THE FINANCIAL CHOICE ACT; LEGISLATIVE TEXT REVEALED

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On June 23, 2016, House Financial Services Committee Chairman Jeb Hensarling (R-TX) released as a "discussion draft" legislative text of the Financial CHOICE Act ("FCA"), a proposal to reform the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank").

Importantly, the FCA is more than just another Dodd-Frank reform proposal; it is the culmination of several years of House Financial Services Committee activity. Many of its provisions enjoy bipartisan support at a time when Brexit focuses attention on global financial regulatory reform. Therefore, we anticipate that the bill is likely to be marked up before the election, and it could be a road map for post-election reform. In addition, some of its provisions could be enacted in year-end omnibus legislation.

It is important to remember that Dodd-Frank revisited every major federal financial services law from the National Bank Act (1864) through the Sarbanes-Oxley Act (2002) within a short 14-month period. There has been bipartisan acknowledgement on the need for revisions to Dodd-Frank, including from the landmark law's primary authors, Senator Chris Dodd (D-CT) and Congressman Barney Frank (D-MA).

The discussion draft was issued together with a comprehensive outline and a press release, which notably includes key endorsements by former Treasury Secretaries, economic policy officials, and Noble Prize-winning economists. The discussion draft comes after Chairman Hensarling's release of increasingly more detailed summaries earlier in the month. (See K&L Gates Alerts: The Financial CHOICE Act; Dodd-Frank Reform (Not Repeal) and Details Emerge about the Financial CHOICE Act).

The House Financial Services Committee has requested that comments be submitted in writing by 5:00 p.m. on July 15, 2016.

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