



The Honorable French Hill
Chairman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington DC, 20515

The Honorable Maxine Waters
Ranking Member
House Committee on Financial Services
2129 Rayburn House Office Building
Washington DC, 20515

September 15, 2025

Re: AFR opposes deregulatory bills in September 16, 2025 House Committee on Financial Services markup.

Dear Chairman Hill and Ranking Member Waters:

Americans for Financial Reform (AFR)¹ is writing to oppose several bills noticed for markup in the House Financial Services Committee on September 16, 2025. All of these deregulatory bills must be considered not just on their own merits but in the context of the broader administration assault on the independence of the financial regulators, the slashing of supervisory staff, the rolling back of supervisory oversight, and implementing other deregulatory measures. Each one of these measures would make the financial system more precarious, but the combination of the deregulatory measure and the broad attack on regulatory independence and regulators is even more dangerous and more likely to increase the likelihood and severity of financial crises.

AFR urges Members to **OPPOSE** the following bills:

- H.R. 3682, the Financial Stability Oversight Council Improvement Act
- H.R. 5262, the Bank Competition Modernization Act
- H.R. 5270, the Stress Testing Accountability and Transparency Act
- H.R. 5276, the Community Bank LIFT Act
- H.R. 5291, the Merchant Banking Modernization Act
- H.R. 5317, the Community Bank Deposit Access Act of 2025

More details about the individual bills below.

H.R. 3682, the Financial Stability Oversight Council Improvement Act

AFR opposes this legislation, which would make it more difficult for non-bank financial institutions to be classified as systemically important financial institutions. This bill undermines

¹ AFR is a nonpartisan and nonprofit coalition founded by more than 200 civil rights, consumer, labor, business, investor, faith-based, and civic and community groups. Formed in the wake of the 2008 crisis, AFR continues to work towards a strong, stable, and ethical financial system. We are committed to eliminating economic and racial inequity in the financial system and fighting for a just and sustainable economy. More at ourfinancialsecurity.org

guidance issued by the Financial Stability Oversight Council (FSOC) and limits the body's ability to effectively monitor and mitigate systemic risks that threaten the health and stability of the financial system. It is already exceedingly difficult to designate nonbanks as systemically important, as evidenced by the fact that there are currently *no* nonbanks designated as systemically important even though there is no lack of systemic risk lurking in opaque and underregulated institutions. Congress should make it easier for FSOC to designate nonbanks as systemically important, not more difficult, especially in light of broad-based deregulatory efforts and the ability of nonbanks to issue their own stablecoins. Letting systemic risk in nonbanks go unaddressed sets us up for another financial crash.

We respectfully urge Members to oppose H.R. 3682, the Financial Stability Oversight Council Improvement Act.

H.R. 5262, the Bank Competition Modernization Act

AFR opposes this legislation, which would entirely eliminate merger review for any combination under \$10B which would be especially damaging for smaller towns and rural communities. This would make it possible for banks to merge to monopoly in smaller, more rural communities without *any* assessment of whether the concentration in small markets would raise prices, reduce quality, and/or reduce access to banking services. These anticompetitive problems will be more acute for those with limited transportation and for services that are more commonly received at community banks, like small business and farm loans.

We respectfully urge Members to oppose H.R. 5262, the Bank Competition Modernization Act.

H.R. 5270, the Stress Testing Accountability and Transparency Act

AFR opposes this legislation, which would further weaken stress testing for the megabanks and subject the stress tests to public rulemaking which would make it easier for banks to game the stress tests and effectively conceal underlying financial weaknesses that could emerge in times of economic turmoil.

We respectfully urge Members to oppose H.R. 5270, the Stress Testing Accountability and Transparency Act

H.R. 5276, the Community Bank LIFT Act

AFR opposes this legislation that would decrease resilience and increase the risk that many smaller banks could falter or fail during a period of financial or economic stress. Waves of smaller bank failures can have significant impacts on the Deposit Insurance Fund, pose risks to the stability of the financial system, and significantly harm the economy, as happened during the S&L crisis. The extent to which banks are overleveraged is the single most reliable and largest

predictor of bank failure. Reducing the leverage ratio makes it more likely that more banks will founder during economic stress.

We respectfully urge Members to oppose H.R. 5276, the Community Bank LIFT Act.

H.R. 5291, the Merchant Banking Modernization Act

AFR opposes this legislation that would extend the alliance between the megabanks and merchant banking that can create anticompetitive problems and complex combinations of banking and commerce, as happened when JPMorgan was [charged with manipulating aluminum prices](#) through its merchant bank affiliates' ownership of an aluminum warehouse. These merchant banking partnerships are more likely to run afoul of the mixing of banking and commerce and really benefit the biggest banks. There is no need to extend this by 50%. Moreover, it is deceptive to suggest that banks need merchant banks to make affordable housing and small business investments, because most banks can and do extend commercial credit for these purposes already.

We respectfully urge Members to oppose H.R. 5291, the Merchant Banking Modernization Act.

H.R. 5317, the Community Bank Deposit Access Act of 2025

AFR opposes this legislation, which would allow smaller banks to amass up to 20 percent of their liabilities in custodial deposits and exempt them from brokered deposit restrictions and allow larger banks that are well capitalized or receive a waiver do so as well. This could create significant risks to safety and soundness as well as financial stability. Further, the measure seems designed to supercharge bank-fintech partnerships and bank-crypto arrangements that could create significant risk management and regulatory compliance problems.

We respectfully urge Members to oppose H.R. 5317, the Community Bank Deposit Access Act of 2025.

Thank you,

Americans for Financial Reform