

**Crapo Statement at Hearing on Implementation of the Economic Growth,  
Regulatory Relief and Consumer Protection Act (S. 2155)**  
*October 2, 2018*

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks during a full committee hearing entitled “Implementation of the Economic Growth, Regulatory Relief and Consumer Protection Act.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“Today, we will hear from four agencies responsible for the supervision and regulation of banks or credit unions.

“Each will provide an overview of its efforts, activities, objectives and plans to implement S. 2155, the Economic Growth, Regulatory Relief and Consumer Protection Act.

“Providing testimony will be Federal Reserve Vice Chairman for Supervision Randy Quarles; Federal Deposit Insurance Corporation Chair Jelena McWilliams; National Credit Union Administration Chairman Mark McWatters; and Comptroller of the Currency Joseph Otting.

“Each of these agencies plays an integral role in implementing key provisions of this law.

“As policymakers, it is our job to enact laws and regulations that not only ensure proper behavior and safety for our markets, but are also tailored appropriately.

“Shortly after Dodd-Frank was signed into law, we began to see some of the unintended cumulative regulatory burden it had on certain financial institutions.

“For years, I and many members of the Committee, on both sides of the aisle, worked to find a solution to provide meaningful relief to small financial institutions, and we succeeded in crafting S. 2155.

“We are now approaching five months since S. 2155 was signed into law by the President, having passed both the House and Senate with significant bipartisan support.

“This law’s primary purpose is to make targeted changes to simplify and improve the regulatory regime for community banks, credit unions, midsize banks and regional banks to promote economic growth.

“It right-sizes regulations for financial institutions, making it easier for consumers to get mortgages and obtain credit while also increasing important consumer protections for veterans, senior citizens, victims of fraud, and those who fall on hard financial times.

“For example, just over a week ago, the Federal Trade Commission and Bureau of Consumer Financial Protection announced as effective a provision of S. 2155 that provides consumers concerned about identity theft or data breaches the option to freeze and unfreeze their credit for free.

“A New York Times article commenting on this provision noted that, ‘one helpful change... will allow consumers to ‘freeze’ their credit files at the three major credit reporting bureaus- without charge. Consumers can also ‘thaw’ their files, temporarily or permanently, without a fee.’

“Susan Grant, director of consumer protection and privacy at the Consumer Federation of America expressed support for these measures, calling them ‘a good thing.’

“Although agencies have started to consider this law in some of their statements and rulemakings, there is still a lot of work to do on the bill’s implementation.

“It is imperative that agencies carry out all of their responsibilities under this law expeditiously so that consumers, homeowners, veterans and small businesses can begin to fully experience its benefits.

“In addition to timing, members of this Committee are also deeply vested in the substance of agencies’ specific actions to implement this law and other efforts by the regulators to provide regulatory relief.

“In particular, agencies should: significantly tailor regulations for banks with between \$100 billion and \$250 billion in total consolidated assets, with a particular emphasis on tailoring the stress testing regime (it should be noted that the primary reason we gave the regulators time to implement this provision was to develop a streamlined stress testing regime, and I encourage you to move quickly here); tailor the Liquidity Coverage Ratio for regional banks with more than \$250 billion in total consolidated assets; reassess the advanced approaches thresholds; provide meaningful relief from the Volcker Rule for all institutions, as I said in a letter to the regulators yesterday; and examine whether the regulations that apply to the standalone U.S. operations of foreign banks should also be tailored at the same time and in a similar manner as U.S. banks.

“S. 2155 raised the threshold for the application of enhanced prudential standards under Section 165 of the Dodd-Frank Act from \$50 billion, and in some cases \$10 billion, to \$250 billion.

“Regulators have applied the Section 165 asset thresholds in various rulemakings and guidance documents in the past.

“For example, the Fed’s Comprehensive Capital Analysis and Review requires bank holding companies with more than \$50 billion in total assets to submit capital plans to the Fed on an annual basis.

"In the final capital plan rule, the Fed notes that '...the asset threshold of \$50 billion is consistent with the threshold established by Section 165 of the Dodd-Frank Act relating to enhanced prudential standards and prudential standards for certain bank holding companies.'

"The OCC recently raised the threshold for requiring recovery plans from \$50 billion to \$250 billion.

"I encourage the regulators to revisit all regulation and guidance thresholds that were consistent with the outdated Section 165 threshold to an amount that reflects actual systemic risk.

"Regulators have two options: use a systemic risk factors-based approach, or raise all thresholds to at least \$250 billion in total assets to be consistent with S. 2155.

"Many of this law's provisions require agency rulemakings.

"In order to avoid unnecessary delays in implementation, agencies should promptly issue notice of proposed rulemakings for all relevant aspects of this law.

"As S. 2155 is implemented, I suspect some of it may be implemented through guidance or other policy statements that do not go through formal notice and comment rulemaking.

"While I encourage the regulators to use notice and comment rulemaking generally, I recognize that sometimes policy must be communicated through more informal means.

"The Congressional Review Act, however, requires agencies to submit, with certain minor exceptions, all rules to Congress for review.

"By definition, a rule is 'the whole or a part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency.'

"That is a very broad definition.

"In order to ensure that Congress can engage in its proper oversight role, as well as ensure that future Congresses do not overturn the agencies' policy statements related to implementation of S. 2155, I encourage the regulators to follow the Congressional Review Act and submit all rules to Congress, even if they have not gone through formal notice and comment rulemaking.

"Our economy is finally getting back on track, and full implementation of S. 2155 will continue to drive growth and improve economic health to the benefit of families across America.

"I look forward to hearing more from each of you on how your agencies have begun and will continue to implement the Economic Growth, Regulatory Relief and Consumer Protection Act."