For Immediate Release

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To Banking or Business Editor:

A Timeline of Important Banking Regulation

May 10, 2017: BAUERFINANCIAL, Inc., Coral Gables, FL, the nation's leading independent bank and credit union rating firm, compares two banking bills currently working their way through Congress. One was introduced in the House of Representatives last September and passed the House Financial Services Committee on Thursday, May 4, 2017. The other was introduced in the Senate last month and has not gone any further as of yet. Both bills are aimed at reducing unnecessary regulatory burden for community banks and reigning in some of the risky behavior of large, systemically important banks. And both bills seek to end Too Big to Fail and bank bailouts. That is where the similarities end.

The House Bill: The Financial CHOICE Act of 2016 (H.R.5983), introduced by **Rep. Jeb Hensarling (R-TX)** and co-sponsored by **Reps. Scott Garrett (R-NJ), Randy Neugebauer (R-TX), Blaine Luetkemeyer (R-MO), Bill Huizinga (R-MI)** and **Sean Duffy (R-WI),** is a sweeping overhaul of Dodd-Frank and basically starts from scratch as if this were 2008 all over again.

The Senate Bill: The 21st Century Glass-Steagall Act of 2017 (S.881) is a bipartisan bill Introduced by **Senator Elizabeth Warren (D-MA)** and co-sponsored by **Senators John McCain (R-AZ), Maria Cantwell (D-WA), Angus King (I-ME), Kirsten Gillibrand (D-NY)** and **Bernie Sanders (I-VT)**. While it does reinstate certain **Glass-Steagall Act protections** that were repealed by the Gramm-Leach-Bliley Act, the scope of the Senate Bill is much more limited.

In addition to these two bills, the Trump administration, along with community bankers, is favoring a two -tiered regulatory system. Instead of forcing the big, complex banks to divest their non-banking activities, like Senator Warren proposes, or revamping the entire Dodd-Frank Act, as Rep. Hensarling suggests, the largest banks (those with $10 billion or more in total assets) would be subject to more stringent oversight and capital requirements than their smaller counterparts.

With heavy-hitters on all sides, each with their own valuable input, expect some form of compromise. Perhaps allowing some forms of investment banking ***if*** they do not present any conflict of interest to the bank's customers and ***if*** the bank maintains a minimum leverage capital ratio of 10%.

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A Timeline of Important Banking Legislation

1933 — Banking Act of 1933 AKA Glass-Steagall Act

Established the **FDIC** as a temporary agency. Separated commercial banking from investment banking, establishing them as separate lines of commerce.

1956 — Bank Holding Company Act of 1956

Required **Federal Reserve** approval for the establishment of a bank holding company and prohibited bank holding companies headquartered in one state from acquiring a bank in another state.

1980 — Depository Institutions Deregulation and Monetary Control Act of 1980

Began the phase-out of interest rate ceilings on deposits. Raised the deposit insurance ceiling to $100,000.

1989 — Financial Institutions Reform, Recovery, and Enforcement Act of 1989 AKA FIRREA

FIRREA's purpose was to restore the public's confidence in the savings and loan industry.

1991 — FDIC Improvement Act of 1991 AKA FDICIA

Recapitalized the Bank Insurance Fund, allowed the **FDIC** to borrow from the Treasury and also mandated a least-cost resolution method and prompt resolution approach to problem and failing banks.

Savings & Loan Crisis

1994 — Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994

Permitted adequately capitalized holding companies to acquire banks in any state and, beginning June 1, 1997, allowed interstate mergers between adequately capitalized and managed banks.

1999 — Gramm-Leach-Bliley Act of 1999

Repealed Glass Steagall. Modified Bank Holding Company Act to allow affiliations between banks and insurance underwriters. Created a new financial holding company that could underwrite and sell insurance and securities.

2005 — Federal Deposit Insurance Reform Act of 2005

Merged the Bank Insurance Fund and the Savings Association Insurance Fund into the Deposit Insurance Fund and increased the coverage limit for retirement accounts to $250,000

2008 — Emergency Economic Stabilization Act of 2008

Authorized the United States Secretary of the Treasury to spend up to 700 billion dollars to purchase distressed assets, particularly mortgage-backed securities, and supply banks with cash.

2009 — Dodd-Frank Wall Street Reform and Consumer Protection Act

Changed the oversight and supervision of financial institutions and systemically important financial companies, provided the FDIC with new resolution powers for large financial companies, and created the Consumer Financial Protection Bureau **CFPB**.

Financial Crisis

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