115TH CONGRESS
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HOUSE OF REPRESENTATIVES

REPORT
115–620

TRANSPARENCY AND ACCOUNTABILITY FOR BUSINESS STANDARDS ACT

APRIL 5, 2018.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HENSARLING, from the Committee on Financial Services, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 3179]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 3179) to require the appropriate Federal banking agencies, when issuing certain prudential regulations that are substantively more stringent than a corresponding international prudential standard to publish the rationale for doing so and a cost-benefit analysis of the difference, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE AND SUMMARY

Introduced by Representative Trey Hollingsworth on July 11, 2017, H.R. 3179, the "Transparency and Accountability for Business Standards Act" requires Federal banking agencies (the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Federal Reserve), and the Federal Deposit Insurance Corporation (FDIC)) to publish—whenever issuing certain prudential regulations which are substantively more stringent than corresponding international standards—a rationale and comprehensive cost-benefit analysis of the differences between the prudential regulation and the corresponding international prudential standard, for public notice and comment.

79–006

The cost-benefit analysis must include the following metrics:

- Any impact on pricing and availability of credit, in the aggregate and for specific types of borrowers
- Any impact on liquidity in markets, in the aggregate and for specific instruments
- Any impact of the effect of the rules on affected institutions, and
- Any impact on employment, economic growth and monetary policy execution

BACKGROUND AND NEED FOR LEGISLATION

In response to the 2008 financial crisis, the Basel Committee on Banking Supervision (Basel Committee), of which the United States is a member, agreed to modify internationally negotiated bank regulatory standards known as the Basel Accords to increase bank capital and liquidity requirements and other regulatory measures.

The Basel Accords are international banking regulations negotiated between participating regulators, but they rely on local implementation to take effect in a nation's financial regulatory regime. The Basel Committee cannot force individual nations to adopt its standards, and agreements made in Basel are subject to interpretation, implementation, and enforcement by domestic regulators. Nevertheless, both member and non-member countries largely follow the bank supervisory guidance issued by the Basel Committee.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111–203) codified the Basel III capital standards and the U.S. Federal banking regulators—including the FDIC, Federal Reserve, and OOCC—promulgated rules to implement the standards on July 9, 2013.

Since 2008, U.S. banks have raised more than $400 billion in new capital, and regulators in the United States and elsewhere, working under the aegis of the Basel Committee and the G–20's Financial Stability Board, have required those institutions to maintain higher capital buffers than they did before the crisis. Regulators have also—for the first time—adopted liquidity regulations that require financial institutions to maintain "high quality liquid assets" that they can use to satisfy their funding needs if markets seize up as they did in 2008 and 2009. In several instances, U.S. regulators have gone beyond the standards set by the Basel Committee and imposed more stringent capital and liquidity requirements on U.S. firms, a practice which has come to be known as "gold-plating."

The practice of "gold-plating" U.S. financial regulation than the agreed-to international standards disadvantages the U.S. economy and the efficiency of the U.S. credit market for consumers. Capital and liquidity standards affect everyone in the economy. Appropriate standards can ensure bank stability, whereas excessive requirements can impede the growth of the domestic economy and create competitive disadvantages on the international financial stage. The U.S. Treasury Department noted in its June 2017 report issued in response to President Trump's Executive Order 13772 on *Core Principles for Regulating the United States Financial System,* "In many instances, the U.S. banking agencies have implemented standards for U.S. G–SIBs and other large internationally active U.S. banks that are more conservative than the international standards established by the Basel Committee or the Financial Stability Board."

As U.S. regulators promulgate rules to require domestic institutions to maintain nearly double the amount of capital of their international counterparts, it puts U.S. institutions at a competitive disadvantage. It further harms consumers by leaving less capital available for lending and also reducing the number and types of products consumers can choose from. With billions of dollars of equity capital capable of supporting hundreds of billions of dollars in lending capital unjustifiably locked away under overly-stringent domestic capital standards, economic growth and consumer welfare are stifled. The June 2017 Treasury Report also noted, "International regulatory standards should only be implemented through consideration of their alignment with domestic objectives and should be carefully and appropriately tailored to meet the needs of the U.S. financial services industry and the American people."

The Treasury Report also recommended that, "U.S. rules that exceed international standards that should be recalibrated include (i) the U.S. G–SIB risk-based surcharge, including its focus on short-term wholesale funding reliance; (ii) the mandatory minimum debt ratio included in the Federal Reserve's TLAC and minimum debt rules; and (iii) the eSLR." This bill will ensure that if regulators determine that domestic standards should be more stringent than the standards foreign institutions adopt under the aegis of the Basel Committee or any other international standard-setting body, they should do so only after careful analysis and a transparent, and public process that allows for consideration of the benefits to safety and soundness taken together with the potential harm to the economy and consumer freedom.

HEARINGS

The Committee on Financial Services held a hearing examining matters relating to H.R. 3179 on December 7, 2017.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on December 12 and 13, 2017, and ordered H.R. 3179 to be reported favorably to the House as amended by a recorded vote of 34 yeas to 26 nays (Record vote no. FC–130), a quorum being present.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. The sole recorded vote was on a motion by Chairman Hensarling to report the bill favorably to the House with amendment. The motion was agreed to by a recorded vote of 34 yeas to 26 nays (Record vote no. FC–130), a quorum being present.

Record vote no. FC-130

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Hensarling	X			Ms. Maxine Waters (CA)		X	
Mr. McHenry	X			Mrs. Carolyn B. Maloney (NY)		X	
Mr. King	X			Ms. Velázquez		X	
Mr. Royce (CA)	X			Mr. Sherman		X	
Mr. Lucas	X			Mr. Meeks		X	
Mr. Pearce	X			Mr. Capuano		X	
Mr. Posey	X			Mr. Clay		X	
Mr. Luetkemeyer	X			Mr. Lynch		X	
Mr. Huizenga	X			Mr. David Scott (GA)		X	
Mr. Duffy	X			Mr. Al Green (TX)		X	
Mr. Stivers	X			Mr. Cleaver		X	
Mr. Hultgren	X			Ms. Moore		X	
Mr. Ross	X			Mr. Ellison		X	
Mr. Pittenger	X			Mr. Perlmutter		X	
Mrs. Wagner	X			Mr. Himes		X	
Mr. Barr	X			Mr. Foster		X	
Mr. Rothfus	X			Mr. Kildee		X	
Mr. Messer	X			Mr. Delaney		X	
Mr. Tipton	X			Ms. Sinema		X	
Mr. Williams	X			Mrs. Beatty		X	
Mr. Poliquin	X			Mr. Heck		X	
Mrs. Love	X			Mr. Vargas		X	
Mr. Hill	X			Mr. Gottheimer		X	
Mr. Emmer	X			Mr. Gonzalez (TX)		X	
Mr. Zeldin	X			Mr. Crist		X	
Mr. Trott	X			Mr. Kihuen		X	
Mr. Loudermilk	X						
Mr. Mooney (WV)	X						
Mr. MacArthur	X						
Mr. Davidson	X						
Mr. Budd	X						
Mr. Kustoff (TN)	X						
Ms. Tenney	X						
Mr. Hollingsworth	X						

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that H.R. 3179 will require Federal banking agencies (the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Federal Reserve), and the Federal Deposit Insurance Corporation (FDIC) to publish—whenever issuing certain prudential regulations which are substantively more stringent than corresponding international standards—a rationale and comprehensive cost-benefit analysis of the differences between the prudential regulation and the corresponding international prudential standard, for public notice and comment.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 28, 2018.

Hon. JEB HENSARLING,
Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3179, the Transparency and Accountability for Business Standards Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Sarah Puro and Nathaniel Frentz.

Sincerely,

KEITH HALL,
Director.

Enclosure.

H.R. 3179—Transparency and Accountability for Business Standards Act

Summary: H.R. 3179 would require three federal banking regulators—the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Federal Reserve—to conduct and publish cost-benefit analyses of any new regulations they implement related to capital requirements, leverage requirements, or liquidity requirements that are substantively more stringent than corresponding international standards. The bill also would require those regulators to complete cost-benefit analyses for any similar regulations they have implemented since January 2007.

CBO estimates that enacting the legislation would increase the deficit by $8 million over the 2018–2027 period. That amount comprises an increase in direct spending of $4 million and a reduction in revenues of $4 million. Because enacting the bill would affect direct spending and revenues, pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 3179 would not increase net direct spending or on-budget deficits by more than $2.5 billion in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3179 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). Additional fees imposed by the FDIC and the OCC would increase the cost of an existing mandate on private entities required to pay those assessments. However, CBO estimates that the incremental cost of the mandate would fall well below the annual threshold established in UMRA for private-sector mandates ($156 million in 2017, adjusted for inflation).

Estimated cost to the Federal Government: The estimated budgetary effect of H.R. 3179 is shown in the following table. The costs of the legislation fall within budget function 370 (advancement of commerce).

	By fiscal year, in millions of dollars—											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018–2022	2018–2027
INCREASES IN DIRECT SPENDING												
Estimated Budget Authority	0	1	1	*	*	*	*	*	*	*	2	4
Estimated Outlays	0	1	1	*	*	*	*	*	*	*	2	4
DECREASES IN REVENUES												
Estimated Revenues	0	−1	−1	*	*	*	*	*	*	*	−2	−4
NET INCREASE IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Impact on Deficit	0	2	2	1	1	1	1	1	1	1	5	8

Components may not sun to totals because of rounding.
* = between –$500,000 and $500,000.

Basis of estimate: Costs incurred by the FDIC and the OCC are recorded in the budget as increases in direct spending. Those agencies are authorized to collect premiums and fees from insured depository institutions to fully cover such administrative expenses, although CBO expects that a portion of the costs incurred by the FDIC under H.R. 3179 would be recouped after 2027. Regulatory costs of the Federal Reserve System have the effect of reducing remittances to the Treasury, which are recorded in the budget as revenues.

Under current law, a cost-benefit analysis is prepared before a federal banking regulator adopts a new regulation. However, CBO estimates that the bill's standards for such analyses would require additional work. The bill also would require regulators to prepare cost-benefit analyses for certain regulations issued since January 2007.

Using information from the financial regulators, CBO estimates that between 5 and 10 of the regulations issued since January 1, 2007, would require cost-benefit analyses under the bill. In addition, CBO estimates that to implement future regulations, the regulators would have to complete an additional cost-benefit analysis each year.

CBO estimates that each affected agency would need the equivalent of one additional full-time employee to complete the additional work required under the bill. Depending on the agency, the associated cost of employment would range from $200,000 to $250,000 annually. As a result, CBO estimates, enacting the bill would increase deficits by $8 million over the 2018–2027 period. That amount includes an increase in net direct spending of $4 million and a decrease in revenues of $4 million because the increased costs for the Federal Reserve would reduce remittances to the Treasury.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 3179, THE TRANSPARENCY AND ACCOUNTABILITY FOR BUSINESS STANDARDS ACT, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON FINANCIAL SERVICES ON DECEMBER 13, 2017

	By fiscal year, in millions of dollars—											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018–2022	2018–2027
NET INCREASE IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	2	2	1	1	1	1	1	1	1	1	5	8
Memorandum:												
Changes in Outlays	1	1	0	0	0	0	0	0	0	0	2	4
Changes in Revenues	1	1	0	0	0	0	0	0	0	0	2	4

Increase in long-term direct spending and deficits: CBO estimates that enacting H.R. 3179 would not increase net direct spending or on-budget deficits by more than $2.5 billion in any of the four consecutive 10-year periods beginning in 2028.

Mandates: H.R. 3179 contains no intergovernmental mandates as defined in UMRA.

CBO expects that the FDIC and the OCC would increase fees to offset the costs of implementing the additional regulatory activities required by the bill. Any increase in fees would increase the cost of an existing mandate on entities required to pay those assessments. Using information from the federal banking regulators, CBO estimates that the incremental cost to comply with the mandate would fall well below the annual threshold established in UMRA for private-sector mandates ($156 million in 2017, adjusted for inflation).

Estimate prepared by: Federal Costs: Sarah Puro; Revenues: Nathaniel Frentz; Mandates: Jon Sperl.

Estimate approved by: H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995.

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of the section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

DUPLICATION OF FEDERAL PROGRAMS

In compliance with clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95–220, as amended by Pub. L. No. 98–169).

DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, (115th Congress), the following statement is made concerning directed rulemakings: The Committee estimates that the bill requires no directed rulemakings within the meaning of such section.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section cites H.R. 3179 as the "Transparency and Accountability for Business Standards Act."

Section 2. Cost-benefit analysis requirement for certain prudential regulations

This section requires that appropriate Federal banking agencies, when issuing prudential regulations that are substantively more stringent than corresponding international standards, must publish, for public notice and comment, a rationale and comprehensive cost-benefit analysis of the differences between the prudential regulation and the corresponding international prudential standard. The cost-benefit analysis must include the following metrics:

- Any impact on pricing and availability of credit, in the aggregate and for specific types of borrowers;
- Any impact on liquidity in markets, in the aggregate and for specific instruments;
- Any impact on affected institutions; and
- Any impact on employment, economic growth and monetary policy execution.

This section also require that in order for a Federal banking agency to supersede an extant prudential regulation by adopting an international standard, it must first publish, for public notice and comment, a proposal to repeal or amend the superseded regulation or a description (including a cost-benefit analysis) of why it does not intend to repeal or amend the superseded regulation.

Finally, the section includes a lookback provision requiring Federal banking agencies to report to Congress within 180 days on any final rule since January 1, 2007, that would fall into one of the above categories.

This section also defines the various terms utilized within the Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

H.R. 3179 does not repeal or amend any section of a statute. Therefore, the Office of Legislative Counsel did not prepare the report contemplated by clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives.

MINORITY VIEWS

H.R. 3179 would impose a new, onerous administrative burden on federal banking agencies—specifically the Board of Governors of the Federal Reserve System (Federal Reserve), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC)—before they could adopt a prudential regulation, such as requirements regarding how much capital a bank must maintain, that is more stringent than a corresponding international prudential standard. Under the bill, the agencies would first be required to publish for notice and comment their rationale, among other things, when issuing a stricter rule than under the international standard and conduct a cost-benefit analysis of the difference between the proposed regulation and the international standard.

Oddly, H.R. 3179 does *not* require a similar analysis if U.S. regulators propose a weaker standard than a corresponding international prudential standard. In addition, the cost-benefit analysis under H.R. 3179 would require regulators to consider the impact on availability of credit and economic growth, but it would not include other important considerations, such as the impact on the safety and soundness of the U.S. banking system and financial stability. Thus, we are deeply concerned H.R. 3179 could have the net effect of discouraging regulators from pursuing stronger rules that could help prevent another financial crisis.

Federal banking agencies participate in the Basel Committee on Banking Supervision (Basel Committee) at the Bank for International Settlement.[1] The purpose of the Basel framework generally, and the Basel III framework specifically, is to improve resilience for the banking system during episodes of financial distress.[2] Typically, after the Basel Committee agrees to these prudential standards, U.S. federal banking agencies implement these standards through the extensive administrative process of modifying existing rules or issuing new proposed rules, considering public comments, conducting extensive analysis and ultimately issuing final rules that tailor the Basel standards to the U.S. banking system.[3]

Despite record profits earned by the banking sector in recent years,[4] and business lending up more than 75 percent since Dodd-Frank was signed into law,[5] the Trump Administration and Wall Street banks have argued that U.S. regulators have gone too far in so-called "gold-plating" international standards, which is a term

[1] https://www.bis.org/bcbs/about.htm.
[2] https://www.bis.org/bcbs/basel3.htm.
[3] See CRS Report, "Overview of the Prudential Regulatory Framework for U.S. Banks: Basel III and the Dodd-Frank Act," (July 27, 2016), http://www.crs.gov/Reports/R44573.
[4] https://www.wsj.com/articles/u-s-banking-industry-annual-profit-hit-record-in-2016-1488295836.
[5] http://money.cnn.com/2017/02/13/investing/bank-business-lending-dodd-frank-trump/index.html.

commonly used to describe the application of stricter standards to U.S. banks than what is specified in Basel III or other agreements. Many of the positions articulated in a 2017 Treasury report[6] to roll back these prudential safeguards have also been echoed by the megabank executives. Jamie Dimon, the Chairman and Chief Executive Office for JPMorgan Chase & Co., for instance, wrote in his 2016 annual letter to shareholders that: "America should eliminate its 'gold plating' of international standards. American regulators took the new Basel standards across a wide variety of calculations and asked for more."[7] This perspective ignores the benefits from more stringent rules to promote financial stability, and also ignores how large banks may use excess cash to buy back shares, pay dividends or pay out bonuses to executives instead of providing more access to credit for consumers.[8]

While proponents of H.R. 3179 argue the U.S. should not "gold plate" international standards, such an effort can lead to other jurisdictions to follow America's lead in setting higher, not lower, prudential standards. According to John Heltman of *American Banker*, "It's beginning to look like the rest of the world may follow the U.S.' lead when it comes to tougher capital standards. . . . Wall Street critics say it illustrates their long-standing claims that 'gold-plating'—that is, setting regulatory standards that exceed international standards—can help influence other countries to agree to stronger standards."[9]

Furthermore, while there are a wide range of views on the appropriate stringency of bank capital requirements,[10] the United States has been generally recognized as being far more successful compared to other jurisdictions, such as Europe, in re-capitalizing and strengthening the resiliency of the banking sector through robust stress testing and other enhanced prudential requirements following the financial crisis.[11] In fact, U.S. banks have added more than $750 billion in capital to absorb potential losses and are much less reliant on the kinds of short-term funding that disappeared in the 2007–2009 financial crisis.[12]

According to Dr. Marcus Stanley in testimony before the Committee, "Subordinating U.S. bank regulations to what is attainable in a Basel consensus would be an extremely dangerous move."[13] Experts have also pointed out the shortcomings with the current

[6] United States Department of the Treasury, "A Financial System That Creates Economic Opportunities—Banks and Credit Unions," (June 2017), available at: https://www.treasury.gov/press-center/press-releases/Documents/A%20Financial%20System,pdf.

[7] https://www.jpmorganchase.com/corporate/investor-relations/document/ar2016-ceoletter shareholders.pdf.

[8] https://www.fdic.gov/about/learn/board/hoenig/hoenigletter07-31-2017.pdf.

[9] https://www.americanbanker.com/news/basel-move-makes-the-case-for-gold-plating-capital-standards.

[10] For example, see: https://www.federalreserve.gov/econres/feds/files/2017034pap.pdf; https://www.gsb.stanford.edu/faculty-research/books/bankers-new-clothes-whats-wrong-banking-what-do-about-it; https://www.minneapolisfed.org/publications/special-studies/endingtbtf; https://www.fdic.gov/news/news/speeches/spmar1317.html; and https://www.aei.org/publication/regulation-of-bank-capital-and-liquidity/.

[11] For example, see https://www.economist.com/news/special-report/21721502-most-european-banks-were-slow-mark-after-crisis-american-banks-have-recovered; https://www.economist.com/news/special-report/21721497-international-bank-regulation-grinding-towards-completionor-possibly-halt-basel-3; and https://www.cnbc.com/id/37237500.

[12] https://obamawhitehouse.archives.gov/blog/2017/01/09/review-why-president-obama-reformed-wall-street-and-what-reform-has-accomplished.

[13] https://financialservices.house.gov/uploadedfiles/hhrg-115-ba15-wstate-mstanley-20171207.pdf.

cost-benefit analysis conducted by federal banking regulators, more generally, noting that compliance burdens are easier to calculate compared to the more hypothetical and large benefits to the broader public of preventing a catastrophically costly, unrealized financial crisis. The financial industry has repeatedly used these analyses to challenge various rulemakings in court.[14]

Because the mandatory review process under the bill is only triggered when federal banking regulators seek to adopt stronger prudential regulations, it would create an administrative disincentive for regulators to pursue more robust rules that could prevent another financial crisis. At a minimum, the additional administrative requirements in the bill would also increase the time-period for certain prudential rulemakings, which could create safety and soundness risks in tying the hands of regulators during times of financial stress or dire economic conditions.

For these reasons, we oppose H.R. 3179.

MAXINE WATERS.
NYDIA M. VELÁZQUEZ.
CAROLYN B. MALONEY.
JOYCE BEATTY.
KEITH ELLISON.

[14] For example, see https://www.yalelawjournal.org/article/cost-benefit-analysis-of-financial-regulation and http://ourfinancialsecurity.org/wp-content/uploads/2012/05/DENNIS-KELLEHER-PPT.pdf.