motion for the previous question is defeated, control of the time passes to the Member who led the opposition to ordering the previous question. That Member, because he then controls the time, may offer an amendment to the rule, or yield for the purpose of amendment.''

In Deschler's Procedure in the U.S. House of Representatives, the subchapter titled ''Amending Special Rules'' states: ''a refusal to order the previous question on such a rule [a special rule reported from the Committee on Rules] opens the resolution to amendment and further debate.'' (Chapter 21, section 21.2) Section 21.3 continues: ''Upon rejection of the motion for the previous question on a resolution reported from the Committee on Rules, control shifts to the Member leading the opposition to the previous question, who may offer a proper amendment or motion and who controls the time for debate thereon.''

Clearly, the vote on the previous question on a rule does have substantive policy implications. It is one of the only available tools for those who oppose the Republican majority's agenda and allows those with alternative views the opportunity to offer an alternative plan.

Mr. BUCK. Madam Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore (Mrs. WALORSKI). The question is on ordering the previous question.

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

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

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

MESSAGE FROM THE SENATE

A message from the Senate by Ms. Lasky, one of its clerks, announced that the Senate has passed without amendment a bill of the House of the following title:

H.R. 2154. An act to rename the Red River Valley Agricultural Research Center in Fargo, North Dakota, as the Edward T. Schafer Agricultural Research Center.

The message also announced that the Senate has passed a bill of the following title in which the concurrence of the House is requested:

S. 2155. An act to promote economic growth, provide tailored regulatory relief, and enhance consumer protections, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 188) ''An Act to amend title 31, United States Code, to prohibit the use of Federal funds for the costs of painting portraits of officers and employees of the Federal Government, and for other purposes.''.

PERMISSION TO POSTPONE PROCEEDINGS ON AMENDMENT NO. 1 TO H.R. 4545, FINANCIAL INSTITUTIONS EXAMINATION FAIRNESS AND REFORM ACT

Mr. HENSARLING. Madam Speaker, I ask unanimous consent that the question of adopting amendment No. 1 printed in part B of House Report 115–595 to H.R. 4545 may be subject to postponement as though under clause 8 of rule XX.

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

There was no objection.

FINANCIAL INSTITUTIONS EXAMINATION FAIRNESS AND REFORM ACT

Mr. HENSARLING. Madam Speaker, pursuant to House Resolution 773, I call up the bill (H.R. 4545) to amend the Federal Financial Institutions Examination Council Act of 1978 to improve the examination of depository institutions, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 773, an amendment printed in part A of House Report 115–595 is adopted, and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 4545

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 ''Financial Institutions Examination Fairness and Reform Act''.

SEC. 2. AMENDMENT TO DEFINITION OF FINANCIAL INSTITUTION.

Section 1003(3) of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3302(3)) is amended to read as follows:

''(3) the term 'financial institution'—

''(A) means a commercial bank, a savings bank, a trust company, a savings association, a building and loan association, a homestead association, a cooperative bank, or a credit union; and

''(B) for purposes of sections 1012, 1013, and 1014, includes a nondepository covered person subject to supervision by the Bureau of Consumer Financial Protection under section 1024 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5514).''.

SEC. 3. TIMELINESS OF EXAMINATION REPORTS.

The Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3301 et seq.) is amended by adding at the end the following:

''SEC. 1012. TIMELINESS OF EXAMINATION REPORTS.

''(a) IN GENERAL.—

''(1) FINAL EXAMINATION REPORT.—A Federal financial institutions regulatory agency shall provide a final examination report to a financial institution not later than 60 days after the later of—

''(A) the exit interview for an examination of the institution; or

''(B) the provision of additional information by the institution relating to the examination.

''(2) EXIT INTERVIEW.—If a financial institution is not subject to a resident examiner program, the exit interview shall occur not later than the end of the 9-month period beginning on the commencement of the examination, except that such period may be extended by the Federal financial institutions regulatory agency by providing written notice to the institution and the Independent Examination Review Director describing with particularity the reasons that a longer period is needed to complete the examination.

''(b) EXAMINATION MATERIALS.—Upon the request of a financial institution, the Federal financial institutions regulatory agency shall include with the final report an appendix listing all examination or other factual information relied upon by the agency in support of a material supervisory determination.''.

SEC. 4. INDEPENDENT EXAMINATION REVIEW DIRECTOR.

The Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3301 et seq.), as amended by section 3, is further amended by adding at the end the following:

''SEC. 1013. OFFICE OF INDEPENDENT EXAMINATION REVIEW.

''(a) ESTABLISHMENT.—There is established in the Council an Office of Independent Examination Review (the 'Office').

''(b) HEAD OF OFFICE.—There is established the position of the Independent Examination Review Director (the 'Director'), as the head of the Office. The Director shall be appointed by the Council and shall be independent from any member agency of the Council.

''(c) TERM.—The Director shall serve for a term of 5 years, and may be appointed to serve a subsequent 5-year term.

''(d) STAFFING.—The Director is authorized to hire staff to support the activities of the Office.

''(e) DUTIES.—The Director shall—

''(1) receive and, at the Director's discretion, investigate complaints from financial institutions, their representatives, or another entity acting on behalf of such institutions, concerning examinations, examination practices, or examination reports;

''(2) hold meetings, at least once every three months and in locations designed to encourage participation from all sections of the United States, with financial institutions, their representatives, or another entity acting on behalf of such institutions, to discuss examination procedures, examination practices, or examination policies;

''(3) in accordance with subsection (f), review examination procedures of the Federal financial institutions regulatory agencies to ensure that the written examination policies of those agencies are being followed in practice and adhere to the standards for consistency established by the Council;

''(4) conduct a continuing and regular review of examination quality assurance for all examination types conducted by the Federal financial institutions regulatory agencies;

''(5) adjudicate any supervisory appeal initiated under section 1014; and

''(6) report annually to the Committee on Financial Services of the House of Representatives, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Council, on the reviews carried out pursuant to paragraphs (3) and (4), including compliance with the requirements set forth in section 1012 regarding timeliness of examination reports, and the Council's recommendations for improvements in examination procedures, practices, and policies.

''(f) STANDARD FOR REVIEWING EXAMINATION PROCEDURES.—In conducting reviews pursuant to subsection (e)(4), the Director shall prioritize factors relating to the safety and soundness of the financial system of the United States.

''(g) REMOVAL.—If the Director is removed from office, the Council shall communicate in writing the reasons for any such removal to the Committee on Financial Services of

the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate not later than 30 days before the removal.

''(h) CONFIDENTIALITY.—The Director shall keep confidential all meetings with, discussions with, and information provided by financial institutions.''.

SEC. 5. RIGHT TO INDEPENDENT REVIEW OF MATERIAL SUPERVISORY DETERMINATIONS.

The Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3301 et seq.), as amended by section 4, is further amended by adding at the end the following:

''SEC. 1014. RIGHT TO INDEPENDENT REVIEW OF MATERIAL SUPERVISORY DETERMINATIONS.

''(a) IN GENERAL.—A financial institution shall have the right to obtain an independent review of a material supervisory determination contained in a final report of examination.

''(b) NOTICE.—

''(1) TIMING.—A financial institution seeking review of a material supervisory determination under this section shall file a written notice with the Independent Examination Review Director (the 'Director') within 60 days after receiving the final report of examination that is the subject of such review.

''(2) IDENTIFICATION OF DETERMINATION.—The written notice shall identify the material supervisory determination that is the subject of the independent examination review, and a statement of the reasons why the institution believes that the determination is incorrect or should otherwise be modified.

''(3) INFORMATION TO BE PROVIDED TO INSTITUTION.—Any information relied upon by the agency in the final report that is not in the possession of the financial institution may be requested by the financial institution and shall be delivered promptly by the agency to the financial institution.

''(c) RIGHT TO HEARING.—

''(1) IN GENERAL.—The Director shall determine the merits of the appeal on the record or, at the financial institution's election, shall refer the appeal to an Administrative Law Judge to conduct a confidential hearing pursuant to the procedures set forth under sections 556 and 557 of title 5, United States Code, which hearing shall take place not later than 60 days after the petition for review was received by the Director, and to issue a proposed decision to the Director based upon the record established at such hearing.

''(2) STANDARD OF REVIEW.—In rendering a determination or recommendation under this subsection, neither the Administrative Law Judge nor the Director shall defer to the opinions of the examiner or agency, but shall conduct a de novo review to independently determine the appropriateness of the agency's decision based upon the relevant statutes, regulations, and other appropriate guidance, as well as evidence adduced at any hearing.

''(d) FINAL DECISION.—A decision by the Director on an independent review under this section shall—

''(1) be made not later than 60 days after the record has been closed; and

''(2) subject to subsection (e), be deemed a final agency action and shall bind the agency whose supervisory determination was the subject of the review and the financial institution requesting the review.

''(e) LIMITED REVIEW BY FFIEC.—

''(1) IN GENERAL.—If the agency whose supervisory determination was the subject of the review believes that the Director's decision under subsection (d) would pose an imminent threat to the safety and soundness of the financial institution, such agency may file a written notice seeking review of the Director's decision with the Council within 10 days of receiving the Director's decision.

''(2) STANDARD OF REVIEW.—In making a determination under this subsection, the Council shall conduct a review to determine whether there is substantial evidence that the Director's decision would pose an imminent threat to the safety and soundness of the financial institution.

''(3) FINAL DETERMINATION.—A determination by the Council shall—

''(A) be made not later than 30 days after the filing of the notice pursuant to paragraph (1); and

''(B) be deemed a final agency action and shall bind the agency whose supervisory determination was the subject of the review and the financial institution requesting the review.

''(f) RIGHT TO JUDICIAL REVIEW.—A financial institution shall have the right to petition for review of final agency action under this section by filing a Petition for Review within 60 days of the Director's decision or the Council's decision in the United States Court of Appeals for the District of Columbia Circuit or the Circuit in which the financial institution is located.

''(g) REPORT.—The Director shall report annually to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on actions taken under this section, including the types of issues that the Director has reviewed and the results of those reviews. In no case shall such a report contain information about individual financial institutions or any confidential or privileged information shared by financial institutions.

''(h) RETALIATION PROHIBITED.—A Federal financial institutions regulatory agency may not—

''(1) retaliate against a financial institution, including service providers, or any institution-affiliated party (as defined under section 3 of the Federal Deposit Insurance Act), for exercising appellate rights under this section; or

''(2) delay or deny any agency action that would benefit a financial institution or any institution-affiliated party on the basis that an appeal under this section is pending under this section.

''(i) RULE OF CONSTRUCTION.—Nothing in this section may be construed—

''(1) to affect the right of a Federal financial institutions regulatory agency to take enforcement or other supervisory actions related to a material supervisory determination under review under this section; or

''(2) to prohibit the review under this section of a material supervisory determination with respect to which there is an ongoing enforcement or other supervisory action.''.

SEC. 6. ADDITIONAL AMENDMENTS.

(a) RIEGLE COMMUNITY DEVELOPMENT AND REGULATORY IMPROVEMENT ACT OF 1994.—Section 309 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4806) is amended—

(1) in subsection (a), by inserting after ''appropriate Federal banking agency'' the following: '', the Bureau of Consumer Financial Protection,'';

(2) in subsection (b)—

(A) in paragraph (2), by striking ''the appellant from retaliation by agency examiners'' and inserting ''the insured depository institution or insured credit union from retaliation by the agencies referred to in subsection (a)''; and

(B) by adding at the end the following flush-left text:Q02

''For purposes of this subsection and subsection (e), retaliation includes delaying consideration of, or withholding approval of, any request, notice, or application that otherwise would have been approved, but for the exercise of the institution's or credit union's rights under this section.'';

(3) in subsection (e)(2)—

(A) in subparagraph (B), by striking ''and'' at the end;

(B) in subparagraph (C), by striking the period and inserting ''; and''; and

(C) by adding at the end the following:

''(D) ensure that appropriate safeguards exist for protecting the insured depository institution or insured credit union from retaliation by any agency referred to in subsection (a) for exercising its rights under this subsection.''; and

(4) in subsection (f)(1)(A)—

(A) in clause (ii), by striking ''and'' at the end;

(B) in clause (iii), by striking ''and'' at the end; and

(C) by adding at the end the following:

''(iv) any issue specifically listed in an exam report as a matter requiring attention by the institution's management or board of directors; and

''(v) any suspension or removal of an institution's status as eligible for expedited processing of applications, requests, notices, or filings on the grounds of a supervisory or compliance concern, regardless of whether that concern has been cited as a basis for another material supervisory determination or matter requiring attention in an examination report, provided that the conduct at issue did not involve violation of any criminal law; and''.

(b) FEDERAL CREDIT UNION ACT.—Section 205(j) of the Federal Credit Union Act (12 U.S.C. 1785(j)) is amended by inserting ''the Bureau of Consumer Financial Protection,'' before ''the Administration'' each place such term appears.

(c) FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL ACT OF 1978.—The Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3301 et seq.) is amended—

(1) in section 1003, by amending paragraph (1) to read as follows:

''(1) the term 'Federal financial institutions regulatory agencies'—

''(A) means the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration; and

''(B) for purposes of sections 1012, 1013, and 1014, includes the Bureau of Consumer Financial Protection;''; and

(2) in section 1005, by striking ''One-fifth'' and inserting ''One-fourth''.

SEC. 7. REDUCTION OF SURPLUS FUNDS OF FEDERAL RESERVE BANKS.

(a) IN GENERAL.—Section 7(a)(3)(A) of the Federal Reserve Act (12 U.S.C. 289(a)(3)(A)) is amended by striking ''$7,500,000,000'' and inserting ''$7,324,285,000''.

(b) EFFECTIVE DATE.—Subsection (a) shall take effect on June 1, 2018.

The SPEAKER pro tempore. The bill, as amended, shall be debatable for 1 hour equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services.

After 1 hour of debate, it shall be in order to consider the further amendment printed in part B of House Report 115–595, if offered by the Member designated in the report, which shall be considered read, shall be separately debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, and

shall not be subject to a demand for a division of the question.

The gentleman from Texas (Mr. HENSARLING) and the gentleman from Missouri (Mr. CLEAVER) each will control 30 minutes.

The Chair recognizes the gentleman from Texas.

GENERAL LEAVE

Mr. HENSARLING. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the bill under consideration.

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

There was no objection.

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

Madam Speaker, I rise today in very strong support of H.R. 4545, the Financial Institutions Examination Fairness and Reform Act.

It is a strongly bipartisan bill, having come out of our committee by a vote of 50–10. It is authored by the gentleman from Colorado (Mr. TIPTON), who serves as the vice chairman of our Subcommittee on Oversight and Investigations and is, indeed, one of the leaders in the House in bringing regulatory relief to our community financial institutions. I want to thank him for his leadership on this very, very important issue.

H.R. 4545 creates transparency and accountability among regulators by improving the timeliness of examinations, while also creating a new more independent examination appeals process.

□ 1315

Madam Speaker, this is about, again, transparency. It is about due process. The Office of Independent Examination Review created under this bill will ensure accountability and fairness for financial institutions during their supervisory examinations. It does so by providing the right for these institutions to obtain an independent review of a material supervisory determination contained in a final examination report.

The creation of this independent review process is particularly important for our Nation's community banks and credit unions that will now be able to appeal their examination decisions without fear of reprisal from their regulator.

By reforming the process for examining financial institutions to ensure it is fair and consistent, Congress will indeed enhance the safety and soundness of the financial system overall while ensuring Main Street businesses can access the liquidity and capital resources they need to grow and create jobs. Again, Madam Speaker, this is why this is so important. Ultimately, this is about ensuring a free flow of credit to Main Street businesses and families.

Many of our community financial institutions have felt a very, very heavy hand of burdensome Federal regulations that were intended—or so we were told—for the largest and most complex institutions; and regulators, unfortunately, seem to ignore congressional directive and apply each one of these standards to our smallest institutions. Thus, yesterday, Madam Speaker, we voted on the TAILOR Act, also authored by the gentleman from Colorado, that would also help ensure these regulations are tailored to the size and complexity of the institution.

Without having due process and fairness in this exam review, the result has been catastrophic. This regulatory burden, of which this is a part, has been resulting in the closing or merger of one community bank or credit union per day, on average. And again, they are not being lost to natural causes.

Our community financial institutions serve as the backbone of our American economy, and we simply cannot afford to lose them. As chairman of the Financial Services Committee, in my sixth year, my colleagues on both sides of the aisle are all too familiar with this problem. I hear from credit unions and community banks every day.

I heard from West Community Credit Union in Missouri, who wrote: ''This one-size-fits-all approach is simple-minded and has real consequences. We are beginning to make changes that will negatively impact our ability to continue to serve members in meeting their home equity lending needs.''

In fact, Madam Speaker, we know that a number of banks and credit unions have had to leave mortgage lending because of the regulatory burden.

Then there is County-City Credit Union in Wisconsin, who said: ''Small credit unions are dropping every day. Unless we get immediate relief, there won't be any left. That would be tragic for our members and the very fabric of our country. Please help us, and help us right now.''

I have good news. Help is on the way if we can get a good, solid vote this afternoon.

The CEO of Commonwealth National Bank in Tennessee wrote: ''The fact remains that there are fewer community banks today than there were several years ago, a trend that will continue until rational changes''—for example, like the ones we are speaking of today, Madam Speaker—''are made that will provide some relief to America's hometown banks.''

Again, we are hearing this plea every single day. So there is good reason why H.R. 4545 was reported by this committee with a strong bipartisan vote, 50–10, including a majority support of the Democrats on the committee.

Again, the bill is strongly bipartisan, it is practical, and it is necessary. H.R. 4545 will allow financial institutions, again, to have supervisory determinations reviewed by a newly established independent examination review board. This will allow for uniformity among regulatory agencies, again, while making the overall exam process more fair and more efficient.

The bill does not prevent a regulatory agency from conducting examinations or imposing restrictions on financial exams, but, again, it will restore fairness, due process, and accountability for the sake of our community banks and credit unions; and, more importantly, for the sake of those who still have the American Dream of either buying their own home, starting their own business, or sending that first kid to college, it is imperative that we enact H.R. 4545.

Madam Speaker, I reserve the balance of my time.

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

Madam Speaker, I rise in opposition to H.R. 4545.

Today we are considering yet another measure that would weaken our system of financial regulation and bog down regulators in their important work. It would ultimately take us right back to some of the problems that led to the largest financial crisis since the Great Depression. The bill puts financial institutions' profits before the protection of consumers and the best interests of the American public.

I rise, Madam Speaker, to say to Members of both sides of the aisle that we must remember the past as we create policies. I was here during that entire period, and it created a very, very heavy darkness over this entire country.

In the years preceding the financial crisis, the Federal Reserve failed to write rules stopping predatory, risky mortgage loans. The OCC and OTS preempted State regulators from reining in mortgage abuses. The Federal Reserve Bank of New York and other regulators failed to stem excesses at large companies and did not downgrade troubled companies until it was too late. Legislation such as H.R. 4545 sets the stage to return us to an ineffective regulatory system.

Republicans have made it a habit to falsely claim that their legislation is designed to benefit small community banks and credit unions. There are some things that could be changed to improve Dodd-Frank and to provide responsible relief for small community institutions, which I believe we all recognize did not cause the financial crisis.

I have said in our committee and I will say openly in any other place, including on the floor here, that there are some things we can repair in Dodd-Frank. But what this bill would do is give all regulated financial institutions an additional way to appeal and, thereby, postpone material supervisory determinations of their prudential regulator and of the Consumer Financial Protection Bureau.

In other words, messy megabanks and other big financial firms could appeal and delay adverse determinations such as a downgrade of a bank's credit rating for capital asset quality management, earnings, liquidity, and sensitivity to the market risk. It would also enable them to appeal significant deficiencies of their anti-money laundering programs, findings related to the violations of various rules, or a downgrade of their Community Reinvestment Act ratings.

Let's think about this for just a minute. Some banks would be allowed, under this bill, to appeal the OCC's historic and well-deserved double downgrade of its CR rating. Under this bill, Wells Fargo, for example, would be allowed to unleash its army of lawyers to not only fight against the rating, but to tie the OCC up in proceedings. We all know that when the banks who spend millions on legal teams each year deploy those resources, they deploy them to win; and if they win, then American consumers lose.

But let's focus on CRA. CRA was intended to ensure that institutions were making loans and providing services in the lower-income and moderate-income neighborhoods in which they were located to address the problems of redlining.

As highlighted in the recent report by the Center for Investigative Reporting, redlining is not just some relic of the past. Sadly, painfully, and embarrassingly, redlining appears to be still very much an ongoing, troubling problem that continues to harm many minority mortgage loan borrowers in cities all across the United States of America.

This bill will make redlining worse, and that will happen because, instead of improving their ratings and trying to end discriminatory lending practices, bank executives will simply challenge these rates and bully their own regulators into submission.

Now, this may be unintentional, as I would presume to believe, but this bill ignores the fact that prudential regulators and the Consumer Bureau each already have an agency ombudsman and an intra-agency formal review and appeals process. What's more, messy megabanks already have existing avenues to bring a court challenge to any form of regulatory enforcement act.

Thus, what this bill would actually do is create unprecedented barriers to the effective, prudential, and consumer protection supervision of the messy megabanks. It will give messy megabanks and predatory lenders, including payday lenders, an additional way to resist corrective actions to avoid violations of law or safety and soundness risk. As a result, the bill would allow these financial institutions to bog down agencies with frivolous appeals.

In a letter opposing H.R. 4545, the National Consumer Law Center wrote that the effective bill ''would be most pronounced at the largest banks who could appeal dozens or hundreds of material findings from every examination creating enormous roadblocks to supervision. The bank supervision process has been the first line of regulatory defense against threats to bank safety and soundness for a century or more. H.R. 4545 creates unprecedented roadblocks to the effectiveness of bank supervisory determinations and could be devastating to effective regulatory oversight in areas ranging from basic prudential oversight to key consumer protections that make our financial markets fairer.''

In addition, the nonpartisan Congressional Budget Office found that H.R. 4545 would increase the deficit by hundreds of millions of dollars—by hundreds of millions of dollars. It would increase by hundreds of millions of dollars. Hundreds of millions of dollars it would increase. Millions of dollars would be increased because banks would be more likely to fail and need government assistance.

In sum, H.R. 4545 would weaken our Nation's system of financial regulation, and, in so doing, it would recklessly set the stage for a return to the captive, hamstrung regulatory system that existed in the years before the 2008 financial crisis that enabled the risky profit-fueled activities of large, complex, messy megabanks and other titans on Wall Street to go unchecked. I therefore urge my colleagues to oppose H.R. 4545.

Madam Speaker, I reserve the balance of my time.

Mr. HENSARLING. Madam Speaker, I yield myself 30 seconds just to say to my friend from Missouri, as he recounts his parade of horribles, that this bill was supported by a majority of Democrats on the committee, including Mr. CRIST of Florida, Democrat; Mr. DELANEY of Maryland, Democrat; Mr. FOSTER of Illinois, Democrat; Mr. GONZALEZ of Texas, Democrat; Mr. GOTTHEIMER of New Jersey, Democrat; Mr. HECK of Washington, Democrat; and Mr. HIMES of Connecticut, Democrat.

I think my 30 seconds is winding down, but perhaps I can share the rest of the Democratic Members who supported this excellent piece of legislation.

Mr. Speaker, I yield 5 minutes to the gentleman from Colorado (Mr. TIPTON), who is back with us again today. He is the vice chairman of the Financial Services Subcommittee on Oversight and Investigations and is the author of H.R. 4545.

Mr. TIPTON. Mr. Speaker, I appreciate the opportunity today to be able to advance an important piece of bipartisan legislation. The Financial Institutions Examination Fairness and Reform Act seeks to bring fairness to the Federal financial regulators' examination appeals process by instituting a uniform framework free from examination retaliation.

Our community banks and credit unions currently have no independent recourse in the appeals process of examination decisions. These institutions often lack the experience, capacity, and resources needed to effectively resolve challenges to Federal financial regulators' examination determinations as each regulator has its own different rules and standards for the appeals process.

Under the current examination appeals framework, appeals of material supervisory determinations, which are decisions of significant consequence that can have serious impact on the financial institution's future, run through the agency that handed down the decision in the first place.

□ 1330

Mr. Speaker, that is like asking an arresting police officer to also be the judge and the jury when a case goes to trial.

Put simply, this legislation will move away from that framework and establish an independent office of review to address appeals of serious consequence, and harmonize and consolidate the appeals process across the various Federal regulators so that the review process is fair and predictable.

One banker in Colorado put it to me this way: ''The Dodd-Frank Act has added complexity and uncertainty to the entire exam process and to the bank's ability to serve its customers confidently and in full compliance of regulations.''

He continues: ''For instance, overlap between the OCC and CFPB is an ongoing issue. The OCC lost regulatory oversight with the Dodd-Frank Act and the foundation of the CFPB, especially in the fair lending world. When the CFPB made it clear they were not going to examine the banks over $10 billion on fair lending the way that the OCC had historically done it, the OCC started expanding the way that they assessed a bank's Compliance Management Program to add questions about fair lending, including transaction sampling and testing. It creates a very burdensome environment as well as duplication and the risk of double jeopardy.''

Mr. Speaker, an examination environment that runs the risk of duplication and double jeopardy between agencies isn't tenable and puts our community institutions at risk of being examined into extinction.

This environment is further complicated by the reality that, currently, institutions that want to appeal double jeopardy examination results would have to appeal through two regulators who likely aren't communicating with one another about the other's exam determinations.

The Examination Fairness bill before the House today would solve this problem by establishing an Office of Independent Examination Review, which would function as a consolidated, sober judge of the examination appeals process. This newly created office under the Federal Financial Institutions Examination Council would provide a community bank or credit union an avenue

for independent recourse to appeal a material supervisory determination where fairness, transparency, and timeliness are paramount. Because this new review process only applies to material supervisory determinations, the new process is limited in scope and reserved only for the most serious appeals.

This legislation is also careful not to constrain the power of the regulators to pursue enforcement actions or to prevent them from issuing a further material supervisory determination. In fact, enforcement actions resulting from a determination would continue to be enforced under this new appeals process until the independent office either agrees with the finding of the regulator or overturns a determination of the regulator.

Mr. Speaker, by creating consistency; instituting timeline expectations of examinations and appeals; increasing transparency; and adding independent, sober review of appeals to the rights of the financial institutions, H.R. 4545 will go a long way to usher in a new environment of fairness in the examination appeals process for small banks and credit unions. Giving these institutions independent recourse in the appeals process will create greater certainty that they won't have to reduce their financial service product offerings because of an unfair or untimely review.

Mr. Speaker, that translates to greater assurances for communities across the country that their small banks and credit unions will be able to provide a mortgage for their home, a loan for their car, and capital for their small businesses to be able to grow.

This measure passed out of the Financial Services Committee with strong bipartisan support, with a majority of our Democrat colleagues joining with us to be able to support exam fairness. I would like to thank the gentlewoman from New York (Mrs. CAROLYN B. MALONEY), for her support of this measure's consideration here today.

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

Mr. Speaker, the inimitable chair of our committee is absolutely right: there are Democrats. This is a bipartisan piece of legislation. But it proves what I was trying to say earlier, and that is that I and many other people believe that we need to make some changes to Dodd-Frank. This is just not one of them.

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

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. LUETKEMEYER), the chairman of the Financial Institutions and Consumer Credit Subcommittee.

Mr. LUETKEMEYER. Mr. Speaker, I thank Chairman HENSARLING for his tireless work in bringing this and so many other commonsense bills to the floor. I also want to thank the gentleman from Colorado (Mr. TIPTON) for his commitment to this issue.

The lack of consistency and quality in the bank examination process has created serious problems for financial institutions and their customers. Mr. TIPTON's legislation aims to remedy many of the issues we have heard about from the banks and credit unions in our congressional districts.

H.R. 4545 will allow financial institutions to have supervisory determinations reviewed by a newly established independent examination review board. This will create uniformity among regulatory agencies, while making the overall exam process fair and efficient.

The legislation includes several other key reforms, such as imposition of a reasonable time limit on examiners to provide exam results to institutions. It may seem like a simple request in the bill, a simple provision, but, today, institutions may wait as much as a year or more—in some cases, several years—to get the results of a single exam.

How can you be expected to comply with regulations if the regulators don't get back to you in a timely fashion with their feedback?

I myself spent several years as a bank examiner. The relationship between banker and examiner was a collegial one. Examiners would work with bankers to make sure they understood their rules and address the issues that manifested themselves during the course of the examination. If an institution failed to fix those issues, it then faced appropriate repercussions.

Today's exam environment is completely different. Financial regulators seem to play a constant game of ''gotcha.'' The only recourse for a financial institution is to turn to an appeals process that, quite frankly, has a predetermined outcome.

Mr. Speaker, something has to change.

To be clear, this bill does not prevent regulatory agencies from conducting exams or imposing restrictions on financial institutions. What it does is restore order to the exam process, which, for far too long, has been politicized and abused.

This is an incredibly important measure and one that I hope will receive support from all my colleagues.

Mr. Speaker, I thank the gentleman from Colorado for his work.

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

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina (Mr. PITTENGER), who is the vice chairman of the Financial Services Subcommittee on Terrorism and Illicit Finance.

Mr. PITTENGER. Mr. Speaker, I would like to convey my deep appreciation to my colleague on the Financial Services Committee, Mr. TIPTON, for his efforts to improve and reform the examination process for our Nation's financial institutions.

H.R. 4545 is designed to address enduring concerns about the lack of consistency and quality in the bank examination process. The current exam process can be both opaque and secretive. Coupling this with overburdensome regulations and increased compliance costs have forced many community banks and credit unions to close up shop or reduce their ability to provide for consumers.

Look no further than my State, North Carolina, which has lost about 50 percent of its banks since the financial crisis. In my own city of Charlotte, a decade ago, we had six community banks. Today, we only have one because of the burdensome and costly compliance requirements.

Mr. TIPTON's legislation creates a fair and impartial process for financial institutions to appeal their examinations, which gives the necessary clarity for banks and credit unions to provide services to their customers, leading to a job creation and economic prosperity environment.

That is why I want to thank the gentleman from Colorado for working on this bipartisan piece of legislation. It is long past time that we provide commonsense reforms in a transparent approach regarding regulators' decision-making during the examination process.

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

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. ROTHFUS), the vice chairman of the Financial Service Subcommittee on Financial Institutions and Consumer Credit.

Mr. ROTHFUS. Mr. Speaker, I thank the chairman for yielding.

Mr. Speaker, I rise in support of the Financial Institutions Examination Fairness and Reform Act.

As the vice chairman of the Financial Institutions and Consumer Credit Subcommittee, and as a longtime advocate for examination and review reforms, I commend my colleague, Representative TIPTON, for his hard work on this issue.

As we all know, our financial regulatory agencies are not without their flaws. From time to time, examiners offer decisions that are misguided, and these decisions deserve to be challenged. Managers of financial institutions that believe that the decisions passed down by their examiners are wrong deserve a chance to challenge those decisions at an independent forum and, if necessary, in the courts. We are all better served by a financial supervisory structure that subjects decisions to the scrutiny of further review.

I know community bankers in western Pennsylvania who have struggled with their examiners for years to get flawed determinations changed. In many cases, these individuals were doing the right thing for their companies and their communities. Without the benefit of a clear timeline, this process has been allowed to drag on.

Without a truly independent review process and protection against retaliation, these men and women working in

our community financial institutions understand that they are facing an uphill battle. The current system is not independent and it is not sufficiently transparent. This is unfair. It is bad for our community financial institutions and it is detrimental to the integrity of our regulatory system.

I again urge my colleagues to support Representative TIPTON's work.

Mr. CLEAVER. Mr. Speaker, I yield the balance of my time to the gentlewoman from California (Ms. MAXINE WATERS), and I ask unanimous consent that control she may control that time.

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

There was no objection.

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

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee (Mr. KUSTOFF), a hardworking member of the Financial Services Committee.

Mr. KUSTOFF of Tennessee. Mr. Speaker, I rise today in support of the Financial Institutions Examination Fairness and Reform Act. I also want to thank Representative TIPTON for bringing this fine legislation.

In the Financial Services Committee, we often focus on relieving the regulatory burdens our smaller financial institutions face. While larger banks have the bandwidth, if you will, to comply with various regulations, our smaller financial institutions have their hands tied with onerous regulations and high compliance costs. Too often, this strains the ability for our smaller banks and credit unions to loan money to people who rely on them for capital.

The legislation that we are discussing today creates more transparency and certainty for community banks and credit unions undergoing each regulators' examination process. Currently, each of the four regulators has its own appeals process. As we know, each regulator has their own rules about what decisions can or cannot be repealed.

In many instances, this exam process can take months and is conducted secretively, often leaving the institution in the dark about the possible violations. If an unfavorable determination results from the exam, the financial institution is then forced to limit its ability to open new branches or from offering certain financial products.

Folks in every community across the country rely on these financial institutions to access credit, grow a business, purchase a new car, or pay for an unexpected expense. This important legislation restores some of the transparency to the examination process and prevents regulators from being the cop, the judge, and the jury.

In addition, this legislation will restore accountability on the part of the regulators to review their own decisions, and to do so in a timely fashion to limit the impact to our community financial institutions.

As we all can agree, our community banks and credit unions are best equipped to work with communities in which they serve.

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

Mr. HENSARLING. Mr. Speaker, I yield an additional 30 seconds to the gentleman.

Mr. KUSTOFF of Tennessee. This legislation provides a system of checks and balances by establishing clear standards to ensure the consistency and transparency of all examinations.

I want to thank Chairman HENSARLING and the Financial Services Committee for their hard work. I urge all of my colleagues to support this legislation.

□ 1345

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

This is a very important bill that I am asking the Members of Congress to vote ''no'' on because we don't want to empower the megabanks and huge conglomerates to be able to skirt adverse supervisory decisions about regulators.

The bill would give all financial institutions, regardless of their size, an additional method to appeal, thereby significantly delaying adverse determinations by creating a new independent review office to conduct de novo reviews without concern for the institution's safety and soundness or the protection of consumers.

This bill goes far beyond relief for community banks and credit unions by enabling megabanks and nonbanks, like payday lenders and Equifax, to pursue limitless challenges to the agency's actions in court.

If you take a look at the examples that we have prepared for you, take a look at Wells Fargo. Wells Fargo has been at the center of attention in this country for the fraudulent accounts that it established using their customers' accounts and information to create more accounts without informing their customers; and then they had the illegal student loan servicing practices that we have all been so concerned about; and even after the fraudulent accounts were exposed and a fine was made because of the harm that they had caused to their customers, we then found that they had inappropriate force-placed insurance, which means that people who were already paying for their insurance were forced to pay again because the bank basically forced them to have additional insurance.

And then there is J.P. Morgan with illegal credit card practices and discriminatory lending, sale of bad credit card debt, and illegal robo-signing.

And Citi with deficient mortgage servicing and foreclosure processing practices; inappropriate fees, marketing, billing, administration of add-on products; and foreclosure abuses.

Bank of America, also mortgage abuses, deficient mortgage servicing and foreclosure processing practices, credit monitoring abuses, deceptive marketing for add-on products, violations of the Servicemembers Civil Relief Act.

Now, we find that these banks have determined—they act in ways that we know that fighting is just the cost of doing business. It is a slap on the wrist. And they are going to continue to be able to get away with this. And if they are saying that the bank examiners who come in and find these adverse conditions somehow will be ignored and they can literally get around them, then we are going to add to the problems of our consumers in this country.

Mr. Speaker, I am certainly asking for a ''no'' vote on this bill, and I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield myself 2 minutes to say that I just find some of the comments of the ranking member curious.

I know if she continues this attack on the so-called Wall Street megabanks, I just continue to be so curious why she supports bailing them out? She voted against the Financial CHOICE Act that would have ended bailouts to these megabanks. And so she supports a bailout fund in Dodd-Frank to continue to bail out these banks.

Second of all, if she continues to attack them, I guess I am curious also why she supports the Federal Reserve's program to pay interest on excess reserves. She supports taking taxpayer money to pay the so-called Wall Street megabanks not to loan money to Main Street, something that I have opposed as have many other Republicans on this side of the aisle.

And then to make matters worse, Mr. Speaker, on this interest on excess reserves, these banks are getting almost 10 to 15 times what our constituents are getting on their savings accounts.

In many cases, it is the difference between 0.07 percent, versus 1.5 percent. And so I understand, again, she attacks them, but then I am just curious, why does she find so many ways to support them?

So personally, I think in this economy, there is a need for community banks and credit unions. There is a need for regional banks, and there is a need for global banks as well. What we want is accountability. We want less Federal control, and what we want is more private capital. We want to ensure that there are never more taxpayer bailouts.

And again, as I said earlier, as this so-called parade of horribles was brought to the attention of the House, why is it that a majority of Democrats on her committee support this legislation? Sixteen of them support the legislation.

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

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

Mr. Speaker, I always have these lively debates with my chairman, and he never fails to point out that I voted for the bailout. And, of course, oftentimes when he comes with one of these deregulation bills, he talks about bipartisan and how he had Democrats. Well, I want you to know the bailout was a bipartisan thing. It was appointed by both Democrats and Republicans at a time when we were in great difficulty in this country.

It was the Bush bailout, and it was Mr. Paulson, appointed by Mr. Bush, who was the Secretary who led it and gave us the advice and had us participate in saving our economy based on the information that he had uncovered about the risk that was now proposed for our country.

So I am not for bailing out big banks at all. We had an emergency situation in this country where, again, it was the Bush bailout that we had to deal with the fact that we were in great danger. But let me just also say this: we have something now that we put into Dodd-Frank reform called the Orderly Liquidation Authority scenario that we are able to look at banks, and, because of the stress testing that they have gone through, if there is a need for an orderly resolution because there are problems with the bank, we cannot only recommend breaking off parts of the bank, but reordering parts of the bank and doing what is necessary to ensure that the bank does not get into a situation where it fails and triggers the failures of others in our economy.

So it is the Orderly Liquidation Authority that I am referring to, and I do not support bailing out big banks. This is one thing that I join with my chairman on. We both agree that we should not be bailing out these big banks. And, of course, that is what Dodd-Frank is helping us to avoid.

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

Mr. HENSARLING. Mr. Speaker, I am very pleased now to yield 3 minutes to the gentleman from Wisconsin (Mr. DUFFY), the chairman of the Financial Services Committee Subcommittee on Housing and Insurance.

Mr. DUFFY. Mr. Speaker, I thank the chairman for yielding.

Mr. Speaker, I would just note that the Orderly Liquidation Authority is an authority to bail out big banks, consistent with the bailout that the ranking member voted for in, I believe, 2008, that the chairman, I believe, voted against.

When we talk about those who use rhetoric to say they don't support big banks, but then actually vote for them, I think that is a hard note to take.

But I rise today to support H.R. 4545, the Financial Institutions Examination Fairness and Reform Act, a bipartisan measure introduced by Mr. TIPTON.

This bill would amend the Federal Financial Institutions Examination Council Act of 1978, a long time ago, by updating the definition of financial institutions, establishing new requirements for the final examination report process, and creating an office of independent examination review, giving some independence here, some common sense.

These updates are critical because, in 1994, Congress directed Federal regulators to establish an independent intra-agency appellate process for institutions to seek the review of examination ratings, adequacy of loan loss reserve, and clarifications on loans.

I agree that these entities should be reviewed to ensure that they are financially sound. We want to make sure that we prevent failure so we don't have folks across the aisle voting for bailouts. However, we are hearing from our community financial institutions, the ones that serve most of my district in Wisconsin, that the avenues needed to appeal these determinations are limited. The process is secretive, and the regulators are overempowered.

The intra-agency review process has also been criticized as not being independent because the regulatory determinations are reviewed, not by a third party, but by the employees of the same regulator handing down the verdict. So this is the judge, the jury, and the executioner.

I was a prosecutor, and when I presented a case to a jury and they found someone guilty, I didn't make the defendant appeal the verdict to the same jury that found him guilty. They have got to go to a third-party appellate process, independent reviewers. That is the way the American system works and should work in this scenario as well.

Our community bankers explained that they feel victimized. They feel retribution for challenging the outcomes of these exams, and that is a bad thing. Add to the fear the fact that these examinations lack transparency, and now we have real problems to contend with which is why the solution is so bipartisan. The chairman mentioned 16 Democrats on the committee voted for this commonsense piece of legislation.

That is why the bill is so important. It will embolden our community banks by creating an independent auditor to ensure fairness and transparency.

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

Mr. HENSARLING. Mr. Speaker, I yield an additional 30 seconds to the gentleman from Wisconsin.

Mr. DUFFY. Mr. Speaker, this bill ensures that there is an open forum for these institutions to discuss the examination procedures, practices, and policies without fear of reprisals. It gives them a little bit of freedom.

Importantly, the office would also review regulators' procedures to make sure that their written examination policies are being followed and adhered to.

Lastly, the bill would provide a right to a hearing upon appeal. The decision as to whether the appeal is heard on the record will be left to the petitioner. Again, you are getting due process. We want due process. That is something we all fight for. No one disagrees on that. Why can't we offer that to our small community banks and credit unions that oftentimes feel victimized? This is a bipartisan bill.

This is common sense, and I would encourage my good friend, the ranking member—who I like so much—to join us and let's get something done for small community banks.

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

Mr. Speaker, I appreciate the offer from my good friend to join him, but I don't think I will be doing that today.

Mr. Speaker, I include in the RECORD organizations that have sent us information in opposition to this bill. It includes the National Consumer Law Center, AFSCME, the Center for American Progress, and Americans for Financial Reform.

NATIONAL CONSUMER LAW CENTER,
Washington, DC, March 8, 2017.

Re Oppose S. Amdt. 2140 (Moran), HR 4545, The Financial Institutions Examination Fairness Act; creates roadblocks to bank supervision for safety and soundness, consumer protection.

SENATOR,
U.S. Senate, Washington, DC.

On behalf of our low income clients, I urge you to oppose Senate Amendment 2140 to S. 2155, which incorporates HR 4545 (Tipton), The Financial Institutions Examination Fairness Act. The bill would create unprecedented barriers to effective prudential and consumer protection supervision of banks, allowing banks to resist corrective actions to address law violations or safety and soundness risks, bogging down agencies with frivolous appeals.

HR 4545 would grant regulated banks the right to appeal any supervisory determination made by any prudential banking agency or by the Consumer Financial Protection Bureau (CFPB) to a new ''Office of Independent Examination Review'' established in the Federal Financial Institutions Examinations Council (FFIEC). Upon appeal by a supervised bank, this new office would be required to undertake a repetitive de novo review of the agency's supervisory decision. No deference to the initial examination findings or the agency's judgment would be required in this review.

This new process is duplicative to appeals processes and ombudsmen already present. The CFPB, FDIC, OCC, Federal Reserve, and National Credit Union Administration each already have an agency ombudsman and an intra-agency formal review and appeals process. In addition, banks may bring a court challenge to any formal regulatory enforcement action.

HR 4545 would enormously increase the ability of banks to resist supervisory decisions. This effect would be most pronounced at the largest banks, who could appeal dozens or hundreds of material findings from every examination, creating enormous roadblocks to supervision. The bank supervision process has been the first line of regulatory defense against threats to bank safety and soundness for a century or more. HR 4545 creates unprecedented roadblocks to the effectiveness of bank supervisory determinations and could be devastating to effective regulatory oversight in areas ranging from basic

prudential oversight to key consumer protections that make our financial markets fairer.

I urge you to oppose HR 4545 and any amendment that incorporates the bill.

Yours very truly,

LAUREN K. SAUNDERS,
Associate Director.

AFSCME,
Washington, DC, March 13, 2018.

House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE: On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I urge you to oppose the Financial Institutions Examination Fairness and Reform Act (H.R. 4545), which would undermine the federal government's enforcement of bank regulations and related systemic risk protections by granting every bank—of any size—a new right to appeal and postpone existing banking regulators' adverse supervisory determinations. Now is not the time to undermine these protections.

AFSCME strongly opposes H.R. 4545 because it would undermine bank regulators' existing authority and related systemic safeguards that protect our economy from risky practices of banks. This would impose added costs and risks on working families and consumers. Specifically, H.R. 4545 would grant regulated banks the right to appeal a prudential banking agency's material supervisory determination. H.R. 4545 installs the new appeals process in a not yet created Office of Independent Examination Review (OIER) located within the Federal Financial Institutions Examinations Council (FFIEC) and would require OIER to initiate a de novo review of the appealed supervisory decision with zero deference to the regulators' prior pre-appeal review, findings, or determinations. By creating a de novo appeals process, H.R. 4545 further incentivizes banks to challenge every supervisory decision and allows banks to more easily circumvent and delay penalties. Furthermore, H.R. 4545 also would grant these appeal rights to any nonbank under supervisory authority of the Consumer Financial Protection Bureau (CFPB) and require OIER de novo review.

Unlike the current process with existing prudential regulators, OIER would not be responsible for our banking system's safety and soundness, and thus OIER's decision-making would be narrower in purpose and thereby increase risk to America's economy. We do not need H.R. 4545's appeals process because a formal review and appeals process along with ombudsmen already exist at affected banking agencies, such as CFPB, FDIC, the Federal Reserve, National Credit Union Administration, and OCC. Furthermore, banks already can bring a court challenge to any formal regulatory enforcement action.

H.R. 4545's scope is huge and not merely limited to small, community depository banks. At committee mark-up, an amendment to narrow H.R. 4545's scope to community financial institutions below $10 billion in assets was rejected clarifying the intent that H.R. 4545 would benefit enormous banks, including Wells Fargo. The tax bill enacted just months ago in December 2017 grants many of these same large banks tens of billions of dollars in new tax breaks. Moreover, many are already earning record profits.

We are nearing the 10th anniversary of the 2008 financial crisis, which triggered U.S. and global recessions, America's multiyear underwater mortgage crises, and bankruptcies for many companies that nearly sank the U.S. economy. The subsequent Dodd-Frank financial reform protections added essential safeguards that stabilized our economy. We should not weaken these protections. Rather than rolling back Dodd-Frank protections, we should improve protections for working families from the abuses of large banks like Wells Fargo, and take steps to penalize large data companies like Equifax for breaches of its consumer data.

AFSCME opposes this harmful risky bill because it increases the likelihood that banks, both large and small, will continue harming working families and consumers and trigger new systemic economic problems. AFSCME urges you to vote against H.R. 4545.

Sincerely,

SCOTT FREY,
Director of Federal Government Affairs.

CENTER FOR AMERICAN PROGRESS,
Washington, DC, March 12, 2018.

Hon. PAUL RYAN,
Speaker, House of Representatives,
Washington, DC.

Hon. NANCY PELOSI,
Democratic Leader, House of Representatives,
Washington, DC.

DEAR SPEAKER RYAN AND LEADER PELOSI: The Center for American Progress (''CAP'') is writing today to express opposition to the following bills impacting the regulation of financial institutions: H.R. 4293, the Stress Test Improvement Act of 2017; H.R. 4545, the Financial Institutions Examination Fairness and Reform Act; H.R. 4566, the Alleviating Stress Test Burdens to Help Investors Act; H.R. 1116, the TAILOR Act of 2017; and H.R. 4061, the Financial Stability Oversight Council Improvement Act of 2017. These bills may be considered on the floor of the House of Representatives in the near-term, so we welcome the chance to share our concerns regarding this series of bills with you and your Members.

H.R. 4293, the Stress Test Improvement Act of 2017, would require the Federal Reserve Board to open up its Dodd-Frank Act Stress Testing (DFAST) and Comprehensive Capital Analysis and Review (CCAR) scenarios, methodologies, loss models, and other information to public notice and comment prior to conducting the stress tests. This is a similar policy proposal to what was included in Treasury Secretary Steve Mnuchin's banking report released in June 2017. H.R. 4293 would also limit the frequency of the CCAR process to no more than once every two years and would prohibit the Fed from objecting to a firm's capital plan when a firm fails the qualitative portion of CCAR.

These proposed changes to the Fed's stress testing framework would severely undermine the effectiveness of the stress tests. Stress testing is arguably the most important new prudential tool implemented by the Fed following the 2007–2008 financial crisis. The annual stress tests help ensure that banks fund themselves with enough capital to withstand losses from a severe negative shock and economic downturn, while continuing to provide the credit and financial services the real economy needs to grow sustainably. H.R. 4293's requirement that the Fed open DFAST and CCAR to public notice and comment would essentially give the tests to the banks in advance.

If a bank knows what the stress testing scenarios are and has the Fed's loss models, it can tailor its balance sheet to limit its projected losses—and in turn limit its required capital buffer. Opening up the stress tests to this type of gaming and window dressing would be a dangerous deviation from post-crisis best practices. It runs counter to the purpose of stress testing, which is to mimic a financial shock—inherently a surprise that the bank doesn't get a chance to comment on or influence in advance. Moreover, this change could lead to an increase in the correlation of bank balance sheets across the banking sector, making the financial system in general more vulnerable to certain shocks.

H.R. 4293's requirements that CCAR be conducted no more often than once every two years and that the Fed cannot object to a bank's capital plan if the bank fails the qualitative portion of CCAR are also deeply misguided. A lot can change in two years. Risks can build up and capital positions can deteriorate quickly. CCAR must remain a rigorous, forward looking, and annual exercise. The qualitative element of CCAR, which applies to banks with over $250 billion in assets or $10 billion in foreign exposure, is also crucial for improving and maintaining robust capital planning processes and procedures at the largest banks in the country. Taking the teeth out of the qualitative portion of CCAR would take a tool away from the Fed and have a negative impact on the risk management capacity at these massive, complex institutions.

H.R. 4545, the Financial Institutions Examination Fairness and Reform Act, would give financial institutions the authority to appeal any material examination decision rendered by the federal banking regulators or Consumer Financial Protection Bureau (CFPB) to the Office of Independent Examination Review—a new office created by the bill. Financial regulators already have internal appeals processes in place through their respective Ombudsman offices and financial institutions can pursue legal remedy for flawed examination decisions through the judicial system. This new office and review process is simply an additional hurdle for regulators to contend with when supervising financial institutions and an additional point at which institutions can slow down or avoid punishments. H.R. 4545 would undermine the examinations process at a time when supervisory authority and penalties for financial sector malfeasance should be strengthened.

H.R. 4566, the Alleviating Stress Test Burdens to Help Investors Act, would repeal the Federal Reserve Board's discretionary authority to subject nonbank financial companies, that have not been designated by the Financial Stability Oversight Council as systemically important, to annual stress testing. The bill would also repeal the Dodd-Frank Act requirement that a federal primary regulator subject nonbank financial companies with more than $10 billion in assets to company-run stress testing. The 2007–2008 financial crisis made it clear that substantial risk can build up outside of the traditional banking sector. The failure or near-failure at nonbank financial companies like AIG, Bear Stearns, Merrill Lynch, and Lehman Brothers helped bring the global economy to the brink of collapse. Workers, homeowners, and savers all felt the immense economic pain from that unchecked risk in the financial sector.

Eliminating the Federal Reserve Board's authority to require stress testing at certain nonbank financial companies would needlessly prevent the Fed from acting when necessary. The ability to test a nonbank financial firm's balance sheet to ensure it has enough capital to withstand a financial shock and economic downturn, while continuing to provide the financial services the real economy depends on, is a necessary authority. The same can be said about the company-run stress testing that a primary federal regulator will no longer be required to implement if H.R. 4566 is enacted.

H.R. 1116, the TAILOR Act of 2017, places new requirements on federal financial regulators to further ''tailor'' their respective rules to the riskiness and business models of financial institutions. While a laudable goal,

this bill ignores the existing tailoring of regulation by institution type and size. The intent of this bill is to force regulators to minimize regulatory costs without due concern for the significant societal benefits of strong financial regulations. The bill would also give big banks, and small banks alike, ample footing to constantly object to regulations in court—delaying the implementation of important rules on the back-end, or putting pressure on regulators to not even undertake rulemakings on the front-end. Moreover, by mandating a seven-year lookback period under which regulators would be required to reconsider existing rules, the bill completely undermines the regulations enacted under the Dodd-Frank Act, the Credit CARD Act, and other laws.

Separately, CAP sent a detailed letter on H.R. 4061 to you and your Members outlining our strong opposition to the bill—which would render the Financial Stability Oversight Council's authority to designate nonbank financial companies as systemically important, nearly useless.

For these reasons, CAP recommends that Members vote ''NO'' when these bills are considered on the floor.

Sincerely,

GREGG GELZINIS,
Research Associate, Economic Policy, Center for American Progress.

AMERICANS FOR FINANCIAL REFORM,
Washington, DC, March 12, 2018.

DEAR REPRESENTATIVE: On behalf of Americans for Financial Reform, we are writing to urge you to vote in opposition to H.R. 4545, the ''Financial Institutions Examination Fairness and Reform Act,'' which is being considered on the House floor this week. ''Examination fairness'' may sound innocuous, but make no mistake—this legislation would put unprecedented new limits on the powers of bank examiners. The impact of this legislation in weakening bank supervision would be especially great at the nation's largest banks. Its effect would be to substantially increase the risk of systemic problems, and of unfair and predatory treatment of consumers.

H.R. 4545 would grant banks the right to appeal any supervisory determination made by any bank regulatory agency, including the Consumer Financial Protection Bureau (CFPB), to a new ''Office of Independent Examination Review'' that is outside of any regulatory agency. Upon appeal by a supervised bank, this new office would be required to undertake a de novo review of the agency's supervisory decision. No deference to the initial examination findings or the supervisory agency's judgment would be required in this review.

This new appeals process is an addition to formal appeals processes and ombudsmen already present at the banking agencies. The agencies affected by this legislation—including the CFPB, FDIC, OCC, Federal Reserve, and National Credit Union Administration—each already have an agency ombudsman and an intra-agency formal review and appeals process. In addition, banks are already free to bring a court challenge to any formal regulatory enforcement action.

By layering an entirely new appeals process on top of existing processes, this bill would greatly increase the ability of banks to resist supervisory oversight and ignore or delay changes called for by supervisors. The impact would be most pronounced at the largest banks, which can receive dozens or hundreds of material findings from every examination. The ability to appeal every one of those material supervisory findings, or just to threaten to appeal them, would create an enormous new barrier to effective supervision of big banks.

The bank examination process has been the first line of regulatory defense against threats to bank safety and soundness since at least the 1930s. The ''Examination Fairness Act'' would create unprecedented new barriers to the effectiveness of bank examiners by empowering banks to delay, resist, or overturn their decisions. In a practical sense, this would make bank regulation even weaker than it was before the 2008 crisis. It would be harmful to effective regulatory oversight in areas ranging from basic safety and soundness supervision to enforcement of key consumer protections that make our financial markets fairer.

The ''Examination Fairness Act'' thus goes beyond overturning post-financial crisis regulations to make bank oversight even weaker than it was prior to 2008. As we reach the 10th anniversary of the greatest economic and financial crisis since 1929, it should be obvious that this is completely the wrong direction for Congress to take. Since the crisis, fresh scandals like those at Wells Fargo have continued to remind us that we need effective supervision to prevent pervasive and harmful abuse of consumers.

We urge you to vote against H.R. 4545.

Thank you for your attention to this matter.

Sincerely,

AMERICANS FOR FINANCIAL REFORM.

Ms. MAXINE WATERS of California. Mr. Speaker, let me just read one of the paragraphs from the Center for American Progress that I think is so profound.

''The Financial Institutions Examination Fairness and Reform Act, would give financial institutions the authority to appeal any material examination decision rendered by the Federal banking regulators or Consumer Financial Protection Bureau, CFPB, to the Office of Independent Examination Review—a new office created by the bill. Financial regulators already have internal appeals processes in place through their respective ombudsman offices and financial institutions can pursue legal remedy for flawed examination decisions through the judicial system.

''This new office and review process is simply an additional hurdle for regulators to contend with when supervising financial institutions and an additional point at which institutions can slow down or avoid punishments. H.R. 4545 would undermine the examinations process at a time when supervisory authority and penalties for financial sector malfeasance should be strengthened.''

In addition to that, there is another paragraph in the letter from Americans for Financial Reform that I think is extremely important in explaining why this bill should be opposed.

It says: ''By layering an entirely new appeals process on top of existing processes, this bill would greatly increase the ability of banks to resist supervisory oversight and ignore or delay changes called for by supervisors. The impact would be most pronounced at the largest banks, which can receive dozens or hundreds of material findings from every examination. The ability to appeal every one of those material supervisory findings, or just to threaten to appeal them, would create an enormous new barrier to effective supervision of big banks.''

In essence, Mr. Speaker, what we are saying is, we have our bank examiners who are going in and looking for ways to strengthen the banks and hoping that they will not find these adverse conditions, but, if they do, they have a responsibility to the consumers to try and get them corrected or to try and get changes made.

□ 1400

This bill says, despite adverse conditions that are discovered, we don't want to have to comply; we don't want to have to change; we don't want to have to correct. We want to fight you. We want to use our vast resources to say your examiners didn't know what they were doing.

They are not so much concerned about the consumers; rather, they are more concerned about just being a part of the bureaucracy.

It doesn't make good sense what they are saying about the examiners and why they are not important.

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

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Oklahoma (Mr. LUCAS), a senior member of the Financial Services Committee and the former chairman of the House Agriculture Committee.

Mr. LUCAS. Mr. Speaker, I am pleased to be here for the second time in as many days to discuss a bill from Mr. TIPTON, my friend and our colleague from Colorado. I commend his dedication to find ways to bring more credit options to more Americans. This bill is no exception to that, and I thank him for sponsoring it.

This Nation is founded on the idea that those who enforce the law are not those who ultimately judge those laws.

This idea of due process is something all Americans respect and we enjoy, but in the case of financial institutions, there has been a noted lack of such process during appeals. If a bank or credit union today is assessed a postinspection penalty that they feel is based on inaccurate or incomplete information, the only recourse is back to the regulator that performed the inspection in the first place. Such an argument turns the concept of proper process upside down.

At the very least, I think we would all agree with a number of my colleagues who have noted that the judge, the jury, and the executioner should be separate. There has to be a better way.

This bill provides that better way by giving these institutions a new recourse so they can be assured of fair treatment. We all know this could be an expensive and time-consuming process for a bank or credit union, which is all the more reason to provide fair treatment. Smaller banks and credit unions that go through this appeal process are possibly running the risk of losing an appeal that will severely limit their ability to offer credit.

For that reason, a newer, fairer process will help all Americans by increasing access to credit. I am not pulling that idea out of thin air. The National Bankers Association, which represents minority bankers, supports the legislation. That should tell us how this bill will benefit every American who relies on the financial services and on credit.

Finally, Mr. TIPTON's bill does not change the fact that some banks and credit unions will lose their appeals. No one is saying that bad actors should go unpunished. The point of the bill, however, is to make that process as fair as possible. By consolidating the appeals process into one office that is separate from the four main banking regulators, that fairness can be achieved.

Again, Mr. Speaker, this bill not only supports the concept of due process, but it will also expand credit opportunities for all Americans.

I again commend the bill and the author, and I urge my colleagues to vote in favor.

Ms. MAXINE WATERS of California. Mr. Speaker, may I inquire as to how much time I have left.

The SPEAKER pro tempore. The gentlewoman has 13 minutes remaining.

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

Mr. Speaker, H.R. 4545 is yet another harmful bill that would help out Wall Street and predatory lenders. It has become a theme for the majority to claim that their legislation is meant to provide relief for small community banks, when, in fact, the legislation plainly benefits the Nation's largest banks, including abusive megabanks like Wells Fargo and even payday lenders. This bill is yet another example.

The bill would allow any bank as well as any nonbank supervised by the Consumer Financial Protection Bureau to appeal negative supervisory determinations made by regulators in the examination process.

H.R. 4545 makes it more likely that bad actors, including predatory megabanks like Wells Fargo, would avoid or delay accountability when they break Federal law. It takes our system of financial regulation in exactly the wrong direction.

Megabanks like Wells Fargo already treat the fines they are required to pay for violations of the law as simply the cost of doing business. They don't need more escape routes to avoid accountability for their wrongdoing.

I have made it clear many times that abusive megabanks with egregious patterns of harming consumers should face steep penalties from regulators. Last year I introduced H.R. 3937, the Megabank Accountability and Consequences Act, which would require the Federal prudential banking regulators to fully utilize existing authorities, such as the ability to shut down a megabank and ban culpable executives and directors from working in the banking industry.

To get tough on megabanks that repeatedly engage in practices that harm consumers, Congress should be focused on measures that strengthen consumer protections, provide tailored, responsible relief for community banks, and ensure that abusive megabanks are held accountable. This bill, which would help megabanks and predatory lenders get off the hook when they break the law, should be rejected.

Mr. Speaker, I yield back the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, again, this is a very commonsense bill, which is one of the reasons it is strongly bipartisan. I am sorry that the ranking member has not chosen to be part of that bipartisanship, but over half of the committee Democrats on our committee support it. Why? Because they understand that it is part of our American DNA to have due process.

When we continue to lose a credit union or a community bank every day in America, on average, with their loss, we are losing home ownership opportunities, opportunities to grow businesses.

Because of that regulatory burden, these exams can mean the difference between a credit union being open and not being open. They can mean the difference between a community bank being open or not open. Thus, it means the difference in our constituents getting homes and small business loans and auto loans.

This is common sense. It simply says you ought to be able to appeal an exam, have a third party take a look at it.

Everybody deserves due process in America, including our community banks and credit unions, so that is why it is so important that we enact H.R. 4545. It came out of our committee with a huge bipartisan vote. Let's make sure credit continues to flow throughout America.

Mr. Speaker, I urge all of my colleagues to support H.R. 4545, and I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate on the bill has expired.

AMENDMENT NO. 1 OFFERED BY MS. MAXINE WATERS OF CALIFORNIA

The SPEAKER pro tempore. It is now in order to consider amendment No. 1 printed in part B of House Report 115–595.

Ms. MAXINE WATERS of California. Mr. Speaker, I have an amendment at the desk made in order under the rule.

The SPEAKER pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amend section 2 to read as follows:

SEC. 2. AMENDMENT TO DEFINITIONS.

Section 1003 of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3302) is amended—

(1) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(2) by inserting after paragraph (2) the following

''(2) the term 'community financial institution' means a financial institution with total consolidated assets of $10,000,000,000 or less;''.

Strike ''financial institution'' each place such term appears and insert ''community financial institution''.

Page 6, line 5, strike ''financial institutions'' and insert ''community financial institutions''.

Page 6, line 12, strike ''financial institutions'' and insert ''community financial institutions''.

Page 8, line 3, strike ''financial institutions'' and insert ''community financial institutions''.

Page 9, line 14, strike ''financial institution's'' and insert ''community financial institution's''.

Page 12, beginning on line 4, strike ''financial institutions'' and insert ''community financial institutions''.

Page 12, line 6, strike ''financial institutions'' and insert ''community financial institutions''.

Page 15, beginning on line 21, strike ''—(A)''.

Page 16, line 2, insert a period and a quotation mark before the semicolon.

Page 16, strike lines 3 through 5.

The SPEAKER pro tempore. Pursuant to House Resolution 773, the gentlewoman from California (Ms. MAXINE WATERS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California.

Ms. MAXINE WATERS of California. Mr. Speaker, my amendment is fairly straightforward. It would limit the applicability of the exam reforms under H.R. 4545 to only depository institutions with assets less than $10 billion.

I have only heard about community banks and credit unions with respect to concerns regarding their exam process and the ability to enhance the opportunity to appeal exam findings. As Ms. Maloney made clear, when the committee marked up this bill, the sole purpose of the bill was to help community banks and credit unions, so my amendment seeks to narrow the scope of the bill's relief to these small firms.

Congress used a similar $10 billion asset threshold in Dodd-Frank to exempt small banks and credit unions from the Consumer Bureau's supervision, so applying a similar threshold for the purpose of appealing bank supervisory findings makes sense.

Today, 98 percent of all banks and 99.8 percent of all credit unions have less than $10 billion in assets. While I am in favor of sensible relief for smaller financial institutions, I believe that the 2007–2009 financial crisis showed the dangers of weak oversight of these big banks, including a $30 billion bank like IndyMac. The bank's costly failure was the fourth largest in the history of the United States and contributed to the most damaging financial crisis in generations.

As the largest firms pose the greatest risk to the country's economy and the safety and soundness of our financial system, it is only prudent to apply a stringent supervisory approach for the largest institutions. In fact, the GAO issued a report last year criticizing the

Federal Reserve's large bank supervision program, underscoring there is more work that must be done.

I have been pushing bank regulators to deploy the full suite of their enforcement tools against megabanks like Wells Fargo that repeatedly and carelessly break the law and harm millions of consumers. That is why I introduced, again, H.R. 3937, the Megabank Accountability and Consequences Act.

So, no, I do not think it is appropriate to let megabanks like Wells Fargo hijack what should be regulatory relief for community banks so that they can challenge their exams. Nonbanks regulated by the Consumer Bureau, like Equifax or payday lenders, do not need this kind of regulatory relief either.

My amendment narrows the scope of the bill on what should garner broad bipartisan support: sensible relief for the community banks and credit unions that need it.

Mr. Speaker, I would urge my colleagues who truly want to help community banks and credit unions rather than Wall Street megabanks to support my amendment.

Mr. Speaker, I yield back the balance of my time.

Mr. HENSARLING. Mr. Speaker, I rise in opposition to the amendment.

The SPEAKER pro tempore. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. Mr. Speaker, again, what we are talking about here is fundamental due process: due process for every American, due process for every institution regardless of its size, regardless of its geography. This is about due process.

As Justice Oliver Wendell Holmes wrote: ''Whatever disagreement there may be as to the scope of the phrase 'due process of law,' there can be no doubt that it embraces the fundamental conception of a fair trial, with opportunity to be heard.'' He is one of the most famous jurists in all of American history.

We are trying to ensure, again, that a bank examiner or a credit union examiner is not tantamount to judge, jury, prosecutor, cop on the beat, and executioner all rolled into one. There is no due process if your only practical appeal is to the person who rendered the judgment in the first place.

So, number one, it is important that all Americans, all institutions receive due process, which is perhaps why even over half of the Democrats on the Financial Services Committee chose to support H.R. 4545.

The ranking member's amendment would set a threshold here, but her threshold, as she talks about these so-called megabanks, at $10 billion, that is one-half of 1 percent of the size of J.P. Morgan.

So, Mr. Speaker, I don't believe in too-big-to-fail banks. I know my friends on the other side of the aisle do. That is why they voted for the bailout fund to support these too-big-to-fail financial institutions with taxpayer funds.

I don't believe in too-big-to-fail institutions, but if I did, Mr. Speaker, if I did, it would be limited to maybe eight or nine banks in America. It certainly wouldn't be applicable to any community bank, credit union, or regional bank.

We have to remember, regardless of the size of the bank, it is their capital that is helping to capitalize our businesses.

□ 1415

I am from Dallas, Texas. One of our major employers is American Airlines. I wish they could do business with First State Bank of Athens, but I suspect they do not. And so sometimes, yes, global banks are necessary to our economy, regional banks are necessary to our economy, community banks and credit unions are necessary to our economy. They are suffering under the sheer weight, load, volume, complexity, and expense of the regulatory burden, which the examination process is part of it.

Let's give them due process. Let's give them fairness and ensure that credit can flow to every small business, every household that is worthy in America. Let's reject the ranking member's amendment, and let's support the underlying bill, H.R. 4545.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. RODNEY DAVIS of Illinois). Pursuant to the rule, the previous question is ordered on the bill, as amended, and on the amendment offered by the gentlewoman from California (Ms. MAXINE WATERS).

The question is on the amendment offered by the gentlewoman from California (Ms. MAXINE WATERS).

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

Ms. MAXINE WATERS of California. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the order of the House of today, further proceedings on this question will be postponed.

REGULATION A+ IMPROVEMENT ACT OF 2017

Mr. HENSARLING. Mr. Speaker, pursuant to House Resolution 773, I call up the bill (H.R. 4263) to amend the Securities Act of 1933 with respect to small company capital formation, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 773, the amendment printed in part D of House Report 115–595 is adopted, and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 4263

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 ''Regulation A+ Improvement Act of 2017''.

SEC. 2. JOBS ACT-RELATED EXEMPTION.

Section 3(b) of the Securities Act of 1933 (15 U.S.C. 77c(b)) is amended—

(1) in paragraph (2)(A), by striking ''$50,000,000'' and inserting ''$75,000,000, adjusted for inflation by the Commission every 2 years to the nearest $10,000 to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics''; and

(2) in paragraph (5)—

(A) by striking ''such amount as'' and inserting: ''such amount, in addition to the adjustment for inflation provided for under such paragraph (2)(A), as''; and

(B) by striking ''such amount, it'' and inserting ''such amount, in addition to the adjustment for inflation provided for under such paragraph (2)(A), it''.

The SPEAKER pro tempore. The bill, as amended, shall be debatable for 1 hour equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services.

The gentleman from Texas (Mr. HENSARLING) and the gentlewoman from California (Ms. MAXINE WATERS) each will control 30 minutes.

The Chair recognizes the gentleman from Texas.

GENERAL LEAVE

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and submit extraneous material on the bill under consideration.

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

There was no objection.

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

Mr. Speaker, I rise in very strong support of H.R. 4263, the Regulation A+ Improvement Act.

I want to thank the sponsor of this bipartisan legislation, the gentleman from New Jersey (Mr. MACARTHUR). He has been a huge leader on all capital formation issues within our committee and in this Congress. He is a real asset. His business acumen is well positioned to help serve us, and his leadership on this bill should be commended.

Mr. Speaker, although small companies are at the forefront of technological innovation and job creation, they often face significant obstacles in obtaining funding in our capital markets. These obstacles generally stem from the disproportionately larger burden that securities regulations, written principally for large public companies, instead place on small companies when they seek to go public.

In 2012, the Jumpstart Our Business Startups Act, known as JOBS Act, sought to modernize and better tailor some of these regulations, including Reg. A, under our securities law. Reg.