

Rep. Peter King: Statement for the Record, Dec. 13, 2012

FSC Hearing: “Examining the Impact of the Volcker Rule on Markets, Businesses, Investors and Job Creation, Part II”

Mr. Chairman, thank you for calling today’s hearing. The Volcker Rule, enacted as a part of the Dodd-Frank Act, carries significant implications for my home state of New York as well as for the national economy and U.S. financial markets. The complexity and cost of this rule is evident in the regulators’ 298-page proposal, which elicited some 18,000 comment letters and would require some 6.2 million private sector man-hours to achieve compliance. Furthermore, there is no date certain for finalization – so businesses are left guessing what activities will be prohibited and which will be deemed appropriate, and when.

If Volcker is put into place as currently written, it could sap market liquidity, depress the value of pension plans and retirement accounts, make it costlier for state and local governments to raise funds, and place U.S. financial firms at a competitive disadvantage with foreign counterparts. It could even jeopardize New York’s role as the financial capital of the world, which would carry economic repercussions well beyond the state.

To address some of the many concerns regarding the Volcker Rule, I introduced the *U.S. Financial Services Global Viability Act (H.R. 6524)*. My legislation would suspend enforcement of the Volcker Rule at least until other international competitors have adopted similar statutory restrictions. As many here are well aware, the Volcker Rule prohibits proprietary trading, but as written will likely have the unintended consequence of preventing U.S. firms from engaging in market-making and underwriting activities for their customers. This will place the U.S. at a competitive disadvantage in a global financial marketplace – causing capital and certain trading operations to move offshore. To prevent this potential harm to the American economy and to provide for a level international playing field, the enforcement of the Volcker Rule should, at a minimum, be suspended until other international competitors have adopted and are abiding by similar statutory rules.

The Volcker Rule was originally conceptualized for adoption on an international scale. But while other nations’ regulators balked at putting it into place, Section 619 of the Dodd-Frank Act applies it to a wide range of U.S. financial institutions. Any insured bank or bank holding company, as well as nonbank financial companies regulated by the Federal Reserve, will be burdened with this new level of compliance. With our economy still struggling to regain its footing, this is not the time to give businesses a reason to cut their U.S. workforce or move investments to foreign competitors overseas.