

M E M O R A N D U M

To: Members of the Committee on Financial Services

From: Financial Services Committee Majority Staff

Date: June 11, 2018

Subject: June 14, 2018 Full Committee Markup

The Committee on Financial Services will meet to mark up the following measures, in an order to be determined by the Chairman, at 9:30 am on Thursday, June 14, and subsequent days if necessary, in room 2128 of the Rayburn House Office Building:

H.R. 5749, the “Options Markets Stability Act”

Introduced on May 10, 2018, by Representatives Randy Hultgren, H.R. 5749, the legislation would implement a risk-adjusted approach to value centrally-cleared options as it relates to capital rules to better and more accurately reflect exposure and promote options market-marking activity. The Current Exposure Method (CEM) requires options contracts to be calculated on their notional face-value rather than through a risk-adjusted value which reflects actual exposures. Changing this calculation will incentivize the use of hedged positions and would reduce the amount of capital required to place those positions and reduce overall exposure.

H.R. 5953, the “Building Up Independent Lives and Dreams Act” (BUILD)

Introduced on May 24, 2018, by Representatives Barry Loudermilk and Brad Sherman, H.R. 5953, the “BUILD Act” would address challenges certain charities face with the Bureau of Consumer Financial Protection Bureau’s (Bureau) TILA-RESPA Integrated Disclosure (TRID) rule. This bill allows certain charitable mortgage loan transactions to qualify for use of the truth in lending (TIL), good faith estimate (GFE), and HUD-1 forms instead of those required under the TRID rule.

H.R. 6035, the “Streamlining Communications for Investors Act”

Introduced on June 7, 2018, by Representative Ted Budd, the “Streamlining Communications for Investors Act”, directs the Securities and Exchange Commission (SEC) to revise SEC Rule 163(c) to allow a well-known seasoned issuer (WKSI) to authorize an underwriter or dealer to act as its agent or representative in communicating about offerings of the issuer’s securities prior to the filing of a registration statement. A WSKI will be allowed to rely on the exemption provided in Rule 163 if, before such a communication is made, the underwriter or dealer making such communication receives written authorization from the WSKI to act as its agent or representative and the WSKI authorized or approved such communication. Additionally, a WSKI must identify in the prospectus filed for an offering each underwriter or dealer that has made oral or written communications related to the offering in reliance on the exemption. On May 23, 2018. The Subcommittee on Capital Markets held a hearing on a discussion draft of this bill, and is available for review on the hearing page on the Committee’s website.

H.R. _____, the “Counter Terrorism and Illicit Finance Act”

To be introduced on June 12, 2018, by Representatives Steve Pearce and Blaine Luetkemeyer the “Counter Terrorism and Illicit Finance Act” updates Bank Secrecy Act (BSA) and anti-money laundering (AML) laws and regulations to address regulatory compliance burdens on financial institutions and to promote national security interests and the deterrence of criminal activity through the financial system. The legislation increases the thresholds for certain Currency Transaction Reports and Suspicious Activity Reports; reviews and streamlines certain financial reporting requirements; improves information sharing within financial institutions; establishes a no-action letter policy specific to BSA/AML laws and regulations; establishes and makes public priorities for anti-money laundering/combating the financing of terrorism (AML/CFT); provides legal certainty to financial institutions that use technological innovation in AML programs; assesses the usefulness of data reporting requirements to law enforcement; provides an 18 month safe harbor for good faith compliance with the FinCEN Customer Due Diligence (CDD) Rule; and requires comprehensive studies regarding the collection of beneficial ownership information as part of the CDD Rule, and the costs and benefits of the current AML/CFT framework, including its effectiveness to identify and prevent terrorist and illicit financing and the prosecution of related misconduct.

H.R. ____, the “Fight Illicit Networks and Detect (FIND) Trafficking Act”

To be introduced on June 12, 2018, by Representative Juan Vargas, the “Fight Illicit Networks and Detect Trafficking” or the “FIND Trafficking Act” would require the Comptroller General of the United States to carry out a study on how virtual currencies and online marketplaces are used to buy, sell, or facilitate the financing of goods or services associated with sex trafficking or drug trafficking, and for other purposes. Not later than one year after enactment, the legislation would require the Comptroller General to submit the report to the Committee on Banking, Housing, and Urban Affairs and the Committee on Financial Services a report that summarizes the result of the study and include recommendations for legislative or regulatory action that would improve the efforts of Federal agencies to impede the use of virtual currencies and online marketplaces in facilitating sex and drug trafficking.