

**Congress of the United States**  
**Washington, DC 20515**

May 14, 2019

The Honorable Jerome Powell  
Chairman  
Board of Governors of the Federal Reserve  
System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

The Honorable Jay Clayton  
Chairman  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

The Honorable Jelena McWilliams  
Chairman  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429

The Honorable J. Christopher Giancarlo  
Chairman  
Commodity Futures Trading Commission  
1155 21st Street, NW  
Washington, DC 20581

The Honorable Joseph Otting  
Comptroller  
Office of the Comptroller of the Currency  
400 7th Street, SW, Suite 3E-218  
Washington, DC 20219

The Honorable Steven Mnuchin, Chair  
Financial Stability Oversight Council  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear Chairs Powell, McWilliams, Giancarlo, Clayton, Comptroller Otting, and Secretary Mnuchin:

We write today to encourage expeditious implementation of several recommendations included in the U.S. Department of Treasury's report series, *A Financial System That Creates Economic Opportunities*. These reports serve as a roadmap for fostering economic growth and improving the efficiency and effectiveness of the regulatory framework. It is our belief that many of the recalibrations recommended would unlock billions of dollars of trapped capital that would in turn be deployed into the real economy to support job creation and economic growth.

While progress has been made to implement some of the recommendations included in the reports, we are concerned about the lack of progress in many critical areas and the pace of implementation. Indeed, over a year and a half after the initial report was issued, the banking agencies have only acted on one third of the recommendations. Many of the changes that have not yet been implemented would have a measurable impact on the economy by improving access to capital and credit and promoting economic growth.

First, the reports recommend that the federal banking agencies revisit U.S. rules implementing international standards, including the risk-based capital surcharge for U.S. global systemically important banks (GSIBs). A recent report authored by the U.S. Chamber of Commerce Center

for Capital Markets Competitiveness suggested that the decision by U.S. regulators to impose more stringent standards on U.S. GSIBs than what is required by Basel III may be a cause of lower than expected growth in small business lending – which remains down 13 percent from 2008. U.S. GSIBs have increased their capital by nearly 40 percent and doubled their liquidity since the financial crisis. Given the totality of post crisis reforms that have been imposed on GSIBs and the significantly enhanced resiliency of the banking system, now is an appropriate time to revisit the international standards placed on U.S. firms, including the GSIB surcharge.

Second, we strongly support exempting transactions between bank affiliates from initial margin requirements on uncleared swaps. According to a 2018 survey conducted by the International Swaps and Derivatives Association, for 11 of the largest global swap dealers, this requirement currently traps nearly \$40 billion inside of these institutions that, if released into the real economy, would help to reduce costs for business end-users. This requirement, which disincentivizes prudent risk management, is not required by the CFTC, European regulators, or Asian regulators that have implemented the relevant requirements to date. Removing this unnecessarily burdensome requirement will both bring efficiency to the regulatory framework and promote safety and soundness by encouraging banks to centrally manage risk. In this context, we also urge the agencies to consider the impact of new derivative regulations, in particular the Standardized Approach for Counterparty Credit Risk (SA-CCR), on the ability of end users to hedge their business risks.

Third, we believe the agencies must bring greater transparency to the capital planning and stress testing process so that lending and investment are not unnecessarily restricted. We encourage the Federal Reserve Board to subject the hypothetical stress scenarios under its Comprehensive Capital Analysis and Review (CCAR) and Dodd-Frank Act stress test programs to notice and public comment.

Please provide an update on the progress in each of the above areas described, including a timeline for implementation. To the extent there are currently no plans to implement a specific recommendation, please provide an explanation for that decision. We feel strongly that you should move forward with implementation of these recommendations as soon as possible and that they be given priority alongside other ongoing workstreams. We look forward to working together with you to foster economic growth and promote international competition for U.S. firms.


Sincerely,



Ted Budd  
Member of Congress



Patrick McHenry  
Member of Congress



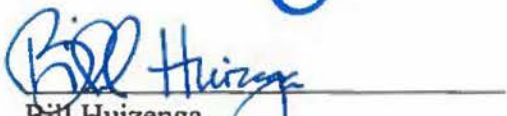
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Member of Congress



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Bill Posey  
Member of Congress



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Bill Huizenga  
Member of Congress



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Steve Stivers  
Member of Congress



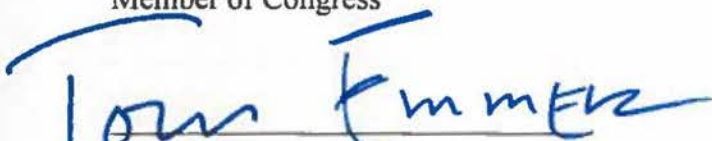
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Andy Barr  
Member of Congress



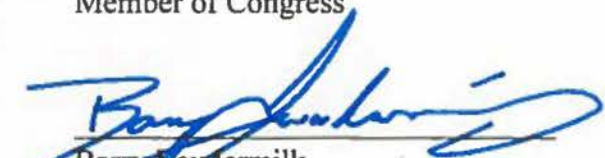
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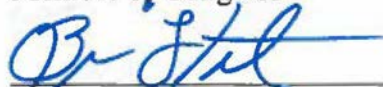
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