

May 3, 2011

To: Members of the House Financial Services Subcommittee on Financial Institutions and Consumer Credit

From: Floyd Stoner, Executive Vice President, Congressional Relations & Public Policy

Re: ABA views on H.R. 1121, the Responsible Consumer Financial Protection Regulations Act of 2011; H.R. 1315, the Consumer Financial Protection Safety and Soundness Improvement Act of 2011; and H.R. 1667, the Bureau of Consumer Financial Protection Transfer Clarification Act.

On behalf of the members of the American Bankers Association, I am writing to express our support for legislation that the Committee's Financial Institutions and Consumer Credit Subcommittee will consider on Wednesday, May 4, 2011.

H.R. 1121, the Responsible Consumer Financial Protection Regulations Act of 2011, introduced by Committee Chairman Spencer Bachus, is legislation that would replace the Director of the Bureau of Consumer Financial Protection with a five person Commission. ABA supports the commission concept introduced in H.R. 1121 and believes that a commission structure is appropriate to address the extremely broad authority of the Bureau's Director to impose new rules. We believe that the commission approach would broaden the perspective on any rulemaking and enforcement activity of the Bureau, and it would provide needed balance and appropriate checks in the exercise of the Bureau's authority. The commission also would facilitate continuity of the organization and enhance predictability about rulemaking over time.

We would urge the Subcommittee to consider perfecting the legislation by requiring the commission to include members with consumer finance business experience and direct safety and soundness regulatory expertise. We believe this expertise provides an important and necessary perspective as standards are set and enforcement activities are undertaken. This important addition also will help improve the accountability and address the separation between consumer protection and sound financial management.

ABA also urges the Subcommittee to consider requiring one of the five seats in the proposed commission to be filled with the recently created, statutorily mandated position of the Vice-Chairman for Supervision of the Federal Reserve Board. We believe that the inclusion of the Vice-Chairman for Supervision provides necessary and current safety and soundness experience that directly addresses a pivotal deficiency of the existing structure. The Vice-Chairman for Supervision is a unique official who has oversight responsibility both for large financial holding companies (which include the nation's biggest banks and credit card issuers) and state-chartered community banks that are Federal Reserve members. This broad responsibility and expertise would be invaluable to achieving the missing accountability for safety and soundness of the current mandated structure.

We also write in support of H.R. 1315, the Consumer Financial Protection Safety and Soundness Improvement Act of 2011, introduced by Congressman Sean Duffy. This legislation would change the voting standard established in the Dodd-Frank Act for the Financial Stability Oversight Council (FSOC) from the two-thirds majority vote currently required to a simple majority vote. The FSOC is comprised

of the nation's top regulators covering the spectrum of the financial services industry. ABA believes that it should be sufficient to set aside a Bureau rule if a simple majority of the nation's top regulators believes the Bureau has acted in a manner that adversely impacts the safety and soundness of the American banking or financial system. The very purpose of the FSOC was to avoid problems that could lead to risks that threaten the economy. To ignore the majority viewpoint of the regulators with this responsibility is completely counter to the mission of the council. ABA strongly supports H.R. 1315 and would urge the Subcommittee to approve this legislation.

ABA also is concerned about the transfer of authority date established in the Dodd-Frank Act. ABA supports H.R. 1667, the Bureau of Consumer Financial Protection Transfer Clarification Act, introduced by Financial Institutions Subcommittee Chairman Shelley Moore Capito, which delays the transfer of authority to the Bureau until a leadership structure has been put in place. Having the Bureau inherit certain regulatory powers but not others because there is no leadership structure in place is not good public administration.

We appreciate the Subcommittee's taking our views into consideration, and we look forward to working with the Committee as these legislative proposals move forward.