



March 1, 2016

To: Members of the House Financial Services Committee

From: James Ballentine, Executive Vice President, Congressional Relations & Political Affairs

Re: ABA's Views on Bills Scheduled for Markup on Wednesday, March 2, 2016

On behalf of the members of the American Bankers Association (ABA), representing the breadth of the banking industry, I write to express our views on bills scheduled for consideration before the House Financial Services Committee on Wednesday, March 2, 2016.

ABA strongly supports H.R. 2896, the "Taking Account of Institutions with Low Operation Risk (TAILOR) Act of 2015." It is clear that legislation is needed to address the mounting burdens of regulation that, in the aggregate, have stifled the ability of our nation's financial institutions to serve the needs of consumers and small businesses, as well as local and regional economies. While regulation is often a fact of life for such institutions, the indiscriminate application of many of these rules to institutions whose business models and risk levels do not warrant it; adds little to overall safety and soundness, and much to the costs and variety of financial products in this country. Such over-regulation threatens the viability of many smaller institutions that act as the lifeblood of communities across this country.

H.R. 2896 stands as a balanced approach to addressing this problem. It simply directs Federal bank and credit union regulators, when taking a regulatory action, to consider the risk profile and business model of an institution or class of institution involved. If taking that regulatory action is not necessary or appropriate for the institution(s) given the costs and complexities involved, the regulator is directed to "tailor" that regulatory action to limit its compliance impact, cost and other burdens. In its simplest terms, H.R. 2896 merely directs regulators to exercise common sense, applying rules (and the burdens that come with them) only where appropriate while cutting back those burdens where they are not.

We believe H.R. 2896 offers the possibility of real and targeted relief for banking institutions facing the avalanche of new regulations coming out of the financial crisis while rolling back none of the important protections recently put in place.

We applaud Representative Tipton and the 59 bipartisan members that have cosponsored the bill. We urge members of the Committee to support this much needed piece of legislation.

In addition, the Committee is also scheduled to consider H.R. 2901, the Flood Insurance Market Parity and Modernization Act (in the form of the substitute being offered by bill sponsor, Representative Dennis Ross). ABA and our insurance subsidiary, the American Bankers Insurance Association (ABIA), have long supported both legislative and regulatory efforts to

ensure that private flood insurance policies are more readily available as an alternative to the National Flood Insurance Program (NFIP).

Providing consumers with private sector alternatives to the NFIP and driving down flood insurance prices through greater competition is a logical way to enhance protections for consumers against flood damages in the mortgage markets; it is also a significant contribution to the goals of ensuring more borrowers are covered by flood insurance and returning the NFIP to more robust fiscal health.

The substitute amendment expected to be offered by Rep. Ross represents the ongoing efforts to improve the NFIP, and notably includes changes requested by Ranking Member Maxine Waters. The bipartisan result will improve consumers' access to flood insurance, be it from the NFIP or from a private provider. We urge the Committee to support this effort.

The Committee is also scheduled to consider H.R. 4166, the Expanding Proven Financing for American Employers Act, bipartisan legislation introduced by Representatives Andy Barr and David Scott, which establishes objective and substantive criteria to qualify a Qualified Collateralized Loan Obligations (QCLO) manager and defines the type of investors who would be eligible to purchase QCLO. We believe that H.R. 4166 is a common sense solution that will preserve the CLO market, which provides credit to non-investment grade companies, while satisfying the risk retention directive of the Dodd-Frank Act.

The ABA does not have formal positions on the other noteworthy measures to be considered before the Committee on March 2, 2016.