

Flake	Linder	Reyes
Fleming	Lipinski	Richardson
Forbes	LoBiondo	Rodriguez
Fortenberry	Loeback	Roe (TN)
Poster	Lofgren, Zoe	Rogers (AL)
Fox	Lowe	Rogers (KY)
Frank (MA)	Lucas	Rogers (MI)
Franks (AZ)	Luetkemeyer	Rohrabacher
Frelinghuysen	Lujan	Rooney
Fudge	Lummis	Ros-Lehtinen
Gallagher	Lungren, Daniel	Roskam
Garamendi	E. Lynch	Ross
Garrett (NJ)	Mack	Roybal-Allard
Gerlach	Maffei	Royce
Giffords	Maloney	Ruppersberger
Gingrey (GA)	Manzullo	Ryan (OH)
Gonzalez	Marchant	Ryan (WI)
Goodlatte	Markey (CO)	Salazar
Gordon (TN)	Markey (MA)	Sanchez, Linda
Granger	Marshall	T. Sanchez, Loretta
Graves (GA)	Matheson	Sarbanes
Graves (MO)	Matsui	Scalise
Grayson	McCarthy (CA)	Schakowsky
Green, Al	McCarthy (NY)	Schauer
Griffith	McCaul	Schiff
Grijalva	McClintock	Schmidt
Guthrie	McCollum	Schock
Gutierrez	McCotter	Schrader
Hall (NY)	McDermott	Schwartz
Hall (TX)	McGovern	Scott (GA)
Halvorson	McHenry	Scott (VA)
Hare	McIntyre	Sensenbrenner
Harman	McKeon	Serrano
Harper	McMahon	Sessions
Hastings (FL)	McMorris	Sestak
Hastings (WA)	Rodgers	Shadegg
Heinrich	McNerney	Shea-Porter
Heiler	Meek (FL)	Sherman
Hensarling	Meeks (NY)	Shimkus
Hergert	Melancon	Shuler
Herseth Sandlin	Mica	Shuster
Hill	Michaud	Simpson
Himes	Miller (FL)	Sires
Hinchee	Miller (MI)	Skelton
Hinojosa	Miller (NC)	Slaughter
Hirono	Miller, Gary	Smith (NE)
Hódcs	Miller, George	Smith (NJ)
Hoekstra	Minnick	Smith (TX)
Holden	Mitchell	Smith (WA)
Holt	Mollohan	Snyder
Honda	Moore (KS)	Spac
Hoyer	Moore (WI)	Speier
Hunter	Moran (KS)	Spratt
Inglis	Moran (VA)	Stark
Inslee	Murphy (CT)	Stearns
Israel	Murphy (NY)	Stupak
Issa	Murphy, Patrick	Sullivan
Jackson (IL)	Murphy, Tim	Sutton
Jackson Lee	Myrick	Tanner
(TX)	Nadler (NY)	Teague
Jenkins	Napolitano	Terry
Johnson (GA)	Neal (MA)	Thompson (CA)
Johnson (IL)	Neugebauer	Thompson (MS)
Johnson, E. B.	Nunes	Thompson (PA)
Johnson, Sam	Nye	Thornberry
Jones	Oberstar	Tiart
Jordan (OH)	Obey	Tiberi
Kagen	Olson	Tierney
Kanjorski	Ortiz	Titus
Kaptur	Owens	Tonko
Kennedy	Pallone	Towns
Kildee	Pascarell	Tsongas
Kilpatrick (MI)	Pastor (AZ)	Turner
Kilroy	Pául	Upton
Kind	Paulsen	Van Hollen
King (IA)	Payne	Velázquez
King (NY)	Pence	Vislowsky
Kingston	Perlmutter	Walden
Kirk	Perrillo	Walz
Kirkpatrick (AZ)	Peters	Wasserman
Kissell	Peterson	Schultz
Klein (FL)	Petri	Waters
Kline (MN)	Pitts	Watson
Kosmas	Platts	Watt
Kratovil	Poe (TX)	Waxman
Kucinich	Polis (CO)	Weiner
Lamborn	Pomeroy	Welch
Lance	Posey	Westmoreland
Langevin	Price (GA)	Whitfield
Larsen (WA)	Price (NC)	Wilson (OH)
Larson (CT)	Putnam	Wilson (SC)
Latham	Quigley	Wittman
LaTourette	Radanovich	Wolf
Latta	Rahall	Wu
Lee (CA)	Rangel	Yarmuth
Lee (NY)	Rehberg	Young (FL)
Levin	Reichert	
Lewis (CA)		
Lewis (GA)		

NAYS—1

Bright

NOT VOTING—10

Gohmert	Rothman (NJ)	Woolsey
Green, Gene	Rush	Young (AK)
Higgins	Taylor	
Pingree (ME)	Wamp	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining in this vote.

□ 1533

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

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. GENE GREEN of Texas. Mr. Speaker, on rollcall No. 411, had I been present, I would have voted, "yes."

CONFERENCE REPORT ON H.R. 4173, DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

Mr. FRANK of Massachusetts. Mr. Speaker, pursuant to House Resolution 1490, I call up the conference report on the bill (H.R. 4173) to provide for financial regulatory reform, to protect consumers and investors, to enhance Federal understanding of insurance issues, to regulate the over-the-counter derivatives markets, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 1490, the conference report is considered read.

(For conference report and statement, see proceedings of the House of June 29, 2010, book II.)

The SPEAKER pro tempore. The gentleman from Massachusetts (Mr. FRANK) and the gentleman from Alabama (Mr. BACHUS) each will control 60 minutes.

The Chair recognizes the gentleman from Massachusetts.

GENERAL LEAVE

Mr. FRANK of Massachusetts. Mr. Speaker, at the outset I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks on this matter.

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

There was no objection.

Mr. FRANK of Massachusetts. Mr. Speaker, to begin, I want to yield for a colloquy 3 minutes to one of the leaders in the House and certainly in our committee in forging this particular legislation and in fighting to make sure that fairness is done throughout all of our efforts, the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, Members, I would like to begin by thanking the chair of the Financial Services

Committee, my colleague, Mr. BARNEY FRANK, for the leadership that he has provided in bringing us to this point in doing regulatory reform. There were times I thought it would never happen, but because of his brilliance, and because of his leadership, and because of his ability to listen to all of the Members who serve not only on that committee but on the conference committee, we find ourselves here.

But I would like at this point in time to engage my chairman to make sure that I understand one particular word that was used in this conference committee report.

So if I may make an inquiry of the gentleman from Massachusetts. I'm trying to understand the meaning of the word "initiated" in paragraph 5 of the conference report. Would "initiated" include any program or initiative that has been announced by Treasury prior to June 25, 2010? And if so, I assume that that means that programs such as the FHA refinance program, which would address the problem of negative equity and which I understand Treasury and the FHA are working on but is not yet publicly available, would be included as would the Hardest Hit Fund program, which is not fully implemented yet.

And this would not prevent, for example, within the \$50 billion already allocated for HAMP, perhaps adjusting resources between already-initiated programs based on their effectiveness.

Mr. FRANK of Massachusetts. If the gentleman would yield.

The answer is a resounding yes. And I certainly have been following her leadership in trying to make sure that these programs do more than many of them have done.

So the answer to her question is yes. Nothing new can be started after June 25, but it does not reach back and strangle in the cradle those programs that were under way. I confirm that the conference report would not prevent adjusting resources between already initiated programs based on their effectiveness.

Ms. WATERS. Thank you. I appreciate that.

Mr. BACHUS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, today I would like to address the good, the bad, and the ugly in this bill.

The good: There is consumer protection. There is more disclosure and transparency. There are some bipartisan provisions in this bill that add a whistleblower office to the SEC. But the bad and the ugly far outweigh those.

In total, this bill is a massive intrusion of Federal Government into the lives of every American. It is the financial services equivalent of ObamaCare, the government takeover of our health care system.

□ 1540

If finally enacted, it will move us further toward a managed economy, with the Federal Government's making decisions that have been and should stay

in the hands of individuals and private businesses.

For instance, it will make the compensation of every employee of a financial firm subject to rules set by a government overseer. Can you imagine anything as basic as what an employer pays an employee controlled by a Federal bureaucrat in Washington? It will even apply to clerical employees. Government regulators will be empowered to seize and break up even healthy firms they decide are systemic risks and to even appoint new management to run these private companies.

As I said on the floor earlier today, this bill will institutionalize AIG-type bailouts of creditors and counterparties, and it will saddle taxpayers with the losses resulting from out-of-control risk-taking by Wall Street institutions—gamblers. My colleagues on the other side of the aisle will tell you this bill does not include a bailout fund. They are wrong.

As I explained earlier, here it is, laid out. You can lend money to a failing company. Now, how do you get money back from a failing company? You can purchase their assets. You can guarantee their obligations. You can sell or transfer their assets. It is there.

What does this cost?

As I explained earlier, the FDIC can borrow up to 90 percent of a firm's assets. That's \$2 trillion in the case of Bank of America alone. They could borrow \$2.1 trillion in that case alone. That is a bailout fund, period.

Not only will it make bailouts permanent, but it will empower government employees to go around settled bankruptcy law in so-called "resolutions," done behind closed doors, with unequal treatment of creditors at the whim of politically influenced government officials. This has already happened. A financial firm's ability to survive a crisis like the one we went through 2 years ago will depend, as it did then, on whether its CEO can get the President of the New York Fed on the phone on a Saturday-night, as one firm did. Friendships and being well-connected should not determine the success or failure of private enterprises.

Finally, it imposes an \$11 billion tax disguised as an FDIC assessment. To fund this new government spending, they tax Main Street banks and financial institutions. They raise their FDIC premiums even though those premiums would go to bail out Wall Street firms and not to save depositors, as the system was designed to do.

Mr. Speaker, if you voted against this bill on the floor, if you voted against it in committee, you need to vote against it again, because it is even worse than when it came out of the House.

We have seen the anger and frustration generated by the injustice of too-big-to-fail bailouts. We have seen the folly of implied guarantees as with Fannie and Freddie. We have seen, time after time, the failure of govern-

ment-run schemes to create jobs and to grow the real economy. Nevertheless, here the majority party is again, doing the same thing over and over, blindly hoping that, suddenly, this time, they will get a different result. Well, you're right. The American people are demanding a different result, and in a series of recent elections, they have told incumbents to go home and to spend their own money, not theirs—not the taxpayers'.

In conclusion, if you choose to bail out the creditors and counterparties of the big Wall Street firms or to loan them money when they get in trouble, don't expect the voters to bail you out come November.

I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself such time as I may consume to correct a very incomplete picture that was just given.

The gentleman keeps quoting that one section. I'm astonished—astonished—that he quotes it so blatantly out of context. Yes, there are powers that are given. Clearly, in the bill, it is only once the entity has been put into receivership on its way to liquidation.

The gentleman from Alabama has several times today talked about the powers as if they were just randomly given. I will be distributing the entirety of this, and it is the most distorted picture of a bill I have seen. The title, by the way, is headed: Orderly Liquidation of Current Financial Companies. The purpose of this title is to provide the necessary authority to liquidate failing financial companies. Again, I am astonished that he would not give the Members the full picture that comes as part of a subtitle that reads: Funding for Orderly Liquidation.

Mr. BACHUS. Will the gentleman yield?

Mr. FRANK of Massachusetts. Yes.

Mr. BACHUS. When I say they shouldn't bail out the creditors and counterparties, I don't care whether they are in receivership or not. They should not bail them out, period.

Mr. FRANK of Massachusetts. Reclaiming my time, Mr. Speaker, please, let's get this started on the right point. Instruct the gentleman as to the rules. I thought he was going to ask me about what I said.

He has consistently read a part of this section, leaving out the part that would help Members understand it. He didn't say what he just said. He said he read these as if they were there in general. The powers he talked about come in the subsets of the section: Funding for Orderly Liquidation.

Those powers are just upon the appointment of a receiver. So this is not to keep an institution going. This is not AIG. Yes, he can be critical about the Bush administration on its own, without Congress, with regard to AIG. We repeal in this bill the power under which they acted and with the Federal Reserve's concurrence. By the way, it also says in here that those powers are subject to section 206.

Again, I don't know why the gentleman—I guess I do know why they would want to read this, but let me read it because it corrects entirely the wholly inaccurate picture he gave people. The actions that he read can be taken if the corporation determines mandatory terms and conditions for all orderly liquidation actions.

AIG was kept alive. This cannot be kept alive. This happens only as the death of the institution comes. He may think the Bush administration picked its friends. I think he is being unfair to Mr. Bernanke. I think he is being unfair to Mr. Paulson and Mr. Geithner. Anyway, here are the rules they would have to follow:

First, they would have to determine that such action is necessary for purposes of the financial stability and not for the purpose of preserving the covered company.

Two, they would have to ensure that the shareholders do not receive payment until the claims are paid.

They would have to ensure that unsecured creditors bear losses in accordance with the priority of claims in section 210. That is the FDIC.

They would have to ensure that the management is removed, and they would have to ensure that the members of the board of directors are removed.

So it is quite the opposite of what the gentleman talked about. It says that, if an institution has gotten so indebted that it should not be able to pay its debts, we would step in, and we would put it out of business. It is totally different from what happened with AIG. It does then say, yes, in some circumstances, there may be an ability to do these things but only after the institution has been liquidated.

The gentleman never mentioned that. The gentleman talks about it and talks about it, and he never mentions that this is only as the institution is being put out of business. It is also very clear elsewhere in here that any funds expended will come from the financial institutions, not from the taxpayers.

Now, we had a good piece of legislation that we had adopted in conference in order to try to do that here. Unfortunately, to get the Republican votes necessary in the Senate for an otherwise very good bill, we had to back that down, but it didn't change in here.

So, yes, there are provisions that the gentleman read, but unlike the way he presented them, they don't stand by themselves. They come only after it has been determined by the administration in power that the financial stability of the company requires, first, that the company be liquidated and, second, that some attention be given to its debts, but it will be funding out of the other financial institutions, not from the taxpayers.

I reserve the balance of my time.

Mr. BACHUS. At this time, I yield 3 minutes to the gentleman from Texas (Mr. SMITH), the ranking member of the Judiciary.

Mr. SMITH of Texas. I thank the ranking member, the gentleman from Alabama, for yielding.

Mr. Speaker, over a long history rooted in our Constitution, we have relied on the rule of law and on impartial bankruptcy courts to resolve the debts of failed enterprises. History has proven us correct.

Exhibit 1, for the benefits of the bankruptcy system, is the recent case of Lehman Brothers. As the peak of the 2008 financial crisis approached, Lehman declared bankruptcy. Within a week, it had sold its core business. Within 6 weeks, its third-party credit default swaps had been dissolved. That sealed off risk to other firms.

Experts have shown that the Lehman case didn't cause the financial system to melt down. This bill discards our proven bankruptcy system for something the American people forcefully reject: government-sponsored bailouts. The roller coaster bailout ride of 2008 is what caused the financial meltdown. Yet this bill just builds a bigger, faster bailout roller coaster. The bill's sponsors openly admit that they don't know if it will work, but they urge us to build it anyway.

□ 1550

The question is why, and the answer is simple: When government picks the winners and losers, government becomes more powerful. So do the Wall Street winners that government picks. Meanwhile, Main Street and free enterprise lose.

This administration and its congressional allies embrace what the Founders fought against, ever-expanding government power over the lives of free men and women. The Founders rejected this approach, the American people reject it, and so should we.

Mr. FRANK of Massachusetts. Mr. Speaker, producing this legislation has been one of the most impressive team efforts in which I have ever participated, and an indispensable member of the team going back to the early part of this century and his concern for mortgage lending and fairness in the rules is the gentleman from North Carolina (Mr. WATT) to whom I yield 3 minutes.

Mr. WATT. Mr. Speaker, I want to thank my colleague for the time and for his leadership in this tremendous effort.

I would like to spend some time just challenging a notion that is out there that this whole meltdown was unforeseeable by anybody, that nobody could have foreseen it, and dispel that notion by understanding that on March 16, 2004, the first anti-predatory lending bill was introduced in this House of Representatives by BRAD MILLER of North Carolina and myself. We saw forthcoming the possibility of this substantial meltdown, because we knew that predatory loans were out there being made to people who could not afford to pay them back.

Again, on March 9, 2005, in the 109th Congress we reintroduced the bill, the

anti-predatory lending bill. On October 22, 2007, we reintroduced the anti-predatory lending bill in the 110th Congress. Finally, finally, in this term of Congress, on March 26, 2009, we reintroduced it for a fourth time, and finally it is incorporated into this legislation.

Now, why is that important? It for the first time puts around loans some prudential rules that say you ought to exercise some common sense when you make a loan to somebody.

Don't do a loan to people without proper documentation of their income. Don't give them a teaser rate for six months and then escalate it by two or three percentage points and increase their fees and their payments exponentially so that they can't pay it back. Don't give them yield spread premiums that reward the people who get people into the worst kind of loans, rather than giving them the best loans available. Don't charge a prepayment penalty for allowing somebody to get out of a higher interest rate into a lower interest rate. Make sure that when you refinance, somebody gets some net tangible benefit out of the refinance, other than the person that is making the loan. Don't allow people to steer to the highest interest rate and worst possible predatory loan when there are other loans available. Don't fail to give the proper disclosures about what is going on. And don't prevent the State Attorneys General from enforcing their own State laws, when we don't even have a Federal law on the books.

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

Mr. FRANK of Massachusetts. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. WATT. All of that is in this bill. If we had had this kind of legislation in effect when we first started introducing it back in 2004, we could have avoided this.

Don't let anybody say that this was an unforeseeable chain of events that led to this meltdown. We need to correct it and make sure that going forward those kind of predatory practices never, never, never, never occur again in our country.

Mr. BACHUS. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. BLUNT).

Mr. BLUNT. I thank the gentleman for yielding and for the hard work he has done on this bill.

Mr. Speaker, clearly the country would like to see the right things done for the economy. I think this bill fails to do many of the basic things it should have done and does the things that we shouldn't have done.

It doesn't end too-big-to-fail, Mr. Speaker. In fact, it institutionalizes too-big-to-fail. Treasury will be able to front money to wind down these failing firms, but also Treasury can decide if they are at risk of failure. There is way too much involvement with the taxpayers in coming in and doing exactly what the American taxpayers are tired of seeing us doing.

The government-sponsored entities, Fannie Mae and Freddie Mac, that we have talked about and will talk about more on this floor today and have talked about for months as one of the prime causes for the economic problems we face, as far as I can tell, they are not mentioned, and if they are mentioned, Mr. Speaker, there is no reform. The root cause of the problem we have in the economy today was caused by these entities, and they are not addressed, and it was said they would not be addressed.

More control, Mr. Speaker, by the Federal Reserve of more things and more regulation. There is a new agency under the Federal Reserve that will be in charge of setting new rules for the banking sector of the country in its entirety.

Credit, Mr. Speaker, will not be more available. It will be less available. People who are in the job-creating business are already making announcements about what they will do as they respond to this. Why is that? Because this bill steps further into managing the economy. The government may be able to do lots of things, but making business decisions is not one of them. Utility companies, food processors, others who routinely try to protect themselves in a volatile marketplace will not be able to do this.

Mr. Speaker, this bill will cost jobs at the very time we ought to be figuring out how to increase jobs. I hope our colleagues will turn it down and go back and do the right thing.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself 15 seconds to correct the gentleman.

We have not created a consumer bureau under the Federal Reserve. It will be housed in the Federal Reserve. The Federal Reserve will have no ability to interfere. Some on the other side wish it would. But it will be a fully independent consumer bureau. It will get its mail at the Federal Reserve, but nobody there will be able to open it.

I now yield 4 minutes to the gentleman from Pennsylvania (Mr. KANJORSKI), one of the leaders in putting together this bill in the area specifically of investor protection.

(Mr. KANJORSKI asked and was given permission to revise and extend his remarks.)

Mr. KANJORSKI. Mr. Speaker, I rise in support of the conference agreement.

Mr. Speaker, this is not a perfect bill, but this is a darn good bill. I know we are going to hear objections on both sides of the aisle, but if you have a chance to look at it, and it is a lengthy bill, the 2,600 pages that are presented to both the House today and within a week or so to the Senate constitutes the first revolutionary change of securities laws in the United States since the Great Depression. At that time we had a tremendous collapse, and our forefathers and predecessors rose to the occasion by establishing a regulatory platform within the United States that made us the envy of the world.

We had in 2008 a collapse and a failure of that system. It primarily grew out of the failure of the regulatory system to use all the powers it had and to keep track with our highly speculative and greedy nature at the time to allow us to go into the tremendous credit crisis that we faced in 2008.

To now make an argument that we need to do nothing and we will recover and we will prosper is pure ludicrousness. The fact of the matter is: there are holes, there are loopholes, there are failures within our system. We have to cleanse that system and fix that system, and that is exactly what this bill does.

I am pleased to say that I had a part in doing that. I helped prepare one amendment, the too-big-to-fail amendment. What we can say to our successors and to our constituents is that never again in the future will there be an unlimited power for financial institutions to grow either in size, interconnectedness or other negative factors that they can remain and put in jeopardy systemically the economy of the United States and the world.

□ 1600

We have the authority vested in our regulators to see that that doesn't happen. If our regulators are able and will use those powers, never again will we face the too-big-to-fail concept of having to bail out some of the largest institutions in the world.

Secondly, a large part of this was devoted to investor protection. I can't go through all the elements, but for the first time in history we're going to allow the regulators to study and come up with rules and regulations that allow a fiduciary relationship between broker-dealers, investment advisers, and their clients—their customers. Most people in this country think that already exists. It doesn't. After this bill and the use of those new regulations, it will. You can then trust that the advice being given by the broker-dealer or the investment counselor is in your best interest as a customer and not in theirs.

We also call for the largest comprehensive study of the Securities and Exchange Commission in the history of the commission. It will put into place the tools necessary to revise the entire SEC in the future. It also will be the predicate for that type of a comprehensive study to be used in other agencies and commissions of government to allow us the long road of reform in the American government. These things are in the bill. Beside that, we have the capacity to require that no one in the future need worry about the responsibility of the companies they're dealing with as to whether or not they will have counterparties, whether they are relying on representations that are true or false, because we're going to have transparency within the system.

In the other areas dealing with derivatives, we're going to have exchanges. We're going to have disclo-

sure. Never has that happened in the history of the United States. Over the years, the last two decades, we have made attempts and have always failed. This time we have succeeded.

Mr. Speaker, without reservation, I recommend to my colleagues a vote of "yes" on this bill.

INTRODUCTION

Mr. Speaker, after nearly two years of study, discussion, hearings, and intense legislative negotiations, we have produced a final bill that will considerably strengthen our financial services infrastructure, a system that not only underpins the American economy but one that also serves as a cornerstone of our global markets. This bill also represents the most significant overhaul of our Nation's financial services regulatory framework since the reforms put in place during the Great Depression.

This landmark agreement touches upon nearly every corner of our financial markets. Among other things, this bill ends the era in which financial institutions can become too big to fail in several ways, including my provision to allow regulators to preemptively break up healthy financial firms that pose a grave threat to the U.S. economy. Additionally, the bill regulates financial derivatives for the first time, establishes procedures for shutting down failing financial companies in an orderly manner, forces the registration of hedge fund advisers, and holds credit rating agencies accountable through greater liability. This bill also greatly expands investor protections by setting up a fiduciary standard for broker-dealers offering personalized investment advice, allowing shareholders to nominate candidates for corporate boards, and creating a bounty program to reward whistleblowers whose tips lead to successful enforcement actions.

Moreover, this legislation enhances the powers and resources of the U.S. Securities and Exchange Commission, SEC. The pending conference agreement also forces a comprehensive study of the way that the SEC operates which will lead to much needed management reforms. Furthermore, the conference agreement creates for the first time a Federal office to monitor insurance matters. Finally, this bill will comprehensively modify mortgage lending practices—including escrow procedures, mortgage servicing, and appraisal activities.

In short, the conference report on H.R. 4173 is a very good package that will restructure the foundations of the U.S. financial system. It will enhance regulation over more products and actors, create additional investor protections and consumer safeguards, and promote greater accountability for those who work in our capital markets. For these reasons, I urge my colleagues to vote in favor of this momentous agreement.

ENDING TOO BIG TO FAIL

Historians will likely long argue about the causes of the 2008 credit crunch, but one cannot deny that one huge contributing factor was the failure of government regulators to rein in dangerous financial institutions. Giant firms like American International Group, AIG, as well as many smaller firms, engaged in recklessly risky behavior that rewarded them with huge profits during the build-up of the housing bubble, but then nearly wiped them out as the bubble burst. Actually, AIG and other firms would have collapsed and our economy would have been sent back to the Dark Ages, except

for the request of the Bush Administration to establish the \$700 billion Troubled Asset Relief Program to prop up our country's teetering financial system.

Those terrifying months in late 2008 convinced me that the Federal government needed to play a far more vigorous role in policing the activities of the major financial players in our economy. During the last two years, my top priority has therefore been to avoid having any future Congress face the same dilemma that we faced in 2008: "bail out" Wall Street to save Main Street or risk the collapse of the entire American economy. I decided that the most important element of any reform of the financial system needed to ensure that no financial firm could be allowed to become so big, interconnected, or risky that its failure would endanger the whole economy.

In this regard, I am pleased that this legislation helps bring an end to the era of too-big-to-fail financial institutions in at least three significant ways. First, it achieves this end by establishing new regulatory authorities to dissolve and liquidate failing financial institutions in an orderly manner that protects our overall economy. The Obama Administration proposed these much needed reforms as an initial step for ending the problem of too big to fail.

Second, the conference agreement incorporates my amendment vesting regulators with the power to limit the activities of and even disband seemingly healthy financial services firms. Specifically, the Kanjorski amendment permits regulators to preemptively break up and take other actions against financial institutions whose size, scope, nature, scale, concentration, interconnectedness, or mix of activities pose a grave threat to the financial stability or economy of the United States.

Third, the final agreement contains a fairly strong Volcker rule that will limit the activities of financial institutions going forward and prevent them from becoming too big to fail. Inspired by the legendary former Federal Reserve Chairman, Paul Volcker, this rule will bar proprietary trading by banks, significantly curtail bank investments in private equity funds and hedge funds, and cap the liabilities of big banks. As a result, the Volcker rule will prohibit banks from engaging in highly speculative activities that in good times produce enormous profits but in bad times can lead to collapse.

Together, these three reforms will better protect our financial system and mitigate the problem of too big to fail. The Kanjorski amendment and the Volcker rule will also substantially resurrect the barrier between commercial and investment banking that resulted in a stable financial system for more than 70 years after the Great Depression.

As the Wall Street Journal on Saturday reported, "... the bill gives regulators power to constrain the activities of big banks, including forcing them to divest certain operations and to hold more money to protect against losses. If those buffers don't work, the government would have the power to seize and liquidate a failing financial company that poses a threat to the broader economy." I wholeheartedly agree with this independent assessment.

In sum, the conference agreement on H.R. 4173 represents an historic achievement. By addressing the problem of too big to fail, this legislation will lead to a new era of American prosperity and financial stability for decades to

come. For this reason alone, this bill deserves to become law.

INVESTOR PROTECTION AND SECURITIES REFORMS

As the House developed this legislation, I played a key role in drafting the title concerning investor protection and securities reform. The Administration's proposal and the Senate's bill contained some important improvements, but the initial House plan had many, many more. I am pleased that the final package more closely resembles the initial House legislation rather than the original Administration and Senate plans.

Among its chief reforms in the area of investor protection, the conference agreement provides that the SEC, after it conducts a study, may issue new rules establishing that every financial intermediary who provides personalized investment advice to retail customers will have a fiduciary duty to the investor. A traditional fiduciary duty includes an affirmative duty of care, loyalty and honesty; an affirmative duty to act in good faith; and a duty to act in the best interests of the client. Through this harmonized standard of care, both broker-dealers and investment advisers will place customers' interests first.

Regulators, practitioners, and investor advocates have become increasingly concerned that investors are confused by the legal distinction between broker-dealers and investment advisers. The two professions currently owe investors different standards of care, even though their services and marketing have become increasingly indistinguishable to retail investors. The issuance of new rules will fix this long-standing problem.

Additionally, the legislation adopts recommendations made by SEC Chairman Mary Schapiro, SEC Inspector General David Kotz, and Harry Markopolos, the whistleblower who sought for many years to get regulators to shut down the \$65 billion Ponzi scheme perpetrated by Bernard Madoff. Specifically, the conference agreement provides the SEC with the authority to establish an Investor Protection Fund to pay whistleblowers whose tips lead to successful enforcement actions. The SEC currently has such authority to compensate sources in insider trading cases, and the whistleblower provision in this bill would extend the SEC's power to compensate other tipsters who bring substantial evidence of other securities law violations.

The conference agreement also responds to other problems laid bare by the Madoff fraud. These changes include increasing the line of credit at the U.S. Treasury from \$1 billion to \$2.5 billion to support the work of the Securities Investor Protection Corporation, SIPC, and raising SIPC's maximum cash advance amount to \$250,000 in order to bring the program in line with the protection provided by the Federal Deposit Insurance Corporation.

This bill additionally increases the minimum assessments paid by SIPC members from \$150 per year, regardless of the size of the SIPC member, to 2 basis points of a SIPC member's gross revenues. This fix will help to ensure that SIPC has the reserves it needs in the future to meet its obligations. Finally, in response to the Madoff fraud, the final product includes my legislation to allow the Public Company Accounting Oversight Board to examine the auditors of broker-dealers.

For too long, securities industry practices have deprived investors of a choice when seeking dispute settlement; too. In particular,

pre-dispute mandatory arbitration clauses inserted into contracts have limited the ability of defrauded investors to seek redress. Brokerage firms contend that arbitration is fair and efficient as a dispute resolution mechanism. Critics of mandatory arbitration clauses, however, maintain that the brokerage firms hold powerful advantages over investors and hide mandatory arbitration clauses in dense contract language.

If arbitration truly offers investors the opportunity to efficiently and fairly settle disputes, then investors will choose that option. But investors should also have the choice to pursue remedies in court, should they view that option as superior to arbitration. For these reasons, the final package provides the SEC with the authority to limit, prohibit or place conditions on mandatory arbitration clauses in securities contracts.

Another significant investor protection provided in this conference agreement concerns proxy access. In particular, H.R. 4173 clarifies the ability of the SEC to issue rules regarding the nomination by shareholders of individuals to serve on the boards of public companies. These provisions regarding proxy access will enhance democratic participation in corporate governance and give investors a greater voice in the companies that they own.

A myriad of problems presently confronts the SEC, perhaps none more urgent than the need for adequate resources. Chairman Schapiro and others have repeatedly stressed the need to increase the funding to ensure that the agency has the ability to keep pace with technological advances in the securities markets, hire staff with industry expertise, and fulfill one of its core missions: the protection of investors. In response, this agreement slightly increases the independence of the SEC in the appropriations process, doubles the authorized SEC budgets over 5 years, and creates a new reserve fund to support technology improvements and address emergency situations, like the flash crash that occurred in May 2010.

Moreover, H.R. 4173 modifies the SEC's structure by creating a number of new units and positions, like an Office of the Investor Advocate, an office to administer the new whistleblower bounty program, and an Office of Credit Ratings. However, the SEC's systemic failures to effectively police the markets in recent years required Congress to do even more to shake up the agency's daily operations. As such, the legislation includes my provision mandating an expeditious, independent, comprehensive study of the securities regulatory regime by a high caliber body with expertise in organizational restructuring to identify deficiencies and reforms, and ensure that the SEC and other regulatory entities put in place further improvements designed to provide superior investor protection. My hope is that this study will ultimately become the model for reforming other agencies. The final bill also includes my deadlines generally forcing the SEC to complete enforcement, compliance examinations, and inspections within 180 days, with some limited exemptions for complex cases.

The conference agreement on H.R. 4173 additionally modifies, enhances and streamlines the powers and authorities of the SEC to hold securities fraudsters accountable and better protect investors. For example, the SEC will have the authority to impose collateral bars on individuals in order to prevent wrong-

doers in one sector of the securities industry from entering another sector. The SEC will also gain the ability to make nationwide service of process available in civil actions filed in Federal courts, consistent with its powers in administrative proceedings.

The bill further facilitates the ability of the SEC to bring actions against those individuals who aid and abet securities fraud. The Securities Exchange Act of 1934 and the Investment Advisers Act of 1940 presently permit the SEC to bring actions for aiding and abetting violations of those statutes in civil enforcement cases, and this bill provides the SEC with the power to bring similar actions for aiding and abetting violations of the Securities Act of 1933 and the Investment Company Act of 1940. In addition, the bill not only clarifies that the knowledge requirement to bring a civil aiding and abetting claim can be satisfied by recklessness, but it also makes clear that the Investment Advisers Act of 1940 expressly permits the imposition of penalties on those individuals who aid and abet securities fraud.

One final investor protection reform that I drafted and want to highlight concerns the new authority of the SEC and the Justice Department to bring civil or criminal law enforcement proceedings involving transnational securities frauds. These are securities frauds in which not all of the fraudulent conduct occurs within the United States or not all of the wrongdoers are located domestically. The bill creates a single national standard for protecting investors affected by transnational frauds by codifying the authority to bring proceedings under both the conduct and the effects tests developed by the courts regardless of the jurisdiction of the proceedings.

In the case of *Morrison v. National Australia Bank*, the Supreme Court last week held that section 10(b) of the Exchange Act applies only to transactions in securities listed on United States exchanges and transactions in other securities that occur in the United States. In this case, the Court also said that it was applying a presumption against extraterritoriality. This bill's provisions concerning extraterritoriality, however, are intended to rebut that presumption by clearly indicating that Congress intends extraterritorial application in cases brought by the SEC or the Justice Department.

Thus, the purpose of the language of section 929P(b) of the bill is to make clear that in actions and proceedings brought by the SEC or the Justice Department, the specified provisions of the Securities Act, the Exchange Act and the Investment Advisers Act may have extraterritorial application, and that extraterritorial application is appropriate, irrespective of whether the securities are traded on a domestic exchange or the transactions occur in the United States, when the conduct within the United States is significant or when conduct outside the United States has a foreseeable substantial effect within the United States.

OTHER REASONS TO SUPPORT THE CONFERENCE REPORT

The bill that we are considering today contains a number of other worthwhile elements that should become law, and I want to highlight several issues on which I personally worked or in which I have a deep, long-standing interest.

First, the bill creates a Federal Insurance Office within the Treasury Department. A key

component of our financial services industry, insurance is too often misunderstood or left behind in decisions made by the Federal government. As a result, I have long worked on the creation of this new office that will effectively monitor this industry sector for potential risks going forward. As a result of this new office, the United States will for the first time speak with a uniform voice on insurance matters on the international stage and have the authority to stand behind its words. I am therefore pleased that the Federal Insurance Office is finally becoming law.

Second, I have worked diligently on the title concerning the registration of hedge fund managers and private equity fund advisers. To promote market integrity, we need those individuals who handle large sums of money and assets to register with the SEC and provide information about their trades and portfolios. While I remain concerned about the registration exemptions put in place by others during the legislative process, I believe that these reforms are necessary to improve the quality of regulation and protect against systemic risk.

While hedge funds may not have directly caused this latest financial crisis, we do know that these investment vehicles have previously contributed to significant market instability, as was the case in the collapse of Long-Telin Capital Management in 1998. Thus, this reform is an important step in understanding and controlling systemic risk.

Third, this legislation greatly increases the accountability of credit rating agencies. The overly optimistic assessments by Moody's, Fitch, and Standard and Poor's about the quality of structured financial products constructed out of garbage aided and abetted the financial crisis. By imposing structural, regulatory, and liability reforms on rating agencies, this agreement will change the way nationally recognized statistical rating organizations behave and ensure that they effectively perform their functions as market gatekeepers going forward.

Fourth, I am very pleased that this agreement will modify escrowing procedures, mortgage servicing, and appraisal activities. I began working 9 years ago on these issues after identifying predatory practices, faulty appraisals, and other problems in the Poconos housing markets. These reforms are long overdue.

Among other things, these new mortgage lending standards will include a requirement that all borrowers with higher-cost mortgages have an escrow account established in order to pay for property taxes and homeowners' insurance. Studies have shown that at the height of the crisis, borrowers with higher-cost mortgages were substantially less likely than borrowers with good credit records to have an escrow account. Borrowers with less than perfect credit records, however, need more help in budgeting for these sizable expenses. This bill fixes this problem.

Title XIV of the bill also has reforms with respect to force-placed insurance. Predatory lenders often impose costly force-placed insurance, even though the homeowner may already have a hazard insurance policy. This legislation will clarify the procedures for when a servicer can force place insurance. The bill's bona fide and reasonable cost requirements will also ensure that mortgage servicers shop around for the best rates for the force-placed insurance that they impose. Moreover, the

bill's force-placed insurance reforms will ensure that consumers who are erroneously billed for such premiums will have the monies refunded within 15 business days.

Additionally, the bill's appraisal reforms will update Federal appraisal laws for the first time in a generation. We now know that inflated appraisals and appraiser coercion and collusion contributed greatly to the creation of the housing bubble. We must respond by putting in place a strong national appraisal independence standard that applies to all loans. We must also comprehensively reform the appraisal regulatory system. This bill does both things.

Fifth, I am extremely pleased that this bill provides \$1 billion for a national program to offer emergency bridge loans to help unemployed workers with reasonable prospects for reemployment to keep their homes. This new national initiative is based on Pennsylvania's successful Homeowners' Emergency Mortgage Assistance Program, HEMAP. Since 1983, HEMAP has saved 43,000 homes from foreclosure by helping to cover mortgage payments until homeowners find new jobs. With unemployment rates still unacceptably too high and far too many homeowners experiencing problems in paying their mortgages through no fault of their own, the time has come to replicate HEMAP at the national level.

Finally, the lack of regulation of the over-the-counter derivatives market has been a serious concern of mine for many years. In 1994, for example, I introduced a bill to regulate derivatives and other complex financial instruments. This conference agreement finally addresses the utter lack of regulation in this enormous market by mandating the clearing of most derivative contracts on exchanges so that we have more transparency. For those derivatives that are not cleared, the bill's reporting and disclosure requirements ensure that information on the transaction is maintained.

LONG-TERM CONCERNS

A sweeping, industry-wide regulatory reform bill like this one rarely comes along. As has been the case after the enactment of other overhaul bills, we can expect problems to manifest themselves and unintended consequences to occur.

While this bill incorporates the major goals of the Volcker rule, I had hoped for an even stronger version. Unfortunately, the ban on investments in or sponsorship of hedge funds and private equity is not as robust as I would have liked. The Volcker rule could have been stronger had the conferees accepted my amendment to provide for a de minimis exemption of tangible common equity, as opposed to Tier 1 capital, and a dollar cap on the investment. This amendment would have tightened the bill and better protected our financial markets from systemic risk.

Regrettably, the legislation also permanently exempts small public companies from the Sarbanes-Oxley Act's requirement to obtain an external audit on the effectiveness of internal financial reporting controls. This exemption disregards the significant concerns of investors—those that provide capital and bear the risk of losing their retirement savings.

External audits of internal control compliance costs have dramatically decreased in recent years. The stock prices of those companies that have complied with this law have significantly outperformed the stock prices of

those that have not complied. Additionally, evidence suggests that 60 percent of all financial restatements have occurred at companies that will never be required to comply with the law's external audit requirements.

Together, these facts certainly suggest that the Sarbanes-Oxley exemption provision has no place in a reform bill that is supposed to strengthen investor protections. Moreover, I am worried about the investors at the more than 5,000 public companies now exempted who may one day wake up to discover their hard earned savings pilfered by corporate accounting misdeeds as was the case in Enron, WorldCom, and Tyco.

As previously mentioned, I have additional worries about the exemptions granted to the registration of private fund advisers. There are many other types of exemptions embedded throughout this bill, including exemptions in the derivatives title and in the powers of the new Consumer Financial Protection Bureau. While I hope that regulators and the entities that they regulate will prudently apply these exemptions, I have apprehensions that in the long term the exemptions will swallow the rules. We must remain vigilant against such an outcome.

Similarly, the success of this landmark reform effort will ultimately depend on the individuals who become the regulators. The key lesson of the last decade is that financial regulators must use their powers, rather than coddle industry interests. In this regard, I hope that regulators will judiciously use the new powers that I have drafted regarding the break up of too-big-to-fail firms. If just one regulator uses these extraordinary powers just once, it will send a powerful message to industry and significantly reform how all financial services firms behave forever more.

Additionally, I continue to have apprehensions about the interchange provisions inserted into this legislation by the Senate. This issue, without question, would have benefitted from additional time and study. I am hopeful that we got the balance right and that these new limitations do not ultimately impair the performance of credit unions and community banks. If necessary, I stand ready to change the new law in this area.

There are several other lingering concerns that I have about this bill, as well. For example, it grants the Federal Reserve far more new powers than I would have liked. The bill also sets a very high bar of a two-thirds supermajority vote of the Financial Stability Oversight Council to take action under my too-big-to-fail amendment. There is some wisdom in this requirement, but if too many individuals with an anti-regulatory bias serve on the Council they will neglect to use the powers that Congress gave them in order to protect our financial system.

Finally, our work today is only a beginning, not an end. Going forward, Congress needs to attentively watch our changing financial marketplace and carefully monitor our regulators in order to protect against systemic risk, forestall potential abuses of corporate power, safeguard taxpayers, and defend the interests of consumers and investors. Moreover, the United States must continue to encourage its allies abroad to adopt strong financial services regulatory reforms, so that we will have a strong, unified global financial system.

Although we may be completing our work on this bill, it is important for us to remain vigilant in each of the areas about which I have

raised concerns. I, for one, plan to continue to closely monitor and carefully examine each of these matters.

CLOSING

Before closing, Mr. Speaker, I wish to congratulate the gentleman from Massachusetts, Financial Services Committee Chairman BARNIE FRANK, for his outstanding leadership in guiding this extremely complex bill through the legislative process. This conference marks the culmination of a long, thoughtful series of hearings, markups, floor debates, and conference negotiations. Chairman FRANK performed exceptionally at every stage of the process, and his name deserves to be attached to this landmark agreement. Senate Banking Committee Chairman CHRISTOPHER DODD deserves similar praise for his hard work. This is why I offered the amendment in conference to name this law the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Additionally, I want to counter the comments of those who have myopically criticized this package because it does not abolish Fannie Mae and Freddie Mac. By reforming the securitization process, risk retention requirements, and rating agency accountability, this bill lays the foundation for our upcoming work to address the future of these two institutions and, more broadly, the entire housing finance system. The reform of Fannie Mae, Freddie Mac, and the housing finance system is the next big legislative mountain that the Financial Services Committee must climb, and when the Congress returns after Independence Day, I will convene additional hearings to advance work on legislation to achieve this objective.

Mr. Speaker, while I may have some lingering doubts about this legislative package, it is overall a very good agreement. In short, the conference report represents a reasoned, middle ground that strikes an appropriate balance and does what we need it to do. It ends the problem of too-big-to-fail financial institutions, effectively regulates the derivatives products which some have referred to as financial weapons of mass destruction, and it greatly strengthens investor protections. It also regulates many more actors in our financial markets; establishes a Federal resource center on insurance issues, and holds rating agencies accountable for their actions. In sum, Mr. Speaker, I support this bill and urge my colleagues to vote for it.

Mr. BACHUS. At this time I yield 3 minutes to the gentleman from Indiana (Mr. PENCE).

(Mr. PENCE asked and was given permission to revise and extend his remarks.)

Mr. PENCE. I thank the gentleman for yielding.

Mr. Speaker, I rise in opposition to the conference report for H.R. 4173, the so-called "Restoring American Financial Stability Act." We're used to creative titles around here, but I've got to tell you, during a time of extraordinary economic duress, millions of Americans unemployed, failed economic policies, it is darkly ironic that a bill that will do anything but restore financial stability is named for that purpose.

The truth of the matter is, when you look at this legislation, it's proof positive again that this majority just

doesn't get it. The American people are not looking at Washington, D.C., and clamoring for more spending, more taxes, and more bailouts. They're looking at Washington, D.C., and saying, "When are you going to focus on creating jobs? When are you going to set partisan differences aside, power grabs, and Big Government agendas aside to do something to put Americans back to work?"

Under the guise of financial reform, Democrats today are pushing yet another bill that will kill jobs, raise taxes, and make bailouts permanent. Let me say that again. This legislation will kill jobs by restricting access to credit, it will kill jobs by raising taxes on those that would provide loans and opportunity to small business owners and family farmers, and it makes the bad ideas of the Wall Street bailout permanent.

Free market economics depends on the careful application of a set of ideals—traditional American ideals and principles. Chief among them is the notion that the freedom to succeed must include the freedom to fail. Personal responsibility is at the very center of the American experiment from an economic standpoint. It is that center from which we have become not only the freest, but the most prosperous Nation in the history of the world.

As my colleagues on the other side of the aisle know, I vigorously opposed the Wall Street bailout because I thought it departed from that fundamental principle of personal responsibility and limited government. And I rise today to vigorously oppose this legislation that takes the bad ideas of the Wall Street bailout and makes them permanent.

This legislation codifies the notion of too big to fail, a policy and an approach the American people have roundly rejected. It will give government bureaucrats more power to pick winners and losers. When a financial firm is failing, the Treasury Secretary and the FDIC will actually have the authority to take taxpayer dollars and decide which creditors to pay back and how and when they'll get paid.

The American people don't want Washington, D.C., in that business. They want a refereed private sector that says "yes" to traditional bankruptcy and "no" to bailouts, because we're here to protect taxpayers and not Wall Street. This bill fails in that regard. I urge it be rejected and let's start over with legislation that's built on American ideals.

Mr. FRANK of Massachusetts. I now yield 3 minutes to one of the leaders in fashioning protection for consumers, the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY. Thank you, Chairman FRANK, for yielding, for your leadership, and for presiding over the most open and transparent conference process in the history of this Congress.

The Dodd-Frank bill is landmark legislation which will protect consumers

and investors while allowing our financial services industry to continue financing the creativity and innovation which has, even in these very difficult times, made the American economy the envy of the world. This bill restores safety and soundness, reduces the likelihood of another systemic crisis, restores faith and confidence in our institutions and markets, while safeguarding Americans from predatory, unfair, and deceptive practices.

I have made it a mission throughout my career to help put consumers on an equal footing with their financial institutions through laws like the Credit Card Act. And today, we can take a huge step forward toward a more level playing field with the creation of the Consumer Financial Protection Bureau.

For far too long in our financial system and its products, any concerns about consumer protection came in a distant second or a third or none at all. Now, anyone who opens a checking or savings account, anyone who takes out a student loan or a mortgage, anyone who opens a credit card or takes out a payday loan will have a Federal agency on their side to protect them. For the first time, consumer protection authority will be housed in one place. It will be completely independent, with an independently appointed director, an independent budget, and an autonomous rulemaking authority. And, very importantly, it will have a seat at the table at the Financial Stability Oversight Council. Continuity and oversight of our financial system will consider not only safety and soundness but also the best interests of the American consumer, the American taxpayer, the American citizen.

I am particularly pleased that two items that I offered were included that will give consumers direct access to the CFPB through a consumer hotline and consumer ombudsman. The bill also addresses the challenge of interchange fees. Working with Senator DURBIN and Representative MEEKS, we were able to craft a balanced compromise that addressed both the concerns of merchants about high interchange fees and the concerns of the financial sector to be fairly compensated for their services. This bill ensures transparency, establishes accountability, and protects consumers and investors.

America has long been the world leader in financial services. With this landmark bill, we can set an example and take the lead in global financial reform. I urge a "yes" vote.

Mr. BACHUS. At this time, Mr. Speaker, I yield 2 minutes to the ranking member of the Subcommittee on International Monetary Policy and Trade, the gentleman from California (Mr. GARY G. MILLER).

□ 1610

Mr. GARY G. MILLER of California. Mr. Speaker, I rise today in opposition to this bill. This country is going

through a period of great economic distress; and ultimately, this bill would only serve to heighten uncertainty in the marketplace, restrict access to credit, and place more and more undue burdens on the backs of American small businesses.

This bill eliminates consumer options in housing markets. This bill includes language that alters ways consumers choose to pay their mortgage origination fees. Currently, consumers have the choice to pay origination fees up front, partially finance costs through the rate, or some combination of the two. This bill eliminates the consumer's ability to partially pay up front and partially finance costs through the rate, ultimately leading to higher costs and fewer options available to home buyers.

This bill favors the Federal Government over the private market. This bill places several new onerous restrictions on private community banks and then explicitly exempts the Federal Government from these same restrictions. The effect of these new restrictions is that consumers will be steered toward the government when seeking financing options and encouraging a greater takeover of the economy by the Federal Government.

This bill once again breaks our promise to the American people that excess TARP funds would go to pay down the debt and deficit. When this body enacted TARP in an effort to stave off a total economic collapse, we promised that any return the Federal Government made from the taxpayers' investment into the financial sector of this economy would go directly to paying down the deficit and the national debt, currently over \$13-trillion. Instead, this bill breaks that promise by taking remaining TARP funds and using them to pay for the Federal takeover of the economy.

What we should do instead, we need to get the Federal Government out of the way so that small businesses can begin to innovate and expand. We need to provide a regulatory framework that provides community banks and small businesses the ability to make their own financial decisions.

Mr. Speaker, we cannot continue to break our promise to the American people. The future of this great Nation and that of its sons and daughters depends on the actions we take here today. And I can only conclude that this legislation will prolong this recession and lead us further down the road of high deficit and greater debt. I urge a "no" vote on this bill.

Mr. FRANK of Massachusetts. I yield 1 minute to the gentleman from Georgia (Mr. BARROW).

Mr. BARROW. Mr. Speaker, I rise in support of H.R. 4173, the Wall Street Reform and Consumer Protection Act, because I believe this bill takes positive steps to protect us from the risky and abusive behavior that took our country to the verge of financial ruin.

I voted against the bank bailout bill because there wasn't enough account-

ability for how that money was going to be used. It also didn't get at the root of the problem. This legislation gets at the root of the problem by protecting consumers from abusive and predatory financial practices. It also gets banks back in the business of making good loans instead of gambling with our money. I look forward to passage of this legislation, and I urge my colleagues to lend their support as well.

Mr. BACHUS. Mr. Speaker, at this time I yield 2 minutes to the gentleman from Georgia (Mr. PRICE), the chairman of the Republican Study Committee.

Mr. PRICE of Georgia. Mr. Speaker, look, this ought to sound pretty familiar. Here's just part of this bill, another 2,000-page monstrosity. Look at it, Mr. Speaker. It's down there held together by rubber bands. It is called the Dodd-Frank Wall Street reform bill. Senator DODD even said about it, "No one will know until this is actually in place how it works." That's no way to do business.

The fundamental assumption of this bill is that since the smart people regulating banks let us down, we should just hire really, really smart people to prevent it from happening again. That assumption is not only false, it's dangerous. When the government picks winners and losers, the Nation loses. If my colleagues on the other side of the aisle believe that the same regulators who failed to see the housing crisis are now going to see the next crisis thanks to heavy-handed government regulation, then the American people would say to the Democrats in charge that they put too much faith in the power of Washington to see the future.

The fundamental question we've got to answer is, if this law were in place in 2008, would it have prevented the crisis? The answer to that question is clearly "no." More oppressive job-killing regulation isn't the answer. What we need is flexible and accountable and nimble regulation. This bill does not do it.

What will it do? It will ensure bailouts. It puts bailouts in place forever. It doesn't address Fannie and Freddie, at the epicenter of the problem. It doesn't address it at all. It kills American jobs with oppressive regulation, and it will decrease the availability of credit and increase the cost of credit to all the American people. And that's even more angering to Americans because they know that there are positive solutions.

H.R. 3310 is the bill that we put forward nearly a year ago now that would make certain that we address the issue of regulatory reform in a positive way that makes it more flexible and nimble, that addresses the issue of Fannie and Freddie, actually solves the challenge that got us into this crisis in the first place, and makes certain that we end bailouts. The American people are sick and tired of bailouts. That bill, Mr. Speaker, will ensure that bailouts continue. The American people are urging us to vote "no" on this bill.

Mr. FRANK of Massachusetts. I yield 2 minutes to the gentleman from New York (Mr. MEEKS), a very important member of the committee who was helpful in forging some of the pieces of this.

Mr. MEEKS of New York. I thank the chairman for yielding.

Today is truly a historic day largely because of the great, magnificent job of our chairman, BARNEY FRANK, who we are so proud of. Very few people could have marshaled this bill in the way that he did. And because of him and that leadership, today we end too big to fail. We implement unprecedented consumer protections, and we issue rules that will prevent taxpayers from footing the bill for the irresponsible behavior of others while still—because I'm a New Yorker—maintain New York's standing as the world's financial capital.

As Chairman FRANK is fond of noting, this bill has death panels for the greedy financial institutions. If you are an institution that is causing systemic risk, this bill allows regulators to resolve you and dissolve you without recourse to any taxpayer money. I repeat. Let me emphasize, taxpayers will bear no cost for liquidating risky interconnected financial firms.

This bill includes strong investor protections and transparency mechanisms. Through the use of stress tests, which Representative DENNIS MOORE and I advocated for and the results of which will be published, it will increase transparency for investors and increase the amount of information available for investors to make wise decisions with their hard-earned savings.

Most importantly for my constituents, this bill establishes a Consumer Financial Protection Bureau to police lenders to ensure that the predatory lending that Mr. WATT was talking about that ensnared so many unsuspecting Americans will be halted. Led by an independent director, this office will be able to act swiftly so consumers will not need to wait for an act of Congress for years and years and years to receive protection from unscrupulous behavior.

As to interchange, we have placed explicit language in the bill to prohibit intrabrand price discriminations which would have put credit unions and community banks at a disadvantage. To address the concerns to the State treasurers and prepaid card providers for the underbanked, we explicitly exempt them from interchange fee regulation. And finally, by fixing concerns the Federal Government had, we potentially save the taxpayer \$40 million per year, according to Treasury estimates.

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

Mr. FRANK of Massachusetts. I yield the gentleman an additional 15 seconds.

Mr. MEEKS of New York. We need this bill. It is the right bill. Without lending from Wall Street, there could be no Main Street. This bill responsibly

regulates the former to ensure the vitality of the latter.

Mr. BACHUS. I yield 2 minutes to the gentleman from California (Mr. MCCARTHY).

Mr. MCCARTHY of California. I thank the gentleman for yielding.

Mr. Speaker, I rise today in opposition to this conference report. You know, at a time when California has 12.4 percent unemployment, and my district's even higher at 16.5 in my home county of Kern County, my constituents are asking me, What is being done to create jobs?

For the folks that have been following this debate today, this is just another example of Washington not listening to their concerns. Instead of policies that promote private sector job growth, this bill would create more government. This bill before us today would create a new bureau at the Federal Reserve with sweeping authority and a budget to create plenty of new government jobs in Washington, D.C. It also creates a new office of Financial research, empowered to collect personal information about all of our international transactions. This office can actually issue subpoenas to get the information these unelected bureaucrats want to have about us.

But aside from the personal concerns we may have about this, what is being done to help create a private sector job? Well, this is not job creation for families in my district. This is just part of the majority's continuation of an overreach and expansion of government. First, it was the \$787 billion stimulus that failed to keep unemployment down, then a national energy tax, then a \$1 trillion government takeover of health care, and now another expansion of government that will raise costs for consumers and small businesses.

Well, Mr. Speaker, Republicans offered an alternative to this report that would have ended bailouts, would have addressed too big to fail and the failures of Fannie Mae and Freddie Mac; but that was rejected. Congress needs to be focusing on pro-small business policies, policies that make it easier for banks to lend to job creators that are at the heart of our communities, job creators that are at the heart of what we all want, a job-filled recovery instead of a jobless recovery. Unfortunately, this conference report will do none of these things, and I urge a "no" vote.

□ 1620

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 2 minutes to my colleague from Massachusetts (Mr. CAPUANO), another member of the committee who has played a major role in this.

Mr. CAPUANO. Mr. Speaker, I will tell you that this bill is one of the best bills I've ever been involved with in the 12 years I've been in Congress. Like any bill, it doesn't give me everything that I want. I don't think anybody

would say that, including Mr. FRANK. But it is a bill that moves us back towards thoughtful oversight of the financial institutions of this country.

For 70 years, from the Glass-Steagall Act until about the 1980s, 1990s, depending what you count, we had the best financial institutions, the best financial system in the world. Every other country tried to emulate us.

What happened? Slowly but surely, this country, through its Congress and its President, decided that we wanted to deregulate everything. Let's look at nothing, let everything go. What was the result of it? A financial meltdown. That was in the economic sector. What was the result of it in the Gulf? An oil spill of ultimate proportions.

The concept that government can't regulate has been proven wrong time and time again. Nobody argues for overregulation. That's a fair argument. Where is the appropriate line?

In this case, in the financial institutions case, we went years with loans that nobody knew what the standards were. We went years with credit rating agencies giving everybody a AAA rating without having a clue what was behind those papers. We went years with people betting, literally betting with our money, our pension fund money and other money that we didn't want to do, on things that didn't exist. They didn't exist. The result of it was a financial meltdown.

This bill brings us toward a more thoughtful regulatory regime that will ensure the stability of our economic system. And that's what this is, all about. It's not about raising revenue. It's not about killing anything.

My district has a very vibrant financial sector and we want to keep it that way, but I also want to be sure that it's stable. That's more important than anything else. This bill accomplishes that, and that's why we should support it.

Mr. BACHUS. I yield 2 minutes to the gentleman from Florida (Mr. PUTNAM).

Mr. PUTNAM. Mr. Speaker, I rise in opposition to the Frank-Dodd bill that would not reform Wall Street but, instead, create a permanent taxpayer backstop and fail to provide consumer protection and doesn't prevent a future crisis.

The permanent bailout would ensure that the Federal Government, through the FDIC and the Treasury, maintains the ability to use taxpayer funds to bail out financial institutions deemed too big to fail. That may be what's important to the D.C. bureaucrats, but to the community banks and credit unions back home and the communities they serve, I can assure you it's not. They're treated as too small to save.

Our community banks, our credit unions, our small businesses don't receive the special treatment accorded to the big guys in this bill. Instead, they go through the bankruptcy process. Why the double standard? Why the double standard for our communities?

They didn't cause Wall Street's collapse, and yet they're held to a different standard. This is harmful to Main Street's small businesses.

The legislation creates an Office of Financial Research to "monitor, record, and report on any financial transaction, including consumer transactions," without the consent of the consumer. That's right. Monitor, record, and report any transaction without your approval.

This new "Big Brother Bureaucracy" will be funded through assessments on financial institutions that trickle down to consumers through higher fees. According to the CBO, "The cost of the proposed fee would ultimately be borne to . . . customers, employees, and investors."

The legislation welcomes a new "Washington Knows Best" bureau. Housed within the Federal Reserve, the credit czar will dictate which financial products can and cannot be made available to consumers and will have broad authority to set sales practices, limit products, and mandate compensation. The bureau misses its mark to actually protect consumers and will, instead, create more barriers to consumers' ability to obtain credit, to pursue their dreams, to buy a home, to refinance, or to expand or save their small business.

This conference report, totaling over 2,300 pages, is bad for small business, and I urge its defeat.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. FATTAH), who gave us an inspiration for trying to help unemployed people with their mortgages.

Mr. FATTAH. Mr. Speaker, the American people, as always, almost always, get it right. When they wanted to pick a party that would finally rein in the abuses of Wall Street, they gave the majority in the House and the Senate to the Democrats. And you can hear from the other side that they obviously made the right choice because there's no willingness to deal with some of these challenges from my colleagues on the other side.

I want to congratulate Chairman BARNEY FRANK. I met with him over a year ago about some of the challenges in terms of foreclosures in our country. In this bill is the result of language that I authored which replicated a very successful program in Pennsylvania that we believe will help others throughout the country.

I want to thank my great colleague from California, Congresswoman WATERS, for her efforts to make sure that this was fully engaged by the committee.

But beyond my proposal that is included in terms of homeowners assistance, in terms of foreclosures, this is a very good bill in terms of its regulation of Wall Street, in terms of consumer protection. This House, I urge and encourage that we vote in favor of the Wall Street reform bill.

Mr. BACHUS. I yield 2 minutes to the gentleman from Virginia (Mr. CANTOR), he Republican whip.

Mr. CANTOR. I rise in opposition to his conference report.

Mr. Speaker, the flow of credit and capital throughout the financial system is the building block of American prosperity. It has enabled entrepreneurs to pursue their ideas. It has enabled people to balance their budgets, to achieve a better standard of living. But when businesses and families cannot access capital from banks, consumers don't spend, small businesses runker down, and investment dries up, the economy simply can't grow jobs.

This legislation is a clear attack on capital formation in America. It purports to prevent the next financial crisis, but it does so by vastly expanding the power of the same regulators who failed to stop the last one.

Dodd-Frank is the product of a tired and discredited philosophy. It's the notion that you can solve a problem by reflexively piling vast new layers of bureaucracy, regulatory costs, and taxes on it. And who'll pay the price? It won't merely be the big banks who, the bill's supporters rail against. Smaller, less-leveraged community banks will have a more difficult time surviving the regulatory costs. And most alarming, costs will be passed on to consumers and businesses in the form of higher prices for credit. We know this because last year's Credit Card Act is already having just that effect.

Before it was passed, Republicans warned that more government expansion and more Washington proscription would create additional costs borne by the consumer. It was common sense, and sure enough, we were right. In response to that legislation, lending rates were reset higher as credit became less available. Meanwhile, free checking accounts are becoming a relic of the past for all but the wealthiest bank customers.

Republicans agree that the financial system needs a shake-up to bring transparency and stability. But the fact is, Mr. Speaker, this legislation does not accomplish this goal. It's bad for private business. It's bad for families, and I urge my colleagues to vote "no" before we do any more damage.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 4 minutes to the gentlewoman from California (Ms. WATERS), one of the leaders in housing and matters of fairness in our committee, the chairman of the Housing Subcommittee.

Ms. WATERS. Mr. Speaker and Members, I am pleased and proud to stand here today in support of this most significant piece of legislation that is before this House.

Again, I thank Chairman FRANK for his leadership, and I'm especially proud that this work of the conference committee was done by such a diverse group on this side of the aisle. I'm especially proud that members of the conference committee included not

only women, but African Americans and Latinos and Anglos. It was truly diverse, and you can see that work reflected in what came out of the conference report.

□ 1630

For example, the CBC members of the Financial Services Committee worked on a number of these issues over the past several years, and we came up with those things that had been brought to our attention year in and year out that are finally paid attention to in the conference report.

The Federal Insurance Office, we will be asking them to gather information about the ability of minorities and low-income persons to access affordable insurance products. To give consideration and mitigation of the impact of winding down a systemically risky institution on minorities and low-income communities. The expansion of the Consumer Financial Protection Bureau's advisory board to include experts in civil rights, community development, communities impacted by high-priced loans, and others. And perhaps most importantly, the establishment of the Offices of Minority and Women Inclusion at each of the Federal financial services agencies.

These offices would provide for diversity in the employment, management, and business activities of these agencies. The data for the need for these offices speaks for itself. Diversity is lacking in the financial services industry, with the GAO reporting from 1993 to 2004 the level of minority participation in the financial services professions only increased marginally, from 11 percent to 15.5 percent. We took care of that in this bill. And now we have the opportunity to not only give oversight to diversity, but to help these agencies understand how to do outreach, how to appeal to different communities so that we can get the kind of employees that will create the diversity to pay attention to all of the needs of the people of this country.

In addition, Mr. Speaker, I am pleased to note that this conference report includes a provision that I championed to allow the SEC to issue rules on proxy access, giving the Nation's pension funds and other long-term institutional investors a say in the governing of the companies in which they own stock.

Additionally, I am pleased that this bill addresses foreclosures, which have single-handedly inflicted tremendous damage on neighborhoods in my district in California and across the country. It has long been my position that this bill would be incomplete without directly addressing the needs of America's homeowners and neighborhoods. That is why I have fought for an additional \$1 billion in funds for the Neighborhood Stabilization Program, a program whose authorizing legislation I wrote in 2008. And it is helping neighborhoods all across this country that have foreclosed properties and rundown

properties that are driving down the price of other homes in that community. Now we can rehabilitate those properties and keep the values up of the homes in the neighborhood.

I am also pleased that an additional \$1 billion in emergency assistance for unemployed homeowners was included in this bill. Reports indicate that 60 percent of individuals seeking help in avoiding foreclosures are doing so because they are unemployed.

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

Mr. FRANK of Massachusetts. I yield the gentlewoman 1 additional minute.

Ms. WATERS. I thank the chairman. This funding will provide a critical bridge for homeowners during periods of joblessness, and allow them to maintain stable housing for their children. This \$2 billion, combined with an additional \$6 billion I have secured for NSP through two rounds of funding, is another step toward addressing the foreclosure crisis. But more needs to be done. That is why I am pleased that the Treasury has committed to providing another \$2 billion for unemployed homeowners in addition to the amounts provided under this bill. And that is why I will continue to fight for both additional funding and for loss mitigation legislation, which would make it mandatory for banks to offer real sustainable loan modification offers.

Chairman FRANK, thank you for your assistance, thank you for your support, thank you for your leadership. I am proud to be a part of this Congress, so proud to have been a part of the conference committee. And I think we are doing all Americans justice in this bill as we pay attention to needs that have been so long overlooked.

Mr. BACHUS. Mr. Speaker, at this time I yield 4 minutes to the gentleman from California (Mr. ISSA), the ranking member of Oversight and Government Reform.

(Mr. ISSA asked and was given permission to revise and extend his remarks.)

Mr. ISSA. Mr. Speaker, others will rise and they will talk about the underlying bill. Although I was on the conference committee, and for 2 weeks Chairman FRANK, Ranking Member BACHUS and the rest of us were together, I do not claim and will not claim to be an expert on all the things that led to the financial meltdown or all the things which will preclude the next.

I do rise to oppose the Dodd-Frank bill, and I do so because I don't believe that it will preclude another meltdown and another crisis. I don't do that because I am an expert on the financial system. I am not. The people I served with on conference, many of them are. I am not concerned that the process was not open. I think Chairman FRANK allowed us an unusually great amount of time to be heard. But I am disappointed that at the end of the day so many things were left out.

I appreciate Chairman FRANK's offering for a separate bill to make up for the fact that the transparency and data issues that I worked for 2 weeks to put in this bill, because they were rejected by the Senate, we will have to send them again and hope that the Senate is more benevolent when we simply ask these agencies to have data standards that allow for the kinds of transparency among the regulators that will in fact see reckless behavior ahead of time, or at least allow us to know the underlying value of assets when the markets begin to melt.

The reckless behavior that led to the meltdown will be debated for years, but the absence of transparency at the time of the meltdown, an inability for our regulators, our banks, or anyone else to actually tell us what the underlying value of various assets were, were in no small part the result of arcane systems that underlie these very modern instruments.

You cannot have paper copies sitting in banks to tell you the details about a loan and then cut it into thousands of pieces, spread it around the world, and hope that somebody can have confidence in the document when things start going wrong.

Technology transparency is the most important thing missing from this bill. I hope to work with the majority and the minority to bring that in the coming days. I don't do it for my committee. I do it because the next time there is a hiccup anywhere in the world, even if that's simply a massive power outage leading to a confidence loss, we need to have the ability for regulators with confidence to say we have transparency, we know what these assets are worth, and we can assure them.

This bill does do a few good things, and I would be remiss if I didn't mention that the ability for banks to trust each other in financial transfers of non-interest-bearing large amounts is in no small part something that will keep the market going if otherwise there is a lack of confidence in the bank.

I do object to the way this bill is paid for. I believe that it was inappropriate. And unfortunately, people at the conference were not willing to consider a real pay-for, not even a real rollback in unexpended funds that would otherwise be available.

Mr. Speaker, this bill is done. We cannot look to what this will or won't do. We have to look to the future. Will we do a better job in data management, in transparency, in creating the tools that would allow the financial oversight board and the financial industry regulators to do the job the next time that they didn't do the last time?

Mr. Speaker, I do not have high confidence that it will be done. I have high confidence that this body will work together to produce a bill, send it to the other body, and try, try to get them to understand that data transparency is essential if we are not going to have another meltdown.

Mr. FRANK of Massachusetts. I yield 2 minutes to the gentleman from Florida (Mr. HASTINGS).

Mr. HASTINGS of Florida. Chairman FRANK, I first want to commend you on an extraordinary effort and your dedicated leadership in bringing this bill to the floor. I look forward to supporting this legislation.

Before that, however, I would like to clarify a few points as they pertain to the intent of the bill. It's my understanding that certain provisions which are intended to improve access to mainstream financial institutions are not intended to further limit access to credit and other financial services to the very consumers who are already underserved by traditional banking institutions.

As you know, each year over 20 million working American families with depository, account relationships at federally insured financial institutions actively choose alternative sources and lenders to meet their emergency and short-term credit needs.

□ 1640

These alternative sources and lenders often offer convenient and less expensive products and services than the banks where these consumers have relationships.

Further, as the demands for short-term, small-dollar loans continues to increase as a result of the current economic environment, nontraditional lenders have filled the void left by mainstream financial institutions in many of our Nation's underbanked communities.

Mr. Chairman, I have a longer statement, and with your permission would skip to the clause that I think is particularly important and include my full statement in the RECORD in the interest of time.

Rather, I feel that the financial services should be well-balanced and carried out in a manner that encourages consumer choice, market competitions, and strong protections. It is my sincere hope that this legislation is designed to carefully and fairly police the financial services industry treating similar products in the short-term credit market equally while encouraging lending practices that are fair to consumers.

Is this the intent?

Mr. FRANK of Massachusetts: If the gentleman would yield, first, let me say that anybody who asks has my permission to skip any statement. That is an example I am going to try to follow myself sometimes.

Beyond that, I completely agree with the gentleman.

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

Mr. FRANK of Massachusetts. I yield an additional 15 seconds to the gentleman.

Mr. HASTINGS of Florida. I yield to the chairman.

Mr. FRANK of Massachusetts. We do want to make sure it's an informed choice, and we're going to work on fi-

ancial literacy. But, no, it is not our intention to deny anybody that choice.

Mr. HASTINGS of Florida. Thank you very much, Mr. Chairman, and I really commend you for your efforts to pass meaningful financial regulation reform in this Congress. I deeply thank you.

Mr. BACHUS. Mr. Speaker, at this time I yield 3 minutes to the gentleman from Texas (Mr. PAUL), the ranking member of the Domestic Monetary Policy Committee.

(Mr. PAUL asked and was given permission to revise and extend his remarks.)

Mr. PAUL. I thank the gentleman from Alabama for yielding.

Mr. Speaker, I rise in opposition to this piece of legislation. I'm afraid it is not going to do much to solve our problems. I know it's very well intended, and it's believed that more regulations will solve the problems; but, quite frankly, the problems that we're facing come from a deeply flawed monetary system.

I had made an attempt to emphasize this point by talking about a full audit of the Federal Reserve, and fortunately this House was strongly in support of this piece of legislation. There are 320 cosponsors of this bill. It passed rather easily on the Financial Services Committee, and then it was put into the House version of this reform package. But it was removed in conference.

Although there is some attention given to getting more information from the Fed, it truly doesn't serve as a full audit. If we don't eventually address the Federal Reserve in depth, we will never fully understand how financial bubbles are formed and why more regulations tend to fail. If the financial markets were pleased with what we're doing here today and the discussion of the last several weeks, they wouldn't be reeling as they are at this very moment.

So I would say that we should be very cautious in expanding the role of the regulatory agencies, which does not solve the problem. At the same time, giving more power to the Federal Reserve doesn't make much sense if the theory is right that the Federal Reserve is the source of much of our problems.

Now, some objected to the transparency bill of the Federal Reserve and said that that was too much information, that the Federal Reserve had to be totally independent. The Federal Reserve Transparency Act doesn't do anything about removing transparency. It doesn't change monetary policy. It just says that the American people and the Congress have a right to know what they do.

After the crisis hit, the Federal Reserve injected \$1.7 trillion and guaranteed many more trillions of dollars, and it was very hard to get any information whatsoever. So an ongoing audit to find out exactly what they do and why they do it, I think, would be a first step to finding out the relationship of the Federal Reserve system to

the banking system and the financial community.

Transparency is something the American people have been asking for and they want. They didn't like the lack of transparency with the TARP funds; and once the American people found out about what goes on at the Fed, they want transparency of the Fed.

So fortunately today we will have a chance to vote on this because it will be in the recommittal motion, and it will give us a chance to put the language back in, the H.R. 1207, the Federal Reserve Transparency Act, a chance to audit the Fed. So this will be a perfect opportunity to emphasize the importance of the Fed and to say that we do need a full audit.

Mr. FRANK of Massachusetts. I yield 3½ minutes to the gentleman from Illinois (Mr. GUTIERREZ), who's the chairman of the Financial Institution Subcommittee and has done a great deal of work to improve our financial situation through this bill.

Mr. GUTIERREZ. Chairman FRANK, I want to commend you, first of all, for your hard work in getting this legislation through Congress and your dedication to reforming our financial system.

The legislation we have before us takes a multi-pronged approach to ending the problem of "too big to fail" by giving regulators the tools, only when it is necessary, to decrease the size of financial institutions, limit their risky behaviors, and wind down systemically significant firms if they threaten the health of our financial system.

The most direct way to end "too big to fail" is to stop firms from growing too big in the first place. To limit their size and complexity, this legislation would impose increasingly strict rules on capital levels and leverage ratios which would limit a firm's risky behavior and diminish its potential threat to the stability of our financial system. By implementing a strong Volcker rule and limiting proprietary trading by insured depository institutions, we minimize a bank's ability to use subsidized funds for risky trading practices.

Additionally, the Dodd-Frank bill will create a financial stability oversight council that will be able to force a company, as a last resort, to divest some of its holdings and shrink its size if the council determines it poses a risk to the stability of the financial system. It has tools.

The most important part of this legislation that will help to end "too big to fail" is the resolution authority we create to safely wind down a failed significant firm and to prevent any further bank bailouts. This legislation ends individual open-bank assistance. Let me repeat: this legislation ends individual open-bank assistance, meaning that if the resolution authority, the death panel, the burial panel, is applied to a bank, it will not be bailed out but allowed to safely fail and prevent containment from spreading to the markets. Let me repeat this: no more bailout. We have a funeral fund.

One thing I want to note, though, at every opportunity Democrats have insisted that banks, the financial institutions, not the taxpayers of America, pay for this resolution authority, and the Republicans have said "no" every single time. In both the House and the Senate, they refuse to support a pre-funded funeral fund that would be paid for by the riskiest and biggest banks. No. The big bankers don't pay. Main Street has to pay.

Opposition from certain Republican Senators—and I won't mention their names—forced us to strip the bank assistance from the conference report just last night. Republicans have sided with big Wall Street banks at every opportunity. They even opposed an amendment in the conference to increase the FDIC insurance to help protect people's hard-earned deposits along with community banks and small businesses.

So let's be clear. Combine this refusal to guarantee that the banks pay to clean up any future messes that they make with open opposition to this legislation and it is obvious where the line has been drawn by Republicans. If it helps Wall Street banks, they favor it; but if it helps Main Street and regular Americans, they won't vote for it, and we don't think they will today.

Mr. Speaker, I won't hold my breath for any Republican support of this historic legislation. But I do urge all of our Members to support this vital bill.

Mr. BACHUS. I yield myself 15 seconds.

Mr. Speaker, I don't think you would go to a funeral home and lend the corpse money. So I don't know why you would lend money to a failing firm. You ought to just go ahead and put them in bankruptcy like we want to do.

Mr. Speaker, at this time I yield 3 minutes to the gentlady from Illinois who's the chairman of the Financial Services Oversight Committee (Mrs. BIGGERT).

□ 1650

Mrs. BIGGERT. I thank the gentleman for yielding.

Mr. Speaker, I rise in opposition to this conference report and the bill.

In the fall of 2008, our entire financial system and economy were on the verge of collapse. The \$750 billion TARP program was hastily proposed. I, for one, would never have backed it were it not for the taxpayer protections—a promise that the taxpayers would be repaid.

This bill flat out breaks that promise to taxpayers. It siphons away unspent money from the TARP program. Instead of returning it to the taxpayers or instead of paying down our \$13 trillion debt as promised, it uses the money to pay for new Federal spending.

Contrary to my colleagues' rhetoric, this bill makes bailouts permanent. Look at section 210N(5) and section 210N(6). These provisions authorize bureaucrats to bail out the six largest

too-big-to-fail Wall Street firms to the tune of \$8 trillion. What you have is taxpayers footing the bill to pay for failed Wall Street firms. That is a bailout.

My colleagues on the other side of the aisle claim that this bill requires that taxpayers be paid back. Yet how in heaven's name can taxpayers believe that when this very bill breaks the earlier promise that taxpayers would be paid back for TARP?

This bill also fails to reform Fannie Mae and Freddie Mac, the two mortgage giants at the center of the housing crisis. Taxpayers have bailed Fannie and Freddie out to the tune of \$150 billion and billions more to come, but this bill doesn't reform them. It merely calls for a study, and it fails to include as part of our Federal budget the trillions in liabilities taxpayers now face because the Federal Government owns and operates both Fannie and Freddie.

Finally, let's not forget our hidden costs in this bill. Our Midwest manufacturers had nothing to do with the housing crisis or with the financial meltdown. Yet this bill requires them to divert trillions of dollars of working capital to pay for financial transactions, which may stifle job growth and raise the cost of commodities for American families.

What is the cost to small businesses? It is job growth. According to the U.S. Chamber of Commerce, it is taxpayers, small businesses and consumers as they pick up the tab for new Federal bureaucrats, 355 new rules, 47 studies, and 74 reports.

In the name of financial reform, we must not stifle job creation by saddling our small businesses and manufacturers with additional burdens. We need to get financial reform right so that innovators and entrepreneurs can secure credit and can expand and create desperately needed jobs. We need to get reform right, but this bill doesn't pass the test.

I urge my colleagues to oppose this conference report and bill.

Mr. FRANK of Massachusetts. I yield 1½ minutes to a very diligent member of our committee who has fought hard for the manufacturing interests of this country, the gentleman from Michigan (Mr. PETERS).

Mr. PETERS. I thank the chairman for yielding.

Mr. Speaker, the Dodd-Frank Wall Street Reform bill is an historic piece of legislation that will protect consumers; reduce the risk of future economic failures, and provide for the increased oversight of our entire financial system. However, it also strives to protect job-creating Main Street businesses.

For example, this legislation will, for the first time, bring transparency and oversight to the currently unregulated \$600 trillion derivatives market. However, because commercial end users, who are those who use derivatives to hedge legitimate business risks, do not

pose systemic risk and because they solely use these contracts as a way to provide consumers with lower cost goods, they are exempted from clearing and margin requirements.

I offered an amendment that would permanently extend the end user exemptions for clearing and margin to certain captive finance companies that use swaps to hedge their interest rate and foreign currency risks arising from their financing activities. The amendment was narrowly tailored to ensure that a captive finance company can only qualify for the exemption if 90 percent of its business derives from financing the sale or lease of its parent company's manufactured goods.

There is another provision of this bill which provides a 2-year transition period for affiliates.

I would like to yield to Chairman FRANK so he can clarify that what these two provisions do is provide a limited exemption from clearing and margin requirements for qualifying captive finance companies and a 2-year transition period for all other captives that would not qualify for the limited exemption created by the Peters amendment.

Mr. FRANK of Massachusetts. If the gentleman would yield, the answer is absolutely. He has crafted this very well with our cooperation, and he has stated this completely accurately.

Mr. BACHUS. Mr. Speaker, I yield 7 minutes to the gentleman from Oklahoma (Mr. LUCAS), who is the ranking member of the Agriculture Committee, to then yield time to his members.

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

Without objection, the gentleman from Oklahoma will control 7 minutes.

There was no objection.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 13 minutes of my time to the gentleman from Minnesota (Mr. PETERSON), the chairman of the Agriculture Committee, our co-conferee, and ask unanimous consent that he control that time.

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

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Minnesota.

Mr. PETERSON. I thank the gentleman for yielding.

Mr. Speaker, I rise today in support of the conference report on H.R. 4173, The Wall Street Reform and Consumer Protection Act.

I want to start by thanking Chairman FRANK, who has demonstrated his great policymaking skills and leadership on this important issue.

The staffs of both the House Agriculture Committee and the Financial Services Committee have worked closely on this legislation for the past year, and it is thanks to our efforts that we have a conference committee report for us today.

One of the bill's key components is title VII, which brings greater transparency and accountability to derivative markets. When the House considered financial reform in December, derivatives were one area in which we had strong bipartisan support. The House produced a very good product. The Senate's efforts on derivatives went in a very different direction. As with any legislation with such stark differences, compromises had to be made.

This comprehensive legislation represents a middle ground between the House and Senate products. While no one got everything they wanted in this bill, I think we got a bill that will help prevent another crisis in the financial markets like the one we experienced in 2008.

The House Agriculture Committee started looking at some of the issues addressed in this legislation even before evidence of the financial crisis started to appear. I am pleased that the conference report contains many of the provisions the House Ag Committee endorsed over the course of passing three bills on this topic. Let me briefly talk about some of those provisions.

Our in-depth review of derivative markets began when we experienced significant price volatility in energy futures markets due to excessive speculation—first with natural gas and then with crude oil. We all remember when we had \$147 oil. The Ag Committee examined the influx of new traders in these markets, including hedge funds and index funds, and we looked at the relationship between what was occurring on regulated markets and the even larger unregulated over-the-counter market. This conference report includes the tools we authorized and the direction to the CFTC to mitigate outrageous price spikes we saw 2 years ago.

The House Agriculture Committee also spent a great deal of time considering the role of derivatives in the collapse of the financial markets and debating different approaches to regulating these financial tools.

In the end, it was the Agriculture Committee, on a bipartisan basis, that embraced mandatory clearing well before the idea became popular. Clearing is not only a means to bring greater transparency to the derivative markets, but it also should reduce the risk that was prevalent throughout the over-the-counter market. The conference report closely follows the House approach to mandatory clearing.

In crafting the House bill and the conference report, we focused on creating a regulatory approach that permits the so-called end users to continue using derivatives to hedge risks associated with their underlying businesses, whether it is energy exploration, manufacturing, or commercial activities. End users did not cause the financial crisis of 2008. They were actually the victims of it.

Now, that has been of some concern and, frankly, a misinterpretation of the conference report's language regarding capital and margin requirements by some who want to portray these requirements as applying to end users of derivatives. This is patently false.

The section in question governs the regulation of major swap participants and swap dealers, and its provisions apply only to major swap participants and swap dealers. Nowhere in this section do we give regulators any authority to impose capital and margin requirements on end users. What is going on here is that the Wall Street firms want to get out of the margin requirements, and they are playing on the fears of the end users in order to obtain exemptions for themselves.

□ 1700

One of the sources of financial instability in 2008 was that derivative traders like AIG did not have the resources to back up their transactions. If we don't require these major swap participants and swap dealers to put more backing behind their swap deals, we will only perpetuate this instability. That is not good for these markets, and it is certainly not good for end users.

I am confident that after passing this conference report we can go home to our constituents and say that we have cracked down on Wall Street and the too-big-to-fail firms that caused the financial crisis.

With that, I urge my colleagues to support the passage of this conference report.

I reserve the balance of my time.

Mr. LUCAS. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I rise in opposition to this job-killing conference report. At a time when Congress should be focused on economic expansion, the majority brings us this conference report, which will kill jobs and make financial transactions more expensive.

Last December, this Chamber supported a bipartisan effort to bring transparency and regulation to the over-the-counter derivatives market while allowing for the management of legitimate risk. It recognized that mom-and-pop shops on Main Street were not the villains behind the economic collapse. They did not cause the financial crisis and should not be treated as if they did.

The derivatives title this Chamber passed reflected the need for commercial end users to lay off risk so they could offer their products at reasonable and stable prices. Unfortunately, the Senate decided that only some industries, only some, were worthy of inexpensive risk mitigation.

Despite the overwhelming bipartisan support our derivatives language enjoyed, during a meeting in the dark of night our bipartisan language was stripped out. A title that we passed by voice vote was only going to survive if offered as an amendment. So that is

