Polis	Schneider	Titus
Price (NC)	Schrader	Tonko
Quigley	Scott (VA)	Torres
Raskin	Scott, David	Tsongas
Rice (NY)	Serrano	Vargas
Richmond	Sewell (AL)	Veasey
Rosen	Sherman	Vela
Roybal-Allard	Sires	Velázquez
Ruiz	Smith (WA)	Visclosky
Ruppersberger	Soto	Wasserman Schultz
Rush	Speier	Waters, Maxine
Ryan (OH)	Suozzi	Watson Coleman
Sánchez	Swalwell (CA)	Welch
Sarbanes	Takano	Wilson (FL)
Schakowsky	Thompson (CA)	Yarmuth
Schiff	Thompson (MS)	

NOT VOTING—14

Bishop (GA)	Hudson	Shea-Porter
Brady (TX)	Issa	Simpson
Castor (FL)	Moore	Walden
Frankel (FL)	Peters	Walz
Gosar	Rohrabacher	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining.

□ 1415

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

THE JOURNAL

The SPEAKER pro tempore. The unfinished business is the question on agreeing to the Speaker's approval of the Journal, which the Chair will put de novo.

The question is on the Speaker's approval of the Journal.

Pursuant to clause 1, rule I, the Journal stands approved.

ELECTING A MEMBER TO A CERTAIN STANDING COMMITTEE OF THE HOUSE OF REPRESENTATIVES

Mr. CROWLEY. Mr. Speaker, by direction of the Democratic Caucus, I offer a privileged resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 816

Resolved, That the following named Member be and is hereby elected to the following standing committee of the House of Representatives:

(1) COMMITTEE ON RULES.—Mrs. Torres.

The resolution was agreed to.

A motion to reconsider was laid on the table.

STRESS TEST IMPROVEMENT ACT OF 2017

Mr. HENSARLING. Mr. Speaker, pursuant to House Resolution 780, I call up the bill (H.R. 4293) to reform the Comprehensive Capital Analysis and Review process, the Dodd-Frank Act Stress Test process, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. KATKO). Pursuant to House Resolution 780, in lieu of the amendment in the nature of a substitute recommended by the Committee on Financial Services, printed in the bill, an amendment in the nature of a substitute consisting of the text of Rules Committee Print 115–63, modified by the amendment printed in part B of House Report 115–600, is adopted, and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 4293

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 ''Stress Test Improvement Act of 2017''.

SEC. 2. CCAR AND DFAST REFORMS.

Section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5365(i)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)(i)—

(i) by striking ''3 different'' and inserting ''2 different''; and

(ii) by striking '', adverse,''; and

(B) by adding at the end the following:

''(C) CCAR REQUIREMENTS.—

''(i) LIMITATION ON QUALITATIVE CAPITAL PLANNING OBJECTIONS.—In carrying out CCAR, the Board of Governors may not object to a company's capital plan on the basis of qualitative deficiencies in the company's capital planning process.

''(ii) CCAR DEFINED.—For purposes of this subparagraph and subparagraph (E), the term 'CCAR' means the Comprehensive Capital Analysis and Review established by the Board of Governors.''; and

(2) in paragraph (2)—

(A) in subparagraph (A), by striking ''semi-annual'' and inserting ''annual''; and

(B) in subparagraph (C)(ii), by striking ''3 different sets of conditions, including baseline, adverse,'' and inserting ''2 different sets of conditions, including baseline''.

SEC. 3. RULE OF CONSTRUCTION.

The amendments made by this Act may not be construed to prohibit an appropriate Federal banking agency (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) from—

(1) ensuring the safety and soundness of an entity regulated by such an appropriate Federal banking agency; and

(2) ensuring compliance with applicable laws, regulations, and supervisory policies, and the following of appropriate guidance, by an entity regulated by such an appropriate Federal banking agency.

SEC. 4. REDUCTION OF SURPLUS FUNDS OF FEDERAL RESERVE BANKS.

(a) IN GENERAL.—Section 7(a)(3)(A) of the Federal Reserve Act (12 U.S.C. 289(a)(3)(A)) is amended by striking ''$7,500,000,000'' and inserting ''$7,480,000,000''.

(b) EFFECTIVE DATE.—Subsection (a) shall take effect on June 1, 2018.

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

The gentleman from Texas (Mr. HENSARLING), and the gentlewoman from California (Ms. MAXINE WATERS) each will control 30 minutes.

The chair recognizes the gentleman from Texas.

GENERAL LEAVE

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and submit extraneous material on the bill 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 such time as I may consume.

Mr. Speaker, I rise today in very strong support of H.R. 4293, the Stress Test Improvement Act of 2017. I want to thank the gentleman from New York (Mr. ZELDIN), who is a real workhorse on the Financial Services Committee and a real leader in trying to ensure that we have affordable credit for our constituents so that they can achieve the American Dream. In his legislation, he will bring clarity and reasonableness to the stress test regime.

Currently, as we know, banks face two separate, legally mandated stress tests: the CCAR and the DFAST. Together, these two programs constitute one of the greatest expansions of the Federal Reserve's supervisory powers in recent history. But what is important to note, Mr. Speaker, is that, in addition to these mandated stress tests, banks conduct stress tests every single week on one asset class or another.

It is important to know how banks can withstand tough, stormy financial weather, but this was taking place even prior to either DFAST or CCAR. What has happened now, Mr. Speaker, is these particular tests are incredibly onerous to the point where the reports are not just measured in pages, they are measured in pounds, and it is doubtful that anyone actually reads them.

Then, to compound the challenge, Mr. Speaker, the Federal Reserve's stress tests have become kind of a cat-and-mouse exercise in which the Fed staff and compliance officers attempt to outwit each other in a game that has no rules and no transparency. In other words, it is a secret test. Nobody really knows what is on it. It is difficult for Congress, it is difficult for our markets, and it is difficult for the public to even assess whether or not these tests are effective.

Mr. Speaker, it is very important to note, if you don't know what is on the test, how can you adhere to the rule of law if you don't know what the law is? And so something really needs to change here.

Now, it is fortunate that yesterday the Federal Reserve finally took action to begin to simplify and refine the CCAR stress testing regime. Recognizing the opacity of the stress test regime, Federal Reserve Vice Chairman for Supervision Randy Quarles said in a statement: ''Our regulatory measures are most effective when they are as simple and transparent as possible.'' I couldn't agree more, as does the gentleman from New York as well.

Unfortunately, Mr. Speaker, this particular proposal is somewhat modest in its attempt to simplify the process. It does follow the results of a review undertaken by former Fed Chair Yellen, which found a need to reduce the burden resulting from stress testing requirements. Almost everybody agrees with that, especially on our smaller financial institutions. So that is one more reason why this is needed.

I am glad the Federal Reserve recognizes the need to reform the stress test regime because, again, it contributes to a climate of legal and regulatory uncertainty when the rule of law is so critical to the foundation of our society and it is so critical to economic growth.

But in light of the Fed's announcement yesterday, it is also important to point out what the Fed did can easily be undone next week, next month, or next year. That is why it is critical that Congress has to make improvements in the stress testing regime permanent, especially for the CCAR process, which is not—I repeat, not—a creation of statute.

The gentleman from New York (Mr. ZELDIN) has come up again with just the right bill, H.R. 4293, and it will help provide a commonsense, and, oh, by the way, bipartisan reform that will inject badly needed accountability, transparency, and targeted relief to reduce legal and regulatory uncertainty for financial institutions.

Why is this important, Mr. Speaker? At the end of the day, it is not really the banks that are the subject of these regulations. At the end of the day, it is their customers. And what this committee and what this House has to do is ensure that there is affordable and available credit to help fund people's American Dreams.

I heard from a gentleman by the name of John in my district from Mesquite, Texas. He said:

> Credit helped me obtain my first home, and 13 years later, I am still in it. It has helped us grow from one child, when we moved in, to four. We ran into some bad times, but I was able to withstand it all with the help of the available credit lines that I had at the time. Without the credit, it would have been nearly impossible to still be where me and my family are today.

That is why it is so important, Mr. Speaker. People need credit to pay their bills, to buy their homes, to pay for their car repairs; and all of these regulations, the regulatory onslaught that has been taking place for almost a decade, makes that credit less available and more expensive. It shrinks the American Dream, and we can't allow that to happen on our watch, Mr. Speaker.

That is why it is so important that we bring some rationality to the stress test so that, hopefully, people like John in Mesquite can continue to get that line of credit. Mr. Speaker, that is why it is so important that we all vote for H.R. 4293 today.

I reserve the balance of my time.

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

Mr. Speaker, I rise to oppose H.R. 4293, the Stress Test Improvement Act, which is designed to line Wall Street's pockets by weakening a critical tool to prevent a future financial crisis.

Bank stress tests are a forward-looking tool where a hypothetical scenario or two are tested, such as, how would a megabank fare if a major recession occurred next year with unemployment and foreclosures going way up? These tests, incredibly, are very helpful to see if banks might need to maintain more capital to help buffer against such a scenario.

□ 1430

These are similar to crash tests for cars where a manufacturer runs their cars through crash test simulations to see if passengers will remain safe in various kinds of crashes. Such testing provides valuable insights regarding what design adjustments might be needed to ensure the car is as safe as possible.

So let us take a look at how this safeguard developed. When President Obama took office, his administration inherited an economy in free fall with about 800,000 jobs lost that very month. Many wondered how many more financial firms might fail. So Treasury Secretary Geithner worked with the Federal Reserve, and together they designed the Supervisory Capital Assessment Program.

These stress tests checked how resilient the largest banks were if, in fact, the economy continued to deteriorate. Results were published, and we learned that 10 of the 19 participating firms were collectively about $75 billion short of the required capital ratios. These tests provided criminal transparency to the market, thereby enabling the banks to begin recapitalizing themselves with new funds from investors who themselves had renewed confidence in the banking industry.

Following this success, Congress decided to mandate these stress tests to be regularly required of the Nation's largest banks in Dodd-Frank. This would ensure banks and their regulators remained vigilant, especially when times were good, so that they could spot problems much earlier and take corrective action.

The Federal Reserve implemented these Dodd-Frank stress tests alongside their Comprehensive Capital Analysis and Review, known as CCAR, which added a capital planning component to the tests.

According to credit rating agencies and financial analysts, these stress tests, along with Dodd-Frank's other enhanced prudential requirements of the largest banks, have made our financial system much safer.

Now, let me give you some numbers. Since 2009, the 34 largest banks have increased their capital by $750 billion, bringing the industry's total capital buffer to nearly $2 trillion today. That is $750 billion in more high-quality funding that banks can safely lend and invest, which helps explain why business lending has also increased almost 80 percent the last 8 years.

But H.R. 4293, this bill, would undermine all of that and proposes three changes that megabanks like Wells Fargo would love to see. First, the bill would eliminate the adverse scenario from Fed-run stress tests. But like in car crash tests today, multiple scenarios can help ensure an institution can survive a wider range of unforeseen events.

Second, the bill would bar the Fed from making qualitative objections to a bank's capital plan. Even the Federal Reserve led by President Trump's appointees issued a lengthy proposal yesterday altering some of the stress testing rules, and their proposal maintains their ability to make qualitative objections. So there is no basis for Congress to unilaterally make it harder for regulators to ensure megabanks are well run and capitalized.

Third, the bill would allow Wall Street megabanks to conduct fewer company-run stress tests—annually instead of semiannually. But given how quickly tides can shift, routine, semiannual testing can better identify problems before they grow into larger problems.

As a former Federal Reserve official wrote last year: ''Had stress tests as conducted now been in place before the crisis, they could have made firms more resilient to unexpected losses, and at a minimum could have given supervisors the ability to question banks' continued dividend and share buybacks in the quarters leading to the height of the crisis.''

Accordingly, I strongly urge Members to reject this rollback for Wall Street megabanks.

Let me just add by saying: Why would we do this?

Why would we, knowing what we went through in 2008 where we had this subprime meltdown, we went into a recession—almost a depression—and we discovered that the banks were undercapitalized and they could not deal with this kind of change in the economy, they could not deal with the fact that something had gone wrong and be prepared to deal with it rather than us having to bail them out in the way that we did?

I don't know why we would do this now. So I would simply ask Members to ask the question: Why is it we would take away something that would make the banks safer, that would make them more stable, and that would make them able to be able to sustain despite the fact there was a crisis developing in the economy?

Why would we want to take away this safety that we have built with stress testing?

So, with that, Mr. Speaker, I would ask the Members to reject this rollback for Wall Street megabanks, and I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 6 minutes to the gentleman from New York (Mr. ZELDIN), who is a hardworking member of the House Financial Services Committee and the bill's sponsor.

Mr. ZELDIN. Mr. Speaker, I thank the chairman for all of his great leadership and mentorship throughout this process to get this bill to the floor today.

Mr. Speaker, I rise in strong support of H.R. 4293, the Stress Test Improvement Act. It is critical bipartisan legislation that injects transparency, consistency, and fairness into the stress testing process.

I especially want to thank my bipartisan supporter and partner on this important bill, Congressman DAVID SCOTT of Georgia.

Stress tests are one of the aspects of current law that are contributing to the climate of legal and regulatory uncertainty because the Federal Reserve has failed to provide the necessary transparency around this process.

A stress test is a financial analysis performed internally by a financial institution or done externally by a regulator to assess if a bank can withstand stressful economic conditions. Stress tests, when done correctly, are an important way for banks and regulators to understand the ability of financial institutions to survive a contracting economy or weather a major economic storm like a recession.

Ensuring that these tests are done right, with fairness and objectivity, is essential for protecting depositors and the overall financial system. That is why passing the reforms in this bill should be a priority on both sides of the aisle.

Working together on a bipartisan basis, Mr. SCOTT offered an amendment to this bill that was accepted unanimously by the members of the Financial Services Committee, including the ranking member, and this bill cleared a committee markup with a bipartisan vote of 38–21.

By focusing the bill on three core reforms, we are improving this important process to protect soundness in the banking system, while also reforming the negative unintended consequences and damaging overreach of Dodd-Frank.

By striking the adverse scenario requirement from stress testing, these important tests can actually focus on real-world conditions to protect financial institutions and the customers they serve from threats to the stability of the financial system.

By repealing the ability of the Federal Reserve to reject a company's capital plan based solely on a qualitative stress test, we are making the process more transparent and fair.

This legislation ends the ability of regulators to arbitrarily reject a financial institution's capital plan without feedback or constructive criticism. These secretive rejections by regulators have done little to protect consumers and inserted more, not less, uncertainty into the financial system.

By eliminating the midcycle review and shifting from biannual to annual stress testing requirements, we are lessening the compliance tax that has raised the cost of lending and hurt consumers who have lost access to the small business loans or mortgages that help finance their American Dream.

Without needed reform, rather than ensuring financial stability, the Federal Reserve's stress tests are likely missing real risks while constraining the competitive flow of financial services that is critical to increasing economic opportunity.

While a valuable resource, stress test results may be creating a false sense of security, while at the same time sowing the seeds of financial instability. In order to succeed, a stress test must build from an accurate forecast of the next macroeconomic storm, and even the best forecasts tend to be wrong.

The Stress Test Improvement Act will make stress testing more effective by making the rules more transparent and fair. We are not gutting standards but making them work for the real world. This bill is a bipartisan team effort to accomplish these goals.

Without transparency about what the stress testing rules are, there is no way to ensure the government plays by the rules. By subjecting financial institutions to a questionable regime that lacks accountability and transparency, regulators are failing to achieve the important goals that they are tasked with: ensuring safety and soundness.

With the critical reforms in this legislation, we are upholding sensible standards for financial institutions, while clarifying the requirements for and the frequency of stress tests.

To the hardworking men and women in my district and nationwide, it is common sense that banks ought to know the standards and tests their regulators are subjecting them to. By injecting some transparency and consistency into the stress testing regime, we are taking needed capital off the sidelines so it can be invested in the private economy to create jobs and wealth.

I want to thank Chairmen HENSARLING and LUETKEMEYER for their leadership on this important issue. I also want to thank my Democratic partner on this important bill, DAVID SCOTT.

Mr. Speaker, I urge adoption of this bill.

Ms. MAXINE WATERS of California. Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentlewoman from Utah (Mrs. LOVE).

Mrs. LOVE. Mr. Speaker, when it comes to bank regulation, the job of the regulator is to balance the need for economic growth with the safety and soundness of the financial system. With fresh memories of the most recent financial crisis, it is natural for regulators to err on the side of being overly cautious so they aren't blamed when something goes wrong.

Unfortunately, this has led to a situation in which regulators are evaluating stress tests based on subjective and unclear standards. The stress tests are opaque; it is like asking banks to kick a field goal when they don't even know where the goal posts are. What is more, the regulators keep ratcheting up the standards.

For the stress tests to achieve their goal, however—the goal of keeping the financial system safe and sound—they need to be transparent and they need to be fair.

H.R. 4293, a bill with bipartisan support, would approve the stress testing process for bank holding companies by repealing the ability of regulators to reject a financial institution's stress test based on subjective and opaque standards.

Another important improvement to the process would be the elimination of the overly burdensome midcycle review by shifting from biannual to annual stress testing requirements.

These reforms would make it easier for Congress, the markets, and the public to assess both the integrity of the findings of the stress tests and the effectiveness of the Fed's regulatory oversight.

Some critics, nonetheless, have claimed that this bill would weaken Dodd-Frank. On the contrary, H.R. 4293 would improve the flawed standards of Dodd-Frank and strengthen the stress testing process to ensure that it produces the results we seek: a safer and more stable financial system.

Mr. Speaker, I thank my colleague from New York, LEE ZELDIN, and Congressman DAVID SCOTT for supporting this bill, and I urge my colleagues to support this bill.

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

Mr. Speaker, again, I raise the question of why are we considering a bill that would reduce the amount of scrutiny that we have with this stress testing from the biggest banks in America, when, in fact, we know that this stress testing was created because of the problems that we were faced with in 2008?

We learned an awful lot about what we should not do and what we should change in order never to be in the position again where we have to bail out all of these big banks.

□ 1445

We are simply saying: Banks, you have to be tested. You have to have a stress test to see if you can withstand the difficulty that will be presented if, in fact, the economy gets in trouble. It is as simple as that.

Do you have enough capital? Are you organized in such a way that you won't go under, that you won't create a problem in our economy because of the size of your bank if you get in trouble?

So I would simply ask our Members to reject this bill because this bill is not needed. It is simply a way by which to comply with the megabanks' request to not have to do the work that is necessary to prove that they are safe. And I don't know why we would do that.

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

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentlewoman from New York (Ms. TENNEY), another hardworking member of the House Financial Services Committee.

Ms. TENNEY. Mr. Speaker, I rise in support of H.R. 4293, the Stress Test Improvement Act, bipartisan legislation by my great colleague, the gentleman from New York (Mr. ZELDIN).

We keep hearing about megabanks, but all banks affect industries, small businesses, and large businesses. So every time we adjust the marketplace and we make more regulations, you also impact small businesses as well, and our ability to survive. As the owner of a small business, this affects me as well.

But stress testing is an important tool that can encourage the safety and soundness of an individual depository institution and the overall health of the banking system, including all banks, across all sizes and sectors. However, the Federal Reserve has implemented its stress testing in a manner that imposes unnecessary burdens without providing proportionate benefits. This is especially true for smaller institutions for which the cost of this exercise is disproportionately burdensome. It can also affect larger banks.

H.R. 4293 would fix the tests so they can properly show smarter ways to strengthen a financial institution's planning. This legislation improves the Federal Reserve's stress testing processes mandated by the Dodd-Frank Act by requiring a select group of banks, or bank holding companies, to conduct internal, company-run stress tests once a year rather than semiannually.

I want to thank Mr. ZELDIN again for sponsoring this, as always, a bipartisan piece of legislation. And it is important to note that, if we are going to reduce regulations and burdensome fees and procedures on companies, it has to be across all sectors, not just one. And I think this legislation shows that and shows the sponsor's willingness to do that.

Mr. Speaker, I thank the gentleman, and I urge all my colleagues on both sides of the aisle to support this legislation.

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

Mr. Speaker, I would like to share with Members a Communications Workers of America letter to us on H.R. 4293.

And they state: H.R. 4293 would undermine the effectiveness of the Federal Reserve's Comprehensive Capital Analysis and Review—that is, CCAR—stress test. Specifically, the bill would prohibit the Federal Reserve from objecting to a capital plan on the basis of qualitative reasons; such as, the reasonableness of the assumptions and analysis underlying the plan. The bill would also cut the frequency of CCAR tests in half, taking away tools and reducing the amount of information available to the Federal Reserve about bank health and is a fundamentally bad idea.

Really, it is basically what we have been saying. We have been saying that this would reduce the stress tests from semiannually to an annual test.

Why would you want to have less scrutiny of these banks? Why would you want to reduce the amount of time that they would have relative to being able to prove that they are safe?

Also, I think it is very important what is being said here about the Fed and the Fed's ability to basically review, on the basis of qualitative reasons, such as reasonableness and of assumptions and analyses underlying the plan.

So they are looking to see if these banks are well capitalized, if these banks can withstand, again, problems in our economy that would arise that could create unemployment and all kinds of other adverse conditions.

So I would ask the Members to oppose this bill. This is just another deregulation bill for the biggest banks in America. We should not be doing that because these are the banks that, if they are undercapitalized, if they don't have what is needed to withstand problems in our society that could arise in the economy, it could cause us to go into another recession, even a depression perhaps.

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

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky (Mr. BARR), the chairman of our Financial Services Subcommittee on Monetary Policy and Trade.

Mr. BARR. Mr. Speaker, I thank the chairman for the recognition and the author of this legislation, Mr. ZELDIN, for his leadership on the Stress Test Improvement Act, which I strongly support.

Mr. Speaker, the Federal Reserve administers two stress tests that they believe analyze the ability of U.S. firms to weather various forms of economic turbulence. While the Fed failed to sound the alarm prior to the last financial crisis, the thought is that, with these tests, one of which was instituted by the Dodd-Frank financial control law in the aftermath of the financial crisis, the Fed can prevent or at least mitigate the severity of the next crisis.

I believe that stress tests can be very productive and useful, but there is such a thing as overkill. When a relatively healthy patient goes to the doctor, the doctor typically doesn't say: And you need to go to another doctor, and you need to come see me again every month. That is really not required. It adds costs, it is redundant, it is duplicative, and it doesn't materially benefit the patient in terms of better health outcomes.

The analogy applies to banks. Stress testing is good, but overkill is costly, and it costs the financial system and doesn't materially add to financial stability. Certainly there is merit to stress testing, but there is no doubt that the cloud of secrecy surrounding these tests confounds the ability of financial firms to correctly identify systemic risks, to take corrective action, to chart a more sustainable or profitable path for the future. As a result, financial firms, many of them banks, are left trying to anticipate these Fed models, wasting valuable time and resources that could be used to actually address risks that threaten our economy.

So this environment of regulatory uncertainty actually, I would argue, undermines financial stability because it distracts from the mission of the institution, and it certainly is costly in terms of driving up costs and taking away access to capital for productive activities that actually strengthen the economy. For these reasons, I am a proud supporter of this bill, which is a great first step to clean up some of the regulatory uncertainties surrounding these tests.

The bill does a few things. First, it reduces the frequency of the required company-run stress tests to once per year. One is enough to identify risks, instead of two. Second, it eliminates one of the supervisory scenarios that must be run, leaving just two, again eliminating redundancy and superfluous, costly activities. Finally, it prohibits the Federal Reserve from objecting to a bank holding company's capital plan based on unknown qualitative reasons.

These institutions need to know what the Fed is looking for in order to satisfy the stress testing that is applied to them. Again, I applaud Congressman ZELDIN and Chairman HENSARLING for their hard work on this commonsense regulatory improvement bill. It is not deregulation. It is better regulation. It is more effective regulation to not only unleash greater capital under the economy but actually enhance financial stability.

For those reasons, Mr. Speaker, on behalf of the American economy and for financial stability, I urge my colleagues to vote for the Stress Test Improvement Act.

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

Mr. Speaker, I don't know what this overkill argument is all about. This is about deregulation. The banks, these megabanks, don't need any more deregulation or help from Congress. In 2016, the industry made record-breaking profits, more than $170 billion in profits. The Republicans gave the eight largest Wall Street banks a $15 billion windfall from their tax scam bill. And CEOs are making more money on Wall

Street, as much as they made in 2006, before they drove our economy into a massive ditch.

Megabanks need reasonable but strong stress tests to keep our economy safe. And I want to tell you, after Dodd-Frank reforms were put in place—and the stress test was one of the things that had to be done—the banks resisted it, but finally they came into compliance. And it took them several years, and then they did it the way that Dodd-Frank would have them do it. So there are no problems.

These stress tests now are stress tests that reveal exactly what is going on in the bank. And so why are we trying to undo this? Why do you want to see them once a year instead of twice a year? Twice a year has proven that we can keep them straight, that we can make sure that they are well capitalized, that we can make sure they have a good financial plan.

So I would simply say, let's not get involved in more deregulation and take us back to where we were when we got in trouble in 2008. I would ask the Members to vote ''no'' on this bill.

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

Mr. HENSARLING. Mr. Speaker, may I inquire how much time I have remaining.

The SPEAKER pro tempore (Mr. PALAZZO). The gentleman from Texas has 11½ minutes remaining.

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

Mr. Speaker, I listened very carefully to the distinguished ranking member, who observed that our banks have more capital today. And this is a good thing. To the extent that Dodd-Frank had anything to do with it, I would say congratulations to the Dodd-Frank Act. But I also noticed that, for many of us, many of our banks are still undercapitalized.

And the ranking member had every opportunity to vote for the Financial CHOICE Act that would require 10 percent, far more capital than these banks that she is concerned about failing have today, but she rejected that.

She often uses the phrase ''Wall Street megabanks,'' but it is her side of the aisle that supports a taxpayer bailout fund for what she calls the Wall Street megabanks. That comes from our friends on that side of the aisle, Mr. Speaker; not on this side. She says we have to bail out these banks.

No, we don't have to. We don't have to. We should support bankruptcy over bailout. And we should support high levels of capital over incredibly intrusive Federal control, Federal control that ultimately gets resolved into less credit and more expensive credit for many of our constituents.

Again, Mr. Speaker, I would add, banks have stress-tested themselves long before the appearance of Dodd-Frank. Long before the appearance of Dodd-Frank. In fact, stress tests are taking place on some group of assets at every bank in America every day. Many, many banks, particularly the larger banks, may do up to 200 stress tests a week.

What the gentleman from New York is trying to do is add some level of clarity, sanity, and reasonableness to the federally instituted CCAR process, something that can take literally 40,000 pages—40,000 pages—can take tens of millions, if not over $100 million, to produce that could have been used to loan to our constituents to buy their home, to repair their car, to put groceries on the table, to pay for their healthcare premiums.

□ 1500

And some say, well, these tests have to be conducted semiannually. Why semiannually? What is wrong with annually? What is sacrosanct about semiannually? And, oh, by the way, why are we testing for both worst-case scenario and some mid- scenario?

Okay. Either you are going to survive the 100-year flood or you are not. If you can survive the 100-year flood, surely you can survive the 50-year flood. So why do we need that other test?

I mean, what we hear from our friends on the other side of aisle: Oh, my God, we can't question the Federal regulators. I mean, they come from Mount Olympus. They have this great wisdom that we can never challenge them.

Well, the truth is we are Article I of the Constitution, and we are the ones who make the law, and that is why we have hearings, and we listen very closely. We listen closely to our regulators; we listen closely to our constituents; we listen closely to market participants; and then we make judgments. We make judgments.

So, yes, there is a balance. There is a balance between economic opportunity and financial stability. We want there to be strong financial stability, but we also want there to be strong, strong economic opportunity for all of our constituents.

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

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

Mr. Speaker, I would like to share with Members the opinions of former Chair Janet Yellen, who has stated that stress testing improves public understanding of risk at large banking firms, provides a forward-looking examination of firms' potential losses, and has contributed to significant improvement in risk management.

Former Chair Ben Bernanke has praised stress testing for playing a crucial role in the recovery of the economy and creating a more resilient postcrisis U.S. banking system.

The deceptively named Stress Test Improvement Act—that is, this bill—severely weakens this key element of bank oversight and must be rejected. We cannot ignore the analyses that are being given by these former Fed Chairs. I mean, they are saying do not be tricked, do not be fooled, that this is a deceptive bill, and that stress testing must continue in order to ensure the stability of our banks in the event the economy goes awry.

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

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia (Mr. DAVID SCOTT), the Democratic cosponsor of this legislation and a proud member of the Financial Services Committee.

Mr. DAVID SCOTT of Georgia. Mr. Speaker, I thank Chairman HENSARLING and my distinguished ranking member, who has some very serious concerns.

I want to take a moment to explain that the bill is basically my bipartisan amendment that Mr. ZELDIN and I worked on that passed in committee, and I think it is very important for me to work through this to explain how it will not affect as my ranking member has stated. However, I want to make sure that people know we have got things in here to address.

It keeps intact the essence of what we were trying to accomplish with stress tests in Dodd-Frank. Now, my amendment essentially rewrote this bill, as I said, so that we are left with just three simple things, tweaks that we are making.

The first one is, in today's CCAR test, banks are now required to run stress tests that have, one, a baseline, adverse, and severely adverse scenario. My amendment simply removes the adverse requirement.

And why is that? Because, in talking about how we can stimulate more growth for our banks while at the same time maintaining the proper stress test, we heard that the adverse scenario rarely proved or shed any light on the health of the bank that isn't already shown when testing a bank for a severely adverse scenario. So we didn't need the other one if one is doing it, and so we eliminated that.

Secondly, my amendment eliminated the Fed's ability to reject a capital plan solely on what we refer to as the qualitative portion of the test. Now, Mr. Speaker, we did this because stress tests are tests of both the bank's books, which is the quantitative side, and a test of the bank's internal controls, which is the qualitative side. So rejecting a capital plan solely on the qualitative portion of the test generates a lot of uncertainty within our banking system for banks, and it is something that the Federal regulators already, earlier last year, stopped requiring the banks under $250 million from having to do. So we simply removed that.

And then, lastly, my amendment eliminated the midyear tests that banks are required to do internally. Why did we do that? Because right now, if you are a bank above a certain

asset size, you are required to do internal tests. My amendment just changes this so that the tests are done.

The SPEAKER pro tempore (Mr. DUNCAN of Tennessee). The time of the gentleman has expired.

Mr. HENSARLING. Mr. Speaker, I yield an additional 30 seconds to the gentleman.

Mr. DAVID SCOTT of Georgia. Mr. Speaker, I want to urge my colleagues who are looking at this that I very carefully listened to my ranking member, and I have made sure, when we worked it in the process, that we adhered to that. No phase of this stress test is eliminated.

And the thing I want to add, over in the Senate, in the reg bill, S. 2155, two of the three parts of this bill and my amendment are already captured in S. 2155, which received 67 bipartisan votes.

So it is with gracious affection to my ranking member, because oftentimes we have to work together, and respect to my chairman that I urge all our Members, both Democrats and Republicans, to support this very important and worthwhile legislation.

Ms. MAXINE WATERS of California. Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. ROTHFUS), who served as our vice chairman of the Financial Services Subcommittee on Financial Institutions and Consumer Credit.

Mr. ROTHFUS. Mr. Speaker, I thank the chairman for yielding.

I rise to express my support for H.R. 4293, the Stress Test Improvement Act.

I also want to commend my colleague Representative ZELDIN for his work on this important issue.

Those of us who travel our districts to speak with the men and women who work at financial institutions are well aware of the high costs and lack of clarity in the stress test process. Companies are being forced to dedicate substantial resources and immense amounts of time to go through the Comprehensive Capital Analysis and Review, or CCAR, and the Dodd-Frank Act Stress Tests, DFAST.

I have spoken to compliance staff who reported submissions in the tens of thousands of pages. For each dollar or staffer put towards CCAR or DFAST, there are fewer resources being dedicated to innovation or helping customers.

Of course, we all believe that stress tests can and should be useful experiences. Some of the information turned up in stress tests could be helpful, but we are desperately in need to enact meaningful reform to provide better transparency, clarity, and reduce undue burden.

Columbia University Professor Charles Calomiris described the process as one in which ''regulators punish banks for failing to meet standards that are never stated.'' Let me repeat that: ''. . . failing to meet standards that are never stated.'' It is sort of a Kafkaesque creature of our bureaucracy.

Zeldin's bill improves the stress testing process by requiring the Federal Reserve to follow regular notice-and-comment practices and issue clear regulations on economic conditions and methodologies and to assess the effectiveness of the Fed's models. It also alleviates the compliance burden on firms by spacing out CCARs and DFASTs. These are targeted, reasonable reforms that can greatly improve the process. This will enhance, not hurt, financial stability and leave us with a healthier more vibrant economy.

Again, I urge my colleagues to support the Stress Test Improvement Act.

Ms. MAXINE WATERS of California. Mr. Speaker, may I ask how much time I have left.

The SPEAKER pro tempore. The gentlewoman has 15½ minutes remaining.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, my colleagues on the other side of the aisle continue to focus on pushing through giveaways to Wall Street and megabanks like Wells Fargo that could be harmful to consumers, investors, and our Nation's economy. Week after week, Republicans advance legislation that is basically reckless and misguided. H.R. 4293 is yet another bad bill from the Republicans that weakens critical protections put in place by Democrats to prevent another financial crisis.

As we have discussed, the bill undermines the stress test framework for our Nation's largest banks. Stress tests are an important regulatory tool that have much improved the safety of our financial system.

Mr. Speaker, when we crafted Dodd-Frank, we mandated these stress tests and put in place other enhanced prudential guardrails for large banks to not only prevent damage to our economy, but also help grow our economy, and they are working. H.R. 4293 weakens the rigor and frequency of these stress tests, a move that simply makes no sense.

Rather than harmful measures such as this one, Congress should be working to strengthen consumer protections, reform our broken system of credit reporting, provide tailored, responsible relief for community banks, and ensure that recidivist megabanks are held accountable for breaking the law.

I urge a ''no'' vote on this bill, and I urge Members again to simply ask the question: Why, at this point in time, would we want to basically reduce the ability for us to know exactly what is going on in those banks, whether or not they are fully capitalized, whether or not they could withstand a serious problem in our economy?

I don't think that the opposite side of the aisle, my friends, could really answer that question because this is simply a deregulatory bill for the biggest banks in America, for the megabanks, not needed, and certainly we need the information. We never want to go through a period of time like we did in 2008 where we discovered that our banks were not well capitalized and could not withstand the problems that we encountered.

I simply ask all Members to oppose this bill, and I yield back the balance of my time.

Mr. HENSARLING. Mr. Speaker, may I ask how much time I have left.

The SPEAKER pro tempore. The gentleman from Texas has 2 minutes remaining.

Mr. HENSARLING. Mr. Speaker, I yield myself the balance of my time.

Well, the ranking member poses the question, ''Why?'' I can tell you why, Mr. Speaker. It is because Therese from Waco has written:

> I would like to express my disappointment at being rejected for a home loan, which would cost less than the house I presently have been renting for 5 years. As a small-business owner, I run my design studio out of my home office and take every tax break that is legal to offset the taxes payable if I didn't.

We do it for Sherry from Eustace, who writes:

> After a divorce 4 years ago, I needed to buy a car because my car was over 10 years old. I have a checking account in my name, I have a savings account, but they did not loan me money.

There is an onslaught of financial regulations that is costly, intrusive, burdensome, and is causing credit to be less available—less available—to the people who need it. That is why we do this, Mr. Speaker, week after week after week. We do it to make sure that our constituents can buy homes, that they can have cars. If they have tough times, if they lose a job, if they go through a painful divorce, that is why we do it, Mr. Speaker.

□ 1515

Again, stress-tests are important. That is why banks do it themselves every single week.

But the question is: How do we calibrate this?

We have used the ranking member's prescription, and that of my friends on the other side of the aisle, and it brought us 1.6 percent economic growth. Thankfully, today, with a new Congress and with a new President, we have 3 percent economic growth, and all types of opportunities are coming.

We should not listen and go back to those days. It is time to go forward to a better America with greater opportunity for all Americans. That means we have to reform the stress test to ensure that not only do we have financial stability, but we have financial opportunity as well. That is the work of the gentleman from New York.

Mr. Speaker, I urge everyone to support H.R. 4293, the Stress Test Improvement Act of 2017, and I yield back the balance of my time.

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

Pursuant to House Resolution 780, the previous question is ordered on the bill, as amended.

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. MAXINE WATERS 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. MAXINE WATERS of California. In its current form, I am.

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

The Clerk read as follows:

Ms. Maxine Waters of California moves to recommit the bill H.R. 4293 to the Committee on Financial Services with instructions to report the same back to the House forthwith with the following amendment:

Page 2, line 7, strike ''and''.

Page 2, line 14, strike the period and insert ''; and''.

Page 2, after line 14, insert the following:

(3) by adding at the end the following:

''(3) TREATMENT OF CERTAIN GSIB BAD ACTORS.—

''(A) IN GENERAL.—The following shall apply to any global systemically important bank holding company and any subsidiary thereof, if such global systemically important bank holding company or any subsidiary thereof has engaged in a pattern or practice of unsafe or unsound banking practices and other violations related to consumer harm:

''(i) The Board of Governors shall provide for an additional adverse set of condition under paragraph (1)(B)(i) for the evaluation required by paragraph (1).

''(ii) Subparagraph (C) of paragraph (1) shall not apply.

''(iii) The stress tests required by paragraph (2)(A) shall be required semiannually.

''(iv) In issuing regulations under paragraph (2)(C), each Federal primary financial regulatory agency shall establish methodologies for the conduct of stress tests required by paragraph (2) that shall provide for an additional adverse set of condition.

''(B) DEFINITIONS.—For purposes of this paragraph:

''(i) FEDERAL CONSUMER FINANCIAL LAW.—The term 'Federal consumer financial law' has the meaning given that term under section 1002 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5481).

''(ii) GLOBAL SYSTEMICALLY IMPORTANT BANK HOLDING COMPANY.—

''(I) IN GENERAL.—The term 'global systemically important bank holding company' means—

''(aa) a bank holding company that has been identified by the Board of Governors of the Federal Reserve System as a global systemically important bank holding company pursuant to section 217.402 of title 12, Code of Federal Regulations; and

''(bb) a global systemically important foreign banking organization, as defined under section 252.2 of title 12, Code of Federal Regulations.

''(II) TREATMENT OF EXISTING GSIBS.—A company or organization described under clause (i) or (ii) of subparagraph (A) on the date of the enactment of this Act shall be deemed a global systemically important bank holding company for purposes of this Act.

''(iii) PATTERN OR PRACTICE OF UNSAFE OR UNSOUND BANKING PRACTICES AND OTHER VIOLATIONS RELATED TO CONSUMER HARM.—The term 'pattern or practice of unsafe or unsound banking practices and other violations related to consumer harm' means engaging in all of the following activities, to the extent each activity was discovered or occurred at least once in the 10 years preceding the date of the enactment of this Act:

''(I) Having unsafe or unsound practices in the institution's risk management and oversight of the institution's sales practices, as evidenced by—

''(aa) an institution lacking an enterprise-wide sales practices oversight program that enables the institution to adequately monitor sales practices to prevent and detect unsafe or unsound sales practices and mitigate risks that may result from such unsafe and unsound sales practices; and

''(bb) an institution lacking a comprehensive customer complaint monitoring process that—

''(AA) enables the institution to assess customer complaint activity across the institution;

''(BB) adequately monitors, manages, and reports on customer complaints; and

''(CC) analyzes and understands the potential risks posed by the institution's sales practices.

''(II) Engaging in unsafe and unsound sales practices, as evidenced by the institution—

''(aa) opening more than one million unauthorized deposit, credit card, or other accounts;

''(bb) performing unauthorized transfers of customer funds; and

''(cc) performing unauthorized credit inquiries for purposes of the conduct described in clause (i) or (ii).

''(III) Lacking adequate oversight of third-party vendors for purposes of risk-mitigation, to prevent abusive and deceptive practices in the vendor's provision of consumer products or services.

''(IV) Having deficient policies and procedures for sharing customers' personal identifiable information with third-party vendors for litigation purposes that led to inadvertent disclosure of such information to unintended parties.

''(V) Violating Federal consumer financial laws with respect to mortgage loans, including charges of hidden fees and unauthorized or improper disclosures tied to home mortgage loan modifications.

''(VI) Engaging in unsafe or unsound banking practices related to residential mortgage loan servicing and foreclosure processing.

''(VII) Violating the Servicemembers Civil Relief Act.''.

Ms. MAXINE WATERS of California (during the reading). Mr. Speaker, I ask unanimous consent that the reading be waived.

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

There was no objection.

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

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

Mr. Speaker, we have talked at length about how H.R. 4293 is a bill for Wall Street megabanks to line their pockets while reducing safeguards that better protect the Main Street economy from another financial crisis. While I deeply disagree with the bill's approach, I offer this motion to recommit, not in a manner that sends the bill to the committee and kills the bill, but rather to attempt to improve the bill before the House votes on final passage of the measure.

We all know megabanks have been given a free ride in Washington for far too long when it comes to repeated, egregious offenses. They just get a fine—the equivalent of a slap on the wrist—for harming consumers.

Since 2010, megabanks have racked up over $160 billion worth of fines, yet they keep breaking the law.

We have talked about Wells Fargo's growing list of illegal actions that have harmed millions of consumers. Sure they have been fined, but these fines, even $1 billion in fines, are just the cost of doing business for a company that made over $22 billion in profit in 2017. This soft enforcement approach is just increasing their operational risk and losses, which, at the end of the day, will impact not only all of their consumers, but the broader economy as well.

I hope Republicans and Democrats can all agree that any megabank that engages in a pattern or practice of unsafe or unsound banking practices and other egregious violations that has resulted in profound consumer harm in the last 10 years is not entitled to any benefit of regulatory relief provided under this bill, especially regulatory relief that would eliminate the type of oversight that makes sure our economy stays safe. So my amendment would exclude a megabank like Wells Fargo that has fraudulently opened millions of accounts without their customers' consent, enrolled consumers in life insurance policies without their consent, and forced nearly 1 million Americans to purchase auto insurance they didn't need.

Since 2016, I have been calling for Wells Fargo to face real penalties. I introduced H.R. 3937, the Megabank Accountability and Consequences Act, to compel the Federal bank regulators to fully utilize existing authorities to stop megabanks from repeatedly flouting the law and harming millions of consumers. So I was glad to see Janet Yellen, on her last day at the Fed, take bold action to cap the bank's size until it cleans up its act.

We must do more to send a strong message to all megabanks that there will be real consequences for their bad actions that mislead, abuse, or deceive its customers. H.R. 4293, in its current form, would send the opposite message to recidivist megabanks and undermine the hard work we have done since the 2007–2009 financial crisis.

Mr. Speaker, I urge my colleagues to adopt this motion to recommit so that we do not reward a recidivist megabank like Wells Fargo for repeated operational failures that ripped

off millions of consumers, and I yield back the balance of my time.

Mr. HENSARLING. Mr. Speaker, I claim the time in opposition.

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

Mr. HENSARLING. Mr. Speaker, as the ranking member talks about the hundreds of millions of dollars of fines that these banks have paid, who have violated provisions of civil law, maybe that means the system is working. That is what ought to happen to wrongdoers. There ought to be fines.

No one can defend what happened at Wells Fargo. I hope that the current management team is cleaning up what has been a mess and what has harmed consumers for many, many years under the previous team.

But I do know this: that Wells Fargo has been fined almost a half a billion dollars already. Their former CEO had $75 million clawed back in compensation. They lost $29 billion of market value—their investors—and investigations are ongoing, as it well should be.

But I would point out that our prudential regulators continue to have full authority to enforce all of our consumer protection laws: the Alternative Mortgage Transaction Parity Act, the Consumer Leasing Act, the Electronic Fund Transfer Act, the Equal Credit Opportunity Act, and the Fair Credit Billing Act. When they find violations, people are fined, as they well should be.

But what we are talking about, once again, is trying to create economic opportunity for all those who need it, to make credit more available and less expensive for people who are trying to buy a home, repair a car, and put groceries on the table.

What the gentleman from New York is saying, again, when it comes to a federally imposed stress test, after hours and hours of testimony, we believe that maybe that test ought to be administered annually, instead of semiannually. That would be a better balance. That is what is happening from the gentleman from New York.

What the ranking member's motion to recommit would do is simply water that down when all of our consumer protection laws remain fully in effect. They are working.

Mr. Speaker, I urge rejection of the motion to recommit, I urge adoption of H.R. 4293, the Stress Test Improvement Act, from Mr. ZELDIN from New York.

Mr. Speaker, 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. MAXINE WATERS 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 of rule XX, further proceedings on this question will be postponed.

FINANCIAL STABILITY OVERSIGHT COUNCIL IMPROVEMENT ACT OF 2017

Mr. HENSARLING. Mr. Speaker, pursuant to House Resolution 780, I call up the bill (H.R. 4061) to amend the Financial Stability Act of 2010 to improve the transparency of the Financial Stability Oversight Council, to improve the SIFI designation process, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 780, an amendment in the nature of a substitute consisting of the text of Rules Committee Print 115–64, modified by the amendment printed in part A of House Report 115–600, is adopted, and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 4061

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 ''Financial Stability Oversight Council Improvement Act of 2017''.

SEC. 2. SIFI DESIGNATION PROCESS.

Section 113 of the Financial Stability Act of 2010 (12 U.S.C. 5323) is amended—

(1) in subsection (a)(2)—

(A) in subparagraph (J), by striking ''and'' at the end;

(B) by redesignating subparagraph (K) as subparagraph (L); and

(C) by inserting after subparagraph (J) the following:

''(K) the appropriateness of the imposition of prudential standards as opposed to other forms of regulation to mitigate the identified risks; and'';

(2) in subsection (b)(2)—

(A) in subparagraph (J), by striking ''and'' at the end;

(B) by redesignating subparagraph (K) as subparagraph (L);

(C) by inserting after subparagraph (J) the following:

''(K) the appropriateness of the imposition of prudential standards as opposed to other forms of regulation to mitigate the identified risks; and''; and

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

''(d) REEVALUATION AND RESCISSION.—

''(1) ANNUAL REEVALUATION.—Not less frequently than annually, the Council shall reevaluate each determination made under subsections (a) and (b) with respect to a nonbank financial company supervised by the Board of Governors and shall—

''(A) provide written notice to the nonbank financial company being reevaluated and afford such company an opportunity to submit written materials, within such time as the Council determines to be appropriate (but which shall be not less than 30 days after the date of receipt by the company of such notice), to contest the determination, including materials concerning whether, in the company's view, material financial distress at the company, or the nature, scope, size, scale, concentration, interconnectedness, or mix of the activities of the company could pose a threat to the financial stability of the United States;

''(B) provide an opportunity for the nonbank financial company to meet with the Council to present the information described in subparagraph (A); and

''(C) if the Council does not rescind the determination, provide notice to the nonbank financial company, its primary financial regulatory agency and the primary financial regulatory agency of any of the company's significant subsidiaries of the reasons for the Council's decision, which notice shall address with specificity how the Council assessed the material factors presented by the company under subparagraphs (A) and (B).

''(2) PERIODIC REEVALUATION.—

''(A) REVIEW.—Every 5 years after the date of a final determination with respect to a nonbank financial company under subsection (a) or (b), as applicable, the nonbank financial company may submit a written request to the Council for a reevaluation of such determination. Upon receipt of such a request, the Council shall conduct a reevaluation of such determination and hold a vote on whether to rescind such determination.

''(B) PROCEDURES.—Upon receipt of a written request under paragraph (A), the Council shall fix a time (not earlier than 30 days after the date of receipt of the request) and place at which such company may appear, personally or through counsel, to—

''(i) submit written materials (which may include a plan to modify the company's business, structure, or operations, which shall specify the length of the implementation period); and

''(ii) provide oral testimony and oral argument before the members of the Council.

''(C) TREATMENT OF PLAN.—If the company submits a plan in accordance with subparagraph (B)(i), the Council shall consider whether the plan, if implemented, would cause the company to no longer meet the standards for a final determination under subsection (a) or (b), as applicable. The Council shall provide the nonbank financial company an opportunity to revise the plan after consultation with the Council.

''(D) EXPLANATION FOR CERTAIN COMPANIES.—With respect to a reevaluation under this paragraph where the determination being reevaluated was made before the date of enactment of this paragraph, the nonbank financial company may require the Council, as part of such reevaluation, to explain with specificity the basis for such determination.

''(3) RESCISSION OF DETERMINATION.—

''(A) IN GENERAL.—If the Council, by a vote of not fewer than ⅔ of the voting members then serving, including an affirmative vote by the Chairperson, determines under this subsection that a nonbank financial company no longer meets the standards for a final determination under subsection (a) or (b), as applicable, the Council shall rescind such determination.

''(B) APPROVAL OF COMPANY PLAN.—Approval by the Council of a plan submitted or revised in accordance with paragraph (2) shall require a vote of not fewer than ⅔ of the voting members then serving, including an affirmative vote by the Chairperson. If such plan is approved by the Council, the company shall implement the plan during the period identified in the plan, except that the Council, in its sole discretion and upon request from the company, may grant one or more extensions of the implementation period. After the end of the implementation period, including any extensions granted by the Council, the Council shall proceed to a vote as described under subparagraph (A).'';

(4) by amending subsection (e) to read as follows:

''(e) REQUIREMENTS FOR PROPOSED DETERMINATION, NOTICE AND OPPORTUNITY FOR HEARING, AND FINAL DETERMINATION.—

''(1) NOTICE OF IDENTIFICATION FOR INITIAL EVALUATION AND OPPORTUNITY FOR VOLUNTARY SUBMISSION.—Upon identifying a nonbank financial company for comprehensive analysis of