

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

RESTORING PROVEN FINANCING FOR AMERICAN EMPLOYERS ACT

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4167) to amend section 13 of the Bank Holding Company Act of 1956, known as the Volcker Rule, to exclude certain debt securities of collateralized loan obligations from the prohibition against acquiring or retaining an ownership interest in a hedge fund or private equity fund, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4167

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 "Restoring Proven Financing for American Employers Act".

SEC. 2. RULES OF CONSTRUCTION RELATING TO COLLATERALIZED LOAN OBLIGATIONS.

Section 13(g) of the Bank Holding Company Act of 1956 (12 U.S.C. 1851(g)) is amended by adding at the end the following new paragraphs:

"(4) COLLATERALIZED LOAN OBLIGATIONS.—

"(A) INAPPLICABILITY TO CERTAIN COLLATERALIZED LOAN OBLIGATIONS.—Nothing in this section shall be construed to require the divestiture, prior to July 21, 2017, of any debt securities of collateralized loan obligations, if such debt securities were issued before January 31, 2014.

"(B) OWNERSHIP INTEREST WITH RESPECT TO COLLATERALIZED LOAN OBLIGATIONS.—A banking entity shall not be considered to have an ownership interest in a collateralized loan obligation because it acquires, has acquired, or retains a debt security in such collateralized loan obligation if the debt security has no indicia of ownership other than the right of the banking entity to participate in the removal for cause, or in the selection of a replacement after removal for cause or resignation, of an investment manager or investment adviser of the collateralized loan obligation.

"(C) DEFINITIONS.—For purposes of this paragraph:

"(i) COLLATERALIZED LOAN OBLIGATION.—The term 'collateralized loan obligation' means any issuing entity of an asset-backed security, as defined in section 3(a)(77) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(77)), that is comprised primarily of commercial loans.

"(ii) REMOVAL FOR CAUSE.—An investment manager or investment adviser shall be deemed to be removed 'for cause' if the investment manager or investment adviser is removed as a result of—

"(I) a breach of a material term of the applicable management or advisory agreement or the agreement governing the collateralized loan obligation;

"(II) the inability of the investment manager or investment adviser to continue to perform its obligations under any such agreement;

"(III) any other action or inaction by the investment manager or investment adviser that has or could reasonably be expected to have a materially adverse effect on the

collateralized loan obligation, if the investment manager or investment adviser fails to cure or take reasonable steps to cure such effect within a reasonable time; or

"(IV) a comparable event or circumstance that threatens, or could reasonably be expected to threaten, the interests of holders of the debt securities."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentleman from Florida (Mr. MURPHY) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey.

GENERAL LEAVE

Mr. GARRETT. I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks and submit extraneous materials to the RECORD on H.R. 4167, as amended, currently under consideration.

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

There was no objection.

Mr. GARRETT. Mr. Speaker, at this point, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 4167, which is the Restoring Proven Financing for American Employers Act. It was introduced by the gentleman from Kentucky (Mr. BARR), who we will be hearing from shortly. And I would also like to thank my good friend from New York (Mrs. MALONEY), the ranking member of the Capital Markets Subcommittee, for her bipartisan and commonsense work on this important issue as well.

Today we have the opportunity to correct, in a strong, bipartisan way, an egregious example of regulatory overreach. For no reason that has been coherently stated by anyone, the banking regulators responsible for implementing the Volcker Rule have included provisions in their final rule that will literally cripple the market for collateralized loan obligations, also called CLOs.

See, at the stroke of a pen, the banking regulators are going to wreak havoc on one of the largest and most important sources of financing for literally hundreds of growing companies across this country. If the CLO provisions in the Volcker Rule go forward as planned, there will be a heavy price to pay in failed companies and also lost jobs.

So why is the government doing this? Did CLOs do anything to cause the financial crisis? No, they did not. Are CLOs a menace to the stability of our financial system? No, again. Is the small proportion of securities included in some CLO structures a national crisis that requires such a heavy hand by the Federal Government? Of course not.

Thankfully, the bill we have today, introduced by my friend from Kentucky (Mr. BARR), fixes this problem of the banking regulators' own making. First, it prevents a disastrous fire sale

of suddenly impermissible legacy CLOs. Second, it narrows the Volcker rule's absurdly broad definition of an "ownership interest" in a CLO.

Last month, the Financial Services Committee passed this bill on an overwhelmingly bipartisan basis, with all but three members of the committee voting in favor of it. The Independent Community Bankers of America and the American Bankers Association have all voiced their support as well.

I am sorry, though, that it has come to this. You know, time and time again the committee has admonished the banking regulators that the CLO provisions of Volcker were a threat to the economy and to the financial stability that they are supposed to be protecting. Time and again, however, the unwieldy banking regulators chose to do nothing. If they had corrected this problem as we have been urging them to do and which they could do, we would not be here wasting valuable legislative time saving the CLO market from our own public servants.

Now, some have suggested that the agencies don't have the legal authority to fix the problems. It is interesting that Federal agencies always seem to have plenty of authority when it comes to doing something, but when they need to fix something that they messed up, well, suddenly they have no authority.

Perhaps the real problem is the fact that we have so many different banking regulatory agencies in the first place. If coordinating these agencies to avoid a regulatory train wreck is too difficult, then maybe we need fewer agencies.

I have spoken before about the proliferation of government regulators with authority over our financial markets. More regulators mean more wasteful duplication of functions, more regulatory confusion, more empire building, more bureaucratic rivalry, less accountability, and less problem solving.

An ever increasing number of agencies with ever increasing authority only makes our financial system more unsustainable and more arbitrary and more unstable, and it makes it all the more likely that the heavy-handed government will fall suddenly on some unlucky corner of the economy.

So it is my hope that this body can come together now and support this bipartisan piece of legislation so that we can ensure that the market for collateralized loan obligations, CLOs, is not carelessly and needlessly destroyed. While they may not have a high profile, CLOs provide a valuable function that our recovering economy cannot do without, and I urge my colleagues for that reason to support H.R. 4167.

And at this time, I will reserve the balance of my time.

Mr. MURPHY of Florida. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 4167, to create jobs and prevent unintended consequences of the Volcker Rule, which I strongly support.

The bill before us represents a truly bipartisan compromise that balances the author's goal to preserve a proven financing mechanism with democratic concerns against watering down the Volcker Rule, which is designed to prevent banks from gambling on Wall Street with consumer deposits, the very type of behavior that nearly took down our financial system and gave us the Great Recession.

The truth is the Volcker Rule is not intended to capture debt. Debt is an everyday tool of plain vanilla financial institutions. No, the Volcker Rule is about equity ownership. We don't want banks owning hedge funds and private equity funds, but of course we still want banks out in the communities lending to the real economy.

I want to thank the gentleman from Kentucky and the gentlelady from New York (Mrs. MALONEY) for working together on a compromise that makes a narrow, commonsense fix to the Volcker Rule without undermining its core purpose: prohibiting risky proprietary trading by federally insured banks.

I also want to recognize Chairman HENSARLING and Ranking Member WATERS for the truly bipartisan way this bill came to the floor by a vote of 53-3. I am hopeful that we will see more bipartisanship from our committee on the business of the American people: comprehensive community bank regulatory relief, TRIA, reauthorizing the Export-Import Bank to help American job creators access foreign markets, and reforming Fannie Mae and Freddie Mac to protect taxpayers without undermining the housing market and preserving the 30-year fixed rate mortgage for middle class families.

The bill before us would simply clarify that the right to vote to remove a CLO manager in traditional, creditor-protective circumstances, such as a material breach of contract, does not, by itself, convert a debt security into an equity security under the Volcker Rule.

It would also provide narrow relief to existing CLO securities as long as they qualify as debt under this bill. For CLOs that are not debt securities under this bill, banks will get an additional 2 years to divest, which will prevent a disruptive fire sale of these securities and cost as much as \$8 billion.

At this time, I will insert the text of a letter from the Independent Community Bankers of America into the RECORD.

INDEPENDENT COMMUNITY
BANKERS OF AMERICA,
Washington, DC, April 28, 2014.

HOUSE OF REPRESENTATIVES,
Washington, DC.

DEAR MEMBER OF CONGRESS: On behalf of the more than 6,500 community banks represented by ICBA, I write to express our support for the Restoring Proven Financing for American Employers Act (H.R. 4167), which

will be considered on the House floor this week. Introduced by Rep. Andy Barr, H.R. 4167 will allow community banks to retain debt securities of collateralized loan obligations (CLO) issued before January 31, 2014. The Financial Services Committee reported H.R. 4167 by a nearly unanimous vote in March.

As you may know, the final Volcker Rule implementing a provision of the Dodd-Frank Act, issued December 10, requires banks, including community banks, to divest their holdings of CLOs by July 2015. Though the compliance date was later extended, this requirement could cause a significant, immediate and permanent loss of capital for community banks that hold these securities and are still recovering from the financial crisis. H.R. 4167 would avert this damaging and unanticipated outcome by repealing the divestment requirement for CLOs issued before January 31.

ICBA urges you to support H.R. 4167. Thank you for your consideration.

Sincerely,

CAMDEN R. FINE,
President & CEO.

Mr. MURPHY of Florida. Once again, I would like to thank the gentleman from Kentucky (Mr. BARR), who also is a member of the United Solutions Caucus and is dedicated to real problem solving and saving the partisanship for another day. He worked hard on this bill and was willing to reach across the aisle for commonsense compromise. As a result of this hard work, this jobs bill is on the suspension calendar and has earned a strong bipartisan vote.

I urge my colleagues to support this legislation and reserve the balance of my time.

Mr. GARRETT. Mr. Speaker, at this time, we are now joined by the sponsor of the bill, the gentleman from Kentucky, who, as was indicated, worked in a bipartisan manner to get it out of committee, here on the floor. And I assume we are going to see a strong bipartisan vote for it on the floor as well.

At this time, I yield such time as he may consume to the gentleman from Kentucky (Mr. BARR).

Mr. BARR. Mr. Speaker, I thank the gentleman from New Jersey, my friend who has, himself, shown a considerable amount of leadership on this issue in making sure that American companies on Main Street and all across this country have access to reliable, affordable capital to grow their businesses and create jobs.

I also want to thank the gentleman from Florida for participating in the discussion here today in a bipartisan manner and for his support. And I also thank my colleagues both on this side and that side of the aisle for their support and for recognizing that we do need to fix this problem.

H.R. 4167, the Restoring Proven Financing for American Employers Act, is about jobs and economic growth. It is about reliable access to affordable credit to small, midcap, and emerging-growth companies, in fact, some of the most dynamic and job-producing companies in America.

As the U.S. Chamber of Commerce states in its letter of support, my legislation is necessary to "fix the adverse

impacts of the Volcker Rule upon thousands of Main Street businesses."

This legislation, as has been mentioned earlier, passed out of the Financial Services Committee on a March 14 strongly bipartisan vote of 53-3. I want to thank Congresswoman CAROLYN MALONEY of New York for her support and work in developing this commonsense legislation to provide a necessary clarification of the Volcker Rule while maintaining the original legislative intent regarding the treatment of collateralized loan obligations.

While there are several exemptions provided in the statute included in section 619 of the Dodd-Frank law, which authorizes the Volcker Rule, that legislative language states:

Nothing in this section shall be construed to limit or restrict the ability of a banking entity or nonbank financial company supervised by the Federal Reserve Board to sell or securitize loans in a manner otherwise permitted by law.

Nevertheless, despite this plain language in the statute, certain asset-backed securities originally thought to be exempt by the Volcker Rule are now subject to the covered fund definition.

So the pragmatic need to provide this defined, narrow fix is why the legislation is endorsed by the American Bankers Association, by the Kentucky Bankers Association, and by the small community banks around this country, the Independent Community Bankers of America. And it is why a small community bank in my home State of Kentucky contacted my office in January. He alerted us to the fact that failing to fix this problem could very well mean significant losses to that small community bank, possible layoffs of employees, and higher borrowing rates and fees for the customer in the local community.

So getting this issue right and fixing the problem is important to community banks. It is important to U.S. employers and businesses on Main Street. It is important to a whole lot of jobs that support families in Kentucky and around this country. And here is why: collateralized loan obligations, or CLOs, have proven to be a critical source of funding for U.S. businesses over the last 20 years.

□ 1300

Today, CLOs continue to provide over \$300 billion in financing to U.S. companies, including companies that are well-known to all of us in this Chamber—Dunkin' Donuts, American Airlines, Burger King, Toys "R" Us, Neiman Marcus, Delta Air Lines, Goodyear Tire, and even a mattress and bedding company in my hometown of Lexington, Kentucky, Tempur Sealy. Yet, this valuable form of corporate finance that supports jobs is under assault due to the regulators' implementation of the Volcker Rule, which makes it impermissible for banks to retain or invest in these assets.

According to the U.S. Chamber of Commerce, H.R. 4167 would "preserve

this important source of financing that supports growth and job creation throughout our economy.” CLOs have a proven track record of success, and they “performed very well before, during and since the financial crisis.”

According to the Kentucky Bankers Association, investment in CLOs is a “conservative addition to an existing and balanced investment approach” and a “thoughtful solution to the equity problem” that banks face. In fact, the default rate on CLOs in the last 20 years has been less than one-half of 1 percent.

Yet, despite this proven track record and despite this critical source of funding for growing U.S. companies and job producers in America, the Volcker Rule regulators require that banks divest of their CLO holdings. The consequences will be a fire sale in the market that will cause significant losses to banks currently holding what are known as legacy CLOs.

Looking forward, it will increase the cost of borrowing in the future for U.S. businesses looking to expand, grow, and create much-needed jobs.

These warnings may sound abstract. So let me explain how this affects a real business that employs many of my constituents in Kentucky’s Sixth Congressional District. Tempur-Pedic is a high-end mattress bedding company, and they produce, through space-age technology, very comfortable, high-end beds for the top of the market. But they knew that in order to be resilient and to be growing in the future, they needed to acquire a competitor that covered the rest of the marketplace—the value products, the midlevel products, and a lower but higher level form of mattress so that in the event of an economic downturn or competitive pressures in the marketplace, they would have a cross-section of the entire marketplace with all price points of bedding.

So Tempur-Pedic used CLO financing, where it didn’t have access to affordable corporate bond financing, as affordable corporate bond financing. They accessed CLO financing and closed this transaction where they acquired a well-known company to a lot of Americans, Sealy, and that transaction closed in March of 2013. This allowed them to expand their business and create already in just a year’s time 200 new jobs in my district.

Thanks to CLO financing, Tempur Sealy is now a more resilient company and better poised for growth in the future. And if Tempur Sealy sees an opportunity to grow even more and is in need of a commercial loan, we want to make sure that this source of affordable financing is there for them and for all U.S. companies.

H.R. 4167 is a defined, narrow fix which clarifies that the Volcker Rule should not be construed to require the divestiture of any debt securities of CLOs prior to July 21, 2017, if such CLOs were issued before January 21, 2014.

H.R. 4167 also clarifies that a bank shall not be considered to have an ownership interest in a CLO for purposes of enforcement of the Volcker Rule if such debt security has no indicia of ownership other than the right to participate in removal for cause or in the selection of a replacement investment manager or investment adviser of the CLO.

So, in sum, Mr. Speaker, this legislation is a bipartisan, commonsense fix to a real world problem voiced by community banks and emerging growth companies like Tempur Sealy in my own district that will benefit these companies all around the country. So I urge a vote in support of H.R. 4167, the Restoring Proven Financing for American Employers Act.

Mr. GARRETT. I reserve the balance of my time.

Mr. MURPHY of Florida. Mr. Chairman, I yield as much time as he may consume to the gentleman from Massachusetts (Mr. CAPUANO).

Mr. CAPUANO. I thank the gentleman for yielding.

Mr. Speaker, I am one of those three people who voted “no.” I do not expect to win here today on the floor. And I want to be real clear: I do not oppose consolidated loan obligations. I support them. They are an important financial tool.

But that is not what this bill does. This bill allows risky CLOs. Most CLOs would be permitted pursuant to the Volcker Rule. If they only contained loans, they are okay. Any bank can own them to any degree.

So let’s not think that somehow the Volcker Rule has killed CLOs. They have simply said they have to be what they say they are, collateralized loan obligations, not collateralized loan obligations put together with all kinds of other junk. Simple. Straightforward.

There is not going to be any fire sale. The regulators have already listened to the congressional comments, of which I was one, asking for a delay to allow the existing CLOs that do not meet the regulation to be held for 2 more years. There will be no fire sale. There has been no fire sale.

As we speak, the sale of CLOs is at a historic high. The Volcker Rule has not killed the market. They are back to almost the same levels they were at in 2007 before the crash.

Let me be clear. I agree that CLOs did not, on their own, participate in the ‘08 problems and that they do have a record of success. But prior to 2008, most people would have said the same thing about collateralized debt obligations. By the way, at some point, somebody has to explain to me the difference between debt and loans, but that is a different issue.

Collateralized loan obligations are important. They are a good, thoughtful way to provide capital. By the way, most of them are used for leveraged buyouts, as the example we just heard, for leveraged buyouts. Now, you can argue whether leveraged buyouts to

the extent they happen are good or bad, but that is what they are mostly used for.

I also want to be real clear. Very, very, very few small, community banks have any CLOs. Over 70 percent of the collateralized loan obligations, both the ones that are allowed and disallowed, are owned by three banks. Over 70 percent are owned by three of the largest banks in the world. And by the way, almost all of those CLOs would be permitted to those three large banks.

So what are we solving here? We are pretending to save some great investment tool. It is not under threat. We are pretending that no problems could ever happen. Those are the same discussions we had in ‘05, ‘06, ‘07, and ‘08. All the risk that was being assumed comfortably and successfully prior to 2008 was perfectly fine. Those regulators are just killing America—until the crash happened, from which we are still recovering.

All we want to do is take a look at some of the riskier aspects of this financial aspect and simply say, whoa, it doesn’t mean everybody can’t do it. It simply means regulated banks can’t do it. Private investors could still do every one of these things. Why would regulated banks be prohibited from doing only the most risky CLOs? Because they are protected by taxpayer dollars, because they are protected by the FDIC, and because we, as a society, have said that bank stability is important to the American economy.

So let’s be clear: CLOs are not being killed. They are being limited in a very small way only to target the most risky CLOs. Banks and others have already adjusted to those limitations by reinvigorating the CLO market in a way that has been and would be allowed under the existing rule. But yet we have a problem.

We have a crisis that we have to solve. A handful of people will not be allowed to risk my mother’s investment. That is what we are crying about. Well, I have heard that before, and it didn’t turn out too well in ‘08. A little limitation is good for the American system. And, by the way, it is historically the system as it has been for a thousand years.

I just want to end with a quote by Paul Volcker himself. I presume Paul Volcker knows more about the economy and the markets than most people in Congress. But maybe not. Maybe some people are smarter than him. This is what he said about this bill:

This constant effort to get around the rule limiting banks’ investment in hedge funds on behalf of a few institutions who apparently want room to resume the financing practices that got us into trouble in the past really should end.

CLOs—straightforward and plain vanilla—are a good and important investment tool for the American economy. They should and will be allowed under the current rules. There should and will be time for people to move slowly

and thoughtfully without a fire sale out of the handful of risky investments that are there, and even those people who love those risky investments will be able to do it still, just not through a subsidized bank.

I know that I have not convinced anyone. I know that I am going to lose this vote on the floor, and I respect it. And I hope to God that my concerns are wrong and overblown. I hope that in a few years I come back and I apologize to the gentleman for my concerns, that they were overblown and unjustified. Because America will be better off if you are right. But if you are wrong, a handful of people will make a lot of money, but the rest of us will be dramatically and deeply hurt once again.

Mr. MURPHY of Florida. I want to thank the gentleman from Massachusetts for his remarks.

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

Mr. GARRETT. Mr. Speaker, how much time do we have remaining?

The SPEAKER pro tempore (Mr. AMODEI). The gentleman from New Jersey has 8½ minutes remaining. The gentleman from Florida has 10 minutes remaining.

Mr. GARRETT. I yield 4 minutes to the gentleman from Kentucky (Mr. BARR).

Mr. BARR. Mr. Speaker, I thank the gentleman from New Jersey, and I thank the gentleman from Massachusetts for his contribution to the debate. It gives us an opportunity to actually analyze what exactly we are talking about here.

We are not talking about the risky assets that were contributing factors to the financial crisis. If this were junk, as the gentleman from Massachusetts describes it to be, the default rate on CLOs would have been much higher over the last 20 years. But the default rate on CLOs over the last 20 years, including during the financial crisis, was less than half of 1 percent. Not one of the nearly 4,000 notes rated AAA or AA ever defaulted in CLOs.

Part of the reason for this strong, durable performance of CLOs is because CLOs are very different from the troubled assets that fueled the financial crisis. CLOs are distinct because, number one, they are based on diverse assets, commercial loans that are well diversified across the industry. These are solid, diversified loans, and they are typically secured loans.

Secondly, there is an alignment of interest between CLO investors and the CLO managers. The managers actually have skin in the game.

Finally, third, there are significantly greater transparency features to CLOs and disclosure since the commercial loans here, the secured commercial loans, are issued by companies that report financial information on a regular basis to investors, and they are required to provide regular financial reports with the SEC.

Now, with respect to the gentleman's claim that the CLO market is doing

just great, there is a lot of misinformation about this. According to the Loan Syndication and Trading Association, U.S. banks hold an estimated \$70 billion of CLO notes, which would have to be divested if we don't make the fix by July 21, 2015, and with the Fed's change a little bit later. But even the threat of such a divestiture roiled the CLO market in December and January before Congress took action.

So due primarily to uncertainty around the Volcker Rule in January 2014, U.S. CLO issuance dropped nearly 90 percent from the prior year, drying up access to credit. The only reason why the CLO market has recovered since January is because of this bill. It is because of the legislative action, the bipartisan efforts of this body.

Finally, I just would like to conclude by responding to the gentleman's assertion that a little limitation is good for the system—a little limitation is good for the system. Well, hear what a witness at our hearing about this issue said about this little limitation:

If you have a situation where the Volcker Rule basically impedes U.S. banks and some foreign banks from investing in CLOs, you can see their appetite reduced by 80 percent. They will just not participate in the CLO market.

Ultimately, that leads to our other point, in that we can see a significant cost to financing for U.S. companies. What happens when you see a significant cost to financing or decreased credit availability for companies? That means these companies that have over 5 million employees can't build new factories, they can't build new cellular networks, they can't expand, and they can't combine and merge to bigger, more resilient companies that can compete effectively on a global basis. It ultimately would have a very destructive effect on U.S. companies.

So, Mr. Speaker, in sum, I will just bring it back to my home district. If a little limitation is good for the system, tell that to the 200 Kentuckians who now have jobs because of this innovative source and a responsible source of commercial credit in America.

□ 1315

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

I just want to take a moment to respond as well to the gentleman from Massachusetts. He indicated that he is probably not going to convince anyone who is supporting the bill. I presume I am probably not going to convince him either, as I look over there, because he is now off the floor; but if he is back in his office and tuning us in, let me just make some points where he might be convinced.

He spoke about the fire sale that will not occur now under the proposed Volcker Rule. Well, yes, it still will occur, just because you are not saying that the sale has to occur this afternoon, but it is going to occur at a set point in time, either 6 months from now, a year from now, or as they are

proposing, 2 years from now. In either case, when you set a date certain for a sale, then everyone else out there knows that this is the day that they might as well wait for; and eventually, they will have to sell, and at that point in time, they will engage in a fire sale.

In other words, by setting a date when you have to sell all of your assets or whatever you have, you are basically pushing the price down in that market.

Secondly, with regard to sales up, I guess the gentleman from Kentucky already raised that point. Sales were going down until Congress came together in a unique experience for Congress, which was a bipartisan effort, and once the rest of Main Street and Wall Street saw that Congress can actually do things together and work together in a bipartisan manner, they did what the rest of Americans will do and said: good thing. They said: let's get that market going back up again.

As the gentleman from Kentucky pointed out, that is exactly what occurred.

Thirdly, the gentleman from Massachusetts admitted that the CLO market was not the cause or any cause of the crisis that we had back in 2008, and I have not heard any testimony from anyone on any panel from either end of the spectrum that the CLOs would be a basis for the next crisis that inevitably will come.

Next, the gentleman from Massachusetts raised the point that something like 70 percent of all the CLOs out there are captured by something like three large banks or three financial institutions and made it sound as though the smaller and mid-sized banks are not really playing here.

Then you had to listen to the next thing that he said. He said that most of those CLOs held by those would already be protected by the current Volcker proposal out of the administration.

Well, that tells you right there that the legislation from the gentleman from Kentucky is not addressing or not trying to solve a problem for the three large banks. The legislation he is trying to put forward in a bipartisan manner is, in fact, doing just as he explained for the smaller banks, for the mid-sized banks, those are the ones that we are concerned about; and we want to make sure that they are not hurt through fire sales or further restrictions on them.

Finally, last—but maybe not least—is the fact that this bill will not end too big to fail. Well, we know that Dodd-Frank, unfortunately, did not end too big to fail.

Dodd-Frank did a number of things, but it did not end too big to fail, and the way to solve that is not by nitpicking around the edges on areas such as this that did not cause the crisis in the first place.

In fact, the authors and the proponents of Dodd-Frank understood that when they passed Dodd-Frank—because, look, what is the language in

Dodd-Frank when it comes to the Volcker Rule and the CLO matter that is before us today? Did they want to have this included in the rule that Volcker would eventually come out with? The answer is no.

The language specifically in 619 of Dodd-Frank—voted in favor of, by the way, by the gentleman from Massachusetts—says:

Nothing in this section shall be construed to limit or restrict the ability of a banking entity or nonbank financial company supervised by the Federal Reserve Board to sell or secure type loans in a manner otherwise permitted by law.

What does that sentence mean? That means that the sponsors of—and those like the gentleman from Massachusetts who supported Dodd-Frank—specifically put into the Dodd-Frank law the direction to the Fed and the other regulators that they should not be doing what they are doing right now. They should not be putting, as it says, limitations on this type of instrument.

So for all of those reasons, if the gentleman from Massachusetts is still watching what we are doing on the floor, perhaps we have convinced him that he should join with the majority on both sides of the House and not be part of the three or so who remain opposed to this and support the legislation, H.R. 4167.

With that, I yield back the balance of my time.

Mr. MURPHY of Florida. Mr. Speaker, I would like to thank my colleagues and the gentleman from New Jersey for their thoughtful debate on this commonsense improvement to the Volcker Rule.

I appreciate my colleagues on the Democratic side of the aisle always keeping the focus on preventing some of the world's largest banks from subjecting the American people to another financial crisis.

However, I believe this bill strikes the right balance to protect the American people and create jobs. It was reported by the Financial Services Committee with a strong bipartisan 53-3 vote, and I urge my colleagues to support this bill.

I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. GARRETT) that the House suspend the rules and pass the bill, H.R. 4167, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 4414, EXPATRIATE HEALTH CARE COVERAGE CLARIFICATION ACT OF 2014

Mr. BURGESS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 555 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 555

Resolved, That upon adoption of this resolution it shall be in order to consider in the House the bill (H.R. 4414) to clarify the treatment under the Patient Protection and Affordable Care Act of health plans in which expatriates are the primary enrollees, and for other purposes. All points of order against consideration of the bill are waived. The amendment printed in the report of the Committee on Rules accompanying this resolution shall be considered as adopted. The bill, as amended, shall be considered as read. All points of order against provisions in the bill, as amended, are waived. The previous question shall be considered as ordered on the bill, as amended, and on any amendment thereto to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chair and ranking minority member of the Committee on Ways and Means; and (2) one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Texas is recognized for 1 hour.

Mr. BURGESS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts (Mr. MCGOVERN), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

GENERAL LEAVE

Mr. BURGESS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks on the resolution.

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

There was no objection.

Mr. BURGESS. Mr. Speaker, House Resolution 555 provides for the consideration to fix yet another flaw that has to be corrected in the Affordable Care Act due to the rushed process by which the bill was passed in March of 2010.

As a direct result of the hasty legislation, experts have estimated that over 1,000 Americans will lose their jobs unless Congress takes immediate action to correct and clarify the Affordable Care Act's impact on expatriate health care plans.

This bill before us today will do just that, putting Americans above partisan politics and helping yet another subset of people in our country who currently are being harmed by the President's takeover of our health care system.

The rule before us today provides for one full hour of debate equally divided and controlled by the chair and the ranking minority member on the Committee on Ways and Means. Further, the rule provides for the adoption of an amendment by the bill's authors, Representatives NUNES from California and CARNEY from Delaware, which addresses a number of concerns the minority expressed during debate of this legislation several weeks ago.

True to the Speaker's commitment of letting the House work its will, Republicans listened to those concerns and

crafted a bipartisan amendment to improve the legislation. In addition, the rule provides the minority the standard motion to recommit.

H.R. 4414, the Expatriate Health Coverage Clarification Act of 2014, addresses the problem caused by the Affordable Care Act, which could result in those Americans who live abroad for a substantial portion of the year, those individuals referred to as expatriates, that could cause them to lose their health care coverage because of the one-size-fits-all approach to our health care system, which was employed by the wizards who wrote the Affordable Care Act.

Expatriate health care providers have traditionally offered tailored, specialized insurance plans to meet the needs of Americans who spend their time overseas. These citizens simply cannot rely on a local general practitioner or neighborhood clinic because, so often, they are far away from home.

However, the Affordable Care Act does not provide an avenue by which these plans can continue to be offered. Instead, Senator REID, Kathleen Sebelius, and Barack Obama decided it was up to them to decide how Americans' health insurance plans should be structured.

The legislation before us today is a clear example of why a top-down Federal approach to health care does not work. Consumers should be in the driver's seat deciding what works best for them, what works best for themselves and their families, not someone sitting in Washington, D.C.

Because of the regulations in the Affordable Care Act, insurers have announced that they will have to shift their expatriate operations overseas in order to be in compliance with the law, and with those operations will go those jobs. All Americans know that it was shown to be an empty promise when someone said, if you like your health care plan, you can keep it.

Well, Mr. Speaker, it is a darn good thing the President never promised, if you like your job, you can keep it. Over a thousand jobs tied to expatriate health care operations will now be shipped overseas. Americans who rely on these health plans, which until now have worked well for them and their families, are going to have to scramble and scramble fast to find alternative coverage.

Some examples of those Americans who will potentially lose their health care coverage due to the unyielding regulations of the Affordable Care Act include businessmen and businesswomen, pilots, foreign aid workers, ship operators, and tour guides.

The President has already acknowledged that his law will hurt these Americans, announcing that the Department of Health and Human Services would, yet again, ignore the law and provide a temporary waiver from complying with the law's requirements; but this is not how you fix flawed legislation.