

Inside the Beltway — Implementing Regulatory Relief, S. 2155

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Just before adjourning for the summer district work period, 13 Republicans from the Senate Banking Committee sent a [letter](#) pushing for expedited implementation of S. 2155, the **Economic Growth, Regulatory Relief, and Consumer Protection Act**, as well as asking for modifications to several provisions. Congress passed and President Trump signed into law this bipartisan legislation on May 24, 2018, to provide regulatory relief for community banks, midsized banks, regional banks, and credit unions.

S. 2155 garnered strong support from many in the financial services community looking for relief from the stringent requirements passed under the Dodd-Frank Wall Street Reform and Consumer Protection Act that were hampering lending and growth, especially in rural parts of the country. While the bill passed with bipartisan support, there were outside stakeholders and Members of Congress opposing passage of this legislation believing it would allow large banks to resume adoption of “risky” practices that led to the 2008 financial crisis.

Initiated by Chairman Crapo, the Senators sent their letter to the Chairman of the Board of Governors of the Federal Reserve System, Jerome Powell, Comptroller of the Currency, Joseph Otting, and Chairman of the Federal Deposit Insurance Corporation, Jelena McWilliams. In addition to urging faster implementation, they encouraged changes such as reducing the Community Bank Leverage Ratio (CBLR) to 8 percent (versus the 9 percent proposed by the agencies) and expanding eligibility for short-form call reports to community banks with less than \$5 billion in total assets.

In addition, the Senators asked that the Volcker Rule proposal be revised and simplified to reduce burdensome compliance requirements, and requested a full exemption from initial margin requirements for swaps transactions between affiliated entities. Lastly, the letter to these agencies requested that the “Federal Reserve’s stress testing regime be significantly simplified for institutions with total assets between \$100 billion and \$250 billion in accordance with Section 401 of S. 2155.”

The day after the Crapo letter was sent, Chairwoman of the House Financial Services Committee, Maxine Waters, and Ranking Member of the Senate Banking Committee, Sherrod Brown, sent their own [letter](#) urging the agencies to maintain “the current requirements to post initial margin for any swaps transaction with a prudentially regulated affiliate of a U.S. banking entity.” They and other Democrats on the Committees remain leery of the relief provided by S. 2155 and will remain a strong

counterpoint to agency actions perceived as further loosening regulatory reins.

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