

Congressman Jim Jordan (R-OH), RSC Chairman
Congressman Randy Neugebauer (R-TX), FSWG Chairman

WEEKLY UPDATE

February 1, 2012

In This Newsletter: Oversight Agenda for 2012, Volcker Rule Update, and MF Global Hearing Part 2

Financial Services Subcommittee on Oversight and Investigations 2012 Agenda

After holding 14 hearings the first session of this Congress, the Financial Services Subcommittee on Oversight and Investigations plans to continue conducting robust and thorough oversight in 2012 as regulatory agencies continue implementing the Dodd-Frank Act. In particular, we must ensure that rulemakings are coordinated, subject to thorough cost-benefit analysis, and does not impact the competitiveness of U.S. markets. It is critical that we ensure that the Dodd-Frank Act does not cost one single job.

Just this week the Consumer Financial Protection Bureau (CFPB) announced that its first rule making will require businesses to spend nearly 7.7 million man-hours to comply. To put that burden into perspective, it took about 7 million man-hours to build the Empire State building. And this is in addition to the 10.8 million man-hours companies will spend annually to comply with the first 61 rules of Dodd-Frank – and we are working on updating these numbers as regulators continue to write the rest of the 400 rules required by Dodd-Frank. Making matter worse, Congress has little or no oversight over this agency and its budget, and reasonable legislative reforms have been blocked.

And we will not forget about the Office of Financial Research (OFR) – the CFPB’s lesser known twin, which is just as powerful and intrusive as the CFPB. Similar to CFPB, the OFR is not accountable to Congress, can raise its own money, and is led by a powerful Director appointed by the President and confirmed by the Senate.

Please do not hesitate to reach out to the FSWG for any data, statistics, or talking points on any financial services issues.

Volcker Rule Letter Update

Just before Christmas, 121 members signed a letter to federal regulators expressing their concerns with the impact of the proposed “Volcker Rule.” The proposed rule, required by Dodd-Frank, started off as a simple three-page concept that ballooned into 300 pages and asks for comment on nearly 1,300 questions. This rule threatens to make it more expensive for American companies to do business because of higher borrowing costs that will impair profitability and impact job creation. And while the effect will be felt by all American companies, it will be most pronounced on our smaller and medium-sized businesses.

Regulators responded to the letter quickly and extended the comment period for 30 days, but it is important to remember that this was only one of three requests that 121 members made. The letter also requested that regulators repropose the rule once all comments were received, and delay the July 2012 implementation deadline. This rule has the potential to impact not only every corner of our economy, but also has drawn scrutiny from the governments of the U.K., Japan, and Canada regarding the impact the rule will have on their economies.

MF Global Hearing: Part 2

Tomorrow, the O&I Subcommittee will hold its second hearing on the collapse of MF Global. Many of our constituents want to know how regulators missed months of warning signs before a 228-year-old company collapsed and left \$1.2 billion of customer funds missing. The hearing will examine the oversights by regulators and other parties that missed several opportunities to possibly prevent MF Global’s collapse. Perhaps the greatest lesson to be learned from this collapse is that no matter what laws, rules, and corporate policies are in place, there is no substitute for companies, regulators, and rating agencies following those standards.

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