

**Amendment to Views and Estimates of the Committee on Financial Services
on Matters to be Set Forth in the Concurrent Resolution on the Budget for
Fiscal Year 2018**

Offered by Mrs. Maloney of New York

On page 3, strike lines 6 through 23, and replace with the following:

“The Committee strongly opposes bailouts, which is why the Committee strongly supports the Orderly Liquidation Authority (OLA) established under Title II of Dodd-Frank. The OLA fills a critical gap in our pre-crisis regulatory structure by authorizing the Federal Deposit Insurance Company (FDIC) to safely wind down a large non-bank financial company *without* either damaging the broader markets or resorting to a taxpayer bailout. Dodd-Frank mandates that any large non-bank financial company wound down under OLA be liquidated, that shareholders and creditors of the financial company bear any losses, that culpable management of the company be fired, and that taxpayers bear no losses whatsoever.

“Two of the major rating agencies, Moody’s and S&P, have explicitly recognized that the presence of the OLA makes large banks’ debt *more* risky, because it makes taxpayer bailouts of bank creditors *less* likely. Moody’s has stated that the OLA is ‘an accepted and credible alternative to taxpayer-funded capital infusions from the government.’ Similarly, S&P has stated that ‘[w]e believe the U.S. resolution framework is now effective,’ and that ‘the probability that a U.S. GSIB would receive extraordinary government support if it came under stress is lower’ because of the OLA. This reflects the broad consensus among market participants, independent experts, and policymakers that the OLA will avoid the need for a taxpayer-funded bailout the next time a large non-bank financial company fails.

“Finally, the Committee believes that the Congressional Budget Office’s (CBO) estimate that repealing the OLA would reduce the deficit by \$22 billion over 10 years is fictitious because the CBO is only considering a 10-year period, which excludes the time period during which the resolution expenses will be recouped from the financial industry. CBO itself admits that ‘the recoupment of [resolution] expenses will ultimately equal the expenses, but not within the 10-year period.’”