



## HOUSE FINANCIAL SERVICES COMMITTEE MARKUP

### OVERVIEW

For questions on the note below, please contact [Kwon Park](#) at (202) 547-3035.

[Today](#), the House Financial Services Committee met in [open session](#) to markup [H.R. 5983](#), the “Financial CHOICE Act of 2016,” and an [amendment](#) in the nature of a substitute to H.R. 5983.

### Key Takeaways

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- The Financial CHOICE Act (Choice Act) and its amendment in the nature of a substitute passed the full Committee by a vote of 30 – 26. No Democrats offered any amendments, and all Democrats with one Republican voted against the bill.
- Republicans argued that the Choice Act simply provides regulatory relief to financial institutions meeting a simple capital ratio. On the other hand, Democrats argued that Dodd-Frank is working and should not be replaced with the Choice Act.
- Democrats praised the work of the Consumer Financial Protection Bureau (CFPB), especially in light of the Wells Fargo scandal, while Republicans called for increased transparency and accountability from the agency.

### SUMMARY

#### Opening Statements and Testimony

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##### [Chairman Jeb Hensarling \(R-TX\)](#)

- Dodd-Frank codified too-big-to-fail and created the orderly liquidation authority (OLA), subjecting taxpayers to bail out big banks. The Choice Act creates choice and opportunity for small businesses and entrepreneurs, ends bailouts, and ends too-big-to-fail once and for all.
- The Choice Act will unleash a wave of capital formation, and holds Wall Street accountable with the toughest, strongest, strictest penalties ever – far greater than Dodd-Frank.
- Why is it that after Dodd-Frank the big banks are bigger and why have heads of major Wall Street banks called it a competitive advantage? Why has the Wall Street Journal reported that 95% of campaign contributions of the big banks have all gone to Hilary Clinton? Hope my friends on the other side of the aisle will answer these questions.

##### **Ranking Member Maxine Waters (D-CA)**

- The Choice Act is highly partisan, damaging legislation designed to kill Dodd-Frank and to harm consumers. This hearing is a rushed partisan messaging tool to deregulate Wall Street – nothing has been planned by this Committee to address the Wells Fargo situation, but instead debates legislation taking us back to 2008.
- The Choice Act is the wrong choice with regulatory rollbacks. Nearly all the rules to make banks safer and stronger will be repealed by this phony regulatory scheme, putting big banks in the drivers seat. The shadow banking industry will also escape FSOC oversight.
- The Choice Act prevents the SEC from bringing enforcement cases against bad actors and would effectively prevent them from proceeding with a fiduciary duty rule. The bill subjects all financial regulators to the dysfunctional Republican appropriations process and is the wrong choice for Americans.

- The Choice Act is too flawed to be considered for markup, and Democrats will not offer any amendments and will move to dispense of this political theatre.

## **H.R. 5983, the Financial CHOICE Act**

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### **Randy Neugebauer (R-TX)**

- The Choice Act simply provides regulatory relief to financial institutions holding a simple-to-calculate capital ratio. The leverage ratio is simple and improves financial stability by decreasing the danger of runs on banks. This will provide regulatory relief to safe community banks.
- The Choice Act is a move away from government bailouts and a move toward the bankruptcy system. Repeal of the OLA authority and the Fed's emergency lending authority are the two main ways to end government bailouts.
- Congress should look for a better way to oversee the CFPB because their actions lack transparency and accountability to the public.

### **Carolyn Maloney (D-NY)**

- The Choice Act is disturbing and will be a disaster to the entire financial system. The bill takes away the CFPB's authority to penalize abusive practices of companies like Wells Fargo.

### **Emanuel Cleaver (D-MO)**

- Rather than correcting the mistakes of Dodd-Frank, this bill is a partisan effort to repeal Dodd-Frank.

### **Sean Duffy (R-WI)**

- Certain provisions that were included in Dodd-Frank (i.e. Volcker rule, conflict mineral rule, etc.) had nothing to do with the financial crisis.
- The government is not the solution to every problem faced by the economy – one-size-fits-all rules and regulations harm the little guys.
- Wall Street has not supported the Choice Act, but rather small financial institutions and community banks. Hillary Clinton supports Dodd-Frank and has received more money from Wall Street. Dodd-Frank serves as a barrier to entry to small and medium-sized banks.

### **Nydia Velazquez (D-NY)**

- The Choice Act is another political move to help Wall Street. This is the wrong time to undermine the CFPB's authority – the agency that just fined Wells Fargo \$100 million.

### **Keith Ellison (D-MN)**

- Congressman Duffy is giving a campaign speech to support Trump and his statements are merely political in nature. The slow economic growth is not due to Dodd-Frank, but due to a lack of a federal government stimulus and a dysfunctional majority in Congress.

### **Scott Garrett (R-NJ)**

- Dodd-Frank has not ended too-big-to-fail, the economy has not become more resilient, and consumers are not better off. Dodd-Frank has been and still is an abject failure.

- The Choice Act will increase penalties against Wall Street, and offers financial institutions a choice to avoid burdensome regulations if they increase their capital. Prudential regulators almost never can get the correct risk weighted capital ratios.

#### **Bill Huizenga (R-MI)**

- The Choice Act is about simplifying and unifying regulations.

#### **Brad Sherman (D-CA)**

- Congress should spend its time considering bipartisan provisions to improve statutes. Although CFPB Director Cordray is doing a good job, I will support a board (Commission) structure for the CFPB.
- The financial meltdown was caused by bond rating agencies providing triple A ratings to baskets full of bad mortgages. The Sherman amendment that requires the SEC to select bond rating agencies should be restored to avoid conflicts of interest between the ratings agencies and companies that pay them for ratings.

#### **Bill Foster (D-IL)**

- The 10% capital ratio in the Choice Act is not safe. The negative narrative about slow economic recovery and job growth is not true. Job growth was negative before Dodd-Frank, but continues to rise since the bill passed.

#### **Robert Pittenger (R-NC)**

- The SIFI designation process does nothing but undermine competition. The Choice Act simply exempts banks from onerous regulations if they meet a higher capital ratio.
- FSOC's subjective standards for non-banks are burdensome and duplicative.

#### **Gregory Meeks (D-NY)**

- The Choice Act takes this country back to an era of weak regulations, and merely hopes that Wall Street would behave responsibly for the decency of American consumers.

#### **Al Green (D-TX)**

- The Choice Act should be renamed the "Big Bank Bonus bill." This bill eliminates the OLA authority, living wills, and assumes big banks will behave responsibly.

#### **Blaine Luetkemeyer (R-MO)**

- The Choice Act returns a balanced approach to financial regulation. It is important to provide policymakers and the public a voice in the rulemaking process for insurance companies – there must be action to provide more transparency to the public.

#### **Ruben Hinojosa (D-TX)**

- Today's housing market continues to recover, but the Choice Act will slow down its progress. Congress should work together to preserve the financial system, rather than try to dismantle Dodd-Frank. A vote against the Choice Act is a vote to avoid another financial catastrophe.

#### **Roger Williams (R-TX)**

- The Choice Act helps Main Street. While there were 626 FDIC insured banks in Texas in 2010, there are currently only 472 – a decline of 32% in the economically healthiest state in the US.
- The CFPB should operate with transparency and be held accountable to taxpayers. The CFPB’s single director and funding structure gives Congress no oversight of the agency, and the agency has been implementing rules in industries it was never intended to regulate. Additional accountability and transparency are necessary.

**Joyce Beatty (D-OH)**

- The Choice Act is the wrong choice for American consumers. Dodd-Frank has been successful as it has led to greater consumer protections and empowered financial regulators with the tools necessary to ensure a fair playing field for everyone. The economy has added 15 million private sector jobs in the last 12 months.