



FINANCIAL SERVICES ROUNDTABLE

March 5, 2018

The Honorable Mitch McConnell
Majority Leader, United States Senate
Washington, D.C. 20510

The Honorable Chuck Schumer, Ranking Member
Minority Leader, United States Senate
Washington, D.C. 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

The Financial Services Roundtable (FSR) supports S. 2155, the “Economic Growth, Regulatory Relief and Consumer Protection Act.

In crafting S. 2155, Chairman Crapo and a bipartisan group of key Senators have provided thoughtful leadership in an effort to modernize regulatory requirements so financial institutions can better serve clients, communities and the broader goal of job growth. This bipartisan legislation takes important steps to improve our nation’s financial regulatory system.

The legislation includes important features which will: (1) allow financial institutions to use online and mobile channels to extend credit to consumers outside an institution’s traditional geographic footprint; (2) clarify rules so mortgage closings can be sped-up; (3) help financial institutions shield elderly clients against fraud; (4) expand consumer choice and reduce confusion by clarifying the “naming restrictions” in the Volcker Rule do not apply to non-bank investment advisors that partner with banks to offer retirement savings and other investment services; and (5) strengthen investment in state and local infrastructure by clarifying municipal bonds may be used by banks to meet Liquidity Coverage Ratio requirements.

The legislation also modifies the arbitrary \$50B threshold for determining systemically important banks. That change will better calibrate the regulatory system and help drive economic growth and opportunity. The Federal Reserve and other federal financial regulators will, of course, retain strong authority to conduct on-site examinations, issue findings, and adopt additional prudential safety rules for institutions of any size.

FSR, however, believes regulators should instead apply an activities-based approach, rather than using arbitrary asset thresholds, to assess risk and determine when heightened standards need to be applied to a particular financial institution. FSR urges Senators to consider including such additional “tailoring” in this legislation so regulations relating to all financial institutions are properly calibrated. This would allow regulators to consider multiple factors in assessing risk and the need for enhanced standards and review.

FSR also supports including measures to improve the resolution planning process to increase transparency, accountability, and efficiency. Our members also hope language could be added that would increase the ability of financial institutions to combat “synthetic identification” fraud. Again, FSR members appreciate the key leadership provided by Chairman Crapo and the bipartisan group of Senators to advance these important and bipartisan reforms. FSR members urge Senators to support this legislation.

Sincerely,

Tim Pawlenty
CEO & President

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