

April 29, 2014

To: Members of the House of Representatives

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

Re: Support for H.R. 4167

On behalf of the members of the American Bankers Association (ABA), I am writing to express our support for legislation scheduled for House floor consideration on Tuesday, April 29, 2014.

H.R. 4167, the Restoring Proven Financing for American Employers Act, introduced by Representative Andy Barr (R-KY), would amend the Bank Holding Company Act of 1956 to address certain unintended consequences for collateralized loan obligations (CLOs) caused under the final Volcker rule.

This compromise bipartisan legislation, *which passed the House Financial Services Committee on March 14, 2014 by a vote of 53-3*, will allow banks to invest in CLOs that were issued before Jan. 31, 2014, while clarifying which situations qualify CLOs for an exemption. The interests in CLOs held by banking organizations of all sizes are no different than the direct loans banks regularly make to corporate borrowers. It is not sensible to cause banks to lose value on their investments through precipitous sales unnecessary for safety and soundness reasons. This legislation would address the potential for severe disruption in the market for CLOs that were offered before the regulators issued a final Volcker rule. We also support action by Congress that would permit banks to continue to invest in CLOs in a risk-appropriate way.

We thank Chairman Hensarling, Ranking Member Waters and members of the House Financial Services Committee for their bipartisan approval of this legislation and we urge members of the House to support passage of H.R. 4167.