



H.R. 3978: TRID Improvement Act of 2017 (Rep. Hill, R-AR)

CONTACT: [Matt Dickerson](#), 202-226-9718

FLOOR SCHEDULE:

Expected to be considered February 14, 2018 under a [structured rule](#).

The [Rules Committee Print](#) of the bill that will be considered by the House includes the texts of H.R. 3978, H.R. 1645, and H.R. 4546, H.R. 3948, H.R. 2948, and H.R. 4061 as reported by the Financial Services Committee.

The rule considers as adopted an [amendment](#) offered by Rep. Hill to limit the amount that can be deposited in the SEC Reserve Fund in FY 2018 to \$48 million (from \$50 million). The [RSC Budget](#) would eliminate the Reserve Fund, calling it “a slush fund created by the Dodd-Frank financial regulations law, allowing regulators to spend without oversight by Congress.” The amendment would also strike Title VI of the Rules Committee Print which included the text of H.R. 4061, the Financial Stability Oversight Council Improvement Act of 2017.

The rule would also make in order one amendment, described [below](#).

The rule also provides for consideration of H.R. 3299, the Protecting Consumers’ Access to Credit Act of 2017, and H.R. 620, the ADA Education and Reform Act of 2017. The rule would further provide for operations of the House during the District Work Period from February 16 to February 23.

TOPLINE SUMMARY:

[H.R. 3299](#) would combine several bills reported by the Financial Services Committee that would reduce regulatory burdens in the financial services industry.

COST:

A Congressional Budget Office (CBO) estimate for the [Rules Committee Print](#) of the bill that will be considered by the House is not available. The Rules Committee Print combines the texts of several bills that do individually have CBO reports and one bill for which a CBO report is not available at this time.

The CBO estimates that:

- “[H.R. 3978](#) would increase direct spending by less than \$500,000 for the agency [CFPB] to issue a rule to implement the changes to the disclosure requirements.”

- “[H.R. 1645](#) would have no significant effect on the agency’s costs because the SEC would not have to update agency rules to implement the bill.”
- “[H.R. 4546](#) would have an insignificant effect on that agency’s [the SEC] costs.”
- “[H.R. 3948](#) would require the agency [SEC] to spend less than \$500,000 to update its guidance documents.”
- For [H.R. 2948](#), “rulemaking to implement the registration requirements would cost \$1 million.”

A CBO report for H.R. 4061 is not available at this time. The [amendment](#) offered by Rep. Hill that is considered as adopted by the rule strikes Title VI of the Rules Committee Print that had included H.R. 4061.

The [amendment](#) offered by Rep. Hill that is considered as adopted by the rule would also reduce mandatory spending by \$2 million in FY 2018 by limiting the amount that can be deposited in the SEC Reserve Fund in FY 2018 to \$48 million (from \$50 million).

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:

The [Rules Committee Print](#) of the bill that will be considered by the House includes the texts of H.R. 3978, H.R. 1645, and H.R. 4546, H.R. 3948, H.R. 2948, and H.R. 4061 as reported by the Financial Services Committee.

Title I of the bill includes the text of H.R. 3978, the TRID Improvement Act of 2017. The bill would require the Consumer Financial Protection Bureau (CFPB) to allow disclosure of discounted rates that are available if a consumer purchases a lenders and owners title insurance policy simultaneously.

Title II of the bill includes the text of H.R. 3948, the Protection of Source Code Act. The bill would prohibit the Securities and Exchange Commission (SEC) from compelling a company to furnish source code or other similar intellectual property unless it issues a subpoena.

Title III includes the text of H.R. 1645, the Fostering Innovation Act of 2017. The bill would extend the exemption period for compliance with Section 404(b) of the Sarbanes-Oxley Act for emerging growth companies from five years to up to ten years. Under Section 404(b) of the Sarbanes-Oxley Act, “requires a public company’s auditor to attest to, and report on, management’s assessment of the company’s internal controls.” The Jumpstart Our Business Startups (JOBS) Act of 2012 exempted emerging growth companies (EGCs) from Section 404(b) for up to five years. EGCs are defined as companies with less than \$1 billion in annual revenues or \$700 million in public float.

Title IV of the bill includes the text of H.R. 4546, the National Securities Exchange Regulatory Parity Act. The bill would allow any security listed on a national exchange that is registered with the Securities and Exchange Commission (SEC) to be exempted from state regulations. Under current law, securities listed on three equity markets (the New York Stock Exchange (NYSE), the American Stock Exchange (AMEX), and the

Nasdaq Stock Market (NASDAQ)) as well as markets that the SEC has determined have “substantively similar” standards are exempt from state regulation. This is known as the “blue sky” exemption. The bill would amend the National Securities Markets Improvement Act of 1996 to eliminate references to the specified exchanges.

Title V of the bill includes the text of H.R. 2948, To amend the S.A.F.E. Mortgage Licensing Act of 2008 to provide a temporary license for loan originators transitioning between employers, and for other purposes. The bill would allow an individual who is a registered loan originator who is employed by a state-licensed mortgage company to be provided authority to work in a new state or move from a financial institution to a state-licensed nonbank loan originator for up to 120 days or until a new license is issued.

~~The [amendment](#) offered by Rep. Hill that is considered as adopted by the rule strikes Title VI of the Rules Committee Print. Title VI of the bill includes the text of H.R. 4061, the Financial Stability Oversight Council Improvement Act of 2017. The bill would require the Financial Stability Oversight Council (FSOC) to take into account the appropriateness of the imposition of prudential standards as opposed to other forms of regulation when determining whether to subject a nonbank financial company to prudential regulation by the Federal Reserve, require the FSOC to allow nonbank financial companies to challenge a determination at least annually and every five years, specify requirements for a nonbank financial company that is being considered designated for prudential regulation to provide input to the FSOC and for the FSOC to provide information to the company prior to the determination being made, require the FSOC to publicly disclose its determinations and the methodology for analyzing nonbank financial companies, and require the FSOC to conduct a study on the impact of the determinations on the companies and the wider economy.~~

AMENDMENTS MADE IN ORDER:

1. [Foster \(D-IL\)](#): Would limit the applicability of Title II of the bill, which would prohibit the Securities and Exchange Commission (SEC) from compelling a company to furnish source code or other similar intellectual property unless it issues a subpoena, to only source code related to algorithmic trading. Some conservatives may be concerned this amendment could allow the SEC to compel a company to furnish source code that is not related to algorithmic trading without a subpoena.

COMMITTEE ACTION:

H.R. 3978 was introduced on October 5, 2017, and referred to the House Financial Services Committee. The Committee marked up and reported the bill on November 15, 2017, by a 53 – 5 vote.

The [Rules Committee Print](#) of the bill that will be considered by the House includes the texts of H.R. 3978, H.R. 1645, and H.R. 4546, H.R. 3948, H.R. 2948, and H.R. 4061 as reported by the Financial Services Committee.

H.R. 1645 was introduced on March 21, 2017 and referred to the House Financial Services Committee. The Committee marked up and reported the bill on October 12, 2017, by a 48 – 12 vote.

H.R. 4546 was introduced on December 5, 2017, and referred to the House Financial Services Committee. The Committee marked up and reported the bill on December 13, 2017, by a 46 - 14 vote.

H.R. 3948 was introduced on October 4, 2017, and referred to the House Financial Services Committee. The Committee marked up and reported the bill on October 12, 2017, by a 44 - 14 vote.

H.R. 2948 was introduced on June 20, 2017, and referred to the House Financial Services Committee. The Committee marked up and reported the bill on December 13, 2017, by a 60 – 0 vote.

H.R. 4061 was introduced on October 12, 2017, and referred to the House Financial Services Committee. The Committee marked up and reported the bill on January 18, 2018, by a 45 – 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, Clause 1”.

NOTE: *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*

###