

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: July 12, 2018

Re: July 17, 2018, Financial Institutions and Consumer Credit Subcommittee Hearing entitled "Examining Capital Regimes for Financial Institutions"

The Subcommittee on Financial Institutions and Consumer Credit will hold a hearing entitled "Examining Capital Regimes for Financial Institutions" on Tuesday, July 17, 2018, at 2:00 p.m. in room 2128 of the Rayburn House Office Building. This will be a one-panel hearing with the following witnesses:

- Honorable Kevin Fromer, President and CEO, Financial Services Forum
- Mr. Greg Baer, President, The Clearing House Association
- Dr. Douglas Holtz-Eakin, President, American Action Forum
- Mr. Keith A. Noreika, Partner, Simpson Thacher & Bartlett

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank)(P.L. 111-203) imposed a series of new capital regimes on financial institutions with more than \$10 billion in total consolidated assets including the Dodd-Frank Act Stress Test (DFAST) and the Federal Reserve instituted the Comprehensive Capital Analyses and Review (CCAR). The purpose of these exercises is to determine the solvency of a financial institution in times of economic downturn.

On May 24, 2018, President Trump signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) (P.L. 115-174). Title IV of the EGRRCPA exempts certain financial institutions from the enhanced supervisory standards of Dodd-Frank. The enactment of EGRRCPA is a critical first step to ensure a fairer and balanced federal financial regulatory structure, but much work remains to be done to simplify the complex and overly burdensome system of financial regulation.

This hearing will examine the existing regulatory structure for prudentially regulated financial institutions and explore avenues that Congress and the regulators can address through legislative and regulatory policy changes.