murphy (NY)
Murphy, Patrick
Murphy, Tim
Myrick
Nadler (NY)
Napolitano
Neal (MA)
Neugebauer
Nunes
Nye
Oberstar
Obey
Olson
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor (AZ)
Paul
Paulsen
Payne
Pence
Perlmutter
Perriello
Peters
Peterson
Petri
Pitts
Platts
Poe (TX)
Polis (CO)
Pomeroy
Posey
Price (GA)
Price (NC)
Putnam
Quigley
Radanovich
Rahall
Rangel
Rehberg
Reichert
Reyes
Richardson
Rodriguez
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rooney
Ros-Lehtinen
Roskam
Ross
Roybal-Allard
Royce
Ruppersberger
Ryan (OH)
Ryan (WI)
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Scalise
Schakowsky
Schauer
Schiff
Schmidt
Schock
Schrader
Schwartz
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Sestak
Shadegg
Shea-Porter
Sherman
Shimkus
Shuler
Shuster
Simpson
Sires
Skelton
Slaughter
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Space
Speier
Spratt
Stark
Stearns
Stupak
Sullivan
Sutton
Tanner
Teague
Terry
Thompson (CA)
Thompson (MS)
Thompson (PA)
Thornberry
Tiahrt
Tiberi
Tierney
Titus
Tonko
Towns
Tsongas
Turner
Upton
Van Hollen
Velázquez
Visclosky
Walden
Walz
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch
Westmoreland
Whitfield
Wilson (OH)
Wilson (SC)
Wittman
Wolf
Wu
Yarmuth
Young (FL)

NAYS—1

Bright

NOT VOTING—10

Gohmert
Green, Gene
Higgins
Pingree (ME)
Rothman (NJ)
Rush
Taylor
Wamp
Woolsey
Young (AK)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining in this vote.

□ 1533

So (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. GENE GREEN of Texas. Mr. Speaker, on rollcall No. 411, had I been present, I would have voted, "yes."

CONFERENCE REPORT ON H.R. 4173, DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

Mr. FRANK of Massachusetts. Mr. Speaker, pursuant to House Resolution 1490, I call up the conference report on the bill (H.R. 4173) to provide for financial regulatory reform, to protect consumers and investors, to enhance Federal understanding of insurance issues, to regulate the over-the-counter derivatives markets, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 1490, the conference report is considered read.

(For conference report and statement, see proceedings of the House of June 29, 2010, book II.)

The SPEAKER pro tempore. The gentleman from Massachusetts (Mr. FRANK) and the gentleman from Alabama (Mr. BACHUS) each will control 60 minutes.

The Chair recognizes the gentleman from Massachusetts.

GENERAL LEAVE

Mr. FRANK of Massachusetts. Mr. Speaker, at the outset I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks on this matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. FRANK of Massachusetts. Mr. Speaker, to begin, I want to yield for a colloquy 3 minutes to one of the leaders in the House and certainly in our committee in forging this particular legislation and in fighting to make sure that fairness is done throughout all of our efforts, the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, Members, I would like to begin by thanking the chair of the Financial Services Committee, my colleague, Mr. BARNEY FRANK, for the leadership that he has provided in bringing us to this point in doing regulatory reform. There were times I thought it would never happen, but because of his brilliance, and because of his leadership, and because of his ability to listen to all of the Members who serve not only on that committee but on the conference committee, we finds ourselves here.

But I would like at this point in time to engage my chairman to make sure that I understand one particular word that was used in this conference committee report.

So if I may make an inquiry of the gentleman from Massachusetts. I'm trying to understand the meaning of the world ''initiated'' in paragraph 5 of the conference report. Would ''initiated'' include any program or initiative that has been announced by Treasury prior to June 25, 2010? And if so, I assume that that means that programs such as the FHA refinance program, which would address the problem of negative equity and which I understand Treasury and the FHA are working on but is not yet publicly available, would be included as would the Hardest Hit Fund program, which is not fully implemented yet.

And this would not prevent, for example, within the $50 billion already allocated for HAMP, perhaps adjusting resources between already-initiated programs based on their effectiveness.

Mr. FRANK of Massachusetts. If the gentlewoman would yield.

The answer is a resounding yes. And I certainly have been following her leadership in trying to make sure that these programs do more than many of them have done.

So the answer to her question is yes. Nothing new can be started after June 25, but it does not reach back and strangle in the cradle those programs that were under way. I confirm that the conference report would not prevent adjusting resources between already initiated programs based on their effectiveness.

Ms. WATERS. Thank you. I appreciate that.

Mr. BACHUS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, today I would like to address the good, the bad, and the ugly in this bill.

The good: There is consumer protection. There is more disclosure and transparency. There are some bipartisan provisions in this bill that add a whistleblower office to the SEC. But the bad and the ugly far outweigh those.

In total, this bill is a massive intrusion of Federal Government into the lives of every American. It is the financial services equivalent of ObamaCare, the government takeover of our health care system.

□ 1540

If finally enacted, it will move us further toward a managed economy, with the Federal Government's making decisions that have been and should stay

in the hands of individuals and private businesses.

For instance, it will make the compensation of every employee of a financial firm subject to rules set by a government overseer. Can you imagine anything as basic as what an employer pays an employee controlled by a Federal bureaucrat in Washington? It will even apply to clerical employees. Government regulators will be empowered to seize and break up even healthy firms they decide are systemic risks and to even appoint new management to run these private companies.

As I said on the floor earlier today, this bill will institutionalize AIG-type bailouts of creditors and counterparties, and it will saddle taxpayers with the losses resulting from out-of-control risk-taking by Wall Street institutions—gamblers. My colleagues on the other side of the aisle will tell you this bill does not include a bailout fund. They are wrong.

As I explained earlier, here it is, laid out. You can lend money to a failing company. Now, how do you get money back from a failing company? You can purchase their assets. You can guarantee their obligations. You can sell or transfer their assets. It is there.

What does this cost?

As I explained earlier, the FDIC can borrow up to 90 percent of a firm's assets. That's $2 trillion in the case of Bank of America alone. They could borrow $2.1 trillion in that case alone. That is a bailout fund, period.

Not only will it make bailouts permanent, but it will empower government employees to go around settled bankruptcy law in so-called ''resolutions,'' done behind closed doors, with unequal treatment of creditors at the whim of politically influenced government officials. This has already happened. A financial firm's ability to survive a crisis like the one we went through 2 years ago will depend, as it did then, on whether its CEO can get the President of the New York Fed on the phone on a Saturday night, as one firm did. Friendships and being well-connected should not determine the success or failure of private enterprises.

Finally, it imposes an $11 billion tax disguised as an FDIC assessment. To fund this new government spending, they tax Main Street banks and financial institutions. They raise their FDIC premiums even though those premiums would go to bail out Wall Street firms and not to save depositors, as the system was designed to do.

Mr. Speaker, if you voted against this bill on the floor, if you voted against it in committee, you need to vote against it again, because it is even worse than when it came out of the House.

We have seen the anger and frustration generated by the injustice of too-big-to-fail bailouts. We have seen the folly of implied guarantees as with Fannie and Freddie. We have seen, time after time, the failure of government-run schemes to create jobs and to grow the real economy. Nevertheless, here the majority party is again, doing the same thing over and over, blindly hoping that, suddenly, this time, they will get a different result. Well, you're right. The American people are demanding a different result, and in a series of recent elections, they have told incumbents to go home and to spend their own money, not theirs—not the taxpayers'.

In conclusion, if you choose to bail out the creditors and counterparties of the big Wall Street firms or to loan them money when they get in trouble, don't expect the voters to bail you out come November.

I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself such time as I may consume to correct a very incomplete picture that was just given.

The gentleman keeps quoting that one section. I'm astonished—astonished—that he quotes it so blatantly out of context. Yes, there are powers that are given. Clearly, in the bill, it is only once the entity has been put into receivership on its way to liquidation.

The gentleman from Alabama has several times today talked about the powers as if they were just randomly given. I will be distributing the entirety of this, and it is the most distorted picture of a bill I have seen. The title, by the way, is headed: Orderly Liquidation of Current Financial Companies. The purpose of this title is to provide the necessary authority to liquidate failing financial companies. Again, I am astonished that he would not give the Members the full picture that comes as part of a subtitle that reads: Funding for Orderly Liquidation.

Mr. BACHUS. Will the gentleman yield?

Mr. FRANK of Massachusetts. Yes.

Mr. BACHUS. When I say they shouldn't bail out the creditors and counterparties, I don't care whether they are in receivership or not. They should not bail them out, period.

Mr. FRANK of Massachusetts. Reclaiming my time, Mr. Speaker, please, let's get this started on the right point. Instruct the gentleman as to the rules. I thought he was going to ask me about what I said.

He has consistently read a part of this section, leaving out the part that would help Members understand it. He didn't say what he just said. He said he read these as if they were there in general. The powers he talked about come in the subsets of the section: Funding for Orderly Liquidation.

Those powers are just upon the appointment of a receiver. So this is not to keep an institution going. This is not AIG. Yes, he can be critical about the Bush administration on its own, without Congress, with regard to AIG. We repeal in this bill the power under which they acted and with the Federal Reserve's concurrence. By the way, it also says in here that those powers are subject to section 206.

Again, I don't know why the gentleman—I guess I do know why they would want to read this, but let me read it because it corrects entirely the wholly inaccurate picture he gave people. The actions that he read can be taken if the corporation determines mandatory terms and conditions for all orderly liquidation actions.

AIG was kept alive. This cannot be kept alive. This happens only as the death of the institution comes. He may think the Bush administration picked its friends. I think he is being unfair to Mr. Bernanke. I think he is being unfair to Mr. Paulson and Mr. Geithner. Anyway, here are the rules they would have to follow:

First, they would have to determine that such action is necessary for purposes of the financial stability and not for the purpose of preserving the covered company.

Two, they would have to ensure that the shareholders do not receive payment until the claims are paid.

They would have to ensure that unsecured creditors bear losses in accordance with the priority of claims in section 210. That is the FDIC.

They would have to ensure that the management is removed, and they would have to ensure that the members of the board of directors are removed.

So it is quite the opposite of what the gentleman talked about. It says that, if an institution has gotten so indebted that it should not be able to pay its debts, we would step in, and we would put it out of business. It is totally different from what happened with AIG. It does then say, yes, in some circumstances, there may be an ability to do these things but only after the institution has been liquidated.

The gentleman never mentioned that. The gentleman talks about it and talks about it, and he never mentions that this is only as the institution is being put out of business. It is also very clear elsewhere in here that any funds expended will come from the financial institutions, not from the taxpayers.

Now, we had a good piece of legislation that we had adopted in conference in order to try to do that here. Unfortunately, to get the Republican votes necessary in the Senate for an otherwise very good bill, we had to back that down, but it didn't change in here.

So, yes, there are provisions that the gentleman read, but unlike the way he presented them, they don't stand by themselves. They come only after it has been determined by the administration in power that the financial stability of the company requires, first, that the company be liquidated and, second, that some attention be given to its debts, but it will be funding out of the other financial institutions, not from the taxpayers.

I reserve the balance of my time.

Mr. BACHUS. At this time, I yield 3 minutes to the gentleman from Texas (Mr. SMITH), the ranking member of the Judiciary.

Mr. SMITH of Texas. I thank the ranking member, the gentleman from Alabama, for yielding.

Mr. Speaker, over a long history rooted in our Constitution, we have relied on the rule of law and on impartial bankruptcy courts to resolve the debts of failed enterprises. History has proven us correct.

Exhibit 1, for the benefits of the bankruptcy system, is the recent case of Lehman Brothers. As the peak of the 2008 financial crisis approached, Lehman declared bankruptcy. Within a week, it had sold its core business. Within 6 weeks, its third-party credit default swaps had been dissolved. That sealed off risk to other firms.

Experts have shown that the Lehman case didn't cause the financial system to melt down. This bill discards our proven bankruptcy system for something the American people forcefully reject: government-sponsored bailouts. The roller coaster bailout ride of 2008 is what caused the financial meltdown. Yet this bill just builds a bigger, faster bailout roller coaster. The bill's sponsors openly admit that they don't know if it will work, but they urge us to build it anyway.

□ 1550

The question is why, and the answer is simple: When government picks the winners and losers, government becomes more powerful. So do the Wall Street winners that government picks. Meanwhile, Main Street and free enterprise lose.

This administration and its congressional allies embrace what the Founders fought against, ever-expanding government power over the lives of free men and women. The Founders rejected this approach, the American people reject it, and so should we.

Mr. FRANK of Massachusetts. Mr. Speaker, producing this legislation has been one of the most impressive team efforts in which I have ever participated, and an indispensable member of the team going back to the early part of this century and his concern for mortgage lending and fairness in the rules is the gentleman from North Carolina (Mr. WATT) to whom I yield 3 minutes.

Mr. WATT. Mr. Speaker, I want to thank my colleague for the time and for his leadership in this tremendous effort.

I would like to spend some time just challenging a notion that is out there that this whole meltdown was unforeseeable by anybody, that nobody could have foreseen it, and dispel that notion by understanding that on March 16, 2004, the first anti-predatory lending bill was introduced in this House of Representatives by BRAD MILLER of North Carolina and myself. We saw forthcoming the possibility of this substantial meltdown, because we knew that predatory loans were out there being made to people who could not afford to pay them back.

Again, on March 9, 2005, in the 109th Congress we reintroduced the bill, the anti-predatory lending bill. On October 22, 2007, we reintroduced the anti-predatory lending bill in the 110th Congress. Finally, finally, in this term of Congress, on March 26, 2009, we reintroduced it for a fourth time, and finally it is incorporated into this legislation.

Now, why is that important? It for the first time puts around loans some prudential rules that say you ought to exercise some common sense when you make a loan to somebody.

Don't do a loan to people without proper documentation of their income. Don't give them a teaser rate for six months and then escalate it by two or three percentage points and increase their fees and their payments exponentially so that they can't pay it back. Don't give them yield spread premiums that reward the people who get people into the worst kind of loans, rather than giving them the best loans available. Don't charge a prepayment penalty for allowing somebody to get out of a higher interest rate into a lower interest rate. Make sure that when you refinance, somebody gets some net tangible benefit out of the refinance, other than the person that is making the loan. Don't allow people to steer to the highest interest rate and worst possible predatory loan when there are other loans available. Don't fail to give the proper disclosures about what is going on. And don't prevent the State Attorneys General from enforcing their own State laws, when we don't even have a Federal law on the books.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. WATT. All of that is in this bill. If we had had this kind of legislation in effect when we first started introducing it back in 2004, we could have avoided this.

Don't let anybody say that this was an unforeseeable chain of events that led to this meltdown. We need to correct it and make sure that going forward those kind of predatory practices never, never, never, never occur again in our country.

Mr. BACHUS. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. BLUNT).

Mr. BLUNT. I thank the gentleman for yielding and for the hard work he has done on this bill.

Mr. Speaker, clearly the country would like to see the right things done for the economy. I think this bill fails to do many of the basic things it should have done and does the things that we shouldn't have done.

It doesn't end too-big-to-fail, Mr. Speaker. In fact, it institutionalizes too-big-to-fail. Treasury will be able to front money to wind down these failing firms, but also Treasury can decide if they are at risk of failure. There is way too much involvement with the taxpayers in coming in and doing exactly what the American taxpayers are tired of seeing us doing.

The government-sponsored entities, Fannie Mae and Freddie Mac, that we have talked about and will talk about more on this floor today and have talked about for months as one of the prime causes for the economic problems we face, as far as I can tell, they are not mentioned, and if they are mentioned, Mr. Speaker, there is no reform. The root cause of the problem we have in the economy today was caused by these entities, and they are not addressed, and it was said they would not be addressed.

More control, Mr. Speaker, by the Federal Reserve of more things and more regulation. There is a new agency under the Federal Reserve that will be in charge of setting new rules for the banking sector of the country in its entirety.

Credit, Mr. Speaker, will not be more available. It will be less available. People who are in the job-creating business are already making announcements about what they will do as they respond to this. Why is that? Because this bill steps further into managing the economy. The government may be able to do lots of things, but making business decisions is not one of them. Utility companies, food processors, others who routinely try to protect themselves in a volatile marketplace will not be able to do this.

Mr. Speaker, this bill will cost jobs at the very time we ought to be figuring out how to increase jobs. I hope our colleagues will turn it down and go back and do the right thing.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself 15 seconds to correct the gentleman.

We have not created a consumer bureau under the Federal Reserve. It will be housed in the Federal Reserve. The Federal Reserve will have no ability to interfere. Some on the other side wish it would. But it will be a fully independent consumer bureau. It will get its mail at the Federal Reserve, but nobody there will be able to open it.

I now yield 4 minutes to the gentleman from Pennsylvania (Mr. KANJORSKI), one of the leaders in putting together this bill in the area specifically of investor protection.

(Mr. KANJORSKI asked and was given permission to revise and extend his remarks.)

Mr. KANJORSKI. Mr. Speaker, I rise in support of the conference agreement.

Mr. Speaker, this is not a perfect bill, but this is a darn good bill. I know we are going to hear objections on both sides of the aisle, but if you have a chance to look at it, and it is a lengthy bill, the 2,600 pages that are presented to both the House today and within a week or so to the Senate constitutes the first revolutionary change of securities laws in the United States since the Great Depression. At that time we had a tremendous collapse, and our forefathers and predecessors rose to the occasion by establishing a regulatory platform within the United States that made us the envy of the world.

We had in 2008 a collapse and a failure of that system. It primarily grew out of the failure of the regulatory system to use all the powers it had and to keep track with our highly speculative and greedful nature at the time to allow us to go into the tremendous credit crisis that we faced in 2008.

To now make an argument that we need do nothing and we will recover and we will prosper is pure ludicrousness. The fact of the matter is there are holes, there are loopholes, there are failures within our system. We have to cleanse that system and fix that system, and that is exactly what this bill does.

I am pleased to say that I had a part in doing that. I helped prepare one amendment, the too-big-to-fail amendment. What we can say to our successors and to our constituents is that never again in the future will there be an unlimited power for financial institutions to grow either in size, interconnectedness or other negative factors that they can remain and put in jeopardy systemically the economy of the United States and the world.

□ 1600

We have the authority vested in our regulators to see that that doesn't happen. If our regulators are able and will use those powers, never again will we face the too-big-to-fail concept of having to bail out some of the largest institutions in the world.

Secondly, a large part of this was devoted to investor protection. I can't go through all the elements, but for the first time in history we're going to allow the regulators to study and come up with rules and regulations that allow a fiduciary relationship between broker-dealers, investment advisers, and their clients—their customers. Most people in this country think that already exists. It doesn't. After this bill and the use of those new regulations, it will. You can then trust that the advice being given by the broker-dealer or the investment counselor is in your best interest as a customer and not in theirs.

We also call for the largest comprehensive study of the Securities and Exchange Commission in the history of the commission. It will put into place the tools necessary to revise the entire SEC in the future. It also will be the predicate for that type of a comprehensive study to be used in other agencies and commissions of government to allow us the long road of reform in the American government. These things are in the bill. Beside that, we have the capacity to require that no one in the future need worry about the responsibility of the companies they're dealing with as to whether or not they will have counterparties, whether they are relying on representations that are true or false, because we're going to have transparency within the system.

In the other areas dealing with derivatives, we're going to have exchanges. We're going to have disclosure. Never has that happened in the history of the United States. Over the years, the last two decades, we have made attempts and have always failed. This time we have succeeded.

Mr. Speaker, without reservation, I recommend to my colleagues a vote of ''yes'' on this bill.

INTRODUCTION

Mr. Speaker, after nearly two years of study, discussion, hearings, and intense legislative negotiations, we have produced a final bill that will considerably strengthen our financial services infrastructure, a system that not only underpins the American economy but one that also serves as a cornerstone of our global markets. This bill also represents the most significant overhaul of our Nation's financial services regulatory framework since the reforms put in place during the Great Depression.

This landmark agreement touches upon nearly every corner of our financial markets. Among other things, this bill ends the era in which financial institutions can become too big to fail in several ways, including my provision to allow regulators to preemptively break up healthy financial firms that pose a grave threat to the U.S. economy. Additionally, the bill regulates financial derivatives for the first time, establishes procedures for shutting down failing financial companies in an orderly manner, forces the registration of hedge fund advisers, and holds credit rating agencies accountable through greater liability. This bill also greatly expands investor protections by setting up a fiduciary standard for broker-dealers offering personalized investment advice, allowing shareholders to nominate candidates for corporate boards, and creating a bounty program to reward whistleblowers whose tips lead to successful enforcement actions.

Moreover, this legislation enhances the powers and resources of the U.S. Securities and Exchange Commission, SEC. The pending conference agreement also forces a comprehensive study of the way that the SEC operates which will lead to much needed management reforms. Furthermore, the conference agreement creates for the first time a Federal office to monitor insurance matters. Finally, this bill will comprehensively modify mortgage lending practices—including escrow procedures, mortgage servicing, and appraisal activities.

In short, the conference report on H.R. 4173 is a very good package that will restructure the foundations of the U.S. financial system. It will enhance regulation over more products and actors, create additional investor protections and consumer safeguards, and promote greater accountability for those who work in our capital markets. For these reasons, I urge my colleagues to vote in favor of this momentous agreement.

ENDING TOO BIG TO FAIL

Historians will likely long argue about the causes of the 2008 credit crunch, but one cannot deny that one huge contributing factor was the failure of government regulators to rein in dangerous financial institutions. Giant films like American International Group, AIG, as well as many smaller firms, engaged in recklessly risky behavior that rewarded them with huge profits during the build-up of the housing bubble, but then nearly wiped them out as the bubble burst. Actually, AIG and other firms would have collapsed and our economy would have been sent back to the Dark Ages, except for the request of the Bush Administration to establish the $700 billion Troubled Asset Relief Program to prop up our country's teetering financial system.

Those terrifying months in late 2008 convinced me that the Federal government needed to play a far more vigorous role in policing the activities of the major financial players in our economy. During the last two years, my top priority has therefore been to avoid having any future Congress face the same dilemma that we faced in 2008: "bail out" Wall Street to save Main Street or risk the collapse of the entire American economy. I decided that the most important element of any reform of the financial system needed to ensure that no financial firm could be allowed to become so big, interconnected, or risky that its failure would endanger the whole economy.

In this regard, I am pleased that this legislation helps bring an end to the era of too-big-to-fail financial institutions in at least three significant ways. First, it achieves this end by establishing new regulatory authorities to dissolve and liquidate failing financial institutions in an orderly manner that protects our overall economy. The Obama Administration proposed these much needed reforms as an initial step for ending the problem of too big to fail.

Second, the conference agreement incorporates my amendment vesting regulators with the power to limit the activities of and even disband seemingly healthy financial services firms. Specifically, the Kanjorski amendment permits regulators to preemptively break up and take other actions against financial institutions whose size, scope, nature, scale, concentration, interconnectedness, or mix of activities pose a grave threat to the financial stability or economy of the United States.

Third, the final agreement contains a fairly strong Volcker rule that will limit the activities of financial institutions going forward and prevent them from becoming too big to fail. Inspired by the legendary former Federal Reserve Chairman, Paul Volcker, this rule will bar proprietary trading by banks, significantly curtail bank investments in private equity funds and hedge funds, and cap the liabilities of big banks. As a result, the Volcker rule will prohibit banks from engaging in highly speculative activities that in good times produce enormous profits but in bad times can lead to collapse.

Together, these three reforms will better protect our financial system and mitigate the problem of too big to fail. The Kanjorski amendment and the Volcker rule will also substantially resurrect the barrier between commercial and investment banking that resulted in a stable financial system for more than 70 years after the Great Depression.

As the Wall Street Journal on Saturday reported, ". . . the bill gives regulators power to constrain the activities of big banks, including forcing them to divest certain operations and to hold more money to protect against losses. If those buffers don't work, the government would have the power to seize and liquidate a failing financial company that poses a threat to the broader economy." I wholeheartedly agree with this independent assessment.

In sum, the conference agreement on H.R. 4173 represents an historic achievement. By addressing the problem of too big to fail, this legislation will lead to a new era of American prosperity and financial stability for decades to

come. For this reason alone, this bill deserves to become law.

INVESTOR PROTECTION AND SECURITIES REFORMS

As the House developed this legislation, I played a key role in drafting the title concerning investor protection and securities reform. The Administration's proposal and the Senate's bill contained some important improvements, but the initial House plan had many, many more. I am pleased that the final package more closely resembles the initial House legislation rather than the original Administration and Senate plans.

Among its chief reforms in the area of investor protection, the conference agreement provides that the SEC, after it conducts a study, may issue new rules establishing that every financial intermediary who provides personalized investment advice to retail customers will have a fiduciary duty to the investor. A traditional fiduciary duty includes an affirmative duty of care, loyalty and honesty; an affirmative duty to act in good faith; and a duty to act in the best interests of the client. Through this harmonized standard of care, both broker-dealers and investment advisers will place customers' interests first.

Regulators, practitioners, and investor advocates have become increasingly concerned that investors are confused by the legal distinction between broker-dealers and investment advisers. The two professions currently owe investors different standards of care, even though their services and marketing have become increasingly indistinguishable to retail investors. The issuance of new rules will fix this long-standing problem.

Additionally, the legislation adopts recommendations made by SEC Chairman Mary Schapiro, SEC Inspector General David Kotz, and Harry Markopolos, the whistleblower who sought for many years to get regulators to shut down the $65 billion Ponzi scheme perpetrated by Bernard Madoff. Specifically, the conference agreement provides the SEC with the authority to establish an Investor Protection Fund to pay whistleblowers whose tips lead to successful enforcement actions. The SEC currently has such authority to compensate sources in insider trading cases, and the whistleblower provision in this bill would extend the SEC's power to compensate other tipsters who bring substantial evidence of other securities law violations.

The conference agreement also responds to other problems laid bare by the Madoff fraud. These changes include increasing the line of credit at the U.S. Treasury from $1 billion to $2.5 billion to support the work of the Securities Investor Protection Corporation, SIPC, and raising SIPC's maximum cash advance amount to $250,000 in order to bring the program in line with the protection provided by the Federal Deposit Insurance Corporation.

This bill additionally increases the minimum assessments paid by SIPC members from $150 per year, regardless of the size of the SIPC member, to 2 basis points of a SIPC member's gross revenues. This fix will help to ensure that SIPC has the reserves it needs in the future to meet its obligations. Finally, in response to the Madoff fraud, the final product includes my legislation to allow the Public Company Accounting Oversight Board to examine the auditors of broker-dealers.

For too long, securities industry practices have deprived investors of a choice when seeking dispute settlement, too. In particular, pre-dispute mandatory arbitration clauses inserted into contracts have limited the ability of defrauded investors to seek redress. Brokerage firms contend that arbitration is fair and efficient as a dispute resolution mechanism. Critics of mandatory arbitration clauses, however, maintain that the brokerage firms hold powerful advantages over investors and hide mandatory arbitration clauses in dense contract language.

If arbitration truly offers investors the opportunity to efficiently and fairly settle disputes, then investors will choose that option. But investors should also have the choice to pursue remedies in court, should they view that option as superior to arbitration. For these reasons, the final package provides the SEC with the authority to limit, prohibit or place conditions on mandatory arbitration clauses in securities contracts.

Another significant investor protection provided in this conference agreement concerns proxy access. In particular, H.R. 4173 clarifies the ability of the SEC to issue rules regarding the nomination by shareholders of individuals to serve on the boards of public companies. These provisions regarding proxy access will enhance democratic participation in corporate governance and give investors a greater voice in the companies that they own.

A myriad of problems presently confronts the SEC, perhaps none more urgent than the need for adequate resources. Chairman Schapiro and others have repeatedly stressed the need to increase the funding to ensure that the agency has the ability to keep pace with technological advances in the securities markets, hire staff with industry expertise, and fulfill one of its core missions: the protection of investors. In response, this agreement slightly increases the independence of the SEC in the appropriations process, doubles the authorized SEC budgets over 5 years, and creates a new reserve fund to support technology improvements and address emergency situations, like the flash crash that occurred in May 2010.

Moreover, H.R. 4173 modifies the SEC's structure by creating a number of new units and positions, like an Office of the Investor Advocate, an office to administer the new whistleblower bounty program, and an Office of Credit Ratings. However, the SEC's systemic failures to effectively police the markets in recent years required Congress to do even more to shake up the agency's daily operations. As such, the legislation includes my provision mandating an expeditious, independent, comprehensive study of the securities regulatory regime by a high caliber body with expertise in organizational restructuring to identify deficiencies and reforms, and ensure that the SEC and other regulatory entities put in place further improvements designed to provide superior investor protection. My hope is that this study will ultimately become the model for reforming other agencies. The final bill also includes my deadlines generally forcing the SEC to complete enforcement, compliance examinations, and inspections within 180 days, with some limited exemptions for complex cases.

The conference agreement on H.R. 4173 additionally modifies, enhances and streamlines the powers and authorities of the SEC to hold securities fraudsters accountable and better protect investors. For example, the SEC will have the authority to impose collateral bars on individuals in order to prevent wrongdoers in one sector of the securities industry from entering another sector. The SEC will also gain the ability to make nationwide service of process available in civil actions filed in Federal courts, consistent with its powers in administrative proceedings.

The bill further facilitates the ability of the SEC to bring actions against those individuals who aid and abet securities fraud. The Securities Exchange Act of 1934 and the Investment Advisers Act of 1940 presently permit the SEC to bring actions for aiding and abetting violations of those statutes in civil enforcement cases, and this bill provides the SEC with the power to bring similar actions for aiding and abetting violations of the Securities Act of 1933 and the Investment Company Act of 1940. In addition, the bill not only clarifies that the knowledge requirement to bring a civil aiding and abetting claim can be satisfied by recklessness, but it also makes clear that the Investment Advisers Act of 1940 expressly permits the imposition of penalties on those individuals who aid and abet securities fraud.

One final investor protection reform that I drafted and want to highlight concerns the new authority of the SEC and the Justice Department to bring civil or criminal law enforcement proceedings involving transnational securities frauds. These are securities frauds in which not all of the fraudulent conduct occurs within the United States or not all of the wrongdoers are located domestically. The bill creates a single national standard for protecting investors affected by transnational frauds by codifying the authority to bring proceedings under both the conduct and the effects tests developed by the courts regardless of the jurisdiction of the proceedings.

In the case of Morrison v. National Australia Bank, the Supreme Court last week held that section 10(b) of the Exchange Act applies only to transactions in securities listed on United States exchanges and transactions in other securities that occur in the United States. In this case, the Court also said that it was applying a presumption against extraterritoriality. This bill's provisions concerning extraterritoriality, however, are intended to rebut that presumption by clearly indicating that Congress intends extraterritorial application in cases brought by the SEC or the Justice Department.

Thus, the purpose of the language of section 929P(b) of the bill is to make clear that in actions and proceedings brought by the SEC or the Justice Department, the specified provisions of the Securities Act, the Exchange Act and the Investment Advisers Act may have extraterritorial application, and that extraterritorial application is appropriate, irrespective of whether the securities are traded on a domestic exchange or the transactions occur in the United States, when the conduct within the United States is significant or when conduct outside the United States has a foreseeable substantial effect within the United States.

OTHER REASONS TO SUPPORT THE CONFERENCE REPORT

The bill that we are considering today contains a number of other worthwhile elements that should become law, and I want to highlight several issues on which I personally worked or in which I have a deep, long-standing interest.

First, the bill creates a Federal Insurance Office within the Treasury Department. A key

component of our financial services industry, insurance is too often misunderstood or left behind in decisions made by the Federal government. As a result, I have long worked on the creation of this new office that will effectively monitor this industry sector for potential risks going forward. As a result of this new office, the United States will for the first time speak with a uniform voice on insurance matters on the international stage and have the authority to stand behind its words. I am therefore pleased that the Federal Insurance Office is finally becoming law.

Second, I have worked diligently on the title concerning the registration of hedge fund managers and private equity fund advisers. To promote market integrity, we need those individuals who handle large sums of money and assets to register with the SEC and provide information about their trades and portfolios. While I remain concerned about the registration exemptions put in place by others during the legislative process, I believe that these reforms are necessary to improve the quality of regulation and protect against systemic risk.

While hedge funds may not have directly caused this latest financial crisis, we do know that these investment vehicles have previously contributed to significant market instability, as was the case in the collapse of Long-Telin Capital Management in 1998. Thus, this reform is an important step in understanding and controlling systemic risk.

Third, this legislation greatly increases the accountability of credit rating agencies. The overly optimistic assessments by Moody's, Fitch, and Standard and Poor's about the quality of structured financial products constructed out of garbage aided and abetted the financial crisis. By imposing structural, regulatory, and liability reforms on rating agencies, this agreement will change the way nationally recognized statistical rating organizations behave and ensure that they effectively perform their functions as market gatekeepers going forward.

Fourth, I am very pleased that this agreement will modify escrowing procedures, mortgage servicing, and appraisal activities. I began working 9 years ago on these issues after identifying predatory practices, faulty appraisals, and other problems in the Poconos housing markets. These reforms are long overdue.

Among other things, these new mortgage lending standards will include a requirement that all borrowers with higher-cost mortgages have an escrow account established in order to pay for property taxes and homeowners' insurance. Studies have shown that at the height of the crisis, borrowers with higher-cost mortgages were substantially less likely than borrowers with good credit records to have an escrow account. Borrowers with less than perfect credit records, however, need more help in budgeting for these sizable expenses. This bill fixes this problem.

Title XIV of the bill also has reforms with respect to force-placed insurance. Predatory lenders often impose costly force-placed insurance, even though the homeowner may already have a hazard insurance policy. This legislation will clarify the procedures for when a servicer can force place insurance. The bill's bona fide and reasonable cost requirements will also ensure that mortgage servicers shop around for the best rates for the force-placed insurance that they impose. Moreover, the bill's force-placed insurance reforms will ensure that consumers who are erroneously billed for such premiums will have the monies refunded within 15 business days.

Additionally, the bill's appraisal reforms will update Federal appraisal laws for the first time in a generation. We now know that inflated appraisals and appraiser coercion and collusion contributed greatly to the creation of the housing bubble. We must respond by putting in place a strong national appraisal independence standard that applies to all loans. We must also comprehensively reform the appraisal regulatory system. This bill does both things.

Fifth, I am extremely pleased that this bill provides $1 billion for a national program to offer emergency bridge loans to help unemployed workers with reasonable prospects for reemployment to keep their homes. This new national initiative is based on Pennsylvania's successful Homeowners' Emergency Mortgage Assistance Program, HEMAP. Since 1983, HEMAP has saved 43,000 homes from foreclosure by helping to cover mortgage payments until homeowners find new jobs. With unemployment rates still unacceptably too high and far too many homeowners experiencing problems in paying their mortgages through no fault of their own, the time has come to replicate HEMAP at the national level.

Finally, the lack of regulation of the over-the-counter derivatives market has been a serious concern of mine for many years. In 1994, for example, I introduced a bill to regulate derivatives and other complex financial instruments. This conference agreement finally addresses the utter lack of regulation in this enormous market by mandating the clearing of most derivative contracts on exchanges so that we have more transparency. For those derivatives that are not cleared, the bill's reporting and disclosure requirements ensure that information on the transaction is maintained.

LONG-TERM CONCERNS

A sweeping, industry-wide regulatory reform bill like this one rarely comes along. As has been the case after the enactment of other overhaul bills, we can expect problems to manifest themselves and unintended consequences to occur.

While this bill incorporates the major goals of the Volcker rule, I had hoped for an even stronger version. Unfortunately, the ban on investments in or sponsorship of hedge funds and private equity is not as robust as I would have liked. The Volcker rule could have been stronger had the conferees accepted my amendment to provide for a de minimis exemption of tangible common equity, as opposed to Tier 1 capital, and a dollar cap on the investment. This amendment would have tightened the bill and better protected our financial markets from systemic risk.

Regrettably, the legislation also permanently exempts small public companies from the Sarbanes-Oxley Act's requirement to obtain an external audit on the effectiveness of internal financial reporting controls. This exemption disregards the significant concerns of investors—those that provide capital and bear the risk of losing their retirement savings.

External audits of internal control compliance costs have dramatically decreased in recent years. The stock prices of those companies that have complied with this law have significantly outperformed the stock prices of those that have not complied. Additionally, evidence suggests that 60 percent of all financial restatements have occurred at companies that will never be required to comply with the law's external audit requirements.

Together, these facts certainly suggest that the Sarbanes-Oxley exemption provision has no place in a reform bill that is supposed to strengthen investor protections. Moreover, I am worried about the investors at the more than 5,000 public companies now exempted who may one day wake up to discover their hard earned savings pilfered by corporate accounting misdeeds as was the case in Enron, WorldCom, and Tyco.

As previously mentioned, I have additional worries about the exemptions granted to the registration of private fund advisers. There are many other types of exemptions embedded throughout this bill, including exemptions in the derivatives title and in the powers of the new Consumer Financial Protection Bureau. While I hope that regulators and the entities that they regulate will prudently apply these exemptions, I have apprehensions that in the long term the exemptions will swallow the rules. We must remain vigilant against such an outcome.

Similarly, the success of this landmark reform effort will ultimately depend on the individuals who become the regulators. The key lesson of the last decade is that financial regulators must use their powers, rather than coddle industry interests. In this regard, I hope that regulators will judiciously use the new powers that I have drafted regarding the break up of too-big-to-fail firms. If just one regulator uses these extraordinary powers just once, it will send a powerful message to industry and significantly reform how all financial services firms behave forever more.

Additionally, I continue to have apprehensions about the interchange provisions inserted into this legislation by the Senate. This issue, without question, would have benefitted from additional time and study. I am hopeful that we got the balance right and that these new limitations do not ultimately impair the performance of credit unions and community banks. If necessary, I stand ready to change the new law in this area.

There are several other lingering concerns that I have about this bill, as well. For example, it grants the Federal Reserve far more new powers than I would have liked. The bill also sets a very high bar of a two-thirds supermajority vote of the Financial Stability Oversight Council to take action under my too-big-to-fail amendment. There is some wisdom in this requirement, but if too many individuals with an anti-regulatory bias serve on the Council they will neglect to use the powers that Congress gave them in order to protect our financial system.

Finally, our work today is only a beginning, not an end. Going forward, Congress needs to attentively watch our changing financial marketplace and carefully monitor our regulators in order to protect against systemic risk, forestall potential abuses of corporate power, safeguard taxpayers, and defend the interests of consumers and investors. Moreover, the United States must continue to encourage its allies abroad to adopt strong financial services regulatory reforms so that we will have a strong, unified global financial system.

Although we may be completing our work on this bill, it is important for us to remain vigilant in each of the areas about which I have

raised concerns. I, for one, plan to continue to closely monitor and carefully examine each of these matters.

CLOSING

Before closing, Mr. Speaker, I wish to congratulate the gentleman from Massachusetts, Financial Services Committee Chairman BARNEY FRANK, for his outstanding leadership in guiding this extremely complex bill through the legislative process. This conference marks the culmination of a long, thoughtful series of hearings, markups, floor debates, and conference negotiations. Chairman FRANK performed exceptionally at every stage of the process, and his name deserves to be attached to this landmark agreement. Senate Banking Committee Chairman CHRISTOPHER DODD deserves similar praise for his hard work. This is why I offered the amendment in conference to name this law the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Additionally, I want to counter the comments of those who have myopically criticized this package because it does not abolish Fannie Mae and Freddie Mac. By reforming the securitization process, risk retention requirements, and rating agency accountability, this bill lays the foundation for our upcoming work to address the future of these two institutions and, more broadly, the entire housing finance system. The reform of Fannie Mae, Freddie Mac, and the housing finance system is the next big legislative mountain that the Financial Services Committee must climb, and when the Congress returns after Independence Day, I will convene additional hearings to advance work on legislation to achieve this objective.

Mr. Speaker, while I may have some lingering doubts about this legislative package, it is overall a very good agreement. In short, the conference report represents a reasoned, middle ground that strikes an appropriate balance and does what we need it to do. It ends the problem of too-big-to-fail financial institutions, effectively regulates the derivatives products which some have referred to as financial weapons of mass destruction, and it greatly strengthens investor protections. It also regulates many more actors in our financial markets, establishes a Federal resource center on insurance issues, and holds rating agencies accountable for their actions. In sum, Mr. Speaker, I support this bill and urge my colleagues to vote for it.

Mr. BACHUS. At this time I yield 3 minutes to the gentleman from Indiana (Mr. PENCE).

(Mr. PENCE asked and was given permission to revise and extend his remarks.)

Mr. PENCE. I thank the gentleman for yielding.

Mr. Speaker, I rise in opposition to the conference report for H.R. 4173, the so-called ''Restoring American Financial Stability Act.'' We're used to creative titles around here, but I've got to tell you, during a time of extraordinary economic duress, millions of Americans unemployed, failed economic policies, it is darkly ironic that a bill that will do anything but restore financial stability is named for that purpose.

The truth of the matter is, when you look at this legislation, it's proof positive again that this majority just doesn't get it. The American people are not looking at Washington, D.C., and clamoring for more spending, more taxes, and more bailouts. They're looking at Washington, D.C., and saying, When are you going to focus on creating jobs? When are you going to set partisan differences aside, power grabs, and Big Government agendas aside to do something to put Americans back to work?

Under the guise of financial reform, Democrats today are pushing yet another bill that will kill jobs, raise taxes, and make bailouts permanent. Let me say that again. This legislation will kill jobs by restricting access to credit, it will kill jobs by raising taxes on those that would provide loans and opportunity to small business owners and family farmers, and it makes the bad ideas of the Wall Street bailout permanent.

Free market economics depends on the careful application of a set of ideals—traditional American ideals and principles. Chief among them is the notion that the freedom to succeed must include the freedom to fail. Personal responsibility is at the very center of the American experiment from an economic standpoint. It is that center from which we have become not only the freest, but the most prosperous Nation in the history of the world.

As my colleagues on the other side of the aisle know, I vigorously opposed the Wall Street bailout because I thought it departed from that fundamental principle of personal responsibility and limited government. And I rise today to vigorously oppose this legislation that takes the bad ideas of the Wall Street bailout and makes them permanent.

This legislation codifies the notion of too big to fail, a policy and an approach the American people have roundly rejected. It will give government bureaucrats more power to pick winners and losers. When a financial firm is failing, the Treasury Secretary and the FDIC will actually have the authority to take taxpayer dollars and decide which creditors to pay back and how and when they'll get paid.

The American people don't want Washington, D.C., in that business. They want a refereed private sector that says ''yes'' to traditional bankruptcy and ''no'' to bailouts, because we're here to protect taxpayers and not Wall Street. This bill fails in that regard. I urge it be rejected and let's start over with legislation that's built on American ideals.

Mr. FRANK of Massachusetts. I now yield 3 minutes to one of the leaders in fashioning protection for consumers, the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY. Thank you, Chairman FRANK, for yielding, for your leadership, and for presiding over the most open and transparent conference process in the history of this Congress.

The Dodd-Frank bill is landmark legislation which will protect consumers and investors while allowing our financial services industry to continue financing the creativity and innovation which has, even in these very difficult times, made the American economy the envy of the world. This bill restores safety and soundness, reduces the likelihood of another systemic crisis, restores faith and confidence in our institutions and markets, while safeguarding Americans from predatory, unfair, and deceptive practices.

I have made it a mission throughout my career to help put consumers on an equal footing with their financial institutions through laws like the Credit Card Act. And today, we can take a huge step forward toward a more level playing field with the creation of the Consumer Financial Protection Bureau.

For far too long in our financial system and its products, any concerns about consumer protection came in a distant second or a third or none at all. Now, anyone who opens a checking or savings account, anyone who takes out a student loan or a mortgage, anyone who opens a credit card or takes out a payday loan will have a Federal agency on their side to protect them. For the first time, consumer protection authority will be housed in one place. It will be completely independent, with an independently appointed director, an independent budget, and an autonomous rulemaking authority. And, very importantly, it will have a seat at the table at the Financial Stability Oversight Council. Continuity and oversight of our financial system will consider not only safety and soundness but also the best interests of the American consumer, the American taxpayer, the American citizen.

I am particularly pleased that two items that I offered were included that will give consumers direct access to the CFPB through a consumer hotline and consumer ombudsperson. The bill also addresses the challenge of interchange fees. Working with Senator DURBIN and Representative MEEKS, we were able to craft a balanced compromise that addressed both the concerns of merchants about high interchange fees and the concerns of the financial sector to be fairly compensated for their services. This bill ensures transparency, establishes accountability, and protects consumers and investors.

America has long been the world leader in financial services. With this landmark bill, we can set an example and take the lead in global financial reform. I urge a ''yes'' vote.

Mr. BACHUS. At this time, Mr. Speaker, I yield 2 minutes to the ranking member of the Subcommittee on International Monetary Policy and Trade, the gentleman from California (Mr. GARY G. MILLER).

□ 1610

Mr. GARY G. MILLER of California. Mr. Speaker, I rise today in opposition to this bill. This country is going

through a period of great economic distress; and ultimately, this bill would only serve to heighten uncertainty in the marketplace, restrict access to credit, and place more and more undue burdens on the backs of American small businesses.

This bill eliminates consumer options in housing markets. This bill includes language that alters ways consumers choose to pay their mortgage origination fees. Currently, consumers have the choice to pay origination fees up front, partially finance costs through the rate, or some combination of the two. This bill eliminates the consumer's ability to partially pay up front and partially finance costs through the rate, ultimately leading to higher costs and fewer options available to home buyers.

This bill favors the Federal Government over the private market. This bill places several new onerous restrictions on private community banks and then explicitly exempts the Federal Government from these same restrictions. The effect of these new restrictions is that consumers will be steered toward the government when seeking financing options and encouraging a greater takeover of the economy by the Federal Government.

This bill once again breaks our promise to the American people that excess TARP funds would go to pay down the debt and deficit. When this body enacted TARP in an effort to stave off a total economic collapse, we promised that any return the Federal Government made from the taxpayers' investment into the financial sector of this economy would go directly to paying down the deficit and the national debt, currently over $13 trillion. Instead, this bill breaks that promise by taking remaining TARP funds and using them to pay for the Federal takeover of the economy.

What we should do instead, we need to get the Federal Government out of the way so that small businesses can begin to innovate and expand. We need to provide a regulatory framework that provides community banks and small businesses the ability to make their own financial decisions.

Mr. Speaker, we cannot continue to break our promise to the American people. The future of this great Nation and that of its sons and daughters depends on the actions we take here today. And I can only conclude that this legislation will prolong this recession and lead us further down the road of high deficit and greater debt. I urge a ''no'' vote on this bill.

Mr. FRANK of Massachusetts. I yield 1 minute to the gentleman from Georgia (Mr. BARROW).

Mr. BARROW. Mr. Speaker, I rise in support of H.R. 4173, the Wall Street Reform and Consumer Protection Act, because I believe this bill takes positive steps to protect us from the risky and abusive behavior that took our country to the verge of financial ruin.

I voted against the bank bailout bill because there wasn't enough accountability for how that money was going to be used. It also didn't get at the root of the problem. This legislation gets at the root of the problem by protecting consumers from abusive and predatory financial practices. It also gets banks back in the business of making good loans instead of gambling with our money. I look forward to passage of this legislation, and I urge my colleagues to lend their support as well.

Mr. BACHUS. Mr. Speaker, at this time I yield 2 minutes to the gentleman from Georgia (Mr. PRICE), the chairman of the Republican Study Committee.

Mr. PRICE of Georgia. Mr. Speaker, look, this ought to sound pretty familiar. Here's just part of this bill, another 2,000-page monstrosity. Look at it, Mr. Speaker. It's down there held together by rubber bands. It is called the Dodd-Frank Wall Street reform bill. Senator DODD even said about it, ''No one will know until this is actually in place how it works.'' That's no way to do business.

The fundamental assumption of this bill is that since the smart people regulating banks let us down, we should just hire really, really smart people to prevent it from happening again. That assumption is not only false, it's dangerous. When the government picks winners and losers, the Nation loses. If my colleagues on the other side of the aisle believe that the same regulators who failed to see the housing crisis are now going to see the next crisis thanks to heavy-handed government regulation, then the American people would say to the Democrats in charge that they put too much faith in the power of Washington to see the future.

The fundamental question we've got to answer is, If this law were in place in 2008, would it have prevented the crisis? The answer to that question is clearly ''no.'' More oppressive job-killing regulation isn't the answer. What we need is flexible and accountable and nimble regulation. This bill does not do it.

What will it do? It will ensure bailouts. It puts bailouts in place forever. It doesn't address Fannie and Freddie, at the epicenter of the problem. It doesn't address it at all. It kills American jobs with oppressive regulation, and it will decrease the availability of credit and increase the cost of credit to all the American people. And that's even more angering to Americans because they know that there are positive solutions.

H.R. 3310 is the bill that we put forward nearly a year ago now that would make certain that we address the issue of regulatory reform in a positive way that makes it more flexible and nimble, that addresses the issue of Fannie and Freddie, actually solves the challenge that got us into this crisis in the first place, and makes certain that we end bailouts. The American people are sick and tired of bailouts. That bill, Mr. Speaker, will ensure that bailouts continue. The American people are urging us to vote ''no'' on this bill.

Mr. FRANK of Massachusetts. I yield 2 minutes to the gentleman from New York (Mr. MEEKS), a very important member of the committee who was helpful in forging some of the pieces of this.

Mr. MEEKS of New York. I thank the chairman for yielding.

Today is truly a historic day largely because of the great, magnificent job of our chairman, BARNEY FRANK, who we are so proud of. Very few people could have marshaled this bill in the way that he did. And because of him and that leadership, today we end too big to fail. We implement unprecedented consumer protections, and we issue rules that will prevent taxpayers from footing the bill for the irresponsible behavior of others while still—because I'm a New Yorker—maintain New York's standing as the world's financial capital.

As Chairman FRANK is fond of noting, this bill has death panels for the greedy financial institutions. If you are an institution that is causing systemic risk, this bill allows regulators to resolve you and dissolve you without recourse to any taxpayer money. I repeat. Let me emphasize, taxpayers will bear no cost for liquidating risky interconnected financial firms.

This bill includes strong investor protections and transparency mechanisms. Through the use of stress tests, which Representative DENNIS MOORE and I advocated for and the results of which will be published, it will increase transparency for investors and increase the amount of information available for investors to make wise decisions with their hard-earned savings.

Most importantly for my constituents, this bill establishes a Consumer Financial Protection Bureau to police lenders to ensure that the predatory lending that Mr. WATT was talking about that ensnared so many unsuspecting Americans will be halted. Led by an independent director, this office will be able to act swiftly so consumers will not need to wait for an act of Congress for years and years and years to receive protection from unscrupulous behavior.

As to interchange, we have placed explicit language in the bill to prohibit intrabrand price discriminations which would have put credit unions and community banks at a disadvantage. To address the concerns to the State treasurers and prepaid card providers for the underbanked, we explicitly exempt them from interchange fee regulation. And finally, by fixing concerns the Federal Government had, we potentially save the taxpayer $40 million per year, according to Treasury estimates.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. I yield the gentleman an additional 15 seconds.

Mr. MEEKS of New York. We need this bill. It is the right bill. Without lending from Wall Street, there could be no Main Street. This bill responsibly

regulates the former to ensure the vitality of the latter.

Mr. BACHUS. I yield 2 minutes to the gentleman from California (Mr. MCCARTHY).

Mr. MCCARTHY of California. I thank the gentleman for yielding.

Mr. Speaker, I rise today in opposition to this conference report. You know, at a time when California has 12.4 percent unemployment, and my district's even higher at 16.5 in my home county of Kern County, my constituents are asking me, What is being done to create jobs?

For the folks that have been following this debate today, this is just another example of Washington not listening to their concerns. Instead of policies that promote private sector job growth, this bill would create more government. This bill before us today would create a new bureau at the Federal Reserve with sweeping authority and a budget to create plenty of new government jobs in Washington, D.C. It also creates a new office of Financial research, empowered to collect personal information about all of our international transactions. This office can actually issue subpoenas to get the information these unelected bureaucrats want to have about us.

But aside from the personal concerns we may have about this, what is being done to help create a private sector job? Well, this is not job creation for families in my district. This is just part of the majority's continuation of an overreach and expansion of government. First, it was the $787 billion stimulus that failed to keep unemployment down, then a national energy tax, then a $1 trillion government takeover of health care, and now another expansion of government that will raise costs for consumers and small businesses.

Well, Mr. Speaker, Republicans offered an alternative to this report that would have ended bailouts, would have addressed too big to fail and the failures of Fannie Mae and Freddie Mac; but that was rejected. Congress needs to be focusing on pro-small business policies, policies that make it easier for banks to lend to job creators that are at the heart of our communities, job creators that are at the heart of what we all want, a job-filled recovery instead of a jobless recovery. Unfortunately, this conference report will do none of these things, and I urge a ''no'' vote.

□ 1620

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 2 minutes to my colleague from Massachusetts (Mr. CAPUANO), another member of the committee who has played a major role in this.

Mr. CAPUANO. Mr. Speaker, I will tell you that this bill is one of the best bills I've ever been involved with in the 12 years I've been in Congress. Like any bill, it doesn't give me everything that I want. I don't think anybody would say that, including Mr. FRANK. But it is a bill that moves us back towards thoughtful oversight of the financial institutions of this country.

For 70 years, from the Glass-Steagall Act until about the 1980s, 1990s, depending what you count, we had the best financial institutions, the best financial system in the world. Every other country tried to emulate us.

What happened? Slowly but surely, this country, through its Congress and its President, decided that we wanted to deregulate everything. Let's look at nothing, let everything go. What was the result of it? A financial meltdown. That was in the economic sector. What was the result of it in the gulf? An oil spill of ultimate proportions.

The concept that government can't regulate has been proven wrong time and time again. Nobody argues for overregulation. That's a fair argument. Where is the appropriate line?

In this case, in the financial institutions case, we went years with loans that nobody knew what the standards were. We went years with credit rating agencies giving everybody a AAA rating without having a clue what was behind those papers. We went years with people betting, literally betting with our money, our pension fund money and other money that we didn't want to do, on things that didn't exist. They didn't exist. The result of it was a financial meltdown.

This bill brings us toward a more thoughtful regulatory regime that will ensure the stability of our economic system. And that's what this is all about. It's not about raising revenue. It's not about killing anything.

My district has a very vibrant financial sector and we want to keep it that way, but I also want be to make sure that it's stable. That's more important than anything else. This bill accomplishes that, and that's why we should support it.

Mr. BACHUS. I yield 2 minutes to the gentleman from Florida (Mr. PUTNAM).

Mr. PUTNAM. Mr. Speaker, I rise in opposition to the Frank-Dodd bill that would not reform Wall Street but, instead, create a permanent taxpayer backstop and fail to provide consumer protection and doesn't prevent a future crisis.

The permanent bailout would ensure that the Federal Government, through the FDIC and the Treasury, maintains the ability to use taxpayer funds to bail out financial institutions deemed too big to fail. That may be what's important to the D.C. bureaucrats, but to the community banks and credit unions back home and the communities they serve, I can assure you it's not. They're treated as too small to save.

Our community banks, our credit unions, our small businesses don't receive the special treatment accorded to the big guys in this bill. Instead, they go through the bankruptcy process. Why the double standard? Why the double standard for our communities? They didn't cause Wall Street's collapse, and yet they're held to a different standard. This is harmful to Main Street's small businesses.

The legislation creates an Office of Financial Research to ''monitor, record, and report on any financial transaction, including consumer transactions,'' without the consent of the consumer. That's right. Monitor, record, and report any transaction without your approval.

This new ''Big Brother Bureaucracy'' will be funded through assessments on financial institutions that trickle down to consumers through higher fees. According to the CBO, ''The cost of the proposed fee would ultimately be borne to . . . customers, employees, and investors.''

The legislation welcomes a new ''Washington Knows Best'' bureau. Housed within the Federal Reserve, the credit czar will dictate which financial products can and cannot be made available to consumers and will have broad authority to set sales practices, limit products, and mandate compensation. The bureau misses its mark to actually protect consumers and will, instead, create more barriers to consumers' ability to obtain credit, to pursue their dreams, to buy a home, to refinance, or to expand or save their small business.

This conference report, totaling over 2,300 pages, is bad for small business, and I urge its defeat.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. FATTAH), who gave us an inspiration for trying to help unemployed people with their mortgages.

Mr. FATTAH. Mr. Speaker, the American people, as always, almost always, get it right. When they wanted to pick a party that would finally rein in the abuses of Wall Street, they gave the majority in the House and the Senate to the Democrats. And you can hear from the other side that they obviously made the right choice because there's no willingness to deal with some of these challenges from my colleagues on the other side.

I want to congratulate Chairman BARNEY FRANK. I met with him over a year ago about some of the challenges in terms of foreclosures in our country. In this bill is the result of language that I authored which replicated a very successful program in Pennsylvania that we believe will help others throughout the country.

I want to thank my great colleague from California, Congresswoman WATERS, for her efforts to make sure that this was fully engaged by the committee.

But beyond my proposal that is included in terms of homeowners assistance, in terms of foreclosures, this is a very good bill in terms of its regulation of Wall Street, in terms of consumer protection. This House, I urge and encourage that we vote in favor of the Wall Street reform bill.

Mr. BACHUS. I yield 2 minutes to the gentleman from Virginia (Mr. CANTOR), the Republican whip.

Mr. CANTOR. I rise in opposition to this conference report.

Mr. Speaker, the flow of credit and capital throughout the financial system is the building block of American prosperity. It has enabled entrepreneurs to pursue their ideas. It has enabled people to balance their budgets, to achieve a better standard of living. But when businesses and families cannot access capital from banks, consumers don't spend, small businesses hunker down, and investment dries up. The economy simply can't grow jobs.

This legislation is a clear attack on capital formation in America. It purports to prevent the next financial crisis, but it does so by vastly expanding the power of the same regulators who failed to stop the last one.

Dodd-Frank is the product of a tired and discredited philosophy. It's the notion that you can solve a problem by reflexively piling vast new layers of bureaucracy, regulatory costs, and taxes on it. And who'll pay the price? It won't merely be the big banks who the bill's supporters rail against. Smaller, less-leveraged community banks will have a more difficult time surviving the regulatory costs. And most alarming, costs will be passed on to consumers and businesses in the form of higher prices for credit. We know this because last year's Credit Card Act is already having just that effect.

Before it was passed, Republicans warned that more government expansion and more Washington proscription would create additional costs borne by the consumer. It was common sense, and sure enough, we were right. In response to that legislation, lending rates were reset higher as credit became less available. Meanwhile, free checking accounts are becoming a relic of the past for all but the wealthiest bank customers.

Republicans agree that the financial system needs a shake-up to bring transparency and stability. But the fact is, Mr. Speaker, this legislation does not accomplish this goal. It's bad for private business. It's bad for families, and I urge my colleagues to vote ''no'' before we do any more damage.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 4 minutes to the gentlewoman from California (Ms. WATERS), one of the leaders in housing and matters of fairness in our committee, the chairman of the Housing Subcommittee.

Ms. WATERS. Mr. Speaker and Members, I am pleased and proud to stand here today in support of this most significant piece of legislation that is before this House.

Again, I thank Chairman FRANK for his leadership, and I'm especially proud that this work of the conference committee was done by such a diverse group on this side of the aisle. I'm especially proud that members of the conference committee included not only women, but African Americans and Latinos and Anglos. It was truly diverse, and you can see that work reflected in what came out of the conference report.

□ 1630

For example, the CBC members of the Financial Services Committee worked on a number of these issues over the past several years, and we came up with those things that had been brought to our attention year in and year out that are finally paid attention to in the conference report.

The Federal Insurance Office, we will be asking them to gather information about the ability of minorities and low-income persons to access affordable insurance products. To give consideration and mitigation of the impact of winding down a systemically risky institution on minorities and low-income communities. The expansion of the Consumer Financial Protection Bureau's advisory board to include experts in civil rights, community development, communities impacted by high-priced loans, and others. And perhaps most importantly, the establishment of the Offices of Minority and Women Inclusion at each of the Federal financial services agencies.

These offices would provide for diversity in the employment, management, and business activities of these agencies. The data for the need for these offices speaks for itself. Diversity is lacking in the financial services industry, with the GAO reporting from 1993 to 2004 the level of minority participation in the financial services professions only increased marginally, from 11 percent to 15.5 percent. We took care of that in this bill. And now we have the opportunity to not only give oversight to diversity, but to help these agencies understand how to do outreach, how to appeal to different communities so that we can get the kind of employees that will create the diversity to pay attention to all of the needs of the people of this country.

In addition, Mr. Speaker, I am pleased to note that this conference report includes a provision that I championed to allow the SEC to issue rules on proxy access, giving the Nation's pension funds and other long-term institutional investors a say in the governing of the companies in which they own stock.

Additionally, I am pleased that this bill addresses foreclosures, which have single-handedly inflicted tremendous damage on neighborhoods in my district in California and across the country. It has long been my position that this bill would be incomplete without directly addressing the needs of America's homeowners and neighborhoods. That is why I have fought for an additional $1 billion in funds for the Neighborhood Stabilization Program, a program whose authorizing legislation I wrote in 2008. And it is helping neighborhoods all across this country that have foreclosed properties and rundown properties that are driving down the price of other homes in that community. Now we can rehabilitate those properties and keep the values up of the homes in the neighborhood.

I am also pleased that an additional $1 billion in emergency assistance for unemployed homeowners was included in this bill. Reports indicate that 60 percent of individuals seeking help in avoiding foreclosures are doing so because they are unemployed.

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Mr. FRANK of Massachusetts. I yield the gentlewoman 1 additional minute.

Ms. WATERS. I thank the chairman.

This funding will provide a critical bridge for homeowners during periods of joblessness, and allow them to maintain stable housing for their children. This $2 billion, combined with an additional $6 billion I have secured for NSP through two rounds of funding, is another step toward addressing the foreclosure crisis. But more needs to be done. That is why I am pleased that the Treasury has committed to providing another $2 billion for unemployed homeowners in addition to the amounts provided under this bill. And that is why I will continue to fight for both additional funding and for loss mitigation legislation, which would make it mandatory for banks to offer real sustainable loan modification offers.

Chairman FRANK, thank you for your assistance, thank you for your support, thank you for your leadership. I am proud to be a part of this Congress, so proud to have been a part of the conference committee. And I think we are doing all Americans justice in this bill as we pay attention to needs that have been so long overlooked.

Mr. BACHUS. Mr. Speaker, at this time I yield 4 minutes to the gentleman from California (Mr. ISSA), the ranking member of Oversight and Government Reform.

(Mr. ISSA asked and was given permission to revise and extend his remarks.)

Mr. ISSA. Mr. Speaker, others will rise and they will talk about the underlying bill. Although I was on the conference committee, and for 2 weeks Chairman FRANK, Ranking Member BACHUS and the rest of us were together, I do not claim and will not claim to be an expert on all the things that led to the financial meltdown or all the things which will preclude the next.

I do rise to oppose the Dodd-Frank bill, and I do so because I don't believe that it will preclude another meltdown and another crisis. I don't do that because I am an expert on the financial system. I am not. The people I served with on conference, many of them are. I am not concerned that the process was not open. I think Chairman FRANK allowed us an unusually great amount of time to be heard. But I am disappointed that at the end of the day so many things were left out.

I appreciate Chairman FRANK's offering for a separate bill to make up for the fact that the transparency and data issues that I worked for 2 weeks to put in this bill, because they were rejected by the Senate, we will have to send them again and hope that the Senate is more benevolent when we simply ask these agencies to have data standards that allow for the kinds of transparency among the regulators that will in fact see reckless behavior ahead of time, or at least allow us to know the underlying value of assets when the markets begin to melt.

The reckless behavior that led to the meltdown will be debated for years, but the absence of transparency at the time of the meltdown, an inability for our regulators, our banks, or anyone else to actually tell us what the underlying value of various assets were, were in no small part the result of arcane systems that underlie these very modern instruments.

You cannot have paper copies sitting in banks to tell you the details about a loan and then cut it into thousands of pieces, spread it around the world, and hope that somebody can have confidence in the document when things start going wrong.

Technology transparency is the most important thing missing from this bill. I hope to work with the majority and the minority to bring that in the coming days. I don't do it for my committee. I do it because the next time there is a hiccup anywhere in the world, even if that's simply a massive power outage leading to a confidence loss, we need to have the ability for regulators with confidence to say we have transparency, we know what these assets are worth, and we can assure them.

This bill does do a few good things, and I would be remiss if I didn't mention that the ability for banks to trust each other in financial transfers of non-interest-bearing large amounts is in no small part something that will keep the market going if otherwise there is a lack of confidence in the bank.

I do object to the way this bill is paid for. I believe that it was inappropriate. And unfortunately, people at the conference were not willing to consider a real pay-for, not even a real rollback in unexpended funds that would otherwise be available.

Mr. Speaker, this bill is done. We cannot look to what this will or won't do. We have to look to the future. Will we do a better job in data management, in transparency, in creating the tools that would allow the financial oversight board and the financial industry regulators to do the job the next time that they didn't do the last time?

Mr. Speaker, I do not have high confidence that it will be done. I have high confidence that this body will work together to produce a bill, send it to the other body, and try, try to get them to understand that data transparency is essential if we are not going to have another meltdown.

Mr. FRANK of Massachusetts. I yield 2 minutes to the gentleman from Florida (Mr. HASTINGS).

Mr. HASTINGS of Florida. Chairman FRANK, I first want to commend you on an extraordinary effort and your dedicated leadership in bringing this bill to the floor. I look forward to supporting this legislation.

Before that, however, I would like to clarify a few points as they pertain to the intent of the bill. It's my understanding that certain provisions which are intended to improve access to mainstream financial institutions are not intended to further limit access to credit and other financial services to the very consumers who are already underserved by traditional banking institutions.

As you know, each year over 20 million working American families with depository account relationships at federally insured financial institutions actively choose alternative sources and lenders to meet their emergency and short-term credit needs.

□ 1640

These alternative sources and lenders often offer convenient and less expensive products and services than the banks where these consumers have relationships.

Further, as the demands for short-term, small-dollar loans continues to increase as a result of the current economic environment, nontraditional lenders have filled the void left by mainstream financial institutions in many of our Nation's underbanked communities.

Mr. Chairman, I have a longer statement, and with your permission would skip to the clause that I think is particularly important and include my full statement in the RECORD in the interest of time.

Rather, I feel that the financial services should be well-balanced and carried out in a manner that encourages consumer choice, market competitions, and strong protections. It is my sincere hope that this legislation is designed to carefully and fairly police the financial services industry treating similar products in the short-term credit market equally while encouraging lending practices that are fair to consumers.

Is this the intent?

Mr. FRANK of Massachusetts. If the gentleman would yield, first, let me say that anybody who asks has my permission to skip any statement. That is an example I am going to try to follow myself sometimes.

Beyond that, I completely agree with the gentleman.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. I yield an additional 15 seconds to the gentleman.

Mr. HASTINGS of Florida. I yield to the chairman.

Mr. FRANK of Massachusetts. We do want to make sure it's an informed choice, and we're going to work on financial literacy. But, no, it is not our intention to deny anybody that choice.

Mr. HASTINGS of Florida. Thank you very much, Mr. Chairman, and I really commend you for your efforts to pass meaningful financial regulation reform in this Congress. I deeply thank you.

Mr. BACHUS. Mr. Speaker, at this time I yield 3 minutes to the gentleman from Texas (Mr. PAUL), the ranking member of the Domestic Monetary Policy Committee.

(Mr. PAUL asked and was given permission to revise and extend his remarks.)

Mr. PAUL. I thank the gentleman from Alabama for yielding.

Mr. Speaker, I rise in opposition to this piece of legislation. I'm afraid it is not going to do much to solve our problems. I know it's very well intended, and it's believed that more regulations will solve the problems; but, quite frankly, the problems that we're facing come from a deeply flawed monetary system.

I had made an attempt to emphasize this point by talking about a full audit of the Federal Reserve, and fortunately this House was strongly in support of this piece of legislation. There are 320 cosponsors of this bill. It passed rather easily on the Financial Services Committee, and then it was put into the House version of this reform package. But it was removed in conference.

Although there is some attention given to getting more information from the Fed, it truly doesn't serve as a full audit. If we don't eventually address the Federal Reserve in depth, we will never fully understand how financial bubbles are formed and why more regulations tend to fail. If the financial markets were pleased with what we're doing here today and the discussion of the last several weeks, they wouldn't be reeling as they are at this very moment.

So I would say that we should be very cautious in expanding the role of the regulatory agencies, which does not solve the problem. At the same time, giving more power to the Federal Reserve doesn't make much sense if the theory is right that the Federal Reserve is the source of much of our problems.

Now, some objected to the transparency bill of the Federal Reserve and said that that was too much information, that the Federal Reserve had to be totally independent. The Federal Reserve Transparency Act doesn't do anything about removing transparency. It doesn't change monetary policy. It just says that the American people and the Congress have a right to know what they do.

After the crisis hit, the Federal Reserve injected $1.7 trillion and guaranteed many more trillions of dollars, and it was very hard to get any information whatsoever. So an ongoing audit to find out exactly what they do and why they do it, I think, would be a first step to finding out the relationship of the Federal Reserve system to

the banking system and the financial community.

Transparency is something the American people have been asking for and they want. They didn't like the lack of transparency with the TARP funds; and once the American people found out about what goes on at the Fed, they want transparency of the Fed.

So fortunately today we will have a chance to vote on this because it will be in the recommittal motion, and it will give us a chance to put the language back in, the H.R. 1207, the Federal Reserve Transparency Act, a chance to audit the Fed. So this will be a perfect opportunity to emphasize the importance of the Fed and to say that we do need a full audit.

Mr. FRANK of Massachusetts. I yield 3½ minutes to the gentleman from Illinois (Mr. GUTIERREZ), who's the chairman of the Financial Institution Subcommittee and has done a great deal of work to improve our financial situation through this bill.

Mr. GUTIERREZ. Chairman FRANK, I want to commend you, first of all, for your hard work in getting this legislation through Congress and your dedication to reforming our financial system.

The legislation we have before us takes a multi-pronged approach to ending the problem of ''too big to fail'' by giving regulators the tools, only when it is necessary, to decrease the size of financial institutions, limit their risky behaviors, and wind down systemically significant firms if they threaten the health of our financial system.

The most direct way to end ''too big to fail'' is to stop firms from growing too big in the first place. To limit their size and complexity, this legislation would impose increasingly strict rules on capital levels and leverage ratios which would limit a firm's risky behavior and diminish its potential threat to the stability of our financial system. By implementing a strong Volcker rule and limiting proprietary trading by insured depository institutions, we minimize a bank's ability to use subsidized funds for risky trading practices.

Additionally, the Dodd-Frank bill will create a financial stability oversight council that will be able to force a company, as a last resort, to divest some of its holdings and shrink its size if the council determines it poses a risk to the stability of the financial system. It has tools.

The most important part of this legislation that will help to end ''too big to fail'' is the resolution authority we create to safely wind down a failed significant firm and to prevent any further bank bailouts. This legislation ends individual open-bank assistance. Let me repeat: this legislation ends individual open-bank assistance, meaning that if the resolution authority, the death panel, the burial panel, is applied to a bank, it will not be bailed out but allowed to safely fail and prevent containment from spreading to the markets. Let me repeat this: no more bailout. We have a funeral fund.

One thing I want to note, though, at every opportunity Democrats have insisted that banks, the financial institutions, not the taxpayers of America, pay for this resolution authority, and the Republicans have said ''no'' every single time. In both the House and the Senate, they refuse to support a prefunded funeral fund that would be paid for by the riskiest and biggest banks. No. The big bankers don't pay. Main Street has to pay.

Opposition from certain Republican Senators—and I won't mention their names—forced us to strip the bank assistance from the conference report just last night. Republicans have sided with big Wall Street banks at every opportunity. They even opposed an amendment in the conference to increase the FDIC insurance to help protect people's hard-earned deposits along with community banks and small businesses.

So let's be clear. Combine this refusal to guarantee that the banks pay to clean up any future messes that they make with open opposition to this legislation and it is obvious where the line has been drawn by Republicans. If it helps Wall Street banks, they favor it; but if it helps Main Street and regular Americans, they won't vote for it, and we don't think they will today.

Mr. Speaker, I won't hold my breath for any Republican support of this historic legislation. But I do urge all of our Members to support this vital bill.

Mr. BACHUS. I yield myself 15 seconds.

Mr. Speaker, I don't think you would go to a funeral home and lend the corpse money. So I don't know why you would lend money to a failing firm. You ought to just go ahead and put them in bankruptcy like we want to do.

Mr. Speaker, at this time I yield 3 minutes to the gentlelady from Illinois who's the chairman of the Financial Services Oversight Committee (Mrs. BIGGERT).

□ 1650

Mrs. BIGGERT. I thank the gentleman for yielding.

Mr. Speaker, I rise in opposition to this conference report and the bill.

In the fall of 2008, our entire financial system and economy were on the verge of collapse. The $750 billion TARP program was hastily proposed. I, for one, would never have backed it were it not for the taxpayer protections—a promise that the taxpayers would be repaid.

This bill flat out breaks that promise to taxpayers. It siphons away unspent money from the TARP program. Instead of returning it to the taxpayers or instead of paying down our $13 trillion debt as promised, it uses the money to pay for new Federal spending.

Contrary to my colleagues' rhetoric, this bill makes bailouts permanent. Look at section 210N(5) and section 210N(6). These provisions authorize bureaucrats to bail out the six largest too-big-to-fail Wall Street firms to the tune of $8 trillion. What you have is taxpayers footing the bill to pay for failed Wall Street firms. That is a bailout.

My colleagues on the other side of the aisle claim that this bill requires that taxpayers be paid back. Yet how in heaven's name can taxpayers believe that when this very bill breaks the earlier promise that taxpayers would be paid back for TARP?

This bill also fails to reform Fannie Mae and Freddie Mac, the two mortgage giants at the center of the housing crisis. Taxpayers have bailed Fannie and Freddie out to the tune of $150 billion and billions more to come, but this bill doesn't reform them. It merely calls for a study, and it fails to include as part of our Federal budget the trillions in liabilities taxpayers now face because the Federal Government owns and operates both Fannie and Freddie.

Finally, let's not forget our hidden costs in this bill. Our Midwest manufacturers had nothing to do with the housing crisis or with the financial meltdown. Yet this bill requires them to divert trillions of dollars of working capital to pay for financial transactions, which may stifle job growth and raise the cost of commodities for American families.

What is the cost to small businesses? It is job growth. According to the U.S. Chamber of Commerce, it is taxpayers, small businesses and consumers as they pick up the tab for new Federal bureaucrats, 355 new rules, 47 studies, and 74 reports.

In the name of financial reform, we must not stifle job creation by saddling our small businesses and manufacturers with additional burdens. We need to get financial reform right so that innovators and entrepreneurs can secure credit and can expand and create desperately needed jobs. We need to get reform right, but this bill doesn't pass the test.

I urge my colleagues to oppose this conference report and bill.

Mr. FRANK of Massachusetts. I yield 1½ minutes to a very diligent member of our committee who has fought hard for the manufacturing interests of this country, the gentleman from Michigan (Mr. PETERS).

Mr. PETERS. I thank the chairman for yielding.

Mr. Speaker, the Dodd-Frank Wall Street Reform bill is an historic piece of legislation that will protect consumers, reduce the risk of future economic failures, and provide for the increased oversight of our entire financial system. However, it also strives to protect job-creating Main Street businesses.

For example, this legislation will, for the first time, bring transparency and oversight to the currently unregulated $600 trillion derivatives market. However, because commercial end users, who are those who use derivatives to hedge legitimate business risks, do not

pose systemic risk and because they solely use these contracts as a way to provide consumers with lower cost goods, they are exempted from clearing and margin requirements.

I offered an amendment that would permanently extend the end user exemptions for clearing and margin to certain captive finance companies that use swaps to hedge their interest rate and foreign currency risks arising from their financing activities. The amendment was narrowly tailored to ensure that a captive finance company can only qualify for the exemption if 90 percent of its business derives from financing the sale or lease of its parent company's manufactured goods.

There is another provision of this bill which provides a 2-year transition period for affiliates.

I would like to yield to Chairman FRANK so he can clarify that what these two provisions do is provide a limited exemption from clearing and margin requirements for qualifying captive finance companies and a 2-year transition period for all other captives that would not qualify for the limited exemption created by the Peters amendment.

Mr. FRANK of Massachusetts. If the gentleman would yield, the answer is absolutely. He has crafted this very well with our cooperation, and he has stated this completely accurately.

Mr. BACHUS. Mr. Speaker, I yield 7 minutes to the gentleman from Oklahoma (Mr. LUCAS), who is the ranking member of the Agriculture Committee, to then yield time to his members.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Without objection, the gentleman from Oklahoma will control 7 minutes.

There was no objection.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 13 minutes of my time to the gentleman from Minnesota (Mr. PETERSON), the chairman of the Agriculture Committee, our co-conferee, and ask unanimous consent that he control that time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Minnesota.

Mr. PETERSON. I thank the gentleman for yielding.

Mr. Speaker, I rise today in support of the conference report on H.R. 4173, The Wall Street Reform and Consumer Protection Act.

I want to start by thanking Chairman FRANK, who has demonstrated his great policymaking skills and leadership on this important issue.

The staffs of both the House Agriculture Committee and the Financial Services Committee have worked closely on this legislation for the past year, and it is thanks to our efforts that we have a conference committee report for us today.

One of the bill's key components is title VII, which brings greater transparency and accountability to derivative markets. When the House considered financial reform in December, derivatives were one area in which we had strong bipartisan support. The House produced a very good product. The Senate's efforts on derivatives went in a very different direction. As with any legislation with such stark differences, compromises had to be made.

This comprehensive legislation represents a middle ground between the House and Senate products. While no one got everything they wanted in this bill, I think we got a bill that will help prevent another crisis in the financial markets like the one we experienced in 2008.

The House Agriculture Committee started looking at some of the issues addressed in this legislation even before evidence of the financial crisis started to appear. I am pleased that the conference report contains many of the provisions the House Ag Committee endorsed over the course of passing three bills on this topic. Let me briefly talk about some of those provisions.

Our in-depth review of derivative markets began when we experienced significant price volatility in energy futures markets due to excessive speculation—first with natural gas and then with crude oil. We all remember when we had $147 oil. The Ag Committee examined the influx of new traders in these markets, including hedge funds and index funds, and we looked at the relationship between what was occurring on regulated markets and the even larger unregulated over-the-counter market. This conference report includes the tools we authorized and the direction to the CFTC to mitigate outrageous price spikes we saw 2 years ago.

The House Agriculture Committee also spent a great deal of time considering the role of derivatives in the collapse of the financial markets and debating different approaches to regulating these financial tools.

In the end, it was the Agriculture Committee, on a bipartisan basis, that embraced mandatory clearing well before the idea became popular. Clearing is not only a means to bring greater transparency to the derivative markets, but it also should reduce the risk that was prevalent throughout the over-the-counter market. The conference report closely follows the House approach to mandatory clearing.

In crafting the House bill and the conference report, we focused on creating a regulatory approach that permits the so-called end users to continue using derivatives to hedge risks associated with their underlying businesses, whether it is energy exploration, manufacturing, or commercial activities. End users did not cause the financial crisis of 2008. They were actually the victims of it.

Now, that has been of some concern and, frankly, a misinterpretation of the conference report's language regarding capital and margin requirements by some who want to portray these requirements as applying to end users of derivatives. This is patently false.

The section in question governs the regulation of major swap participants and swap dealers, and its provisions apply only to major swap participants and swap dealers. Nowhere in this section do we give regulators any authority to impose capital and margin requirements on end users. What is going on here is that the Wall Street firms want to get out of the margin requirements, and they are playing on the fears of the end users in order to obtain exemptions for themselves.

□ 1700

One of the sources of financial instability in 2008 was that derivative traders like AIG did not have the resources to back up their transactions. If we don't require these major swap participants and swap dealers to put more backing behind their swap deals, we will only perpetuate this instability. That is not good for these markets, and it is certainly not good for end users.

I am confident that after passing this conference report we can go home to our constituents and say that we have cracked down on Wall Street and the too-big-to-fail firms that caused the financial crisis.

With that, I urge my colleagues to support the passage of this conference report.

I reserve the balance of my time.

Mr. LUCAS. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I rise in opposition to this job-killing conference report. At a time when Congress should be focused on economic expansion, the majority brings us this conference report, which will kill jobs and make financial transactions more expensive.

Last December, this Chamber supported a bipartisan effort to bring transparency and regulation to the over-the-counter derivatives market while allowing for the management of legitimate risk. It recognized that mom-and-pop shops on Main Street were not the villains behind the economic collapse. They did not cause the financial crisis and should not be treated as if they did.

The derivatives title this Chamber passed reflected the need for commercial end users to lay off risk so they could offer their products at reasonable and stable prices. Unfortunately, the Senate decided that only some industries, only some, were worthy of inexpensive risk mitigation.

Despite the overwhelming bipartisan support our derivatives language enjoyed, during a meeting in the dark of night our bipartisan language was stripped out. A title that we passed by voice vote was only going to survive if offered as an amendment. So that is

what my good friend from New Jersey (Mr. GARRETT) and I did. As the conferees from this Chamber, we defended the House position. Unfortunately, at dawn last Friday, our amendment was defeated on a party-line vote, stripping away the only remaining protection for end users. American small businesses were told by the majority they would be regulated as though they were Wall Street.

A report released yesterday believes the language change by the majority could cost U.S. companies $1 trillion in capital and liquidity requirements. This isn't money to pay lavish bonuses; this is money to pay salaries, fund research and development, and pay construction loans.

Further analysis of this language concludes that $400 billion would be needed for collateral for businesses to post with dealer counterparts to cover the exposure of their existing over-the-counter derivatives. It is estimated that another $370 billion represents the additional credit capacity that companies could need to cover future risk.

Despite the majority's voracious appetite for spending, these are enormous dollar amounts. Rural America doesn't have the option of waiving phony PAYGO requirements. These costs are real and the ability to pay them does not exist. Business will now have to cut spending, which, simply put, means job losses or hold on at its very own risk, thereby further concentrating risk.

You know, once upon a time this bill was supposed to avoid risk concentration. That was once upon a time.

Mr. Speaker, I reserve the balance of my time.

Mr. PETERSON. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. HOLDEN).

Mr. HOLDEN. I thank the chairman for yielding.

I rise today in support of H.R. 4173.

I serve as chairman of the House Agriculture Subcommittee on Conservation, Credit, Energy, and Research. As such, we have jurisdiction over the institutions of the Farm Credit System that serve agriculture as well as rural communities across the country.

Over 20 years ago, the Agriculture Committee put in place a revised legislative and regulatory regime for the Farm Credit System that has successfully stood the test of time in ensuring that these institutions operate safe and sound.

Farm Credit System institutions are regulated and examined by a fully empowered independent regulatory agency, the Farm Credit Administration, which has the authority to shut down and liquidate a system institution that is not financially viable. In addition, the Farm Credit System is the only GSE that has a self-funded insurance program in place that was established to not only protect investors in farm credit debt securities against loss of their principal and interest, but also to protect taxpayers.

These are just a few of the reasons why the Agriculture Committee insisted that the institutions of the Farm Credit System not be subject to a number of the provisions of this legislation. They were not the cause of the problem, did not utilize TARP funds, and did not engage in abusive subprime lending. We have believed that this legislation should not do anything to disrupt this record of success.

Mr. Speaker, I now would like to enter into a colloquy with the chairman of the Agriculture Committee.

Mr. Chairman, the conference report includes compromise language that requires the Commodity Futures Trading Commission to consider exempting small banks, Farm Credit System institutions and credit unions from provisions requiring that all swaps be cleared. We understand that community banks, Farm Credit institutions and credit unions did not cause the financial crisis that precipitated this legislation. While the legislation places a special emphasis on institutions with less than $10 billion in assets, my reading of the language is that they should not in any way be viewed by the Commodity Futures Trading Commission as a limit on the size of the institution that should be considered for an exemption.

Mr. Chairman, would you concur with this assessment?

Mr. PETERSON. Yes, I fully agree. The language says that institutions to be considered for the exemption shall include those with $10 billion or less in assets. It is not a firm standard. Some firms with larger assets could qualify, while some with smaller assets may not. The regulators will have maximum flexibility when looking at the risk portfolio of these institutions for consideration of an exemption.

Mr. HOLDEN. I thank the chairman.

Mr. LUCAS. Mr. Chairman, I now yield 2 minutes to the gentleman from Texas (Mr. NEUGEBAUER), who is a very significant participant on both the Financial Services Committee and the Agriculture Committee.

Mr. NEUGEBAUER. Mr. Speaker, I rise in strong opposition to this conference report. Financial regulatory reform is needed, but this 2,300 page bill is the wrong solution for the taxpayers, and it won't help build strong capital markets needed to fuel growth and new jobs for our country.

If you liked the bailouts of the last few years, you are going to love this new financial bill. If you are a consumer who wants fewer choices, higher costs of credit and new fees, this bill has some great deals for you.

This bill will vastly expand the powers of the government regulators. Those are the same regulators who fell short of the job the first time around, and now they are asking us to trust them and they tell us that the outcome will be different next time. But the outcome won't be different, because this bill sets up a permanent bailout regime that puts the government in charge of picking winners and losers.

Under this bill, if the government says to your company it is too big and too important to fail, your company gets an implied backing and serious advantages over its competitors, especially your smallest competitors. If the government determines a company should be shut down, the government gets to decide how everyone that does business with that company is treated, ignoring the rule of law, just like they did with AIG and the automobile companies behind closed doors.

And if those problems weren't serious enough, now the majority is playing fast and footloose with the taxpayers. In a move that could only make Bernie Madoff and Enron proud, the majority is now taking the unused and paid-back TARP funds that were supposed to pay down the national debt and double-counting the deposit insurance premiums to pay for the $19 billion cost of this bill.

American families can't double-count their income from their paychecks. What kind of accounting is Congress using that will let us double-count the money?

Mr. Speaker, bills sometimes have good titles but they don't accomplish what they are supposed to do. There is no real financial reform in this bill. I wish there was. I want to vote for real financial reform. But the big losers here are the American people. They stay at risk. Their choices are going to be limited, because now we are going to have a new credit czar determine what kind of financial products that the American people get to look at.

If you want real reform, vote against this bill.

□ 1710

Mr. PETERSON. Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa (Mr. BOSWELL).

Mr. BOSWELL. Mr. Speaker, I would like to engage the chairman in a colloquy.

I would like to briefly clarify an important point with the chairman regarding the intention of one of the exclusions from the definition of ''swap.'' The exclusion from the definition of swap for ''any sale of a nonfinancial commodity or security for deferred shipment or delivery, so long as the transaction is intended to be physically settled,'' is intended to be consistent with the forward contract exclusion that is currently in the Commodity Exchange Act and CFTC's established policy on this subject. Physical commodity transactions should not be regulated as swaps as that term is defined in this legislation. This is true even if commercial parties agree to ''book-out'' their delivery obligations under a forward contract.

For those who may not be familiar with terminology used in the trade, a book-out is a second agreement between two commercial parties to a forward contract who find themselves in a delivery chain or circle at the same delivery point. They can agree to settle

their delivery obligations by exchanging a net payment if there has been some change arising since the initial forward contract was entered into. Simply put, book-outs reduce transaction costs, and that saves consumers money.

Can the chairman clarify this for me? I yield to the chairman.

Mr. PETERSON. The gentleman is correct. My interpretation of the exclusionary provision from the definition of swap that he mentioned is that the exclusion would apply to transactions in which the parties' delivery obligations are booked-out, as the gentleman described. The fact that the parties may subsequently agree to settle their obligations with a payment based on a price difference through a book-out does not turn a forward contract into a swap.

Excluding physical forward contracts, including book-outs, is consistent with the CFTC's longstanding view that physical forward contracts in which the parties later agree to book-out their delivery obligations for commercial convenience are excluded from its jurisdiction. Nothing in this legislation changes that result with respect to commercial forward contracts.

Mr. BOSWELL. I thank the chairman for the clarification.

Mr. PETERSON. I thank the gentleman.

I encourage people to support the conference report.

I have no further requests for time, and I yield back the balance of my time.

Mr. LUCAS. Mr. Speaker, I yield the remaining 2 minutes to the ranking member on the Small Business Administration Committee and a very valued member of the Agriculture Committee, the gentleman from Missouri (Mr. GRAVES).

Mr. GRAVES of Missouri. Mr. Speaker, everyone agrees it's critical to restructure the regulatory oversight of our Nation's financial sector to help prevent future crises. Unfortunately, not only does this conference report fail to achieve this most basic goal, it also creates harmful new hurdles for small businesses. As ranking member of the House Small Business Committee, I cannot support this legislation.

Some of my colleagues are quick to state publicly that small businesses are going to bring us out of this economic downturn, yet they turn their backs on small firms and promote policies that severely hinder their growth. Through this legislation, Congress is once again ignoring the voice of the entrepreneur.

The conference report includes a massive new government bureaucracy that supporters claim will protect consumers from overzealous sellers of credit. However, the breadth of the rulemaking authority is astounding and will likely affect millions of credit transactions between small businesses and their customers. Even if the new agency only controls credit offered by regulated financial institutions, the additional burdens will raise the cost of credit for small businesses.

Of further concern is the language in the current bill that makes commercial end users who hedge their exposure to risk susceptible to unnecessary margin requirements through the use of cash collateral. Forcing sophisticated end users to increase capital set-asides to cover margins will ultimately raise the cost of products purchased by small businesses. Given the state of the economy, raising the costs on small businesses is one of the worst things that can be done.

The adverse long-term consequences of this legislation is nothing short of startling. At a time when American small businesses need it most, this bill may seriously restrict their access to capital. Additionally, this legislation will negatively affect small business investment companies from allowing regulators to decide whether these institutions can obtain capital from banks.

In closing, I strongly urge my colleagues to join me in opposing this ill-conceived conference report. If Congress expects small businesses to help turn around the economy, we have got to focus on developing legislation that helps them do just that.

Mr. BACHUS. Mr. Speaker, can I inquire as to the time left on both sides?

The SPEAKER pro tempore. The gentleman from Alabama has 21¼ minutes remaining. The gentleman from Massachusetts has 11 minutes remaining.

Mr. BACHUS. At this time I yield 2 minutes to the gentleman from New Jersey (Mr. GARRETT), who is the ranking member of the Capital Markets Subcommittee.

Mr. GARRETT of New Jersey. I rise in opposition to this job-killing continuation of a bailout bill. Earlier, Chairman FRANK said he was astonished by our interpretation this is a bailout bill. Well, what is even more astonishing is the fact that this is the same chairman who was here last session leading the efforts in our last bailout bill. And here he is, once again, leading the effort on this bill for a continuation of bailout. What is perhaps even more astonishing than that is that here he stands as the author of the bill, with the 2,300 pages in front of him, holding up and actually reading the bill, and he fails to see that this underlying piece of legislation continues to bail out creditors at the expense of U.S. taxpayers.

Just as we saw with the situation of AIG, where the creditors on Wall Street and the creditors over in China and such areas as that were bailed out at a hundred percent, we see the same thing possibly going forward here in this legislation as well. Perhaps that explains to us all why Wall Street is applauding this bill—because they know that they will continue to see the bailouts that they saw in the past. So it is astonishing to see that we're repeating history.

Now, I know the chairman will say, Well, this is not going to happen because there is the opportunity for receivership. But the chairman well knows if he looks into the bill that that receivership is not for a day or two—it's for a year or 2 or 3 or 4 or 5 years that we can continue to see American taxpayers putting out their money to bail out these failed, risky institutions.

It seems that at every turn the Democrats who wrote this bill chose to endow the same failed regulators who failed to foresee the last crisis with more and more power. At every single turn the Democrats chose more government bureaucracy and more government outreach into our economy. And at every turn the Democrats threw up policies that will kill jobs and restrict credit.

Now, on the one hand, this isn't surprising. We've seen this all before, when you think about it, whether it was in the area of cap-and-trade or in health care proposals, among others we saw before.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. BACHUS. Mr. Speaker, I yield the gentleman 1½ additional minutes.

Mr. GARRETT of New Jersey. On the other hand, it is disappointing when you consider the history of the failed efforts in the area of health care or the failed efforts on the other side in the area of cap-and-tax that they haven't learned by now from their past mistakes. Think about it for a moment. Think about what we hear when we go back to our districts. That the American people are delivering a strong message to those of us in Washington willing to listen, a message saying that they do not want a continuation, Mr. Speaker, of the failed policies that you brought to the floor in the past with your bailouts of Wall Street. The American people say that they do not want to be on the hook for the tens—no—the hundreds of billions of dollars to bail out institutions on Wall Street that made bad risks. They want it to end now. And they want to end it today. They want less failed government overage into their lives and into the economy. They do not want institutions yet again created that can look at every single transaction that they make, whether it's at the ATM that the government can now look down into those transactions, whether it's opening up a credit card account someplace that the Federal Government can now look into those transactions, whether it's any transaction whatsoever that you or I make or anyone listening to this speech tonight will be able to make, because bureaucrats, unelected, unaccountable bureaucrats, will be able to look into those transactions.

They want less failed government overage into their lives. They want less intrusions into the economy. What, you ask them, do they want? They simply want more opportunities—opportunities to work and to provide for their

families. And they want those opportunities without pushing our country into greater debt. Unfortunately, this bill fails on all accounts.

□ 1720

Mr. FRANK of Massachusetts. I yield 1 minute to my colleague, the gentleman from Minnesota (Mr. PETERSON), the chairman of the Agriculture Committee.

Mr. PETERSON. Mr. Speaker, I would like to enter into the RECORD a letter that Chairman FRANK and I received from Chairmen LINCOLN and DODD on the treatment of end users under the derivatives title of the bill. As the letter makes clear, we have given the regulators no authority to impose margin requirements on anyone who is not a swap dealer or a major swap participant.

While the regulators do have authority over the dealer or MSP side of a transaction, we expect the level of margin required will be minimal, in keeping with the greater capital that such dealers and MSPs will be required to hold. That margin will be important, however, to ensure that the dealer or major stock participant will be capable of meeting their obligations to the end users. We need to make sure that they have that backing.

I would also note that few, if any, end users will be major swap participants, as we have excluded ''positions held for hedging or mitigating commercial risk'' from being considered as a ''substantial position'' under that definition.

I would ask Chairman FRANK whether he concurs with my view of the bill.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. I yield the gentleman 15 additional seconds.

And the gentleman is absolutely right. We do differentiate between end users and others. The marginal requirements are not on end users. They are only on the financial and major swap participants. And they are permissive. They are not mandatory, and they are going to be done, I think, with an appropriate touch.

U.S. SENATE,
Washington, DC, June 30, 2010.

Hon. Chairman BARNEY FRANK,
Financial Services Committee, House of Representatives, Rayburn House Office Building, Washington, DC.

Hon. Chairman COLLIN PETERSON,
Committee on Agriculture, House of Representatives, Longworth House Office Building, Washington, DC.

DEAR CHAIRMEN FRANK AND PETERSON: Whether swaps are used by an airline hedging its fuel costs or a global manufacturing company hedging interest rate risk, derivatives are an important tool businesses use to manage costs and market volatility. This legislation will preserve that tool. Regulators, namely the Commodity Futures Trading Commission (CFTC), the Securities and Exchange Commission (SEC), and the prudential regulators, must not make hedging so costly it becomes prohibitively expensive for end users to manage their risk. This letter seeks to provide some additional background on legislative intent on some, but not all, of the various sections of Title VII of H.R. 4173, the Dodd-Frank Act.

The legislation does not authorize the regulators to impose margin on end users, those exempt entities that use swaps to hedge or mitigate commercial risk. If regulators raise the costs of end user transactions, they may create more risk. It is imperative that the regulators do not unnecessarily divert working capital from our economy into margin accounts, in a way that would discourage hedging by end users or impair economic growth.

Again, Congress clearly stated in this bill that the margin and capital requirements are not to be imposed on end users, nor can the regulators require clearing for end user trades. Regulators are charged with establishing rules for the capital requirements, as well as the margin requirements for all uncleared trades, but rules may not be set in a way that requires the imposition of margin requirements on the end user side of a lawful transaction. In cases where a Swap Dealer enters into an uncleared swap with an end user, margin on the dealer side of the transaction should reflect the counterparty risk of the transaction. Congress strongly encourages regulators to establish margin requirements for such swaps or security-based swaps in a manner that is consistent with the Congressional intent to protect end users from burdensome costs.

In harmonizing the different approaches taken by the House and Senate in their respective derivatives titles, a number of provisions were deleted by the Conference Committee to avoid redundancy and to streamline the regulatory framework. However, a consistent Congressional directive throughout all drafts of this legislation, and in Congressional debate, has been to protect end users from burdensome costs associated with margin requirements and mandatory clearing. Accordingly, changes made in Conference to the section of the bill regulating capital and margin requirements for Swap Dealers and Major Swap Participants should not be construed as changing this important Congressional interest in protecting end users. In fact, the House offer amending the capital and margin provisions of Sections 731 and 764 expressly stated that the strike to the base text was made ''to eliminate redundancy.'' Capital and margin standards should be set to mitigate risk in our financial system, not punish those who are trying to hedge their own commercial risk.

Congress recognized that the individualized credit arrangements worked out between counterparties in a bilateral transaction can be important components of business risk management. That is why Congress specifically mandates that regulators permit the use of non-cash collateral for counterparty arrangements with Swap Dealers and Major Swap Participants to permit flexibility. Mitigating risk is one of the most important reasons for passing this legislation.

Congress determined that clearing is at the heart of reform—bringing transactions and counterparties into a robust, conservative and transparent risk management framework. Congress also acknowledged that clearing may not be suitable for every transaction or every counterparty. End users who hedge their risks may find it challenging to use a standard derivative contracts to exactly match up their risks with counterparties willing to purchase their specific exposures. Standardized derivative contracts may not be suitable for every transaction. Congress recognized that imposing the clearing and exchange trading requirement on commercial end-users could raise transaction costs where there is a substantial public interest in keeping such costs low (i.e., to provide consumers with stable, low prices, promote investment, and create jobs.)

Congress recognized this concern and created a robust end user clearing exemption for those entities that are using the swaps market to hedge or mitigate commercial risk. These entities could be anything ranging from car companies to airlines or energy companies who produce and distribute power to farm machinery manufacturers. They also include captive finance affiliates, finance arms that are hedging in support of manufacturing or other commercial companies. The end user exemption also may apply to our smaller financial entities—credit unions, community banks, and farm credit institutions. These entities did not get us into this crisis and should not be punished for Wall Street's excesses. They help to finance jobs and provide lending for communities all across this nation. That is why Congress provided regulators the authority to exempt these institutions.

This is also why we narrowed the scope of the Swap Dealer and Major Swap Participant definitions. We should not inadvertently pull in entities that are appropriately managing their risk. In implementing the Swap Dealer and Major Swap Participant provisions, Congress expects the regulators to maintain through rulemaking that the definition of Major Swap Participant does not capture companies simply because they use swaps to hedge risk in their ordinary course of business. Congress does not intend to regulate end-users as Major Swap Participants or Swap Dealers just because they use swaps to hedge or manage the commercial risks associated with their business. For example, the Major Swap Participant and Swap Dealer definitions are not intended to include an electric or gas utility that purchases commodities that are used either as a source of fuel to produce electricity or to supply gas to retail customers and that uses swaps to hedge or manage the commercial risks associated with its business. Congress incorporated a de minimis exception to the Swap Dealer definition to ensure that smaller institutions that are responsibly managing their commercial risk are not inadvertently pulled into additional regulation.

Just as Congress has heard the end user community, regulators must carefully take into consideration the impact of regulation and capital and margin on these entities.

It is also imperative that regulators do not assume that all over-the-counter transactions share the same risk profile. While uncleared swaps should be looked at closely, regulators must carefully analyze the risk associated with cleared and uncleared swaps and apply that analysis when setting capital standards for Swap Dealers and Major Swap Participants. As regulators set capital and margin standards on Swap Dealers or Major Swap Participants, they must set the appropriate standards relative to the risks associated with trading. Regulators must carefully consider the potential burdens that Swap Dealers and Major Swap Participants may impose on end user counterparties—especially if those requirements will discourage the use of swaps by end users or harm economic growth. Regulators should seek to impose margins to the extent they are necessary to ensure the safety and soundness of the Swap Dealers and Major Swap Participants.

Congress determined that end users must be empowered in their counterparty relationships, especially relationships with swap dealers. This is why Congress explicitly gave to end users the option to clear swaps contracts, the option to choose their clearinghouse or clearing agency, and the option to segregate margin with an independent 3rd party custodian.

In implementing the derivatives title, Congress encourages the CFTC to clarify through rulemaking that the exclusion from the definition of swap for ''any sale of a nonfinancial commodity or security for deferred shipment or delivery, so long as the transaction is intended to be physically settled'' is intended to be consistent with the forward contract exclusion that is currently in the Commodity Exchange Act and the CFTC's established policy and orders on this subject, including situations where commercial parties agree to ''book-out'' their physical delivery obligations under a forward contract.

Congress recognized that the capital and margin requirements in this bill could have an impact on swaps contracts currently in existence. For this reason, we provided legal certainty to those contracts currently in existence, providing that no contract could be terminated, renegotiated, modified, amended, or supplemented (unless otherwise specified in the contract) based on the implementation of any requirement in this Act, including requirements on Swap Dealers and Major Swap Participants. It is imperative that we provide certainty to these existing contracts for the sake of our economy and financial system.

Regulators must carefully follow Congressional intent in implementing this bill. While Congress may not have the expertise to set specific standards, we have laid out our criteria and guidelines for implementing reform. It is imperative that these standards are not punitive to the end users, that we encourage the management of commercial risk, and that we build a strong but responsive framework for regulating the derivatives market.

Sincerely,

Chairman CHRISTOPHER DODD,
Senate Committee on Banking, Housing, and Urban Affairs, U.S. Senate.

Chairman BLANCHE LINCOLN,
Senate Committee on Agriculture, Nutrition, and Forestry, U.S. Senate.

Mr. BACHUS. At this time I yield 4 minutes to the gentleman from California (Mr. ROYCE), a senior member of the committee.

Mr. ROYCE. Mr. Speaker, yesterday a small community banker in Ohio by the name of Sarah Wallace wrote a letter. She wrote about what she believed will be the end of community banking as we know it. And Sarah Wallace notes, in her words: ''Going forward, we will no longer be able to evaluate loan applications based solely on the creditworthiness of the borrower. We will be making regulation compliance decisions instead of credit decisions.''

And this gets to the heart of the issue with the underlying legislation that we're discussing. Despite the fact that every failed financial firm had some type of Federal regulator overseeing it, the answer put forward in this bill is to give broad, largely undefined powers to those regulators and not, by the way, in the interest of safety and soundness. If the objective was safety and soundness, the amendment that I put forward to allow the safety and soundness regulator to overrule the Consumer Financial Protection Bureau in cases where safety and soundness was at stake, that would have been upheld. No, that's not the goal here.

And to get back to the point that Sarah Wallace makes, her observation is that instead of focusing on providing credit and providing the best possible service to the customers in these small towns that need that credit, these institutions will instead focus their efforts on appeasing the Federal Government and on appeasing their allies in Congress.

Well, why should that give us concern? It should worry us because whether it is striving toward another altruistic goal, such as Congress' interest in subsidizing housing—and by the way, that's what happened during the housing crisis—or whether it's funneling cash into friendly community activist organizations, like ACORN, the fact is, the closer big government gets to business, the more likely these favors will become the rule instead of the exception.

What I don't like about this is the political pull that comes out of it. What I don't like about it is the market discipline being replaced. And I think on a massive scale, this bill replaces objectivity with subjectivity. It replaces the market discipline on Main Street with political pull in Washington, and regulators will now decide which firms will be treated differently and, therefore, moved through the resolution process and which firms should be left to the bankruptcy courts.

Why would we care about that in terms of these big firms having this ability now to have this alternative means of resolution? Well, once in the resolution process, the government will have the authority to provide a 100 percent bailout to whichever creditor it favors while imposing severe losses on other institutions who bought the exact same bonds. Should we be concerned about abuse in this respect? I think so, because this type of bureaucratic discretion has led to abuse in the past.

We have already seen that abuse in the Obama administration's handling of the Chrysler bankruptcy last year. Secured creditors, typically entitled to first priority payment under the absolute priority rule, ended up receiving less than the union allies of the administration who held junior creditor claims. The fact that the regulatory reform approach injects politics into the process ensures this kind of favoritism in the future.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 1 minute to the gentleman from Maryland (Mr. HOYER), the majority leader.

Mr. HOYER. I thank the chairman for yielding, and I congratulate the chairman for the extraordinary work he has done. I thank Mr. BACHUS too, who is, I think, one of the really responsible leaders in the minority in terms of issues of substance. And when there are differences, they are honest differences.

Mr. Speaker, I come to the floor, and when I do, I hear portions of the debate, sometimes not all of the debate. I want to make an observation, though. I listened to the gentleman from New Jersey, and he remarked on what the people were saying. And I think that, frankly, his remarks reflected the difference in the perspective between the two parties.

Indeed, that perspective has been reflected in my three decades here, under Mr. Reagan and others who have served as President and lastly with Mr. Bush, Mr. Obama's immediate predecessor. And that perspective was, if the regulators would simply get out of the way, things would be fine. Mr. ROYCE indicates that the market will take care of things. ''The market will discipline itself,'' he said. Phil Gramm said that with respect to the derivatives.

Unfortunately, I voted for that bill that Mr. Gramm was for. I made a mistake. Brooksley Born was correct. The market did not discipline itself. In fact, the market took extraordinarily irresponsible steps. What I hear, I tell my friend from New Jersey, the people saying is, Don't let the big guys trample on us. Don't let the big guys put us at great risk. Don't let the big guys make decisions that they take the risk and we take the loss. That's what I hear the people saying, and that's what I think this bill is designed to respond to.

This week Mr. BOEHNER compared reforming Wall Street to killing an ant with a nuclear weapon. Well, that may sound colorful, but this is the greatest economic crisis that any of us—I'm looking around on this floor—have experienced in our lifetimes. And I am closer to experiencing the last one than any of you, I think, on the floor are. But none of us, even at my advanced age, were alive during the Great Depression. So this is the first time that we have experienced such a deep, deep recession.

But I will tell you, the 8 million Americans whose jobs it took away think it was a mighty big ant that squashed them and their families, or the millions more who saw their savings devastated or the families in every one of our districts who have lost their homes. They're thinking to themselves, Mr. BOEHNER, that was a mighty big ant that came my way. And not to more than half of the Nation's working adults who report that they have been pushed by the recession into ''unemployment, pay cuts, reduced hours at work or part-time jobs,'' according to a Pew Research Center Survey reported in today's Washington Post.

□ 1730

Now, some of you may think that was an ant that walked through here, but some think it was a pretty big elephant. It squashed them and hurt them.

I don't mean an elephant in the symbol of your party, a respected animal with a long memory.

But we have differences, and the differences are, as I've said before, that you perceive regulation as harmful.

My analogy is, if you take the referee off the football field, I guarantee the split end's going to leave early. He's going to try to get an advantage. And I guarantee the little guys on the field are going to get trampled on by the big guys because there's no referee to say, Time out. You broke the rules.

This bill is about putting the referee back on the field and saying, Obey the rules. Do not trample on the little people. Don't take risks that you will expect them to pay for.

More than half, Mr. Speaker, of today's families have been affected. There is no way to overstate what happened to them, and there is no mistaking the cause of the crisis: The Wall Street culture of reckless gambling, and a culture of regulatory neglect that the last administration wants to perpetuate it, and some want to return to.

I simply think that would be a mistake. I tell my friend from New Jersey, the people I talk to think it would be a mistake as well. They don't like what's happened. They don't want it to happen again, and this is an effort to make sure that's the case.

Never again. Never again should Wall Street greed bring such suffering to our country. And never again should Washington stand by as that greed manifests itself as irresponsible risk taking where a few share the profits, but Main Street bears the brunt of Wall Street's lost bets.

Now, let me say that I voted for that bill—I was wrong—the Gramm bill that said Brooksley Born was wrong, we didn't need to regulate derivatives. And by the way, there were a number of Democrat leaders who said that as well, that we didn't need to, and Mr. Greenspan said it as well. He's admitted he made a mistake, and he was distressed by that mistake.

Now, we can't erase that crisis, but we can work to rebuild what we lost. As Democrats have done every time, we've supported job creation, from the Recovery Act to ''Cash for Clunkers'' to the HIRE Act to the additional tax relief for small businesses, that's, frankly, been obstructed by the minority party in the other body who have made a high-stakes political bet on recovery's failure. That would be a shame.

We can also, just as any responsible family would, ensure ourselves against a repeat crisis and protect America's jobs from another devastating collapse. The Wall Street Reform and Consumer Protection Act, which Mr. FRANK and Mr. DODD have led to this point, means an end to the irresponsible practices of the big banks.

And I want to say the community banks, which I think Mr. ROYCE referred to, he's absolutely right. They were not the problem, none of our community banks. They, frankly, cared that people could pay their money back, and they were careful in giving loans and careful in making sure that people to whom they gave loans could pay them back.

It was those who securitized them, that put them in these big, fancy documents, that didn't care whether they could pay them back because, for the most part, they made their money on the transaction, not on the long-term responsibility of the debtor.

I'm happy that among our financial institutions there are responsible actors who appreciate effective oversight and understand that it stimulates investment, enterprise, entrepreneurship, and job creation. Why? Because people can trust the system because they know the referee is on the field watching, and they know, therefore, the game will be honest.

No bill, of course, can create an economy without risk, nor should it. But this bill will bring accountability to Wall Street and Washington, protect and empower consumers, forestall future financial meltdowns, and prevent taxpayer money from being put on the line again to bail out Wall Street excess.

I want to say to my friend who mentioned that we bailed out Wall Street, how quickly you forget that it was President Bush and Secretary Paulson and Ben Bernanke, appointed as Chair of the Federal Reserve by President Bush, that asked for that bill; and that your leadership, for the most part, supported and urged its adoption. So, with all due respect, it was President Bush's administration that asked for that bailout, not Democrats.

What Democrats did, when they said there was a crisis, acted in a bipartisan way to respond to that crisis. And, very frankly, I think we precluded a depression.

Americans have an obligation of responsible borrowing, but financial companies also have responsibilities to make loans fair and transparent. By creating a Consumer Financial Protection Bureau, we can make sure that both sides live up to that bargain.

The Consumer Financial Protection Bureau will strengthen and modernize oversight of Wall Street by putting the functions of seven different agencies in one accountable place. It seems to me that that would appeal to people who want not so much proliferation of various agencies crossing one another.

In addition, corporations like AIG and Lehman Brothers will no longer be able to make the kind of gambles that risk the health of our entire economy and, indeed, the world's. Institutions that place the biggest economic bets will be required to keep capital on hand to meet their obligations, should those bets fail, and not expect the taxpayer to do that.

This bill also reduces the conflicts of interest that allowed credit rating agencies to wrongfully declare such institutions in good health long after they were dangerously overloaded. Of course, the regulators weren't watching. There was a philosophy, of course, that regulation got in the way.

And it prudently regulates the inherently dangerous derivatives that Warren Buffett called, and I quote, ''weapons of financial mass destruction'' for the ability to bring down entire economies when bets go bad.

Should a major firm still find itself on the verge of collapse, this bill insulates the rest of the economy and keeps taxpayers off the hook, off the hook for any future bailouts.

Mr. Speaker, a tremendous amount of irresponsibility in Washington and on Wall Street went into the crisis from which we are still struggling to recover. That crisis, of course, started in December 2007. Actually, it started long before that, as I said, in the late nineties. Middle class families who worked hard and played by the rules overwhelmingly paid the price.

But there's a kind of irresponsibility even worse, failure to learn. We know what greed and neglect can do. None of us can plead ignorance.

Let's show, Mr. Speaker, ladies and gentlemen of this House, that we've learned something from the crisis. Let's keep it from happening again. That is, I tell my friend, what I hear from my constituents. They want to have us stop it from happening again. They're angry about it. I'm angry about it. I'm sure that the ladies and gentlemen on both sides of the aisle are angry about it. This is an opportunity to ensure, to the extent we possibly can, that this tragedy to so many millions of families does not happen again.

Mr. GARRETT of New Jersey. Will the gentleman yield for a question?

Mr. HOYER. I yield to my friend.

Mr. GARRETT of New Jersey. I thank the gentleman, and I appreciate the gentleman's comments.

Would the gentleman just agree with this statement, though, that neither I nor, I think, anyone on our side of the aisle take the view that we want no regulation, that we are proposing no reform; that, actually, we have presented a proposal for reform, prior, to the administration, that we do believe we need some reform differing in approach and an approach that we and some believe would end the perpetual bailouts? Would you agree that we just come from a different perspective and just want to have a different proposal?

Mr. HOYER. Reclaiming my time, I thank the gentleman for his question.

As I said at the outset, I do believe we come from a different place. And I do believe it is accurate to state that all of the Republican Presidents who have served during the time that I have served have advanced the proposition that regulation at the Federal level was overburdensome and it ought to be reduced.

Certainly, we ought to reduce regulation that is neither effective and is intrusive to the growth of our economy and to the effective operation of businesses. But with respect to that, I say to my friend, I think what we saw during the last decade was an excessive

commitment, as Mr. Greenspan pointed out, to the proposition, as Mr. ROYCE stated, Just get out of the way; they will discipline themselves.

□ 1740

Frankly, the split end that leaves 2 seconds early because the referee is not on the field is not a bad person. He is trying to get an advantage. And that's the difference I think between our perspectives. I understand that difference of the perspectives, so I agree with you that we do have a difference in perspective. I believe this strikes the right balance.

And I yield to my friend the chairman.

Mr. FRANK of Massachusetts. I would just say to the gentleman from New Jersey, I can only judge by what I see. When the House voted on this bill last December, the minority had certain amendments made in order by the rules, not as many as they would have liked or as I would have liked, but in the end they had the motion to recommit, over which they had complete editorial control. The motion to recommit on this version of this bill that passed the House last December from the minority said no regulation, no reform of regulation.

It had one provision. It said kill everything in the bill. It didn't say do it differently. It didn't amend it. It didn't change it. It said do not change anything. Do not reform anything except end the TARP, which thanks to the Senate we are now doing in this bill.

So I can only judge by what I see. When the gentleman says that, when the minority had a chance to offer their own version of this, they offered a version that said no, no reform, no change, no regulation, leave the status quo.

Mr. HOYER. Reclaiming my time, and I will now leave the stage after a little more than my minute, I will say to my friend that the chairman's answer, I think, reflects my view of our different perspectives.

Mr. BACHUS. Mr. Speaker, at this time I yield 5 minutes to the gentleman from Texas (Mr. HENSARLING), the ranking member on the Financial Institutions Subcommittee.

Mr. HENSARLING. I thank the gentleman for yielding.

Mr. Speaker, the cause of our financial crisis is really Federal policy that strong-armed, that cajoled, that facilitated financial institutions to loan money to people to buy homes who couldn't afford to keep them, and people who decided to buy more home than they could afford and now expect their neighbors who didn't to bail them out.

I mean, Mr. Speaker, it's not a matter of deregulation; it was a matter of dumb regulation. And there was no dumber regulation than that which created the government-sponsored enterprises, and gave them an affordable housing mission, and ended up buying the lion's share of troubled mortgages, or insuring the troubled mortgages in the system. Again, it wasn't deregulation; it was dumb regulation. And all this bill before us does is perpetuate the same dumb regulations that got us into this financial pickle in the first place.

The bill before us doesn't go to the root cause. It leaves the government-sponsored enterprises, which represent among other things the mother of all taxpayer bailouts, $147 billion and counting, with $1 trillion of taxpayer exposure. They are left in place. Amendments Republicans offered to reform the government-sponsored enterprises, no, those are somehow out of order. Amendments that would have put them on budget, no, those are somehow out of order.

And in fact, an amendment—there is only one little study in this. There are lots of studies; only one study dedicated to the government-sponsored enterprises. An amendment that would have ensured the study at least try to figure out how to make the taxpayer whole, the Democrats voted that down. They are even scared of a study that would somehow try to make the taxpayers whole.

Instead, what does this bill do, Mr. Speaker? It creates a permanent bailout authority. There is only one reason to have a bailout authority, and that's for bailouts. If you want more taxpayer-funded bailouts, this is the bill for you. To paraphrase a line from the old Kevin Costner movie ''Field of Dreams,'' If you build it, they will come. That's the whole reason to have a bailout authority.

The Federal Government can lend to failing firms. They can purchase the assets of failing firms. The Federal Government can guarantee the obligations of failing firms. The Federal Government can take a security interest in the assets of failing firms. This is a bailout authority. The big will get bigger, the small will get smaller, the taxpayer will get poorer.

Now, I know our friends on the other side of the aisle continue to say, well, the taxpayer's not going to have to pay anything. Well, the Congressional Budget Office, headed by a Democrat, they seem to differ. I have a copy of their analysis of the bill dated June 28. ''CBO estimates that enacting the legislation would increase direct spending by $26.9 billion. Most of that amount would result from provisions that would establish a program for resolving certain financial firms that are insolvent or in danger of becoming insolvent.'' Now, they are notorious for lowballing these estimates, but even they say that ultimately taxpayers will be called upon for this bailout authority.

Mr. Speaker, the best way to end taxpayer bailouts of failing firms is to end taxpayer bailouts of failing firms. And that's really the choice presented before us. Bankruptcy versus bailouts for failed Wall Street firms. The Democrats obviously choose bailouts.

Second of all, Mr. Speaker, this is a job killer, pure and simple a job killer. It creates a new Federal institution to ban and ration consumer credit. The Chamber of Commerce, representing Main Street not Wall Street, estimates this will increase consumer interest 1.6 percent and that 4.3 percent fewer new jobs will be created.

I hear from community bankers in my district. Cad Williams, East Texas National Bank: ''If I have more compliance costs, and the Federal Government is going to limit the types of customized credit products I can offer, we will lose jobs in Anderson County, Texas.''

I hear from constituents. Small businessman Tim Ratcliff of Combine, Texas: ''I own a small business. I am a distributor for promotional products that come from suppliers all over the country. Without easy, reliable access to that credit, I am out of business.''

Mr. Speaker, again, this is a job killer. I haven't even talked about the huge new expansion of government within this bill. This should be defeated.

Mr. FRANK of Massachusetts. I yield 1 minute to the Speaker of the House.

Ms. PELOSI. I commend the gentleman for his great leadership, and I thank him for yielding time.

Mr. Speaker, as I listened to the debate here, I can't help but remember, and I have a vivid memory of it, a couple of years ago, almost 2 years ago, September 18, a Thursday afternoon, we were gathered in our office, and had just seen in the week and a half preceding, a week and a half to 2 weeks preceding that day, some unusual events that related to Lehman Brothers, Merrill Lynch, and then AIG and the Fed bailout of AIG.

I called the Secretary of the Treasury and said, We are meeting here in my office, and wondered if we could be helpful in any way in terms of public policy, because what we seem to see coming out from the executive branch is chaos. Different responses to different challenges that were not adding up to us. Could you, Mr. Secretary, come to the Congress tomorrow and give us a report on what is happening? And I said could you be here at 9 o'clock tomorrow morning to tell us what is happening to the markets? Secretary Paulson said, ''Madam Speaker, tomorrow morning will be too late.'' Tomorrow morning will be too late. ''Why, Mr. Secretary, have you not notified Congress? Why have you not called us sooner? Why would it take a call from me to ask you to report to us to tell us that tomorrow morning will be too late?''

Without going into his response, which I am happy to do, but in the interests of time I won't now, I then called the Chairman of the Fed, Chairman Bernanke, and asked him to join the Secretary of the Treasury at my office later that day.

The meeting turned into a meeting that was House and Senate, Democrats and Republicans gathered together to hear from the Secretary of the Treasury the condition of the markets. The

Secretary, who had told us that we couldn't even wait until the next morning, described a very, very grim situation.

□ 1750

The chairman of the Fed, who was an expert on the Great Depression, told us that the situation was so grim that if we did not act immediately, there would be no economy by Monday. This is Thursday night. There would be no economy by Monday. How could it be? We, the greatest country in the world with the strongest economy, yet we needed to act immediately.

The response from the Bush administration was a bailout of the banks. And at a 24-hour/48-hour period they produced a bill, $700 billion, that they asked the Congress to pass to bail out the banks. It was necessary to do because of the recklessness of the Bush administration's economic policy, because of the lack of supervision, discipline, regulation. The recklessness on Wall Street had taken us to the brink of a financial crisis of such magnitude that the chairman said there wouldn't be an economy by Monday.

Took us into deep recession where 8½ million jobs were lost. People lost their jobs, therefore in many cases their health insurance. They lost their pensions, they lost their savings, they had to live off savings, and they lost their investments for their children's education. Because of recklessness on Wall Street, joblessness was rampant on Main Street.

One of the reasons was there was no credit. It's interesting to hear my colleagues talk about the importance of credit to Main Street, but not one of them voted for the Small Business Credit bill that passed in this Congress about a week ago.

But in any event, joblessness, lack of credit, suppressing the entrepreneurial spirit of the United States of America, because there were some, not all, but some on Wall Street who decided it was okay to privatize the game as long as they were making money and nationalize the risk. Send the bill to the taxpayer when they were not. That's why we are here today to make sure that never happens again, to say to them that the party is now over.

And it's interesting to note that in that message, not one Republican participated when this bill came to the floor originally. And that was the end of last year. Years of allowing Wall Street to do anything it wants, beyond laissez faire, to be overleveraged, no transparency, no accountability, produce the most severe financial crisis and economic downturn since the Great Depression—and the American people paid the price.

Again, 8 million jobs, nearly $17 trillion in net worth disappeared. A record number of foreclosures ravaged our communities. And, again, credit disappeared from small businesses. This also had a tremendous impact on construction in our country because of the lack of loans.

Today, I rise with the clear message that the party is over. No longer again will recklessness on Wall Street cause joblessness on Main Street. No longer will the risky behavior of a few threaten the financial stability of our families, our businesses, and our economy as a whole.

The Wall Street Reform and Consumer Protection Act has been appropriately named for Chairman DODD and Chairman FRANK, and I thank them for their leadership. In doing so, in bringing this legislation before the Congress, Chairman FRANK and Chairman DODD are making history. For decades to come their names will be identified with historic reforms to protect the economy of our country and the financial and economic security of the American people.

I also want to acknowledge Chairman COLLIN PETERSON who carefully negotiated some of the most contentious positions of this legislation working with Chairwoman LINCOLN on the Senate side. All of the Democratic conferees, I thank you for your commitment for making the strongest bill possible and for always putting America's consumers first.

Today we will follow the lead of those on the committee enacting historic legislation to bring transparency to our financial markets, lowering the leverage that got us into this trouble in the first place, bringing tough oversight to Wall Street, and bringing consumer protection to Main Street and to the American people.

By voting ''yes,'' we will pass the toughest set of Wall Street reforms in generations. This comprehensive and far-reaching legislation injects transparency and accountability as it lowers leverage and to the financial system run amok under the Republicans' reckless economic policies.

This legislation makes commonsense reforms that end the era of taxpayer bailouts and ''too big to fail'' financial firms. It establishes a new independent agency solely dedicated to protecting Americans from anticonsumer abuses. The bill closes the door on predatory lending and regulates payday lenders. It includes provisions to allow us to conduct oversight over the Fed, establishes tough rules for risky financial practices, enhances oversight for credit rating agencies, and reins in egregious CEO bonuses by giving shareholders a say on executive pay.

It sheds light on the darkest corners of the derivatives market and is fully paid for. And how is it paid for? By shutting down the Bush-era bailout fund known as the TARP and using the savings for financial reform.

As we cast our votes today, each Member of this body faces a choice. We have had these choices before. Democrats wanted to rein in health insurance companies; the Republicans said no. Democrats wanted to rein in Big Oil; the Republicans said no. Democrats want to rein in the recklessness of some on Wall Street; the Republicans are saying no.

Each Member of this body will have a choice. We can place our bet on the side of those on Wall Street who have gambled with our savings and lost, or we can stand with Main Street and the middle class. Will we preserve a status quo? And if this bill were to fail, we would be preserving a status quo that has left our economy in a wretched state. Or will we guarantee the American people strong reforms and effective vigilance to prevent another financial crisis?

How can we possibly resist the change that must happen? How can we forget that the chairman of the Fed said if we do not act, we will not have an economy by Monday—4 days from when we were having the conversation? How can we let the status quo that created that condition to continue?

I urge my colleagues to choose on the side of Main Street. I urge you to build a future of stability and security for America's families, consumers, and small businesses. I urge you to vote ''aye'' on the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Mr. BACHUS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I hear two people that I know are leaders of the majority; and they each, Mr. HOYER and Ms. PELOSI, I know they appear to be sincere when they say that never again will the American people be asked to bail out those on Wall Street who made reckless deals; no longer will the taxpayer be put on the hook.

□ 1800

Yet there is an inconvenient truth here for my Democratic friends, and that is the clear wording of the bill. I mean I think it is elementary that before we pass legislation that we read it. I would not repeat this except that my colleagues in the majority continue to say time after time after time that there is no bailout, and there is. There is an AIG-style bailout. Now, AIG cannot be saved under this legislation. In fact, we changed that, and we both insisted in a bipartisan way that the AIGs of today will not survive. They will not survive under this bill. AIG, under this bill—and in bipartisan way we agree—failed. We say we put the AIGs into bankruptcy, and they are resolved in that way. My Democrat colleagues say that an AIG-like failing company will be put in an FDIC supervised resolution authority.

Now, Mr. FRANK is correct when he says, Wait a minute. Wait a minute. This only occurs when these firms are being placed in liquidation. They are being liquidated.

Well, now, I agree with him, but is there no bailout of anyone on Wall Street? Well, of course there is. It is a very expensive bailout.

In the Dodd-Frank bill, it is section 204D(1–6). I mean, go write this down. Go and read it. It says that the FDIC can, one, lend to a failing firm; two, purchase the assets of a failing firm; three, guarantee the obligation of a

failing firm; four, take a security interest in the assets of a failing firm; five, and/or sell the assets that the FDIC has acquired from the failing firm.

Why would you lend a failing firm money? I keep asking that. The second thing is: Where is the bailout fund in this bill?

There is no bailout fund in this bill. There is $19 billion that is assessed towards community banks. They are FDIC assessments that are raised, which are about $9 billion, and there is the TARP program that ended 3 months sooner than it should have. We were told somehow, because we were not going to start any new programs in that 3 months, that somehow—hocus-pocus—it saves us about $10 billion. It is hocus-pocus because you cannot spend the money on the new programs in this bill and then turn around and suddenly pull out of a hat that same money and give it back to the taxpayers. It just doesn't happen.

Also, Speaker PELOSI may forget that one of the first signs of trouble was not in September of 2008 but in July of 2008 when we suddenly realized that Fannie and Freddie were insolvent and that many of our banks, almost all of our banks, had major positions in their shares. Why did they have major positions in the shares of Fannie and Freddie? They lost all of that money because the government had said, If you'll invest in that, we'll give you a special rating, and we'll count it as the same as treasuries. It disappeared overnight.

Now, that was in July, not in September. Banks took a hit on that. The Democrats said at that time—and the Bush administration and Secretary Paulson—we've got to give $400 billion to Fannie and Freddie because, in 1999, under the Clinton administration, you said let's loan to people with poor credit; let's loan to people without much of a downpayment. Republicans and Democrats both rushed to use this as a source of cheap money, and it failed.

Republicans said—and still say and say as this bill is on the floor—wait a minute. You're going to reform these companies before you pour taxpayer dollars in them. Every Republican in the House voted, no, we will not give them taxpayer money until they are reformed and there is a plan to liquidate them.

The chairman says we need to liquidate them. What about Fannie and Freddie? Why aren't we liquidating them? We're not. The biggest bailout that we've had is of Fannie and Freddie. Who did we bail out? Did we bail out the banks that had shares? No, we bailed out the Chinese bondholders. Secretary Paulson said, You know what? The Chinese might not lend us any money.

Let me tell you that we'll sure need the Chinese to lend us money if this bill passes, because there is a derivatives section in here.

Now, we have a letter that Chairman PETERSON produced, which said this doesn't affect end users, but it's a letter. The truth is we were in conference last week when we fought this out, and we voted for an exemption for end users. The Democrats voted against one. We've been told in the past 48 hours, 72 hours, by groups like the International Swap and Derivatives Association that this bill will cost businesses $1 trillion. $1 trillion. That is capital. It doesn't matter whether they trade on the derivatives or if someone does it for them. Someone has to post that capital, and that goes through and is an expense for that commercial company.

If you take $1 trillion out of the economy suddenly, sure, you are going to have a crisis like this bill anticipates. This bill says, if there is such a crisis, then a receiver is appointed. Chairman FRANK keeps saying, A receiver is appointed. A receiver is appointed.

That's right. That receiver, after 30 days, is authorized to borrow 90 percent of the fair value of the failing companies.

Chairman FRANK, that is $8.5 trillion. That money is not in this bill. There is not even $10 billion in this bill for this type of resolution. So you have to go to the banks or you have to go to the financial companies or you're going to get it after the fact. If they're failing, how are they going to pay it?

I want to close with a positive. The 320 Members of this House who took a stand can take a stand in just a few minutes.

COLLIN PETERSON, Chairman PETERSON, said that there are no requirements that end users post margins. We all agree that, if they had to, it would be $1 trillion out of these companies. $1 trillion, according to JOE BIDEN, will produce 700,000 to 1.4 million jobs and will produce as many as 200,000 jobs a month. So that is the hit to this economy if this does apply to end users.

So we have a motion to recommit. First, it says there is an exemption on end users. Now, you have said that there is one, and you have this letter from Chairman DODD and BLANCHE LINCOLN saying there is one, so that's half of it. So you'd vote for that because you're saying it's in there.

Secondly, there is the Federal audit. We need the taxpayers to demand—and the voters are demanding—of Mr. HOYER transparency at the Fed. They are spending trillions of dollars. They are committing trillions of dollars. Let's have this audit of the Fed.

Mr. Speaker, the American people are sick and tired of back room deals and secret manipulations of the economy to benefit political cronies at the expense of taxpayers.

The voters and taxpayers are demanding transparency and accountability and they will not be pacified with false promises or misdirection. Calling a bank tax an "assessment" fools no one, especially the voters.

That's why I will be offering a motion to recommit at the conclusion of this debate that will replace the weak Federal Reserve Audit in the conference report with a robust provision patterned after a bill co-sponsored by 320 members of this House when it was offered by Congressman PAUL.

Taxpayers want to see for themselves what their government is doing with their money. And that includes specifically the Federal Reserve, an institution that has unfettered powers and whose errors of judgment were a contributing cause of the financial crisis.

Monetary policy fueled the credit boom and bust cycle. The Fed needs to be held accountable for any mistakes it has made in the past and any it may be making now. Failing to hold the Fed accountable increases the likelihood of those mistakes being repeated in the future, and exposes taxpayers to an unacceptable level of risk.

The American people support a full audit of the Federal Reserve System to achieve the level of transparency needed to protect taxpayer dollars and ensure accountability.

With each taxpayer dollar it committed during the financial crisis, the Fed assured the American people they would not take losses. American taxpayers deserve more than the central bank's assurances; they deserve proof. A full audit of the Federal Reserve System is the only way to create the openness that a democratic society like ours demands.

The second element of the Motion to Recommit attempts to correct one of the most damaging aspects of this bill and that is saying a lot because there are a number of seriously misguided provisions in this legislation.

Several items in the conference report will impact companies' ability to create jobs.

It has been reported that BP and Enron have tried to manipulate markets using derivatives but we do not need any new law to regulate that kind of illegal activity. It is already illegal. We do need regulators to enforce the rules.

The lack of an end user exemption for commercial companies in the derivatives title will pull an estimated one trillion dollars of resources from job creation and investment.

Coincidentally, the combined stimulus packages enacted in the last two years also amounts to about one trillion dollars. Vice President Biden told us on June 2nd that the Obama stimulus package alone would result in the creation of between 700,000 and 1.4 million jobs in the remainder of 2010. Under the vice president's logic, diverting one trillion dollars from productive commercial business capital could presumably destroy up to 1.4 million jobs.

Instead of allocating precious resources to hire more people or increase wages, commercial companies will have to post capital every time they enter into a derivatives contract to hedge against legitimate business risk.

If this legislation—supposedly intended to regulate the financial services industry—is enacted, capital requirements will force non-financial companies to abandon legitimate hedging strategies and accept excessive volatility at a cost that will ultimately be borne by their customers and employees.

Margin requirements for "end-users" are not a new issue for Members of the House. Chairman FRANK tried to insert an amendment in the House bill last December which would have explicitly allowed regulators to set margin requirements for end-users. It failed overwhelmingly, by a vote of 150 to 280.

Withdrawing a trillion dollars from the private sector could well sow the seeds of the

next crisis because it could destabilize the financial system, possibly triggering another vicious cycle of government bailouts to correct the results of bad government policy.

The House should ensure that the potential economic harm in these derivative provisions is avoided by approving this Motion to Recommit and sending this defective legislation back to the conference to be rewritten.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. I yield myself the balance of my time.

The SPEAKER pro tempore. The gentleman has 7¾ minutes remaining.

Mr. FRANK of Massachusetts. Mr. Speaker, to begin, I want to address the Members who are concerned that the interchange amendments will unduly affect smaller financial institutions. The interchange amendment wasn't part of the bill here. It was put in by a very heavy vote in the Senate, and the conference process means you compromise.

There is in that amendment, as Senator DURBIN put it in, an exemption for any fee setting by the Federal Reserve for smaller institutions. They then feared that they would be discriminated against, so we amended the amendment with the participation of the Senate, obviously. There are three provisions that protect the smaller institutions, community banks and credit unions.

There is an antidiscrimination provision that says that merchants and retailers cannot refuse to accept a debit card. There can be no discrimination against small banks for their credit cards. The Federal Reserve, the instructions to the Federal Reserve, include making that antidiscrimination work, and we can guarantee people we will do it.

So, yes, as the amendment passed the Senate, it said that these smaller institutions were exempt but that they might have suffered discrimination. They are protected in this bill. That's why, for instance, the small banks in Illinois have endorsed this bill.

I also want to talk briefly about what has happened with the TARP. We had the two last Republican speakers. One hailed the CBO as an unassailable authority. Then the final speaker said it was hocus-pocus. It is apparently unassailable hocus-pocus, which I don't want to get into. It's too late at this time.

This is how the TARP thing works. There are two parts to the TARP. The bill does say that repayments go to debt relief. There have been substantial repayments from the banks, and those go to debt relief. They are unaffected by the amendment. What the amendment says is there are still tens of billions of dollars of TARP money that could be committed. The amendment we adopted in conference says no more, that they cannot do that. That's where the savings comes. So the savings comes from not allowing additional TARP spending.

You know about the Republicans with regard to cutting off TARP? They were for it before they were against it. They used to be all for cutting out the TARP until it came up here. Now, let me say I don't like that way to do it. I prefer what we had in our provision, which was to assess the Goldman Sachs, JPMorgan Chase, Mr. Paulson's hedge fund. That's the way we wanted to do it, but we couldn't get it through the Republicans in the Senate. So, first, Republicans in the Senate tell us, Don't do it. Then other Republicans in the Senate say, Why didn't you do it?

So I'll make Members a pledge right now: The committee I chair will, I hope, bring out a bill that revives that assessment on the financial institutions above $50 billion and the hedge funds. So Members who missed it will get a chance to show us they really care. We will bring them there, and we will have that come forward.

Now, I do want to talk a little bit about subprime lending and about the partial history we get.

The fact is that the Republican Party controlled the House and the Senate from 1995 to 2006. During that period, they showed remarkable restraint. As eager as they were to restrain subprime lending and as passionate as they were to reform Fannie Mae and Freddie Mac, they didn't do it. That's a degree of abstinence unparalleled in political history. They were in charge.

Whose fault was it? Apparently, it was our fault. It was my fault. As I said before, people have accused me of being this secret manipulator of Tom DeLay. Well, if that were the case, you wouldn't have cut taxes for very rich people. You wouldn't have gone to war in Iraq. As I said, if he were listening to me, he wouldn't have gotten on the dance show. So I don't take responsibility for Mr. DeLay. The Republican Party didn't do it.

Now, the gentleman from California (Mr. ROYCE) said he tried in 2005. He had an amendment to the bill of Mr. Oxley. Mr. Oxley, the Republican chairman of the committee, brought out a bill. Mr. ROYCE didn't like it. He brought up his amendments. If no Democrat had voted either in committee or on the floor of the House on that bill, it would have looked exactly as it looked. The majority was Republican. So, apparently, the gentleman from California (Mr. ROYCE) wasn't able to persuade even a third of his fellow Republicans to vote with him.

I'm sorry he wasn't able to do better. I'm not an expert in how to get Republicans to vote with you, so I can't offer him any help. Maybe he can find somebody who can teach him how to get better votes among Republicans, but it's not our fault that the Republican Party didn't do it.

By the way, in 2003, I did say I didn't see a problem with Fannie Mae and Freddie Mac. Then, in 2004, President Bush said to Fannie Mae and Freddie Mac, I order you. He had the power and he used it. He used it to order them to increase their subprime lending purchases. By the way, he wasn't alone in that. A June 22 article from the Wall Street Journal quotes a Member of Congress, in 2005, at a hearing, saying, ''With the advent of subprime lending, countless families have now had their first opportunity to buy a home or perhaps be given a second chance.'' Fail once. Get it again.

The American Dream should never be limited to the well-offs or to those consumers fortunate enough to have access to prime rate loans. That is from the gentleman from Texas (Mr. HENSARLING). So George Bush wasn't alone in that.

Then 2007 came, and the Democrats took power. We passed a bill, for the first time in this House, to regulate Fannie Mae and Freddie Mac. Secretary Paulson liked the bill. He said it didn't go as far as he would have liked, but it was a good bill. In 2008, it finally passed, and Fannie Mae and Freddie Mac were put in a conservatorship. They were the first major institutions to be reformed.

By the way, in 2007, in this House, we also passed a bill to control subprime lending. Now, the gentleman from Alabama had been the chairman of the subcommittee with jurisdiction over subprime lending during some of those Republican years, and he never produced a bill. He said it was our fault. He wrote us a letter—myself, Mr. WATT of North Carolina, and Mr. MILLER of North Carolina—and we didn't tell him we'd vote for it.

You know, I wish I could have it back. I wish I knew I was secretly in charge of the Republican agenda. I wish I knew they wouldn't do anything unless I said they could and that they would do something if I said they should, but no one told me. Where were they when I needed them to be more powerful? He didn't bring it forward. It wasn't my fault. The Republicans never checked with me as to what they were supposed to do.

In 2007, we did pass such a bill to restrict subprime lending, and The Wall Street Journal attacked us. It said it was a ''Sarbanes-Oxley'' for housing. Sarbanes-Oxley is about as nasty as you can get in The Wall Street Journal, and here is what they said about subprime lending in 2007.

□ 1815

So maybe that is why George Bush expanded subprime lending.

The Wall Street Journal said in 2007, complaining about our bill, ''But for all the demonizing, about 80 percent of even subprime loans are being repaid on time and another 10 percent are only 30 days behind. Most of these new homeowners are low-income families, often minorities, who would otherwise not have qualified for a mortgage. In the name of consumer protection, Mr. FRANK's legislation will ensure that far fewer of these loans are issued in the future.''

Yeah. Unfortunately, a couple of years too late, because we couldn't get that through. But the Wall Street

Journal was right, we would limit them, but wrong, along with the gentleman from Texas (Mr. HENSARLING) about the subprime loans. And I also wanted to do affordable rental housing, which that administration opposed.

This bill has the biggest package of increased consumer protections in the history of America. And it doesn't ban products or ration products. It says there is going to have to be fair dealing. This bill says that there is a fiduciary responsibility on people selling products to individual investors for the first time. It gives the SEC the power to do it, and they are going to do it. This bill reforms the system, and I hope it is enacted.

This conference report would not have been possible without the hard work of staff on both sides of the Capitol. I thank them for their efforts and submit the following list:

WALL STREET REFORM—STAFF

HOUSE FINANCIAL SERVICES COMMITTEE

Jeanne Roslanowick
Michael Beresik
David Smith
Adrianne Threatt
Andrew Miller
Daniel Meade
Katheryn Rosen
Kate Marks
Kellie Larkin
Tom Glassic
Rick Maurano
Tom Duncan
Gail Laster
Scott Olson
Lawranne Stewart
Jeff Riley
Steve Hall
Erika Jeffers
Bill Zavarello
Steve Adamske
Elizabeth Esfahani
Daniel McGlinchey
Dennis Shaul
Jim Segal
Brendan Woodbury
Patty Lord
Lois Richerson
Jean Carroll
Kirk Schwarzbach
Marcos Manosalvas
Marcus Goodman
Garett Rose
Todd Harper
Kathleen Mellody
Jason Pitcock
Charla Ouertatani
Amanda Fischer
Keo Chea
Sanders Adu
Hilary West
Flavio Cumpiano
Karl Haddeland
Glen Sears
Stephane LeBouder

OFFICE OF REP. CAROLYN MALONEY

Kristin Richardson

OFFICE OF REP. GREGORY MEEKS

Milan Dalal

OFFICE OF REP. MARY JO KILROY

Noah Cuttler

OFFICE OF REP. GARY PETERS

Jonathan Smith

HOUSE AGRICULTURE COMMITTEE

Clark Ogilvie

HOUSE BUDGET COMMITTEE

Greg Waring

HOUSE ENERGY AND COMMERCE COMMITTEE

Phil Barnett
Michelle Ash
Anna Laitin

HOUSE JUDICIARY COMMITTEE

George Slover

HOUSE OVERSIGHT AND GOVERNMENT REFORM COMMITTEE

Mark Stephenson
Adam Miles

HOUSE LEGISLATIVE COUNSEL

Jim Wert
Marshall Barksdale
Brady Young
Jim Grossman

SENATE BANKING COMMITTEE

Ed Silverman
Amy Friend
Jonathan Miller
Dean Shahinian
Julie Chon
Charles Yi
Marc Jarsulic
Lynsey Graham Rea
Catherine Galicia
Matthew Green
Deborah Katz
Mark Jickling
Donna Nordenberg
Levon Bagramian
Brian Filipowich
Drew Colbert
Misha Mintz-Roth
Lisa Frumin
William Fields
Beth Cooper
Colin McGinnis
Neal Orringer
Kirstin Brost
Peter Bondi
Sean Oblack
Steve Gerenscer
Dawn Ratliff
Erika Lee
Joslyn Hemler
Caroline Cook
Robert Courtney
Abigail Dosoretz

SENATE AGRICULTURE COMMITTEE

Robert Holifield
Brian Baenig
Julie Anna Potts
Pat McCarty
George Wilder
Matt Dunn
Elizabeth Ritter
Stephanie Mercier
Anna Taylor
Cory Claussen

SENATE LEGISLATIVE COUNSEL

Rob Grant
Alison Wright
Kim Albrecht-Taylor
Colin Campbell
Laura McNulty Ayoud

CONGRESSIONAL RESEARCH SERVICE

Baird Webel

Mr. LEVIN. Mr. Speaker, I rise in strong support of H.R. 4173, the Wall Street Reform and Consumer Protection Act.

Almost two years ago, this House was faced with painful dilemma: risk the collapse of our financial system and a second Great Depression, or take action to stabilize financial markets. The comprehensive financial regulatory reform before us will help to ensure that we are never again forced to choose between bailing out banks and saving our economy.

In the run up to the financial crisis, rampant speculation, and in some cases fraud, in the residential housing and mortgage markets combined with an explosion of complexity in our financial markets to create a bubble that when it burst, rippled through our entire economy. The financial crisis that began in 2008 was the worst since the Great Depression and was enabled and made worse by a lax regulatory environment that for many years failed to properly supervise financial markets and control the risks Wall Street was creating.

Under the bill before us, for the first time, there will be a federal regulatory body with the responsibility to identify and address systemic risks to our economy. Transparency will be brought to derivatives markets so that these complex financial instruments cannot transmit shockwaves through our financial system. Consumers will be able to get the clear, accurate information they need to shop for credit cards, mortgages and other financial products, rather than being sold products that are too good to be true by unregulated lenders who know they are unaffordable.

Mr. Speaker, the Wall Street Reform and Consumer Protection Act will restore responsibility, accountability and transparency to our financial markets. I urge all of my colleagues to stand with the working Americans who have been the victims of the financial crisis rather than defend a discredit ideology that says government is always wrong and markets are always right. We have seen in the last two years that markets can get out of control, and we need appropriate structures in place to ensure that our financial markets work for all Americans.

Mr. BACHUS. Mr. Speaker, I want to add these comments regarding Section 913 of the Report calling for a review by the Securities and Exchange Commission, SEC, of the current regulation of investment advisers and broker-dealers.

The Conference Report on H.R. 4173 directs the SEC to conduct a study to evaluate the effectiveness of current standards—both at the state and federal levels—with respect to investment advisers and broker-dealers when providing personalized investment advice and recommendations about securities to retail customers.

Before the SEC proceeds with any new rules and regulations in this area, it is critically important that the unique roles of different financial professionals, their distinct relationships with their customers, and the nature of the services and disclosures they provide be fully examined and well understood. These definitive factors should provide information to guide the SEC in determining if any new rules and regulations are needed and defining the details of any such measures that might be proposed.

The conferees included the requirement for a comprehensive study for these purposes, and I anticipate that the SEC will follow the intent of Congress with a thorough and objective analysis in this regard.

Mr. DAVIS of Illinois. Mr. Speaker, we are gathered today with the opportunity to implement Wall Street reform, and help make our financial markets safer for everyday American citizens, investors, and small businesses. At the center of our efforts today is the concept of power, and what it means to those who have it, and those who don't. Baltasar Gracian, a renowned Spanish Jesuit writer, once said that ''The sole advantage of power is that you can do more good.''

I think many people would agree with me that the corporations and executives on Wall Street have considerable power. The question remains, however, whether they are using that

power to do good things. People will point out, and I agree, that they are making many people very wealthy, but at what cost? For too long corporate interests have been allowed to dominate decision making in America's financial capital, and many times, this has meant unfair and predatory practices. As lawmakers, we should set out to make our financial markets a more evenhanded place for our citizens, and the consumers that put their trust and money on the line.

One of the key things that H.R. 4173 will do is to create a Consumer Financial Protection Bureau, tasked with the responsibility of making sure consumer lending practices are fair. Also, under the Volcker rule, large financial institutions would no longer be allowed to engage in risky trading using federal dollars, supported by taxpayers. Throughout the many various initiatives and stipulations in the bill, one theme is clear: protecting American citizens, and maintaining a fair market that allows both informed consumers and powerful financial markets to thrive in tandem.

H.R. 4173 does not set out to take power away from those on Wall Street, but to make sure they use their many strengths and abilities for the benefit of the average American investor and small business owner. I rise in support of H.R. 4173, the Restoring American Financial Stability Act of 2010, knowing that the benefits and wealth for the few should not come at the cost of the many.

Mr. PETERSON. Mr. Speaker, I rise today to discuss some of the jurisdictional issues that arise out of Title VII of H.R. 4173. The bill brings a new regulatory regime to swaps as it will be defined under the Commodity Exchange Act, CEA. Title VII of H.R. 4173 extends the Commodity Futures Trading Commission's, CFTC's, exclusive jurisdiction under the CEA to also include swaps, except as otherwise provided elsewhere in Title VII. Also included in Title VII are two savings clauses for the Securities and Exchange Commission, SEC, and one for the Federal Energy Regulatory Commission, FERC.

Title VII allocates authority over swaps and security-based swaps as follows. First, the CFTC has exclusive jurisdiction over swaps, including swaps on broad-based security indexes. Within the swap definition is a category of swaps called security-based swap agreements. For this specific category of swaps, the CFTC will continue to exercise its full jurisdictional authority, while the SEC may exercise certain specific authorities over these products, as outlined in Title VII. Title VII also clarifies that the SEC has jurisdiction over security-based swaps, which are swaps on narrow-based security indexes and single securities, and that the two agencies share authority over mixed swaps.

Nothing in the SEC savings clauses, or any other provision of Title VII, alters the existing jurisdictional divide between the CFTC and SEC established by the Johnson-Shad Accord which, among other things, provides the CFTC exclusive jurisdiction over futures (and options on futures) on broad-based security indexes. Nor do these savings clauses, or any other provision of Title VII, divest or limit the authority that the CFTC shares with the SEC over security futures products as authorized by the Commodity Futures Modernization Act of 2000.

This bill also clarifies the authorities of the CFTC and FERC over financial instruments—both swaps and futures—traded pursuant to FERC or state approved tariffs or rate schedules.

Section 722 preserves FERC's existing authorities over financial instruments traded pursuant to a FERC or state approved tariff or rate schedule, which under current law does not extend to CFTC-regulated exchanges and clearinghouses, because these are within CFTC's exclusive jurisdiction. The CFTC's authorities over futures and swaps traded pursuant to FERC or state approved tariffs or rate schedules are also fully preserved. The bill further specifies that, outside of regional transmission organizations/independent system operators (RTOs/ISOs) markets, the CFTC shall continue to have exclusive jurisdiction over financial instruments traded on CFTC-regulated exchanges, such as NYMEX or ICE, traded through swap execution facilities, or cleared on CFTC-regulated clearinghouses.

To avoid the potential for overlapping or duplicative FERC and CFTC authority, the bill provides the CFTC with the authority to exempt financial instruments traded within an RTO/ISO from CFTC regulation if the CFTC determines the exemption would be consistent with the public interest and the purposes of the Commodity Exchange Act.

Section 722 also preserves FERC's anti-manipulation authority as it currently exists under the Federal Power Act and the Natural Gas Act prior to enactment of this legislation.

Mr. SKELTON. Mr. Speaker, thriving capital markets depend upon innovation to grow the economy and to generate jobs. Yet, market innovation must be conducted responsibly and must be carefully monitored by public regulators to ensure Wall Street's complex financial transactions do not put at risk the savings of average American families or the national economy as a whole. The famous quote by U.S. Supreme Court Justice Louis Brandeis indicating that ''sunlight is the best disinfectant'' certainly applies to Wall Street.

In recent years, market innovation ran afoul of public regulators as financial giants gambled with the savings of working families and placed irresponsible bets that put in jeopardy America's financial well being. Titans of the financial industry acted not to promote the general welfare of the United States, as is outlined in the preamble to our Constitution, but against the well-being of the American public. And, as all of us know, broken regulations, greed, and incessant risk taking on Wall Street cost each one of us—the American taxpayers—who helped to save our economy from ruin in the fall of 2008.

From the beginning of this crisis, I have felt strongly that Congress ought to consider authorizing tough new regulations on Wall Street to help shine a brighter light on extremely complex financial transactions.

In my view, writing into law mechanisms that prevent financial institutions from getting ''too big to fail;'' that reform the Federal Reserve; that better regulate hedge funds, securities, derivatives and credit rating agencies; and that give shareholders a greater say in the compensation of financial company executives makes good sense and, if done properly, would help to ensure American taxpayers are never again put on the hook for Wall Street's misbehavior while creating an environment for responsible market innovation.

But, as important as new regulations are for our country, Congress must be careful in authorizing them. We must direct regulations at Wall Street and other bad actors while not wrapping America's home town financial institutions into costly and complex sets of new rules, such as those associated with the new Consumer Financial Protection Bureau. Community banks and credit unions are the heart of small towns across this country. For years, they have been conservative with their money and played by the rules. They ought not be forced to pay the price for Wall Street's transgressions.

The Dodd-Frank Wall Street Reform and Consumer Protection Act is well-intentioned, and I support much of the legislation. But the measure falls short in my goal to target Wall Street without disrupting Main Street banks and credit unions and their customers.

Home town financial institutions help to generate jobs and economic development in rural America by lending to families, small businesses, and farmers. They will be key to our nation's economic recovery and should be guaranteed more, not less, economic certainty by Congress. The uncertainty associated with the Dodd-Frank bill is why it is opposed by Missouri's small town banks and credit unions and by many in our nation's business community.

Creating more economic certainty for Missouri's business community and improving rural economic development have been priorities for me during the 111th Congress. It is why I have sought to cut small business taxes and to cut red tape associated with government backed small business loans, opposed a massive health insurance overhaul bill, urged bank regulators to consider easing restrictive capital requirements on small banks that want to issue loans, and supported a $30 billion small business lending fund program to allow community banks to lend money to healthy small businesses that want to expand and hire workers.

Wall Street reform is badly needed and the Dodd-Frank bill is a step in the right direction. However, I cannot lend my support to a bill that places costly new regulations on Missouri's home town banks and credit unions at a time when the government ought to be encouraging them to lend money to create jobs in the private sector.

I urge the conference committee to return to work on the Dodd-Frank bill so it can fine tune the bill's new regulatory authority in a way that cracks down on Wall Street financial firms and irresponsible mortgage lenders without unduly targeting America's community banks. This action would be in the best interest of financial system reform and of the overall economic well being of small town America.

Ms. CORRINE BROWN of Florida. Mr. Speaker, I rise today to speak about H.R. 4173, the Wall Street Reform and Consumer Protection Act.

Credit unions have been good stewards of our money. I say our money, because while they have not been eligible for any of the TARP funds, they have not been involved in the subprime loan situation many have blamed as causing this economic crisis. When the stimulus went into effect, Credit Unions were the only ones trying to lend money.

I have been hearing a lot from the credit unions and community banks in my district regarding the debit interchange provision. I am very concerned that the interchange provision

may have the unintended consequence of adversely affecting these small financial institutions. I know they are intended to be carved-out of this provision and I hope that my colleagues will join me in encouraging the Federal Reserve and the card payment networks to make sure that the carve-out envisioned under this provision is meaningful and effective.

I was pleased to read the statement from Chairman FRANK restating his views of the interchange amendment included in the conference report. I urge him to work with the Credit Union National Association as it works with the Fed to ensure that credit unions with under $10 billion in assets were held exempt from the Fed interchange changes. Chairman FRANK's statement gives the Fed strong guidance to follow when this bill becomes law.

In conclusion, the Interchange language exempts all community banks and credit unions with under $10 billion in assets. To achieve this, we: included language that explicitly prohibits intra-brand discrimination. Thus, if a merchant takes a Visa debit card, it must take all Visa debit cards. Also exempted credit cards. As Chairman FRANK has noted, ''for good measure . . . merchants and retailers cannot discriminate against small banks for the credit cards they issue.'' Furthermore, when the Federal Reserve issues rules regulating interchange fees, it is directed, in Chairman FRANK's words, ''to ensure that community banks and credit unions remain exempt from the requirements and are able to continue to issue their debit cards without any market penalty.''

This exempts all but three credit unions nationwide.

Beyond this, here are additional measures in the Interchange amendment that more broadly benefit working families: fixed states' concerns by removing government-administered pay programs from interchange fee regulation. Fixed concerns of pre-paid folks who offer services to the under-banked by removing them from interchange fee regulation. With respect to this, we also added pro-consumer language that SANDER LEVIN has in a bill to prohibit overdraft fees and fees on the first monthly ATM withdrawal using one of these cards. Ensured that USDA's SNAP, food stamp, program is not affected.

I look forward to passage of this bill and the fair treatment of Credit Unions by the Federal Reserve.

Mr. HASTINGS of Florida. Mr. Speaker, I want to commend Chairman FRANK on an extraordinary effort and for his dedicated leadership in bringing this bill to the floor. I look forward to supporting this legislation.

Before that however, I would like to clarify a few points as they pertain to the intent of this bill.

It is my understanding that certain provisions which are intended to improve access to mainstream financial institutions are not intended to further limit access to credit and other financial services to the very consumers who are already underserved by traditional banking institutions.

As the Chairman knows, each year, over 20 million working American families with depository account relationships at federally insured financial institutions actively choose alternative sources and lenders to meet their emergency and short-term credit needs.

These alternative sources and lenders often offer more convenient and less expensive products and services than the banks or credit unions where these consumers have relationships.

Further, as the demand for short-term, small dollar loans continues to increase as a result of the current economic environment, non-traditional lenders have filled the void left by mainstream financial institutions in many of our nation's underbanked communities.

I agree with the Chairman that lenders should meet this demand responsibly with clear, well-disclosed product terms and conditions that do not encourage consumer dependence and indebtedness.

I would also stress that regulation of this sector of the market should ensure strong consumer protections while encouraging a broad range of product offerings without discrimination as to the type of lender.

Therefore, regulation of short-term credit products and of the lenders who offer them, whether they be traditional financial institutions or non-traditional lenders, should not be used to single out an entire sector.

Rather, it should be well-balanced and carried out in a manner that encourages consumer choice, market competition, and strong protections.

It is my sincere hope that this legislation is designed to carefully and fairly police the financial services industry, treating similar products in the short-term credit market equally while encouraging lending practices that are fair to consumers. Is this the intent of the legislation?

I thank the Chairman, commend his continued efforts to pass meaningful financial regulatory reform this Congress, and thank him for his previous efforts to ensure we responsibly address the role of non-traditional financial institutions. I look forward to continuing our work together in this matter and as we further our efforts to put our nation back on solid financial footing.

Mr. BLUMENAUER. Mr. Speaker, I rise today to support the Conference Report on H.R. 4173—the Dodd-Frank Act of 2010. This legislation will strengthen our financial system by providing new rules that bar big banks and Wall Street investment houses from the risky practices that badly damaged our economy. The legislation also enacts new consumer protections to block predatory lending practices and financial gimmickry.

It was famously remarked by Professor Elizabeth Warren that it is ''impossible to buy a toaster that has a one-in-five chance of bursting into flames and burning down your house. But it is possible to refinance an existing home with a mortgage that has the same one-in-five chance of putting the family out on the street.'' With passage of this bill, Congress has ensured stronger protections for families and small businesses by ensuring that bank loans, mortgages, and credit cards are fair, affordable, understandable, and transparent. The bill has been called the ''strongest set of Wall Street reforms in three generations'' by Professor Warren. I am proud of my work with Professor Warren and I commend her efforts in strengthening this bill.

The financial crisis cost us 8 million jobs and $17 trillion in retirement savings. It was the worst financial crisis since the Great Depression. The financial crisis limited investment, cost jobs, put families on the street, and has ushered in a sense of financial anxiety that limits American imagination and opportunity.

The Dodd-Frank Act establishes a strong set of consumer protections, including a Consumer Financial Protection Bureau that will be led by an independent director appointed by the President and confirmed by the Senate, with a dedicated budget in the Federal Reserve. The Bureau will write rules for consumer protections governing all financial institutions—banks and non-banks—offering consumer financial services or products and oversee the enforcement of federal laws intended to ensure the fair, equitable and nondiscriminatory access to credit for individuals and communities. The bureau will roll together responsibilities that are now spread across seven different government entities, providing consumers with a single, accountable, and powerful advocate.

The legislation also establishes strong mortgage protections. The bill requires that lenders ensure that their borrowers can repay their loans by establishing a simple federal standard for all home loans. Lenders also are required to make greater disclosures to consumers about their loans and will be prohibited from unfair lending practices, such as steering consumers to higher cost loans. Lenders and mortgage brokers who fail to comply with new standards can be held accountable by consumers for as much as three-years of interest payments, any damages, and any attorney's fees.

The Dodd-Frank Act also disciplines Wall Street. It imposes tough new rules on banks to prevent the risky financial practices that led to the financial meltdown. Taxpayers will no longer pay the price for Wall Street's irresponsibility. The bill creates a process to shut down large failing firms whose collapse would put the entire economy at risk. After exhausting all of the company's assets, additional costs would be covered by a ''dissolution fund,'' to which all large financial firms would contribute.

The dissolution of a failing firm will be paid for first by shareholders and creditors, followed by the sale of any remaining assets of the failed company. Any shortfall that results is paid for by the financial industry. The bill requires big banks and other financial institutions, those with $50 billion in assets, to foot the bill for the failure of any large, interconnected financial institution posing a risk to the entire financial system, as AIG did in the run-up to the 2008 financial crisis. Financial institutions will pay assessments based on a company's potential risk to the whole financial system if they were to fail. Before regulators can dissolve a failing company, a repayment plan to charge Wall Street firms and big banks must be in place to recoup any cost associated with the shutdown.

It has been remarked that the markets will discipline themselves, that all that stands between poverty and wealth is some mythical regulatory barrier. But that is not what we found in the financial world and not what recent history illustrated. Instead, the market allowed participants to take wild reckless risks. This legislation reins in these irresponsible risks that cost us millions of jobs, millions of hours of economic productivity, millions of homes that have been foreclosed, and trillions in American savings. I look forward to passing this important legislation.

Mr. STARK. Madam Speaker, I rise today in support of the Wall Street Reform and Consumer Protection Act. This bill will protect consumers from ever again being forced to bail

out private financial institutions and brings overdue oversight to our financial markets.

We learned the hard way that when private financial institutions grow too large, their failure will put our entire financial system and economy in peril. Mammoth companies like AIG, Citigroup, and Bank of America took excessive risks and invested in risky financial products. When the economy turned, it was taxpayers that bailed them out.

This bill imposes new requirements to discourage companies from becoming too large and unstable. Financial institutions will be prohibited from taking on excessive debt. The new Volcker Rule will limit the amount of money a bank can invest in hedge funds and otherwise use to gamble for its own benefit. Risky derivatives contracts owned by the banks will be subject to regulatory oversight and approval by government agencies. The bill also arms regulators to dismantle failing financial companies at the expense of the financial industry, not taxpayers.

This bill does more than just rein in the financial institutions, it will also protect families. I strongly support the provision that will create a new Bureau of Consumer Financial Protection. This independent bureau within the Federal Reserve will be on the front lines protecting taxpayers from predatory lenders and other unfair practices by mortgage brokers, banks, student lenders, and credit card companies.

The bill goes a long way to prevent another foreclosure crisis by reforming the mortgage industry. The bill prohibits pre-payment penalties that trap borrowers into unaffordable loans. It outlaws financial incentives that encourage lenders to steer borrowers into complicated high-interest loans. There will be penalties for lenders and mortgage brokers who do not comply with these new standards. If a bad credit score negatively impacts someone in a hiring decision or a financial transaction, the consumer will have free access to their score.

This bill could be better. Breaking up the big banks would be the most effective tool to bring reform to Wall Street. This financial reform bill will usher in a new era for both financial institutions and consumers. Banks will have to learn to operate under increased scrutiny and face immediate consequences when they don't play by the rules. I support the Wall Street Reform and Consumer Protection Act and urge my colleagues to do the same.

Mr. LANGEVIN. Mr. Speaker, I rise in strong support of the conference report to H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act, which closes frequently exploited loopholes in our regulation system, puts an end to rewarding reckless investments, and demands responsibility and accountability from Wall Street to prevent another economic collapse.

Over the past few years, the irresponsible actions of financial institutions and corporations have provided countless illustrations of the need to fix our broken system. As a result of the financial crisis, our country shed eight million jobs and Americans lost $17 trillion in retirement savings and net worth. My home state of Rhode Island was on the front lines of abusive and predatory lending practices, which led to one of the country's highest foreclosure rates, and has endured devastating job loss, now suffering the fourth highest unemployment rate in the nation at 12.3 percent.

Like my constituents, I have been angered by the greed exhibited by Wall Street and other companies that took advantage of their investors, preyed on our citizens, and rewarded executives with outrageous pay packages. With this bill, consumer protection will come first, and irresponsible companies will be held accountable for their actions. H.R. 4173 establishes the Consumer Financial Protection Agency, which will protect families and small businesses by ensuring that bank loans, mortgages, credit cards and other financial products are fair, affordable and transparent. These new protections are targeted and fair: Merchants will be excluded from the oversight of the CFPA, and small banks and credit unions will not be subject to undue regulatory burdens. There will also be coordination with other regulators when examining banks to prevent undue regulatory burden.

This measure also establishes an orderly process for dismantling large, failing financial institutions like AIG or Lehman Brothers, which will protect taxpayers and prevent ripple effects throughout the rest of the financial system. This bill also discourages financial institutions from taking too many risks by imposing tough new capital and leverage requirements. Most importantly, there will be no more taxpayer bailouts for "too big to fail" institutions. This legislation will also effectively end new lending under the Troubled Asset Relief Program.

Additionally, H.R. 4173 responds to the failure to detect frauds like the Madoff scheme by ordering a study of the entire securities industry. This measure will also increase investor protections by strengthening the Securities and Exchange Commission and boosting its funding level. For the first time ever, the over-the-counter derivatives marketplace will be regulated and hedge funds will have to register with the SEC. And the bill takes steps to reduce market reliance on the credit rating agencies and impose a liability standard on the agencies. This legislation will help create an environment in which financial institutions take care of—and are held accountable to—their shareholders and customers.

I would like to thank the committees for their work on this bill, and especially want to thank Chairman FRANK for his leadership on this strong reform measure. This legislation represents a tremendous accomplishment for this Congress and this country. It is an urgently needed response to a crisis that should never have been allowed to happen, and its protections and reforms will benefit Americans for generations to come. I encourage all my colleagues to vote for this bill.

Mr. BOEHNER. Mr. Speaker, the legislation before us fails the American people.

Americans have suffered through a financial meltdown. A serious financial meltdown that destroyed millions of jobs and wiped out the savings of millions of American families. A devastating meltdown that slowed our economy, and raised new doubts about whether it's even possible any longer to pursue the American Dream.

The legislation before us will do nothing to prevent it from happening to the American people again.

The fact of the matter is, the financial meltdown was triggered by government mortgage companies, giving too many high-risk loans to people who couldn't afford them. And it was the policies of the leadership of this Congress that allowed it to happen.

This legislation will do nothing—nothing—to fix those mistakes.

The bill is more than 2,000 pages long.

That in and of itself is an outrage. Haven't we learned our lesson yet? Any bill produced by this Congress that is 2,000 pages long can't possibly be good for jobs, or freedom, or our economy.

In those 2,000 pages, there is not a single reform made to Fannie Mae or Freddie Mac, the government mortgage companies at the heart of the meltdown.

Mr. Speaker, this is not reform. It's more of the same.

This is not change. It's the status quo.

It's a sham.

Things could have been different. We could be here today passing a bipartisan bill to reform government-sponsored enterprises like Fannie Mae and Freddie Mae. Republicans, led by SPENCER BACHUS, offered such a proposal.

Instead of reforming Fannie and Freddie, we're doing this 2,000 page monstrosity that will destroy jobs.

Mr. Speaker, what are we thinking? What are we doing?

Today the president of the United States was in Wisconsin. He gave remarks there chastising Republicans for our objections to this bill. He suggested those who oppose the legislation before us are "out of touch."

The American people are tired of the rhetoric. They want solutions.

What's "out of touch" are politicians who care more about elections and campaign ads than they do about solutions.

What's "out of touch" are politicians who pass 2,000 page bills that will destroy jobs, at a time when 1 in every 10 Americans from our workforce is out of work.

What's "out of touch" are politicians who believe it's OK to force responsible Americans to use their tax dollars to subsidize irresponsible behavior.

Under this bill, Americans will have no choice but to keep on subsidizing the irresponsible behavior that got America into this mess.

There is no reform to Fannie Mae and Freddie Mac. There's just 2,000 new pages of bigger government, private sector mandates, and unintended consequences.

The American people are sick and tired of it.

Mr. Speaker, when are we going to stop forcing responsible American citizens to subsidize irresponsible behavior?

When are we going to stop passing massive bills that destroy jobs?

When are we going to start working on real solutions to the challenges facing this country?

Apparently, not today.

I urge my colleagues—vote "no" on this job-killing bill, and let's get to work on a real reform bill that will fix the problems that led to the financial meltdown.

Mr. FATTAH. Mr. Speaker, I rise in strong support of the Conference Report to Accompany H.R. 4173, the Wall Street Reform and Consumer Protection Act of 2010. Rectifying the worst economic crisis to impact the financial markets since the Great Depression, the Wall Reform and Consumer Protection Act of 2010 outlaws many of the egregious industry practices that marked the subprime lending boom, ensuring mortgage lenders make loans that benefit the consumer rather than incentivizing self-dealing profit maximization.

In supporting this legislation, Congress corrects the failures of the financial sector, preventing the calamity that transpired after the collapse of the financial markets from reoccurring in the future.

One of the critical components of this legislation is the adoption of a provision that will end the practice of acting on behalf of financial institutions due to the determination that they are "too big to fail." Taxpayers will no longer be asked to subsidize failing institutions due to their potential negative impact on the economy. The bill creates a new structure in which the orderly dissolution of failed financial firms can occur without fear of financial panic. The bill also imposes tough new capital and leverage requirements that create a disincentive for financial institutions to get too large without adequate structural support to ensure the financial soundness of the institution. Furthermore, the bill establishes rigorous standards for financial institutions in order to better protect the economy and American consumers, as well as investors and businesses.

Another important component of this legislation is the creation of a new independent watchdog within the Federal Reserve that provides consumers with clear and accurate information needed to shop for mortgages, credit cards, and other financial products. The new regulatory structure protects consumers from hidden fees, abusive terms, and deceptive practices that were unfairly used against consumers with disturbing frequency. Furthermore, loopholes that allow financial institutions to engage in risky and abusive practices, including the unregulated exchange of over-the-counter derivatives, asset-backed securities, and hedge funds are eliminated.

Most importantly, the Wall Street Reform and Consumer Protection Act includes the Emergency Homeowners' Relief Fund, which will provide desperately needed assistance to millions of homeowners who now find they are unable to meet their financial obligations due to the severe recession caused by the unbridled greed and recklessness of the financial services industry. The foreclosure rate in the United States has been rising rapidly since the middle of 2006. Losing a home to foreclosure can hurt homeowners in many ways. For example, homeowners who have been through a foreclosure may have difficulty finding a new place to live or obtaining a loan in the future. Furthermore, concentrated foreclosures can drag down nearby home prices, and large numbers of abandoned properties can negatively affect communities. Finally, the increase in foreclosures may destabilize the housing market, which could in turn negatively impact the economy as a whole.

Although the economic recovery from the worst financial recession since the Great Depression is progressing steadily under the leadership of the Obama Administration and Democratic Leadership in Congress, the tragic rise of unemployed homeowners threaten a sustained recovery. Unemployment is now the leading cause for delinquency for families facing foreclosure. A recent study by NeighborWorks that examined the reasons why people are falling behind on their mortgages found that 58 percent of delinquent homeowners were behind due to job loss. The impact of foreclosures is particularly acute in minority communities due to the disproportionately high rates of joblessness.

Repossessions from housing foreclosures rose to a record high of 92,432 in April 2010, which is up 45 percent from the previous year. Continual rates of high unemployment places additional pressures on a financial system already overburdened with requests to modify loans by mortgage servicers, with many of those requests being unfulfilled. Under the guidance of the Department of Treasury, the Obama Administration created the Home Affordable Modification Program (HAMP) as a part of the Making Home Affordable program to provide desperate relief to unemployed and underemployed homeowners.

HAMP encourages servicers to provide mortgage modifications for troubled borrowers in order to reduce the borrowers' monthly mortgage payments to no more than 31 percent of their monthly income. In order to qualify, a borrower must have a mortgage on a single-family residence that was originated on or before January 1, 2009, must live in the home as his or her primary residence, and must have an unpaid principal balance on the mortgage that is no greater than the Fannie Mae/Freddie Mac conforming loan limit in high-cost areas ($729,750 for a one-unit property). Furthermore, borrowers must currently be paying more than 31 percent of their income toward mortgage payments, and must be experiencing a financial hardship that makes it difficult to remain current on the mortgage. Borrowers need not already be delinquent on their mortgage in order to qualify.

Though the Obama Administration's efforts are commendable, the unprecedented scale of the problems facing homeowners demands that more needs to be done to prevent homeowners from losing their homes. In Pennsylvania, a major state initiative to combat family-devastating foreclosures has been operating with success for more than a quarter-century, enacted in the wake of the severe recession of 1983. The Homeowners Emergency Mortgage Assistance Program (HEMAP) has provided loans to over 43,000 homeowners since 1984 at a cost to the Keystone State of $236 million. Assisted homeowners have repaid $246 million to date which works out to a $10 million profit for the state after 25 years of helping families keep their homes.

The Pennsylvania model will work nationally. It is with great gratitude that Chairman FRANK and Chairman DODD included my proposed mortgage relief provisions in the conference report that is being considered before the House today. Modeled after the bill I introduced in the House, the Emergency Homeowners' Relief Fund that is contained in the House-Senate conference bill establishes an emergency mortgage assistance program for qualifying homeowners who are temporarily unable to meet their obligations due to financial hardship beyond their control.

Under this program, homeowners would have the opportunity to regain financial stability without the immediate pressure of foreclosure. Specifically, a homeowner who indicated that he or she was unemployed would provide verification of unemployment compensation to the servicer and automatically be approved for a loan that would pay any mortgage above 31 percent of their income (the target amount in Making Home Affordable modifications). The Treasury would make payments for the homeowner on the homeowner's behalf until the borrower is able to resume payments to the lender. The Emergency Homeowners' Relief Fund would cut through the disorder of the loan modification program and slow the numbers of foreclosed properties on the market.

Mr. Speaker, I wish to thank my colleagues on the House Financial Services Committee, Chairman BARNEY FRANK, Congresswoman MAXINE WATERS and Congressman PAUL KANJORSKI. I also wish to thank my colleagues in the Senate, Banking, Housing and Urban Affairs Committee Chairman CHRIS DODD, and Senator BOB CASEY for their strong support of the mortgage foreclosure relief provisions contained in this bill. I also wish to thank the House Financial Services Committee staffers for their hard work in preparing this conference report, including Housing Policy Director Scott Olson and Deputy Chief Counsel Gail Laster. In addition, I would like to thank my Legislative Director, Nuku Ofori, for all of his efforts in getting this critical mortgage relief provisions included in the Wall Street Reform bill.

Ms. ROS-LEHTINEN. Mr. Speaker, It is a great tragedy that the final version of the financial services bill which was approved by a House-Senate conference, contained little or no help for the hundreds of victims of Ponzi schemes, many of whom reside in my Congressional district.

This bill fell far short of doing everything or even anything, to assure the average American investor in the stock market that we want to protect their interests.

I proposed to the conferees certain amendments to the Securities Investor Protection Act (SIPA) in order to protect victims of Ponzi schemes. Unfortunately, these reforms which were designed after extensive discussions with many of the victims, were totally ignored.

My amendments included an "anti-clawback" provision, designed to end the terror of thousands of Ponzi victims, who face years of prolonged litigation against the government, unless these proposals are enacted.

Under no circumstances, except complicity with a crooked broker—should these investors be subject to clawback litigation.

The opposition to this amendment has mainly come from the SEC/SIPC and Wall Street which seek to protect SIPC's right of subrogation, therefore taking money again from the victims and giving it back to SIPC. Not only is this disingenuous, but it shifts the burden of the financial loss to every taxpayer in America.

The importance of this amendment is that SIPA was intended to instill confidence in the capital markets and impose upon the SEC the responsibility to monitor and supervise those markets.

The idea that SIPC or the courts would hold innocent investors, who relied upon the SEC's endorsement of Madoff, to suffer judgments for amounts they took out of their accounts in good faith, is upsetting.

One proposal suggests that clawbacks be allowed against so-called "negligent" investors. How could they be negligent if the SEC and FINRA never spotted the fraud over a 20 year period? In fact, in 1992, the SEC endorsed Madoff as safe.

Shouldn't that affirmative statement be enough to shield investors from being accused of "negligence?"

At a minimum, a defense against "negligence" requires innocent investors to spend vast amounts of money defending their conduct against a SIPC-funded trustee, who while making $1.4 million in fees per week, has

every incentive to prolong litigation against them.

As a practical matter, the court could say that every Madoff investor was negligent because they never uncovered the crime.

We should be protecting innocent victims of the SEC's negligence, not protecting Wall Street and its stepchild, SIPC.

Another amendment I proposed would have provided for immediate payment to all Ponzi scheme victims of up to $500,000 in SIPC insurance. That payment should be based upon the last statement the victims' received from their broker. This amendment also clarifies that any person who invested in an ERISA-approved retirement plan is a "customer" under SIPA.

Americans have a right to rely upon the statements they receive from SEC-regulated broker/dealers. This was the Congressional purpose of SIPA in 1970 and it remains so today.

Tens of thousands of Americans have lost their life savings because of the inaction of the SEC and its failure to close down the operations of Bernard Madoff, Allen Stanford, and others. Let's do the right thing for these people.

The President said he does not want BP to nickel and dime the oil spill victims, why is it OK to nickel and dime victims of the SEC? These people lost their life savings because of the greed of Wall Street and the inaction of the SEC.

We should have added these much needed amendments in order to ensure innocent investors that the American financial system is not rigged against them.

Mr. DINGELL. Madam Speaker, I stood before this body in 1999 and gave full-throated opposition to the repeal of the Glass-Steagall Act. My opposition had the merit of being correct a decade ago and, at the very least, prophetic today. Indeed, Graham-Leach-Bliley gave rise to the creation of financial juggernauts, whose underhanded actions, gone unregulated by design of that Act and subsequent deregulation, have driven this great country over an economic precipice of proportions not seen since the Great Depression.

I will vote in favor of the conference report today because it is, at its core, a good bill. In so doing, however, I admonish legislators and regulators alike never again to permit another economic calamity for want of vigilance. While history judges us for what we do, it will also condemn us for what we do not.

The SPEAKER pro tempore. Pursuant to House Resolution 1490, the previous question is ordered.

MOTION TO RECOMMIT

Mr. BACHUS. Mr. Speaker, I have a motion to recommit with instructions at the desk.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. BACHUS. Yes.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Bachus moves to recommit the bill H.R. 4173 to the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill H.R. 4173 and to instruct the managers as follows:

(1) To disagree to section 1109 (relating to the GAO audit of the Federal Reserve facilities) of the conference report.

(2) To insist on section 1254(c) (relating to audits of the Federal Reserve), other than paragraph (1) of such section 1254(c), of the House bill.

(3) To insist on section 4s(e)(8) of the Commodity Exchange Act (relating to initial and variation margin), as proposed to be added by section 731 of the Senate amendment.

(4) To insist on section 15F(e)(8) of the Securities Exchange Act of 1934 (relating to initial and variation margin), as proposed to be added by section 764 of the Senate amendment.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. BACHUS. Mr. Speaker, on that I demand the yeas and nays.

PARLIAMENTARY INQUIRY

Mr. FRANK of Massachusetts. Parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state his inquiry.

Mr. FRANK of Massachusetts. This is a legitimate parliamentary inquiry, probably the first one I have ever made or heard. But there was a lot of confusion.

Is it the case apparently that there is no debate on a motion to recommit on a conference report?

The SPEAKER pro tempore. The gentleman is correct. There is no debate on this motion to recommit.

The yeas and nays have been demanded.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes on adoption of the conference report, if ordered, and the motion to suspend the rules on H.R. 4445, if ordered.

The vote was taken by electronic device, and there were—yeas 198, nays 229, not voting 5, as follows:

[Roll No. 412]

YEAS—198

Aderholt
Akin
Alexander
Austria
Bachmann
Bachus
Barrett (SC)
Bartlett
Barton (TX)
Biggert
Bilbray
Bilirakis
Blackburn
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boucher
Boustany
Brady (TX)
Broun (GA)
Brown (SC)
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Buyer
Calvert
Camp
Campbell
Cantor
Cao
Capito
Carney
Carter
Cassidy
Castle
Chaffetz
Childers
Coble
Coffman (CO)
Cole
Conaway
Crenshaw
Critz
Culberson
Davis (KY)
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Djou
Dreier
Duncan
Edwards (TX)
Ehlers
Emerson
Fallin
Flake
Fleming
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Giffords
Gingrey (GA)
Gohmert
Goodlatte
Granger
Graves (GA)
Graves (MO)
Grayson
Griffith
Guthrie
Hall (TX)
Harper
Hastings (WA)
Heller
Hensarling
Herger
Hodes
Hoekstra
Hunter
Inglis
Issa
Jenkins
Johnson (IL)
Johnson, Sam
Jones
Jordan (OH)
King (IA)
King (NY)
Kingston
Kirk
Kirkpatrick (AZ)
Kline (MN)
Kratovil
Lamborn
Lance
Latham
LaTourette
Latta
Lee (NY)
Lewis (CA)
Linder
Lipinski
LoBiondo
Lucas
Luetkemeyer
Lummis
Lungren, Daniel E.
Mack
Manzullo
Marchant
Markey (CO)
McCarthy (CA)
McCaul
McClintock
McCotter
McHenry
McIntyre
McKeon
McMorris Rodgers
McNerney
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Minnick
Mitchell
Moran (KS)
Murphy, Tim
Myrick
Neugebauer
Nunes
Nye
Olson
Paul
Paulsen
Pence
Perriello
Petri
Pitts
Platts
Poe (TX)
Posey
Price (GA)
Putnam
Radanovich
Rehberg
Reichert
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rooney
Ros-Lehtinen
Roskam
Ross
Royce
Ryan (WI)
Scalise
Schmidt
Schock
Sensenbrenner
Sessions
Shadegg
Shimkus
Shuster
Simpson
Skelton
Smith (NE)
Smith (NJ)
Smith (TX)
Space
Stearns
Sullivan
Teague
Terry
Thompson (PA)
Thornberry
Tiahrt
Tiberi
Titus
Turner
Upton
Walden
Westmoreland
Whitfield
Wilson (SC)
Wittman
Wolf
Young (FL)

NAYS—229

Ackerman
Adler (NJ)
Altmire
Andrews
Arcuri
Baca
Baird
Baldwin
Barrow
Bean
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boccieri
Boren
Boswell
Boyd
Brady (PA)
Braley (IA)
Bright
Brown, Corrine
Butterfield
Capps
Capuano
Cardoza
Carnahan
Carson (IN)
Castor (FL)
Chandler
Chu
Clarke
Clay
Cleaver
Clyburn
Cohen
Connolly (VA)
Conyers
Cooper
Costa
Costello
Courtney
Crowley
Cuellar
Cummings
Dahlkemper
Davis (AL)
Davis (CA)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Deutch
Dicks
Dingell
Doggett
Donnelly (IN)
Doyle
Driehaus
Edwards (MD)
Ellison
Ellsworth
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Foster
Frank (MA)
Fudge
Garamendi
Gonzalez
Gordon (TN)
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Halvorson
Hare
Harman
Hastings (FL)
Heinrich
Herseth Sandlin
Higgins
Hill
Himes
Hinchey
Hinojosa
Hirono
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson Lee (TX)
Johnson (GA)
Johnson, E. B.
Kagen
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick (MI)
Kilroy
Kind
Kissell
Klein (FL)

Kosmas
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Levin
Lewis (GA)
Loebsack
Lofgren, Zoe
Lowey
Luján
Lynch
Maffei
Maloney
Markey (MA)
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McMahon
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murphy (CT)
Murphy (NY)
Murphy, Patrick
Nadler (NY)
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor (AZ)
Payne
Perlmutter
Peters
Peterson
Pingree (ME)
Polis (CO)
Pomeroy
Price (NC)
Quigley
Rahall
Rangel
Reyes
Richardson
Rodriguez
Rothman (NJ)
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schauer
Schiff
Schrader
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shea-Porter
Sherman
Shuler
Sires
Slaughter
Smith (WA)
Snyder
Speier
Spratt
Stark
Stupak
Sutton
Tanner
Thompson (CA)
Thompson (MS)
Tierney
Tonko
Towns
Tsongas
Van Hollen
Velázquez
Visclosky
Walz
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch
Wilson (OH)
Wu
Yarmuth

NOT VOTING—5

Bishop (UT)
Taylor
Wamp
Woolsey
Young (AK)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining in this vote.

□ 1846

Messrs. OLVER, BRADY of Pennsylvania, POLIS, PRICE of North Carolina, JOHNSON of Georgia, Ms. CORRINE BROWN of Florida, Messrs. AL GREEN of Texas, POMEROY, Ms. SCHAKOWSKY, Messrs. MOLLOHAN, DINGELL, VISCLOSKY, GUTIERREZ and CONYERS changed their vote from ''yea'' to ''nay.''

Mr. GOODLATTE, Mrs. KIRKPATRICK of Arizona, Mrs. BACHMANN, Mr. EDWARDS of Texas, Ms. FOXX and Mr. BILBRAY changed their vote from ''nay'' to ''yea.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FRANK of Massachusetts. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 237, nays 192, not voting 4, as follows:

[Roll No. 413]

YEAS—237

Ackerman
Adler (NJ)
Altmire
Andrews
Arcuri
Baca
Baird
Baldwin
Barrow
Bean
Becerra
Berkley
Berman
Bishop (GA)
Bishop (NY)
Blumenauer
Boccieri
Boswell
Boyd
Brady (PA)
Braley (IA)
Brown, Corrine
Butterfield
Cao
Capps
Capuano
Cardoza
Carnahan
Carney
Carson (IN)
Castle
Castor (FL)
Chu
Clarke
Clay
Cleaver
Clyburn
Cohen
Connolly (VA)
Conyers
Costa
Costello
Courtney
Crowley
Cummings
Dahlkemper
Davis (AL)
Davis (CA)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutch
Dicks
Dingell
Doggett
Donnelly (IN)
Doyle
Driehaus
Edwards (MD)
Ellison
Ellsworth
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Foster
Frank (MA)
Fudge
Garamendi
Giffords
Gonzalez
Gordon (TN)
Grayson
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Halvorson
Hare
Harman
Hastings (FL)
Heinrich
Herseth Sandlin
Higgins
Hill
Himes
Hinchey
Hinojosa
Hirono
Hodes
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson Lee (TX)
Johnson (GA)
Johnson, E. B.
Jones
Kagen
Kanjorski
Kennedy
Kildee
Kilpatrick (MI)
Kilroy
Kind
Kissell
Klein (FL)
Kosmas
Kratovil
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Levin
Lewis (GA)
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Luján
Lynch
Maffei
Maloney
Markey (CO)
Markey (MA)
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McMahon
McNerney
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Minnick
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murphy (CT)
Murphy (NY)
Murphy, Patrick
Nadler (NY)
Napolitano
Neal (MA)
Nye
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor (AZ)
Payne
Pelosi
Perlmutter
Peters
Peterson
Pingree (ME)
Polis (CO)
Pomeroy
Price (NC)
Quigley
Rahall
Rangel
Reyes
Richardson
Rodriguez
Rothman (NJ)
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schauer
Schiff
Schrader
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shea-Porter
Sherman
Shuler
Sires
Slaughter
Smith (WA)
Snyder
Space
Speier
Spratt
Stark
Stupak
Sutton
Tanner
Teague
Thompson (CA)
Thompson (MS)
Tierney
Titus
Tonko
Towns
Tsongas
Van Hollen
Velázquez
Visclosky
Walz
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch
Wilson (OH)
Wu
Yarmuth

NAYS—192

Aderholt
Akin
Alexander
Austria
Bachmann
Bachus
Barrett (SC)
Bartlett
Barton (TX)
Berry
Biggert
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boren
Boucher
Boustany
Brady (TX)
Bright
Broun (GA)
Brown (SC)
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Buyer
Calvert
Camp
Campbell
Cantor
Capito
Carter
Cassidy
Chaffetz
Chandler
Childers
Coble
Coffman (CO)
Cole
Conaway
Cooper
Crenshaw
Critz
Cuellar
Culberson
Davis (KY)
Davis (TN)
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Djou
Dreier
Duncan
Edwards (TX)
Ehlers
Emerson
Fallin
Flake
Fleming
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gingrey (GA)
Gohmert
Goodlatte
Granger
Graves (GA)
Graves (MO)
Griffith
Guthrie
Hall (TX)
Harper
Hastings (WA)
Heller
Hensarling
Herger
Hoekstra
Hunter
Inglis
Issa
Jenkins
Johnson (IL)
Johnson, Sam
Jordan (OH)
Kaptur
King (IA)
King (NY)
Kingston
Kirk
Kirkpatrick (AZ)
Kline (MN)
Lamborn
Lance
Latham
LaTourette
Latta
Lee (NY)
Lewis (CA)
Linder
LoBiondo
Lucas
Luetkemeyer
Lummis
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCarthy (CA)
McCaul
McClintock
McCotter
McHenry
McIntyre
McKeon
McMorris Rodgers
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mitchell
Moran (KS)
Murphy, Tim
Myrick
Neugebauer
Nunes
Olson
Owens
Paul
Paulsen
Pence
Perriello
Petri
Pitts
Platts
Poe (TX)
Posey
Price (GA)
Putnam
Radanovich
Rehberg
Reichert
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rooney
Ros-Lehtinen
Roskam
Ross
Royce
Ryan (WI)
Scalise
Schmidt
Schock
Sensenbrenner
Sessions
Shadegg
Shimkus
Shuster
Simpson
Skelton
Smith (NE)
Smith (NJ)
Smith (TX)
Stearns
Sullivan
Terry
Thompson (PA)
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walden
Westmoreland
Whitfield
Wilson (SC)
Wittman
Wolf
Young (FL)

NOT VOTING—4

Taylor
Wamp
Woolsey
Young (AK)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Two minutes remain in this vote.

□ 1854

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

INDIAN PUEBLO CULTURAL CENTER CLARIFICATION ACT

The SPEAKER pro tempore. The unfinished business is the question on suspending the rules and passing the bill (H.R. 4445) to amend Public Law 95–232 to repeal a restriction on treating as Indian country certain lands held in trust for Indian pueblos in New Mexico, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Mexico (Mr. HEINRICH) that the House suspend the rules and pass the bill, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

RECORDED VOTE

Mr. ANDREWS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.