

AG Committee Democrats Oppose H.R. 992

From: The Committee on Agriculture-Minority Staff

Sent By: clark.ogilvie@mail.house.gov

Bill: H.R. 992

Date: 10/29/2013

House Agriculture Committee Democrats

REJECT So-called

Swaps Regulatory Improvement Act, H.R. 992

October 29, 2013

Dear Colleague:

We urge you to oppose H.R. 992, the Swaps Regulatory Improvement Act, when it comes to the House floor. This bill would permit banks, which enjoy broad taxpayer-subsidized FDIC deposit insurance and access to the Federal Reserve's discount window, to enter into an increasing number of derivatives contracts, some of which contributed to the 2008 global financial crisis and recession.

H.R. 992 seeks to effectively repeal a provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act commonly known as the "Lincoln Amendment" or the "Swap Push Out" provision. This provision sought to protect taxpayers from the bank bailouts seen during the financial crisis by spinning off their derivatives operations. At the same time, the provision also recognized the value of some derivatives and permitted banks to engage in interest rate, exchange rate and certain credit derivatives. In all, these derivatives represent 90% of the swaps market and are allowed to remain in the bank.

H.R. 992 creates new loopholes that would let banks keep 99% of all swaps on their books. This would most likely lead to risky derivative activity unrelated to the business of banking, thereby increasing taxpayer exposure to another bank bailout. A majority of Democrats on the House Agriculture Committee voted against H.R. 992 during the Committee's mark-up of the bill, and we urge our Democratic colleagues to vote NO on H.R. 992.

Sincerely

COLLIN PETERSON

Member of Congress

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