



January 4, 2017

Dear Representative,

On behalf of Americans for Financial Reform (AFR), we are writing to strongly oppose HR 26, the “Regulations from the Executive In Need of Scrutiny Act of 2017,” also known as the REINS Act.<sup>1</sup>

The REINS Act is radical legislation that would upend decades of administrative law practices dating back to the New Deal era in the 1930s. The bill requires explicit approval of any “major regulation” by both the House and Senate within 70 days in order for that rule to take effect. This requirement would create crippling barriers to administrative actions necessary to protect the public and implement the law.

The REINS Act would affect the full range of Federal regulations, including rules that ensure consumer products are safe for children, rules that protect worker safety in coal mines, environmental rules that protect the safety of our air and water, financial regulations, and many more. However, AFR’s major focus is on rules that safeguard the financial system and financial consumers. The crisis of 2008 demonstrated that a failure to properly regulate Wall Street can result in trillions of dollars of economic damages and the loss of millions of jobs. The continuing series of scandals since that time, ranging from manipulation of markets to consumer fraud at Wells Fargo, further demonstrates the need for strong rules governing the financial system.

If the REINS Act passes, significant rules governing the financial sector will not go into effect unless both Houses of Congress vote again to approve each individual rule and the President once again approves the rule – even though the laws authorizing these rules have already been passed by Congress and the President. Administrative rules are necessary to give laws actual effect. This massive presumption against actually putting rules in place will be an enormous barrier to agency actions that protect the public from irresponsible or exploitative behavior by financial institutions.

Congress already has the power to overturn any agency rule, or to repeal the legislation that authorizes the rule. The additional REINS Act requirement that Congress must specifically approve each individual rule passed in implementing a law is a transparent effort to sabotage the ability of government to stand up for the public and against big banks. If the REINS Act passes, in order to take action in areas such as reforming Wall Street, it will be necessary to both pass a

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<sup>1</sup> Americans for Financial Reform is an unprecedented coalition of more than 200 national, state and local groups who have come together to reform the financial industry. Members of our coalition include consumer, civil rights, investor, retiree, community, labor, faith based and business groups. A list of coalition members is available at <http://ourfinancialsecurity.org/about/our-coalition/>

law and to return to Congress for the approval of both houses for each individual regulatory step in implementing the law. The entire process could be halted at any point by Congressional inaction.

The process of rulemaking under our current system is already far too slow and cumbersome, involving administrative procedures that take years and frequent court challenges. The REINS Act would bring that process to an effective halt and further empower business interests to block any rule that impacted their profits, even if it brought far larger benefits to the public.

No one who believes in protecting the public from the effects of dangerous and irresponsible corporate misbehavior should vote for this bill. We urge you to oppose it.

Sincerely,

Americans for Financial Reform