

customers, while managing interest rate risk by selling long-term credit assets.

Banks are retaining less mortgage servicing due to Basel III's unfavorable capital treatment of MSAs. As a result, Basel III is unintentionally increasing the concentration of servicing held by less regulated, non-bank firms such as mortgage companies, REITs, hedge funds, and private equity firms that are not subject to the new capital restrictions. The long-term relationships that banks and their customers have established should not be penalized by Basel III's punitive capital treatment of MSAs.

Banks should be encouraged to service the loans that they make to their customers. This legislation stops the negative effects until the impact can be fully examined. The bill does not apply to the large international banks that Basel III was meant to address.

H.R. 1408 passed the House Financial Services Committee on March 26 by a strong bipartisan vote of 49-9. ABA urges strong support for this legislation.

The House will also consider H.R. 1529, the Community Institution Mortgage Relief Act of 2015, introduced by Representatives Brad Sherman (D-CA) and Blaine Luetkemeyer (R-MO). This bipartisan legislation, which passed the House Financial Services Committee by a vote of 48-10, would exempt from the escrow requirements imposed under the Dodd/Frank Act loans held by small creditors with less than \$10 billion in assets. ABA supports the legislation's expansion of the Consumer Financial Protection Bureau's (CFPB) "small servicer" exemption to include servicers that annually service 20,000 or fewer mortgage loans. These important exemptions recognize the strong history of small institutions in providing high-quality mortgage servicing, even with limited staff and resources of smaller institutions.

Given their track record, small servicers should be incentivized to continue to service mortgage loans. Unfortunately, existing regulations are having the opposite effect. The existing escrow rules have the potential to drive small creditors from the mortgage market because it is difficult, if not impossible, for them to provide escrow services in a cost effective manner. Further, imposing escrow requirements often runs counter to customer preference as many mortgage customers prefer to pay tax and insurance bills on their own and not establish escrow accounts. Without the exemptions provided in this legislation, customers of smaller institutions will face higher costs to offset the cost of compliance for a service which they do not in some cases even want. Worse, some customers will face fewer credit choices as small local lenders choose to exit the mortgage market rather than incur the added staffing and technical expenses of adding escrow services. This is an important piece of legislation and ABA urges the House to pass H.R. 1529.

JAMES BALLENTINE,  
*Executive Vice President, Congressional  
Relations and Political Affairs.*

NATIONAL ASSOCIATION OF  
FEDERAL CREDIT UNIONS,  
*Arlington, VA, July 14, 2015.*

Re: Support for the Mortgage Servicing  
Asset Capital Requirements Act of 2015  
(H.R. 1408)

Hon. JOHN BOEHNER,  
*Speaker, House of Representatives,  
Washington, DC.*

Hon. NANCY PELOSI,  
*Minority Leader, House of Representatives,  
Washington, DC.*

DEAR SPEAKER BOEHNER AND LEADER  
PELOSI: On behalf of the National Association of Federal Credit Unions (NAFCU), the

only trade association exclusively representing the federal interests of our nation's federally insured credit unions, I write today to urge your support of the Mortgage Servicing Asset Capital Requirements Act of 2015 (H.R. 1408), as amended, when it comes to the House floor. This bipartisan measure introduced by Representatives Perlmutter and Luetkemeyer would, among other things, ensure that the National Credit Union Administration (NCUA) study its second risk-based capital proposal's impact on credit union mortgage servicing assets.

As you know, NAFCU has concerns about many aspects of the NCUA's risk-based capital proposal including the portion relative to mortgage servicing assets which has a risk weight of 250 percent. NAFCU believes this is artificially high and a risk weight of 150 percent is more appropriate. This portion of the proposal is indicative of much larger issues with NCUA's proposal and NAFCU continues to believe it is a solution in search of a problem. In short, this entire proposal should be withdrawn until adequate cost-benefit analysis is done to determine the impact it will have on credit union lending and job creation. While NAFCU does not oppose a risk-based capital regime for credit unions, it must be done properly through statute with ample Congressional input.

Not only does NAFCU urge passage of H.R. 1408 to look at the mortgage servicing assets portion of the NCUA's risk-based capital proposal, but we also encourage the House to support and schedule action on the Risk-Based Capital Study Act of 2015 (H.R. 2769). This bipartisan legislation, introduced by Representatives Fincher, Posey and Denny Heck, would require NCUA to study the full impact of the entire risk-based capital proposal on credit unions and report back to Congress before taking any final action on the proposal.

Again, thank you for scheduling the consideration of the Mortgage Servicing Asset Capital Requirements Act (H.R. 1408) on the floor this week. We urge strong support for this legislation and hope the appropriate capital requirements for credit unions continue to be a focus in the House during this Congress.

Sincerely,

BRAD THALER,  
*Vice President of Legislative Affairs.*

Ms. MAXINE WATERS of California.  
Mr. Speaker, I yield back the balance of my time.

Mr. LUETKEMEYER. Mr. Speaker, I just want to reiterate my support and thanks for the hard work of the gentleman from Colorado. He has been a leader on this issue, and certainly it has been a pleasure to work with him.

I urge passage of H.R. 1408, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri (Mr. LUETKEMEYER) that the House suspend the rules and pass the bill, H.R. 1408, as amended.

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

The title of the bill was amended so as to read: "A bill to require certain Federal banking agencies to conduct a study of the appropriate capital requirements for mortgage servicing assets for banking institutions, and for other purposes."

A motion to reconsider was laid on the table.

## SBIC ADVISERS RELIEF ACT OF 2015

Mr. LUETKEMEYER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 432) to amend the Investment Advisers Act of 1940 to prevent duplicative regulation of advisers of small business investment companies.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 432

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE.

This Act may be cited as the "SBIC Advisers Relief Act of 2015".

### SEC. 2. ADVISERS OF SBICS AND VENTURE CAPITAL FUNDS.

Section 203(l) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(l)) is amended—

(1) by striking "No investment adviser" and inserting the following:

"(1) IN GENERAL.—No investment adviser"; and

(2) by adding at the end the following:

"(2) ADVISERS OF SBICS.—For purposes of this subsection, a venture capital fund includes an entity described in subparagraph (A), (B), or (C) of subsection (b)(7) (other than an entity that has elected to be regulated or is regulated as a business development company pursuant to section 54 of the Investment Company Act of 1940)."

### SEC. 3. ADVISERS OF SBICS AND PRIVATE FUNDS.

Section 203(m) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(m)) is amended by adding at the end the following:

"(3) ADVISERS OF SBICS.—For purposes of this subsection, the assets under management of a private fund that is an entity described in subparagraph (A), (B), or (C) of subsection (b)(7) (other than an entity that has elected to be regulated or is regulated as a business development company pursuant to section 54 of the Investment Company Act of 1940) shall be excluded from the limit set forth in paragraph (1)."

### SEC. 4. RELATIONSHIP TO STATE LAW.

Section 203A(b)(1) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3a(b)(1)) is amended—

(1) in subparagraph (A), by striking "or" at the end;

(2) in subparagraph (B), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(C) that is not registered under section 203 because that person is exempt from registration as provided in subsection (b)(7) of such section, or is a supervised person of such person."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. LUETKEMEYER) and the gentlewoman from California (Ms. MAXINE WATERS) each will control 20 minutes.

The Chair recognizes the gentleman from Missouri.

GENERAL LEAVE

Mr. LUETKEMEYER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on this bill.

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

There was no objection.

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

I rise today in support of H.R. 432, the SBIC Advisers Relief Act. This legislation allows for commonsense changes that will ultimately allow for greater small business capital formation and job creation.

The SBIC Advisers Relief Act streamlines the registration and reporting requirements for advisers to small business investment companies, or SBICs. These are advisers to investment funds that make long-term investments in United States small businesses and have to the tune of more than \$63 billion since 1958.

SBICs are heavily regulated and closely supervised by the U.S. Small Business Administration, and they have been for more than 55 years. The existing regulatory regime surrounding SBICs includes an in-depth examination of management, strong investment rules, numerous operation requirements, recordkeeping, examination and reporting mandates, and conflict of interest rules. These entities and the management of these entities are anything but unregulated.

This robust regulatory framework has been well-recognized by Congress. The intent of Congress in including certain exemptions in Dodd-Frank was to reduce the regulatory burden on smaller funds and SBICs. However, the law has resulted in some unintended consequences that need to be addressed.

The SBIC Advisers Relief Act does three things:

One, it allows advisers that jointly advise SBICs and venture funds to be exempt from registration, combining two separate exemptions that exist: one for advisers of SBICs and a separate one for advisers of venture funds;

Two, it excludes SBIC assets from the SEC's assets under management threshold calculation; and

Three, it exempts from State regulation advisers of SBIC funds with less than \$90 million in assets under management, leaving those entities to be regulated by the SBA, as they are today.

Mr. Speaker, I think we can all agree that these changes are common sense. This legislation is not only broadly bipartisan, but it also includes changes suggested by the SEC.

Most importantly, the bill is comprised of sensible provisions that prevent redundant regulatory mandates and allow for greater investment in America's small businesses.

The Financial Services Committee has thoroughly examined this bipartisan legislation in both a legislative hearing and a markup. H.R. 432 passed the committee by a vote of 53-0 in May. Identical legislation passed the House last year by a voice vote.

I want to thank the gentlewoman from New York (Mrs. CAROLYN B. MALONEY) for her help on the bill.

I urge support of H.R. 432, and I reserve the balance of my time.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am once again pleased to support this bill related to small business capital formation. This legislation has broad bipartisan support and clarifies the intent of Congress when we passed Dodd-Frank.

H.R. 432, which Representatives LUETKEMEYER and MALONEY worked on in a bipartisan fashion, exempts advisers to small business investment companies, or SBICs, from registration with the SEC in cases where they are inappropriately being required to do so.

Under the Dodd-Frank Act, Congress explicitly exempted advisers to SBIC funds and advisers to venture capital funds from registration. However, the SEC has interpreted the language in the act as still requiring registration if a fund's adviser advises both.

□ 1415

This, to me, is not consistent with the act, and I applaud the authors of this bill for solving this problem.

This bill would also exclude SBIC fund assets from the calculation of fund assets triggering the \$150 million registration threshold, another provision I believe is reasonable.

The SBIC program was created in 1958 to help small businesses grow. It is a self-funded program and has provided needed capital to communities via the partnership between the Small Business Administration and private businesses.

I am also comfortable with the exemptions provided in this legislation because the SBA actively oversees SBICs, ensures compliance, and restricts leverage. I am pleased that we are able to work together in this committee to ensure the continued vitality of this longstanding program.

Last Congress, I met with an SBIC located just outside of my district, Escalate Capital Partners, which finances technology firms. Since 2010, the firm has financed 27 companies and increased its payroll by 2,000 jobs.

However, this firm is being inadvertently caught up in unnecessary SEC registration because, with SBIC assets under management being counted, it exceeds the \$150 million exemption threshold we established in Dodd-Frank.

Without undermining the key systemic risk and investment protection requirements we established under Dodd-Frank, H.R. 432 provides Escalate Capital Partners and similarly situated SBICs with targeted relief.

So I applaud the bipartisan coauthors and urge Members to support this bill.

I reserve the balance of my time.

Mr. LUETKEMEYER. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey (Mr. GARRETT), a member of the Financial Services Committee and distinguished chairman of the Capital Markets and Government Sponsored Enterprises Subcommittee.

Mr. GARRETT. Mr. Speaker, I rise in support of H.R. 432, the SBIC Advisers Relief Act.

First I want to say thank you to the gentleman from Missouri (Mr. LUETKEMEYER) for his hard work and leadership on this issue, among others, and on the legislation, which passed out of the Financial Services Committee unanimously this past May.

And what would it do? It would fix yet another unintended consequence of the Dodd-Frank Act, an interpretation of the bill that would require unnecessary and costly registration of investment advisers who all play a very critical role in our economy today.

You see, the Dodd-Frank Act amended the private fund exemption under the Advisers Act to include an explicit exemption for advisers to both venture capital funds as well as advisers to Small Business Investment Companies, SBICs.

Whatever the merits of changing the private fund exemption in this way, Congress very clearly intended to exempt advisers to such funds from the burdens and the added costs associated with yet another SEC registration.

Unfortunately, due to the way the legislation text has been interpreted, someone who happens to advise both a venture capital fund and, also, an SBIC is being required now to also register with the SEC. This makes absolutely no sense and is clearly contradictory to the statutory language.

There is no valid argument or reason to require an adviser to register simply because they happen to advise both a venture capital fund and an SBIC. You see, such a requirement would not in any way enhance investor protection or promote capital formation.

It is also important to note that SBICs are already overseen and examined by the Small Business Administration; so registration with the SEC would not only be unnecessary, but duplicative as well.

So why is all of this important? Why do we have the legislation here today? Well, according to the Small Business Investor Alliance, initial registration costs with the SEC are estimated to be in excess of \$100,000 a year and annual costs can run up to \$250,000 a year. That is money. That is money that could otherwise be used for salaries and hiring more people and in helping the economy.

In conclusion, it is important to keep in mind that the small businesses that we are talking about often don't have an array of lawyers or compliance specialists to deal with registration and oversight from the SEC. Oftentimes these are businesses that only have a handful of employees.

Again, I thank the gentleman from Missouri (Mr. LUETKEMEYER) and all my colleagues on the other side of the aisle on the Financial Services Committee who support this. I urge passage of the underlying bill.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New York (Mrs. CAROLYN B. MALONEY).

Mrs. CAROLYN B. MALONEY of New York. I thank the ranking member for

yielding and for her leadership on this committee and in so many other areas.

Mr. Speaker, I rise today in support of H.R. 432, the SBIC Advisers Relief Act. And I am pleased to be an original sponsor of this bill along with my colleague, the gentleman from Missouri (Mr. LUETKEMEYER), a tremendous leader on the Financial Services Committee not only on this bill, but in so many other areas.

The SBIC Advisers Relief Act fixes a truly unintended consequence of Dodd-Frank. Under Dodd-Frank, an investment adviser that only advises a venture capital fund is exempt from SEC registration.

Likewise, an investment adviser that only advises Small Business Investment Companies, or SBICs, is also exempt. But an investment adviser that advises both a venture capital fund and an SBIC is not exempt for some reason.

This makes no sense, and it provides no additional protections for investors. Moreover, it discourages investment advisers who may have experience advising successful venture capital funds that have invested in larger, more mature enterprises from bringing their expertise to SBICs who want to invest in similar startups. This ultimately restricts small businesses' access to much-needed investment capital.

Our bill fixes this problem by clarifying that investment advisers that advise both venture funds and SBICs are also exempt from SEC registration.

This fix does not pose any investor protection concerns because SBICs are already subject to strict oversight by the Small Business Administration, which supports SBICs by providing a guarantee on funds used by SBICs to invest in other small businesses.

The SBIC program has a long history of success and has provided early-stage financing for companies that have since grown to become worldwide icons, such as Apple, Intel, and Staples.

This bill is identical to a bill that passed the House by voice vote last Congress, and it passed unanimously in the Financial Services Committee earlier this year. I, therefore, urge my colleagues to support H.R. 432.

Mr. LUETKEMEYER. Mr. Speaker, I yield such time as he may consume to the gentleman from Arkansas (Mr. HILL), who is a member of the Financial Services Committee.

Mr. HILL. I thank Chairman LUETKEMEYER.

Mr. Speaker, I rise today in support of H.R. 432, the SBIC Advisers Relief Act. This commonsense bill eliminates costly, confusing, and duplicative regulations by State and Federal governments on Small Business Investment Companies, SBICs, like Diamond State Ventures and McLarty Capital Partners in Little Rock, Arkansas, by correcting the unintended consequence of drafting in the Dodd-Frank Act.

Diamond State, which was named SBIC of the year in 2011 by the Small Business Administration, has made over 18 investments in small businesses

in my State, employing over 2,300 Arkansans and investing over \$40 million in Arkansas businesses.

SBICs are already heavily regulated by the SBA and provide significant, long-term investments in small businesses across the USA.

While Dodd-Frank exempted advisers that solely advise SBIC funds from registering with the SEC, it was silent on the concept of State regulation of Federally licensed SBIC funds, creating confusion and requiring this action today. It is going to save money, legal fees, accounting fees, and make our SBICs much more cost-effective.

With that, I thank Chairman LUETKEMEYER and our colleagues for their work on this issue and urge my colleagues to support the bill.

Ms. MAXINE WATERS of California. Mr. Speaker, I have no additional speakers.

I yield back the balance of my time.

Mr. LUETKEMEYER. Mr. Speaker, I just want to thank the gentlewoman from New York (Mrs. CAROLYN B. MALONEY) for her hard work in helping cosponsor this bill, Ranking Member WATERS, as well as the gentleman from Arkansas (Mr. HILL) and the gentleman from New Jersey (Mr. GARRETT) for their support and kind words. I ask for support for H.R. 432.

I yield back the balance of my time.

The SPEAKER pro tempore (Mr. DUNCAN of Tennessee). The question is on the motion offered by the gentleman from Missouri (Mr. LUETKEMEYER) that the House suspend the rules and pass the bill, H.R. 432.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### HOLDING COMPANY REGISTRATION THRESHOLD EQUALIZATION ACT OF 2015

Mr. HURT of Virginia. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1334) to amend the Securities Exchange Act of 1934 to make the shareholder threshold for registration of savings and loan holding companies the same as for bank holding companies.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1334

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Holding Company Registration Threshold Equalization Act of 2015".

#### SEC. 2. REGISTRATION THRESHOLD FOR SAVINGS AND LOAN HOLDING COMPANIES.

The Securities Exchange Act of 1934 (16 U.S.C. 78a et seq.) is amended—

(1) in section 12(g)—

(A) in paragraph (1)(B), by inserting after "is a bank" the following: "a savings and loan holding company (as defined in section 10 of the Home Owners' Loan Act)"; and

(B) in paragraph (4), by inserting after "case of a bank" the following: "a savings and loan holding company (as defined in section 10 of the Home Owners' Loan Act)"; and

(2) in section 15(d), by striking "case of bank" and inserting the following: "case of a bank, a savings and loan holding company (as defined in section 10 of the Home Owners' Loan Act)".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Virginia (Mr. HURT) and the gentlewoman from California (Ms. MAXINE WATERS) each will control 20 minutes.

The Chair recognizes the gentleman from Virginia.

#### GENERAL LEAVE

Mr. HURT of Virginia. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on this bill.

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

There was no objection.

Mr. HURT of Virginia. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1334, the Holding Company Registration Threshold Equalization Act.

I would like to thank Representatives WOMACK, HIMES, WAGNER, and DELANEY for their bipartisan work to achieve a unanimous vote in the Financial Services Committee.

H.R. 1334 provides a technical correction to the JOBS Act in the truest sense of the term. The JOBS Act updated the shareholder threshold for bank holding companies to register and deregister under the Securities Exchange Act to 2,000 shareholders and 1,200 shareholders respectively.

However, due to a technical oversight, the statute did not specifically extend the same treatment to savings and loan holding companies, despite their being similarly organized to bank holding companies.

Since the enactment of the JOBS Act, dozens of bank holding companies have taken advantage of these provisions while savings and loan holding companies have been forced to wait for action from Congress to correct the error.

By putting savings and loan holding companies on par with banks, H.R. 1334 provides these institutions the same flexibility as banks to reduce their SEC-related compliance costs and better deploy capital throughout their communities. H.R. 1334 is identical to legislation that received 417 votes in the House last Congress.

I ask my colleagues to join me in supporting this commonsense, bipartisan legislation.

I reserve the balance of my time.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is my understanding that this bill addresses an oversight in the JOBS Act that established new,