House Resolution 5, One Hundred Thirteenth Congress, and the order of the House on January 3, 2013, of the following Members to the House Democracy Partnership:

Mr. ROSKAM, Illinois, Chairman
Mr. FORTENBERRY, Nebraska
Mr. BOUSTANY, Louisiana
Mr. CONAWAY, Texas
Mr. BUCHANAN, Florida
Mr. CRENSHAW, Florida
Mr. WILSON, South Carolina
Mrs. BROOKS, Indiana
Mr. LATHAM, Iowa
Mrs. BLACK, Tennessee
Mr. RIBBLE, Wisconsin

APPOINTMENT OF MEMBERS TO COMMISSION ON SECURITY AND COOPERATION IN EUROPE

The SPEAKER pro tempore. The Chair announces the Speaker's appointment, pursuant to 22 U.S.C. 3003, and the order of the House of January 3, 2013, of the following Members on the part of the House to the Commission on Security and Cooperation in Europe:

Mr. PITTS, Pennsylvania
Mr. ADERHOLT, Alabama
Mr. GINGREY, Georgia
Mr. BURGESS, Texas

SWAPS REGULATORY IMPROVEMENT ACT

Mr. HENSARLING. Mr. Speaker, pursuant to House Resolution 391, I call up the bill (H.R 992) to amend provisions in section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to Federal assistance for swaps entities, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 391, the bill is considered read.

The text of the bill is as follows:

H.R. 992

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Swaps Regulatory Improvement Act''.

SEC. 2. REFORM OF PROHIBITION ON SWAP ACTIVITY ASSISTANCE.

Section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 8305) is amended—

(1) in subsection (b)—

(A) in paragraph (2)(B), by striking ''insured depository institution'' and inserting ''covered depository institution''; and

(B) by adding at the end the following:

''(3) COVERED DEPOSITORY INSTITUTION.—The term 'covered depository institution' means—

''(A) an insured depository institution, as that term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and

''(B) a United States uninsured branch or agency of a foreign bank.'';

(2) in subsection (c)—

(A) in the heading for such subsection, by striking ''INSURED'' and inserting ''COVERED'';

(B) by striking ''an insured'' and inserting ''a covered'';

(C) by striking ''such insured'' and inserting ''such covered''; and

(D) by striking ''or savings and loan holding company'' and inserting ''savings and loan holding company, or foreign banking organization (as such term is defined under Regulation K of the Board of Governors of the Federal Reserve System (12 C.F.R. 211.21(o)))'';

(3) by amending subsection (d) to read as follows:

''(d) ONLY BONA FIDE HEDGING AND TRADITIONAL BANK ACTIVITIES PERMITTED.—

''(1) IN GENERAL.—The prohibition in subsection (a) shall not apply to any covered depository institution that limits its swap and security-based swap activities to the following:

''(A) HEDGING AND OTHER SIMILAR RISK MITIGATION ACTIVITIES.—Hedging and other similar risk mitigating activities directly related to the covered depository institution's activities.

''(B) NON-STRUCTURED FINANCE SWAP ACTIVITIES.—Acting as a swaps entity for swaps or security-based swaps other than a structured finance swap.

''(C) CERTAIN STRUCTURED FINANCE SWAP ACTIVITIES.—Acting as a swaps entity for swaps or security-based swaps that are structured finance swaps, if—

''(i) such structured finance swaps are undertaken for hedging or risk management purposes; or

''(ii) each asset-backed security underlying such structured finance swaps is of a credit quality and of a type or category with respect to which the prudential regulators have jointly adopted rules authorizing swap or security-based swap activity by covered depository institutions.

''(2) DEFINITIONS.—For purposes of this subsection:

''(A) STRUCTURED FINANCE SWAP.—The term 'structured finance swap' means a swap or security-based swap based on an asset-backed security (or group or index primarily comprised of asset-backed securities).

''(B) ASSET-BACKED SECURITY.—The term 'asset-backed security' has the meaning given such term under section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).'';

(4) in subsection (e), by striking ''an insured'' and inserting ''a covered''; and

(5) in subsection (f)—

(A) by striking ''an insured depository'' and inserting ''a covered depository''; and

(B) by striking ''the insured depository'' each place such term appears and inserting ''the covered depository''.

The SPEAKER pro tempore. The bill shall be debatable for 1 hour equally divided and controlled by the chair and ranking minority member of the Committee on Agriculture and the chair and ranking minority member of the Committee on Financial Services.

The gentleman from Texas (Mr. CONAWAY), the gentleman from Georgia (Mr. DAVID SCOTT), the gentleman from Texas (Mr. HENSARLING), and the gentlewoman from California (Ms. WATERS) each will control 15 minutes.

The Chair recognizes the gentleman from Texas (Mr. HENSARLING).

GENERAL LEAVE

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material in the RECORD on H.R. 992, currently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HENSARLING. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker, America's economy remains stuck in the slowest, weakest, nonrecovery recovery of modern times. Millions of our fellow countrymen remain unemployed, underemployed. Many because of ObamaCare just had their hours cut, and millions lie awake at night wondering how they will make ends meet.

Regrettably, those who create jobs in America for our constituents are drowning in a sea of red tape which is preventing them from hiring new workers. I still vividly remember the day when one of my constituents in east Texas came to me as he shut down his small business due to red tape and he said, Congressman, it got to the point where I just thought my government didn't want me to succeed.

Mr. Speaker, today we have an opportunity to ensure that businesses succeed in America, succeed in hiring new workers. Today, just like yesterday, Mr. Speaker, Republicans and Democrats can again pass bipartisan legislation that will help grow our economy. This legislation is H.R. 992, and I commend the bipartisan group of members who introduced the bill: Mr. HULTGREN, Mr. HIMES, Mr. HUDSON, and Mr. MALONEY.

As chairman of the Financial Services Committee, I also want to thank the members of the committee who joined together and approved this bill on an overwhelmingly bipartisan vote of 53–6. Mr. Speaker, the vote was 53–6. This bipartisan bill will relieve manufacturers, farmers, ranchers, and Main Street businesses of unintended consequences of one section of the Dodd-Frank Act.

Many Americans may not realize it, but farmers, ranchers, manufacturers, and other employees use a financial product called a derivative to manage risk and protect themselves from extreme fluctuations in the price of things like fuel, fertilizer, and commodities.

For example, a company like John Deere will do an interest rate swap as they finance a tractor for a farmer in east Texas in my district, and that derivative is directly linked to the cost of that tractor for my constituent.

Companies like Southwest Airlines who operate in my hometown of Dallas, Texas, they will use derivatives to lock in cheaper fuel prices when the price of crude oil is on the rise. This keeps the cost of flying more affordable for customers, like the grandmother in Mesquite, Texas, who travels to visit her grandchildren in Kansas City.

Perhaps a farmers co-op in Nebraska will use derivatives to finance fixed-price diesel for truckers who haul cattle. Perhaps a hospital in Los Angeles may use derivatives to hedge against the rising interest rates when financing a big investment like more beds or new lifesaving technology.

Although not one single patient, not one single farmer, not one single grandmother, not one single trucker caused the financial crisis, they were all swept into section 716 of Dodd-Frank.

Section 716 requires financial institutions to push out almost all of their derivatives business into separate entities. This not only increases transaction costs, which are ultimately paid by the consumers, it also makes our financial system less secure by forcing swap trading out of regulated institutions.

□ 1245

In fact, Mr. Speaker, Federal Reserve Chairman Ben Bernanke said section 716 ''would make the U.S. financial system less resilient, weaken our financial stability, and make our economy more susceptible to systemic risk.''

To those who are loath to ever amend Dodd-Frank, no less of an authority than Barney Frank himself, former chairman of the committee, said: ''It addresses the valid criticisms of section 716 without weakening the financial reform laws, important derivative safeguards or prohibitions on bank proprietary trading.''

So again, Mr. Speaker, no law is perfect. We would be derelict in our duty if we didn't put the American people back to work and pass this law.

I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield 4 minutes to the gentleman from Minnesota (Mr. PETERSON), the ranking member of the Committee on Agriculture.

Mr. PETERSON. I thank the gentlelady.

I rise in strong opposition to H.R. 992, commonly known as the swap push-out bill. This bill would effectively gut important financial reforms and put taxpayers potentially on the hook for big banks' risky behavior.

In 2008, I voted against the TARP because I didn't think the Federal Government should be bailing out the mess both regular banks and so-called investment banks like Goldman Sachs got themselves into with derivatives trading.

Section 716 of the Dodd-Frank law ensures that, hopefully, we won't find ourselves in that situation again. The provision is a modest measure designed to prevent the Federal Government from bailing out or subsidizing bank activity that is not related to the business of banking.

Originally, section 716, a Senate provision, would have forced banks to spin all of their swap activity into a separate affiliate. The House version of Dodd-Frank had no such requirement.

In a compromise, the final version of section 716 allows the banks to hold on to swaps for hedging purposes and swaps related to the business of banking, primarily, interest rate swaps and foreign exchange swaps.

Under Dodd-Frank, banks are required to move commodity swaps, including energy and agriculture swaps, non-cleared, non-investment grade credit default swaps, credit default swaps on asset-backed securities, and equity swaps to a separate affiliate. This represents barely 10 percent of the world of the swap market. So banks can keep 90 percent in the bank.

Apparently this isn't good enough for some of these big banks, which is why we are here today with H.R. 992, trying to gut the Dodd-Frank provisions and keep playing in 99 percent of the swap market, which is pretty much the status quo.

H.R. 992 also makes it easier for banks to hide commodity manipulation from regulators. In recent months, we have seen JPMorgan charged with settling cases of alleged energy market manipulation and the start of an investigation of Goldman Sachs for aluminum manipulation.

The Federal Reserve is even reconsidering its decision letting banks get involved with owning commodities. Until the big banks are held accountable for the activities in the commodity swaps market, I am reluctant to repeal limits Congress already has put in place.

Since the passage of Dodd-Frank, it is clear that Wall Street has not learned its lesson. The loss experienced by JPMorgan through derivatives trading in the ''London Whale'' incident is proof of that. At some point, another bank is going to find itself in similar trouble and run to the government with its hands out for assistance.

Frankly, I think the American people are sick and tired of the banks asking for taxpayer help when they get in trouble from risky trading activities.

In the past, I have joined our Democratic Agriculture Committee members in support of legislation to change Dodd-Frank, and I have supported those efforts because those bills reaffirmed what Congress intended with the original law, like protecting derivatives end-users.

Well, these end-users also share my concerns. The Commodity Markets Oversight Coalition, representing commodity-dependent industries, businesses and end-users that rely on functional, transparent and competitive commodity derivative markets as a hedging and price discovery tool, they also oppose H.R. 992.

H.R. 992 repeals a key, if modest, reform component of Dodd-Frank. My colleagues are certainly free to vote as they wish, but I urge them to be careful because people will remember this vote.

I urge my colleagues, if they are smart, to oppose H.R. 992 so we don't put our taxpayer dollars at risk for bank swap activities that are not related to their banking business.

Mr. HENSARLING. Mr. Speaker, I am very pleased now to yield 4 minutes to the gentleman from Illinois (Mr. HULTGREN), the chief Republican sponsor of the Swaps Regulatory Improvement Act which, again, passed our committee on a strong bipartisan basis of 53–6.

Mr. HULTGREN. Mr. Speaker, I come to the floor today with tremendous pride, not because the bill we are debating is my own, but because we have the chance to help Main Street businesses and roll back one of the unintended consequences of Dodd-Frank.

From its first addition, the Lincoln amendment, also called the swaps push-out or spin-off provision, has been hotly debated. Section 716 of Dodd-Frank initially prohibited all swaps activities. However, the conference process yielded some measure of compromise by exempting foreign exchange and interest rate swaps back in.

By doing this, the conferees acknowledged that swaps are not inherently disruptive. In fact, swaps are a prudent and necessary activity for many businesses.

When oil prices spike or corn prices plummet, farmers and manufacturers rely on financial products like swaps to weather the uncertainty. Many of these businesses use banks as counterparties, where they have longstanding relationships with trusted institutions. Limiting banks' ability to serve their customers will cost these customers more as they are forced to find new, less stable partners.

Section 716, as it stands now, would force certain swaps out of Federal, prudential regulators' supervision and push them into affiliated entities that are not subject to the same oversight and regulation. This is why some of the loudest critics of the push-out provision have been Federal regulators, like the Federal Reserve Chairman Bernanke and Paul Volcker.

I know Ranking Member WATERS and many members of the House from both sides of the aisle share these concerns. Moving swaps out of banks, while intended to reduce risk, may actually increase it.

This is one of the reasons I introduced H.R. 992. The Swaps Regulatory Improvement Act leaves the most opaque swaps spun-off to affiliates, the kind of swaps that exacerbated the 2008 crisis. Those are still forced out.

However, banks will be allowed to provide other types of swap contracts to their customers, such as equity, credit, and commodity swaps, which are very important to my home State, Illinois.

All of these activities are subject to the new swaps regime created by title VII, including reporting and registration requirements, clearing, margin, and business conduct standards. These activities would also be subject to a finalized Volcker Rule, meaning they would generally be for legitimate hedging purposes or client facing, not proprietary.

In the committee report from the last Congress, former Chairman Barney Frank, Ranking Member WATERS, and other minority members of the committee noted that this bill ''addresses the valid criticisms of section 716 without weakening the financial reform law's important derivative safeguards or prohibitions on bank proprietary trading.''

This is every bit as true of the bill we are considering today as it was in the last Congress. H.R. 992 addresses the valid criticisms of section 716, ''concerns . . . about whether pushing . . . swaps out of banks is the best way to mitigate against future system failure,'' to quote Ranking Member WATERS.

This bill strengthens regulatory oversight of these products. H.R. 992 does not weaken title VII's derivatives safeguards or the prohibition of bank proprietary trading.

H.R. 992 will keep costs lower for Main Street businesses that use swaps to hedge risks. H.R. 992 will help prevent derivatives market displacement and help promote U.S. competitiveness.

This bill addresses nonpartisan concerns with a bipartisan solution. I thank my Democratic colleagues for being willing to consider targeted fixes to Dodd-Frank. We can find common ground on financial regulation. We can work together for the American people, and we can fix Dodd-Frank without dismantling its important accomplishments.

So I ask my colleagues to support this bill. Talk to your hospitals, bankers, and farmers. They will tell you that swaps are an important, common business tool. Forcing higher costs on these transactions will only stifle job creation and economic growth.

H.R. 992 is a sound bill and strikes, in the words of Ranking Member WATERS, the ''right balance.''

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

The financial crisis of 2008 wreaked untold havoc on the U.S. economy. This disaster, which was intensified by the use of derivatives, set back hardworking Americans for generations. At the same time, it bailed out many of the Nation's largest banks.

The Dodd-Frank Act sought to put our financial markets back together by, for example, creating comprehensive oversight and reforms for derivatives markets, as well as prohibitions on banks betting with taxpayers' resources.

H.R. 992 would undo some of these reforms before our regulators, Wall Street's cops, have a chance to finish them, especially the Volcker Rule. Congress passed the Volcker Rule to stop banks from using customer deposits, backed by the taxpayer, for trades intended to only benefit the bank and not its customers. The rule, when finalized, will define legitimate bank activities like hedging and market making, but prevent other behavior that would leave the taxpayer and the economy hurting.

In the same vein, Congress passed the Lincoln amendment, the provision that H.R. 992 would gut, to insulate the taxpayer by ''pushing out'' certain derivatives from the insured bank, while also making broad exceptions for swaps that bank customers overwhelmingly use.

The Bipartisan Policy Center also recognized a connection between the Volcker Rule and the Lincoln amendment, noting that a ''well-executed Volcker Rule would simultaneously accomplish the intended goal of the Lincoln amendment.''

In case America forget, JPMorgan reminded all of us of the importance of setting limits on bank activity. In 2012, 4 years after the crisis, JPMorgan Chase's ''London Whale'' caused the bank to lose more than $6 billion in a few months. What were purportedly hedges using complicated derivatives transactions were later transformed by the bank's focus on profit into what would likely be banned under Volcker.

The sense of urgency to separating the taxpayer-supported bank from the investment bank is shared across the aisle. Let me just tell you, in March of this year, Representative JEB HENSARLING said that, ''Certainly, we have to do a better job ring-fencing, firewalling, whatever metaphor you want to use, between an insured depository institution and a noninsured investment bank.''

Yet, 3 years after the passage of Dodd-Frank, and 5 years after the financial crisis, we still do not have a ban on the very behavior that hurt our economy.

Instead, H.R. 992 eliminates one taxpayer protection, the Lincoln amendment, by now allowing banks to engage in 99 percent of the swaps market without the taxpayer knowing how robust the monitoring and oversight of such activities will be.

Mr. Speaker, H.R. 992 is a step backward in repairing our economy. This view is shared by the Commodity Markets Oversight Coalition, a nonpartisan alliance of American industries, businesses, consumers, and derivatives users.

Similarly, the White House, the AFL–CIO, CalPERS, the Teamsters, Public Citizen, and Americans for Financial Reform all strongly oppose H.R. 992.

Former Republican chairman of the FDIC, Sheila Bair, who strongly defended taxpayers during the crisis, noted immediately after the Financial Services Committee passed H.R. 992, ''Repeal of section 716 moves in the wrong direction. In an area as complex as this, I wish, I just wish Congress would at least wait for the regulators.''

I do too. Vote ''no'' on H.R. 992.

Mr. Speaker, I reserve the balance of my time.

□ 1300

Mr. HENSARLING. Mr. Speaker, at this time I am happy to yield 1 minute to the gentleman from Florida (Mr. CRENSHAW).

Mr. CRENSHAW. I thank the gentleman for yielding.

Mr. Speaker, let me just simply say, as chairman of the Appropriations Subcommittee on Financial Services and General Government, my subcommittee has oversight over the SEC and is charged with funding the SEC; and their budget has increased about 200 percent over the last 10 years. That is more than most agencies. That is a lot of money, and a lot of that is caused by all of the rules and regulations that they are asked to pass over and over again. Dodd-Frank is part of that problem.

I think this bill seeks to alleviate that problem by saying, look, we can protect investors. We can have orderly and fair capital markets; but we don't need to go overboard on regulation. Certainly derivatives are complicated financial instruments. They need regulation. But that is what this bill provides. And I would say that the great overwhelming majority are not responsible for the financial crisis.

If we pass this legislation, we can help save those people that use these instruments. We can also help the SEC not have to draft so many unnecessary rules and regulations, and that will save taxpayers as well.

Ms. WATERS. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts, Representative LYNCH, the ranking member of the subcommittee on the Committee on Oversight and Government Reform.

Mr. LYNCH. I thank the gentlelady for yielding, and I want to associate myself with her earlier remarks on this bill, as well as the remarks of Mr. PETERSON of Minnesota.

Mr. Speaker, I rise today in strong opposition to H.R. 992, the misleadingly named Swaps Regulatory Improvement Act. If you need to know one thing about this bill, it is that a vote for this bill is a vote to provide taxpayer funding and backing for the kind of reckless derivative trading that brought our economy to the brink of catastrophic collapse. It is as simple as that.

The bill before us today would repeal the provision in the Dodd-Frank reform law that requires too-big-to-fail banks to push their risky derivative dealings out of banks that receive taxpayer support and into separately capitalized subsidiaries.

This bill is not a regulatory improvement. It is a giveaway to Wall Street, and it is an abdication of the duty of this body to protect taxpayers from Wall Street speculators.

I want to point out a couple of things that have been, I think, misleading here. Dodd-Frank already allows banks to keep derivatives that they use for bona fide hedging purposes or for traditional banking activities within the insured bank. Interest rate and foreign exchange swaps, which make up 90 percent of swaps volume, are the most likely to be used by end-users to manage their risk; and those are already exempt from the push-out under section 716. So end-users can already benefit from 90 percent of the swaps that are out there.

Moving risky derivatives activity outside of the insured banks will ensure that the risks to the banks—those that are traditional and measurable—and the speculative derivative risks, which are totally unmeasured and unexpected, those are not commingled, which make bank risks easy to understand for regulators and actually leads to better regulation.

Finally, I want to call my colleagues' attention to an article about this very bill that appeared yesterday in The New York Times on the front page of the Business section.

The SPEAKER pro tempore. The time of the gentleman has expired.

Ms. WATERS. I yield an additional 30 seconds to the gentleman.

Mr. LYNCH. I appreciate that.

Go read yesterday's New York Times. It says on the front page of the Business section, To Wall Street, Washington, D.C., ''might seem like enemy territory. But even as Federal regulators and prosecutors extract multibillion-dollar penalties from the Nation's biggest banks, Wall Street can rely on at least one ally here'' in Washington. And that ally is the House of Representatives.

We ought to change our position, stand with the taxpayers, stand with the investors, stand with the people that we were elected here to represent and tell Wall Street where to go on this. They get enough breaks as it is. We ought to stand up for the American people and protect them for a change.

Mr. HENSARLING. Mr. Speaker, I am now pleased to yield 2 minutes to the gentleman from New Jersey (Mr. GARRETT), the chairman of the Financial Services Subcommittee on Capital Markets and GSEs.

Mr. GARRETT. I thank the chairman.

> I think the compromise language we are considering today strikes the right balance, and I urge my colleagues to support that approach, and I thank the Members for working together to help us to get to this point.

Mr. Speaker, those are not my words. Those are the words of the ranking member last year when similar language and similar legislation was coming down and she supported this legislation. So I want to associate myself with her support of this legislation.

And why did she do so? Well, because she also said, The provision that we are talking about was something in the bill with section 716 that said ''the House Members were able to consider less carefully than other sections of Dodd-Frank, since the provision didn't come through under regular order in our Chamber.''

In other words, she recognized the fact that this provision in the bill was added late in the dead of night and had never come through committee for consideration.

She also realized, and I quote again, that ''legitimate concerns have been raised about whether pushing a significant portion of swaps out of banks is the best way to mitigate against future systemic risk.''

So, again, I wish to associate myself with those words of the ranking member who, in the past, has supported the very same legislation that we have here before us today.

And why do she and I both support this legislation? Because it is good for Main Street. It is good for farmers. It is good for small ranchers. It is good for small businesses. She recognized then, as I do now, that what we need to do is to try to spur on our economy, make sure that there are not impediments, that we don't overly complicate things in the banking sector, in the financial sector and what have you—that would do what? That would put our country at a competitive disadvantage with other countries around the world and, by so doing, make it harder—yes, harder—for our farmers, ranchers, Main Street businesses, and the like to be able to get the credit they need and to pay their bills and what have you.

So I concur with her that we need to pass this legislation today.

Ms. WATERS. I yield myself 30 seconds.

Mr. Speaker and Members, the gentleman talked about being in step with me and what I supposedly said when we first dealt with this issue in the Financial Services Committee. And he is correct.

But when do you learn? After JPMorgan, am I to understand that nobody has learned a lesson? When do they learn that Volcker is still not in place yet? So all I will say is that I have an opinion that must be recognized.

I yield 2 minutes to the gentleman from Minnesota (Mr. ELLISON), who happens to be the cochair of the Progressive Caucus of Congress, is the deputy whip, and also serves on the Financial Services Committee.

Mr. ELLISON. Mr. Speaker, we are a day in front of Halloween, and here we are handing out treats to the likes of JPMorgan Chase, Citi, and Bank of America.

You know, it is fitting on this day that we should be doing the people's business. Yet here we are handing out treats and goodies to huge banks so that they can be allowed—large financial institutions that never were held accountable—so that these institutions can be allowed to use cheap, federally supported, guaranteed, bank-backed deposits to invest in derivatives, very similar to what got our economy in this mess in the first place.

Wasn't the Great Recession scary enough? Weren't we in enough trouble? Didn't we learn anything from the ''London Whale'' fiasco?

This bill, the swaps push-out bill, undermines key sections of the Wall Street Reform bill, the so-called Dodd-Frank bill, under section 716.

Now, this bill, which is supposed to protect investors and consumers—in fact, right now, it seems like the ink is barely dry on it, and here they are trying to weaken it already. Congress passed and the President signed this law to ensure that investment banks use their own money, not the people's money, to buy derivatives, invest in hedge funds, or other risky activities.

Why did we make that requirement? Well, it wasn't to punish anyone. It was to safeguard the public trust. We made this change because we wanted to protect Americans from what I would call a zombie market, given the Halloween theme here, from destructive economic rampages like the global financial crisis which lost us 12 million jobs and over $16 trillion in wealth. We are still experiencing anemic economic growth following the Great Recession, and we do not need more trouble like this swaps bill.

Vote ''no.''

Mr. HENSARLING. Mr. Speaker, I yield myself 15 seconds to help my colleagues, who apparently haven't found time to read the underlying section 716, subsection (i), which reads in part:

> No taxpayer funds shall be used to prevent the receivership of any swap entity resulting from swap or security-based swap activity of the swaps entity.

I would encourage my colleagues to actually read the bill.

Now I am pleased to yield 1 minute to the gentleman from the volunteer State of Tennessee (Mr. FINCHER).

Mr. FINCHER. I thank the chairman.

Mr. Speaker, I rise today in support of H.R. 992, the Swaps Regulatory Improvement Act. Simply put, we do not want to make the consumer pay more. That is what will happen if we force banks to push out certain swaps into separate nonbank affiliates.

Chairman Bernanke was right about section 716: it increases costs. Section 716 will also drive businesses overseas where foreign regulators have not passed similar rules for derivatives, taking with them American jobs and revenue.

We must weigh the costs and benefits of every rule or regulation and ensure we do not destabilize markets or place American consumers, end-users, and financial institutions at a competitive disadvantage.

With that, I encourage my colleagues to support H.R. 992.

Ms. WATERS. I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I am now very pleased to yield 1 minute to the gentleman from South Carolina (Mr. MULVANEY).

Mr. MULVANEY. Mr. Speaker, I am going to do something I don't ordinarily do. I am going to read something:

> I just want to reassure people, passing this bill—particularly as amended—will not in any way, shape, or form reduce sensible regulation of derivatives. It will not increase any exposure to the financial system from derivatives. It was an unnecessary and, I think, somewhat unwise amendment. The bill before us, particularly as amended, will restore this to what I think is the appropriate balance.

Not my words. Not the words of the gentleman from Texas. Not even the words of Mr. Bernanke, Mr. Volcker, or one of my colleagues' favorite economists, Mark Zandi. Those are the words of the gentleman from Massachusetts (Mr. Frank), the guy whose name is on the bill, who supported this exact same initiative in the last Congress.

There is plenty for us to disagree about, Mr. Speaker. Why we continue to fight about things that pass out of committee 53–6, that will pass here today on the floor by an overwhelming margin, I have no idea. But there should be some things that we could come together and agree on. And this, H.R. 992, is certainly one of them, and I encourage full support of the bill.

Ms. WATERS. Mr. Speaker, I would like to read a statement from Ms. Sheila Bair who formerly chaired the FDIC. She said:

Derivatives have many legitimate functions, but they can be high risk and poorly understood because of their complexity by bank managers and even regulators, as we saw with the ''London Whale'' debacle. So keeping them outside of insured banks and making the market fund them is the way to go. This will increase market discipline and protect the FDIC.

She said:

I'm concerned that Members of Congress act on these issues without full understanding of the ramifications. If we are going to revisit derivatives regulation, I'd go in the direction of more market discipline and disclosure, rather than letting big derivatives dealers use insured deposits to support their high-risk operations.

The Executive Office of the President sent over a statement that includes these words:

Wall Street Reform represents the most comprehensive set of reforms to the financial system since the Great Depression, and its derivatives provisions constitute an important part of the reforms being put in place to strengthen the Nation's financial system by improving transparency and reducing risks for market participants.

Again, let me refer you to Representative HENSARLING who said:

Certainly, we have to do a better job ring-fencing, fire-walling—whatever metaphor you want to use—between an insured depository institution and a noninsured investment bank.

I ask for a ''no'' vote on this bill.

Mr. HENSARLING. Mr. Speaker, again, I continue to be amazed at those who wish to decry the possibility of a Federal bailout in debating this bill. I wonder where their voices were yesterday when all of them, seemingly—the voices we hear today—defended the Federal Housing Administration from actually receiving a taxpayer bailout, the first in history.

□ 1315

So when taxpayers actually have to pay, we hear choruses of ''Que Sera, Sera.'' But when a private institution loses their money that the taxpayers didn't have to pay for, all of a sudden the sky is falling.

I understand that the ranking member, obviously, has the opportunity to change her mind; but clearly she was for it before she was against it.

When I hear many of my colleagues decry the lack of bipartisan legislation, I don't understand why Members would try to oppose it now. It passed overwhelmingly, 53–6.

For those who say this is somehow gutting Dodd-Frank, apparently they didn't consult with the former chairman of this committee, Barney Frank, who is on record saying that this addresses the valid criticisms of section 716 without weakening the financial reform law's important derivatives safeguards.

It is time, Mr. Speaker, to get America back to work. It is time to make commonsense, bipartisan reforms. I respect every right of every Member to change their mind, but I hope something that passed 53–6 to put America back to work, that soon this full House will pass this legislation; and I urge its adoption.

I yield back the balance of my time.

Mr. CONAWAY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Swaps Regulatory Improvement Act, H.R. 922, is a commonsense, bipartisan bill that changes the application of Dodd-Frank, but does not undermine the systemic protections the law was intended to create. H.R. 992 amends section 716 of the Dodd-Frank Act to correct an unintended consequence of a poorly vetted provision that was dropped into the Senate version of the bill late in the process, with no notice and no debate.

Section 716 prevents banks that write certain types of swaps from utilizing any type of Federal banking assistance, including accessing the Federal Reserve's discount window and obtaining FDIC insurance. It would have the practical effect of requiring banks to push important swap activity into special-purpose, separately capitalized entities.

While in theory section 716 may seem like a reasonable response to the 2008 financial collapse, in practice, these entities are less well capitalized, less well regulated, and unable to officially reduce risks by netting the effects of multiple hedging transactions.

Across our Nation, farmers, ranchers, and other businesses rely on the risk-mitigating tools of the financial industry. Commodity price exposure, interest rate risks, and other business uncertainties are routinely managed through swaps and other derivatives products. Requiring banks to separate some of these swaps into special-purpose, affiliate institutions will wind up costing the end-users who rely on these tools more for no actual reduction in system-wide risk.

Moreover, the swap push-out requirements adopted in section 716 of the Dodd-Frank Act have not been considered in any other foreign jurisdiction, putting our banks and end-users who rely on them at a competitive advantage throughout the global economy.

H.R. 992 restores an appropriate balance to risk-mitigation services allowed by banks. It continues to prohibit structured finance swaps—like those that were made famous by AIG—from the books of banks, but it ends the need for banks to push commodity and other swaps with significantly lower risk profiles into separate legal entities.

As I said earlier, H.R. 992 has broad bipartisan support. I would like to thank two members of my subcommittee and coauthors of this bill, Congressman RICHARD HUDSON and Congressman SEAN PATRICK MALONEY, for their good work in finding a bipartisan solution to this significant problem. I wish that all of Congress was as hardworking, deliberative, and cordial as the members of the Ag Committee.

As I close, I would like to do so with the words of one of our former colleagues and a man who is widely regarded as knowing a thing or two about Dodd-Frank, former Financial Services Committee Chairman Barney Frank.

In remarks made about an earlier version of this legislation, he said:

I want to reassure people passing this bill, particularly as amended, will not in any way, shape, or form reduce sensible regulation in derivatives; it will not increase any exposure to the financial system from derivatives.

If this legislation made good sense to the coauthor of Dodd-Frank, it ought to be a no-brainer for this House to pass. I urge my colleagues to support this commonsense legislation. It is a bipartisan piece of legislation that will put an end to the needless uncertainty that section 716 is causing our farmers, ranchers, and small businessmen across this Nation.

I reserve the balance of my time.

Mr. DAVID SCOTT of Georgia. Mr. Speaker, I yield 3 minutes to the gentlewoman from New York (Mrs. CAROLYN B. MALONEY), the ranking Democratic member of the Subcommittee on Capital Markets and also the former chairman of the Financial Institutions Subcommittee on the Financial Services Committee.

Mrs. CAROLYN B. MALONEY of New York. I thank the gentleman for yielding and for his leadership.

Mr. Speaker, I rise in support of H.R. 992. This bill passed overwhelmingly out of the Financial Services Committee earlier this year with broad bipartisan support with a vote of 53–6.

The whole point of the Dodd-Frank reforms was to improve the safety and soundness of our financial system; and H.R. 992, the bill before us, will help us do just that.

This bill does not expose the taxpayer to any additional risk. In fact, it includes a ban on taxpayer bailout of any swaps or any use of taxpayer money. Under H.R. 992, truly risky swaps will still be pushed out of commercial banks while at the same time bank regulators can see all of the bank's swaps activities.

As well intended as section 716 is, it turns out it would actually hinder the oversight of regulators of the derivatives market. That is why Barney

Frank, the former chairman of the Financial Services Committee and, of course, the Frank in Dodd-Frank, said during the debate in the last Congress of this same bill that is before us now, H.R. 922:

It will not in any way, shape, or form reduce sensible regulation of derivatives; it will not increase any exposure to the financial system from derivatives.

The economist of Moody's, Mark Zandi, also supports this bill and has said that section 716, as written, actually increases systemic risk and creates major inefficiency in the markets.

Even Federal Reserve Chairman Ben Bernanke opposed section 716, as written, stating that the way it forces these activities out of insured depository institutions "would weaken both the financial stability and strong regulation of derivative activities."

So Ben Bernanke has said that our bill before us will protect safety and soundness. Barney Frank agrees. Mark Zandi of Moody's agrees. I agree. And I urge my colleagues to agree with us and support safety and soundness of our financial institutions by supporting H.R. 992.

MINORITY VIEWS

112TH CONGRESS

The Wall Street Reform and Consumer Protection Act requires, for the first time, the regulation of over-the-counter derivatives, previously opaque transactions that helped bring our financial system to the brink of disaster. The vast majority of derivatives must now be centrally cleared and publicly reported, and be backed by margin and capital to ensure that swap dealers and major swap users can honor their commitments. In addition, the reform law also prohibits banks from placing bets with federally insured deposits through the "Volcker Rule". Both measures serve as important safeguards as we rebuild trust in our financial system. As amended, H.R. 1838 would repeal portions of Section 716 of the financial reform law, also known as the "push-out provision." Section 716 prohibits banks from engaging in several types of derivatives. Questions have been raised about this provision by economists and regulators including FDIC's Sheila Bair, who are concerned that it might interfere with a bank's ability to use derivatives to diminish risk. Section 716 was not part of the original House-passed version of the financial reform law. During the Full Committee markup, Democrats worked with the Majority to amend H.R. 1838 to continue the prohibition of complex swaps employed by AIG with devastating effect. H.R. 1838, as amended, addresses the valid criticisms of Section 716 without weakening the financial reform law's important derivative safeguards or prohibitions on bank proprietary trading.

Barney Frank, Wm. Lacy Clay, Gwen Moore, James A. Himes, Rubén Hinojosa, André Carson, Gary L. Ackerman, Al Green, Stephen F. Lynch, David Scott, Maxine Waters, Carolyn B. Maloney, Melvin L. Watt, Luis V. Gutierrez, Gary C. Peters, Ed Perlmutter, Michael E. Capuano, and Gregory W. Meeks.

NOVEMBER 14, 2011.

Hon. SPENCER BACHUS,
Chairman, House Financial Services Committee, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN BACHUS, As the Committee considers legislation proposing changes to the financial reform law, I wanted to bring your attention to a specific concern in Title VII and share my views on the related legislation. As I noted at the time of its passage, and have stated since, I believe the Dodd-Frank reforms were important measures taken to strengthen elements of our financial system and bring more confidence into the markets and institutions. While some of the reforms are currently in place, many still need to be finalized in the rule-making process. With any measure as far-reaching and robust as this law is, refinements to it can prove necessary over time, especially given the broad array of complex issues addressed.

The Title VII provisions in Dodd-Frank are among the most meaningful reforms but with far-reaching implications to the economy. Greater transparency in derivatives transactions and clearing requirements are notable improvements that will be realized as they become operational. How financial institutions interact with their counterparties to provide access to capital and manage risk is a critical feature of our system for all market participants.

As the legislation was being considered, one provision that was among the more notable was—Section 716, or the Lincoln swaps push-out proposal. This part of the law effectively requires that financial firms conduct certain derivatives transactions outside of the bank institution and in some other entity within the company. I have significant concerns with this part of the law because of its potential to increase systemic risk, create major inefficiencies in markets, and likely have a major impact on U.S. competitiveness.

One of the primary objectives of the financial reforms enacted after the 2008 failures was to provide for a way to resolve large financial firms should a similar crisis develop in the future. The resolution authority section of the law was crafted to do so, but Section 716 works against that goal. It does so because it causes firms to segment the derivatives with individual counterparties and requires that another entity be created to engage in the pushed-out transactions. Creating new operations, and expending additional capital to make them robust enough, is in contrast to the resolution planning objectives of eliminating entities and simplifying structure. During the winding down of either the financial institution or of the counterparty, the breaking up of the derivatives activities creates additional risks because separate entities will not be able to net their exposures as they can if they are facing one entity only. As noted by some of the prudential regulators in letters objecting to this provision, Section 716 would create significant complications and counter the efforts to resolve such firms in an orderly manner.

For those who argue the Lincoln provision is needed to guard against any future taxpayer bailout based on derivatives, it is important to note that this goal is accomplished by the resolution authority section of the law, thus making Section 716 unnecessary. Indeed, many provisions in the law limit derivatives risk without the need for the push-out provision. The entirety of Title VII is intended to create central counterparties to remove bilateral risk, to create extensive margin requirements on uncleared swaps where bilateral risk may still exist, and to fully enhance risk management of derivatives. Additionally, there are prohibitions on the Federal Reserve creating any assistance program that does not have broad-based applicability—so the regulators cannot subjectively choose one entity anymore for any sort of capital infusion.

With respect to competiveness, no other foreign jurisdiction has indicated it will likely consider a measure like Section 716. As such, U.S. financial firms will most certainly be at a competitive disadvantage relative to their foreign competitors because Section 716 does not apply to those foreign firms. U.S. firms transacting with counterparties in this country and abroad provide critical risk management tools through derivatives transactions that are much needed and will not disappear. It is wise for firms with greater regulatory supervision to play a role in this system. However, the ability to net such transactions off each other will be lost because the counterparties will have to interact with a different entity once these derivatives are pushed out. Counterparties will face higher costs and greater operational inefficiencies that will tie up capital. The likely result will be a substantial loss of market share for U.S. firms as these transactions would be shifted to foreign banks.

As the Committee examines legislation related to the derivatives reforms, I strongly urge consideration and support legislation that would repeal Section 716 as a way to address these concerns. I appreciate your attention to this matter and would welcome any further discussion on the topic if you would find that helpful.

Sincerely,

MARK ZANDI.

Mr. CONAWAY. Mr. Speaker, it is now my pleasure to yield 2½ minutes to the gentleman from North Carolina (Mr. HUDSON), my colleague on the Ag Committee and coauthor of the bill.

Mr. HUDSON. Mr. Speaker, given the bicameral and bipartisan support for our bill and the overwhelming consensus about the systemic risk created by the section we are working to reform today, I am genuinely surprised we are even here debating this today.

Nevertheless, I rise to speak in support of H.R. 992, the Swaps Regulatory Improvement Act, which my Democrat friend from New York, SEAN PATRICK MALONEY, and I have worked together on in the House Agriculture Committee.

As my colleagues are aware, our bipartisan bill amends a provision in the Dodd-Frank Act which was included at the 11th hour to "get 60 votes in the Senate" as former House Financial Services Chairman Barney Frank indicated during a markup of the bill back in February, 2012.

This section we reform with our bill was mischaracterized as an effort to prevent "risky" swaps activities in the bank. While we believe this provision was proposed in good faith, it simply does not prevent the risk that its authors intended. Moreover, this provision of the bill will cause many American financial institutions to operate at a significant disadvantage to their foreign competitors.

Federal Reserve Chairman Ben Bernanke and former Federal Reserve Chairman Paul Volcker have both publicly raised concerns about section 716.

In the 112th Congress, the House Financial Services Democrats, including Chairman Frank and current Ranking Member MAXINE WATERS, endorsed H.R. 1838, agreeing that this measure addressed the valid criticisms of section 716 without "weakening the financial reforms law's important derivative safeguards or prohibitions on bank proprietary trading.''

The bill before us today is virtually identical to H.R. 1838 from the last Congress.

Mr. Speaker, to echo what Federal Reserve Chairman Ben Bernanke said at a hearing on February 27:

Section 716, as drafted, will not reduce risk and will likely increase costs of people who use the derivatives and make it more difficult for the bank to compete with foreign competitors who can provide a more complete set of services.

It is crystal clear: this section needs to be reformed.

I ask my colleagues to support this bill and look forward to my Senate colleague, KAY HAGAN, passing her companion bill in the Senate so we can get this commonsense reform completed.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM,
Washington, DC, May 12, 2010.

Hon. CHRISTOPHER J. DODD,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: You have asked for my views on section 716 of S. 3217. This section would prevent many insured depository institutions from engaging in swaps-related activities to hedge their own financial risks or to meet the hedging needs of their customers, and would prohibit nonbank swaps entities, including swap dealers, clearing agencies and derivative clearing organizations, from receiving any type of Federal assistance.

The Federal Reserve has been a strong proponent of changes to strengthen the regulatory framework and infrastructure for over-the-counter (OTC) derivative markets to reduce systemic risks, promote transparency, and enhance the safety and soundness of banking organizations and other financial institutions. Title VII and Title VIII of S. 3217 include important provisions designed to achieve these goals. For example, Title VII would require most derivative contracts to be cleared through central clearinghouses and traded on exchanges or open trading facilities, require information concerning all other derivatives contracts to be reported to trade repositories or regulators, and provide the regulatory agencies significant new authorities to ensure that all swaps dealers and major swap participants are subject to strong capital, margin, and collateral requirements with respect to their swap activities. Title VIII also includes provisions designed to help ensure that centralized market utilities for clearing and settling payments, securities, and derivatives transactions (financial market utilities), which are critical choke points in the financial system, are subject to robust and consistent risk management standards—including collateral, margin, and robust private-sector liquidity arrangements—and do not pose a systemic risk to the financial system.

I have also frequently made clear that we must end the notion that some firms are ``too-big-to-fail.'' For that reason, the Federal Reserve has advocated the development of enhanced and rigorous prudential standards for all large, interconnected financial firms, and the enactment of a new resolution regime that would allow systemically important financial firms to be resolved in an orderly manner, with losses imposed on the Federal Reserve to provide emergency, secured credit to nondepository institutions only through broad-based liquidity facilities designed to address serious strains in the financial markets, and not to bail out any specific firm.

S. 3217 makes important contributions to the goals of reducing systemic risk, eliminating the too-big-to-fail problem, and strengthening prudential supervision. I am concerned, however, that section 716 is counter-productive to achieving these goals.

In particular, section 716 would essentially prohibit all insured depository institutions from acting as a swap dealer or a major swap participant—even when the institution acts in these capacities to serve the commercial and hedging needs of its customers or to hedge the institution's own financial risks. Forcing these activities out of insured depository institutions would weaken both financial stability and strong prudential regulation of derivative activities.

Prohibiting depository institutions from engaging in significant swaps activities will weaken the risk mitigation efforts of banks and their customers. Depository institutions use derivatives to help mitigate the risks of their normal banking activities. For example, depository institutions use derivatives to hedge the interest rate, currency, and credit risks that arise from their loan, securities, and deposit portfolios. Use of derivatives by depository institutions to mitigate risks in the banking business also provides important protection to the deposit insurance fund and taxpayers as well as to the financial system more broadly. In addition, banks acquire substantial expertise in assessing and managing interest rate, currency, and credit risk in their ordinary commercial banking business. Thus, banks are well situated to be efficient and prudent providers of these risk management tools to customers.

Importantly, banks conduct their derivatives activities in an environment that is subject to strong prudential Federal supervision and regulation, including capital regulations that specifically take account of a bank's exposures to derivative transactions. The Basel Committee on Banking Supervision has recently proposed tough new capital and liquidity requirements for derivatives that will further strengthen the prudential standards that apply to bank derivative activities. Titles I, III, VI, VII and VIII of S.3217 all add provisions further strengthening the authority of the Federal banking agencies and other supervisory agencies to address the risks of derivatives. Section 716 would force derivatives activities out of banks and potentially into less regulated entities or into foreign firms that operate outside the boundaries of our Federal regulatory system. The movement of derivatives to entities outside the reach of the Federal supervisory agencies would increase, rather than reduce the risk to the financial system. In addition, foreign jurisdictions are highly unlikely to push derivatives business out of their banks. Accordingly, foreign banks will have a competitive advantage over U.S. banking firms in the global derivatives marketplace, and derivatives transactions could migrate outside the United States.

More broadly, section 716 would prohibit the Federal Reserve from lending to any swaps dealer or major swap participant—regardless of whether it is affiliated with a bank—even under a broad-based 13(3) liquidity facility in a financial crisis. Experience over the past two years demonstrates that such broad-based facilities can play a critical role in stemming financial panics and addressing severe strains in the financial markets that threaten financial stability, the flow of credit to households and businesses, and economic growth. These facilities will be less effective if participants must choose between continuing (or unwinding) derivatives positions and participating in the market-liquefying facility.

I am concerned that section 716 in its present form would make the U.S. financial system less resilient and more susceptible to systemic risk and, thus, is inconsistent with the important goals of financial reform legislation. We look forward to continuing to work with the Congress as you work to enact strong regulatory reform legislation that both addresses the weaknesses in the financial regulatory system that became painfully evident during the crisis, and positions the regulatory system to meet the inevitable challenges that lie ahead in the 21st century.

Sincerely,

BEN BERNANKE.

New York, NY, May 6, 2010.

DEAR MR. CHAIRMAN: A number of people, including some members of your Committee, have asked me about the proposed restrictions on bank trading in derivatives set out in Senator Lincoln's proposed amendment to Section 716 of S. 3217. I thought it best to write you directly about my reaction.

I well understand the concerns that have motivated Senator Lincoln in terms of the risks and potential conflicts posed by proprietary trading in derivatives concentrated in a limited number of commercial banking organizations. As you know, the proposed restrictions appear to go well beyond the proscriptions on proprietary trading by banks that are incorporated in Section 619 of the reform legislation that you have proposed. My understanding is that the prohibitions already provided for in Section 619, specifically including the Merkley-Levin amended language clarifying the extent of the prohibition on proprietary trading by commercial banks, satisfy my concerns and those of many others with respect to bank trading in derivatives.

In that connection, I am also aware of, and share, the concerns about the extensive reach of Senator Lincoln's proposed amendment. The provision of derivatives by commercial banks to their customers in the usual course of a banking relationship should not be prohibited.

In sum, my sense is that the understandable concerns about commercial bank trading in derivatives are reasonably dealt with in Section 619 of your reform bill as presently drafted. Both your Bill and the Lincoln amendment reflect the important concern that, to the extent feasible, derivative transactions be centrally cleared or traded on a regulated exchange. These are needed elements of reform.

I am sending copies of this letter to Secretary Geithner and to Senators, Shelby, Merkley, Levin and Lincoln.

Sincerely,

PAUL VOLCKER.

Mr. DAVID SCOTT of Georgia. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas, (Mr. Al Green), who is also the ranking member of the Subcommittee on Oversight and Investigation on the Financial Services Committee.

Mr. AL GREEN of Texas. Mr. Speaker, not everyone supports this legislation. Ranking Member WATERS was mentioned. But she spoke eloquently today as to why she opposes H.R. 992. Mr. Frank is not here to speak for himself. So we cannot say that he, today, would support H.R. 992.

It may be that we have the AFL–CIO opposing H.R. 992, as well Public Citizen, and the Commodity Markets Oversight Coalition. It may be that we have them opposing it because we understand, as do many others, that this weekend marks the 84th anniversary of the stock market crash of 1929. It was that stock market crash that gave us Glass-Steagall in 1933.

Glass-Steagall provided the firewall between commercial banking and investment banking. It didn't let you use tax dollars in the sense that they are insured by FDIC to engage in investment banking.

Well, it seems ironic that it took us 66 years to repeal Glass-Steagall, 66 years to repeal that firewall that separated commercial banking from investment banking, and has taken us now little more than 3 years to repeal, by way of evisceration, section 716 of Dodd-Frank.

Section 716 provides a firewall. It is the firewall to protect investors—taxpayers, if you will—from those investors who engage in derivatives. This derivatives market that we are talking about is $600 trillion to approximately $1.2 quadrillion. No one really knows. Only God knows how big it is.

But what we are doing is exposing tax dollars to this derivatives market, and it is my hope that we will not pass this legislation because it will set us back.

Let's give section 716 an opportunity to function. Glass-Steagall functioned for 66 years. Let's not repeal section 716 in a little more than 3 years.

Mr. CONAWAY. Mr. Speaker, I yield 3 minutes to the gentlelady from Missouri (Mrs. HARTZLER), also a member of the committee.

Mrs. HARTZLER. Mr. Speaker, I rise today in support of the Swaps Regulatory Improvement Act.

As a lifelong farmer and small business owner, I understand the need for farm cooperatives and manufacturing companies to manage their risks. H.R. 992 reforms section 716 of Dodd-Frank to ensure businesses can manage their long-term commodity and equity risks.

Missouri is the Show Me State, and I ask the opposition to show me how section 716 benefits my constituents and decreases overall risk in the U.S. financial markets.

Since the beginning, Federal Reserve Chairman Bernanke and Treasury Secretary Geithner have opposed section 716 of Dodd-Frank. Show me how section 716 decreases overall risk to the financial markets when Chairman Bernanke clearly stated:

It's not evident why section 716 makes the company as a whole safer. And what we do see is that it will likely increase the costs of people who use the derivatives.

□ 1330

Since Dodd-Frank became law, no equivalent provisions have been adopted in any other foreign jurisdictions that are working through their own derivatives reforms.

Show me how placing U.S. firms at a competitive disadvantage with international banks will ultimately benefit manufacturers in my district managing their interest rate risks.

H.R. 992, however, would prevent financial institutions from forcing much of the derivatives business outside the bank.

Show me why banks, which are a more heavily regulated and a more highly capitalized entity than a standalone affiliate, are not a better platform for regulators to monitor swap activity and to protect U.S. financial markets.

Farmers in Missouri must contend with a multitude of weather and financial risks. They use swaps to manage their long-term price risks on everything from the crops they grow to the fuel that runs their equipment.

Show me why we should allow section 716 to increase the costs to my farmers, who merely want to manage their long-term price risks through commodity swaps so they can focus on their real job—feeding America.

H.R. 992 is a much-needed change that improves the U.S. financial system for small businesses, farmers, and job creators. Again, I support H.R. 992, and I urge my colleagues to vote for this legislation. Together, let's show the American people we are for smart reforms in order to allow manufacturers, businesses, and farmers to manage their risks in a commonsense way.

Mr. DAVID SCOTT of Georgia. Mr. Speaker, I now yield 3 minutes to the gentleman from Connecticut, Representative JIM HIMES, a leader on the Financial Services Committee and the chief Democratic cosponsor of this bill.

Mr. HIMES. I want to thank Mr. SCOTT for yielding the time.

Mr. Speaker, derivatives are complicated things. They are probably one of the more complicated things that we deal with in this Chamber, so it is worth describing in simple terms what H.R. 992 does.

It abides by principles that I think we can all agree make some sense, which are those things which contributed to the meltdown of 2008—the terrible mortgages, the derivatives that were based on those mortgages, the proprietary trading. Those things that contributed to the meltdown of 2008 should be either made unlawful or should be much more closely regulated than they were in the past; but those things that were not related in any way, shape, or form and that did not contribute to the meltdown of 2008 we should take a little lighter hand on.

H.R. 992 says that those derivatives—the currency derivatives, the commodity derivatives, the equity swaps, all of these complicated things that weren't anywhere close to the meltdown of Bear Stearns and Lehman Brothers and the challenges at Citibank and at JPMorgan Chase—will not be subject to a very aggressive measure saying that banks cannot trade in those derivatives.

Now, banks trade in derivatives because they support their clients and trade. I emphasize ''trade'' because one of their clients will borrow $100 million to build in Japan. That exposes him to yen risk. Maybe I don't want to take yen risk, and maybe the same guy who lent me the money can help me offload that risk. That is the idea.

H.R. 992 in no way allows for the risky derivatives—the collateralized bond obligations, all of those real estate derivatives—to come back into the banking environment, and it in no way permits, as the chairman has said a number of times, a bailout of banks because of derivatives.

Even though we have spent a lot of time on this today, it makes sense to spend a second on the history of this bill:

Section 716 requires the full push-out of derivatives. Regulators recognize that this is dangerous, and they are very vocal about it. Then-Ranking Member Barney Frank takes a suggestion from then-Representative Nan Hayworth to repeal section 716. The then-ranking member says, Let's not repeal it. Let's allow for the plain vanilla, common derivatives to remain in the banks and push out the dangerous ones. The Democratic staff helps draft this amendment, and I am personally asked to offer this amendment to Nan Hayworth's bill. She accepts it. A voice vote is passed, and the bill is passed in the last Congress. The minority views supported it. We all supported it. This year, exactly the same bill comes before us, and we have ginned up the press, and we have ginned up the bloggers. This has become a gift to Wall Street.

What is different? What is different from what passed happily and in a bipartisan fashion in the last Congress relative to this Congress—the London Whale? JPMorgan claims that they were hedging. Hedging is permitted whether we pass this or not. The London Whale has nothing to do with this.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. DAVID SCOTT of Georgia. I yield the gentleman an additional 30 seconds.

Mr. HIMES. Mr. Speaker, what has changed is that we no longer do the hard work of finding finely balanced regulation like we do in water or in air. In financial services—in Dodd-Frank today—we have a morality play: either you repeal Dodd-Frank in its entirety because it is awful or you may not touch a word in the law.

Folks, we are about finding that balance. In as much as we go in front of each other and say that this is a giveaway to Wall Street, that doesn't help explain whether we should allow commodity swaps or not. What that does is impugn our motives as individuals, and it does not inform the debate. This is well-balanced regulation that passed overwhelming bipartisanly. Let's get away from this morality play and do our jobs by finding finely balanced regulation.

Mr. CONAWAY. Mr. Speaker, I now yield 2 minutes to the gentleman from Illinois (Mr. RODNEY DAVIS), a member of the committee.

Mr. RODNEY DAVIS of Illinois. Thank you to my colleagues for standing here on this floor today to talk about this very important piece of legislation.

Mr. Speaker, I rise in support of H.R. 992. It has been introduced by my friends RICHARD HUDSON from North Carolina and RANDY HULTGREN from the great State of Illinois.

I cannot respond to my colleagues who ask about what happened here in the last term, because I wasn't here; but I can tell you from my seat here in the U.S. House that this bill is a good bill and needs to be passed. It seeks to fix yet another unintended consequence of Dodd-Frank while still protecting against risky derivatives activities. This bill amends section 716, also known as the Dodd-Frank pushout provision.

If implemented, section 716 would actually force banks to push out certain derivatives like ag-based swaps and equity swaps, which are very important to my agricultural-based district, and it would effectively drive up transaction costs. According to Ben Bernanke, this would actually make the U.S. financial system riskier.

This bipartisan legislation passed the Ag Committee 31–14 and the Financial Services Committee 53–6. Let me repeat that. This bipartisan legislation passed 31–14 out of the House Ag Committee, and it passed 53–6 out of Financial Services. This is commonsense legislation that will help all Americans.

Mr. DAVID SCOTT of Georgia. Mr. Speaker, I now yield 2 minutes to the gentleman from Illinois, Representative BRAD SCHNEIDER. He is a member of the Small Business Committee, and he certainly understands the value of this legislation to Main Street businesses.

Mr. SCHNEIDER. Thank you for yielding.

Mr. Speaker, H.R. 992 resolves a widely recognized, unintended consequence in section 716 of Dodd-Frank. I join in asking my colleagues to support this bill in an effort to strengthen Dodd-Frank and to actually improve transparency and oversight in our financial system.

The overall goal of Dodd-Frank is to provide a sound, robust financial system following the upheaval of our financial markets in 2008. I support Dodd-Frank, and I am fully committed to realizing its goals, but no piece of legislation is perfect. This body has recognized that and has passed measures to correct adverse, unintended consequences that were identified after Dodd-Frank was signed into law, and that is what we are doing again here today.

This bill does not undermine the intent or overall implementation of Dodd-Frank. However, section 716, as it is currently written, could impede those very efforts. By indiscriminantly pushing out routine swap trades from heavily regulated banks to separate, less regulated firms, section 716 actually inserts more risk into our system. It could also make the use of certain risk-mitigating derivatives so expensive that businesses will stop using them to hedge uncertainty, resulting in higher costs for consumers and more financial instability.

Former FDIC Chairwoman Sheila Bair, former Federal Reserve Chairman Paul Volcker, and, most recently, Federal Reserve Chairman Ben Bernanke have all stated that this provision, as written, is problematic. If our foremost experts have concerns with it, why must we maintain this unduly risky provision?

This bill provides the soundness Dodd-Frank intended for our banking system while still prudently limiting the risks and costs. It also ensures manufacturers and our farmers still have the ability to hedge against price fluctuations—a practice that is integral to their operations and also benefits consumers.

I thank the gentlemen for their work on this issue, and I urge my colleagues to support the passage of this legislation.

Mr. CONAWAY. Mr. Speaker, may I inquire as to how much time is left on both sides.

The SPEAKER pro tempore. The gentleman from Texas has 4½ minutes remaining, and the gentleman from Georgia has 4¾ minutes remaining.

Mr. CONAWAY. I now yield 2½ minutes to the gentleman from Arkansas (Mr. CRAWFORD).

Mr. CRAWFORD. I thank the chairman for yielding.

Mr. Speaker, contrary to the intent of section 716 to reduce risk in the financial system, it does exactly the opposite. It creates more risk, and it places an undue burden on financial institutions for conducting legitimate hedging activities. This legislation would take an important step to ensure that Dodd-Frank is living up to its goal to reduce systemic risk, a goal on which both parties agree.

Even former Financial Services Committee Chairman Barney Frank—the namesake of the bill in question—endorsed this bill last Congress, saying that it will not in any way, shape, or form reduce sensible regulation in derivatives. I rarely agreed with Congressman Frank, but I certainly share the goal of regulating the financial system in a sensible way, and I think that is the key.

H.R. 992 would prevent financial institutions from forcing their derivatives business outside the banking structure to an entity that is far less regulated than the bank. So, while some may believe that section 716 provides more regulation, they are mistaken. Again, it is the other way around. All we are asking is to allow financial institutions to mitigate their risks so we can have a stronger banking system.

A stronger financial system makes America more competitive economically; it creates jobs; and it provides stability for the consumer. I urge my colleagues to support this commonsense legislation.

Mr. DAVID SCOTT of Georgia. I am ready to close, and I ask my colleague, Mr. CONAWAY, if he has any more speakers.

Mr. CONAWAY. I have no further requests for time. I will be the final speaker.

Mr. DAVID SCOTT of Georgia. Mr. Speaker, in closing, we have before us perhaps the most single important bill facing the viability, the financial security, and the stability of the financial system within the United States and throughout the world. We are dealing here with a $712 trillion piece of the world economy.

Now, my friends who are in opposition to this certainly have some legitimate points. There is no question about that. We had a meltdown. Banks and members on Wall Street did wrongdoing, but this isn't the bill with which to punish them for doing that wrongdoing. We punish them for wrongdoing by working with the regulators and by putting, in fact, in motion not just civil penalties and not just financial penalties but criminal action, but we do that in another place, at another time. We have already approached that with the CFTC—to use criminal actions if any of these kinds of shenanigans happen again.

We are here to make sure that our banking system and that our economy, which have to work on the world stage, have not a disadvantage. If you push out these commodity swaps or the security swaps, we are doing a great disservice not just to the banks but to our end users.

Take commodities. When you look at them, Mr. Speaker, commodities are things like aluminum. They are agribusiness products. In 40 out of our 50 States, the largest part of their economies is agribusiness. Let us take something like Coca-Cola. The Coca-Cola Company has to deal with aluminum for cans—or Pepsi Cola or any of those in our beverage industry. They have to mitigate their risks. If you push them out of where they have to do their business in the same banks with interest rate swaps—by the way, the interest rate swaps are the critical pivot swap to mitigate that risk.

□ 1345

You are going to push commodities out. You are going to push the farmers out. You are going to push all the manufacturers, the automobile industry. All of these people that use commodities will not be able to do business in that same bank where the interest rates are, where the currency fluctuation rates are.

When you have that, you are putting us at a great disadvantage. This is why Chairman Bernanke said that this is a problem. This adds to the systemic risk when you push out these individual commodities into another area. It creates uncertainty.

The other thing that it does: it puts our banking system at a huge disadvantage competitively because these foreign banks, they are not pushing their swaps out, and that means that the United States banking system could see a migration of swap activities out in the world. We are the leader of the world. We have got to act like that.

That is what H.R. 992 will do. It will be that force that will help our banking system be the true leader in this world and not at a disadvantage.

With great respect to those in opposition to this, it is written into law in section 716 that no taxpayer money can be used for bailouts.

You talk about the FDIC. You cannot use that because that is the bank's money that they put up to ensure deposits. None of that goes into swaps. Certainly we can't use proprietary trading. The Volcker Rule settles that where they cannot make any kind of money or make profit on the deposits of ordinary citizens. Nowhere is there any taxpayer liability.

This is a good bill. I urge everybody in this House of Representatives to realize our economic security is at stake and let's pass H.R. 992.

I yield back the balance of my time.

Mr. CONAWAY. Mr. Speaker, I yield myself such time as I may consume.

I want to thank my good friend, DAVID SCOTT, who is ranking member on the committee that he and I lead, for the good work on this bill, supporting it today, as well as the other work that we have done with respect to our committee. I also want to thank RICHARD HUDSON and SEAN MALONEY for their work on bringing this together.

A couple of points, and then I will close.

One, the ''London Whale'' has been mentioned more than one time as a reason why we should not go forward with H.R. 992. That shows a fundamental misunderstanding of the trades associated with the ''London Whale.'' Those trades are on cleared exchanges and occur within the bank and would have been unaffected by section 716 had it, in fact, been implemented.

One of the telling points is the prudential regulators on this particular section of the law have put off the actual implementation of this law until at least July of 2015. So if time is of the essence, if the disaster is around the corner, then I think the prudential regulators would have recognized that and would have moved a little more hastily than to put it off for 2 years.

There is no bogeyman here, Mr. Speaker. This is good sense, bipartisan—we hope it will be bicameral—legislation that corrects a really unintended consequence—poorly drafting a bill in 2010, when Dodd-Frank was passed. It didn't intend to have these kind of consequences, and this simply addresses that.

With that, Mr. Speaker, I urge my colleagues to vote ''yes'' on the bill. Let's pass this on and get it done over in the Senate.

I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, another day, another attempt to weaken the Dodd-Frank Act. Just 5 years ago, the financial industry required a $700 billion taxpayer bailout and nearly destroyed our economy. We learned in the aftermath that risky derivative products, like swaps, were a major factor contributing to the crisis. As a result, Congress passed common sense reforms to prevent American taxpayers from once again being on the hook for trading losses by the country's largest banks. One of these new reforms was embodied in section 716, known as the "swaps push out rule." Banks can no longer use federally-insured deposits to recklessly gamble in the most exotic types of derivatives.

Unfortunately, H.R. 992 would roll back these reforms and simply restore the status quo for Wall Street. This is ill advised and wrong for American taxpayers. If we need proof that swaps push out is necessary, look no further than last year's "London Whale" incident which cost JP Morgan $6 billion and could have been much worse.

I ask my colleagues to oppose H.R. 992.

Mr. DINGELL. Mr. Speaker, I rise in opposition to H.R. 992, the Swaps Regulatory Improvement Act.

Part of the problem that led to the 2008 financial meltdown was that banks were taking huge risks by exposing themselves to risky swaps and derivatives. We passed the Dodd-Frank Act in part to address this problem by forcing depository institutions to spin off their swaps and derivatives activities to separately capitalized affiliates. H.R. 992, if passed, would nullify that part of Dodd-Frank and again allow banks to engage in the type of reckless behavior that caused the gravest economic calamity since the Great Depression.

Voting in favor of H.R. 992 is tantamount to unlearning the lessons of the recent past. I find it absolutely appalling that five years on, we're considering legislation to permit the very type of bad behavior that necessitated the Dodd-Frank Act in the first place. I urge my colleagues to vote down H.R. 992, if only out of good common sense.

Mr. VAN HOLLEN. Mr. Speaker, while I recognize the many legitimate uses of derivatives in today's financial marketplace, I also believe it is critically important that derivatives be properly regulated so that end-users and consumers can reap their benefits without putting the larger economy at risk. For that reason, I think we need to tread carefully before making material modifications to the regulatory regime for derivatives established in the Dodd-Frank Wall Street Reform Act—and this note of caution is equally applicable to what might be described as piecemeal changes to Title VII of Dodd-Frank, given the inherently complex and interrelated nature of these sophisticated financial instruments.

In that regard, the Swaps Regulatory Improvement Act would substantially revise Section 716 of the Dodd-Frank Act to permit a broader array of derivatives transactions—including those involving commodity swaps, equity swaps and certain credit default swaps—to occur inside federally backed financial institutions, rather than in separately capitalized subsidiaries as required under current law. Impacted institutions argue that this existing "push out" requirement for these categories of derivatives places them at a disadvantage relative to their foreign competition by increasing the cost of those transactions and by effectively preventing the netting of positions between themselves and their customers. Additionally, proponents of H.R. 992 argue that Section 716 confers no meaningful additional protection to taxpayers in light of the stronger capital, margin and clearing requirements created by Dodd-Frank, and that it might even work at cross purposes with the Orderly Liquidation Authority created in Title II of the legislation.

I am not opposed to making commonsense adjustments to improve the real world workability of the Dodd-Frank law. I want our financial institutions to be able to compete effectively for customers everywhere they operate. And I am not in favor of regulation that is either unnecessary or not accomplishing its intended objective in a cost-effective way.

It is possible that Section 716 will prove to be that kind of regulation, but right now it is too soon to tell. Of particular importance when evaluating the ultimate value of Section 716 is the final scope of the forthcoming Volcker rule. If the final Volcker rule provides a strict definition of what activities constitute bona fide "hedging" and "market making", then proponents' arguments for this legislation will be strengthened. If, on the other hand, the final Volcker rule includes an overly broad definition of these activities, then the protections intended by Section 716 could become more important.

Accordingly, I will be voting "no" on today's legislation, but remain open to revisiting this issue once the Volcker rule and other relevant rulemakings are finalized and in place.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 391, the previous question is ordered on the bill.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Ms. BROWNLEY of California. Mr. Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore. Is the gentlewoman opposed to the bill?

Ms. BROWNLEY of California. I am opposed.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Ms. Brownley of California moves to recommit the bill, H.R. 992, to the Committee on Financial Services with instructions to report the same to the House forthwith with the following amendment:

Page 4, after line 15, insert the following:

SEC. 3. PREVENTING OIL AND BIOFUEL PRICE MANIPULATION.

Nothing in this Act or the amendments made by this Act shall limit the authority of the bank regulatory agencies and other regulators to examine a covered depository institution's compliance with laws prohibiting the manipulation of commodity markets, particularly the excessive speculation and manipulation of oil and biofuel prices, and to limit the activities of covered depository institutions in such markets.

Ms. BROWNLEY of California (during the reading). Mr. Speaker, I ask unanimous consent to dispense with the reading.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from California?

Mr. CONAWAY. I object.

The SPEAKER pro tempore. Objection is heard.

The Clerk will read.

The Clerk continued to read.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from California is recognized for 5 minutes in support of her motion.

Ms. BROWNLEY of California. Mr. Speaker, this is the final amendment to H.R. 992, which will not kill the bill or send it back to committee. If adopted, the bill will immediately proceed to final passage, as amended.

My amendment is a simple, straightforward improvement that I believe both sides can agree is absolutely necessary and that I believe is also supported by the majority of the American people.

If my amendment passes, it will ensure that the American people, consumers, families, and businesses are protected from reckless speculation that is driving up the price of gas at the pump.

Specifically, my amendment ensures that nothing in this act would limit the ability of regulators to go after excessive speculation and manipulation of oil and biofuels. It simply clarifies that bank regulators have the authority to stop manipulation in the commodity markets.

This amendment also protects the wallets and pocketbooks of all Americans by ensuring that banks will not be given a free pass to destabilize commodity markets and drive up energy prices for all Americans at the pump.

Mr. Speaker, as you know, speculation in the energy sector is a very real, a very present, and a very serious problem. Volatility in oil markets since 2008, and more recently in biofuels, leads to dramatic price swings, causing pain for every American who depends on gasoline at the pump.

In September, The New York Times reported that prices for biofuel credits had recently surged 20-fold in just 6 months.

Because of these problems, many Members of Congress on both sides of the aisle have called for investigations in both oil and biofuel price manipulation.

In fact, just last week, on October 22, 15 of our colleagues, Democrats and Republicans, asked the U.S. Commodity Futures Trading Commission to look into whether fraud and manipulation was playing a role in the biofuel credit price swings.

The concerns of many Americans extend far beyond biofuels.

Earlier this year, both the E.U. and U.S. authorities began looking at oil price manipulation, which not only affects the price at the pump but also artificially increases prices on everything from food to manufactured goods.

According to the Energy Information Agency, 71 percent of the price of a gallon of gas and 63 percent of the price of diesel is directly related to the price of crude oil. Thus, there is no doubt that speculators who drive up the price of crude oil are impacting the price at the pump.

Every time there is a gas hike, it hurts working families struggling to make ends meet. It hurts commuters driving to work and to school, including most of my constituents in Ventura County. It hurts small, mid-size, and large businesses, driving up the price of doing business and impacting their ability to invest in new equipment and hire new workers. It hurts our military, including those at Naval Base Ventura County, costing more to move troops and supplies. It hurts seniors, many of whom live on fixed incomes and cannot afford an increase in retail grocery prices. It hurts the specialty crop growers in my district, including the strawberry, avocado, citrus, and lettuce growers, whose bottom line is so closely tied to the price of energy. It also hurts our overall national economy and threatens to slow job creation.

That is why it is so important that regulators retain the authority to prevent bad actors from taking excessive, or even manipulative positions, using swaps.

I believe that many Members of Congress on both sides of the aisle are honestly concerned about speculation in our energy markets. Let's do something today to stop it.

I urge my colleagues to vote ''yes'' on the motion to recommit.

I yield back the balance of my time.

Mr. HENSARLING. Mr. Speaker, I rise in opposition to the motion to recommit.

The SPEAKER pro tempore. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. Mr. Speaker, I don't really understand the motion to recommit because regulators already have the power that is described here. Therefore, Mr. Speaker, I find the matter to be irrelevant and not a particularly good use of the House's time. For those reasons alone, it ought to be opposed.

It is getting in the way of one of the strongest, most bipartisan pieces of legislation that has come to the House. It passed the Financial Services Committee by an overwhelming vote of 53–6. It will help grow the economy. It will put people back to work. It will reduce systemic risk.

I want to thank all of the sponsors, especially the gentleman from Illinois, Mr. HULTGREN, for his leadership on this very valuable piece of legislation.

It is time to oppose the motion to recommit and it is time to pass the Swaps Regulatory Improvement Act.

I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Ms. BROWNLEY of California. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes on passage of the bill, if ordered, and passage of House Joint Resolution 99.

The vote was taken by electronic device, and there were—yeas 190, nays 223, not voting 17, as follows:

[Roll No. 568]

YEAS—190

Andrews	Green, Al	Nolan
Barber	Green, Gene	O'Rourke
Barrow (GA)	Grijalva	Owens
Bass	Gutiérrez	Pallone
Beatty	Hahn	Pascrell
Becerra	Hanabusa	Pastor (AZ)
Bera (CA)	Hastings (FL)	Payne
Bishop (GA)	Heck (WA)	Perlmutter
Bishop (NY)	Higgins	Peters (CA)
Blumenauer	Himes	Peters (MI)
Bonamici	Hinojosa	Peterson
Brady (PA)	Holt	Pingree (ME)
Braley (IA)	Honda	Pocan
Brown (FL)	Horsford	Polis
Brownley (CA)	Hoyer	Price (NC)
Bustos	Huffman	Quigley
Butterfield	Jackson Lee	Rahall
Capps	Jeffries	Rangel
Capuano	Johnson (GA)	Richmond
Carney	Johnson, E. B.	Roybal-Allard
Carson (IN)	Jones	Ruiz
Cartwright	Kaptur	Ruppersberger
Castor (FL)	Kelly (IL)	Ryan (OH)
Castro (TX)	Kennedy	Sánchez, Linda T.
Chu	Kildee	Sanchez, Loretta
Clarke	Kilmer	Sarbanes
Clay	Kind	Schakowsky
Cleaver	Kirkpatrick	Schiff
Clyburn	Kuster	Schneider
Cohen	Langevin	Schrader
Connolly	Larsen (WA)	Schwartz
Conyers	Larson (CT)	Scott (VA)
Costa	Lee (CA)	Scott, David
Courtney	Levin	Serrano
Crowley	Lewis	Sewell (AL)
Cuellar	Lipinski	Shea-Porter
Cummings	Loebsack	Sherman
Davis (CA)	Lofgren	Sinema
Davis, Danny	Lowenthal	Sires
DeFazio	Lowey	Slaughter
DeGette	Luján, Ben Ray (NM)	Smith (WA)
Delaney	Lynch	Speier
DeLauro	Maffei	Swalwell (CA)
DelBene	Maloney, Carolyn	Takano
Deutch	Maloney, Sean	Thompson (CA)
Dingell	Matheson	Thompson (MS)
Doggett	Matsui	Titus
Doyle	McCollum	Tonko
Duckworth	McDermott	Tsongas
Edwards	McGovern	Van Hollen
Ellison	McIntyre	Vargas
Engel	McNerney	Veasey
Enyart	Meeks	Vela
Eshoo	Meng	Velázquez
Esty	Michaud	Visclosky
Farr	Miller, George	Walz
Fattah	Moore	Wasserman Schultz
Foster	Moran	Waters
Frankel (FL)	Murphy (FL)	Watt
Fudge	Nadler	Welch
Gabbard	Napolitano	Wilson (FL)
Gallego	Neal	Yarmuth
Garamendi	Negrete McLeod	
Garcia		
Grayson		

NAYS—223

Amash	Benishek	Brady (TX)
Amodei	Bentivolio	Bridenstine
Bachmann	Bilirakis	Brooks (AL)
Bachus	Bishop (UT)	Brooks (IN)
Barletta	Black	Broun (GA)
Barr	Blackburn	Buchanan
Barton	Boustany	Bucshon

Burgess
Calvert
Camp
Cantor
Capito
Carter
Cassidy
Chabot
Chaffetz
Coble
Coffman
Cole
Collins (GA)
Collins (NY)
Conaway
Cook
Cotton
Cramer
Crawford
Crenshaw
Culberson
Daines
Denham
Dent
DeSantis
DesJarlais
Diaz-Balart
Duffy
Duncan (SC)
Duncan (TN)
Ellmers
Farenthold
Fincher
Fitzpatrick
Fleischmann
Fleming
Flores
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gardner
Garrett
Gerlach
Gibbs
Gibson
Gingrey (GA)
Gohmert
Gosar
Gowdy
Granger
Graves (GA)
Graves (MO)
Griffin (AR)
Griffith (VA)
Grimm
Guthrie
Hall
Harper
Harris
Hartzler
Hastings (WA)
Heck (NV)
Hensarling
Holding
Hudson
Huelskamp
Huizenga (MI)
Hultgren
Hunter
Hurt
Issa
Jenkins
Johnson (OH)
Johnson, Sam
Jordan
Joyce
Kelly (PA)
King (IA)
King (NY)
Kingston
Kinzinger (IL)
Kline
Labrador
LaMalfa
Lamborn
Lance
Lankford
Latham
Latta
LoBiondo
Long
Lucas
Luetkemeyer
Lummis
Marchant
Marino
Massie
McCarthy (CA)
McCaul
McClintock
McHenry
McKeon
McKinley
McMorris Rodgers
Meadows
Meehan
Messer
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mullin
Mulvaney
Murphy (PA)
Neugebauer
Noem
Nugent
Nunes
Nunnelee
Olson
Palazzo
Paulsen
Pearce
Perry
Petri
Pittenger
Pitts
Poe (TX)
Pompeo
Posey
Price (GA)
Radel
Reed
Reichert
Renacci
Ribble
Rice (SC)
Rigell
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rokita
Rooney
Ros-Lehtinen
Roskam
Ross
Rothfus
Royce
Runyan
Ryan (WI)
Salmon
Sanford
Scalise
Schock
Schweikert
Scott, Austin
Sensenbrenner
Sessions
Shimkus
Shuster
Simpson
Smith (MO)
Smith (NE)
Smith (NJ)
Smith (TX)
Southerland
Stewart
Stivers
Stockman
Stutzman
Terry
Thompson (PA)
Thornberry
Tiberi
Tipton
Turner
Upton
Valadao
Wagner
Walberg
Walden
Walorski
Weber (TX)
Webster (FL)
Wenstrup
Westmoreland
Whitfield
Williams
Wilson (SC)
Wittman
Wolf
Womack
Woodall
Yoder
Yoho
Young (AK)
Young (IN)

NOT VOTING—17

Aderholt
Campbell
Cárdenas
Cicilline
Cooper
Davis, Rodney
Goodlatte
Hanna
Herrera Beutler
Israel
Keating
Lujan Grisham (NM)
McCarthy (NY)
Pelosi
Rush
Tierney
Waxman

□ 1419

Messrs. RENACCI, BILIRAKIS, COFFMAN, and SMITH of Texas changed their vote from ''aye'' to ''no.''

Mrs. KIRKPATRICK, Mr. BEN RAY LUJÁN of New Mexico, Ms. MCCOLLUM, and Mrs. CAPPS changed their vote from ''no'' to ''aye.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

Stated against:

Mr. RODNEY DAVIS of Illinois. Mr. Speaker, on rollcall No. 568 I was unavoidably detained and would have voted “no” on Motion to Recommit.

Had I been present, I would have voted “no.”

Ms. MICHELLE LUJAN GRISHAM of New Mexico. Mr. Speaker, on rollcall No. 568 I was unavoidably detained.

Had I been present, I would have voted “yes.”

Mr. GOODLATTE. Mr. Speaker, on rollcall No. 568 I was unavoidably detained.

Had I been present, I would have voted “no.”

The SPEAKER pro tempore (Mr. HOLDING). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Ms. WATERS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 292, noes 122, not voting 16, as follows:

[Roll No. 569]

AYES—292

Amash
Amodei
Bachmann
Bachus
Barber
Barletta
Barr
Barrow (GA)
Barton
Beatty
Benishek
Bentivolio
Bera (CA)
Bilirakis
Bishop (GA)
Bishop (UT)
Black
Blackburn
Blumenauer
Boustany
Brady (TX)
Bridenstine
Brooks (AL)
Brooks (IN)
Broun (GA)
Brown (FL)
Buchanan
Bucshon
Burgess
Butterfield
Calvert
Camp
Cantor
Capito
Carney
Carter
Cassidy
Chabot
Chaffetz
Clarke
Clyburn
Coble
Coffman
Cole
Collins (GA)
Collins (NY)
Conaway
Connolly
Cook
Cotton
Cramer
Crawford
Crenshaw
Crowley
Cuellar
Culberson
Daines
Davis, Rodney
Delaney
Denham
Dent
DeSantis
DesJarlais
Diaz-Balart
Duckworth
Duffy
Duncan (SC)
Ellmers
Engel
Esty
Farenthold
Fincher
Fitzpatrick
Fleischmann
Fleming
Flores
Forbes
Fortenberry
Foster
Foxx
Franks (AZ)
Frelinghuysen
Fudge
Gallego
Garcia
Gardner
Garrett
Gerlach
Gibbs
Gibson
Gingrey (GA)
Gohmert
Goodlatte
Gosar
Gowdy
Granger
Graves (GA)
Graves (MO)
Griffin (AR)
Griffith (VA)
Grimm
Guthrie
Hall
Hanabusa
Harper
Harris
Hartzler
Hastings (WA)
Heck (NV)
Heck (WA)
Hensarling
Himes
Hinojosa
Holding
Horsford
Hoyer
Hudson
Huelskamp
Huizenga (MI)
Hultgren
Hunter
Hurt
Issa
Jeffries
Jenkins
Johnson (GA)
Johnson (OH)
Johnson, Sam
Jordan
Joyce
Kelly (IL)
Kelly (PA)
Kilmer
Kind
King (NY)
Kingston
Kinzinger (IL)
Kirkpatrick
Kline
Kuster
Labrador
LaMalfa
Lamborn
Lance
Lankford
Larsen (WA)
Larson (CT)
Latham
Latta
Lipinski
LoBiondo
Long
Lowey
Lucas
Luetkemeyer
Lummis
Maffei
Maloney, Carolyn
Maloney, Sean
Marchant
Marino
Matheson
McCarthy (CA)
McCaul
McClintock
McHenry
McIntyre
McKeon
McKinley
McMorris Rodgers
Meadows
Meehan
Meeks
Meng
Messer
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moore
Moran
Mullin
Mulvaney
Murphy (FL)
Murphy (PA)
Neugebauer
Noem
Nugent
Nunes
Nunnelee
Olson
Owens
Palazzo
Paulsen
Pearce
Perlmutter
Perry
Peters (CA)
Peters (MI)
Petri
Pittenger
Pitts
Poe (TX)
Polis
Pompeo
Posey
Price (GA)
Quigley
Radel
Rahall
Rangel
Reed
Reichert
Renacci
Ribble
Rice (SC)
Richmond
Rigell
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rokita
Rooney
Ros-Lehtinen
Roskam
Ross
Rothfus
Royce
Runyan
Ruppersberger
Ryan (WI)
Salmon
Sanchez, Loretta
Sanford
Scalise
Schneider
Schock
Schweikert
Scott, Austin
Scott, David
Sensenbrenner
Sessions
Sewell (AL)
Sherman
Shimkus
Shuster
Simpson
Sinema
Sires
Smith (MO)
Smith (NE)
Smith (NJ)
Smith (TX)
Southerland
Stewart
Stivers
Stockman
Stutzman
Terry
Thompson (PA)
Thornberry
Tiberi
Tipton
Turner
Upton
Valadao
Vargas
Veasey
Wagner
Walberg
Walden
Walorski
Wasserman Schultz
Weber (TX)
Webster (FL)
Wenstrup
Westmoreland
Whitfield
Williams
Wilson (FL)
Wilson (SC)
Wittman
Wolf
Womack
Woodall
Yoder
Yoho
Young (AK)
Young (IN)

NOES—122

Andrews
Bass
Becerra
Bishop (NY)
Bonamici
Brady (PA)
Braley (IA)
Brownley (CA)
Bustos
Capps
Capuano
Carson (IN)
Cartwright
Castor (FL)
Castro (TX)
Chu
Clay
Cleaver
Cohen
Conyers
Costa
Courtney
Cummings
Davis (CA)
Davis, Danny
DeFazio
DeGette
DeLauro
DelBene
Deutch
Dingell
Doggett
Doyle
Duncan (TN)
Edwards
Ellison
Enyart
Eshoo
Farr
Fattah
Frankel (FL)
Gabbard
Garamendi
Grayson
Green, Al
Green, Gene
Grijalva
Gutiérrez
Hahn
Hastings (FL)
Higgins
Holt
Honda
Huffman
Jackson Lee
Johnson, E. B.
Jones
Kaptur
Kennedy
Kildee
Langevin
Lee (CA)
Levin
Lewis
Loebsack
Lofgren
Lowenthal
Lujan Grisham (NM)
Luján, Ben Ray (NM)
Lynch
Massie
Matsui
McCollum
McDermott
McGovern
McNerney
Michaud
Miller, George
Nadler
Napolitano
Neal
Negrete McLeod
Nolan
O'Rourke
Pallone
Pascrell
Pastor (AZ)
Payne
Peterson
Pingree (ME)
Pocan
Price (NC)
Roybal-Allard
Ruiz
Ryan (OH)
Sarbanes
Schakowsky
Schiff
Schrader
Schwartz
Scott (VA)
Serrano
Shea-Porter
Slaughter
Smith (WA)
Speier
Swalwell (CA)
Takano
Thompson (CA)
Thompson (MS)
Titus
Tonko
Tsongas
Van Hollen
Vela
Velázquez
Visclosky
Walz
Waters
Waxman
Welch
Yarmuth

NOT VOTING—16

Aderholt
Campbell
Cárdenas
Cicilline
Cooper
Hanna
Herrera Beutler
Israel
Keating
King (IA)
McCarthy (NY)
Pelosi
Rush
Sánchez, Linda T.
Tierney
Watt

□ 1427

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. KING of Iowa. Mr. Speaker, on rollcall No. 569, I was unavoidably detained. Had I been present, I would have voted "yea."

DISAPPROVAL RESOLUTION RELATING TO DEBT LIMIT INCREASE

The SPEAKER pro tempore. The unfinished business is the vote on passage of the joint resolution (H.J. Res. 99) relating to the disapproval of the President's exercise of authority to suspend the debt limit, as submitted under section 1002(b) of the Continuing Appropriations Act, 2014 on October 17, 2013, on which the yeas and nays were ordered.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. The question is on the passage of the joint resolution.

This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 222, nays 191, answered ''present'' 2, not voting 15, as follows:

[Roll No. 570]

YEAS—222

Amash
Amodei
Bachmann
Bachus
Barletta
Barr
Barrow (GA)
Barton
Benishek
Bentivolio
Bilirakis
Bishop (UT)
Blackburn
Boustany
Brady (TX)
Bridenstine
Brooks (AL)
Brooks (IN)
Broun (GA)
Buchanan
Bucshon
Burgess
Calvert
Camp
Cantor
Capito
Carter
Cassidy
Chabot
Chaffetz
Coble
Coffman
Cole
Collins (GA)
Collins (NY)
Conaway
Cook
Cotton
Cramer
Crawford
Crenshaw
Culberson
Daines
Davis, Rodney
Denham
DeSantis
DesJarlais
Diaz-Balart
Duffy
Duncan (SC)
Duncan (TN)
Ellmers
Farenthold
Fincher
Fitzpatrick
Fleischmann
Fleming
Flores
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gardner
Garrett
Gerlach
Gibbs
Gibson
Gingrey (GA)
Gohmert
Goodlatte
Gosar
Gowdy
Granger
Graves (GA)
Graves (MO)
Griffin (AR)
Griffith (VA)
Grimm
Guthrie
Hall
Harper
Harris
Hartzler
Hastings (WA)
Hensarling
Holding
Hudson
Huelskamp
Huizenga (MI)
Hultgren
Hunter
Hurt
Jenkins
Johnson (OH)
Johnson, Sam
Jones
Jordan
Joyce
Kelly (PA)
King (IA)
Kingston
Kinzinger (IL)
Kline
Labrador
LaMalfa
Lamborn
Lance
Lankford
Latham
Latta
LoBiondo
Long
Lucas
Luetkemeyer
Lummis
Marchant
Marino
Matheson
McCarthy (CA)
McCaul
McClintock
McHenry
McIntyre
McKeon
McKinley
McMorris Rodgers
Meadows
Meehan
Messer
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mullin
Mulvaney
Murphy (PA)
Neugebauer
Noem
Nugent
Nunes
Nunnelee
Olson
Palazzo
Paulsen
Pearce
Perry
Petri
Pittenger
Pitts
Poe (TX)
Pompeo
Posey
Price (GA)
Radel
Reed
Reichert
Renacci
Rice (SC)
Rigell
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rokita
Rooney
Ros-Lehtinen
Roskam
Ross
Rothfus
Royce
Runyan
Ryan (WI)
Salmon
Sanford
Scalise
Schock
Schweikert
Scott, Austin
Sensenbrenner
Sessions
Shimkus
Shuster
Simpson
Smith (MO)
Smith (NE)
Smith (NJ)
Smith (TX)
Southerland
Stewart
Stivers
Stockman
Stutzman
Terry
Thompson (PA)
Thornberry
Tiberi
Tipton
Turner
Upton
Valadao
Wagner
Walberg
Walden
Walorski
Weber (TX)
Webster (FL)
Wenstrup
Westmoreland
Whitfield
Williams
Wilson (SC)
Wittman
Wolf
Womack
Woodall
Yoder
Yoho
Young (AK)
Young (IN)

NAYS—191

Andrews
Barber
Beatty
Becerra
Bera (CA)
Bishop (GA)
Bishop (NY)
Blumenauer
Bonamici
Brady (PA)
Braley (IA)
Brown (FL)
Brownley (CA)
Bustos
Butterfield
Capps
Capuano
Cárdenas
Carney
Carson (IN)
Cartwright
Castor (FL)
Castro (TX)
Chu
Clarke
Clay
Cleaver
Clyburn
Cohen
Connolly
Conyers
Costa
Courtney
Crowley
Cuellar
Cummings
Davis (CA)
Davis, Danny
DeFazio
DeGette
Delaney
DeLauro
DelBene
Dent
Deutch
Dingell
Doggett
Doyle
Duckworth
Edwards
Ellison
Engel
Enyart
Eshoo
Esty
Farr
Fattah
Foster
Frankel (FL)
Fudge
Gabbard
Gallego
Garamendi
Garcia
Grayson
Green, Al
Grijalva
Gutiérrez
Hahn
Hanabusa
Hastings (FL)
Heck (NV)
Heck (WA)
Higgins
Himes
Hinojosa
Holt
Honda
Horsford
Hoyer
Huffman
Issa
Jackson Lee
Jeffries
Johnson (GA)
Johnson, E. B.
Kaptur
Kelly (IL)
Kennedy
Kildee
Kilmer
Kind
King (NY)
Kirkpatrick
Kuster
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Levin
Lewis
Lipinski
Loebsack
Lofgren
Lowenthal
Lowey
Lujan Grisham (NM)
Luján, Ben Ray (NM)
Lynch
Maffei
Maloney, Carolyn
Maloney, Sean
Matsui
McCollum
McDermott
McGovern
McNerney
Meeks
Meng
Michaud
Miller, George
Moore
Moran
Murphy (FL)
Nadler
Napolitano
Neal
Negrete McLeod
Nolan
O'Rourke
Owens
Pallone
Pascrell
Pastor (AZ)
Payne
Perlmutter
Peters (CA)
Peters (MI)
Peterson
Pingree (ME)
Pocan
Polis
Price (NC)
Quigley
Rahall
Rangel
Richmond
Roybal-Allard
Ruiz
Ruppersberger
Ryan (OH)
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schneider
Schrader
Schwartz
Scott (VA)
Scott, David
Serrano
Sewell (AL)
Shea-Porter
Sherman
Sinema
Sires
Slaughter
Smith (WA)
Speier
Swalwell (CA)
Takano
Thompson (CA)
Thompson (MS)
Titus
Tonko
Tsongas
Van Hollen
Vargas
Veasey
Vela
Velázquez
Visclosky
Walz
Wasserman Schultz
Waters
Watt
Waxman
Welch
Wilson (FL)
Yarmuth

ANSWERED ''PRESENT''—2

Massie
Ribble

NOT VOTING—15

Aderholt
Bass
Black
Campbell
Cicilline
Cooper
Green, Gene
Hanna
Herrera Beutler
Israel
Keating
McCarthy (NY)
Pelosi
Rush
Tierney

□ 1436

Mr. SMITH of Texas changed his vote from ''nay'' to ''yea.''

So the joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:

Mr. GENE GREEN of Texas. Mr. Speaker, on rollcall No. 570, had I been present, I would have voted "no."

PROVIDING FOR AN ADJOURNMENT OF THE HOUSE

Mr. WOODALL. Mr. Speaker, I send to the desk a privileged concurrent resolution and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 62

Resolved by the House of Representatives (the Senate concurring),

That when the House adjourns on the legislative day of Wednesday, October 30, 2013, Thursday, October 31, 2013, or Friday, November 1, 2013, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand adjourned until 2 p.m. on Tuesday, November 12, 2013, or until the time of any reassembly pursuant to section 2 of this concurrent resolution, whichever occurs first.

Sec. 2. (a) The Speaker or his designee, after consultation with the Minority Leader of the House, shall notify the Members of the House to reassemble at such place and time as he may designate if, in his opinion, the public interest shall warrant it.

(b) After reassembling pursuant to subsection (a), when the House adjourns on a motion offered pursuant to this subsection by its Majority Leader or his designee, the House shall again stand adjourned pursuant to the first section of this concurrent resolution.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

MOMENT OF SILENCE IN HONOR OF THE LATE ISAAC NEWTON SKELTON

(Mr. CLEAVER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CLEAVER. Mr. Speaker, 2 days ago, what one newspaper called perhaps one of the gentlemen of Congress, Ike Skelton, died here in Washington. For those of us here in the Missouri delegation, as well as those who were involved with Congressman Skelton on the Armed Services Committee, we are here to convey to the body that our colleague, our friend, has, indeed, died, and we who had the opportunity to know and serve with him are, of course, very saddened by his unexpected death.

Ike Skelton was 81 years old. He served here for 34 years and served all of that time on the Armed Services Committee and, of course, becoming the chair of Armed Services. He was a man of great humility, a man of great distinction, and was to be honored in 2 weeks at the Truman Library in Kansas City.

We think that he has been such a significant player in Washington that we, indeed, had to stand up and express our pain over his passing.