Floor Statement
Honorable Maxine Waters
Opposing H.R. 238
January 12, 2017

As Prepared for Delivery

WASHINGTON - Thank you Mr. Chairman. I rise today in strong opposition to H.R. 238, a bill that would hamstring the ability of the CFTC to protect our nation's farmers, manufacturers, municipalities, and retirees. Indeed, the agency has the weighty responsibility to oversee our commodity, futures, and swaps markets to ensure that they are not only fair to market participants but also that they are protected from manipulation, fraud, and abuse. Such misconduct in these markets can impact everything from the price of oil, natural gas, and bread, to the interest rates on mortgages, credit cards, auto loans and student loans.

And, as we saw in the financial crisis, fraud and abuse in the swaps markets can lead to systemic risks. Recall that credit-default swaps, made famous by AIG, fueled the crisis, bankrupted millions of homeowners and cost taxpayers trillions of dollars. To prevent that from happening again, Congress, in the Dodd-Frank Act, gave the CFTC new authority over the swaps market and required it to adopt reforms, which, thanks to its hard work, are largely in place.

But rather than applaud the work of the CFTC and provide it with the funds it needs to do its job, Republicans continue to seek to undermine its regulatory authority, impose new procedural hurdles, and ultimately thwart its ability to protect the American people.

For example, H.R. 238 would impose onerous burdens and introduce new litigation risks by requiring the CFTC to conduct a cost-benefit analysis slanted towards industry— a tactic that used by opponents of financial reform to prevent, delay, weaken, and now under a Trump Administration, repeal any rules implementing the Dodd-Frank Act.

The bill also would make it harder for the CFTC to police the overseas derivatives operations of mega-banks like Citigroup, JP Morgan, and Bank of America, even though the risk may still be borne by U.S. taxpayers. It also creates an unreasonable and hard to overturn presumption that the regulations of the largest 8 foreign swaps markets are equivalent to U.S. regulation, allowing global mega-banks to opt out of CFTC regulation.

H.R. 238 is simply a bad bill, but not leaving well-enough alone, Republicans are attempting to make it worse through multiple amendments. Troublingly, the Lucas Amendment would create loopholes in our swaps regime by exempting trades between affiliates. Therefore, such trades would not have to comply with certain reporting, clearing, or initial margin requirements, creating a dangerous blind spot in the markets. What's more, the Amendment is in direct contravention to already-provided, targeted relief, including the inter-affiliate clearing exemption that Congress passed in a bipartisan fashion in the 2016 Consolidated Appropriations Act, which contained numerous safeguards to ensure appropriate CFTC oversight.

So I would urge my colleagues to join me in opposing that and other harmful amendments and oppose H.R. 238.

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