

Jones	McSally	Rush
Kelly (IL)	Meadows	Thompson (CA)
Lipinski	Mooney (WV)	Vela
McCaull	Pingree	Walz

□ 1418

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION TO MODIFY AMENDMENT NO. 1 PRINTED IN HOUSE REPORT 115-613 TO H.R. 4566, ALLEVIATING STRESS TEST BURDENS TO HELP INVESTORS ACT

Ms. MAXINE WATERS of California. Mr. Speaker, I ask unanimous consent to modify amendment No. 1 printed in House Report 115-613 with the modification placed at the desk.

The SPEAKER pro tempore. The Clerk will report the modification.

The Clerk read as follows:

MODIFICATION TO AMENDMENT NO. 1 PRINTED IN HOUSE REPORT NO. 115-613 OFFERED BY MS. MAXINE WATERS OF CALIFORNIA

Page 1, line 10, strike "and".

Page 2, after line 7, insert the following:

(D) in clause (vi), as so redesignated, by striking "clause (ii)" and inserting "clause (iii)"; and

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

There was no objection.

The SPEAKER pro tempore. The amendment is modified.

ALLEVIATING STRESS TEST BURDENS TO HELP INVESTORS ACT

Mr. HENSARLING. Mr. Speaker, pursuant to House Resolution 787, I call up the bill (H.R. 4566) to amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to provide relief to nonbanks from certain stress test requirements under such Act, 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 787, in lieu of the amendment in the nature of a substitute recommended by the Committee on Financial Services printed in the bill, an amendment in the nature of a substitute consisting of the text of Rules Committee Print 115-65, is adopted, and the bill, as amended, is considered read.

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

H.R. 4566

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 "Alleviating Stress Test Burdens to Help Investors Act".

SEC. 2. STRESS TEST RELIEF FOR NONBANKS.

Section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5365(i)) is amended—

(1) in paragraph (1)(B)(ii), by striking "and nonbank financial companies"; and

(2) in paragraph (2)—

(A) in subparagraph (A), by striking "are regulated by a primary Federal financial regulatory agency" and inserting: "whose primary financial regulatory agency is a Federal banking agency or the Federal Housing Finance Agency";

(B) in subparagraph (C), by striking "Each Federal primary financial regulatory agency" and inserting "Each Federal banking agency and the Federal Housing Finance Agency"; and

(C) by adding at the end the following:

"(D) SEC AND CFTC.—The Securities and Exchange Commission and the Commodity Futures Trading Commission may each issue regulations requiring financial companies with respect to which they are the primary financial regulatory agency and that have total consolidated assets of more than \$10,000,000,000 to conduct periodic analyses of the financial condition, including available liquidity, of such companies under adverse economic conditions."

SEC. 3. RULE OF CONSTRUCTION.

Nothing in this Act shall be construed to limit the authority of the Financial Stability Oversight Council under section 120 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5330).

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 on the bill, as amended, it shall be in order to consider the further amendment printed in House Report 115-613, as modified by the order of the House of today, 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 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 to 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. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 4566, the Alleviating Stress Test Burdens to Help Investors Act.

Mr. Speaker, I especially want to thank the gentleman from Maine (Mr. POLIQUIN), one of the most hardworking, enthusiastic, cheerful members of the House Financial Services Committee for all the work that he has done to advance this very strong piece of bipartisan legislation, which, incidentally, passed the Financial Services Committee again with another strong bipartisan vote of 47-8.

Now, the financial crisis led to questions, both domestically and internationally, about how to address financial stability and create a regulatory framework to mitigate systemic risk, all the while ensuring robust economic growth.

At the heart of this bill of the gentleman from Maine is a recognition that our economy can suffer when we get it wrong, when government attempts to dictate the business models and operational objectives of so many of our businesses. It is also a recognition that one-size-fits-all regulations can stifle economic growth and ultimately harm consumers and harm our constituents.

Current bank-centric standards and assessments to nonbank industries, such as the asset management industry, have needlessly saddled Main Street investors with increased costs while they are trying to save for college or retirement or some other important need, and this is perhaps no clearer than in this stress testing regime.

As a former SEC chief economist observed in 2016, who said that, in the current law, "stress test the big banks; and, oh, you might as well go ahead and do the asset management companies." That is his take of what the law says.

In other words, asset management firms that, again, our constituents depend upon for their retirement security or for their financial planning are now subject to bank regulations simply because they operate under the financial services umbrella, even though such firms plainly have legal, structural, and operational characteristics that make them very, very different from banks.

By the way, none of the asset managers had anything to do with the financial crisis that brought about the legislation that we are debating in the first place. For example, unlike banks, asset managers do not have access to the deposit insurance fund or the Fed's discount window.

If that is not enough for you, Mr. Speaker, here is more. Asset managers are legally separated—legally separated from the funds they manage, meaning that the asset and liabilities of the manager are distinct from the assets and liabilities of the funds.

On the other hand, the bank business model directly subjects the bank to the risks and obligations of its assets and liabilities. Again, applying a one-size-fits-all regulatory structure—in this case, a bank-centric model—is not only bad for the asset management industry, but, far more importantly, for our constituents that they serve, who choose to save and invest.

Registered funds are the investment vehicle choices for millions of Americans seeking to buy a home, pay for college, plan for financial security and retirement. Application of unnecessary, ill-suited, bank-centric stress testing requirements to register funds

and advisers will undoubtedly increase cost for these funds and advisers, and, ultimately, this gets passed on to investors without any corresponding benefits that we can discern.

The recent asset management and insurance report issued by the Department of Treasury confirms these concerns. The bill of the gentleman from Maine (Mr. POLIQUIN) would fix this unequal regulatory structure by exempting certain nonbank financial institutions that have not been designated for supervision by the Federal Reserve Board from the act's stress testing requirement.

Further, in the true spirit of bipartisanship, I want to thank the gentlewoman from New York (Mrs. CAROLYN B. MALONEY) for recognizing the underlying need for this relief and for working with Mr. POLIQUIN to offer an amendment during markup that allows the SEC and the CFTC to issue regulations to require certain financial companies they supervise to conduct periodic analysis of the financial condition of such companies under adverse economic conditions.

The approach is common sense. It is not one size fits all. It recognizes that the primary regulator of nonbank financial companies is better suited than a bank regulator to determine whether these stress tests might be useful to address risk. And it recognizes that, as a general matter, stress testing asset managers is difficult and often needless.

Mr. Speaker, I urge all of my colleagues to support this great bipartisan legislation. I believe we have an amendment forthcoming from the ranking member, which I expect our side of the aisle to support. I am led to believe that, with the adoption of her amendment, she would support the underlying bill. I hope that proves to come to fruition, in which case we can have a very strong bipartisan vote on this bill.

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

□ 1430

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

Mr. Speaker, I rise to oppose H.R. 4566, the so-called Alleviating Stress Test Burdens to Help Investors Act, which would make it harder for regulators to identify and mitigate hidden systemic risks at nonbank financial companies before they undermine our economy.

Last Wednesday marked 10 years since global investment bank Bear Stearns imploded as a result of its failure to manage risk associated with its highly leveraged balance sheet and exposure to the subprime mortgage market. American taxpayers were forced to come to the rescue to prevent the firm's collapse from spreading to other overleveraged Wall Street institutions.

The demise of Bear Stearns was the canary in the coal mine for the ensuing

financial crisis, which ravaged the United States economy, destroyed trillions of dollars of wealth, and put millions of Americans out of their jobs and their homes.

Democrats responded to the 2008 financial crisis by passing the Dodd-Frank Act, which, among other reforms, required rigorous stress tests of the Nation's largest financial institutions. The Dodd-Frank Act also gave the Federal Reserve Board the discretion to quickly intervene and stress-test firms that could pose financial stability risk.

If regular stress testing had been conducted on firms like Bear Stearns from 2006 to 2008, it might have revealed major threats to the economy sooner, giving both the companies and Federal financial regulators a better chance to take remedial action to avoid a catastrophic near collapse of the global financial system.

H.R. 4566 would eliminate the Federal Reserve's authority to stress-test nonbank financial companies, even in situations where the firm's designation as systemically important is pending before the Financial Stability Oversight Council, FSOC.

Additionally, the bill would weaken the Dodd-Frank mandate that large financial companies under the SEC and CFTC's purview conduct internal stress tests to determine the company's ability to withstand a recession.

Combined, these rollbacks would allow the Bear Stearns of the world to take on increasing amounts of risk while regulators are tied up in lengthy administrative processes.

As former SEC Chair Mary Jo White stated in a December 2014 speech: "Stress testing is an important tool routinely used by banking regulators. Implementing this new mandate in asset management, while relatively novel, will help market participation and the Commission better understand the potential impact of stress events."

I agree with Chair White's comments about the importance of stress testing and think that it simply does not make sound public policy to eliminate this tool.

Members of the asset management industry have also recognized that stress testing is critical to effectively managing risk. In a 2015 letter to the SEC, the Asset Management Group of the Securities Industry and Financial Markets Association, that is SIFMA AMG, whose members manage more than \$30 trillion in assets, wrote: "Stress testing is one part of an effective and coherent risk management process for asset managers, the objective of which is not to test for solvency or capital adequacy, but to complement other approaches in assessing investment risk."

In fact, in a 2015 survey of SIFMA AMG members, nearly two-thirds of the asset managers surveyed reported that they already stress-test their funds. It seems imprudent that Congress would repeal a requirement for

large interconnected hedge funds that may have 15-to-1 leverage to periodically determine whether they could withstand a down economy.

Moreover, given how rapidly failures at large nonbank financial companies can spread across the highly interconnected financial system, regulators must be able to quickly identify problems that could undermine U.S. financial stability. The Federal Reserve should continue to have the discretionary authority to step in to identify and mitigate systemic risk at any financial company whose failure could pose a threat to our economy.

H.R. 4566 appears to ignore that nonbank financial companies like Bear Stearns, Lehman Brothers, and AIG played a central role in the financial crisis. When these firms collapsed as a result of their failure to mitigate their own internal risk, their losses sent shockwaves throughout the banking system.

Stress testing these kinds of nonbank financial institutions provides a valuable early warning system for our economy and gives both the companies and regulators a chance to correct problems before they have catastrophic effects on our financial stability. That is why I intend to offer an amendment that, if adopted, would restore the Fed's discretionary authority to stress test any nonbank, provided that the test meet certain conditions, including approval by a majority of FSOC members. It would also allow the Fed to use alternatives to capital, as appropriate, when stress-testing systemically important nonbanks and broaden the SEC's and CFTC's authority to require internal testing for entities under their purview.

This amendment would ensure that large financial institutions, like investment companies that manage trillions of dollars of hardworking Americans' retirement savings, can be appropriately evaluated for their ability to survive in a stressed economy.

While I oppose H.R. 4566 in its current form, I would support an amended version of the bill that preserves the bill's ability to identify and mitigate future systemic risk at nonbanks before they lead to another crisis.

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

Mr. HENSARLING. Mr. Speaker, I yield 6 minutes to the gentleman from Maine (Mr. POLIQUIN), who is the sponsor of this legislation.

Mr. POLIQUIN. Mr. Speaker, I appreciate the gentleman yielding me the time, and I thank the chairman for moving this very important piece of legislation through our committee, the Financial Services Committee, and onto the floor.

This is a commonsense bill, Mr. Speaker, that I encourage everybody, Republicans and Democrats, to support, H.R. 4566.

Throughout the great State of Maine and across America, Mr. Speaker, we have millions and millions of small

savers and small investors who are planning for their retirement or for the college education for their kids or their grandkids.

The people of Maine, Mr. Speaker, are the most honest and hardworking folks you can find anywhere, and every week thousands and thousands of Maine families are setting aside small parts of their paychecks into an IRA or a 401(k) plan so they will have enough money for their retirement, or setting aside small amounts of money for their son or their daughter to attend a college, a community college, a university, or a technical school.

Today, Mr. Speaker, almost 55 percent of all American families, about 100 million of our fellow Americans, entrust these savings to mutual funds and other pension advisers such that they are able to grow and to provide them with a larger nest egg down the road.

These asset managers, Mr. Speaker, are currently operating under the uncertainty of whether or not they will be subjected to very costly and, in many cases, unnecessary stress test regulations which are designed for large money center banks with very different functions in our economy.

Mr. Speaker, when a bank takes in deposits from its customers, it is obligated to return those deposits and, hopefully, with interest. Now, it is important that those banks have enough reserves to make sure that, during a recession, they are able to meet those obligations. For many of these banks, stress testing does make sense.

However, Mr. Speaker, mutual fund and other asset managers perform a very different function. If one invests for their retirement or their college savings, their goal is to grow that nest egg, but it is not guaranteed to be the case by the asset managers who are performing that job. In effect, Mr. Speaker, these asset managers of mutual funds serve as an agent for the investor and the small saver, with no liability to return these savings in full; but, of course, they take the risk for a better return down the road.

Now, if you do have a huge money center bank with tentacles running throughout the economy and that bank fails, it could represent a systemic risk to our economy. But investors in a poorly performing mutual fund are simply able to switch their account to a better performing mutual fund house in order for a better return down the road with no systemic risk to the economy, in part, Mr. Speaker, because the assets themselves are held at a bank custodian. They are not even held at the mutual fund company or at the asset management firm.

Now, my bill, Mr. Speaker, H.R. 4566, exempts most nonbank financial institutions, like mutual funds, from costly stress test requirements. And this, Mr. Speaker, is so important to our small savers across the country because, when you have costly, cumbersome, and unnecessary regulations, they are

paid for by the savers in these mutual funds and by these pension fund investors. And when they are paid out of their rate of return, their rates of return drop, and, therefore, the value of their nest eggs drop.

Mr. Speaker, government should be in the job of helping our families live better lives with more financial security, and H.R. 4566 helps us do just that by removing one-size-fits-all regulations that fit for lots of banks but not for the asset management community.

Today, Mr. Speaker, approximately 4 percent of the expenses of asset managers are for complying with regulations. If we do nothing, that number is expected to go up to 10 percent of their expenses, just on compliance, within 5 years. Now, that makes a big difference because the higher the expenses, the lower the rate of return, the smaller the nest egg for those who are saving for college or for retirement.

To give support to my point, Mr. Speaker, for the past 10 years, economists at our own Securities and Exchange Commission and at our own Treasury have not been able to design a stress test for asset managers and for thousands and thousands of mutual fund companies across the country, and that is because it makes no sense to try to do so.

Stress testing as a prudential regulation simply does not fit every participant in the United States financial services sector. There are intrinsic differences between banks and asset managers, and my bill, Mr. Speaker, recognizes that difference and properly exempts most nonbank financial institutions from stress tests. That, in turn, again, Mr. Speaker, will lower the cost and increase the rates of return for Main Street investors across our great State of Maine and across America.

Mr. Speaker, I thank you very much for the opportunity to address this very important issue, and I encourage everyone, Republicans and Democrats, both sides of the aisle, to please vote "yes" for H.R. 4566, Alleviating Stress Test Burdens to Help Investors Act.

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

Mr. Speaker, first, let me thank my colleagues on the opposite side of the aisle and my chairman, Mr. HENSARLING, for indicating their acceptance of the amendment.

I think it is extremely important for both sides of the aisle to appreciate the necessity and the importance of stress testing, and I think we both do that. The discretion that we afford to the Feds in this bill, I think, is very important. So this is one of those instances when both sides can come together and recognize that there were important indications of what is needed to understand what should be done to avoid another meltdown in our financial services industries and our banks.

Again, I don't think there is any need for us to continue to talk about what we don't like about stress testing, but,

rather, we are coming together to talk about how it is done and why it is important. I have a great appreciation for that, and I would like to thank my colleagues for that.

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

□ 1445

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina (Mr. MCHENRY), who is the vice chairman of our Financial Services Committee and the chief deputy majority whip.

Mr. MCHENRY. Mr. Speaker, I thank my chairman for yielding time today on this important bill.

Mr. Speaker, I rise today in support of the Alleviating Stress Test Burdens to Help Investors Act. It rolls off the tongue to some, maybe BRUCE POLIQUIN's, the bill's sponsor, but it is an important thing for us to discuss here today.

Now, hindsight bias is a very dangerous thing. It allows us to overstate our ability to predict an outcome, and it is something that lures us into creating a new system that while excellent at solving the last financial crisis or the last crisis, the last event, it fails to see the next event coming.

Now, it is not something that just fortune tellers use. It is not something that just those with an NCAA pool would use to say that all along they knew UMBC would beat Virginia. It is not just used there. Here in Washington, it is done by bureaucrats that are susceptible to these same fallacies.

So in the wake of the financial crisis, policymakers here in Washington raced to give regulators new tools to help predict future risks so that such a crisis would never happen again.

One of those tools was stress testing. The idea was to provide a method to test financial firms to differentiate between solid institutions that can weather a financial storm and those that would need help. But this crystal ball has flaws. One of the biggest flaws is treating all large financial firms the same, a one-size-fits-all approach, and this includes lumping in nonbank financial firms that don't use leverage with financial firms—bank firms—that do use leverage.

Despite this widely understood concept that capital adequacy standards do not fit neatly into assessing the risks of the asset management industry, for instance, regulators have instead stuck to their rigid methodology to try to square the circle, or circle the square, whatever that phrase is.

Thankfully, Representative BRUCE POLIQUIN has crafted a very solid bill to address this truth and bring it into reality legislatively. The stress tests built after the financial crisis do not work for nonbank financial firms. This is a security show rather than security in fact.

Thus, in a world that constantly throws big and unexpected events our way, understanding the limitations of

predicting risk is one of the most important steps we can take to avoid future harm, and that is what this bill does. I encourage my House colleagues to vote in support of and in favor of it.

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

Mr. HENSARLING. Mr. Speaker, I am just amazed that anybody from North Carolina, after being beaten by Texas A&M by 21 points, would make any allusion to basketball whatsoever. I trust our next speaker will not make that mistake.

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

Mr. LUETKEMEYER. Mr. Speaker, the chairman can be assured that since my team was one and done, I will skip the bracket discussion here.

Mr. Speaker, I want to start by thanking the gentleman from Maine (Mr. POLIQUIN) for his work on this very reasonable legislation.

Stress tests are a good idea that should be standard practice in any company. What is not a good idea—and, quite frankly, not terribly helpful in promoting systemic financial stability—is the cryptic and arbitrary manner in which stress tests are handled today.

Today, the Federal Reserve imposes these stress tests on all financial firms with more than \$10 billion in consolidated assets. This doesn't apply just to banks, despite the fact that the Fed is a bank regulator. This requirement to submit information extends to nonbank financial firms as well.

Mr. Speaker, let me take a moment to walk you through what one of these stress tests looks like. A financial firm is given cryptic instructions to run a number of scenarios to test the fortitude of the institution. That firm then submits tens of thousands of pages to the Fed. In some cases, that number can climb to more than 100,000 pages at a cost of millions of dollars.

Mr. Speaker, to give you an idea of what 20,000 pages is, in our committee hearing, we had a visual aid there with a table about this size right here in front of me today, about 3 feet tall, and boxes all around. That is 20,000 pages. Some of these stress tests, Mr. Speaker, are 100,000 pages, five times that amount, hundreds of thousands—if not millions—of dollars to do these stress tests; and, quite frankly, there is very little evidence that the Fed actually reads all the paperwork. In fact, one day you will probably get a call from the Fed, and they will tell you whether you passed or not. It is a very subjective test. There is no real explanation offered if a firm fails. The message is just to try again and keep trying until you finally pass the test and guess what the model is. This is not a productive exercise for anyone.

The truth of the matter is that the Fed has no business conducting and

analyzing stress tests on nonbanks. Those firms have functional regulators, like the SEC and CFTC, which better understand the business models and performance of nonbanks and, as such, the risks those firms pose to the financial stability of the United States. The actual supervisor of these companies should be the only entity with the ability to require these sorts of activities, and Mr. POLIQUIN's bill allows for that.

Mr. Speaker, this legislation is about promoting thoughtful and effective legislation. It is about curtailing a one-size-fits-all—as the chairman mentioned earlier—approach to regulation, something Members from both sides of the aisle have claimed to support.

Mr. Speaker, I want to again thank the gentleman from Maine for his leadership on this issue, and I urge support of this legislation.

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

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. HULTGREN), who is the vice chairman of the Financial Services Subcommittee on Capital Markets, Securities, and Investments.

Mr. HULTGREN. Mr. Speaker, I want to thank my good friend from Maine, BRUCE POLIQUIN, for sponsoring this bipartisan legislation.

The Alleviating Stress Test Burdens to Help Investors Act amends the Dodd-Frank Act to make some commonsense changes to stress testing requirements for asset managers and the investors whom they serve.

Congressman POLIQUIN has worked very hard to make sure this bill is bipartisan. In fact, he was able to win the support of two-thirds of the Democrats on the Financial Services Committee.

I believe this is one of the many bills that Chairman HENSARLING has suggested be part of our negotiations with the Senate on their regulatory relief package. I agree. Why shouldn't a bill with such strong bipartisan support at least be part of the conversation?

The idea behind the stress testing for financial institutions under Dodd-Frank is to make sure that they have enough capital on hand to cover losses in the case of a market disruption like the one that was encountered during the financial crisis. However, registered funds have a very different business model than banks. They do not guarantee any return to investors or promise that investors will get their principal back. Furthermore, these funds are not on the adviser's balance sheet.

The idea that an asset manager should hold capital like a bank does not comport with its business model. Or in the words of Mark Flannery, a former chief economist of the SEC, there is a false parallel for stress testing asset managers: "The parallel to bank stress tests is really extremely misleading. It is as if Dodd-Frank said 'stress test the big banks, and, oh, you

might as well go ahead and do the asset management companies.'"

Fortunately, BRUCE POLIQUIN has sponsored commonsense legislation to provide some regulatory relief in a way that I think Democrats and Republicans should be able to agree.

The Alleviating Stress Test Burdens to Help Investors Act would eliminate the bank-like stress testing requirements in Dodd-Frank but would empower the SEC, the primary Federal regulator of the asset management industry, to require stress testing as it deems appropriate.

In short, what this bill says is that we should only stress-test asset managers as their primary regulator determines is in the best interest of the investors instead of arbitrarily applying bank-like stress testing requirements as proposed by the Federal Reserve.

It comes as little surprise that the SEC, including under the leadership of Mary Jo White, seems to agree. The SEC has not been able to come up with stress testing standards that are consistent and comparable with those of the Federal Reserve and other banking regulators, likely because there is no way to account for capital adequacy in these companies.

Furthermore, this bill does nothing to undermine the significant regulatory authority to the Financial Stability Oversight Council. The FSOC would still be able to make recommendations to the SEC for additional regulation of asset managers.

I am not necessarily endorsing this concept, but I would like to emphasize this in the hopes that it would encourage even more Democratic colleagues to join in support of this bill. This bill, again, is true to its name. It cuts costs that are borne by investors without subjecting our financial system to any additional risk.

Mr. Speaker, I urge all of my colleagues to join with me in supporting this bill.

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

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. WILLIAMS), who is the vice chairman of the Financial Services Subcommittee on Monetary Policy and Trade.

Mr. WILLIAMS. Mr. Speaker, I would like to take the opportunity to commend my friend and colleague from Maine (Mr. POLIQUIN) for his leadership on this important issue. H.R. 4566, the Alleviating Stress Test Burdens to Help Investors Act, would help nonbanks not currently under supervision of the Federal Reserve from stress testing requirements.

In addition to alleviating burdensome requirements, the bill allows the Securities and Exchange Commission and the Commodity Futures Trading Commission to issue regulations requiring financial companies with more than \$10 billion in consolidated assets to conduct a periodic analysis of their

financial condition, including their liquidity.

This legislation would properly tailor Dodd-Frank's stress test requirements in a way that is appropriately focused. This bill retains the SEC's ability to issue stress testing as it believes appropriate. The bill does not limit the Financial Stability Oversight Council's authority to request the SEC to adopt suitable requirements for advisers and funds.

Mr. Speaker, once again, I thank the gentleman from Maine for his commitment to this important piece of legislation. I encourage all of my colleagues on both sides of the aisle to support this bill on the floor.

In God We Trust.

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

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee (Mr. KUSTOFF), who is a hardworking member of the Financial Services Committee.

Mr. KUSTOFF of Tennessee. Mr. Speaker, I rise today in support of H.R. 4566, the Alleviating Stress Test Burdens to Help Investors Act, which was introduced by my colleague, Representative POLIQUIN.

Mr. Speaker, millions of Americans rely on registered funds to invest and save for their future, and they rely on asset management advisers to assist them in making major financial decisions, such as paying college tuition, saving for retirement, or buying a home.

However, too often these advisers have their hands tied complying with burdensome regulations that were not intended for the type of financial institutions that they serve. Following the enactment of Dodd-Frank, a framework was created to assess systemic risk posed by financial institutions, and this framework looked at the risk from a bank-centric approach.

In addition, Dodd-Frank required all financial companies with total consolidated assets of more than \$10 billion to conduct various annual stress tests to comply with the law. Now, unfortunately, this broad definition sweeps in registered investment companies and requires that these nonbank institutions be held accountable for the same stress tests as banks.

This particular stress test does not make sense for the asset management industry and only adds costs that will end up putting the burden on investors who rely on these funds.

Again, the U.S. asset management industry is critical in promoting diverse investment and savings opportunities for individuals, for families, and for businesses. This important legislation would eliminate unnecessary costs for nonbank financial institutions that have not been designated as systematically important by removing Dodd-Frank's bank-centric, mandatory stress test requirement.

As we continue to explore new ways to help families save for their future or

buy a new home, we should remain focused on improving their ability to invest. I want to thank Representative POLIQUIN and Chairman HENSARLING for their important work on this legislation, and I urge my colleagues to vote "yes" on this important bill.

□ 1500

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

Mr. Speaker, I am very pleased about the work that staff has done on this particular legislation.

I do believe that we all agree that stress tests are important; it is a matter of who, how, and when.

Someone has likened stress tests to car testing, where, in the manufacture of new cars, you take them out on the road and you test them to see if they can withstand what they may be presented with in the terrain and with the kind of things that you would experience perhaps on the roughest roads that they test on. When they determine that there are weaknesses that can be corrected, that is what they do in order to make sure that this new vehicle that they are testing can withstand whatever the difficulties are that may be presented to them when they test a car.

That is what this stress testing is all about. It all about whether or not, in the event of a downturn in our economy, you have the ability to withstand the downturn, whether or not you have the ability to not only withstand what you are presented with in a downturn of the economy, but how you can fix what you have determined is wrong with what you are doing.

So I am, again, very pleased that we all agree that stress testing is extremely important and that we know what your concerns are about hedge fund and asset managers and all of that. But the discretion that we give to the Feds, I think, is very important. The fact that all of the businesses that we are concerned with will be doing their internal stress testing is extremely important.

So, again, I am very grateful for the acceptance of my amendment, and I am hopeful that, with this amendment, it demonstrates that, when we work very hard to reconcile our differences, we can do that.

Mr. Speaker, I would ask that, with this amendment, all of the Members of the House vote for this legislation, and I yield back the balance of my time.

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

Mr. Speaker, once again, I want to encourage all of my colleagues to support H.R. 4566, the legislation from the gentleman from Maine. I want to commend him once again. He is one of our most hardworking members on the committee, and he cares passionately about his constituents in Maine.

I also want to commend him for once again working on a very bipartisan basis. He has managed to change his

bill from its original concept many times to try to garner more support from the other side of the aisle.

With the acceptance of the ranking member's amendment, again, I am hopeful that we will have a very, very strong vote in the House. Again, this came out of committee with a very strong bipartisan vote of 47-8.

Mr. Speaker, very often we debate regulation. I think that now, fortunately, we have a 3 percent growth Tax Code which has been passed by Congress, but, unfortunately, I do not believe we have a 3 percent growth of finance in the banking system.

That is important. It is important to our constituents who still need credit to buy that first home, a factory worker who needs to get their transmission repaired so that they can go to work, some parent trying to send a kid to college, or people trying to plan for their retirement.

Too often, I think we have a dichotomy between regulation and deregulation, when the real dichotomy is between smart regulation and dumb regulation. It is always incumbent upon us in Congress to look very carefully at these regulations. Sometimes they look very good on the chalkboard, but in reality, they don't quite render the results or benefits that we had hoped for. So we always have to take a look at what this is doing not just to consumer and investor protection, but what it is doing to economic growth as well.

I agree with the ranking member. Stress testing is a good concept. It is one of the reasons why banks and other financial firms typically stress-test themselves daily, weekly, monthly, annually.

What doesn't make sense, though, is that there be no recognition to the cost that it imposes, as the gentleman from Missouri, the chairman of our Financial Institutions and Consumer Credit Subcommittee, was very articulate in reminding us that these submissions can cost us millions and millions of dollars. The reports are not measured in pages; they are measured by the pound. There can be 10- and 20-pound submissions of paper that we wonder if anybody ever reads.

But what especially doesn't make sense is trying to apply a bank stress test to a nonbank financial institution, particularly an asset manager. I know the ranking member was talking a little bit earlier about using an analogy to auto inspections: It makes no sense to have the home inspectors inspect your auto; it makes no sense to have the auto inspectors inspect your home.

The gentleman from Maine is ensuring that whatever stress test is applied, it is applied properly to the business model that needs to be tested for its potential stress of our financial system.

So, again, I just want to commend the gentleman from Maine for his hard work, and I urge all Members to vote in favor of H.R. 4566 because, indeed,

maybe it is not a catchy title, but it is an accurate title. As we alleviate stress test burdens, we do help investors.

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

The SPEAKER pro tempore (Mr. HUDSON). All time for debate on the bill has expired.

AMENDMENT NO. 1, AS MODIFIED, OFFERED BY
MS. MAXINE WATERS OF CALIFORNIA

The SPEAKER pro tempore. It is now in order to consider amendment No. 1, as modified, printed in House Report 115-613.

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, as modified.

The text of the amendment, as modified, is as follows:

Page 1, strike lines 8 and 9 and insert the following:

(1) in paragraph (1)(B)—

(A) by redesignating clauses (ii) through (v) as clauses (iii) through (vi), respectively;

(B) by inserting after clause (i) the following:

“(ii) may conduct the evaluation required by this subsection utilizing alternatives to the capital adequacy test described in subparagraph (A), as the Board may determine appropriate;”;

(C) in clause (iii), as so redesignated, by inserting before the semicolon the following: “, provided that such tests of any nonbank financial company—

“(I) are requested by a majority vote of the Council;

“(II) are conducted in accordance with the company’s business model, including by utilizing alternatives to the capital adequacy test described in subparagraph (A), as the Board may determine appropriate; and

“(III) are not already required by the company’s Federal primary financial regulatory agency;” and

(D) in clause (vi), as so redesignated, by striking “clause (ii)” and inserting “clause (iii);” and

Page 2, beginning on line 10, strike “and that have total consolidated assets of more than \$10,000,000,000”.

The SPEAKER pro tempore. Pursuant to House Resolution 787, 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, in its current form, H.R. 4566 eliminates the Fed’s discretion to require stress testing on nonbanks that have not yet been designated as systemically important and weakens the Dodd-Frank Act’s mandate that the SEC and CFTC require nonbank financial companies under their authority to conduct annual stress tests. Together, these repeals create a loophole that would allow large brokerage firms and mega insurance companies to ignore risks while regulators are tied up in lengthy rulemaking or the FSOC designation process.

My amendment, if adopted, would restore the Fed’s discretionary authority to stress-test any nonbank financial firm, provided that the test is re-

quested by a majority vote of the FSOC, is conducted with consideration of the company’s business model, and is not already required by the company’s primary regulator.

My amendment would also allow the Fed to consider alternatives to the existing capital adequacy test, where appropriate, when conducting stress tests on nonbanks, including those designated as systemically important.

One of the key safeguards created by Dodd-Frank is the Fed’s ability to identify and mitigate risks in the financial system before they undermine the U.S. economy. By preserving the Fed’s ability to stress-test nonbank financial companies on a discretionary basis, my amendment will give regulators a better chance of preventing the next Bear Stearns or Lehman Brothers from dragging down our financial system.

Finally, my amendment would broaden the SEC’s and CFTC’s authority under the bill by striking the provision that would limit future company-run stress testing requirements to entities with more than \$10 billion in assets. This would ensure that the SEC and CFTC can require any financial company under their purview to evaluate their own ability to survive in a stressed economy.

While I oppose H.R. 4566 as currently drafted, with this amendment, the bill would represent a truly bipartisan effort to strengthen Dodd-Frank. Mr. Speaker, I would urge my colleagues to vote “yes” on my amendment.

I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent to claim the time in opposition to the amendment, although I am not opposed.

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

There was no objection.

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

Mr. HENSARLING. Mr. Speaker, I am not thrilled with the amendment, but in the spirit of compromise and the spirit of bipartisanship, we have worked with the ranking member and the sponsor of the legislation. It wouldn’t be my preferred approach, but that is often what we do around here.

I want to thank the ranking member for working with the majority side in order to advance this, again, as a very strong bipartisan vote in the House, which I hope and anticipate with the inclusion of this amendment.

I would point out, Mr. Speaker, again, I am very happy. On the other side of the Capitol, they have recently advanced a number of kind of smart regulatory measures and capital formation measures. We look forward to negotiating with our friends in the Senate. I am hoping that an overwhelming vote on a bill like H.R. 4566 is one that could be in a final package before it goes to the President’s desk.

Again, I still think that, although we have all compromised a little some-

thing here, I think we all advance our principles. I think it is something that will help, actually, both financial stability and investor protection, including protecting their opportunities to have a better future.

So again, I want to thank the ranking member for working with us, and I would urge the House to adopt her amendment and adopt H.R. 4566 by Mr. POLIQUIN of Maine.

Mr. Speaker, I yield to the gentleman from Maine (Mr. POLIQUIN).

Mr. POLIQUIN. Mr. Speaker, who says that a terrific Representative from one of the most urban areas in the country, Los Angeles, California, cannot get together with a Representative from one of the most rural parts of America up in the great State of Maine?

I thank Ranking Member WATERS for her extension of bipartisanship. I also thank Chairman HENSARLING very much for brokering this. This is going to be a great day for America, a great day for Maine, and a great day for California.

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

Ms. MAXINE WATERS of California. Mr. Speaker, I thank the gentleman for those kind words, and I yield back the balance of my time.

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

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

The amendment, as modified, was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

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

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

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 395, nays 19, not voting 15, as follows:

[Roll No. 119]

YEAS—395

Abraham	Bera	Brat
Adams	Bergman	Bridenstine
Aderholt	Beyer	Brooks (AL)
Aguilar	Biggs	Brooks (IN)
Allen	Bilirakis	Brown (MD)
Amash	Bishop (GA)	Brownley (CA)
Amodei	Bishop (MI)	Buchanan
Arrington	Bishop (UT)	Buck
Babin	Blackburn	Bucshon
Bacon	Blum	Budd
Banks (IN)	Blumenauer	Burgess
Barr	Blunt Rochester	Bustos
Barragán	Bonamici	Butterfield
Barton	Bost	Byrne
Bass	Brady (PA)	Calvert
Beatty	Brady (TX)	Capuano

Carbajal
Cárdenas
Carson (IN)
Carter (GA)
Carter (TX)
Cartwright
Castor (FL)
Castro (TX)
Chabot
Cheney
Cicilline
Clarke (NY)
Clay
Cleaver
Clyburn
Coffman
Cohen
Cole
Collins (GA)
Collins (NY)
Comer
Comstock
Conaway
Connolly
Cook
Cooper
Correa
Costa
Costello (PA)
Courtney
Cramer
Crawford
Crist
Crowley
Cuellar
Culberson
Curbelo (FL)
Curtis
Davidson
Davis (CA)
Davis, Rodney
DeFazio
DeGette
Delaney
DeLauro
DelBene
Demings
Denham
Dent
DeSantis
DesJarlais
Deutsch
Diaz-Balart
Dingell
Doggett
Donovan
Doyle, Michael
F.
Duffy
Duncan (SC)
Duncan (TN)
Dunn
Emmer
Engel
Eshoo
Estes (KS)
Esty (CT)
Evans
Farenthold
Faso
Ferguson
Fitzpatrick
Fleischmann
Flores
Fortenberry
Foster
Foxy
Frankel (FL)
Frelinghuysen
Fudge
Gabbard
Gaetz
Gallagher
Gallo
Garamendi
Garrett
Gianforte
Gibbs
Gohmert
Gomez
Gonzalez (TX)
Goodlatte
Gosar
Gotthelmer
Gowdy
Granger
Graves (GA)
Graves (LA)
Graves (MO)

Green, Al
Green, Gene
Griffith
Grothman
Guthrie
Hanabusa
Handel
Harper
Harris
Hartzler
Hastings
Heck
Hensarling
Herrera Beutler
Hice, Jody B.
Higgins (LA)
Higgins (NY)
Hill
Himes
Holding
Hollingsworth
Hudson
Huffman
Huizenga
Hultgren
Hunter
Hurd
Issa
Jackson Lee
Jeffries
Jenkins (KS)
Jenkins (WV)
Johnson (LA)
Johnson (OH)
Johnson, Sam
Jordan
Joyce (OH)
Kaptur
Katko
Keating
Kelly (MS)
Kelly (PA)
Kennedy
Kihuen
Kildee
Kilmer
Kind
King (IA)
King (NY)
Kinzinger
Knight
Krishnamoorthi
Kuster (NH)
Kustoff (TN)
Labrador
LaHood
LaMalfa
Lamborn
Lance
Langevin
Larsen (WA)
Larson (CT)
Latta
Lawrence
Lawson (FL)
Levin
Lewis (GA)
Lewis (MN)
Lieu, Ted
LoBiondo
Loebach
Lofgren
Long
Loudermilk
Love
Lowenthal
Lowey
Lucas
Luetkemeyer
Lujan Grisham,
M.
Luján, Ben Ray
Lynch
MacArthur
Maloney,
Carolyn B.
Maloney, Sean
Marchant
Marino
Marshall
Massie
Mast
Matsui
McCarthy
McCaul
McClintock
McColum
McEachin
McGovern

McHenry
McKinley
McMorris
Rodgers
McNerney
Meadows
Meehan
Meeks
Meng
Messer
Mitchell
Moolenaar
Mooney (WV)
Moore
Moulton
Mullin
Murphy (FL)
Nadler
Napolitano
Neal
Newhouse
Noem
Nolan
Norcross
Norman
Nunes
O'Halleran
O'Rourke
Olson
Palazzo
Pallone
Palmer
Panetta
Pascarell
Paulsen
Payne
Pearce
Pelosi
Perlmutter
Perry
Peters
Peterson
Pittenger
Poe (TX)
Poliquin
Polis
Posey
Price (NC)
Quigley
Raskin
Ratcliffe
Reed
Reichert
Renacci
Rice (NY)
Rice (SC)
Richmond
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rohrabacher
Rokita
Rooney, Francis
Rooney, Thomas
J.
Ros-Lehtinen
Rosen
Roskam
Ross
Rothfus
Rouzer
Roybal-Allard
Royce (CA)
Ruiz
Ruppersberger
Russell
Rutherford
Ryan (OH)
Sanford
Scalise
Schiff
Schneider
Schradler
Schweikert
Scott (VA)
Scott, Austin
Scott, David
Sensenbrenner
Sessions
Sewell (AL)
Shea-Porter
Sherman
Shimkus
Shuster
Simpson
Sinema
Sires
Smith (MO)

Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Smucker
Soto
Stefanik
Stewart
Stivers
Suozzi
Swalwell (CA)
Takano
Taylor
Tenney
Thompson (MS)
Thompson (PA)
Thornberry
Tipton
Titus

Boyle, Brendan
F.
Clark (MA)
DeSaulnier
Ellison
Espallat
Grijalva

Barletta
Black
Chu, Judy
Cummings
Davis, Danny

□ 1543

Messrs. KHANNA, ELLISON, and Ms. LEE changed their vote from "yea" to "nay."

Mr. CAPUANO, Ms. MATSUI, Messrs. GONZALEZ of Texas, GENE GREEN of Texas, NORCROSS, Mrs. TORRES, Ms. CLARKE of New York, ROYBAL-ALLARD, Mr. YARMUTH, Ms. SHEA-PORTER, CASTOR of Florida, Messrs. TONKO, ENGEL, TAKANO, and GALLEGO changed their vote from "nay" to "yea."

So the bill was passed.
The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ISSA. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10 a.m. tomorrow for morning-hour debate and 11 a.m. for legislative business.

The SPEAKER pro tempore (Mr. HIGGINS of Louisiana). Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ISSA. Mr. Speaker, I ask unanimous consent that the Committee on Oversight and Government Reform be discharged from further consideration of the bill (H.R. 4463) to designate the facility of the United States Postal Service located at 6 Doyers Street in New York, New York, as the "Mabel Lee Memorial Post Office", and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

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

There was no objection.
The text of the bill is as follows:

H.R. 4463

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

(a) DESIGNATION.—The facility of the United States Postal Service located at 6 Doyers Street in New York, New York, shall be known and designated as the "Mabel Lee Memorial Post Office".

(b) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the facility referred to in subsection (a) shall be deemed to be a reference to the "Mabel Lee Memorial Post Office".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ISSA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2040) to designate the facility of the United States Postal Service located at 621 Kansas Avenue in Atchison, Kansas, as the "Amelia Earhart Post Office Building", and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

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

There was no objection.

The text of the bill is as follows:

S. 2040

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

(a) DESIGNATION.—The facility of the United States Postal Service located at 621 Kansas Avenue in Atchison, Kansas, shall be known and designated as the "Amelia Earhart Post Office Building".

(b) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the facility referred to in subsection (a) shall be deemed to be a reference to the "Amelia Earhart Post Office Building".

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. GARRETT. Mr. Speaker, I ask unanimous consent that I may hereafter be considered to be the primary sponsor of H.R. 756, a bill originally introduced by Representative Chaffetz of Utah, for the purpose of adding cosponsors and requesting reprintings pursuant to clause 7 of rule XII.

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

There was no objection.