Madam Speaker, I could go on, but what we are trying to do here is assure that what just happened in the Second Circuit, where credit opportunities are cut in half, doesn’t happen nationwide. The hardworking men and women of America deserve better, and so we must support H.R. 3299.

Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Ms. Clark). All time for debate has expired.

Pursuant to House Resolution 736, the previous question is ordered on the bill.

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

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

The SPEAKER pro tempore. The question is on the passage of the bill.

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

Mr. HENSARLING. Madam Speaker, on that I demand the ayes and nays.

The ayes and nays were ordered.

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

TRID IMPROVEMENT ACT OF 2017

Mr. HENSARLING. Madam Speaker, pursuant to House Resolution 736, I call up the bill (H.R. 3978) to amend the Real Estate Settlement Procedures Act of 1974 to modify requirements related to mortgage disclosures, 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 736, an amendment in the nature of a substitute consisting of the text of Rules Committee Print 115-59, modified by the amendment printed in part B of House Report 115-559 is adopted, and the bill, as amended, is considered read.

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

H.R. 3978

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

SECTION 1. TABLE OF CONTENTS. The table of contents for this Act is as follows:

Title I—TRID Improvement

Sec. 1. Table of contents.

Sec. 101. Amendments to mortgage disclosure requirements.

Title II—Protection of Source Code

Sec. 201. Procedure for obtaining certain intellectual property.

Corrected:

(2) in the second subsection (d), by striking "(d)" and inserting "(e)".

TIThE III—FOSTERING INNOVATION

Sect. 301. Temporary exemption for low-revenue issuers.

Section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262) is amended by adding at the end the following:

(4) Temporary exemption for low-revenue issuers—(a) Temporary authority to originate loans for loan originators moving from a

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loans for state-licensed loan originators
in an application state.

and who engages in residential mortgage loan origination and processing activities. The term 'State-licensed mortgage company' shall be separately debatable for the duration of the consideration of the amendment. Amendments to title shall take effect on the date that is 18 months after the date of enactment of this sentence.

(b) Table of Contents Amendment.—The table of contents in section 1(b) of the Housing and Economic Recovery Act of 2008 (42 U.S.C. 4501 note) is amended by inserting after the item relating to section 1517 the following:

'Sec. 1518. Employment transition of loan originators.

(c) Section 502. Amendment to Civil Liability of the Bureau and Other Officers.

Section 515 of the S.A.F.E. Mortgage Licensing Act of 2008 (12 U.S.C. 5112) is amended by striking 'are loan originators or are applying for licensing or registration as loan originators.' and inserting 'have applied, are applying, or are currently licensed or registered through the Nationwide Mortgage Licensing System and Registry. The previous sentence shall only apply to persons in industry with respect to which persons were licensed or registered through the Nationwide Mortgage Licensing System and Registry on the date of the enactment of this Act.'

SEC. 503. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect on the date that is 18 months after the date of the enactment of this Act.

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.

After 1 hour of debate on the bill, as amended, it shall be in order to consider the further amendment printed in part C of House Report 115-559, if offered by the Member designated in the report, which shall be considered read, shall be in order for the time specified in the report equally divided and controlled by the proponent and an opponent, and shall not be subject to a demand for a division of the question.

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.

Mr. HENSARLING. Madam Speaker, I ask unanimous consent that all Mem- bers may possess the floor for an additional 5 minutes in order to discuss the TRID rule, in order to simplify the closing of documents consumers get when they close a mortgage.

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

There was no objection.

Mr. HENSARLING. Madam Speaker, I yield myself such time as I may con- sume.

Madam Speaker, I rise today in strong support of H.R. 3978, which is a package of five strongly bipartisan bills, yet again, from the Financial Services Committee of the House. As standalone bills, all were favorably re- ported, again, with strong bipartisan support. And, for the first time, all five bills are moving forward together.

The title provision of this package is the TRID Improvement Act by Congressman FRENCH HILL. This bill amends CFPB’s complex TILA/RESPA integrated disclosure, known as the TRID rule, in order to simplify the closing documents consumers get when they close a mortgage.

It does this by allowing for the calculation of the discounted rate that title insurance companies provide to mortgage lenders when they extend the lender’s and owner’s title insurance policy simultaneously. This makes it more accurate, Madam Speaker.

Title II is the Protection of Source Code Act introduced by Representa- tives SEAN DUFFY and DAVID SCOTT, a Republican and a Democrat. This pro- vision ensures that the Securities and Exchange Commission cannot require financial services firms to disclose algorithmic trading source code without first obtaining a subpoena. Source code is among a firm’s most sensitive infor- mation, and this bipartisan provision balances privacy and due process concerns while preserving the SEC’s ability to obtain such information when necessary.

The third title is the Fostering Inno- vation Act, which was introduced by Representatives SINEMA and HOLLINGSWORTH to provide relief to small and emerging businesses by extending the popular onramp exemption of the JOBS Act for emerging growth companies in a more tailored manner. In short, it provides emerging growth companies more time to reach a size when they reasonably can be expected to finan- cially sustain the legal, accounting, and compliance costs associated with the full Sarbanes-Oxley section 40(b) compliance.

Fourth, Madam Speaker, is the Na- tional Securities Exchange Regulatory Parity Act which was introduced by Mr. ROYCE and which will ensure fur- ther clarity and competition among national security exchanges by mod- ernizing the blue sky exemption in the Securities Act. Modernizing this provi- sion will ensure all national security exchanges operate on a level regu- latory playing field and help protect retail investors from arbitrary acts by exchanges that may harm investors in one State from buying stock freely available to investors in every other State.

The SPEAKER pro tempore.

The SPEAKER pro tempore. Is there objection to the request of the gentle- man from Texas?

There was no objection.

Mr. HENSARLING. Madam Speaker, I yield myself such time as I may con- sume.
I am going to walk through each of the problematic provisions in this bill. Beginning with title IV, this provision is identical to H.R. 4546, the National Securities Exchange Regulatory Parity Act, which would weaken the standards for listing public companies for trading on stock exchanges. Today, exchanges listing standards set minimum requirements for a company’s shares to be sold to the public without having to comply with State law. Exchanges can only revise these standards if the Securities and Exchange Commission finds that new standards are substantially similar to the listing standards of the New York Stock Exchange. This bill would remove any separate analysis for changing the standards and thus, automatically preempt State oversight. As a result, the bill would encourage a race to the bottom of listing standards as exchanges compete with each other to attract companies with less restrictions, even if the new standards are beneficial to the investors.

I believe that we should be strengthening the current analysis to promote fair and rigorous listing standards and only preempt State law when companies conduct an independent audit of their financial reporting. Unfortunately, my Republican colleagues have reversed their position in favor of empowering the industry over the investing public.

Turning to title III which is identical to H.R. 1645, the so-called Fostering Innovation Act, this provision would eliminate the independent audit of a company’s financial reporting controls for up to 10 years for newly public companies provided that they have $50 million or less in gross revenues and less than $1 billion in outstanding shares. Passed in the wake of the Enron and WorldCom accounting scandals, the requirement that public companies conduct an independent audit of financial controls is one of the many accounting provisions required by the bipartisan Sarbanes-Oxley Act that directly benefits investors and public companies by improving the accuracy of their financial reporting.

In fact, companies that are not subject to a financial controls auditor are more likely to issue corrections to their financial reports leading to investor losses and higher losses for the company.

Investors like these audits because they improve the veracity of the reports they rely on to make investment decisions. Today, truly small public companies—those with less than $75 million worth of shares—are already exempt from the audit requirement. But this bill would extend the exemption to nearly all thinly traded companies. The law already provides newly public companies with an exemption for 5 years. Extending it to a decade would harm investor confidence and all such companies, hurting the very companies the bill’s supporters purport to help.

Title II of this bill is the same language as H.R. 3948, the Protection of Capital Markets from Risk Act. This provision would severely hamper the SEC from inspecting source code used by regulated entities to engage in algorithmic or computer-driven trading and other activities that impact the securities markets and investors without first obtaining a subpoena. This provision would severely hamper the SEC to effectively examine persons like high-frequency traders and to investigate market disruptions.

The recent stock market volatility, which has seen all of the major stock indices decline by more than 10 percent in less than 2 weeks, has been exacerbated by high-frequency traders using complex computer algorithms to determine when to buy and sell millions of trades per second by making it harder for the capital markets to detect and stop bad actors and in fraudulent trading schemes. This provision will undoubtedly harm everyday Americans and retirees who rely on fair capital markets to invest their hard-earned savings.

To make matters worse, Republicans added a provision to pay for the cost of the bill by taking $2 million from the Securities and Exchange Commission’s reserve fund. As a result, our financial watchdog will have less resources to support its capacity to oversee the markets through investments in IT and to respond to unforeseen market events like the flash crash.

In short, this bill asks taxpayers to pay for the costs of diminished capital market oversight by taking away SEC’s funding to respond to emergency market situations that threaten market stability. This provision doubles down on the irresponsible policy-making we often see by the opposite side of the aisle.

The bill before us today would also make two less significant changes which I believe the Republicans included to garner additional support for the legislation. Nevertheless, even with these provisions, the package should be soundly rejected.

Title I, which includes the version of H.R. 3978, TRID Improvement Act of 2017, that the committee previously considered, would require mortgage disclosure known as TRID or the know-before-you-owe disclosure that informs home buyers of the terms and conditions of their mortgage. Responding to the concerns of some in the real estate industry, this provision would amend the disclosure to account for the discounts paid to borrowers in States where simultaneous lender and buyer title insurance is issued. However, the revised form does nothing for bars in States that do not provide such special rate discounts. This minor provi-

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The final title of this bill is a provision introduced by Congressman Striv-
The final provision, title V, is identical to H.R. 2948, the SAFE Mortgage Licensing Act. This title would ease the ability of individuals employed as mortgage originators to change employers by creating a temporary 120-day licensing regime so that they can continue to work at their new employer.

This bill would effectively treat mortgage originators who work for State registered firms the same as federally registered firms and was unani-

mously supported by our committee Demo-
crats. Unfortunately, because this legis-
lation has been packaged with other deeply problematic and destructive bills, sensible relief to these individ-
uals that has broad bipartisan support is being held hostage by Republicans’ efforts to roll back as many safeguards as they can this year.

Madam Speaker, H.R. 3978, as amend-
ed, threatens many of the important reforms Democrats made to restore in-
vestor confidence to our capital mar-

kets after the worst financial crisis in generations. As the stock markets con-
tinue to wobble ominously in ways that threaten the savings of hard-
working Americans, Congress should be strengthening oversight of the finan-
cial system, not weakening it.

Not surprisingly, H.R. 3978 is strong-
ly opposed by the North American As-
sociation of Securities Administrators who serve on the frontline combating securities fraud on the State level and by nonpartisan organization who speak on behalf of our Nation’s consumers, investors, and unions, including Con-
sumer Federation of America, Center for American Progress, Americans for Financial Reform, AFL-CIO, and Pub-
lic Citizen, and so do I.

Madam Speaker, I urge everyone to reject this harmful package of bills and to vote “no” on H.R. 3978.

Madam Speaker, I reserve the bal-
ance of my time.

Mr. HENSARLING. Madam Speaker, I yield 5 minutes to the gentleman from Arkansas (Mr. HILL), for which my provision is made as the gentleman from Arkansas (Mr. HILL), for which my provision is made part of a larger package.

I also thank the gentlemen from Georgia and Illinois, my good friends Representative MOOR and Representative FOSTER, both of whom are cosponsors of the Protection of Source Code Act. It is a bipartisan bill.

The recent cyber incidents at Equifax, SEC, and even at the NSA, has shown that all organizations are vul-

nerable to security risks. These inci-
dents are a timely reminder of the risks that we face in this digital age.

Given this reality, it is important for government agencies such as the SEC to rethink what they collect, how they collect it, how it is stored, and what they do with this information in the long run.

The Protection of Source Code Act is a bipartisan bill intended to reduce some of the cybersecurity risks to our financial markets posed by the SEC when it gathers highly sensitive trad-
sing or source code information as part of its oversight duties.

The Protection of Source Code Act enhances a process that the SEC has in place for the SEC with respect to requesting source code and other intellectual property that forms the basis of source code.

It does not preclude the SEC from request-

ing data that it determines it needs for market oversight. It merely puts a process in place for how the SEC seeks access to certain intellectual property.

Having a process in place for how the SEC requests source code and similar intellectual property will better pro-
tect registrants and their clients and investors from inadvertent disclosure or cyber theft of their most valuable and important intellectual property.
Such disclosure or theft could destroy the American businesses that own the intellectual property. Worse, it could undermine investor confidence and create significant volatility in our financial markets.

In general, the SEC should not be requested source code or intellectual property that forms the basis of source code. They shouldn’t be collecting that on a regular basis. Such information is generally unnecessary for the SEC to perform its market oversight function and, as we have learned from recent cyber hacks, could create a very inviting treasure trove of sensitive data for computer hackers.

This bill ensures that the SEC will gather source code when it is truly needed, under a subpoena process that provides appropriate due process for the information.

Under this bill, the SEC, in conducting an exam, may continue to ask for a registrant’s trading system or trading strategies.

So let’s break this down a little bit. We have source code that is highly sensitive. It is intellectual property. If you are the SEC, you can actually go onsite and look at the source code. I am fine with that.

But if you are going to collect the source code and take it back to the SEC and store it and you have a whole bunch of intellectual property from American businesses stored at the SEC, this is one-stop shopping for hackers. You have just got to do it once. Get in the SEC and you get it all.

My friend across the aisle, the ranking member, wants to talk about volatility. Wait and see if there is an SEC hack where they get all this information, all this source code. That is a risk we don’t want to have.

We want due process. If you want to come in and take the source code, get a subpoena.

Do we believe in due process in America?

For the most sensitive data, the most sensitive information, get a subpoena and you can take it. But those are basic measures. Basic protections that we offer in America that we should employ at the SEC when they want this intellectual property that is of great value to this firms.

My bill, contrary to the ranking member’s point, Madam Speaker, doesn’t offer exemptions to exams. Exams will still happen. Also, it is still illegal to manipulate markets. Those things haven’t changed.

This is just about due process.

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

Mr. HENNSARLING. Madam Speaker, I yield an additional 30 seconds to the gentleman from Wisconsin.

Mr. DUFFY. It is important that we have truthful and honest information on the floor. This does not prohibit exams. This doesn’t make legal manipulation of the markets. It is still illegal. All we are saying is we have sensitive source code, and if you want to take it to the SEC, you get a subpoena.

Frankly, we think there are problems with that. The SEC has been hacked. The NSA has been hacked. Everybody has been hacked. If you compile all this information, the risk that poses to our markets, I think, is unacceptable. That is why it is bipartisan.

I would encourage all Members of this House to take a step forward for due process.

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

Madam Speaker, given the extreme volatility in the stock markets over the past few weeks, I am particularly troubled by title II of this bill, which would make it easier for high-frequency traders to evade regulatory oversight of their potentially disruptive automated trading algorithms.

This proposal, opposed by nonpartisan consumer and investor advocacy groups who recognize the impact automated trading has on our markets.

Let me read for you excerpts from a few letters from advocacy groups that highlight the dangers of title II.

Americans for Financial Reform—a coalition of more than 200 consumer, civil rights, investor, retiree community, labor, faith-based, and business groups—warns that Title II would prevent regulators from inspecting not only their raw source code used in automated trading, but also any related intellectual property that forms the basis for the design of source code. Examination of such intellectual property would only be possible in an enforcement context pursuant to a subpoena. This implies that the SEC would have to wait until the damage was done through a ‘flash crash’ or similar market disruption before taking any action, which would have to be retrospective.

“In light of the significance of automated trading to modern markets, and the potential risk of high-frequency trading, it makes no sense to tie the hands of regulators in examining detailed trading strategies and methods of high frequency traders.”

The Center for American Progress cautioned that: “But in an era of fast-moving, ‘flash-crash’-prone markets, the SEC faces a range of regulatory reasons for why it may need to examine source codes, including approvals of new trading products or the supervision of trading venues. The SEC should only exercise that authority carefully and under the strictest protections for confidential information, but blocking it by law dangerously limits the SEC’s ability to address the significant technology-based challenges to financial markets.”

The Consumer Federation of America, an association of nearly 300 consumer advocacy groups, similarly opposed title 2 because it “would weaken SEC oversight of algorithmic trading and hamstring the agency from responding quickly to flash crashes or other market breakdowns.”

Further, the CFA wrote that: “At a time when algorithmic trading is taking on increased importance in our capital markets, this bill would make it more difficult for the SEC to properly oversee such trading.”

“The bill would require the SEC to first issue a subpoena before it could compel a person to produce or furnish to the SEC algorithmic trading source code or ‘similar intellectual property.’ This would undermine the SEC’s examination authority by creating a gaping hole in its ability to gain access to firm records relevant to the examination. It would also have a devastating effect on the agency’s ability to respond quickly in the event of another ‘flash crash’ or such events in the future, in order to oversee the markets effectively, the SEC needs to be able to accurately and efficiently reconstruct order entry and trading activity, including for algorithmic traders.”

Public Citizen, a consumer rights advocacy group with over 400,000 members and supporters, wrote: “Market volatility caused not by real events such as outbreak of a war, but by computers, including computer glitches, threatens to erase savings to some innocent investors and erodes general investor confidence. The recent swings in the markets attest to the need for robust and urgent supervisory inspection. The May 6, 2010 ‘Flash Crash,’ where markets collapsed by more than $1 trillion in less than an hour, revealed that such a robust and urgent supervision has been lacking. The SEC required nearly a half year to investigate this incident before identifying a flawed algorithmic at one major trader. SEC oversight should be streamlined, not weakened. Trading instructions and records of human traders are already subject to inspection, so it should be no different for those instructions and records generated by a machine. Hiding source code from regulatory scrutiny will leave those responsible for mistakes as well as those attempting to manipulate markets unaccountable.”

These letters demonstrate the wide opposition to title II by groups that truly understand that robust oversight of algorithmic trading is necessary for the health of our markets.

Madam Speaker, I include in the RECORD letters from these groups.

February 13, 2018.

Please vote NO on H.R. 3299 and H.R. 3978.

Hon. Member of House of Representatives.

Washington, DC.

Dear Hon. Member:

On behalf of more than 400,000 members and supporters of Public Citizen, we ask you to vote NO on H.R. 3299 and H.R. 3978, which are expected to be considered by the full House on Wednesday, February 14, 2018. Provisions in these bills would expose borrowers, investors to dubious securities, and Americans generally to a riskier financial system.
H.R. 3299, the Protecting Consumers’ Access to Credit Act of 2017, would allow predatory lenders to escape state limits on high interest rates. The bill would nullify the Second Amendment to the Maddington in Massachusetts Land Funding. That decision provided that a financial institution that buys loans originated by a national bank could not benefit from the state’s pre-emption of state interest rate caps. While the Madden decision did not limit interest rates that banks charge on credit, it does limit nonbank lenders who can perform effective oversight. This bill would pave the way for payday lenders, financial technology (fintech) companies, and others to exploit that loophole and use a “rent-a-bank” arrangement in order to charge high interest rates. Twenty state Attorneys General have written to oppose the bill. It unfairly limits their efforts to protect borrowers from abusive loan rates. We urge you to oppose this bill.

H.R. 3976, the TRID Improvement Act of 2017, is actually a package of bills that were considered separately in the House Financial Services Committee. One of these is the Financial Stability Oversight Council Improvement Act (formerly H.R. 4061). This measure would add numerous procedural requirements to the Financial Stability Oversight Council (FSOC) when it considers the designation or continued designation of a nonbank firm as a systemically important financial institution (SIFI). Currently, FSOC already makes SIFI designation a high hurdle. The case of MetLife, for example, shows that firms enjoy more than ample methods to contest designation. After FSOC designated MetLife as systemically important, it contested it in court and the case is pending. Increasing the government’s burden for designation could erode its ability to provide enhanced supervision to major institutions. However, the largest bailout of the 2008 financial crash went to AIG, a nonbank engaged in reckless derivatives activity beyond the purview of banking supervisors. We oppose this measure.

Another bill contained in H.R. 3976 is the Fostering Innovation Act (previously H.R. 1645). This bill amends Section 401(b) of the Sarbanes-Oxley (SOX) law by increasing from five to 10 years the time that CEOs of firms with $1.3 billion in assets must attest to the accuracy of their financial reporting. Congress approved SOX in response to the accounting scandals at the Enron and sofas, which are automated. They should be part of the books and records of the organization, just as other order-related documents are. Intellectual property related to source code clearly involves trading strategies, which have always been a subject for regulatory inspection.

The continued high volatility on Wall Street is giving evidence of the potential systemic dangers of high-frequency automated trading. Now is not the time to tie the SEC’s hands in doing oversight of such trading.
classification, securities enjoy the advantages of exemptions from state-level regulations.

Title IV in H.R. 3978 would amend the Securities Act of 1933 to remove the requirement that companies meet listing standards rigorous enough to be considered similar to those of a national exchange. Under this section of H.R. 3978, a security would be exempt from state-level fraud protections as long as it is traded on a national exchange that is a member of the National Securities Exchange Registry (NMLS). This means that securities could be pre-empted from the oversight of state securities regulators without meeting the strong standards that the SEC has laid out for individual securities to qualify for preemption under Section 18 of the Securities Act.

Both the North American Securities Administrators Association (NASAA), the main body of state securities regulators, and the chief securities regulator for the Commonwealth of Massachusetts have made the dangers clear in their pointed opposition letters. In these letters, they advocated for fair and rigorous listing standards as essential to protect retail investors and maintain high standards for corporate governance, and to avoid conflicts of interests that harm investors. Title IV of H.R. 3978 unacceptably weakens these listing standards as essential to protect retail investors rights and protections. Packaging them together only worsens the harm. We urge you to reject H.R. 3978.

Thank you for your attention to this matter. I remain hopeful that we can achieve a fair and competitive market for mortgage originators.

Sincerely, 

AMERICANS FOR FINANCIAL REFORM.

MORTGAGE BANKERS ASSOCIATION. 


Hon. PAUL RyAn, Speaker of the House, House of Representatives, Washington, DC.

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Hon. JENNY PELOSI, Minority Leader, House of Representatives, Washington, DC.

Hon. MAXINE WATERS, Ranking Member, House Financial Services Committee, House of Representatives, Washington, DC.

DEAR SPEAKER RYAN, LEADER PELOSI, CHAIRMAN NERSHARING AND RANKING MEMBER WATERS: On behalf of the Mortgage Bankers Association (MBA), I am writing to express our support for the TRID Improvement Act, which the House of Representatives will vote on this week. I would highlight MBA’s strong support for the inclusion of two key provisions—H.R. 2948 and the previously free-standing H.R. 3978—within this updated bill.

MBA enthusiastically supports the inclusion of Title V, Section 501, entitled “Eliminating barriers to jobs for loan originators,” within the newly re-packaged bill. The Secure and Fair Enforcement for Mortgage License Act (SAFE Act) of 2008 created two parallel but asymmetrical regimes for mortgage loan originators (MLOs) that have resulted in uneven consumer protections and an unlevel playing field for mortgage originators.

The SAFE Act requires MLOs employed by non-bank lenders to be licensed, which includes pre-licensing and annual continuing education. This is part of a comprehensive test, and criminal and financial background reviews conducted by state regulators. These MLOs are also registered in the Nationwide Mortgage Licensing System and Registry (NMLS). By contrast, MLOs employed by federally-insured depositories or their affiliates must be registered in the NMLS, and do not have to pass a test or meet specific education requirements.

The requirement that inhibits job mobility for loan officers and makes it difficult for non-bank lenders to compete for talented employees. Rather than leaving a job on a Friday and starting a new job on a Monday, an MLO who moves from a bank to a non-bank lender must sit idle for weeks, and sometimes months, unable to engage in mortgage lending while they complete the SAFE Act’s licensing and testing requirements—despite the fact they have already been registered in the NMLS and originated securities to qualify for preemption under Section 18 of the Securities Act.

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DEAR SPEAKER RYAN, LEADER PELOSI, CHAIRMAN NERSHARING AND RANKING MEMBER WATERS: On behalf of the Mortgage Bankers Association (MBA), I am writing to express our support for the TRID Improvement Act, which the House of Representatives will vote on this week. I would highlight MBA’s strong support for the inclusion of two key provisions—H.R. 2948 and the previously free-standing H.R. 3978—within this updated bill.

MBA enthusiastically supports the inclusion of Title V, Section 501, entitled “Eliminating barriers to jobs for loan originators,” within the newly re-packaged bill. The Secure and Fair Enforcement for Mortgage License Act (SAFE Act) of 2008 created two parallel but asymmetrical regimes for mortgage loan originators (MLOs) that have resulted in uneven consumer protections and an unlevel playing field for mortgage originators.

The SAFE Act requires MLOs employed by non-bank lenders to be licensed, which includes pre-licensing and annual continuing education. This is part of a comprehensive test, and criminal and financial background reviews conducted by state regulators. These MLOs are also registered in the Nationwide Mortgage Licensing System and Registry (NMLS). By contrast, MLOs employed by federally-insured depositories or their affiliates must be registered in the NMLS, and do not have to pass a test or meet specific education requirements.

The requirement that inhibits job mobility for loan officers and makes it difficult for non-bank lenders to compete for talented employees. Rather than leaving a job on a Friday and starting a new job on a Monday, an MLO who moves from a bank to a non-bank lender must sit idle for weeks, and sometimes months, unable to engage in mortgage lending while they complete the SAFE Act’s licensing and testing requirements—despite the fact they have already been registered in the NMLS and originated securities to qualify for preemption under Section 18 of the Securities Act.

Both the North American Securities Administrators Association (NASAA), the main body of state securities regulators, and the chief securities regulator for the Commonwealth of Massachusetts have made the dangers clear in their pointed opposition letters. In these letters, they advocated for fair and rigorous listing standards as essential to protect retail investors and maintain high standards for corporate governance, and to avoid conflicts of interests that harm investors. Title IV of H.R. 3978 unacceptably weakens these listing standards as essential to protect retail investors rights and protections. Packaging them together only worsens the harm. We urge you to reject H.R. 3978.

Thank you for your attention to this matter. I remain hopeful that we can achieve a fair and competitive market for mortgage originators.

Sincerely, 

AMERICANS FOR FINANCIAL REFORM.
recognize that the entire value of some companies are embodied in their source code. We need to have strong checks in place before our government can demand such information.

Chris Giancarlo, now chairman of the CFTC, described the value of a subpoena when criticizing the idea of a source code repository at the agency he serves. I quote him when he said: “The subpoena process provides property owners with the process of law before the government can seize their property. It protects owners of property, not the government that already has abundant power.”

Finally, I want to mention my support for the Fostering Innovation Act, sponsored by KYRSTEN SINEMA and TREY HOLLINGSWORTH, and the SAFE Mortgage Licensing Act, sponsored by STEVE STIVERS and JOYCE BEATTY. I am a cosponsor of those measures as well. I urge all of my colleagues to vote in support of this very bipartisan package of bills.

Ms. MAXINE WATERS of California. Madam Speaker, I continue to reserve the balance of my time.

Mr. HENSARLING. Madam Speaker, I yield 2 minutes to the gentleman from Texas (Mr. WILLIAMS), the vice chairman of our Subcommittee on Monetary Policy and Trade.

Mr. WILLIAMS. Madam Speaker, I rise in support of H.R. 3978, the TRID Improvement Act introduced by my colleague from Arkansas (Mr. HILL) and my colleague from Nevada (Mr. KHIUEN).

This important and overwhelmingly bipartisan legislation, which passed out of the House Financial Services Committee by a vote of 53–5, is a straightforward, commonsense solution that will help hardworking Americans buy a new home or refinance their existing home.

Under the CFPB’s misnamed “Know before you owe” TRID rule, those in the home buying or refinancing process may not actually know everything about the price they are going to pay before closing.

Because of the TRID rule and the restrictions placed on the listing of discounted title loan insurance rates on loan estimates, consumers may see one title loan insurance price on their loan estimate and another on their closing form.

The TRID rule creates unnecessary confusion, and this bill is a step in the right direction to reducing the burdensome and overreaching authority of the CFPB.

I am proud to join this bipartisan effort, but I do wish that the CFPB had been more willing to work with the chorus of voices from both sides of the aisle calling for this change.

The home buying experience is complicated enough as it is, and the rationale displayed by the CFPB discourages homeownership and levies unjust penalties for those Americans striving for the dream of homeownership.

I am proud to join my colleagues in support of this measure, the TRID Improvement Act.
Instead of only focusing on punishing companies for violations of rules, regulators should also focus on what should be the real purpose of financial regulations, which is reducing risk.

Mr. Ross’s bill will also allow nonbank financial companies to deregulate opportunities to reduce any risky activities before they are designated as systemically important. This will help financial regulators to achieve their intended purpose rather than simply being a gotcha game on regulated companies.

All of these bills we are considering today received overwhelming bipartisan support in the Financial Services Committee, and I urge all of my colleagues to support this legislative package.

Ms. MAXINE WATERS of California. Madam Speaker, may I inquire as to whether or not the chairman has more speakers?

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

Madam Speaker, it has become par for the course for the majority to recklessly and haphazardly push regulatory roadblocks at a furious pace, pushing dangerous bills through the House nearly every week.

It appears that they may have already completely forgotten a way that lacks financial regulation and allowed the crisis in 2008 to occur. That crisis badly damaged the whole economy and harmed all of our constituents. The impact is staggering:

- $13 trillion in household wealth was lost; 11 million people lost their homes to foreclosure; and the unemployment rate reached 10 percent.

Democrats responded by enacting Wall Street reform to ensure that consumers, investors, and our economy are protected from reckless actors and bad practices, but now Republicans cannot wait to take us back to the bad old days. It makes no sense.

As we have discussed, the package of bills now before us guts important financial protections at a time when markets are already experiencing turmoil. It would allow high-frequency traders to manipulate the stock markets undetected, encourage a regulatory advantaged to the bottom of our Nation’s stock exchanges, and harm investors by weakening efforts to detect accounting fraud at smaller public companies. This package of bills threatens important progress we have made to reduce risk in the financial system and return investor confidence.

In recent weeks, we have seen volatile markets that threaten the savings of hardworking American families. These circumstances should serve as a clear reminder that Congress should be strengthening oversight of the financial system, not weakening it by under-dermining or removing important protections.

H.R. 3978 is strongly opposed by our State’s security cops, who are at the front line of combating fraud, and it is opposed by groups representing consumers, investors, and unions.

Madam Speaker, for all of these reasons, I urge Members to oppose H.R. 3978, and I yield back the balance of my time.

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

The SPEAKER pro tempore. The gentleman from Texas has 7 minutes remaining.

Mr. HENSARLING. Madam Speaker, there may be other Members coming, so, at the moment, I yield myself 4 minutes.

Madam Speaker, again, all over America today, fortunately, because of the Tax Cuts and Jobs Act, people are waking up to new opportunities. They are finally seeing their wages begin to grow. We have seen the greatest wage growth in almost a decade. Madam Speaker, again, thanks to President Trump and thanks to a Republican Congress, a bill that was opposed by every single Democrat.

But as a result of these new opportunities, Madam Speaker, they also need new credit. As their incomes rise—this is good—they still need credit in order to buy a home, in order to purchase that car, and sometimes just to put groceries on the table. Unfortunately, over the last 8 years of the Obama administration where we saw probably one of the greatest increases in the cost, expense, and burden of costly Washington red tape, we have seen fewer credit opportunities.

So now, for the first time there are good men and women on both sides of the aisle who are trying to work together to bring some rationale and reason to the regulatory burden. Many Members on the other side of the aisle do realize that Dodd-Frank did not come down as tablets from Mt. Sinai, that it isn’t chiseled into stone, and that maybe there are some improvements that could be made.

So today, we are taking a number of very bipartisan bills to the House floor. The Protecting Consumers’ Access to Credit Act, which we debated earlier, Madam Speaker, passed by 42–17.

The TRID Improvement Act by Mr. HILL from Arkansas passed through our committee 53–5–0 percent. Almost all of the Democrats but the ranking member supported the bill. The Protection of Source Code Act, 46–14; the Fostering Innovation Act passed by a vote of 48–12, a Democratic bill; the National Securities Exchange Regulatory Party Act.

We have a lot of bipartisan bills, but with one exception, title V of the TRID Improvement Act, none of them were supported, unfortunately, by the ranking member.

So there is, again, a lot of bipartisan work we are trying to get done here. Unfortunately, very little of it is supported by the ranking member.

And why is this important? It is important, Madam Speaker, because every day we are still hearing from our constituents who need access to competitive affordable credit. And because of the Washington tape and regulatory burden, they are not getting it.

It wasn’t that long ago we heard from Ann of Wisconsin, who said:

My husband and I had very high credit scores. We have plenty of equity in our home. But because my husband has a seasonal job and finds other employment in the winter, many banks we contacted rejected our loan request. They based our annual income only on the job he has currently and said that was part of the new regulations.

Part of the new regulations—there is somebody who won’t buy a home; they can’t get a home. I heard from a mortgage banker in North Carolina who said:

Last year, we declined a young man and his family fixed rate financing to purchase a primary home. The applicants recently relocated to work for a family-owned business. Prior to Dodd-Frank, it would have been easy to qualify, but no more.

Another potential American home buyer denied credit because of this regulatory burden. Madam Speaker, that is what many of us, on both sides of the aisle, are trying to remedy today.

Madam Speaker, I am pleased to yield 2 minutes to the gentlewoman from Arizona (Ms. SINEMA), a sponsor of title III of the Fostering Innovation Act.

Ms. SINEMA. Madam Speaker, I rise in support of H.R. 3978, a package of commonsense solutions, each passed with support of both parties by the House Financial Services Committee. Madam Speaker, I also thank Congressman HILL of Arkansas for his leadership in moving the package forward.

One of these solutions, 1645, the Fostering Innovation Act, legislation we introduced to help Arizona bio-pharmaceutical companies make lifesaving breakthroughs.

Business expenses always involve tradeoffs. When Arizona small businesses spend money on costly regulations that provide little public benefit, they have less money to invest in research, development, and job creation for Arizona families.

That is why I introduced this bill. This narrow fix ensures that innovative emerging growth companies, or EGCs, have the time and capital to develop and perfect scientific breakthroughs. Right now, they are exempted from costs for up to 5 years and the cost of external audit requirements. That is often not enough time for these emerging companies to prepare innovations for commercialization. Our bill temporarily extends this exemption for an additional 5 years for a small subset of these EGCs with an annual revenue of less than $50 million and less than $700 million in public float.
The Fostering Innovation Act empowers innovative Arizona companies, like HTG Molecular Diagnostics, to use valuable resources to remain competitive, stable, and, ultimately, successful.

HTG is a Tucson-based developer of targeted molecular profiling technology. This innovation ensures genetic testing can be turned around accurately and quickly, in as little as 24 hours. For patients, doctors, and families grappling with unexplainable symptoms or illnesses, genetic testing can provide insights and informal the best course of treatment.

These are lifesaving breakthroughs. It is what companies like HTG should use their limited resources to fund, not unnecessary and costly paperwork.

I urge my colleagues to support American ingenuity, job creation, and growth by passing this act.

Mr. Speaker, I thank, in particular, Chairwoman HENSARLING and Congressman HOLLINGSWORTH of Indiana for working with me on a consensus solution that cuts red tape and supports innovative and potentially lifesaving medical research.

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

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

Mr. Speaker, once again, I want to hear the voices of hardworking Americans, not just Washington, D.C., letterhead groups.

We heard from a community banker, who said:

A local union member wanted to refinance his primary residence. He was currently laid off due to the winter season. His tax return showed he was generally laid off for about 6 weeks each year during the extreme cold but was provided a call back when weather improved. Since he was laid off, we could not meet the requirement to validate his current income that would continue for 3 years. We had to deny the loan.

Yet again, Mr. Speaker, more Washington red tape taking away home opportunities from hardworking Americans. It is wrong. We must do something about it. It is why, on a bipartisan basis, so many of us have gotten together to pass H.R. 3978.

Yes, we want to make sure that people can buy homes, they can buy cars, they can put groceries on the table, and right now, when the economy is finally starting to improve, thanks to President Trump and the Tax Cuts and Jobs Act, we want them to have opportunity.

Mr. Speaker, I encourage all Members to support H.R. 3978, and I yield back the balance of my time.

Ms. MAXINE WATERS of California. Mr. Speaker, I include in the RECORD the following letters of opposition.


H. R. 4061 would add multiple additional designations for nonbank financial companies that lack systemic risk that would trigger and mitigate threats to financial stability. Like H.R. 3978, the TRID Improvement Act. The bill, which amends Section 2603 of RESPA, would provide critical insights and inform the best course of treatment.

In short, this bill erodes a vital new financial regulatory tool implemented following the devastating 2007-2008 financial crisis. If enacted, the U.S. financial regulatory structure will be less equipped to handle risks that build up outside of the traditional banking sector—the financial sector as a whole more vulnerable due to economic downturn. Americans paid for the last crisis with their jobs, homes, and savings, while the old and new financial institutions were bailed out. This bill inexplicably makes a repeat of that economic calamity more likely. The 2007-08 financial crisis demonstrated that excessive risk could build up outside of the traditional banking sector. Nonbank financial institutions like Lehman Brothers, Bear Stearns, and AIG did not face the type of oversight and regulatory standards warranted by their systemic importance. The failure or near-failure of these institutions in the last crisis threatened the global financial system. AIG and Bear Stearns were bailed out accordingly, while the failure of Lehman Brothers brought the global financial system to the brink of collapse. The crisis also revealed that no one financial regulator had a system-wide mandate, meaning individual regulators were only focused on their respective segments of the financial sector. This left financial regulators in the dark regarding risks that built up across different parts of the sector or that emerged in underregulated parts of the sector.

In the wake of the financial crisis, President Obama worked with Congress to pass the Dodd-Frank Wall Street Reform and Consumer Protection Act, which created the Financial Stability Oversight Council ("FSOC"), a new systemic risk regulatory body. The FSOC was created to bring the disparate prudential regulators together to identify and mitigate threats to financial stability. The most important tool given to the FSOC to fulfill this mission is the authority to designate financial companies as "systemically important" and subject them to enhanced oversight and regulation by the Federal Reserve Board if material distress at the company, or the company’s activities, could threaten financial stability. The FSOC has used this designation authority sparingly and only after a thorough, multi-stage review process in which the FSOC communicates extensively with the company and the company’s primary regulators.

H.R. 4061 would add multiple additional hurdles to the FSOC’s already-rigorous designation process. This would add another estimated two years to the designation process, meaning it would take roughly four years for the FSOC to designate a new company. This would help to ensure that the FSOC is not overwhelmed with companies, but to threaten U.S. financial stability. The four-year estimate does not even factor in the time it will take for the legal proceedings to play out when a company challenges the designation in court. The legal challenge by MetLife took years, and likely would have taken longer if the Trump administration didn’t agree to stop pursuing the case. If anything, this bill increases the procedural hurdles and the designation process in court. H.R. 4061 practically invites a legal filibuster of the designation. It renders the designation authority nearly useless. Hallowing out this designation process authorizes makes it far more likely that an under-regulated systemically important nonbank will cause or aggravate the next financial crisis.

Contrary to critics of the FSOC, it is not a rigid body and has in the past responded to legitimate process and transparency suggestions. In 2015, after soliciting public comment, the FSOC adopted 17 changes to its designation process and transparency policies. The current designation process in place is rigorous and appropriately thorough. H.R. 4061 would add no less than nine new bureaucratic steps. These proposed changes are excessive, and the intent is clear: To prevent the FSOC from using this vital tool.

This legislation is even more concerning given the actions Treasury Secretary Steven Mnuchin has taken since the start of the Trump administration. The FSOC, under Mnuchin’s leadership, has: (i) delayed the designation of the company that received a $128 billion bailout during the crisis; (ii) slashed the FSOC’s budget and staff; (iii) dropped the legal processes regarding MetLife’s designation; (iv) signaled that Prudential’s designation may be rescinded this year; and (v) recommended some deeply concerning additional changes to the designation process in a report published in late 2017. Further restricting the FSOC’s authority at a time when it is being dismantled from within would be a grave mistake.

For these reasons, CAP recommends that Members vote ‘NO’ when the revised H.R. 3978 package of bills, which includes H.R. 4061, is considered on the floor.

If you have any questions about this letter or would like to discuss these issues further, please contact Gregg Gelzinis.

Sincerely,

GREGG GELZINIS, Research Assistant, Economic Policy, Center for American Progress.
The method required by the Consumer Financial Protection Bureau for disclosing title insurance premiums reduces consumer confusion and enhances consistency between the estimate and final loan cost disclosures. The bill would change the final loan disclosure, decreasing consistency with the initial disclosure. As a result, it would increase consumer confusion and undermine the consumer confidence process. The CFPB regulations take into account that comparison shopping in such states is not possible and provides a standardized approach. Further refinement of the title insurance disclosures can be addressed by the CFPB itself in cooperation with stakeholders to ensure any outstanding issues are addressed with the input of affected parties.

We urge you not to undermine the CFPB’s careful rules for restoring transparency and market competition to the title insurance market. We oppose this bill. Please vote no on H.R. 3978.

Sincerely,

AMERICANS FOR FINANCIAL REFORM.

CENTER FOR RESPONSIBLE LENDING.

NATIONAL ASSOCIATION OF CONSUMER ADVOCATES.

NATIONAL CONSUMER LAW CENTER (ON BEHALF OF ITS LOW-INCOME CLIENTS).

CONSUMER FEDERATION OF AMERICA.

February 12, 2018.

DEAR REPRESENTATIVE: We understand the House is scheduled to vote this week on H.R. 3978, the “TRID Improvement Act.” While we did not take a position on this bill when it came before the House Financial Services Committee, we urge you to oppose it now that it includes the following extraneous, anti-investor bills: H.R. 3948, the “Protection of Source Code Act;” H.R. 1645, the “Fostering Innovation and H.R. 1824, the “National Securities Exchange Regulatory Parity Act.” Each of these bills would harm investors and undermine the integrity of our capital markets.

H.R. 1645, the “Fostering Innovation Act,” would make financial accounting fraud more likely.

This legislation would extend the period of time in which certain public companies would be exempt from a requirement that provides important protections against financial reporting errors, including errors that are the result of fraud. That is the requirement under Section 409(b) of the Sarbanes-Oxley Act that requires audits as part of their audits of public company financial statements, to assess and attest to the adequacy of the company’s internal controls to ensure accurate financial reporting. This bill would extend this exemption for up to five years to a class of companies, including those that have gone public but may be struggling to produce significant revenues, that could have a particular incentive to manipulate their financial statements in order to attract more capital. Companies should not be able to use capital market disclosure controls as a way to 게시된 것에 대한 영향을 줄 수 있습니다. 쿼리의 입력과 출력 간의 함수 관계를 정의하기 위해 알고리즘을 구현할 수 있습니다. 알고리즘은 알고리즘을 구성하는 입력과 출력 간의 함수 관계를 정의하기 위한 알고리즘의 구현을 위한 원자체가 됩니다.

The SPEAKER pro tempore. Respectfully submitted, RACHAEL ROPER, Director of Investor Protection.

Michael Hauptman, Financial Services Counsel.

The SPEAKER pro tempore. All time for debate on the bill has expired.

AMENDMENT NO. 1 OFFERED BY MR. FOSTER

Mr. FOSTER. Mr. Speaker, I have an amendment at the desk.

The SPEAKER pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 3, line 10, strike “source code, including”.

Page 3, line 10, insert “algorithmic trading” before “source code”.

Page 3, line 14, strike “source code, including”.

Page 3, line 14, insert “algorithmic trading” before “source code”.

Page 3, line 19, strike “source code, including”.

Page 4, line 12, strike “source code, including”.

Page 4, line 13, insert “algorithmic trading” before “source code”.

The SPEAKER pro tempore. Pursuant to House Resolution 736, the gentleman from Illinois (Mr. Foster) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Illinois.

Mr. FOSTER. Mr. Speaker, my amendment clarifies that this bill is only intended to apply to the source code underpinning algorithmic trading rather than any computer code that exists anywhere in the enterprise.

The algorithmic source code at a trading firm are its crown jewels. It is basically the core of its existence in its intellectual property.

It is not merely historical or descriptive like books or records that regulators routinely have access to. Likewise, it is not a broad expression of ideas that a firm might use some time in the future. Rather, it is a specific and prescriptive algorithm that generates a specific outcome based on a specific set of inputs.

The firms that rely on algorithmic trading have Ph.D. scientists, mathematicians, and economists researching correlations that lead to these relationships between the inputs and outputs. These may be simple but may also be incredibly complex, involving multiple inputs that do not appear related at first glance.

This complexity, coupled with the fact that they are written largely in computer code, limits the usefulness of exchanges, we oppose it. Furthermore, because this legislation is being attached to the TRID bill, we urge you to oppose the entire package.

The TRID bill should not be permitted to raise capital in the public markets if they do not have adequate capital market protections. Because the bill includes attachments to the TRID bill, we urge you to oppose the entire package.
inspecting source code as an examination tool. It is, rather, the behavior of the firm in the market that represents potential violations of security laws. Manipulative behavior, like frequently displaying or canceling orders, should get the regulators’ attention and prompt them to ask the firm to explain it.

Source code would be and will be a valuable part of any investigation or enforcement action into observed manipulation of the market, but this is not the basis and should not be the basis for casual inspection. It would probably be central to proving the element of intent in an enforcement action because it demonstrates that the algorithm was designed to engage in, for example, manipulative or abusive behavior.

To this end, it is imperative that the firms achieve archived versions in effect at any given time and log modifications to those algorithms, including who made them, at any time that the code is altered. These should always be available by subpoena.

Additionally, I believe that most firms would allow the regulator on site to examine the source code on an air gap computer. To treat the source code as ordinary books and records would not limit the regulator to onsite examination, but would allow for staff to request it and that it be made available offsite, which has real dangers.

Because of the value the firm carries with proprietary algorithms, it makes sense that the firm would be reluctant to allow any undue access to its crown jewels. It is really, I believe and I think the majority of my colleagues believe, something that should be accessible only by a subpoena.

My amendment simply clarifies that it is only the algorithmic trading code and related information that should be covered. I urge my colleagues to support my amendment and, upon its adoption, to support the bill on final passage.

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

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

Ms. MAXINE WATERS of California. Mr. Speaker, I rise in opposition to the amendment.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Massachusetts is recognized for 5 minutes in support of his motion.

Mr. CAPUANO. I yield back the balance of my time.
In 2016, we learned of millions of fake deposits and credit card statements opened up by Wells Fargo and then charging their customers. Last September, we learned about undisclosed insurance payments made by customers who paid off their car loans early. And most recently, we found out that they delayed mortgage closing dates in order to jack up their own fees.

These abuses come on top of $10 billion in fines by that bank that has been paid in recent years for everything from mortgage fraud, illegal marketing, kickback schemes, insider trading, racial discrimination, and student loan scams. Yet the bank believes that this kind of consistent misconduct is not materially financially important enough to require a restatement.

Wells Fargo has only ever clawed back a few tiny dollars from its executives. All this recommit does is simply says that if you commit an act that requires a material change in your public statements, you shouldn’t profit by it. That is all. Not basic pay; just the incentive pay tied to those actions.

The underlying bill goes in the opposite direction. It makes it more likely that there will be material inaccuracies in certain public companies’ financial statements. If this is what Congress is going to do, we should, at the very least, not incentivize that bad behavior.

Title III of this bill allows new public companies to get out of independent audit requirements for 10 years—ten years.

Now, we all think, well, that is fine for a small company. Small company. Up to $700 million of company shares? That is a small company? Those are significant companies that put lots of people at risk, shareholders and investors.

In 2002, the Sarbanes-Oxley Act—I want to repeat, the Sarbanes-Oxley Act because Mike Oxley was the Republican chair of the Financial Services Committee at the time—requires companies that this kind of consistent misconduct is not materially financially important enough to require a restatement.

In 2016, we learned of millions of fake deposits and credit card statements opened up by Wells Fargo and then charging their customers. Last September, we learned about undisclosed insurance payments made by customers who paid off their car loans early. And most recently, we found out that they delayed mortgage closing dates in order to jack up their own fees.

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In 2002, the Sarbanes-Oxley Act—I want to repeat, the Sarbanes-Oxley Act because Mike Oxley was the Republican chair of the Financial Services Committee at the time—requires companies to issue stock to publicly report their internal control structures and procedures for financial reporting. Those reports have to be attested to and covered in an audit report.

There is a reason why an independent audit of large corporations is a good thing; it makes it harder for them to hide bad actions. This recommit, again, is simple. It doesn’t change the underlying bill. It simply says: If a corporation makes a material change to its publicly stated financial records and an executive’s incentive pay has been based on a now-changed policy, the company has to have a policy in place whereby to claw back those ill-gotten profits. I don’t think that is controversial. I don’t think that is anti-business. I don’t think that is overregulation. It is simply fair.

We don’t let bank robbers keep their money. We don’t let companies commit wrongdoing keep the profits that they have. Why should we let corporations who go out of their way—some, not all, only a handful go out of their way—to make sure that they hide their bad actions, report them badly? And then, if we do catch them, we report them appropriately, they still get to keep the ill-gotten gains.

That is all this recommit does. It is simple. It is straightforward. And I would hope that my friends on the other side but on both sides of this aisle see this as a thoughtful, insightful, and commonsense approach to amend this bill.

Mr. Speaker, with that, I yield back the remainder of my time.

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

The SPEAKER pro tempore. The reservation of a point of order is withdrawn.

Mr. HENSARLING. Mr. Speaker, I listened very carefully to my colleague on the Financial Services Committee. I lost track of how many times he mentioned Wells Fargo. That has nothing to do with an early growth company. That has nothing to do with this title of the bill.

So the Fostering Innovation Act by the gentleman from Arizona is all about allowing emerging-growth companies the opportunity to actually grow. What a novel concept. What we know is, Mr. Speaker, in 8 years of Obamanomics, they were only able to produce about 1.8 percent economic growth, for all intents and purposes. Nobody’s savings account came back. Wages were stagnant. And now that we have sensible regulation, now that we have passed the Tax Cuts and Jobs Act, now we have 3 percent economic growth, which is economic growth for America’s working families. Unemployment is at a 17-year low. It remains at a 17-year low.

Again, wages grew at 2.9 percent last year, the fastest in almost a decade. Two million Americans have gone back to work, Mr. Speaker, and this is not by accident.

So what the gentleman is doing with his motion to recommit is sending us back. He is rolling the clock back to an era where working Americans didn’t get ahead, where entrepreneurship was at a generational low, where small businesses were finding it hard to access credit. So the bill that he so much maligns from the gentlewoman from Arizona, who happens to reside on his side of the aisle—at mark-up, the ranking member of the relevant subcommittee, the gentlewoman from New York (Mrs. MALONEY), supported the provision and said: This is a sensible compromise that provides a narrowly targeted relief to only the companies that truly need it.

That is all. Not basic pay; just the incentive pay tied to those actions. That is all. Not basic pay; just the incentive pay tied to those actions.

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.

Mr. CAPUANO. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes on: Passage of the bill, if ordered; and Passage of H.R. 3299.

The vote was taken by electronic device, and there were—yeas 189, nays 228, not voting 13, as follows:

[Roll No. 76]

YEAS—189

Adams
Barragan
Beatty
Bishop (GA)
Bishop
Blenman
Blumenthal
Blunt
Bonohan
Bost
Brady (PA)
Brown (MD)
Brownley (CA)
Buchanan
Bustos
Butterfield
Caprara
Capuano
Carbajal
Cardenas
Carson-Blake
Carstens
Castor (FL)
Castro (TX)
Chu, Judy
Cicilline
Clark (MA)
Clarke (NY)
Clarke (NC)
Clyburn
Colin
Gonzalez
Green
Grobler
Gutierrez-Nalley
Gusciora
Hagerty
Hagerty
Hanna
Harkins
Hastings
Hastings
Heller
Herrero de Tejada
Herrera Beutler
Herrera Ortegon
Highley
Himes
Himes
Holt
Holt
Hollingsworth
Horn
Horsley
Hoyer
Hunt
Hunt
coprt 2019ove 1000: CONGRESSIONAL RECORD — HOUSE H1167

February 14, 2018
The vote was taken by electronic device, and there were—yea 271, nays 14, not voting 14, as follows:

<table>
<thead>
<tr>
<th>Yeas</th>
<th>Nays</th>
<th>Not Voting</th>
</tr>
</thead>
<tbody>
<tr>
<td>271</td>
<td>14</td>
<td>14</td>
</tr>
</tbody>
</table>

The result of the vote was announced as above reported.

The SPEAKER pro tempore. The question is on the passage of the bill.

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

Mrs. MAXINE WATERS of California, Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yea 271, nays 14, not voting 14, as follows:

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CONGRESSIONAL RECORD — HOUSE

NOT VOTING—14

Mr. POLIS changed his vote from "nay" to "yea." The bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. SCALISE. Mr. Speaker, I was unavoidably detained. Had I been present, I would have voted "yea" on rollcall No. 77 and "yea" on rollcall No. 78.

Mr. GUTIÉRREZ. Mr. Speaker, I was unavoidably absent in the House Chamber for rollcall votes 73, 74, 75, and 76, and "nay" on rollcall votes 72, 73, 77, and 78.

Mr. FITZPATRICK. Mr. Speaker, I ask unanimous consent that when the roll call is completed, the Speaker pro tempore will report the vote of the House.

Mr. MULHOLLAND. I am a member of the House Administration Committee, a subject which I believe is misunderstood. I ask unanimous consent that when the roll call is completed, the Speaker pro tempore will report the vote of the House.

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

Mr. PAULSEN. Mr. Speaker, I rise today to recognize the service of a member of our Armed Forces who lost his life in line of duty.

PERMISSION FOR MEMBER TO BE ADDRESSED AS A COSPONSOR OF H.R. 676

Mr. FRANKEL of Florida. Mr. Speaker, I ask unanimous consent that my name be added as cosponsor to the bill, H.R. 676.