

M E M O R A N D U M

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: June 13, 2014

Re: June 18, 2014 Full Committee Hearing on “The Semi-Annual Report of the Consumer Financial Protection Bureau”

The Committee on Financial Services will hold a hearing at 10:00 a.m. on Wednesday, June 18, 2014, in room 2128 of the Rayburn House Office Building to receive the Semi-Annual Report of the Consumer Financial Protection Bureau (“CFPB” or the “Bureau”) and the Director of the Bureau’s testimony on the report. CFPB Director Richard Cordray will be the only witness.

Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. No. 111-203) (the “Dodd-Frank Act”) created the CFPB as an independent agency within the Federal Reserve System and charged it with regulating “the offering and provision of consumer financial products or services under the Federal consumer financial laws.”¹ The CFPB’s mission is to “implement and . . . enforce Federal financial consumer law consistently for the purposes of ensuring that all consumers have access to markets for consumer financial products and services and that markets for consumer financial products and services are fair, transparent and competitive.”² Title X grants the CFPB’s Director the “general authority” to “prescribe rules and issue orders and guidance” to administer, enforce, and implement federal consumer financial laws.³ Title X also requires the CFPB to prepare semi-annual reports describing its activities during the previous six months, and it requires the CFPB’s Director to testify before the Financial Services Committee to report on the CFPB’s activities.⁴

On July 21, 2011, responsibility for promulgating federal consumer financial protection regulations was transferred from other federal agencies to the CFPB.⁵ The

¹ Dodd-Frank Act § 1011(a).

² Dodd-Frank Act § 1021(a).

³ Dodd-Frank Act § 1022(b)(2).

⁴ Dodd-Frank Act § 1016.

⁵ The CFPB assumed most of authority for enforcing consumer financial protection laws from several federal agencies, including the Federal Reserve, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Department of Housing and Urban Development, and the Federal Trade Commission.

CFPB also assumed supervisory and examination authority over large depository institutions, defined as those with more than \$10 billion in assets. Although prudential banking regulators retain supervisory and examination authority for financial institutions with less than \$10 billion in assets, the CFPB's examiners are authorized to participate on a "sampling" basis when prudential regulators examine institutions with less than \$10 billion in total assets.⁶

In addition to the authorities transferred to the CFPB from other Federal agencies, the Dodd-Frank Act also conferred new regulatory powers upon the CFPB. Among these new authorities are: the authority to prohibit unfair, deceptive, or abusive acts or practices; the authority to supervise non-depository entities, such as payday lenders, mortgage servicers, and private education lenders; and the authority to supervise entities determined to be "larger participants" in the market for consumer financial products or services.⁷

The Dodd-Frank Act requires the director of the CFPB to publish a semi-annual report on the Bureau's activities and to testify on the report after its publication. On May 28, 2014, the CFPB issued its fifth Semi-Annual Report to the President and Congress. The Report covers the CFPB's activities from October 1, 2013 through March 31, 2014.⁸ This hearing will explore the report.

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⁶ Dodd-Frank Act § 1026(c).

⁷ Dodd-Frank Act §§ 1021(b) and 1024(a).

⁸ Semi-Annual Report of the Consumer Financial Protection Bureau: October 1, 2013 – March 31, 2014, *available at* http://files.consumerfinance.gov/f/201405_cfpb_semi-annual-report.pdf.