



## Americans for Financial Reform

1629 K St NW, 10th Floor, Washington, DC, 20006  
202.466.1885

February 16, 2012

Dear Congressman Bachus:

Americans for Financial Reform is deeply concerned about several pieces of legislation being considered in the House Financial Services Committee today. This legislation would significantly weaken the ability of the SEC to protect investors and to implement the Dodd-Frank Act, and would repeal an important provision of the Dodd-Frank financial reform legislation. Americans for Financial Reform (“AFR”) is a coalition of more than 250 national, state, and local groups who have come together to advocate for reform of the financial industry. Members of AFR include consumer, civil rights, investor, retiree, community, labor, faith based and business groups along with prominent independent experts.

HR 2308, the “SEC Regulatory Accountability Act”, is both dangerous and unnecessary. This legislation would imperil the implementation of many important rules required under the Dodd-Frank law by adding unnecessary procedural requirements to SEC rulemakings. The SEC is already required to conduct economic analysis on every rule it passes. This legislation imposes a lengthy list of new cost-benefit requirements, including a requirement to separately analyze the costs and benefits of a potentially enormous set of “available regulatory alternatives” in addition to the actual rule being considered. Beyond this massive new requirement, the legislation also specifies a dozen new analyses to be performed on any new rulemaking. This lengthy list of new requirements is transparently intended to create roadblocks in the way of passing any investor protection rule and to bring the process of implementing Dodd-Frank rules to a halt.

HR 1838, the ironically titled “Swaps Bailout Prevention Act”, should instead be entitled the “Swaps Bailout Enabling Act”. It would repeal almost all of Section 716 of the Dodd-Frank Act, which is designed to set up firewalls between some swaps entities and the taxpayer safety net. Section 716 already contains a major exemption allowing banks to use swaps for bona fide hedging and other swaps-related activities that are directly connected to traditional bank lending. However section 716 says that banks could not use access to the Federal Reserve and FDIC safety net for retail deposit-taking and lending as a backstop for risky swaps dealing that was unrelated to the traditional business of banking. Such swaps subsidiaries would have to be separately capitalized and the depository bank could not be required to fund their losses. By deleting this provision HR 1838 would increase taxpayer exposure to the same kinds of bailout risks we experienced during the financial crisis.

HR 3606, the “Reopening American Capital Markets to Emerging Growth Companies Act of 2011”, delays implementation of a broad range of protections intended to ensure that investors have accurate and reliable information when investing in new public companies. In addition, it would eliminate for new companies a number

of requirements that give investors voice in setting pay for top executives of the companies they own. The legislation would impact companies with revenues of \$1 billion or less for up to five years after they go public – the majority of listed companies. Because it ignores the real reasons that companies have become less likely to opt for an early-stage IPO (changes in the profitability of small independent companies, the institutionalization of the markets, changes to Regulation D, and changes to the economics of the broker-dealer business model, to name a few), HR 3606 exposes investors to new risks and weakens controls on executive pay without offering any realistic prospect that it will promote sustainable job growth. It should not become law.

Sincerely,

Americans for Financial Reform

**Following are the partners of Americans for Financial Reform.**

*All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.*

A New Way Forward  
AFL-CIO  
AFSCME  
Alliance For Justice  
Americans for Democratic Action, Inc  
American Income Life Insurance  
Americans United for Change  
Campaign for America 's Future  
Campaign Money  
Center for Digital Democracy  
Center for Economic and Policy Research  
Center for Economic Progress  
Center for Media and Democracy  
Center for Responsible Lending  
Center for Justice and Democracy  
Center of Concern  
Change to Win  
Clean Yield Asset Management  
Coastal Enterprises Inc.  
Color of Change  
Common Cause  
Communications Workers of America

Community Development Transportation Lending Services  
Consumer Action  
Consumer Association Council  
Consumers for Auto Safety and Reliability  
Consumer Federation of America  
Consumer Watchdog  
Consumers Union  
Corporation for Enterprise Development  
CREDO Mobile  
CTW Investment Group  
Demos  
Economic Policy Institute  
Essential Action  
Greenlining Institute  
Good Business International  
HNMA Funding Company  
Home Actions  
Housing Counseling Services  
Information Press  
Institute for Global Communications  
Institute for Policy Studies: Global Economy Project  
International Brotherhood of Teamsters  
Institute of Women 's Policy Research  
Krull & Company  
Laborers' International Union of North America  
Lake Research Partners  
Lawyers' Committee for Civil Rights Under Law  
Move On  
NASCAT  
National Association of Consumer Advocates  
National Association of Neighborhoods  
National Community Reinvestment Coalition  
National Consumer Law Center (on behalf of its low-income clients)  
National Consumers League  
National Council of La Raza  
National Fair Housing Alliance  
National Federation of Community Development Credit Unions  
National Housing Trust  
National Housing Trust Community Development Fund  
National NeighborWorks Association  
National Nurses United  
National People's Action  
National Council of Women's Organizations  
Next Step  
OMB Watch  
OpenTheGovernment.org

Opportunity Finance Network  
Partners for the Common Good  
PICO National Network  
Progress Now Action  
Progressive States Network  
Poverty and Race Research Action Council  
Public Citizen  
Sargent Shriver Center on Poverty Law  
SEIU  
State Voices  
Taxpayer's for Common Sense  
The Association for Housing and Neighborhood Development  
The Fuel Savers Club  
The Leadership Conference on Civil and Human Rights  
The Seminal  
TICAS  
U.S. Public Interest Research Group  
UNITE HERE  
United Food and Commercial Workers  
United States Student Association  
USAction  
Veris Wealth Partners  
Western States Center  
We the People Now  
Woodstock Institute  
World Privacy Forum  
UNET  
Union Plus  
Unitarian Universalist for a Just Economic Community

*List of State and Local Signers*

Alaska PIRG  
Arizona PIRG  
Arizona Advocacy Network  
Arizonans For Responsible Lending  
Association for Neighborhood and Housing Development NY  
Audubon Partnership for Economic Development LDC, New York NY  
BAC Funding Consortium Inc., Miami FL  
Beech Capital Venture Corporation, Philadelphia PA  
California PIRG  
California Reinvestment Coalition  
Century Housing Corporation, Culver City CA  
CHANGER NY  
Chautauqua Home Rehabilitation and Improvement Corporation (NY)  
Chicago Community Loan Fund, Chicago IL

Chicago Community Ventures, Chicago IL  
Chicago Consumer Coalition  
Citizen Potawatomi CDC, Shawnee OK  
Colorado PIRG  
Coalition on Homeless Housing in Ohio  
Community Capital Fund, Bridgeport CT  
Community Capital of Maryland , Baltimore MD  
Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ  
Community Redevelopment Loan and Investment Fund, Atlanta GA  
Community Reinvestment Association of North Carolina  
Community Resource Group, Fayetteville A  
Connecticut PIRG  
Consumer Assistance Council  
Cooper Square Committee (NYC)  
Cooperative Fund of New England, Wilmington NC  
Corporacion de Desarrollo Economico de Ceiba, Ceiba PR  
Delta Foundation, Inc., Greenville MS  
Economic Opportunity Fund (EOF), Philadelphia PA  
Empire Justice Center NY  
Empowering and Strengthening Ohio's People (ESOP), Cleveland OH  
Enterprises, Inc., Berea KY  
Fair Housing Contact Service OH  
Federation of Appalachian Housing  
Fitness and Praise Youth Development, Inc., Baton Rouge LA  
Florida Consumer Action Network  
Florida PIRG  
Funding Partners for Housing Solutions, Ft. Collins CO  
Georgia PIRG  
Grow Iowa Foundation, Greenfield IA  
Homewise, Inc., Santa Fe NM  
Idaho Nevada CDFI, Pocatello ID  
Idaho Chapter, National Association of Social Workers  
Illinois PIRG  
Impact Capital, Seattle WA  
Indiana PIRG  
Iowa PIRG  
Iowa Citizens for Community Improvement  
JobStart Chautauqua, Inc., Mayville NY  
La Casa Federal Credit Union, Newark NJ  
Low Income Investment Fund, San Francisco CA  
Long Island Housing Services NY  
MaineStream Finance, Bangor ME  
Maryland PIRG  
Massachusetts Consumers' Coalition  
MASSPIRG  
Massachusetts Fair Housing Center

Michigan PIRG  
Midland Community Development Corporation, Midland TX  
Midwest Minnesota Community Development Corporation, Detroit Lakes MN  
Mile High Community Loan Fund, Denver CO  
Missouri PIRG  
Mortgage Recovery Service Center of L.A.  
Montana Community Development Corporation, Missoula MT  
Montana PIRG  
Neighborhood Economic Development Advocacy Project  
New Hampshire PIRG  
New Jersey Community Capital, Trenton NJ  
New Jersey Citizen Action  
New Jersey PIRG  
New Mexico PIRG  
New York PIRG  
New York City Aids Housing Network  
New Yorkers for Responsible Lending  
NOAH Community Development Fund, Inc., Boston MA  
Nonprofit Finance Fund, New York NY  
Nonprofits Assistance Fund, Minneapolis M  
North Carolina PIRG  
Northside Community Development Fund, Pittsburgh PA  
Ohio Capital Corporation for Housing, Columbus OH  
Ohio PIRG  
OligarchyUSA  
Oregon State PIRG  
Our Oregon  
PennPIRG  
Piedmont Housing Alliance , Charlottesville VA  
Michigan PIRG  
Rocky Mountain Peace and Justice Center , CO  
Rhode Island PIRG  
Rural Community Assistance Corporation, West Sacramento CA  
Rural Organizing Project OR  
San Francisco Municipal Transportation Authority  
Seattle Economic Development Fund  
Community Capital Development  
TexPIRG  
The Fair Housing Council of Central New York  
The Loan Fund, Albuquerque NM  
Third Reconstruction Institute NC  
Vermont PIRG  
Village Capital Corporation, Cleveland OH  
Virginia Citizens Consumer Council  
Virginia Poverty Law Center  
War on Poverty - Florida

WashPIRG  
Westchester Residential Opportunities Inc.  
Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI  
WISPIRG

*Small Businesses*

Blu  
Bowden-Gill Environmental  
Community MedPAC  
Diversified Environmental Planning  
Hayden & Craig, PLLC  
Mid City Animal Hospital , Pheonix AZ  
The Holographic Repatterning Institute at Austin  
UNET

[www.ourfinancialsecurity.org](http://www.ourfinancialsecurity.org)