



H.R. 4790: Volcker Rule Regulatory Harmonization Act (Rep. Hill, R-AR)

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FLOOR SCHEDULE:

H.R. 4790 is expected to be considered on April 13, 2018, under a [closed rule](#).

TOPLINE SUMMARY:

[H.R. 4790](#) would exempt community banks that meet certain requirements from the Volcker Rule and would make the Federal Reserve the only authority for rulemaking on the Volcker Rule.

COST:

The [Congressional Budget Office](#) (CBO) estimates that enacting H.R. 4790 “would not significantly affect the budgets of any of the federal regulators because final rules implementing the Volcker Rule have already been adopted. Using information from affected agencies, CBO estimates that any future costs to amend rules would be insignificant. CBO also estimates that the exemption of community banks would not significantly affect the workload or other administrative costs of the relevant regulators.”

CONSERVATIVE CONCERNS:

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

According to the [Committee Report](#):

“The Volcker Rule generally prohibits U.S. bank holding companies and their affiliates from engaging in “proprietary trading” and from sponsoring hedge funds and private equity funds. In its design and implementation, however, the Volcker Rule far overshot the mark and has created an extraordinarily complex and burdensome compliance regime due to several factors, including: the scope of firms subject to the rule’s prohibitions, the number of regulators charged with enforcement, ambiguous rules and definitions, and the extensive compliance programs that the rule requires firms to adopt. The result has chilled market-making functions necessary to ensure a healthy level of market liquidity and hedging activity to mitigate risk.”

H.R. 4790 would make the Federal Reserve the sole rulemaking authority for the Volcker Rule. The bill would provide that the Federal Reserve may consult with the OCC, FDIC, SEC, and CFTC as appropriate to adopt rules. The bill would provide that any current rules would remain in place until a successor rule is issued.

The bill would provide that whenever an appropriate federal banking agency finds that a financial institution supervised by the Federal Reserve has violated the Volcker Rule or has acted to evade it, the appropriate banking agency shall order the financial institution supervised by the Federal Reserve to terminate the activity after due notice and an opportunity for hearing. The bill would also provide similar authority for the SEC and CFTC with respect to covered non-bank financial institutions.

The bill would exclude community banks that do not have and are not controlled by a company with \$10 billion in total assets and total trading assets and liabilities that are more than five percent of total consolidated assets.

COMMITTEE ACTION:

H.R. 4790 was introduced on January 12, 2018, and referred to the House Financial Services Committee. The Committee marked up and reported the bill on March 21, 2018, by a 50 – 10 vote.

ADMINISTRATION POSITION:

No Statement of Administration Policy is available at this time.

CONSTITUTIONAL AUTHORITY:

“Congress has the power to enact this legislation pursuant to the following: Article I, Section 8 of the United States Constitution.” No specific enumerating clause was cited.

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