PERSONAL EXPLANATION

Ms. KILPATRICK. Mr. Speaker, due to official business in my district yesterday, I missed four votes.

Had I been available and here yesterday, I would have voted aye on roll call 559, no on roll call 560, no on roll call 561, and no on roll call 562.

LAYING ON TABLE HOUSE RESOLUTION 358 AND HOUSE RESOLUTION 360

The SPEAKER pro tempore (Mr. HANSEN). Without objection, House Resolutions 358 and 360 are laid upon the table.

There was no objection.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 3 o'clock and 11 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 1940

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mrs. EMERSON) at 7 o'clock and 40 minutes p.m.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 900) ''An Act to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers, and for other purposes.''.

The message also announced that the Senate has passed a bill of the following title in which concurrence of the House is requested:

S. 976. An act to amend title V of the Public Health Service Act to focus the authority of the Substance Abuse and Mental Health Services Administration on community-based services for children and adolescents, to enhance flexibility and accountability, to establish programs for youth treatment, and to respond to crises, especially those related to children and violence.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

HOUSE OF REPRESENTATIVES,
Washington, DC, November 4, 1999.

Hon. J. DENNIS HASTERT,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted to Clause 2(h) of Rule II of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on November 4, 1999 at 5:50 p.m.

That the Senate passed without amendment H.J. Res. 75.

With best wishes, I am

Sincerely,

JEFF TRANDAHL,
Clerk of the House.

ANNOUNCEMENT BY COMMITTEE ON RULES REGARDING AMENDMENT PROCESS FOR H.R. 3073, FATHERS COUNT ACT OF 1999

Mr. SESSIONS. Madam Speaker, a dear colleague letter will be delivered to each Member's office today notifying them of the Committee on Rules plan to meet the week of November 8 to grant a rule which may limit the amendment process on H.R. 3073, the ''Fathers Count Act of 1999.''

Any Member who wishes to offer an amendment should submit 55 copies and a brief explanation of the amendment by 3 p.m., on Monday, November 8, to the Committee on Rules, in room H–312 in the Capitol. Amendments should be drafted to an amendment in the nature of a substitute offered by the gentlewoman from Connecticut (Mrs. JOHNSON) which will be printed in today's CONGRESSIONAL RECORD and numbered 1. The text of the amendment will also be available on the website of the Committee on Education and the Workforce, as well as the website of the Committee on Ways and Means.

This amendment in the nature of a substitute combines the Welfare to Work provisions reported by the Education and Workforce Committee with H.R. 3073. It is the intention of the Committee on Rules to make in order the amendment by the gentlewoman from Connecticut (Mrs. JOHNSON) as the base text for the purpose of further amendment.

Members should use the Office of Legislative Counsel to ensure that their amendments are properly drafted and should check with the Office of the Parliamentarian to be certain that their amendments comply with the rules of the House.

CONFERENCE REPORT ON S. 900, GRAMM-LEACH-BLILEY ACT

Mr. SESSIONS. Madam Speaker, by direction of the Committee on Rules, I call up House Resolution 355 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 355

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore. The gentleman from Texas (Mr. SESSIONS) is recognized for 1 hour.

□ 1945

Mr. SESSIONS. Madam Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts (Mr. MOAKLEY), the ranking member of the Committee on Rules, pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Madam Speaker, the legislation before us is the rule providing for consideration of the conference report S. 900, the Financial Services Act of 1999. S. 900 is better known to Members of the House as H.R. 10, which was passed on July 1 of this year by a margin of 343 to 86.

Should the House pass this rule, it would hold its place in history as being one of the final steps in the long and hard-fought effort to repeal Depression era rules that govern our Nation's modern financial services industry.

The rule before us waives all points of order against the conference report and its consideration. The rule also provides that the conference report shall be considered as read.

Madam Speaker, this rule deserves strong bipartisan support. The House passed the underlying legislation with broad support from both parties. The Financial Services Act was only made better in the conference to reconcile differences between the Senate and the House versions.

Madam Speaker, 65 years ago, on the heels of the Great Depression, the Glass-Steagall Act was passed prohibiting affiliation between commercial banking, insurance and securities. However, merely 2 years after the passage, the first attempt at repealing Glass-Steagall was instituted by Senator Carter Glass, one of the original sponsors of the legislation. He recognized then that changes in the world and in the marketplace called for more effective legislation.

Two generations later the need to modernize our financial laws is more apparent than ever.

There is no doubt about it. Reexamination of regulations in the financial services industry in America is a complicated matter. Congress recognizes that busy American families have little time to consider complicated banking laws, but Congress is working to repeal Glass-Steagall with exactly these hard-working Americans in mind.

This legislation is designed to give all Americans the benefit of one-stop shopping for all of their financial services needs. New companies will offer a broad array of financial services products under one roof, providing convenience and encouraging competition. More products will be offered to more people at a lower price.

As a result of this legislation, Americans will have more time to spend with their families and more money to spend on their children or to save safely for their future. In fact, as it was pointed out yesterday by Treasury Secretary Summers, Americans spend more than $350 billion per year on fees and commissions for brokerage, insurance, and banking services. If increased competition yielded savings to consumers of just 5 percent, consumers would save over $18 billion a year.

Americans deserve the most efficient borrowing and investment choices. Americans deserve the freedom to pursue financial options without being charged three different commissions by three different agents.

This legislation is designed to increase market forces in an already very competitive marketplace to drive down costs and broaden the number of potential customers for securities and other products for savings and investment.

Madam Speaker, this legislation also contains the strongest pro-consumer privacy language ever considered by the Congress. Many of my constituents have contacted me with their concerns regarding the dissemination of their private financial information. I am pleased that this legislation provides increased privacy protections for all Americans and imposes civil penalties on those who would violate our financial privacy.

Madam Speaker, Congress must not permit America's financial services industry to enter the new millennium operating under laws that were out of date shortly after they were passed in the 1930s. This legislation before us represents a carefully balanced approach to reform. After years, in fact, even decades of work, Congress has only now successfully drafted a bill that is supported by most of the affected industries, banking, insurance and securities, as well as a broad bipartisan coalition of Members of Congress. It was passed by the Senate just hours ago with 90 votes.

Madam Speaker, the rule before us is the standard rule under which conference reports are considered. I urge my colleagues to support this rule, and thereby enable the House to take the historic step of modernizing the 66-year-old laws that govern the financial services industry.

Madam Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I thank my dear friend from Texas for yielding me the customary one-half hour.

Madam Speaker, after 66 years, Congress has finally updated our Depression era banking laws to modernize the way American banks, securities firms and insurance companies do business. For the first time since 1933, Congress is replacing the Glass-Steagall Act, which was passed to separate banking from commerce during the Great Depression.

This bill will modernize and streamline our financial industry, and it will allow American financial companies to work more efficiently. Madam Speaker, in doing so, it will give consumers greater choice at lower cost; and in the long run, people will find it easier to access capital, and American financial firms will be able to stay competitive in our increasingly global economy.

Madam Speaker, the bill's benefits are not just limited to large financial institutions. It will benefit small banks by giving them access to the Federal Home Loan Bank window. That way they will have access to more capital, which they can in turn lend to smaller communities and smaller businesses.

Madam Speaker, it is a good bill, but there are a couple of areas that could be improved and improved greatly. First, this bill does not go far enough to protect people's privacy. Secondly, this bill does not go far enough in strengthening the Community Reinvestment Act. If we are able to amend this bill at this point, Madam Speaker, I would certainly support an amendment to expand the Community Reinvestment Act, as well as the amendment of the gentleman from Massachusetts (Mr. MARKEY), to help keep people's private lives private. Unfortunately, amendments are not an option at this point, and we must decide whether or not this bill is an improvement over our current situation.

Madam Speaker, I believe this bill is a great improvement. It is a good bill. It is long overdue. It will spawn new financial services, promote competition and lower costs. Overall, I believe it will be good for the country and we should support it.

I urge my colleagues to support this rule and support the bill.

Madam Speaker, I reserve the balance of my time.

Mr. SESSIONS. Madam Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), the chairman of the Committee on Rules.

Mr. DREIER. Madam Speaker, I thank my friend for yielding me time.

Madam Speaker, it is almost perverse to think one could get excited about the prospect of financial modernization, but I will tell you that this really is an exciting time for a lot of us.

I am looking at the distinguished ranking minority member of the Committee on Banking and Financial Services, and I think back to 1987 and a piece of legislation that was known as the Financial Services Holding Company Act. I know that the gentleman from New York (Mr. LAFALCE) remembers that, and I think of names of people who no longer serve here, people from the other side of the aisle like, Doug Bernard, the gentleman from Massachusetts (Mr. MOAKLEY) remembers him, and Steve Neal; and people who spent time with us on this side of the aisle who are no longer here, like Jack Hiler from Indiana, and Steve Bartlett from Texas, and Governor Tom Ridge from Pennsylvania.

In the latter part of the last decade we spent a great deal of time downstairs having dinners, talking about the need for us to move towards financial modernization; and we finally have gotten to the point where we are doing that. In fact, one of my staff members quipped to me when I said, "Well, we are finally doing it," and he said, "Well, you know, this is a really good bill for 1987," which is when we first introduced it.

That is why I described this bill, I think, very appropriately as a first step, because it is a first step that is a very bold one. It takes us beyond the 1933 Glass-Steagall Act. In fact, we describe this as moving us from what I really believe was the curse of Glass-Steagall, and I think that it also moves us slightly beyond by amending the 1956 Bank Holding Company Act. But it is designed with really one very simple basic thing in mind: it is to provide consumers with a wider range of choices, while maintaining safety and soundness at the lowest possible price. That is clearly the wave of the future.

I want to commend the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE), whom I have mentioned, the gentleman from Virginia (Mr. BLILEY), and, of course, from the Committee on Rules, the gentleman from Texas (Mr. FROST), who was just here, who worked with the gentlewoman from Ohio (Ms. PRYCE) on this very important privacy issue.

We know that in this legislation we have the toughest privacy component that we have ever seen in any legislation considered here. I think it is important to underscore that once again, because there are a lot of people who have been critical of it, and I believe this clearly is the toughest privacy language that we have ever had. We are, by way of doing this, providing the consumer with a wider range of choices.

This is a measure which could not have gotten here were it not for an awful lot of people. I look back at the gentleman from Louisiana (Mr. BAKER), with whom I worked closely on this issue for years, and I think that this is time for a great, great celebration.

Now, where is it that we go from here? Last night in the Committee on Rules we were talking about this, and I believe that we need to look at the Internet. We need to look at the fact that the wave of the future there is in electronic banking. I think that, frankly, on the Internet, we are going to see a strengthening of privacy, because that is a priority that is regularly before us for people who spend time on the Internet. So I am anxious and I was pleased when the gentleman from Minnesota (Mr. VENTO) told us in the Committee on Rules that the Committee on Banking and Financial Services is moving ahead with hearings that will take us even further.

So I consider this a first step. It is a first step which is a very, very important step towards getting us to where many of us have been trying to move for virtually a decade and a half.

Madam Speaker, I am very pleased to support the rule, and I believe that the conference report should get an overwhelming number of votes. We had 343 votes on the bill itself, and it is my hope that we will even exceed that on this conference report.

I thank my friend for yielding, and I thank him for his leadership in carrying this on behalf of the Committee on Rules.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Texas (Mr. FROST).

Mr. FROST. Madam Speaker, I rise in support of the conference report on S. 900, the Financial Services Modernization Act. Over the years, this legislation has slowly and sometimes painfully inched its way toward today. In the process, the concept of financial services modernization has shifted and changed. But in the end, the legislation before us today is the product of a deliberate process that will serve our economy and consumers well.

I think we can all agree that S. 900 is not a perfect bill; but, Madam Speaker, legislation of such magnitude as this, legislation which will usher in a new era of commerce in this century, could never hope to satisfy all parties. That being said, S. 900 represents historic change, change I believe that will particularly benefit the economy of this country, which will, in turn, benefit all Americans.

□ 2000

Madam Speaker, I would like to take a moment to reiterate my longstanding support for the Community Reinvestment Act. There are some who believe that this bill does harm to CRA. I could not support S. 900 if I believed that to be true. I have seen firsthand the value and benefits CRA has brought to low- and moderate-income neighborhoods in my own congressional district in Texas. I know that there is still much work to be done.

Madam Speaker, S. 900 does not diminish the efficacy of CRA. It does not change the existing CRA obligations on insured depository institutions in any way. In fact, CRA compliance is highly relevant to banks in the new regulatory scheme that will be created by this landmark bill. I know that I for one will monitor the activities of banks to ensure that they live up to and perhaps go beyond the requirements of CRA in this new world of financial services.

I want to go on record as strongly encouraging financial institutions to make sure that the benefits of this law will be felt in every neighborhood in our country.

Madam Speaker, I urge Members to support this bill. It represents a great step forward into the new century. It is worthy of our support.

Mr. SESSIONS. Madam Speaker, I yield 3 minutes to the gentlewoman from Ridgewood, New Jersey (Mrs. ROUKEMA), chairman of the Subcommittee on Financial Services and Consumer Credit.

Mrs. ROUKEMA. Madam Speaker, I thank the gentleman for yielding time.

Madam Speaker, I really do rise in strong support of this bill. This is truly historic, landmark legislation. In some respects, this is really long overdue. In fact, the marketplace, the regulators, and the courts have been transforming on an ad hoc basis financial institutions for a number of years. Our obligation here tonight is to perform our statutory responsibility under the Constitution to construct this regulated system to serve the consumers, the businesses, and the marketplace.

Again, it is truly historic. Technology and market forces have broken down the barriers between insurance, securities and banking. This law is a very good piece of legislation, and it will permit us in the U.S. to maintain our preeminence in the field of financial services on a global basis, both now and in the future, in that new millenium that we love to talk about.

This legislation is also historic because of its privacy provisions. I am very proud to have sponsored, along with the gentleman from Ohio (Mr. OXLEY) and the gentlewoman from Ohio (Ms. PRYCE) in the original amendment here in the House, but the gentleman from Ohio (Mr. OXLEY) and I were able to get good privacy provisions that even go beyond what we adopted in the House in this final product.

I think that we have got to recognize, although some people have questioned the privacy provisions, we have to recognize that there are newer and stronger privacy protections in this legislation than Americans have ever had. I know some of my colleagues will say it does not go far enough. Maybe I would agree with them. But it is more than just a good start, it is a firm foundation upon which we can and will build either next year or in the next Congress, in future Congresses.

Indeed, my subcommittee, the Subcommittee on Financial Institutions and Consumer Credit, has already had two essential hearings on this subject of privacy. We will continue to probe this complex subject next year.

Aside from some of the other consumer protections, the ATM fee disclosure, for which I would like to take credit before my colleagues here tonight, consumers have a right to know and a right to cancel that transaction, that is here in this bill.

Madam Speaker, I want to point out the most essential part of this bill, which is the fact that the Treasury Department and the Federal Reserve have reached the core issue in the bill with the consensus portion of it that will really protect the safety and soundness issues that we love to talk about. It is essential to protect against conflicts of interest and corruption of the regulatory process.

It took them many years, or I am sorry, many months to come to this, but with their great integrity and their great knowledge of financial institutions and understanding about the savings and loan debacle that we have already been through and the Great Depression of the thirties, they put their heads together and they formed the core of this bill that will protect safety and soundness, and give us the advantages of financial modernization.

I have a lot more I could say. I do want to congratulate everyone who has worked on this bill. We must support it with a strong, overwhelming vote.

Madam Speaker, I rise in strong support of the Conference Report on S. 900, the Gramm-Leach-Bliley Financial Modernization Act.

This is truly historic, landmark legislation. And in some respects is long overdue. In fact, the marketplace, the Regulators and the Courts have been transforming financial institutions. Our obligation here today is to perform our statutory responsibility under the Constitution to construct this regulated system to serve the consumers, businesses and the marketplace.

As others have discussed, this bill repeals the Glass-Steagall Act and the other Depression era banking and securities laws to permit the affiliation of banks, securities firms and insurance companies. As Chairwomen of the Financial Institutions and Consumer Credit Subcommittee, I have long been an advocate for passing financial modernization legislation. Technology and market forces have broken down the barriers between insurance, securities and banking. This law—which is an extremely good product—will permit the U.S. to maintain its preeminence in the field of financial services. That is essential to maintaining U.S. prominence in the global financial world both now and in the new Millennium.

This legislation is also historic because of its privacy provisions. I am very proud to have sponsored—along with Mr. OXLEY—the privacy provisions we find in this bill today. He and I, along with Ms. PRYCE, offered the Privacy Amendment which the House adopted by 427–1 when H.R. 10 was passed back in July.

In Conference, Mr. OXLEY and I offered the House text with some provisions which "strengthened" privacy. Other improvements were accepted by the Conference, including Senator SARBANES' amendment which protects stronger State privacy laws from preemption. In other words, the Conference Report we are considering today has better, stronger privacy provisions that what passed the House 427–1.

Think about the new Privacy Protections in this Bill:

1. Financial Institutions for the first time are required to have written privacy policies which must be disclosed to their customers.

2. Financial Institutions for the first time are required to give customers the right to "opt out" of sharing their information with 3rd parties.

3. Stricter State privacy laws are not preempted.

4. Telemarketers are prohibited from receiving deposit account numbers, credit card numbers and other information from financial institutions.

5. It is now a "crime" for a person to "pretext" call a financial institution and get your personal financial information.

These are all new, stronger privacy protections that Americans don't have under current law.

I know some of my colleagues will say we didn't go far enough. Quite frankly, I agree. But this is more than just a good start—it is a strong "foundation" upon which we can, and will, build next year and in future Congresses. My Subcommittee has already had two hearings on these issues and will continue to probe this complex subject next year.

I, for one, was disappointed that we did not "fix" the medical records privacy provisions which were authored by Dr. GANSKE. Unfortunately, the Administration, most medical groups and many of my Democratic colleagues weren't interested in "fixing" this important area. They demanded that we remove the medical records privacy provisions and "wait" for the comprehensive medical records privacy legislation. This was a huge mistake, a missed opportunity to do something for all Americans. I don't want to hear anyone who demanded the medical records provisions come out try to complain now that medical records privacy is not in S. 900.

I want to say that I am pleased that Gramm-Leach-Bliley includes my ATM Fee Disclosure proposal. Under this bill ATM Fee surcharges are prohibited unless the customers are told what the fee is before being committed to enter into the transaction. Consumers are entitled to know what fees, if any, are going to be charged for using a foreign ATM. This is both common sense disclosure and pro consumer. The consumer has a right to know and a right to cancel the transaction.

Madam Speaker, I would also like to address briefly the issues central to sound legislation, namely, the split of regulatory jurisdiction over the holding company—and its affiliates—and the national bank operating subsidy.

One of the most contentious issues during the Financial Modernization debate was the National Bank operating subsidiary. The Treasury—and Administration—made it clear that they would veto any bill which did not provide the OCC and National Banks with new, expanded financial powers. At the same time, the Federal Reserve Board expressed strong reservations about such new authority on both safety and soundness and government subsidy grounds.

Many observers said this was merely a regulatory "turf" battle between the Treasury Department and the Federal Reserve. I strongly and pointedly disagree. This is a safety and soundness issue. It is essential to protect against conflicts of interest and corruption of the regulatory process. We need to explicitly protect against another savings and loan debacle or a financial collapse that brought on the Great Depression of the 1930's.

The decision of the Conference was to adopt, and endorse, the operating subsidiary compromise reached by the Treasury Department and the Federal Reserve. This "compromise" places several significant restrictions on the financial subsidiaries of national banks. For instance, financial subsidiaries may not engage in (1) insurance or annuity underwriting, (2) real estate investment or development and (3) merchant banking, for at least 5 years and then only if the Federal Reserve and Treasury jointly agree. Further, there is an overall or "aggregate" investment cap which limits the size of financial subsidiaries of national banks as well as other additional "firewalls" and safety and soundness provisions.

I support the FED/Treasury compromise. I believe we have struck the right balance on the operating subsidiary. During the Conference I proposed dropping merchant banking and imposing an aggregate investment limit to address safety and soundness concerns. I am happy that the FED/Treasury compromise incorporates my suggestions.

While I would have preferred a flat out prohibition on merchant banking in the operating subsidiary, the 5 year minimum waiting period with joint agreement between the Treasury and the Federal Reserve is acceptable.

I am more concerned, however, about the aggregate investment limits. In my opinion the limits are too large. I proposed a $100 million limit on equity investment in all operating subsidiaries controlled by a national bank. The FED/Treasury compromise "limits" the aggregate size of all operating subsidiaries controlled by a national bank to 45 percent of aggregate assets of the parent bank or $550 billion, whichever is less. This may, in fact, be no limit at all.

The aggregate investment limit is intended to make sure that the financial subsidiaries do not pose a safety and soundness risk to the parent bank—which may not be the case here. As one who was in Congress during the savings and loan crisis, I would encourage the OCC and Treasury to take a "go slow" approach in the financial subsidiary area in terms of both new activities and "aggregate" size.

Another issue which is central to this bill is the unitary thrift holding company and whether the mixing of banking and commerce is appropriate. Fortunately the Federal Reserve and Treasury Department were united on this issue. Both supported—along with consumer groups—closing the unitary thrift holding company "loophole" and prohibiting the transfer of grandfather unitary thrift holding companies to commercial entities because of concentration of economic power as well as safety and soundness concerns. Those were my concerns—along with making sure we have a consistent policy and level playing field between bank and thrift holding companies—as well. The Gramm-Leach-Bliley bill closes the "loophole" and prohibits transfer of grandfathered unitaries to commercial entities. It was the right thing to do.

And for the record, I must mention the loan loss provision.

I would also like to briefly mention the loan loss provision in this Bill which I authored. Section 241—which passed the House by a vote of 407–20—is extremely important and is a "good government" provision. It requires the SEC to consult and coordinate with the Federal Banking agencies prior to taking any action with respect to an insured depository institution's loan loss reserves.

I am not going to go into detail regarding the SEC's actions with respect to SunTrust Bank and the FASB Viewpoints Article. Let me just say that over a period of 9 months the SEC created significant confusion in the banking industry, the accounting profession and the Federal Banking agencies on what the accounting rules are for bank loan loss reserves. Their failure to adequately consult and coordinate with the Federal banking agencies on this issue is well known.

Under Section 241 we expect the SEC to establish an informal process with the Federal Banking agencies for consultation and coordination on individual loan loss cases. The SEC has suggested that the consultation and coordination requirement will slow the review process and penalize banks and bank holding companies. It is not our intention that the consultation and coordination process should delay SEC processing of securities filings. Rather, the process which the SEC establishes should be designed to expedite resolution of SEC staff questions. The informal process we envision should involve telephone conferences, the faxing of relevant information between staffs, as well as other methods of communication which could expedite as quickly as possible the resolution of individual loan loss reserve cases.

In closing, Madam Speaker, I want to make it clear that I support Gramm-Leach-Bliley strongly. It is a very good bill. It deserves our support. I encourage you to vote for the Conference Report.

Mr. MOAKLEY. Madam Speaker, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Madam Speaker, pursuit of happiness is an inalienable right which supercedes the banking industry, the securities industry, and the insurance industry.

In a democratic society, the right to privacy facilitates the pursuit of happiness. It is the right to be left alone by powerful government, by powerful corporations. The growth of databases requires government to be a vigilant watchdog to protect the right to privacy. S. 900 puts the watchdog to sleep.

If we look under title V, where it says ''Exceptions,''

This subsection shall not prevent a financial institution from providing non-public personal information to a non-affiliated third party to perform services for or functions on behalf of the financial institution, including marketing of the financial institution's own products or services, or financial products or services offered pursuant to joint agreement between two or more financial institutions.

So much for the right of privacy.

Madam Speaker, I include for the RECORD a copy of an article by Robert Scheer from the L.A. Times:

YOUR PRIVACY COULD BE A THING OF THE PAST

(By Robert Scheer)

Do you really want your insurance agent, bank loan advisor or stockbroker to have a list of the movies you've rented, the medical tests you've taken, the gifts you purchased and the minute details of your credit history and net worth? That's what can happen if this Congress and president get their way with landmark legislation permitting insurance companies, banks and stockbrokers to affiliate and thus merge their massive computerized data bases. This will permit surveillance of your personal habits on a scale unimaginable even by any secret police agency in human history.

Your life will be an open book, to be plumbed and exploited for profit, thanks to financial industry deregulation about to be passed with massive congressional support and the blessing of President Clinton.

Lobbyists for the financial oligarchs defeated a crucial amendment to this legislation proposed by Sen. Richard C. Shelby (R–Ala.) that would have required bankers, stockbrokers and insurance agents to get consumers' permission before sharing what should be personal information about you.

Any congressional representative who votes for this bill thus is denying you your basic right to privacy and ensuring that the most intimate details of your life can be freely bandied about throughout our wired world for gossip if not solely for profit.

When it comes to serving the interests of the banks, insurance companies and stockbrokers that represent the most important source of campaign money for Republicans and Democrats alike—$145 million in the last two years—there is but one political party. That's the bipartisan party of political greed representing corporate conglomerates, and it has no qualms about skewering the ordinary consumer.

Once again, everyone who mattered—except consumers—was taken care of when the big congressional deal was cut last week in a closed back-room conference committee meeting. The scam brokered at 2 a.m. eliminates the firewall what has existed for 66 years between your bank, your insurance company and those who trade your securities. The newly formed conglomerates handling everything from credit card bills to medical records would be allowed by this legislation to freely exchange the details of your personal profile, accurate or not, and without your permission.

Given the immense databases of information that now can be rapidly searched and exchanged, no detail of your personal life will be off limits to those who snoop for profit. That cross-referencing to all aspects of your life is what the lobbyists paid for.

"I would say it's probably the most heavily lobbied, most expensive issue" that Congress ever has dealt with, said Ed Yingling, the chief lobbyist for the American Bankers Assn. Yingling told the New York Times, "This was our top issue for a long, long time. The resources devoted to it were huge, and we fought [for] it tooth and nail."

Yingling isn't kidding about those resources, $163 million on financial industry lobbying in the past two years, much of it to the major congressional players. Christopher Dodd of Connecticut, the top Democrat on the Senate Banking Committee, received $325,124 between 1993 and 1998 from the insurance industry, which gave the committee's chairman, Phil Gramm (R–Texas), even more—$496,610. Gramm also got $760,404 from the securities industry and $407,956 from the bankers.

The bipartisan toadying to the industry lobbyists is a disgrace. "I'd say this is about consumers versus big business," Shelby said. He added, "This is an issue that won't go away. We won't let it go away. People are going to be raising hell about it more and more and more."

It is a shame that Shelby's is such a lonely voice of alarm. But there is still time for voters to demand to know where their legislators in Congress stand on this surrender of the basic right to privacy. It also is not too late to pressure the White House to veto this bill if it does not contain the Shelby privacy amendment.

The leading presidential candidates in both parties—Democrats Al Gore and Bill Bradley and Republican George W. Bush—all have obtained massive contributions from the financial industry. This issue is the best litmus test of whether any of them can muster the gumption to bite the hand that feeds them. If they can't, when it comes to the most decisive consumer issues, it doesn't really matter which one becomes president.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Delaware (Mr. CASTLE).

Mr. CASTLE. Madam Speaker, I thank the gentleman for yielding time to me.

Madam Speaker, I also rise in strong support of the rule and the conference report on S. 900, the Gramm-Leach-Bliley Financial Institutions Modernization Act of 1999. This is a long-awaited final step in a decades-long effort to update our financial services laws. I urge my colleagues to seize the opportunity to pass this historic legislation, which will benefit individual Americans and help keep our economy strong.

This legislation accomplishes a number of important goals that will provide better financial services for millions of Americans and make the American financial services industry more competitive.

First, it will eliminate outdated regulations that hinder competition. More competition will give consumers more choices to save and earn money on their investments.

Second, the bill will provide sound regulation, balance, and flexibility for businesses. Banks will be able to choose the type of structure that is best for them. This will allow companies to do so but in a cost-effective manner and way, and produce the new product at lower cost that we want for the financial security of our citizens.

Third, the bill allows new competition without endangering small banks. A big commercial company will not be able to buy a savings and loan and engage in unfair competition against a small, local bank.

Fourth, this legislation contains important new standards to protect the financial privacy of American consumers. Financial services providers will have to protect consumer information and inform consumers about how this information is used.

Finally, this legislation continues the commitment for banks to meet the needs of low-income Americans through the Community Reinvestment Act. CRA standards are maintained while giving some relief to small banks with excellent community lending records.

It is time for the financial services laws of our country to catch up with the needs of the American people. This legislation will benefit every American seeking to improve his or her family's financial security by saving and investing more.

Let us move our Nation into the next century. I urge passage of the rule and the conference report.

Madam Speaker, I rise in strong support of the conference report on S. 900, the Gramm, Leach, Bliley Financial Services Modernization Act of 1999. This is the long-awaited final step in the decades-long effort to update our financial services laws. I urge my colleagues to seize the opportunity to pass this historic legislation which will benefit individual Americans and help keep our economy strong.

As we have heard many times, Congress has been trying to update the Glass-Steagall Act since the 1930's and the Bank Holding Company Act since the 1950's. Previous attempts to pass financial services reform often failed because one financial industry or another felt that past bills put them at a disadvantage. I have seen several of those attempts fail in the six and a half years I have been in Congress. That struggle is finally over. The banking industry, the securities industry and the insurance industry agree that we must modernize these laws to improve competition and meet the changing needs of consumers.

Madam Speaker, this legislation accomplishes a number of important goals that will provide better financial services for millions of Americans and make American businesses in the financial services industry more competitive.

First, it will eliminate outdated regulations that hinder competition. Banks, insurance companies and securities firms will be able to affiliate and offer new banking, investment and insurance products to American consumers. Competition will enable consumers to choose new ways to save and earn money on their investments that go beyond the products that are available today. The Treasury Department has estimated that this new competition could save Americans billions of dollars. These new business affiliations will be regulated in a streamlined manner to protect American consumers and taxpayers.

Second, the bill will provide sound regulation with flexibility for businesses. Banks will be able to choose the type of structure that is best for how they want to do business, but activities such as real estate development, insurance underwriting and merchant banking will have to be conducted in a separate affiliate to insure complete financial safety and soundness. There will be balanced regulation of these businesses by the Federal Reserve and the Department of the Treasury. This will allow companies to do business in a cost-effective manner and help produce the new products at lower cost that we want for the financial security of every American who wants to purchase them.

Third, the bill allows new competition without endangering small institutions. We are protecting small banks from potential unfair competition by ending a loophole that allows commercial firms to own a savings and loan institution. This compromise on the unitary thrift charter issue will allow commercial companies which now own a savings and loan to retain them, but in the future, only financial companies will be permitted to purchase these institutions. In other words, a big commercial company will not be able to come into a small town by buying a savings and loan and engage in unfair competition against a small local bank. This will help prevent possible conflicts of interest and potential unfair competition.

Fourth, this legislation contains important new standards to protect the financial privacy of American consumers. Financial service providers will have to protect consumer information; they will have to clearly tell their customers what their privacy policies are; and, consumers will have the right to choose not to have any information shared with unaffiliated third parties. Also, this legislation will not replace any additional privacy protections in any state. It will also make it a federal crime for unethical individuals to attempt to gain private financial information through deceptive tactics. These standards are an important step in protecting the basic financial privacy of all consumers.

And finally, this legislation continues the commitment for banks and new financial service holding companies to meet the needs of everyone in the community through the Community Reinvestment Act. CRA standards are maintained without increasing the regulatory burden, particularly for small banks. Republicans and Democrats alike should be proud we are continuing this commitment in a manner that is fair to communities and financial services businesses.

It is time for the financial services laws of our country to catch up with the needs of the American people. Our constituents have been looking for new and affordable products to give their families financial security. We are long past the days when people were satisfied with a simple savings account or life insurance policy. Most Americans want to maximize their earnings and to find products that will give them the best return.

The financial services marketplace has been struggling to meet consumers needs within a regulatory structure that was created sixty years ago.

The changes in this legislation will ultimately benefit every American seeking to improve his or her family's financial security by saving and investing more. This legislation will help them achieve that goal by making more savings and investment products available in one-stop shopping at competitive prices.

As a member of the banking committee, I have often been frustrated by the long days and seemingly endless hours of negotiation that have gone into this legislation, but I strongly believe that those long hours of work have produced a piece of legislation that will help carry our nation's economy into the next century. It will help produce good products, more choices and hopefully lower prices for Americans, and it will help our nation's financial services business grow and compete successfully into the future.

Madam Speaker, we owe Chairmen JIM LEACH and TOM BLILEY our thanks for persevering through tough negotiations on the myriad of issues in this bill and to our colleague Senator GRAMM for pushing this bill to completion in the Senate. This bill also has a true bipartisan imprint and the contributions of Congressmen LAFALCE and DINGELL should be recognized.

The time is now to bring American financial services into the twenty-first century. This legislation achieves that goal and I urge the house to take the final step by passing this conference report today.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. MENENDEZ), the vice chairman of the Democratic Caucus.

Mr. MENENDEZ. Madam Speaker, I thank the distinguished gentleman for yielding time to me.

Madam Speaker, with all the rhetoric out there, there may be people listening to this debate who do not know what difference this bill can make in their daily lives. I think they deserve to.

In a word, it is about choice. It is about consumers having more choices. If they do their banking at a small community bank and buy their insurance from a local independent agent, they can continue doing that. Nothing in this bill changes that, but it will open the doors to new innovations for people who might want them.

With this bill, it is likely we will be able to dramatically reduce the fees and prices we pay for financial services when we choose to do business with a single company that offers banking, insurance, stock and mutual fund needs, all under one roof.

Credit cards with permanently-fixed low interest rates may be offered, along with these unified accounts. We may see new generation ATM machines where on the way home from work we can view our mutual fund, checking and savings account, pay all our bills, from whichever account we decide, and then withdraw some cash for dinner, all in one stop.

In fact, with this bill, consumers will see a whole new range of options to cut their costs and make their lives more convenient.

It is also true that with these options comes legitimate concerns about privacy. That is why this bill statutorily bans the sale of our account information to third-party telemarketers. That is why we give consumers the right to decide whether or not their information can be shared with any unaffiliated party.

There are, in fact, a whole host of provisions in this bill that will protect consumer privacy. Those against this bill want different privacy provisions, an opt-in, an opt-out, a broader ban. We can debate that all day, but remember, without this bill, consumers will continue to have no privacy protections and will have no access to these lower-priced services.

That is why a vote against this bill is in my mind a vote against progress. A vote for this rule and for this bill is a vote for protecting consumers' privacy and increasing consumer choice. I urge my colleagues to support the conference report to S. 900, and I want to congratulate, on our side of the aisle, the gentleman from New York (Mr. LAFALCE) and the gentleman from Minnesota (Mr. VENTO) for all of their hard work.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Rocky Ridge, Alabama (Mr. BACHUS), the chairman of the Subcommittee on Domestic and International Monetary Policy.

Mr. BACHUS. Madam Speaker, if Members do not know where Rocky Ridge is, it is at the end of Rocky Ridge Road. We used to tell people, if you could find it, you can have it. Not many people took us up on the challenge.

In 1933, Glass-Steagall. In 1933, if we wanted to travel across the United States, we had to do so on gravel U.S. roads, U.S. highways, or dirt top U.S. highways, dirt roads. If we wanted to travel on an airplane, there were three-engine Ford tri-motor airplanes, biplanes. They are in the Smithsonian today.

Our railroads, we had steam engines on our railroads. If we want to see a steam engine today, we have to go to China. They are mothballing their last few steam engines.

Today we still have Glass-Steagall. Now, imagine traveling across the Nation on gravel U.S. highways. Imagine how time-consuming that would be. Imagine how inefficient steam engines would be if they pulled our freight trains. Imagine flying home on the weekends in a biplane. That is what our banks and financial institutions are attempting to do every day with a law that was passed in 1933.

1933 was the year that Albert Einstein emigrated to America. He became famous and now he has died, but we still have Glass-Steagall, until we pass this bill. Glass-Steagall will mean $15 billion worth of savings to the American people each year. Not only will they save money through convenience and competition, they will save time.

Time is money. It will be much more convenient.

It is time that we turned American ingenuity loose.

Madam Speaker, this legislation, in addition to making historic reforms to the structure of our financial services industry creates new protections for consumers, including a prohibition on a financial institution disclosing non-public personal information inappropriately. In creating this new regime, I thought it important that we understand that the realities of day-to-day business for certain financial institutions necessarily involves the disclosure of such information and to make clear that we did not intend to interfere with such legitimate actions.

Companies chartered by Congress to operate in the secondary mortgage market are one such example. Because these companies do not engage in mortgage transactions directly with the consumer, they are not in a position to provide the notices and disclosures that we call for in Title V. Sweeping them within Title V's purview would have created burdens and uncertainty without furthering the Title's consumer protection objectives. Therefore, the Conference Report contains language I authored that exempts these institutions from Title V's definition as long as they do not sell or transfer non-public personal information to non-affiliated third parties. The Conferees intend to provide the FTC with regulatory and enforcement authority over secondary market institutions only to the extent that such institutions engage in activities outside the provisions of Section 502.

Let me make clear that the types of "transfers" that would pull these institutions back within Title V's scope are transfers other than those contemplated by Sections 502(b)(2) or 502(e). For institutions covered by Title V, we recognize that the uses of non-public, personal information that Sections 502(b)(2) or 502(e) contemplate are legitimate. This same standard applies to the secondary market institutions covered by Section 509(3)(D). To the extent that these companies go beyond these parameters, I expect that they will be generally subject to Title V.

Finally, I am offended at the seemingly intentional misrepresentation by certain mortgage insurance and mortgage lending groups of my amendment's effect. My objective in offering this amendment and securing its inclusion in the Conference Report was to exempt those operating in the secondary mortgage market from Title V to the extent that they engage in uses of information that Title V accepts as appropriate and as creating no additional obligation on the part of those institutions. In this manner, I wanted to ensure that these companies remain able to fulfill the important purposes that Congress chartered them to serve. Consumers in communities throughout the country benefit from the liquidity and the access to affordable housing finance that these institutions provide; indiscriminately subjecting secondary mortgage market entities would have made consumers no better off—and perhaps worse off.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from New York (Mr. LAFALCE), the ranking member.

Mr. LAFALCE. Madam Speaker, I thank the gentleman for yielding time to me.

Madam Speaker, I rise in support of the rule and of the conference report on S. 900 and H.R. 10. In July the House passed its version of financial modernization, H.R. 10, with a very broad bipartisan vote, 343 to 86. The Senate passed a partisan product by a very narrow margin of 54 to 44.

The Senate version was a bill that the administration said they would veto. Today we bring basically the House bill, a bill that the administration says they can strongly support, that I strongly support, that the consumers of America should strongly support.

Why? There are some simple, fundamental reasons. There are clear gains in this bill for consumers, for communities, and for our financial services system if the bill is enacted.

If this bill is not enacted, there would be clear losses. Without this bill, banks will continue to expand, as they have been, into the securities and into the insurance business. They have done this for many, many years, on thousands of occasions. They would continue to do so if this bill does not become law, but without the broader application of CRA that this bill mandates. They would continue to do so, but without any privacy protections whatsoever for consumers, privacy protections that this bill mandates.

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They would continue to do so, but without the consumer protections included in this bill that ensure consumers know the risks associated with products they purchase and know whether or not they are insured. They would continue to do so if this bill is not passed, but without the increased regulatory oversight provided by this bill. Members should embrace this bill for consumers, for communities and for the future of the financial services industry of the United States.

Madam Speaker. I rise in support of the Rule and of the Conference Report on S. 900.

In July, the House passed its version of financial modernization (H.R. 10), with a broad bipartisan vote of 343–86. The Senate passed a partisan product by a narrow margin of 54–44. The White House clearly indicated it would veto the Senate version because of its negative impact on the national bank charter, highly problematic provisions on CRA and its non-existent privacy protections.

The conference report necessarily represents a compromise between the two versions. But it is a good and balanced compromise that effectively modernizes our financial services industry under strong regulatory controls, but also includes strong protections for consumers and communities consistent with the original House bipartisan product. As a result, the administration strongly supports the conference report.

I support this bill for very simple and fundamental reasons. There are clear gains for consumers, for communities and for our financial services system if this bill is enacted. There are clear losses if it is not.

Without this bill, banks will continue to expand into the securities and insurance business as they have been doing on thousands of occasions for many years under current law. However, they would continue to do so: Without the broader application of CRA this bill authorizes; without any privacy protections whatsoever for consumers; without the consumer protections included in this bill that ensure consumers know the risks associated with products they purchase and know whether or not they're insured; without the increased regulatory oversight provided by this bill; and with artificial structural limitations that will place the U.S. financial services industry at a clear competitive disadvantage.

However Members choose to vote on this bill, they should vote based on the facts. The facts are as follows.

Financial modernization. Many of the new activities, acquisitions, affiliations and mergers this bill authorizes, with a variety of regulatory and consumer protections, already have occurred, and will continue to occur, under current law and court interpretation if this legislation is not enacted. But they will occur without adequate regulatory oversight and without the consumer protections built into this bill. In large part, then, this bill rationalizes existing practices.

Privacy. In the financial services context, federal law now offers consumers no protection of their personal financial information, and regulators have no authority to impose any. We are creating federal privacy protections, for the first time. No financial services bill in decades has gone to the floor with stronger privacy protections—indeed, with any privacy protections. A vote for this bill is the strongest pro-privacy vote that any Member of this House has ever been able to cast. It is a vote for consumer privacy protection. The provisions in this bill are now stronger than the privacy provisions of the House product, which passed 427–1.

Community Reinvestment Act (CRA). This bill does not change existing CRA obligations on insured depository institutions in any way. It, in fact, substantially enhances CRA. Banks can now engage in securities and insurance activity without satisfactory CRA performance being a factor at all. For the very first time, the conference report applies CRA to banks and their holding companies in the context of expansion into activities such as securities, insurance underwriting and merchant banking.

The conference report also deletes Senator GRAMM's CRA exemption for small or rural banks. It deletes Senator GRAMM's "CRA safe harbor" that would have blocked community comments on most banks' CRA applications and shifted the burden of proof unfairly to community groups. For small banks, it targets CRA regulatory resources on banks with the poorest CRA records, creating an incentive for better community reinvestment performance. It ensures that the regulators have complete authority to examine banks regarding their CRA performances as frequently as they believe necessary.

The conference report also provides for disclosure of a limited set of CRA agreements.

But it substantially narrows the overbroad provisions of the Senate bill and attempts to minimize the reporting burden on community groups. Community groups are bringing new capital and new financial services into low income communities through these agreements. We, and they, have every reason to be proud of that record. This disclosure provision, to the very limited degree it applies, can only make that proud record apparent to everyone.

I would be remiss if I did not note that these legislative efforts have a human face. First of all, I want to thank Chairman LEACH who kept this a fair and bipartisan process despite often heavy and unfortunate pressure to do otherwise. I would also like to thank the chairman's staff—Tony Cole, who we all hope is recuperating well, Gary Parker, and Laurie Schaffer, and Legislative Counsels Jim Wert and Steve Cope. I want to especially thank the Democratic Committee staff, especially Jeanne Roslanowick and Tricia Haisten, without whose tireless and effective efforts we would not have gotten to this point, and also Dean Sagar, Patty Lord, Jaime Lizarraga, Kirsten Johnson-Obey.

This is a good bill which Democrats can be proud to support. I urge your support of the conference report on S. 900.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Fullerton, California (Mr. ROYCE), a member of the Committee on Banking and Financial Services.

Mr. ROYCE. Madam Speaker, the historic legislation that we are considering today is a win for consumers, a win for the U.S. economy and a win for America's international competitive position abroad.

American consumers will benefit from increased access, from better services, from greater convenience and from lower costs. They will be offered the convenience of handling their banking insurance and securities activities at one location.

More importantly, with the efficiencies that could be realized from increased competition among banks, insurance and securities providers under this proposal, consumers could ultimately save an estimated $18 billion in the estimates of our U.S. Treasury Department. This reduction in the cost of financial services is, in turn, a big win for the U.S. economy.

Finally, this legislation is a win for America's international competitive position, as it will allow U.S. companies to compete more effectively with foreign firms for business around the world.

In urging swift passage, Federal Reserve Chairman Alan Greenspan said, we cannot afford to be complacent regarding the future of the U.S. banking industry.

This legislation is 30 years overdue, Madam Speaker, and I urge my colleagues not to delay its passage any longer. Let us support the rule and let us support the bill.

Madam Speaker, the historic legislation that we are considering today, is a win for the consumer, a win for the U.S. economy and a win for America's international competitive position abroad.

American consumers will benefit from increased access, better services, greater convenience and lower costs. They will be offered the convenience of handling their banking, insurance and securities activities at one location. More importantly, with the efficiencies that could be realized from increased competition among banks, insurance, and securities providers under this proposal, consumers could ultimately save an estimated $18 billion annually.

This reduction in the cost of financial services, is in turn, a big win for the U.S. economy.

Finally, this legislation is a win for America's international competitive position, as it will allow U.S. companies to compete more effectively with foreign firms for business around the world.

This legislation is 30 years overdue Mr. Speaker, and I urge my colleagues not to delay its passage a day longer.

At this time, I would like to make a few clarifying remarks.

Included in Title VI of the bill before us are complex changes in the structure of the Federal Home Loan Bank (FHLBank) System. I believe these changes will enhance the ability of the System to help member institutions serve their communities, though there is enormous work yet to be done to implement these initiatives. Consequently, at the risk of redundancy, it is important to reiterate the view expressed in the conference regarding related regulatory actions.

As noted in the committee report, the conferees acknowledged and supported withdrawal of the Financial Management and Mission Achievement (FMMA) rule proposed earlier this year by the Federal Housing Finance Board (FHFB), the FHL Bank System regulator. The FMMA would have made dramatic changes in such areas as mission, investments, liquidity, capital, access to advances and director/senior officer responsibilities. Because of serious concerns over the FMMA's impact on FHLBank earnings, its effect on safety and soundness and its legal basis, the proposal has been intensely controversial among the FHLBanks' membership, with over 20 national and state bank and thrift trade associations calling for a legislated delay on FMMA.

Many conferees not only shared these concerns but also felt strongly that the FMMA should not be pursued while the FHLBank System is responding to the statutory changes in this bill. There was great sympathy for a moratorium blocking the FMMA, but prior to the matter coming to a vote, Chairman Morrison of the FHFB sent a letter to Chairmen GRAMM and LEACH agreeing to withdraw the proposal, which I want to make sure is part of the RECORD. He also promised to consult with the Banking Committees regarding the content of the capital rules and any rules dealing with investments or advances. The FHFB's commitment not to act precipitously in promulgating regulations in these areas creates the proper framework for effective and timely implementation of the reforms that Congress is seeking to put in place.

The regulatory standstill to which the FHFB has committed should apply to any final rules or policies applicable to investments, and the FHFB should maintain the current $9 billion ceiling on member mortgage asset pilot programs or similar activities. In the context of dramatic impending changes in the capital structure of the FHLBanks, I believes it is necessary for the FHFB to refrain from any effort otherwise to rearrange the FHLBanks' investment framework, liquidity structure and balance sheets.

It is my understanding that credit enhancement done through the underwriting and reinsurance of the mortgage guaranty insurance after a loan has been closed are secondary market transactions included in the exemption for secondary market transactions in section 502(e)(1)(c) of the S. 900 conference report.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Madam Speaker, I rise in strong support of this rule. The Committee on Rules, under the chairmanship of the gentleman from California (Mr. DREIER) and the gentleman from Massachusetts (Mr. MOAKLEY), the ranking member, who have been able helpers in the process, we could not be here today without the help that they have offered in terms of melding together the bills in the House and for their help and assistance in bringing this bill to the floor yesterday and today.

This is a must-pass bill. We need to build the type of economic foundation that will continue the economic progress that we have experienced in our economy. The fact of the matter is that our financial system in this country, in terms of banks, insurance, securities, are dysfunctional today.

In this bill, led by the gentleman from Iowa (Chairman LEACH) in the House, we have been able to bring to the table the insurance interests and the security interests and banking interests and literally make them come to an agreement; and the same is true, of course, with the regulators, bringing together Chairman Greenspan and Secretary Rubin and now Secretary Summers, and others, and provide the type of functional regulation that would satisfy the tough questions and problems. So, too, in terms of consumer issues which are so important to all of us to build the type of efficiencies and provide the type of safeguards that the people deserve.

Now, I checked with the counsel for the House and the counsel for the Senate and not a single consumer law is repealed in this bill. Quite the contrary. In fact, CRA is strengthened by applying it to new activities and applications. In fact, privacy, this is one of the most pervasive privacy provisions ever written into Federal law and applies to all financial entities.

Yet some today choose to build a facade of problems rather than dealing with the reality and passing this important legislation. We have the overwhelming support now in the Senate, overwhelming support of the House, with nearly 350 Members that voted for this in the initial instance and almost the same bill is being presented to today, and, of course, the support of the administration.

I say it is time to pass this bill to provide the type of financial efficiencies and consumer benefits that are inherent in a modern financial system that is necessary for America's engine of economic growth.

Madam Speaker, I rise in support of this rule that will bring before the House in an expedited fashion the conference report on S. 900, the Financial Services Modernization Act. This act, otherwise known as the Gramm-Leach-Bliley act, is the culmination of many many years of effort to bring the financial institutions and regulatory law in line with the realities of today's marketplace.

Modernization of our financial services will finally be achieved with the enactment of this key bill. With passage of this conference report, Congress will enhance consumer protections in important ways, putting forward the strongest financial privacy protection provisions ever to be written into Federal law and maintaining and reinvigorating the Community Reinvestment Act's relevance in the new financial world.

This is a good compromise that reflects much of the House-passed bill in content if not wholly in form. We repeal Glass-Steagall and allow the affiliations with securities firms, insurance companies and banks. The commercial ownership loophole is closed for unitary thrift holding companies. We enhance the Federal Home Loan Bank System. We establish consumer protections in law for the sales of non-deposit products by banks. The financial privacy and CRA provisions are substantive, substantial Federal policy advances. Importantly, the bill enhances the viability of smaller community banks and financial entities vital to extending services and credit through our greater economy: rural and urban.

With regard to privacy, I well understand some sought greater consumer privacy provisions. But the perfect should not be the enemy of the good. This conference agreement lays a solid foundation of financial privacy set into our regulated financial marketplace which affects all consumers doing business with all banks, S&L's, insurance companies, securities firms and credit unions and in fact, all entities financial in nature: such as credit card companies and finance offices. The broad basis for this provision is only beginning to be appreciated and this privacy law is very much needed on that broad basis.

With regard to CRA, the conference successfully eliminated the harmful "safe harbor" and "small bank exemption" provisions from the Senate bill. We accepted a modified disclosure and reporting system. While I strongly disagreed with the burdensome, so-called "sunshine" and reporting provisions in the Senate bill that raised the specter of harassment of pro-CRA groups, very few would oppose openness. Certainly, the disclosure of information can spell out the effectiveness of these groups working so hard in our communities and the effectiveness of the CRA itself.

I believe the reporting requirements, although improved, are an extraordinarily difficult policy as structured in this measure. It no doubt will be more of a burden to community groups and banks who currently do not file reports. However, we were able to streamline the reporting requirements and to limit who should file a report even as we gave the regulators substantial authority to properly oversee such provisions. We should be mindful of the administration's and regulators' expressions of good will to take a common sense approach with regards to its implementation. Hopefully they can help make these disclosure and reporting requirements more workable. Congress will certainly have to closely monitor the implementation of these provisions and their effects.

With that, Madam Speaker, I urge an "aye" vote on the rule so that we can positively consider one of the key financial services bills of our century, the conference report on S. 900, the Financial Services Modernization Act.

Mr. SESSIONS. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, as we can tell from the comments that have been made on the floor tonight, this legislation is not only historic but has required a great deal of work, a bipartisan work, and I am very proud of the House of Representatives and the Congress that has done something that is great for consumers.

It is hard work. We are hearing about it tonight. Just another example of what great work this Congress has done.

Madam Speaker, I yield 2 minutes to the gentleman from Allentown, Pennsylvania (Mr. TOOMEY), a member of the Committee on Banking and Financial Services.

Mr. TOOMEY. Madam Speaker, I rise in support of this rule and the legislation under consideration today. The Gramm–Leach-Bliley Financial Services Modernization Act is probably the most important financial legislation to come before Congress since the Glass-Steagall Act mandated a separation between banking and the securities industry back in 1933.

Today there is virtually unanimous agreement among economists, academics, policymakers and most importantly the men and women actually creating and providing financial services across America today. The repeal of Glass-Steagall is necessary so that consumers can get the products and services they desire and American financial firms can compete in the global marketplace.

Madam Speaker, I would like to highlight just one small part of this sweeping legislation. I am particularly pleased that this bill includes an important provision regarding certain derivative transactions, especially credit and equity swaps. These somewhat obscure products are actually very important tools used by businesses, including financial service firms, to manage a variety of risks that they face. This bill reaffirms that swap contracts are legitimate bank products that can be executed and booked in banks and are adequately regulated by and will continue to be regulated by banking supervisors.

I would also like to congratulate the many Members of this Chamber who have worked very hard, some for many years, on financial modernization. In particular, I would like to salute the gentleman from Iowa (Chairman LEACH) and the ranking member, the gentleman from New York (Mr. LAFALCE) for the outstanding work they have done to see this legislation through to completion, and I urge my colleagues to support the rule and passage of this historic bill.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Houston, Texas (Mr. BENTSEN).

Mr. BENTSEN. Madam Speaker, as a member of the committee and the conference committee, I strongly support this legislation and the rule and urge my colleagues to support it. I believe that this comprehensive banking reform legislation will bring new benefits to consumers by encouraging competition among the banking securities and insurance industries in creating one-stop shopping for consumers.

The United States' financial industry is the strongest and soundest in the world today because of our dynamic market economy and strong regulatory regime. Yet as the financial markets mature they have been restrained by the Glass-Steagall law that requires financial companies to separate their various entities.

By repealing Glass-Steagall, Congress will bring new competition to financial services so that consumers can purchase products more efficiently and more cheaply. The net effect will be to promote more competition, create more products at lower prices and better protect American consumers.

While the bill does not create the ideal financial holding company model or charter, it does repeal portions of existing regulatory constraints dating back to the Great Depression commensurate with a market that has matured greatly through market disintermediation brought on by broader consumer wealth, sophistication and access to information.

This bill does not provide for the mixing of banking and commerce but does address it in a prudent way through a new complimentary to banking approach that should meet the concerns of not limiting banking and finance as it expands.

It does allow for banks to enter the insurance and securities brokerage business while protecting functional regulation and maintaining the Securities and Exchange Act and McCarran-Ferguson.

Finally, I would like to say that this bill in many respects strengthens the Community Reinvestment Act. It has for the first time the ''have and maintain'' clause which says that any bank that wants to get into any line of businesses must have and maintain a satisfactory CRA rating.

Additionally, it protects CRA for smaller banks. It in no way excludes or exempts smaller banks from CRA, which some members in the other body tried to do.

I think this is really a win/win, and in terms of privacy, as other speakers have said, this codifies new law as it relates to privacy. If we do not pass this bill, consumers will be worse off as it relates to privacy and I would encourage my colleagues to pass it.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Palm Bay, Florida (Mr. WELDON), a member of the Committee on Banking and Financial Services.

Mr. WELDON of Florida. Madam Speaker, I thank the gentleman from Texas (Mr. SESSIONS) for yielding me this time.

Madam Speaker, when I was first elected to Congress and later appointed to serve on the Committee on Banking and Financial Services I was very surprised to learn that the laws governing the financial service sector of our economy were relics of the Depression, that the Glass-Steagall Act was passed in 1933 and that for years the Congress had been unable to pass important and badly needed new legislation to modernize the laws governing the banking, insurance and securities industries in the United States.

Well, tonight we are finally getting that job done and modernizing those laws. This may not be a perfect bill but it is a good bill. It is a good bill because it will make it easier and less expensive for the public to access banking and financial services.

Our international competitors in Europe and Asia long ago adopted more modernized changes to the laws governing their financial service sectors. We now in the U.S. will have modernized ours, and in doing so we will improve the competitiveness of the American economy and allow it to continue its place as the most competitive economy on the globe.

Much credit goes to the gentleman from Iowa (Chairman LEACH) and the ranking member, the gentleman from New York (Mr. LAFALCE) for this bill, as well as all of the others who had significant input in this effort, to include the Treasury Department and the Federal Reserve, particularly Chairman Greenspan. I encourage all of my colleagues on both sides of the aisle to vote yes on the rule and vote yes on final passage of this legislation.

Mr. MOAKLEY. Madam Speaker, I yield 1½ minutes to the gentlewoman from Rochester, New York (Ms. SLAUGHTER).

Ms. SLAUGHTER. Madam Speaker, I thank the gentleman from Massachusetts (Mr. MOAKLEY) for yielding me time.

Madam Speaker, I have some strong concerns about the conference report, but I do want to thank the conferees for including Section 733 entitled Fair Treatment for Women by Financial Advisors. This short but important section, based on an amendment I brought to the floor, reads, it is the sense of Congress that individuals offering financial advice and products should offer such services and products in a nondiscriminatory, nongender specific manner.

The language is in response to estate documents that keep women from controlling their inherited financial assets. Some estate planning publications and sales literature for trusts use three themes. One is that women should be relieved of the burden of managing money because they cannot learn. Second, if they have money on their hands they will be vulnerable to shysters and, third, they might remarry and hand the man's hard-earned money over to somebody else.

Now, this is not an old problem. In a 1998 estate planning guidebook it instructs its benefactor to consider the question if, quote, a man should subject his wife to the bewildering details which administration of property often involves if she has had no experience with it.

It goes on to state that if she has had no previous experience she may not be prepared to handle large sums of money. If this is true, she herself would not want to be burdened with administration of property.

How kind of them to look out for protecting the wife.

It is past time that these outdated themes are addressed and discriminatory financial practices are brought out in the open as we move forward to modernize the rest of the financial services industry, and it is my personal hope that this bill includes no bail-out provisions should some of this go wrong in the future.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Des Moines, Iowa (Mr. GANSKE).

□ 2030

Mr. GANSKE. Madam Speaker, I rise in support of the rule and the bill. I am particularly pleased that the unitary thrift loophole which allows commercial firms to control savings and loans charters has been closed in this bill.

Both Treasury Secretary Rubin and Federal Chairman Greenspan testified in support of the provision to restrict unitaries. In his Senate testimony, Greenspan stated, ''The Board supports the elimination of the unitary thrift loophole, which currently allows any type of commercial firm to control a federally insured depository institution. Failure to close this loophole would allow the conflicts inherent in banking and commerce combinations to further develop in our economy and complicate efforts to create a fair and level playing field for all financial services providers.''

What would be the result if Microsoft purchased Washington Mutual with its 2,000 branches and $165 billion in assets? It certainly would have raised the specter of too big to fail.

But, Madam Speaker, I especially want to commend the gentleman from Iowa (Mr. LEACH) for his patience and endurance in brokering this agreement between members of the conference committee and in balancing the interest of everyone, from small community banks and large international insurance firms, to consumers and investors.

The challenge was to find equilibrium between maintaining safety and soundness in the Nation's banking system and providing for a fair and efficient competition in the financial services marketplace.

There are many who deserve a lot of credit for this bill. But at the top in my book is the gentleman from Iowa (Chairman LEACH). Iowans should be very proud of the gentleman from Iowa (Chairman LEACH) for the work on this bill.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Malden, Massachusetts (Mr. MARKEY).

Mr. MARKEY. Madam Speaker, I thank the gentleman from South Boston, Massachusetts, for yielding me this time.

Madam Speaker, I rise in opposition to this bill. I support the modernization of the financial services industry in the United States.

Because of global competition and rapid technological change, it is critical that we update the laws which deal with every aspect of the financial matters of the people of our country, but there is a fatal flaw in the heart of this bill.

The financial institutions say that they need synergies of being able to provide brokerage and banking and insurance services to every American. As a result, they can be giving the American people no privacy protections.

What the American people say is give us the synergies, but take the ''sin'' out of those synergies. Do not compromise our privacy. If one has had one's checks in the same bank from the last 25 years, all of those checks can now be shared with all the insurance agents inside of this new financial services institution, with all of the brokers inside of this financial institution, with the telemarketing affiliates of this financial services institution to do a financial profile of one for their marketing purposes. If this financial services company creates a joint agreement with another financial services company, one cannot protect that information either.

This is all one gets, Madam Speaker, from one's new, huge, bank holding company: Notice. Notice is all one gets. What is the notice? The notice is one has no privacy rights. That is the notice. None. Because it interfere with their ability to make money at the expense of one's family's secrets.

No one should vote for this bill. It is a fatally flawed bill. We should be able to deal with this issue simultaneously with letting the big boys get all they need. We should take care of what ordinary people need for their families as well.

Mr. SESSIONS. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, thank goodness we have an open debate here tonight where we are able to talk about the need for privacy rules and regulation, the most comprehensive ever in the marketplace.

Madam Speaker, I yield 3 minutes to the gentleman from Brightwaters, New York (Mr. LAZIO), to help explain this a little bit further, a member of the Committee on Banking and Financial Services and the Committee on Commerce.

Mr. LAZIO. Madam Speaker, let me, first of all, begin by complimenting the gentleman from Iowa (Mr. LEACH), the chairman of the Committee on Banking and Financial Services; the gentleman from New York (Mr. LAFALCE), the ranking Democratic member; the gentleman from Ohio (Mr. OXLEY), chairman of the Subcommittee on Finance and Hazardous Materiels; and the gentlewoman from New Jersey (Mrs. ROUKEMA); and the gentleman from Virginia (Mr. BLILEY) for their outstanding leadership in getting this bill to the floor.

For 25 years, we have been working on this effort. Today we are on the verge of making it a reality. For the first time in history, we are going to require a financial institution to actually have a privacy policy and to put it in plain English.

Madam Speaker, for years, we have been hearing about the trend of global markets. Today globalization is the reality. Geographic borders no longer block the flow of capital, creating a whole new world of economic opportunity. The question is: Are we poised, are we prepared to take advantage of this opportunity? Are we willing to embrace the future? That is the question that is posed today. That is what the Financial Services Modernization Act is designed to do.

Madam Speaker, rather, this bill will remove the red tape that threatens to strangle our financial institutions as they enter the new global marketplace.

Americans believe deeply in competition. They trust the free market. Why? Because, year after year, competition brings more services, more choice, lower prices, and more wealth.

Many financial conglomerates are already responding to their customers' needs, offering a full menu of financial products and services. But that does not mean that, when Glass-Steagall barriers are torn down, every bank will be a broker or that every broker will be an insurer.

Customers will gravitate to the best managed, lowest price financial services provider. This legislation will give American companies the freedom that they need to meet this challenge. It will give the freedom to remain the world leading financial institution.

Madam Speaker, while I support this legislation strongly, I must point out that it falls short in one important area. It does not provide for a full two-way street for the securities industry to engage in banking and so-called woofie provision. Woofies would have allowed firms with institutional and corporate clients to provide those customers with a full range of financial services without any additional risk to the Federal Deposit Insurance System. I am disappointed they were cut out of the conference report at the last second.

Nevertheless, Madam Speaker, I strongly support this bill. It will encourage competition in the financial services industry both here and abroad. It will spur the creation of new financial instruments and new markets to the benefit of consumers and businesses alike.

With that, I want to urge all of my colleagues to vote for this bill. Let us make sure that American banking is ready for the 21st century.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. OBEY), the ranking member of the Committee on Appropriations.

Mr. OBEY. Madam Speaker, this bill is consumer fraud masquerading as financial reform. There is nothing wrong with modernizing financial institutions. It is nice to see that my colleagues are going to try to set up one-stop shopping services for financial services. But returning 1999 to 1929 is not reform in my book.

The proponents says they are making advances by providing privacy protections. But the fact is the consumers are going to be faced with the new megamerged world. Insurance companies, banks, and investment companies are all going to be owned by the same people.

Supporters brag about consumer privacy rights that they are protecting, and they are careful to say that they are providing protection in the case of all unaffiliated third parties. That is true, but big deal.

What they do not tell you is that they are giving away the privacy store in terms of all affiliated parties. Because one is going to have the same people owning one's banks, owning one's insurance company, owning one's stock brokerages. That means they are going to share one's banking information with every single affiliate, and they are going to be able to contract with the telemarketers and spread that same information around.

Sometimes this House makes me sick, and this is one of those nights.

Mr. SESSIONS. Madam Speaker, may I inquire as to the time remaining for both sides.

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Texas (Mr. SESSIONS) has 3 minutes remaining. The gentleman from Massachusetts (Mr. MOAKLEY) has 11½ minutes remaining.

Mr. SESSIONS. Madam Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Madam Speaker, I have spent hours on this bill. I served on the conference committee. I am the ranking member of the Subcommittee on Domestic and International Monetary Policy of the Committee on Banking and Financial Services.

I have spent hours on this bill, and I am absolutely surprised that the Members of this House can support a bill that would do what this bill is about to do to working people and poor people.

We have something called CRA, Community Reinvestment Act. It is an act that basically forces the banks to put something back into the communities where they get deposits.

Now, there are those who have never liked CRA. They have winnowed away at CRA every year. They have tried to dismantle it. The President did away with all of the paperwork, because they said it was too much paperwork. But that is not enough. They came back this time with something called ''sunshine.''

Well, what they are doing is they are intimidating the activists. They are intimidating them by making them do something called disclosure and accountability and reporting. They are doing it in such a way that they will discourage them from being activists. If they get investigated and they fall short of the expectations, they will not be able to be involved in this work for 10 years.

They know what they are doing. They want to get people out of the business of challenging the banks. This is a one-man vendetta that took place on the conference committee.

We should never have negotiated with them, but the negotiations took place in the back room, not in public. Those who say that CRA has not been weakened are wrong. It has been weakened.

Well, in addition to what has been done to CRA, the privacy provision should cause one to hesitate on this bill. One's information will be given to third parties. Do my colleagues know what they are? They are boiler rooms where they hire people off the street to come in and do telemarketing who are dialing to sell one something.

They are going to have all of one's information. They are going to have one's bank account. They are going to have one's tax returns. They are going to have everything. Privacy, CRA, fair housing, and the people got nothing.

I tried to get lifeline banking. I said, let us have a study on the escalating fees that banks are charging. I said, let us do something about surcharging at ATMs. The consumers got nothing. We were voted down on every attempt to do something for consumers. This is the big boys' bill. This is the big banking bill. This is nothing for the people.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentlewoman from Florida (Mrs. MEEK).

Mrs. MEEK of Florida. Madam Speaker, I am sure that those of my colleagues who have come to the floor and applauded this bill have tunnel vision, and their vision is directed toward the large banking institutions. Because their blindness does not let them see to the right and left of them, they do not really see the people that are being affected by this bill most.

I am opposed to this bill, that this bill brings in a strong element of discrimination, particularly in fair housing. Fair housing is an area I have fought for since the 1960s. We finally got a bit of fair housing.

Now, they come in and say to these big conglomerates they are going to let the insurance companies come in now; and they can do redlining, and they do not care, because it is not within the big prospectus of the bill.

But now it is going to be even harder for people to get a house. If one cannot get insurance, I repeat, one cannot get a house. So what is that other than discrimination?

The CRA language in this bill may have been worked on to some extent. But my colleagues were not able to see the forest through the trees. Then they limited it, and they thought they were expanding it; but they limited it by protecting the banks.

Now, do not let anybody fool you, the banks have made a lot of money. They have gone into these neighborhoods, and they have been able to help in those neighborhoods. But what my colleagues are doing now is they are letting other players into this ball game. These other players may or may not have the kind of outlook on these problems as banks do.

So they are saying that is okay because it does not involve us. But it does involve you in that, if you do not expand it, you are not going to be able to capitalize on the gains you have been made through the community reenactment.

Now, I know my colleagues do not like CRA. I have come from neighborhoods where CRA is sort of like a bad word, like some kind of plague on us. But my colleagues must go back to the fight they are supporting and putting severe penalties on these groups, make it hard for them to fill out the paperwork, do not punish the banks, make it hard for these poor little community-based groups to fill them out, then bang them over the head with some big propensity for the Federal Government to come in on it.

You are talking about keeping the Federal Government off your backs. You put it on the backs of poor people. Shame on you.

Madam Speaker, I rise in opposition to the Conference Report because it weakens the Community Reinvestment Act when we should be strengthening and expanding it. Clearly, there is a need to modernize and update this nation's banking and financial services laws. Nonetheless, because the CRA provisions are flawed and have gotten worse since leaving the House, I cannot support this bill.

Madam Speaker, the CRA has brought economic development, hope, and opportunity to low and moderate income communities in urban and rural areas across the country. The CRA has been the primary vehicle to expand access to capital and credit in my District and in other low income and minority communities throughout the country.

CRA was created to combat discrimination by encouraging federally insured financial institutions to meet the credit needs of the communities they serve. CRA requires federally insured banks to seek business opportunities in poor areas.

Since its enactment in 1977, financial institutions have made more than $1 trillion in loans in low income communities, more than 90% of them in the past seven years. As a result, neighborhoods have improved as more residents have been able to buy homes and more small businesses have succeeded. The CRA has been an enormous success.

We should be expanding the reach of the CRA, not restricting it. Unfortunately, the Conference Report moves in the wrong direction on CRA. It fails to adequately protect and promote access to capital and credit and fails to capitalize on our opportunity to expand the CRA.

While the CRA language in the Conference Report clearly is an improvement over the language in the bill passed by the Senate, the conference report language in fundamentally flawed. The conference report eliminates the requirement that financial holding companies maintain compliance with the CRA. It limits CRA oversight of banks and thrifts by severely reducing the frequency of CRA exams for most urban and rural banks with assets of under $250 million. It imposes unnecessary and highly burdensome reporting requirements on community groups that are parties to CRA agreements with banks and imposes severe penalties on the community groups for noncompliance.

The bill significantly extends the time between CRA exams for small banks, allowing such banks to take full advantage of all of the new powers under the banking bill even if their performance in low-income areas declines dramatically during this period. It also fails to protect customers of banks owned by insurance companies from illegal discrimination. Under the bill, insurance companies found guilty of violating the Fair Housing Act are not prohibited from affiliating with banks, even though their insurance agents may become the salespeople for these new bank affiliates.

Madam Speaker, as we seek to modernize the financial services industry, we must not miss this unique opportunity to modernize the Community Reinvestment Act. We need a bill that creates a financial system that works for all Americans. For main street, not just wall street. For these reasons, I oppose the Conference Report.

Mr. SESSIONS. Madam Speaker, I yield 1 minute to the gentleman from Louisiana (Mr. BAKER).

□ 2045

Mr. BAKER. Madam Speaker, I thank the gentleman for yielding me this time.

I think some folks have really missed the boat tonight. If my colleagues do not want privacy restrictions, then vote against this bill. The first Federal privacy statute ever. Who does it apply to? Banks, insurance agents, securities companies.

Does it apply to Wal-Mart? Does it apply to General Motors? Does it apply to anyone else in the world? No. For the first time it applies to financial institutions and financial in nature only. They cannot sell an individuals' private information, without that individual's permission, to a third party.

Some people wanted to go further. They wanted to really shut it down. They wanted to make sure credit unions could not do their work behind the counter by contracting with third parties to handle their check-clearing processes. If my colleagues want to go further, fine, deal with the credit unions and small banks of this country and tell them they cannot do their business any longer.

I think some people have missed it. Big bank bill? This bill, for the first time, provides 15-year fixed rate interest rate loans for small businesses, rural, and agricultural communities through small hometown banks. Small banks shut down Wal-Mart. If my colleagues want to make sure Wal-Mart in your town soon, running the hardware department, running the tire department, running the frozen food department, and, yes, running your local bank, vote against this bill. Because there is a loophole that has been shut down that would allow Wal-Mart coming soon to your hometown to run your bank.

Small bank? Consumer? This bill is it. I cannot imagine what my colleagues are thinking.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Madam Speaker, I rise in opposition to the rule and in opposition, strong opposition, to the bill.

This bill is pro megabank and it is against consumers. And I would say to the people listening tonight, Are you tired of calling banks and getting lost in the automated phone system, never locating a breathing human being? This bill will make it worse.

Are you fed up with rising ATM fees and service fees that now average over $200 a year per account holder? This bill will make it worse.

Are you skeptical about banks that used to be dedicated to safety and soundness and savings but are now switching to pushing stocks and insurance and debt? This bill will make it worse.

Are you tired of the megafinancial conglomerates and mergers that have made your community a branch economy of financial centers located far away, whose officers you never know, who never come to your community? This bill will make it worse.

Punitive reporting requirements in this bill are aimed at disabling community groups that are the only groups in this country that hold these institutions accountable for the depositors' money. It is going to make them a target of Federal reporting requirements.

So why do community groups oppose this bill, like the Lutheran Office for Governmental Affairs, the Fair Housing Alliance, the National Low-Income Housing Coalition, the Coalition of Community Development Financial Institutions, Consumers Union, the Volunteers of America? Sounds like the folks that live in my neighborhood, my colleagues.

I would say this is one of the worst-conceived bills ever to come before this body, simply because it does not pay attention to the majority of the American people who have, on average, less than $2,000 in any financial institution in this country.

To anyone listening tonight I say, Put your money in the credit unions. They are owned by you and they will take care of you. Vote against this bill.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mrs. EMERSON). The Chair must remind Members that under the rules of the House, remarks in debate should be directed to the Chair and not to others, outside the Chamber, in the second person.

Mr. SESSIONS. Madam Speaker, I yield 1 minute to the gentleman from Salt Lake City, Utah (Mr. COOK), a member of the Committee on Banking and Financial Services.

Mr. COOK. I thank my colleague from Texas for yielding the time, and I want to say, Madam Speaker, that I rise in support of this bill and thank the Committee on Rules, the Committee on Commerce, and my chairman, the gentleman from Iowa (Mr. LEACH), along with my other Committee on Banking and Financial Services colleagues for their tireless efforts to create a rational and balanced structure to bring our country's financial services finally into the 21st century.

I commend the conference committee for their agreement on the delicate compromise, ensuring adequate consumer privacy protections and reinforcing important CRA provisions. The enormous benefits to the economy and consumers of financial services will be seen for years to come.

This legislation is long overdue and quite historic. Modernizing the regulation of the U.S. financial services industry is a landmark opportunity for this Congress to prove that we are dedicated to providing individuals and businesses with lower costs and greater convenience, ensuring that the U.S. remains the economic global leader.

I urge my colleagues to join me in support of the rule and final passage.

Mr. MOAKLEY. Madam Speaker, I yield 1 minute to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Madam Speaker, I rise in support of the rule and the bill. After 66 years, it is time for Congress to retire Glass-Steagall. The markets already have.

Today's current confused state of financial services law is not the result of any policy decision by Congress, rather it is the result of chipping away at Glass-Steagall by unelected regulators and court decisions.

The legislation before us will bring order to the law, to reflect the reality of today's financial markets. Advances in technology are presenting financial companies with new opportunities to better serve their customers here at home and to compete for business around the world. Without congressional action establishing a consistent legal framework in the United States, we risk losing international opportunities to other nations.

While on the whole I believe the Gramm-Leach-Bliley act promotes needed legal consistency and makes United States companies more competitive, it could have been improved in several areas.

I supported stronger CRA and privacy provisions than those in the bill before us; but, overall, I support this bill and I urge a "yes" vote.

Mr. MOAKLEY. Madam Speaker, I yield 1 minute to the gentlewoman from Oregon (Ms. HOOLEY).

Ms. HOOLEY of Oregon. Madam Speaker, I rise in support of the rule and the bill.

Many of my colleagues are concerned that this bill does not enact strong enough privacy protection for consumers, and I would like to address some of those concerns. Current law, today, current law provides no protection for consumers' financial privacy. None. Zero. Zip. A bank under current law can sell personal financial information to whomever they want, whenever they want, and however they want. They can even sell a customer's account number. There is nothing a customer can do.

With the enactment of this legislation, for the first time ever, companies will be required to fully disclose how customer information will be used; and for the first time ever, companies will have to allow consumers to say no to the sharing of personal information with third parties.

Could we have done better? Absolutely. But this is a step in the right direction. Today, we have the opportunity to enact a bill with new privacy protections.

Madam Speaker, I would also like to thank the ranking member, the gentleman from New York (Mr. LAFALCE), and the chairman, the gentleman from Iowa (Mr. LEACH) for the wonderful leadership they have shown, and I urge support of this rule and the bill.

Mr. MOAKLEY. Madam Speaker I yield 1 minute to the gentleman from Washington (Mr. INSLEE).

Mr. INSLEE. Madam Speaker, I too want to compliment the gentleman from New York (Mr. LAFALCE) and the gentleman from Iowa (Mr. LEACH) for their work on this bill. They both showed courtesy and professionalism.

But I must speak against this bill, because the way this bill is written tonight it is a clear and present danger to the existing privacy rights of America. This bill is the single greatest threat to Americans' basic and fundamental privacy interests of any legislation, considered by any legislative body in America, ever.

The reason is, and I want my colleagues to imagine this, because this is what is going to happen if this bill becomes law. When these mega-affiliates are allowed to exist, what is going to happen is our bank accounts, the first time we happen to get $5,000 cash in our bank accounts, a computer will spit that information out to the affiliated stock broker who will call us at 7 o'clock at night and try to sell us hotstock.com stock. And the second thing that will happen is every single check we have written is going to go to the affiliated life insurance company so they can profile our life-style to decide whether to sell us life insurance.

We are going backwards on privacy. We are creating a new organism. These affiliates will threaten our privacy. We should reject this bill.

Mr. MOAKLEY. Madam Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Madam Speaker, I thank the gentleman from Massachusetts for yielding me this time, and I rise to support the rule and to support this bill.

This is not the best bill that we could have had. There are many problems with this bill. But this bill has been long in coming. And I want to thank those who fought hard and fought long for some of the provisions covering the Community Reinvestment Act provisions.

CRA, the Community Reinvestment Act, works in my community. The Tejano Center for Community Concerns was able to build some 15 homes and build a school for high school dropouts. But we have not gone far enough. I believe we should come back to the floor of the House and deal with the sunshine provisions and, yes, I believe that the reporting provisions dealing with smaller banks should be addressed again as well.

I think the President of the United States needs to join this Congress in the need for a privacy bill and he should sign a freestanding privacy bill. Because, although we have a study that determines whether or not a consumer's privacy will be violated, we do need a freestanding privacy bill to ensure that the privacy of Americans will truly be protected.

But I am pleased that there is no discrimination against those who have suffered domestic violence if they seek credit opportunities and I am further pleased that there is protection for women who are seeking access to credit sources; and I also am delighted to see that there is a provision that deals with defermining whether there is a malicious securing of the financial records of consumers thereby violating a consumer's privacy. It is not a perfect bill, but it is a bill that we should vote for and create new opportunities for all Americans.

Mr. MOAKLEY. Madam Speaker, will the Chair inform us of the remaining time for both sides?

The SPEAKER pro tempore. The gentleman from Massachusetts (Mr. MOAKLEY) has 1½ minutes remaining, and the gentleman from Texas (Mr. SESSIONS) has 1 minute remaining.

Mr. MOAKLEY. Madam Speaker, I yield the balance of my time to the gentleman from New York (Mr. HINCHEY).

Mr. HINCHEY. Madam Speaker, one thing about this rule is, it is consistent with the bill. I will have an opportunity to speak against the bill shortly, but the rule itself is totally consistent with the bill. The rule is unfair as the bill is unfair.

We have 1 hour to debate the most comprehensive change in financial services legislation in the Nation in the last 65 years. This is one of the most important bills to come before this Congress in decades, and we are going to spend 1 hour this evening debating here on the floor of the House of Representatives.

And that 1 hour is divided thusly: two-thirds of that hour go to the people who are for the bill; only one-third of the hour goes to the people who are opposed to it. That is wholly consistent with the objectivity and fairness contained within the bill itself.

This is a farce, it is a mistake, it is a day that we will rue. We are constructing here an apparatus that will come back and bite us severely.

□ 2100

This country will suffer from it. Untold millions of our citizens will suffer from the contents of this bill. We will look back on the way we debated it, the short shrift we gave to the consideration of all the momentous consequences of this bill and the unfairness with which we allocated the time and we will regret it. We will regret it, the public policy point of view and politically. This is a big, serious mistake.

Mr. SESSIONS. Madam Speaker, I yield 1 minute to the gentleman from Henderson, Tennessee (Mr. BRYANT).

Mr. BRYANT. Madam Speaker, I thank the gentleman from Texas for yielding me the time.

Madam Speaker, I rise in strong support of this rule and S. 900, which passed the other body today by a vote of 90–8.

Although this legislation addresses the needs of the financial community, consumers are the big winners. If we pass this conference report, consumers will be able to open a checking account, secure a retirement plan, purchase an insurance policy, and make investments all with one company without having to go to several different financial services companies.

Our rural communities will benefit from the provisions to reform the Federal Home Loan Bank. This provision gives small banks greater access to funds for making loans to small businesses and small farmers while establishing an improved capital structure for the system.

I urge my colleagues to join together to vote for this bill and this conference report to move the financial services industry forward and give our consumers the choices they need in today's world.

GENERAL LEAVE

Mr. SESSIONS. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H. Res. 355.

The SPEAKER pro tempore (Mrs. EMERSON). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SESSIONS. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I urge support of this fair rule for the hard work that has taken place during this year of the 106th Congress.

Madam Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. SESSIONS. Madam Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 335, noes 79, not voting 20, as follows:

[Roll No. 569]

AYES—335

Aderholt	Dooley	Johnson, Sam
Allen	Doolittle	Jones (NC)
Archer	Doyle	Kasich
Armey	Dreier	Kelly
Bachus	Duncan	Kind (WI)
Baird	Dunn	King (NY)
Baker	Ehlers	Kingston
Baldacci	Ehrlich	Kleczka
Ballenger	Emerson	Klink
Barcia	Engel	Knollenberg
Barr	English	Kolbe
Barrett (NE)	Eshoo	Kuykendall
Bartlett	Etheridge	LaFalce
Barton	Everett	LaHood
Bass	Ewing	Lampson
Bateman	Fletcher	Largent
Bentsen	Foley	Latham
Berkley	Forbes	LaTourette
Berman	Ford	Lazio
Berry	Fossella	Leach
Biggert	Fowler	Levin
Bilbray	Franks (NJ)	Lewis (CA)
Bilirakis	Frelinghuysen	Lewis (KY)
Bishop	Frost	Linder
Bliley	Gallegly	LoBiondo
Blumenauer	Ganske	Lowey
Blunt	Gekas	Lucas (KY)
Boehlert	Gibbons	Lucas (OK)
Boehner	Gilchrest	Maloney (CT)
Bonilla	Gillmor	Maloney (NY)
Bonior	Gilman	Manzullo
Bono	Gonzalez	Martinez
Borski	Goode	Mascara
Boswell	Goodlatte	Matsui
Boucher	Goodling	McCarthy (MO)
Boyd	Gordon	McCarthy (NY)
Brady (TX)	Goss	McCollum
Brown (OH)	Graham	McCrery
Bryant	Granger	McGovern
Burr	Green (TX)	McHugh
Burton	Green (WI)	McIntosh
Buyer	Greenwood	McIntyre
Callahan	Gutknecht	McKeon
Calvert	Hall (OH)	McNulty
Camp	Hall (TX)	Meehan
Campbell	Hansen	Menendez
Canady	Hastert	Metcalf
Cannon	Hastings (WA)	Mica
Capps	Hayes	Miller (FL)
Cardin	Hayworth	Miller, Gary
Castle	Hefley	Minge
Chabot	Herger	Moakley
Chambliss	Hill (IN)	Moore
Chenoweth-Hage	Hill (MT)	Moran (KS)
Clayton	Hilleary	Moran (VA)
Clement	Hilliard	Morella
Clyburn	Hinojosa	Murtha
Coble	Hobson	Myrick
Coburn	Hoeffel	Nadler
Collins	Hoekstra	Napolitano
Combest	Holden	Neal
Cook	Holt	Nethercutt
Cooksey	Hooley	Ney
Cox	Horn	Northup
Cramer	Hostettler	Nussle
Crowley	Houghton	Olver
Cubin	Hoyer	Ortiz
Cunningham	Hulshof	Ose
Davis (FL)	Hunter	Oxley
Davis (VA)	Hutchinson	Packard
Deal	Hyde	Pallone
DeGette	Isakson	Pascrell
DeLauro	Istook	Pastor
DeLay	Jackson-Lee (TX)	Pease
DeMint	Jenkins	Peterson (MN)
Deutsch	John	Peterson (PA)
Diaz-Balart	Johnson (CT)	Petri
Dicks	Johnson, E. B.	Pickering
Doggett		Pickett

Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rodriguez
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Royce
Ryan (WI)
Ryun (KS)
Sabo
Sandlin
Sanford
Sawyer
Saxton
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Simpson
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Tiahrt
Toomey
Towns
Traficant
Turner
Upton
Velaquez
Vento
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Wynn
Young (AK)
Young (FL)

NOES—79

Abercrombie
Ackerman
Andrews
Baldwin
Barrett (WI)
Becerra
Blagojevich
Brady (PA)
Brown (FL)
Capuano
Carson
Clay
Condit
Conyers
Costello
Coyne
Cummings
Danner
Davis (IL)
DeFazio
Delahunt
Dingell
Dixon
Edwards
Evans
Farr
Fattah
Filner
Gejdenson
Gutierrez
Hastings (FL)
Hinchey
Inslee
Jackson (IL)
Jefferson
Jones (OH)
Kaptur
Kildee
Kilpatrick
Kucinich
Lantos
Lee
Lewis (GA)
Lipinski
Lofgren
Luther
Markey
McDermott
McKinney
Meek (FL)
Meeks (NY)
Millender-McDonald
Miller, George
Mink
Oberstar
Obey
Owens
Payne
Pelosi
Phelps
Rivers
Roybal-Allard
Rush
Sanchez
Sanders
Schakowsky
Scott
Serrano
Slaughter
Taylor (MS)
Thurman
Tierney
Udall (NM)
Visclosky
Waters
Watt (NC)
Waxman
Woolsey
Wu

NOT VOTING—20

Bereuter
Crane
Dickey
Frank (MA)
Gephardt
Kanjorski
Kennedy
Larson
McInnis
Mollohan
Norwood
Paul
Rogan
Salmon
Scarborough
Shuster
Stark
Stearns
Taylor (NC)
Udall (CO)

□ 2125

Mr. GEJDENSON and Mr. FATTAH changed their vote from ''aye'' to ''no.''

Mr. HILLIARD changed his vote from ''no'' to ''aye.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 2130

Mr. LEACH. Madam Speaker, pursuant to House Resolution 355, I call up the conference report to accompany the Senate bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and for other financial service providers, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore (Mrs. EMERSON). Pursuant to House Resolution 355, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Tuesday, November 2, 1999, at page H11255.)

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE) each will control 30 minutes.

Mr. DINGELL. I rise to inquire, Madam Speaker, if my good friend, the gentleman from New York (Mr. LAFALCE) or the gentleman from Minnesota (Mr. VENTO), who is claiming time in opposition to the bill is in fact opposed to the bill.

The SPEAKER pro tempore. Is the gentleman from New York (Mr. LAFALCE) in favor of the conference report?

Mr. LAFALCE. I am strongly in favor of the conference report.

The SPEAKER pro tempore. For that reason, pursuant to clause 8(d)(2) of rule XXII, the gentleman from Iowa (Mr. LEACH), the gentleman from New York (Mr. LAFALCE), and the gentleman from Michigan (Mr. DINGELL) each will control 20 minutes.

Mr. DINGELL. Madam Speaker, I rise to claim time in opposition to the legislation.

The SPEAKER pro tempore. The Chair will recognize the gentleman from Michigan (Mr. DINGELL) for 20 minutes as part of the debate.

The Chair recognizes the gentleman from Iowa (Mr. LEACH).

Mr. LEACH. Madam Speaker, I ask unanimous consent to divide the time that I have been authorized in half and share it with the gentleman from Virginia (Mr. BLILEY), the distinguished chairman of the Committee on Commerce.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. LEACH. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, yes, this is a historic day. If the House follows the Senate lead where on a 90 to 8 vote this conference report was adopted earlier today, the landscape for delivery of financial services will shift. American commerce will be made more competitive, and the American consumer will be better served.

Under current law, financial institutions, banks, insurance companies, securities firms, are constrained in market niches. Under the new legislative framework, each industry will be allowed to compete head to head with a complete range of products and services.

Over the decades, modernization approaches have been offered many times in many ways. The particular approach taken by the committees of jurisdiction is one based upon the following premises: 1, that no parts of America, whether an inner city or rural hamlet, should be denied access to credit; 2, that in a free market economy, expanding competition and finance should increase consumer access to a wider variety of products at the most affordable prices; 3, that while competition should be opened up in finance, the American model of separating commerce from banking should be maintained; 4, the privacy protections of American consumers should be expanded in unprecedented ways; 5, that the public protections contained in the prudential regulatory regime should be rationalized and made stronger; 6, that the international competitiveness of American firms should be bolstered.

These are the premises and the effects of this legislation. If there is an institutional tilt to the balanced approach taken in this bill, it is to and for smaller institutions. In a David and Goliath competitive world, this legislation is the community bankers' and independent insurance agents' slingshot. They and the customers they serve will be empowered to a greater extent than under the status quo or any alternative modernization approach.

Madam Speaker, I would simply conclude by expressing gratitude to all the participants in this process, particularly my friends, the gentleman from New York (Mr. LAFALCE) and the gentleman from Minnesota (Mr. VENTO), their Senate counterpart, PAUL SARBANES; the gentleman from Virginia (Mr. BLILEY) and the gentleman from Ohio (Mr. OXLEY) for their leadership in the Committee on Commerce, and the gentleman from Michigan (Mr. DINGELL) and the gentleman from Massachusetts (Mr. MARKEY) for their constructive dissent.

In the Committee on Banking and Financial Services, I am particularly grateful for the patience of so many Members, but I am obligated to cite in particular the wisdom and choice counsel of the vice chairman, the gentleman from Florida (Mr. MCCOLLUM), and an exceptionally strong team of advice the gentleman from Louisiana (Chairman BAKER), the gentlewoman from New Jersey (Mrs. ROUKEMA), the gentleman from Alabama (Mr. BACHUS), the gentlemen from New York (Mr. LAZIO and Mr. KING). To them I express great personal gratitude for help, and profound apologies where I have differed or could not help them.

As only Members understand, Congress has many dimensions, and this bill would not have been made possible without the input of a thoroughly professional staff. At the risk of oversight, let me thank on behalf of the House Tony Cole, Gary Parker, Laurie Schaffer, Jim Clinger, John Butler, John Land, Natalie Nguyen, Alison Watson, David Cavicke, Jeanne Roslanowick, and our counsels at the Legislative Counsel's office Jim Wert and Steve Cope.

I would also like to express appreciation for the contributions of Virgil Mattingly of the Federal Reserve, Harvey Goldschmidt of the SEC, Undersecretary Gensler of the Treasury, Jerry Hawke, our comptroller, and Donna Tanoue, chair of the FDIC.

Let me also make a comment about process. This bill has been led in the Senate by an extraordinarily strong chairman, PHIL GRAMM of Texas. While the House approach has differed somewhat with that of the Senate, the big picture is that the Senate acted decisively in a timely manner in legislation, the framework for which has been close to and is now identical with that offered this evening to the House. Each side has moved to the other, and the end product is overwhelmingly in the public interest.

It has been my view from the beginning of consideration of financial reform several Congresses back that few legislative efforts require more bipartisan and biinstitutional cooperation than this one. The need for a cooperative approach has become more self-evident as issues of the day have become more personalized and partisan.

In this light, I would like to thank the minority as well as the majority leadership of the House, Secretary Summers as well as Chairman Greenspan and Chairman Levitt, for their profound contributions to this legislation. It is truly bipartisan, supported by the executive branch and the Federal Reserve.

Madam Speaker, the legislation before the House is historic win-win-win legislation, updating America's financial services system for the 21st Century.

It's a win for consumers who will benefit from more convenient and less expensive financial services, from major consumer protection provisions and from the strongest privacy protections ever considered by the Congress.

It's a win for the American economy by modernizing the financial services industry and saving an estimated $18 billion annually in unnecessary costs.

And, it's a win for America's competitive position internationally by allowing U.S. companies to compete more effectively for business around the world and create more financial services jobs for Americans.

It would be an understatement to say that this has not been an easy, nor a quickly-produced piece of legislation to bring before the House.

For many of the 66 years since the Congress enacted the Glass-Steagall Act in 1933 to separate commercial banking from investment banking, there have been proposals to repeal the act. The Senate has thrice passed repeal legislation and last year the House approved the 105th Congress version of H.R. 10.

The bill before us today is the result of months and months of tough negotiation and compromise: among different congressional committees, different political parties, different industrial groupings and different regulators. No single individual or group got all—or even most—of what it wanted. Equity and the public interest have prevailed.

It should be remembered that while the work of Congress inevitably involves adjudicating regulatory turf battles or refereeing industrial groups fighting for their piece of the pie, the principal work of Congress is the work of the people—to ensure that citizens have access to the widest range of products at the lowest possible price; that taxpayers are not put at risk; that large institutions are able to compete against their larger international rivals; and that small institutions can compete effectively against big ones.

We address this legislation in the shadow of major, ongoing changes in the financial services sector, largely the result of technological innovations and decisions by the courts and regulators, who have stepped forward in place of Congress. Many of us have concern about certain trends in finance. Whether one likes or dislikes what is happening in the marketplace, the key is to ensure that there is fair competition among industry groups and protection for consumers. In this regard, this bill provides for functional regulation with state and federal bank regulators overseeing banking activities, state and federal securities regulators governing securities activities and the state insurance commissioners looking over the operations of insurance companies and sales.

The benefits to consumers in this bill cannot be stressed more. First, they will gain in improved convenience. This bill allows for one-stop shopping for financial services with banking, insurance and securities activities being available under one roof.

Second, consumers will benefit from increased competition and the price advantages that competition produces.

Third, there are increased protections on insurance and securities sales and a required disclosure on ATM machines and screens of bank fees.

Fourth, the Federal Home Loan Bank reform provisions expand the availability of credit to farmers and small businesses.

Fifth, the bill also contains important consumer privacy protections.

Among other things, the bill:

1. Bars financial institutions—including banks, savings and loans, credit unions, securities firms and insurance companies—from disclosing customer account numbers or access codes to unaffiliated third parties for telemarketing or other direct marketing purposes.

2. Enables customers of financial institutions, for the first time, to "opt out" of having their personal financial information shared with unaffiliated third parties, subject to certain exceptions related largely to the processing of customer transactions. A financial institution would be permitted to share information with an unaffiliated third party to perform services or functions on behalf of the financial institution and to enter into certain joint marketing arrangements for financial products or services, as long as the institution fully discloses such activity to its customers and enters into a contractual agreement requiring the third party to maintain the confidentiality of any such information.

3. Requires all financial institutions to disclose annually to all customers, in clear and conspicuous terms, its policies and procedures for protecting customers' nonpublic personal information, including its policies and practices regarding the disclosure of information to both non-affiliated third parties and affiliated entities.

4. Directs relevant Federal and State regulators to establish comprehensive standards for ensuring the security and confidentiality of consumers' personal information maintained by financial institutions, and to protect against unauthorized access to or use of such information.

5. Accords supremacy to State laws that give consumers greater privacy protections than the provisions in the Act.

6. Makes it a federal crime, punishable by up to five years in prison, to obtain or attempt to obtain private customer financial information through fraudulent or deceptive means. Such means could include misrepresenting the identity of the person requesting the information or otherwise tricking an institution or customer into making unwitting disclosures of such information.

In terms of enforcement, the Act subjects financial institutions that violate the new consumer privacy protections to a wide range of possible sanctions, including: Termination of FDIC insurance; implementation of Cease and Desist Orders barring policies or practices deemed violations of the Act's privacy provisions; removal of institution-affiliated parties, including bank directors and officers, from their positions, and permanent exclusion of such parties from further employment in the banking industry; and civil money penalties of up to $1,000,000 for an individual or the lesser of $1,000,000 or 1% of the total assets of the financial institution.

The other major beneficiaries of this legislation are America's small community financial institutions. In this regard, I'd like to emphasize the philosophic underpinnings of this legislation. Americans have long held concerns about bigness in the economy. As we have seen in other countries, concentration of economic power does not automatically lead to increased competition, innovation or customer service.

But the solution to the problem of concentration of economic power is to empower our smaller financial institutions to compete against large institutions, combining the new powers granted in this legislation with their personal service and local knowledge in order to maintain and increase their market share.

For many communities, retaining their local, independent bank depends upon granting that bank the power to compete against mega-giants which are being formed under the current regulatory and legal framework.

The conference report provides community banks with the tools to compete, not only against large mega-banks but also against new technologies such as Internet banking. Banks which stick with offering the same old accounts and services in the same old ways will find their viability threatened. Those that innovate and adapt under the provisions of this bill will be extraordinarily well positioned to grow and serve their customer base.

Large financial institutions can already offer a variety of services. But community banks are usually not large enough to utilize legal loopholes like Section 20 affiliates or the creation of a unitary thrift holding company to which large financial institutions—commercial as well as financial—have turned.

One of the most controversial provisions prohibits commercial entities from establishing thrifts in the future and allows for those commercially owned thrifts currently in existence to be sold only within the financial community, the same rules which apply to banks.

The reason this restriction on commerce and banking is being expanded is several fold. First, savings associations that once were exclusively devoted to providing housing loans, have become more like banks, devoting more of their assets to consumer and commercial loans. Hence, the appropriateness for comparability between the commercial bank and thrift charter is self-evident.

Second, this provision must be viewed in light of the history of past legislative efforts affecting the banking and thrift industries. The S&L industry has tapped the U.S Treasury for $140 billion to clean up the 1980s S&L crisis. In 1996, savings associations received a multibillion dollar tax break to facilitate their conversion to a bank charter. Also, in 1996, the S&Ls tapped the banking industry for $6 to $7 billion to help pay over the next 30 years for their FICO obligations, that part or the S&L bailout costs that remained with the thrift industry.

During this time period, Congress has liberalized the qualified thrift lender test and the restrictions on the Federal savings association charter. These legislative changes are in addition to the numerous advantages that the industry has historically enjoyed, such as the broad preemption rights over state laws and more liberal branching laws.

The conference report continues the Congressional grant of benefits to the thrift industry by repealing the SAIF special reserve, providing voluntary membership by Federal savings associations in the Federal Home Loan Bank System, allowing state thrifts to keep the term "Federal" in their names, and allowing mutual S&L holding companies to engage in the same activities as stock S&L holding companies.

Opponents of this provision correctly argue that commercial companies that have acquired thrifts (so-called unitary thrift holding companies) before and after the S&L debacles of the 1980s have not, for the most part, caused taxpayer losses. However, the Federal deposit insurance fund that was bailed out by the taxpayers covered the entire thrift industry including the unitary thrift holding companies, and the $6 to $7 billion of thrift industry liabilities that were transferred to the commercial banking industry benefited unitaries as well as other S&Ls. The transfer was made with the understanding that sharing liabilities would be matched by ending special provisions for the S&L industry and that comparable regulation would ensue.

The bill benefits smaller, community banks and the customers they serve in the following additional ways:

1. *Federal Home Loan Bank System reforms.* The FHLB charter is broadened to allow community banks to borrow for small business and family farm lending. The implications of this FHL 8 mission expansion are extraordinary. In rural areas, it allows, for the first time, community banks to have access to long-term capital comparable to the Farm Credit System, which like the Federal Home Loan Bank System is empowered as a Government Sponsored Enterprise to tap national credit markets at near Treasury rates. The bill thus creates greater competitive equity between community banks and the Farm Credit System and greater credit cost savings for farmers. With regard to the small business provision, the same principle applies. If larger financial institutions choose to emphasize relationships with larger corporate and individual customers, the ability of community banks to pledge small business loans as collateral for FHLB System advances will allow them to serve comprehensively a small business and middle class family market niche. Most importantly, if the present trend continues of American savers putting less money in banks and more in non-insured deposit accounts, such as money-market mutual funds, this FHLB reform assures community banks the liquidity—at competitive costs—they will need for generations to come.

2. Additional Powers. In recent years, sophisticated money-center banks have developed powers, under Federal Reserve and OCC rulings, that have allowed them to offer products which community banks in many states are frequently precluded from offering. This bill allows community banks all the powers as a matter of right that larger institutions have accumulated on an ad hoc basis. In addition, community banks for the first time are authorized to underwrite municipal revenue bonds.

3. Regulatory relief. The legislation provides modest regulatory relief for banks with assets under $250 million. Those with an "outstanding" Community Reinvestment Act rating will be examined for compliance only every five years, while those with a "satisfactory" rating will be reviewed every four years.

4. Special provisions. For a bill of this magnitude, there are surprisingly few special interest provisions. The Congress held the line to assure that breaches of imprudent regulation were not provided to specific institutions, therefore protecting the deposit insurance fund, to which community banks disproportionately provide resources, and the public, which is the last contingency backup.

5. Prohibition on deposit production offices. The legislation expands the prohibition on deposit production offices contained in the Reigle-Neal Interstate bill to include all branches of an out-of-state bank holding company. This prohibition ensures that large multistate bank holding companies do not take deposits from communities without making loans within them.

6. Competition. The powers under the Act will provide community banks a credible basis to compete with financial institutions of any size or any specialty and, in addition, to offer, in similar ways, services that new entrants into financial markets, such as Internet or computer software companies, may originate.

In a competitive world in which consolidation has been the hallmark of the past decade, the framework of this bill assures that community banks have the tools to remain competitive. If larger institutional arrangements ever become consumer-unfriendly or geographically-concentrated in their product offerings, the powers reserved for community banks will ensure their competitive viability and, where needed, incentivize the establishment of new community-based institutions.

What the new flexibility provided community banks means is that consumers and small businesses in the most rural parts of America will be provided access to the most up-to-date, sophisticated financial products in the world, delivered by people they know and trust. Without financial modernization legislation, the trend towards commerce and banking, as well as more faceless interstate banking, will be unstoppable. Community based institutions need to be able to compete with larger institutions on equal terms or growth and economic stability in rural America will be jeopardized.

Several other sections of the legislation also deserve comment:

COMPLEMENTARY ACTIVITIES

The Act permits the Federal Reserve Board to allow financial holding companies to engage in activities that, while not financial in nature or incidental to financial activities, are complementary to financial activities. The Act provides that this authority be exercised on a case-by-case basis under the application procedure currently applicable under the Bank Holding Company Act to nonbanking proposals by bank holding companies. This procedure requires the Board to consider whether the public benefits of allowing the financial holding company to conduct the proposed complementary activity outweigh potential adverse effects. This would require the Board to consider whether the proposal is consistent with the purposes of the Bank Holding Company Act. It is expected that complementary activities would not be significant relative to the overall financial activities of the organization.

FOREIGN BANKS

For foreign banks that wish to be treated as financial holding companies, Section 103 requires that the Federal Reserve Board establish capital and management standards comparable to those required for U.S. organizations, giving due regard to national treatment and equality of competitive opportunity. The purpose of the provision is to ensure that foreign banks continue to be provided national treatment, receiving neither advantages nor disadvantages as compared with U.S. organizations. Accordingly, foreign banks that meet comparable standards are entitled to the full benefits of the Act.

The Act eliminates the application process for financial holding companies that meet the new criteria relating to capital and management. This is an important provision; it enhances efficiency and reduces regulatory burden but it also has certain consequences. One is that the Federal Reserve Board no longer has an application process through which to determine adherence by foreign banks to capital and management standards. Foreign banks operate in different home country regulatory environments, with differing accounting and reporting standards. In the past, the Board has used the applications process to assess the capital levels of individual banks seeking to expand their operations in the United States to ensure the equivalency of their capital to that required to U.S. banking organizations. Section 103 is intended to give the Board the ability to set comparable standards and establish a process for determining a foreign bank's adherence to those standards before the bank may take advantage of the Act's provisions. Such a determination could be accomplished in a pre-clearance evaluation conducted in connection with the foreign bank's certification to be treated as a financial holding company and thereby attain the benefits of the new powers.

MERCHANT BANKING

One important provision of the Act is that it would authorize financial holding companies to engage in merchant banking activities but subject to a number of prudential limitations. For example, the Act would permit a financial holding company to engage in merchant banking only if the company has a securities affiliate, or a registered investment adviser that performs these functions for an affiliate insurance company. In addition, the Act allows a financial holdings company to retain a merchant banking investment for a period of time to enable the sale or disposition on a reasonable basis and generally prohibits the company from routinely managing or operating a nonfinancial company held as a merchant banking investment.

Importantly, the Act also gives the Federal Reserve and the Treasury the authority to jointly develop implementing regulations on merchant banking activities that they deem appropriate to further the purposes and prevent evasions of the Act and the Bank Holding Company Act. Under the authority, the Federal Reserve and Treasury may define relevant terms and impose such limitations as they deem appropriate to ensure that this new authority does not foster conflicts of interest or undermine the safety and soundness of depository institutions or the Act's general prohibitions on the mixing of banking and commerce.

SECURITIES ACTIVITIES OF FINANCIAL HOLDING COMPANIES

Currently, bank holding companies are generally prohibited from acquiring more than five percent of the voting stock or any company that conducts activities that are not closely related to banking. I would like to make clear that by permitting financial holding companies to engage in underwriting, dealing and market making. Congress intends that the five-percent limitation no longer applies to bona fide securities underwriting, dealing and market-making activities. In addition, voting securities held by a securities affiliate of a financial holding company in any underwriting, dealing or market-making capacity would not need to be aggregated with any shares that may be held by other affiliates of the financial holding company. This is necessary to allow bank-affiliated securities firms to conduct securities activities in the same manner and to the same extent as their nonbank affiliated competitors, which is one of the principal objectives of this legislation. I would also like to make clear that the elimination of the five-percent restriction is intended to apply to bona fide securities underwriting, dealing and market-making activities and not to permit financial holding companies and their affiliates to control non-financial firms in ways that are otherwise impermissible under this Act.

EFFECTIVE DATE FOR ENGAGING IN NEW ACTIVITIES

New Section 4(k)(4) of the Bank Holding Company Act, as added by Section 103 of the bill, explicitly authorizes bank holding companies that file the necessary certifications to engage in a laundry list of financial activities. These activities are permissible upon the effective date of the Act without further action by the regulators. However, refinements in rulemaking may be necessary and desirable going forward. For example, the Federal Reserve Board and the Treasury Department are specifically authorized to jointly issue rules on merchant banking activities. If the regulators determine that any such rulemaking is necessary, they should act expeditiously.

In closing, while the financial modernization legislation provides for increased competition in the delivery of financial products, it repudiates the Japanese industrial model and forestalls trends toward mixing commerce and banking. The signal breach of banking and commerce that exists in current law is plugged, which has the effect of both stopping the potential "keiretzuing" of the American economy and protecting the viability, and therefore the value, of community bank charters. At many stages in consideration of bank modernization legislation, powerful interest groups attempted to introduce legislative language which would have allowed large banks to merge with large industrial concerns—i.e., to provide that Chase could merge with General Motors or Bank of America with Amoco. Instead, this bill precludes this prospect and, indeed, blocks America's largest retail company from owning a federally insured institution, for which an application is pending.

To summarize, tonight this Congress will pass a bank modernization bill true to America's fundamental economic values: excessive conglomeration is deterred, consumer protections are enhanced, consumer choices are expanded, privacy protections are created for the first time under federal law, and the safety and soundness of the nation's financial system are maintained.

Madam Speaker, I reserve the balance of my time.

Mr. LAFALCE. Madam Speaker, I yield myself 3 minutes.

Madam Speaker, I rise in strong support of the conference report on S. 900 and H.R. 10.

Before I begin, let me simply say that I would like to associate myself with each and every remark of the distinguished chairman of the Committee on Banking and Financial Services, the gentleman from Iowa (Mr. LEACH). He gave thanks to a great many individuals. I want to especially join him in giving thanks to those same individuals.

There are a few other individuals, though, that I should mention, and that is, the fine staff, not only Jeanne Roslanowick but Tricia Haisten and Dean Sagar and Jaime Lizarraga, Patty Lord, Kirsten Johnson-Obey, and the fine Senate staff of Senator SARBANES, most especially Steve Harris and Marty Gruenberg and Patience Singleton.

Also, I want to single out, this has been a bipartisan effort from within the Committee on Banking and Financial Services. The gentleman from Iowa (Mr. LEACH) the gentlewoman from New Jersey (Mrs. ROUKEMA), the gentleman from Minnesota (Mr. VENTO), myself, we would not have gotten here unless, when I was working with the administration and introducing a bill to the administration, who said they could support H.R. 665, two Republicans had not joined with me immediately in support of the administration's effort. That is the chairman of the Committee on Rules, the gentleman from California (Mr. DREIER) and the chairman of the Subcommittee on Capital Markets, Securities and Government Sponsored Enterprises, the gentleman from Louisiana (Mr. BAKER). They helped make this truly a bipartisan product.

Let us not kid ourselves, a lot of spin is being put on what has gone on. But this is largely the House product that we are witnessing today in the conference report, because the conference report, like the initial House bill, strengthens the national bank charter, contains strong CRA and privacy provisions, and that is why the administration is able to strongly endorse and support this bill.

Like the House product, the conference report before us ensures that banks have a choice of corporate governance. For the first time, we prohibit a depository institution from engaging in nonbank activities unless it has and maintains on an ongoing basis at least a satisfactory CRA rating. The Senate bill had no such provision. The Senate bill had no such provision with respect to corporate choice.

We include the strong privacy provisions that passed this House 427 to 1, except we strengthen those provisions by expanding the disclosure requirements and ensuring that stronger State privacy laws are protected. The Senate bill had no privacy provisions. The House bill that passed the previous Congress, with a number of those individuals dissenting from today's bill, they voted for the last Congress' bill with no privacy protections whatsoever.

The conference report before us does not contain a small bank exemption from CRA at all. The Senate bill did. We got them to cave on that.

I could go on and on and on, but my time has expired. Later, Madam Speaker, I would like to engage in a colloquy with the gentleman.

Mr. DINGELL. Madam Speaker, I yield myself 3 minutes.

GENERAL LEAVE

Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this measure.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DINGELL. Madam Speaker, I rise in strong opposition to this bill. It recognizes technological and regulatory changes that have blurred the lines between industries and products. However, it fails to recognize that human nature has not changed.

It also fails to recognize something else. The technology that has changed has made it much easier to take money from the innocent and from the unsuspecting. It relaxes protection for investors, taxpayers, depositors, and consumers.

Let us talk about what is wrong with the legislation. First, it facilitates affiliations between banks, brokerages, and insurance companies, and facilitates the creation of institutions too big to fail.

It does not reform deposit insurance or antitrust implementation and enforcement. Woe to the American people when they have to pick up the tag for one of the failures that is going to occur when competition disappears and prices shoot up and misbehavior or unwise behavior takes place.

It also authorizes banks' direct operating subsidiaries to engage in risky new principle activities, like securities underwriting, and in 5 years, merchant banking. The flimsy limitations and firewalls here will not hold back the contagion and misfortune that follows the foolishness in not reforming deposit insurance, thus creating enormous risk to taxpayers and depositors.

Second, the privacy provisions in S. 900 are at best a sham. The gentleman from Massachusetts (Mr. MARKEY) and other colleagues will set forth at length the points that need to be made on this matter. I associate myself with their remarks.

It should be noted, as a third point, that this bill undermines the Community Reinvestment Act. Many of my colleagues will speak to this point more eloquently than I. I wish to associate myself with their remarks.

Fourth, it undermines the separation of banking and commerce. Title IV closes the unitary thrift loophole by barring future ownership of thrifts by commercial concerns, but some 800 firms are grandfathered and can engage in any commercial activity, even if they are not so engaged on the grandfather date.

Moreover, Title I allows new financial holding companies, which incorporate commercial banks, to engage in any complementary activities to financial activities determined by the Federal Reserve. Any S&L holding company, whether or not grandfathered, can engage in activities determined to be complementary for financial holding companies.

S. 900 clearly ignores the warning that Secretary Rubin gave to Congress in May: ''We have serious concerns about mixing banking and commercial activities under any circumstances, and these concerns are heightened as we reflect on the financial crisis that has affected so many countries around the world for the past 2 years.''

Fifth, the conference agreement would let banks evaluate and process health and other insurance claims without having to comply with State consumer protections. This means banks, of all people, will make important medical benefit decisions that patients and doctors should make.

According to the National Association of Insurance Commissioners, S. 900 would prevent up to 1,781 State insurance protection laws and regulations from being applied to banks that conduct insurance activities.

Sixth, it contains provisions with regard to the redomestication of mutual insurers that will have a devastating effect upon State regulation and upon the investors and insurance customers.

Madam Speaker, I include for the RECORD the following documents:

NATIONAL COMMUNITY REINVESTMENT COALITION,
November 1, 1999.

DEAR MEMBER OF CONGRESS: On behalf of our 700 member community organizations, the National Community Reinvestment Coalition (NCRC) urges you to vote against the Gramm-Leach-Bliley Financial Services Modernization Act of 1999. NCRC believes the Gramm-Leach-Bliley bill will undermine progress in neighborhood revitalization by chipping away at major provisions of CRA (Community Reinvestment Act). It also misses a vital opportunity to greatly expand access to credit and capital to America's working class and minority communities by modernizing CRA as Congress modernizes the financial services industry.

During the 1990's, a strengthened Community Reinvestment Act (CRA) has played a major role in increasing access to loans and investments for working class and minority communities. Federal Reserve Governor Edward Gramlich recently estimated that CRA-related home, small business, and economic development loans total $117 billion annually.

Contrary to what is being said, this bill will have a negative impact on CRA and the considerable progress of lending to low- and moderate-income communities made by our nation. By stretching out small bank CRA exams to five years for an ''Outstanding'' rating and four years for a ''Satisfactory'' rating, this bill will reduce the effectiveness of CRA as a tool in rural and small town America. Small banks (under $250 million in assets) will become adept at gaming the CRA process. They will relax their CRA lending in underserved communities for three or four years, and then hustle to make loans the last year before a ''twice in a decade'' CRA exam. The current practice of CRA exams occurring once every two years keeps small banks on their toes since they know that the next exam is just around the corner.

In addition, NCRC objects to the so-called ''sunshine'' provision of this legislation. While no one can argue with the concept of sunshine, the provisions in this bill provide no real sunshine and are aimed instead at chilling the First Amendment rights of advocates. By requiring special reporting requirements only of those groups which comment on applications and the CRA records of banks, this bill provides a disincentive for community groups to particpate in the CRA process. Additionally this bill prevents banking agencies from monitoring the level of loans and investments made under CRA agreements during CRA exams and merger applications. These provisions are bad public policy designed solely to restrict the ability of communities to demand accountability and continue reinvestment from their financial institutions.

NCRC understands the symbolic importance of the ''have and maintain'' CRA rating clause in this bill. We believe that the requirement that financial holding companies have at least a ''Satisfactory'' CRA rating in order to merge or engage in new non-banking financial activities is useful because it will give the industry even more incentive to avoid failing CRA ratings. On a practical level, however, this so-called ''extension of CRA'' is largely illusory. By not requiring applications and public comment periods when financial holding companies merge or engage in the new insurance, securities, and other non-banking activities, this bill eliminates the most effective tool communities have to insure the accountability of financial holding companies to their community.

We also hasten to point out that the ''have and maintain'' provision is unlikely to have any practical effect. Due to the bank regulators' rampant grade inflation, none of the largest holding companies that would most likely be affected by this clause have any depository institutions with a less than Satisfactory CRA rating. Satisfactory CRA ratings have become so automatic that recently the OCC granted a ''Satisfactory'' rating to a Mississippi institution and the Federal reserve approved a major merger of that institution at the same time that the Department of Justice was in the process of finding that the bank was in violation of the nation's fair lending laws.

Meanwhile, the most important issues confronting the continued progress of reinvestment are not addressed by this legislation. Because of the current link of CRA to depository institutions, some holding companies whose depository institutions are covered by CRA are simultaneously engaging in predatory, subprime lending through affiliates not covered by CRA. Other non-depository affiliates that will be making considerable number of loans will simply overlook low- and moderate-income communities. The financial modernization bill misses an important opportunity to extend CRA and fair lending laws to non-depository affiliates of holding companies that make significant amounts of loans.

The explosion of internet banking is muddling the significance of what are called ''service areas'' in the Community Reinvestment Act. A large institution which takes deposits and makes loans throughout the nation can nonetheless restrict its ''service area'' to one small locale if it operates without the traditional bricks and mortar branch structure. These and other fundamental issues relating to the updating and modernizing of CRA should have been dealt with in a financial modernization bill and were not.

Finally, we want to be sure that you are clearly aware that the vast majority of community groups do not support this bill despite claims to the contrary. While we know of one high profile group that has endorsed this bill, we are unaware of any others. Almost all of our members, who represent the heart of the community reinvestment industry in this country, have been expressing their profound disappointment in this legislation.

Millions of low- and moderate-income and minority individuals and families have become homeowners and small business owners because of a strong Community Reinvestment Act. We urge you to vote against this bill because of its failure to adequately update and protect CRA. Attached please find a list of NCRC's 700 community organization and local public agency members organized by state.

Sincerely,

JOHN TAYLOR,
President and CEO.

NATIONAL COMMUNITY
REINVESTMENT COALITION,
October 29, 1999.

Hon. WILLIAM JEFFERSON CLINTON,
President of the United States of America, The White House, Washington, DC.

DEAR MR. PRESIDENT: On behalf of our 700 member community organizations, the National Community Reinvestment Coalition (NCRC) respectfully urges you to veto the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 when it comes before you. We appreciate this Administration's strong commitment to the Community Reinvestment Act. The development of the new CRA regulations early in your Administration and the Department of Justice's focus on fair lending issues has made a significant difference in the ability of residents of low- and moderate-income communities to gain access to credit. We also appreciate your Administration's commitment to fighting off the most anti-CRA aspects of the Senate version of financial modernization.

We believe the Gramm-Leach-Bliley bill as proposed will undermine progress in reinvestment and misses a vital opportunity to greatly expand access to credit and capital to America's traditionally undeserved communities. NCRC thought that the financial modernization bill offered an ideal opportunity for this Administration to put its stamp on the evolution of the financial services industry by updating and modernizing CRA so that it would continue to be relevant to the evolving financial services industry in the 21st century. Unfortunately, the bill that is about to be passed fails to do that in any significant way, while at the same time chipping away major provisions of the current law.

NCRC understands the symbolic importance of the ''have and maintain'' CRA rating clause in this bill. We believe that the requirement that financial holding companies have at least a ''Satisfactory'' CRA rating in order to merge or engage in new activities is useful because it will give the industry even more incentive to avoid failing CRA ratings. On a practical level, however, this so-called ''extension of CRA'' is largely illusory. By not requiring applications and public comment periods when financial holding companies merge or engage in these new activities, this bill eliminates the most effective tool communities have to insure the accountability of financial institutions to their community.

We also hasten to point out that the ''have and maintain'' provision is unlikely to have any practical effect. Due to the bank regulators' rampant grade inflation, none of the largest holding companies that would most likely be affected by this clause have any depository institutions with a less than Satisfactory CRA rating. Satisfactory CRA ratings have become so automatic that recently the OCC granted a ''Satisfactory'' rating to a Mississippi institution and the Federal Reserve approved a major merger of that institution at the same time that the Department of Justice was in the process of finding that the bank was in violation of the nation's fair lending laws.

Also we would note that contrary to what is being said, this bill does have a negative impact on current CRA law. By stretching out small bank CRA ratings to five years for an ''Outstanding'' rating and four years for a ''Satisfactory'' rating this bill will reduce the effectiveness of CRA as a tool in rural America. Earlier in your Administration, these institutions were already given a greatly simplified CRA evaluation system that addressed the regulatory relief concerns of small banks. The extension of the examination cycle only serves to make CRA more difficult to enforce for small banks

We also object to the so-called ''sunshine'' provisions of this law. While no one can argue with the concept of sunshine, the provisions in this bill provide no real sunshine and are aimed instead at chilling the First Amendment rights of advocates. By requiring special reporting requirements only of those groups which comment on applications and the CRA records of banks, this bill provides a disincentive for community groups to participate in the CRA process. Additionally this bill prevents banking agencies from monitoring the level of loans and investments made under CRA agreements during CRA exams and merger applications. These provisions are bad public policy designed solely to restrict the ability of communities to demand accountability from their financial institutions.

Meanwhile the most important issues facing the reinvestment community remain unaddressed by this legislation. Because of the current link of CRA to depository institutions, some holding companies whose depository institutions are covered by CRA are simultaneously engaging in predatory, subprime lending through affiliates not covered by CRA. Other non-depository affiliates that will be making considerable number of loans will simply overlook low- and moderate-income communities. The financial modernization bill missed an important opportunity to extend CRA and fair lending laws to non-depository affiliates of holding companies that make significant amounts of loans.

The explosion of internet banking is muddling the significance of what are called ''services areas'' in the Community Reinvestment Act. A large institution which takes deposits and makes loans throughout the nation can nonetheless restrict its ''service area'' to one small locale if it operates without the traditional bricks and mortar branch structure. These and other fundamental issues relating to the updating and modernization of CRA should have been dealt with in a financial modernization bill and were not.

Finally we want to be sure that you are clearly aware that the vast majority of community groups do not support this bill for the reasons we have outlined above. We have heard some members of this Administration making the claim that ''community groups support this bill.'' While we know of two high profile groups that have endorsed this bill, we are unaware of any others. Almost all of our members, who represent the heart of the community reinvestment industry in this country, have been expressing their disappointment in this bill.

Millions of low- and moderate-income and minority individuals and families have become homeowners because of the strong economy and because of your Administration's commitment to improving the access to credit and capital for Americans of modest means. We urge you to continue to strengthen that commitment by vetoing this bill because of its failure to adequately strengthen and protect CRA. As always we stand ready to work with you to continue to improve the Community Reinvestment Act.

Sincerely,

JOHN TAYLOR,
President and CEO.

NATIONAL CONFERENCE OF STATE LEGISLATURES, NATIONAL CONFERENCE OF INSURANCE LEGISLATORS,
October 28, 1999.

DEAR REPRESENTATIVES: We write today to express our opposition to the Conference Committee Report on the Gramm-Leach-Bliley Financial Modernization Act. We are dismayed at the inclusion in the legislation of Subtitle B, the Redomestication of Mutual Insurers. We submit that Subtitle B is not in the public interest, rather it is anti-consumer. This provision would circumvent well-designed and thought-out state policy regarding the redomestication of mutual insurance companies. Subtitle B has little to do with financial services modernization. Rather it serves to undermine state law, which seeks to protect our constituents for the benefit of a few. Gramm-Leach-Bliley could place as many as 35 million policyholders, many of your constituents, at risk of losing $94.7 billion in equity. Should this occur, it would amount to a Congressionally approved takings of consumers' personal property.

Subtitle B would allow mutual insurers domiciled in states whose legislatures have elected not to allow mutual insurers to form mutual holding companies to escape that legislative determination. It would allow mutual insurers to move simply because a state, through its duly elected legislative branch of government, has determined that formation of mutual holding companies is not in the best interest of the state or its mutual insurance policyholders who are, after all, the owners of the company. Gramm-Leach-Bliley will preempt the anti-demutualization laws in 30 states: Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Maine, Maryland, Michigan, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oklahoma, South Dakota, Tennessee, Utah, Virginia, Washington, West Virginia, and Wyoming.

We support the overall intent of S. 900/H.R. 10, which is to modernize financial services regulation and to make the U.S. financial services industry competitive with its overseas counterparts. However, not one supporter of redomestication has come forward to prove that the Subtitle B is indeed vital to financial services modernization or even to defend its inclusion in the legislation. There were no hearings on this Subtitle by any of the House or Senate Committees. Subtitle B was added to H.R. 19 by attaching it to an amendment on domestic violence because such an onerous provision could not stand-alone.

The National Conference of State Legislatures is the bipartisan national organization representing every state legislator and the National Conference of Insurance Legislators is the national conference of state legislators who are involved in the regulation of the business of insurance within their respective states. Both of our organizations have unanimously adopted resolutions opposing Subtitle B and supporting its deletion from any financial services modernization legislation.

On behalf of our colleagues across the country and especially our millions of constituents who will wonder why Congress gave away their hard-earned equity, we respectfully ask you vote NO on Gramm-Leach-Bliley.

We thank you for your consideration.

Very truly yours,

DAVID COUNTS,
Texas, NCOIL President.
JOANNE EMMONS,
Michigan, Chair, NCSL Commerce & Communications Committee.

To see how policyholders in your State would fare if the Gramm-Leach-Bliley Financial Modernization Act is approved with subtitle B of title III, Redomestication of Mutual Insurers, included look below:

According to the Center for Insurance Research, if all the major mutual life insurers took advantage of the provisions in Subtitle B of Gramm-Leach the equity loss to consumers in each state:

State	Number of policies in State	Policyholder equity/equity per policy
Alabama	247,666	$449,895,848/$1,817
Alaska	48,208	$98,061,387/$2,034
Arizona	48,208	$98,061,387/$2,034
Arkansas	116,906	$207,701,616/$1,777
California	2,713,352	$4,960,251,308/$1,828
Colorado	758,110	$1,307,009,088/$1,724
Connecticut	739,154	$1,176,333,479/$1,591
Delaware	326,315	$549,292,374/$1,683
District of Columbia	239,447	$408,029,322/$1,704
Florida	1,164,719	$2,121,274,692/$1,821
Georgia	636,580	$1,179,107,023/$1,852
Hawaii	96,275	$169,195,580/$1,757
Idaho	100,587	$193,715,897/$1,926
Illinois	2,397,312	$3,960,690,446/$1,652
Indiana	541,558	$962,599,522/$1,777
Iowa	431,090	$1,338,632,792/$3,105
Kansas	269,657	$470,714,158/$1,746
Kentucky	277,135	$480,640,500/$1,734
Louisiana	316,315	$591,448,499/$1,870
Maine	111,933	$192,199,433/$1,717
Maryland	636,883	$1,082,119,697/$1,699
Massachusetts	1,981,266	$3,261,185,133/$1,646
Michigan	1,110,156	$1,860,412,511/$1,676
Minnesota	588,441	$1,111,376,308/$1,889
Mississippi	139,868	$254,615,010/$1,820
Missouri	577,461	$1,095,410,874/$1,897
Montana	56,782	$115,774,249/$2,039
Nebraska	264,216	$699,369,591/$2,647
Nevada	111,221	$214,805,432/$1,931
New Hampshire	278,240	$489,566,776/$1,760
New Jersey	1,699,347	$2,728,633,207/$1,606
New Mexico	95,171	$174,583,939/$1,834
New York	5,880,112	$9,266,505,199/$1,576
North Carolina	794,164	$1,444,262,155/$1,819
North Dakota	59,880	$101,470,302/$1,695
Ohio	1,211,900	$2,003,778,838/$1,653
Oklahoma	207,112	$388,637,200/$1,876
Oregon	221,649	$469,571,008/$2,119
Pennsylvania	1,718,176	$2,833,890,186/$1,649
Rhode Island	155,127	$247,360,868/$1,595
South Carolina	299,696	$512,172,351/$1,709
South Dakota	76,699	$140,116,016/$1,827
Tennessee	435,647	$780,407,441/$1,791
Texas	1,364,196	$2,349,322,551/$1,722
Utah	127,730	$244,256,886/$1,912
Vermont	90,174	$139,448,870/$1,546
Virginia	621,314	$1,229,173,697/$1,978
Washington	371,381	$755,995,423/$2,036
West Virginia	136,532	$243,900,505/$1,786
Wisconsin	635,856	$1,194,889,155/$1,879
Wyoming	30,643	$63,201,358/$2,062

Note: This list is only for Life Mutuals, additional equity at risk for Health Mutuals and Property/Casualty Mutuals. Center for Insurance Research—617 367–1040.

The list above includes some states that may have passed demutualization legislation. However, the laws of the state of domicile of the mutual insurer apply to policyholders even in those states that have decided to permit demutualization.

□ 2145

Mr. BLILEY. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, since 1994 when the Republicans took control of Congress, we have passed telecommunications reform, securities litigation reform, Medicare reform, the Safe Drinking Water Act amendments of 1996, the Food Quality Protection Act of 1996, the Health Insurance Portability and Accountability Act, welfare reform, the Balanced Budget Act of 1997, Food and Drug Administration Modernization Act of 1997, and numerous other reform and modernization bills on behalf of the American people. These are just a few of the unprecedented number of pro-consumer, bipartisan laws that my committee worked on.

We now stand poised to add another significant reform to the top of the list.

Today we are about to achieve something that no Congress before us in the last 65 years has been able to accomplish, agreeing to comprehensive financial services modernization. For 65 years, beginning with the efforts of a gentleman from Virginia, Representative Carter Glass, Congress has struggled to reform and modernize the regulation of our financial services industry. Mr. Glass was unsuccessful, but his legacy continues.

Last term, we were told by every industry lobbyist and Washington trade associations that this bill was dead; that it could not be done; that Congress had neither the will nor the vision to overcome the special interests opposed to this legislation.

Whether out of ignorance or hardheadedness we continued to push forward, suffering the opposition at various points of almost every industry faction and interest, but we prevailed.

Two years ago our committee breathed life into this legislation by putting consumers first. Until then every special interest group had agreed in concept to a level playing field, but just with a slight tilt toward their industry.

The bill was full of regulatory arbitrage, allowing companies to shift money and activities to the place of least regulation and fewest consumer protections.

Our committee said no to these special interest lobbyists. We laid down the law that activities should be regulated with the same strong consumer protections and safeguards no matter where the activity takes place.

This is called functional regulation, and functional regulation means that everyone gets the same oversight, the same rules, with no special advantage towards any party. The lobbyists do not like it but it is common sense, and it is right. We then looked at the barriers and red tape that prevented companies from offering and competing in a wide variety of products for consumers. American jobs were being lost and consumers were paying too much for their financial services, because government was still imposing 65-year-old burdens and bureaucracy, created long before computers became commonplace and anyone even dreamed of the Information Age.

This bill removes those antiquated barriers and eliminates the bureaucratic red tape. It gets government off the back of business and enables them to compete for consumers worldwide in the markets of the 21st century. This is critical to keep our economy and American job opportunities the best in the world.

We then stood shoulder to shoulder together with our Democratic colleagues to demand that this bill must establish strong consumer protection for companies wishing to engage in new competitive opportunities. We established strict antidiscrimination provisions, requirements for banks to reinvest in their local communities, protections for victims of domestic violence and full protection of antitrust laws to ensure the safety and soundness of our monetary system.

These are critical protections for consumers that have waited far too long for congressional action.

Let us stop for a moment and think about the reforms that this Gramm-Leach-Bliley Act would achieve. We are creating the first-ever general financial privacy laws to protect the privacy of consumers' information. Current law provides almost no protection for the individual consumer to know how their private information is being shared or how to stop confidential information from being sold. This bill gives consumers privacy protections. It gives them the right to stop information from being sold to unaffiliated third parties and the knowledge to make a choice about where they want to do business.

These protections are all improvements over current law and represent a huge first step towards improving the privacy rights of consumers. To let this opportunity slip through our fingers would be doing a grave disservice to the American people.

This bill also sets forth a framework for new consumer protections for insurance, securities and banking functional regulation. For too long we have allowed unelected bureaucrats to fight over regulatory turf, losing sight of the consumer in the process. We have put an end to these turf battles and put the consumer back at the forefront of our agency's agenda. We also provide for flexible but comprehensive oversight of the financial services industry by a coordinated body of independent and administrative agencies.

We watched the global meltdown of the international financial markets and we heard the worries of the American people about strengthening our local markets against outside attacks. We cannot afford to have one single American left behind or put at risk because Congress did not have the courage to bring our financial services industry together under a modern regulatory system.

This bill does that, and I believe that this Congress does have the courage to make these reforms. We found the solutions to bring people together and we now stand ready to reinvigorate our financial services industry to give the American people the best financial services and protections in the world.

I want to commend my fellow chairmen, Chairman GRAMM and the gentleman from Iowa (Mr. LEACH); thanks to my good friend, the gentleman from Ohio (Mr. BOEHNER), whose good work last Congress put us on the green within putting distance, and most especially I want to thank and commend the gentleman from Ohio (Mr. OXLEY), the subcommittee chairman.

The gentleman from Ohio (Mr. OXLEY), who never gave up, who kept his shoulder to the wheel throughout this entire process, he never let us succumb to the petty vagaries of politics. We would not have a bill without the gentleman from Ohio (Mr. OXLEY). So I again commend and thank him.

I want to thank all the staff that was involved in this effort. I especially thank my own staff, all five and a half of them, David Cavicke, Brian McCullough, Robert Gordon, Robert Simison and, of course, Linda Rich, with the help of little Peter MacGregor Rich.

I think the Members of this conference should be proud. We have shown the will to overcome every obstacle thrown in our way and to stand on the brink of accomplishing something great for our country.

Sixty-five years after Carter Glass from Virginia started the financial service modernization effort, we are finally fulfilling his vision for the American people. I urge support of the Gramm-Leach-Bliley Act and look forward to adding this legislation to the many achievements of this Congress.

Madam Speaker, I reserve the balance of my time.

Mr. LEACH. Madam Speaker, I yield 30 seconds to the gentleman from Florida (Mr. MCCOLLUM).

Mr. McCOLLUM. Madam Speaker, I rise in support of this most significant legislation. It will modernize and strengthen our banking system and assure the viability and availability of retail banking into the next century. It will provide consumer privacy in banking for the first time ever. It will make it easier for consumers to handle their banking and insurance and security matters and it will lower the cost to consumers for banking, insurance and securities products and services.

It is truly the most significant banking legislation of all the years I have served on the Committee on Banking and Financial Services. I strongly support it. I urge its adoption. I am proud to have worked with the gentleman from Iowa (Mr. LEACH) and the others to craft it and I hope it is adopted tonight.

Mr. LAFALCE. Madam Speaker, I yield myself such time as I may consume to engage in a colloquy with the chairman of the Committee on Banking and Financial Services, the gentleman from Iowa (Mr. LEACH).

Am I correct in stating that it is the intent of the conferees that the disclosure and reporting requirements contained in section 11 be interpreted narrowly so as to reduce the burden on parties regarding these disclosure and reporting requirements?

Mr. LEACH. Madam Speaker, will the gentleman yield?

Mr. LAFALCE. I yield to the gentleman from Iowa.

Mr. LEACH. Yes. There are two subsections that should be read together. One that calls for a listing of expenses and the other that stipulates regulations promulgated under this provision not establish undue regulatory burdens. While tensions exist between these two sections, the clear intent is for regulatory discretion in implementing the reporting requirements.

For instance, meal expenses and taxicab receipts are not contemplated as having to be reported under this new section. In addition, it is clear, as indicated in the conference report, that in the vast majority of cases groups may comply with the disclosure and reporting requirements through the filing of audited statements or tax returns.

Mr. LAFALCE. Well, that is very important. It is my understanding that the reporting requirement related to what information is to be included is intended to allow compliance by the filing of an annual financial statement or Federal income tax return. It is not the intent that this provision require a reporting of any particular expense but rather a listing of the categories of expenses, if any, required to be reported. Is that also the understanding of the gentleman?

Mr. LEACH. Yes, it is my understanding, and I understand as well that the gentleman may be inserting for the RECORD a further elaboration of this issue which reflects our mutual understanding of how this section is to be treated.

Mr. DINGELL. Madam Speaker, I yield 2 minutes to the distinguished gentlewoman from California (Ms. WATERS), a member of the Committee on Banking and Financial Services.

Ms. WATERS. Madam Speaker, serving on the Committee on Banking and Financial Services I understand and I understood for a long time that one day we would have a bill that would allow these entities to come together, banking and commercial interests, and merge. I knew that would happen, but I always knew that we could protect the consumers if we wanted to do that. What I am surprised about is the mean-spirited way in which we have undermined the Community Reinvestment Act.

There was no need to have CRA on the table except for one person, who does not like CRA, came into the conference committee, determined that he was going to weaken it and he did. These reporting requirements are unnecessary. They are simply there to intimidate. What other situation do we have where two private entities, with an agreement, have to report on it? No place, no place else but with CRA. I do not care what they say the intent is. CRA has been weakened.

The rural communities and the inner cities will feel the impact of it because the activists will go away. They will not be able to comply with these requirements. But that is not what is going to undo what we do here tonight. The poor people do not have the power. The activists could not stand up against the big banks. I knew that CitiCorps and Travelers would not undo their relationship. They would have had to undo it in two years if we did not have this law tonight because they acted on their own to come together and merge, but I knew they would win. Too big to fail.

What is going to undo what we do here tonight is the invasion of privacy of American citizens. What has been done is the opportunity has opened up for one conglomerate to know everything there is to be known about an individual and their family, everything from their medical, financial records, everything. We will pay a price for this. We have paid a price for mistakes in the past as we dealt with the S&Ls. This will be another one that we will regret.

Mr. BLILEY. Madam Speaker, I yield as much time as he may consume to the gentleman from Ohio (Mr. OXLEY), the chairman of the Subcommittee on Commerce, Justice, State and Judiciary.

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Ohio (Mr. OXLEY) has up to 3 minutes.

Mr. OXLEY. Madam Speaker, I rise in support of this historic legislation. We are replacing Glass-Steagall finally, after 65 years, with Gramm-Leach-Bliley, and everybody participated in this effort. There is a great deal of credit for a job well done. We have had the heart and the courage. A lot of people have doubted us because it took us a long time but we are here tonight to pass this bill.

It sets a standard, a strong standard, for consumer safeguards and establishes a strong regulatory foundation for financial services.

Let me mention a few highlights. This year in our committee I introduced the first ever comprehensive financial privacy protections for consumers. It was adopted by the full House and stronger provisions with the work of the gentlewoman from New Jersey (Mrs. ROUKEMA) and others in the House-Senate conference committee. Under current law, consumers have no ability whatsoever to find out how their personal financial information is being shared. This bill, for the first time, gives them that ability.

If we want strong consumer protections, particularly a right to privacy, vote for this legislation because to keep the status quo is to have no privacy protection whatsoever. It protects account numbers and access codes. It protects strong State privacy laws from being overridden, and that is very, very important.

I find it interesting that some Members, while recognizing that everything in this bill is an improvement over current law, still argue that we should not enact any protections, nothing at all, if we cannot load up the bill with every bell and whistle that they want. This is partly why this bill has been sabotaged in every effort in the last 65 years until this Congress demonstrated the leadership to move it forward.

The Gramm-Leach-Bliley Act affords real protections and safeguards for Americans that become law, not just empty words and political posturing. The privacy protections are only some of the many pro-consumer entitlements in the bill. Under current law, individual consumers have no statutory protections governing bank sales of insurance. This bill provides that protection.

□ 2200

Domestic violence. Protection against domestic violence discrimination. State insurance regulators now have equal standing to protect consumers when regulating. In fact, this bill establishes the consumers' right to functional regulation of all financial activities, which is the bedrock of this legislation, this functional regulation. I am proud that this bill does that.

This bill makes our system work, and it makes our financial system strong and safe and the envy of world.

I want to congratulate all of those who were involved in this effort, particularly the gentleman from Iowa (Chairman LEACH), the gentleman from Virginia (Chairman BLILEY) for their strong efforts in this regard.

Madam Speaker, I would be remiss at this time in not mentioning the hard work and dedication of a young man named Greg Koczanski, who was senior vice president of Citigroup, and many of my colleagues knew him, as we discuss this legislation that was so important to Greg.

As many of my colleagues know, Greg died in a tragic hiking accident earlier this year in Colorado. He was a devoted family man, an avid sportsman, and true professional in every sense.

I salute Greg for the time and energy he committed to the process of moving this bill forward. S. 900 bears the imprint of his hard work.

Madam Speaker, the gentleman from Massachusetts (Mr. MARKEY), a good friend of mine, always likened this bill to Sisyphus rolling that boulder up the hill, and he was doomed, doomed to have that boulder roll back on him and time and time again, doomed for eternity. I say to the gentleman from Massachusetts, no longer, no longer do I have to hear that speech in the Committee on Commerce or on the floor. For that reason and that reason alone, it is important that we pass this bill tonight.

Mr. LEACH. Madam Speaker, I yield 1 minute to the gentlewoman from New Jersey (Mrs. ROUKEMA), the distinguished chairman of the Subcommittee on Financial Institutions and Consumer Credit.

Mrs. ROUKEMA. Madam Speaker, I want to clarify the questions regarding the privacy title.

Section 503 requires financial institutions to provide customers with a copy of the financial institution's privacy policies and practices. These documents must be provided to customers at the time the customer establishes a relationship with the financial institution and not less than annually during the continuation of that relationship.

What about single-event transactions, as they are known, with a financial institution? What does section 503 require of financial institutions if the relationship with the customer is single-event transactions, like the purchase of teller's checks, money orders, or remote bill payments at businesses that do not have an ongoing relationship?

Madam Speaker, what would we do if these bill payments are done at businesses that do not have an ongoing relationship?

Mr. OXLEY. Madam Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. Yes, I will be pleased to yield to the gentleman from Ohio.

Mr. OXLEY. Madam Speaker, as we discussed, in single-event transactions such as the ones the gentlewoman from New Jersey mentioned, financial institutions must disclose to the customer their privacy policies and practices at the time the transaction is entered into. A customer relationship is created, but it is over in an extremely short amount of time. In these types of transactions, no continuing relationship between the financial institution and the customer is created. For this reason, the financial institution is not required to provide its privacy policies to such customers annually. That was clearly our intent.

Mrs. ROUKEMA. Madam Speaker, I appreciate that.

Mr. LEACH. Madam Speaker, if the gentlewoman will yield, I agree with the interpretation just expressed.

Mrs. ROUKEMA. Madam Speaker, I think this is very important for us to have on the record the interpretation of this legislation.

Mr. LAFALCE. Madam Speaker, I yield 1 minute to the gentleman from Texas (Mr. BENTSEN).

Mr. BENTSEN. Madam Speaker, let me first say I support this legislation, and I want to commend the chairman and the ranking member of the Committee on Banking and Financial Services for the work they have done and the staff for the work they have done.

Besides the financial and monetary policy reasons for doing this bill, I think there are some important facts we have to understand. I concur with the gentlewoman from California (Ms. WATERS) that CRA should not have been part of this legislation, but we have to understand the facts of it. It was part of the legislation. Because of this legislation, we have the stronger CRA language for businesses that want to get into other financial businesses. That is not in the current law.

We also have a stronger law as it relates to smaller institutions because, even though they get a longer interval before they have a CRA review, the bill is written in such a way that allows the regulator to go in if there is a material change. So I think CRA actually came out better.

The sunshine may be somewhat of a nuisance, but it was very narrowly tailored in the final stages of this bill.

With respect to privacy, the point has been made, and it cannot be denied, that the provisions in this bill would not exist without this bill. Consumers are better off by enacting these provisions. We will have to revisit privacy. Everyone knows it. But if we fail to pass this bill, consumers will be worse off as it relates to privacy.

Mr. DINGELL. Madam Speaker, I yield 2 minutes to the distinguished gentleman from Massachusetts (Mr. MARKEY), a member of the Committee on Commerce.

Mr. MARKEY. Madam Speaker, we are told how difficult it is, how complex it is to deal with all of these privacy issues. But when Citigroup is doing business in Germany, and the German laws say that every German citizen has the right to protect all their information, has the right to say, no, they do not want it shared, Citigroup gives every German citizen a contract protecting their information.

Now, they do not want to give that same contract to American citizens in their own country. Citigroup says no, we cannot do it in America. It is too complex.

Now, the American laws have figured out how to ensure one's tax returns do not get shared, how one's driver's license information does not get shared, one's video cassette rentals, one's cable TV viewing habits, one's telephone call records, the location of where one is when one is using one's cell phone.

Yes, we can pass laws for that. But the financial services industry says, it would really ruin our synergies if you made it necessary for us to protect your private information, your checks.

If one wrote a check for one's child's psychiatrist, for one's prostate cancer, for one's wife's breast cancer, no, one cannot protect that information. It is our product to sell to market.

There is only one thing that really exists here, Madam Speaker. One gets one notice, and one gets one notice only from these banks. Here is what one is going to get: Notice, you have no privacy.

They are going to be legally required to tell one one has no privacy. Commerce without a conscience. Profit before privacy. Can we not have a balance in this country?

William Shakespeare, 5 centuries ago: "Who steals my purse steals trash; 'tis something, nothing."

"'Twas mine, 'tis his, and has been slave to thousands."

But "he that filches from me my good name robs me of that which not enriches him, and makes me poor indeed."

Here, Madam Speaker, one's good name enriches the financial services industry and will make each family poor, indeed, as it is robbed, stolen, filched, and capitalized upon by the financial services industry in this country. Vote no on this bad bill.

Mr. LEACH. Madam Speaker, I yield 45 seconds to the distinguished gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Madam Speaker, I thank the distinguished gentleman from Iowa for yielding me the time.

Madam Speaker, I rise today in strong support for the passage of the Gramm-Leach-Bliley Financial Services Act of 1999. This conference report truly bridges the disagreements that have torn apart past efforts to update our financial services laws and brings our laws into the 21st century.

The true winner in this effort is the consumer. They win on two fronts: first with savings, and second through the greatest expansion of financial privacy.

Two provisions are especially noteworthy and will save consumers money. The NARAB provision will solve a difficult and costly multistate insurance licensing issue by creating a single higher national standard.

Another provision will allow banking firms to sell mutual funds to their customers without having to go through third-party distributors that do not provide any added value to the bank or customers.

This legislation is a true win-win for the American people, and I urge my colleagues on both sides of the aisle to join me in favor of the passage of this historic legislation.

This legislation has been decades in the making and I am pleased to have been part of the effort to make this legislation a reality. Of course, this would not have been possible without the excellent work of my chairman and his top notch staff who set the best example we can all strive for.

As for privacy, this legislation represents the greatest expansion of personal financial privacy in the history of American finance. Consumers will benefit from the mandatory disclosure by financial institutions of privacy policies and the consumer opt-out choices to prevent the sale of confidential information to unaffiliated third parties. This represents only two of the many positive privacy provisions.

I want to go into greater detail on the provisions of this legislation that will create NARAB—the National Association of Registered Agents and Brokers. This subtitle, which I authored, will streamline the insurance agent and broker licensing process.

Allow me to read something that demonstrates both the desire of state regulators to achieve the goal of establishing uniform or reciprocal licensing standards goal and the great impediments to its attainment:

> The Commissioners are now fully prepared to go before their various legislative committees with recommendations for a system of insurance law which shall be the same in all States—not reciprocal, but identical; not retaliatory, but uniform.

This statement expressing the desire for a more uniform insurance regulatory system was made by George W. Miller, the New York Insurance Commissioner who founded the National Association of Insurance Commissioner, at the close of the very first meeting of the NAIC in 1871. The NAIC has been working for almost 130 years to achieve some level of regulatory uniformity; NARAB will simply assist them in achieving what has proved to be a very elusive objective.

As advocated by the state insurance commissioners, state insurance regulation is preserved in this legislation. What NARAB does, though, is address one of the shortcomings of state regulation. Licensing laws are not only unnecessarily redundant; they all too often are protecionist—designed to protect in-state agents and brokers from out-of-state competition. The NARAB designed to protect in-state agents and brokers from out-of-state competition. The NARAB subtitle creates the incentive for states to change those out-of-date laws and regulations.

Now that this legislation stands at the brink of enactment, state insurance regulators must recognize that NARAB is the tool they need to make licensing less of a burden, and less of an add-on cost to consumers. Throughout the three-year debate on this provision, some state insurance commissioners argued that they're getting the job done on their own, and NARAB is unnecessary. Unfortunately, they've been saying that for 130 years. With NARAB's enactment into federal law, there is no choice but for state licensing laws to move into alignment with the broader modernization goals of this legislation.

Madam Speaker, it is an embarrassment that the separate nations of Europe have done more to harmonize their insurance licensing laws, compared to the separate states of America. NARAB will help change that.

The Gramm-Leach-Bliley Act is good for business and consumers in many ways. It's important to note, though, that many of the provisions of this legislation only bring the regulatory scheme into line with what's already happening in the marketplace. NARAB stands out as one of the key elements of this legislation that represent true modernization. I was pleased to author this element of the bill, and am grateful for the wide support it has enjoyed throughout this process.

Most of all, speaking as a moderate, I feel honored to have played a role in the enactment of important legislation that has had true bipartisan leadership. As it should be, this is a legislative product that should make us all proud.

Mr. LAFALCE. Madam Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Madam Speaker, I thank the gentleman from New York for yielding me the time.

Madam Speaker, for the last 4 years, there are probably few people in this body who have spent more time on this issue and on this bill than I have. I have read every bill and every draft from front to back over and over again and studied the provisions.

There are some problems with the bill that came out of the conference bill. In many respects, it is not as good a bill as the bill we passed out of the House. But for every problem in the bill, there are also some good things in the bill. So, on balance, I have decided that this is a bill that is worthy of support.

We should continue to work on the problems that exist with the bill. We should address those problems dealing with privacy, reporting under the CRA requirements, and other provisions that I think are lacking.

But on balance, we should vote for the bill, and, therefore, I rise in support of the bill.

Mr. LEACH. Madam Speaker, I yield 45 seconds to the gentlewoman from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. Madam Speaker, I rise in support of the conference report. Many of my colleagues have devoted a good part of their congressional careers to making this bill a reality.

As a freshman member of the Committee on Banking and Financial Services, I was privileged to work with them this year to provide a bipartisan bill that will modernize our Nation's banking, insurance, and security industries.

Two decades in the making, this bill will allow our Nation's financial institutions, security companies, and insurance industries to successfully compete in the global market.

I commend the House and the Senate conferees as well as the administration who were able to work together to approve this legislation. While it may be long overdue, I believe it will be well worth the wait.

I congratulate the gentleman from Iowa (Chairman LEACH), the gentleman from Virginia (Chairman BLILEY), and the gentleman from New York (Mr. LAFALCE), the ranking member.

I ask all my colleagues to vote for this historic measure, and I urge the President to sign it into law.

Mr. DINGELL. Madam Speaker, I yield 1½ minutes to the distinguished gentleman from Illinois (Mr. GUTIERREZ).

Mr. GUTIERREZ. Madam Speaker, I am a proponent of the Community Reinvestment Act, which is why I am going to vote against this conference report.

I am not pleased that S. 900 weakens the Community Reinvestment Act while strengthening banks' abilities to expand into insurance and securities business. I am not pleased that S. 900 sacrifices adequate consumer privacy for the sake of corporate interests.

S. 900 strays too far from acceptable CRA provisions originally in H.R. 10, which required banks to have a satisfactory CRA rating in order to affiliate with insurance and securities firms, and this is important. To maintain that affiliation, they must maintain their satisfactory CRA rating. Unfortunately, this maintenance provision has been stripped from the bill.

Sure, S. 900 requires banks to have a satisfactory CRA rating to expand into lines of business, but under this bill, once a bank's affiliating frenzy is over, once it gets as big as it wants by merging with securities and insurance firms, it is no longer required to maintain a satisfactory CRA rating.

On privacy, this bill gives banks the right to share all information about consumers with their affiliates. Personally, I do not necessarily want my bank information to be shared with anyone.

□ 2215

While S. 900 does give consumers the option to opt out of a bank's information-sharing arrangement with unaffiliated third parties, a consumer, I want America to understand this clearly, a consumer cannot opt out when the financial institution enters a joint marketing agreement with unaffiliated third parties.

This means that if my bank has an agreement with a telemarketer down the street, the bank can share my information and the information of all Americans with whichever financial institution. That should be shameful, Madam Speaker.

Mr. LAFALCE. Madam Speaker, I yield 2 minutes to the gentlewoman from Oregon (Ms. HOOLEY).

Ms. HOOLEY of Oregon. Madam Speaker, I want to thank the chairman of the Committee on Banking and Financial Services and the ranking member for the hard work they did on this bill and moving it through the process and never forgetting that the consumer came first.

Madam Speaker, with all the heated debate around the details of this bill, I fear that we have lost sight of what we are trying to do. We are, as the Washington Post recently pointed out, trying to reregulate the financial services industry today, not deregulate it. Banks already use loopholes and regulatory waivers to get their hands into new lines of businesses, supposedly barred by the old Glass-Steagall Act. While this bill gives banks, insurance companies, and security companies new powers, it also creates a sound, legal framework which addresses the actual condition of today's financial services marketplace.

For those of my colleagues that are concerned about consumer protection, understand that the most important thing we can do to protect consumers is to create a strong regulatory system that oversees financial services as they are today, not as they were, and the bill does that.

Why else have we worked so hard to create this bill? For four reasons: to create a more competitive financial services sector, to build a stronger economy, to create new opportunities for consumers, and to protect the consumer.

When this bill is passed, companies will be more internationally competitive, will operate more efficiently at home, and will provide a broad array of new services and products to the consumers, and provide for the first time privacy protection for the consumer.

As a conferee and a supporter of S. 900, I ask for my colleagues' yes vote today.

Mr. DINGELL. Madam Speaker, how much time do we have remaining?

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Michigan (Mr. DINGELL) has 11½ minutes remaining, the gentleman from New York (Mr. LAFALCE) has 11 minutes remaining, and the gentleman from Iowa (Mr. LEACH) has 2 minutes remaining.

Mr. DINGELL. Madam Speaker, I yield 1½ minutes to the gentleman from Minnesota (Mr. LUTHER).

Mr. LUTHER. Madam Speaker, earlier this year, Attorney General Mike Hatch of the State of Minnesota brought a civil lawsuit against a large national bank for sharing customers' personal information with a telemarketing company. When this became known to the public, the people of Minnesota were outraged. So what happened? The bank quickly agreed to change its practices and to allow their customers to opt out; in other words, to say no to sharing any personal financial information with either third parties or affiliates.

I ask all of my colleagues here to pay attention to the Minnesota agreement, because that is what everyone agreed to when the public truly found out what was going on with the sharing of their information. It is the minimum standard every bank in America ought to adhere to. All it says is people have the right to say no.

Now, this legislation has been going on for 15 years, as has been mentioned here. I would ask why, after that much time, could we not spend 15 minutes to draft a provision to protect the consumers of America? And that is all we are asking. For those of my colleagues who suggest we could pass a separate bill on the privacy issue, I ask, what are the chances of passage of that bill when this bill cannot have a real privacy provision with all of the interest groups supporting this legislation? The chances of that would be very slim.

Madam Speaker, I will conclude by just saying it is time to reject business as usual in Washington. We can stand up for the people and their right to privacy in America. We have a solemn responsibility to do that. I urge my colleagues to reject this legislation.

Mr. LAFALCE. Madam Speaker, I yield 1 minute to the gentlewoman from California (Mrs. CAPPS).

Mrs. CAPPS. Madam Speaker, I rise in support of this conference report. The laws governing our banking insurance and securities industries are woefully out of date. Congress has tried for years to update them and that goal is finally now being achieved with this legislation. This bill will ensure that America remains the world's leader in financial services and, more importantly, it will bring consumers more choices at lower prices.

We all know, though, that a major issue in this bill has been consumer privacy. The legislation before us takes a step forward, but many challenges remain. I am pleased that the conference report does not include the so-called medical privacy provisions that were in the House-passed bill. But the conference report remains deficient in protections for consumers' financial privacy.

As the gentleman from Michigan (Mr. DINGELL) and the gentleman from Massachusetts (Mr. MARKEY) have pointed out, the bill still does not allow consumers control over who has access to their financial information. Therefore, Congress must revisit privacy protections. However, overall the conference report remains a positive step forward for our economy, and I urge my colleagues to support it.

Mr. DINGELL. Madam Speaker, I yield 1 minute to the gentlewoman from Illinois (Ms. SCHAKOWSKY), a member of the Committee on Banking and Financial Services.

Ms. SCHAKOWSKY. Madam Speaker, as a member of the Committee on Banking and Financial Services, I rise in strong opposition to S. 900.

Winners-Losers. In this bill it is painfully clear. Banks, insurance companies and securities firms. Big winners. Losers? Working class communities and consumers.

This bill helps create corporations that can afford to ignore families and small businesses down the street due to a weakened Community Reinvestment Act. CRA has brought literally a trillion dollars' worth of loans into starving communities since its passage in 1977. But S. 900 lowers the requirements for CRA compliance and maliciously burdens community-based groups that are fighting for investment in their neighborhoods.

Huge financial conglomerates get access to their customers' most private information, which they can use without permission. When a widow receives the funds from her husband's insurance policy, the insurance company can share that information with its brokerage firm which can then barrage the grieving woman with stock offerings.

The bank that gives us a loan for our child's education can sell her address to a credit card company, which then entices her with a card at school. If we have a bad day on the stock market, make a claim against our health insurance, we can kiss that mortgage goodby. Write checks to a psychiatrist or an oncologist and then just try to get a new health insurance policy.

Why should we be for this? We should not be for this. I urge my colleagues to vote ''no.''

Mr. LAFALCE. Madam Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. MALONEY).

Mr. MALONEY of Connecticut. Madam Speaker, I rise in support of this legislation. For more than 20 years, Congress has attempted to overhaul the Nation's banking laws while the marketplace has moved leaps and bounds beyond the current law. Finally, today, we have an historic opportunity, the opportunity to pass the most important financial services legislation in 60 years.

Thanks to the work of the chairman, the gentleman from Iowa (Mr. LEACH), and the ranking member, the gentleman from New York (Mr. LAFALCE), we have come together to craft a financial modernization bill which benefits everyone. Our economy will benefit from passage of this bill by being supplied with more access to capital, which will continue to fuel our economic growth. To our financial institutions, this bill means increased efficiency and increased competitiveness in the global marketplace. And our consumers will benefit from increased competition, which translates into greater choices, more innovative services, and lower prices for financial products.

Under today's financial modernization conference report, banks will still be required to have a good track record in community reinvestments as a condition for expanding into new businesses. And there is the first time that a bank's rating under Community Reinvestment Act will be considered when it expands outside of traditional banking activities. The financial modernization agreement will also apply CRA to all banks, without exceptions, and it preserves existing procedures for public comments on banks.

A note on privacy. Under existing law, information on everything from account balances to credit card transactions can already now be shared by a financial institution without a customer's knowledge. Under this bill, financial institutions will, for the first time, be required to notify consumers when they intend to share such information with third parties and allows consumers to opt out of any such information sharing.

The privacy protections included in this legislation are clearly an important step forward for America's consumers. I urge passage of the conference report.

Mr. DINGELL. Madam Speaker, I yield 1½ minutes to the gentleman from Washington (Mr. INSLEE), a member of the Committee on Banking and Financial Services.

Mr. INSLEE. Madam Speaker, if we are indeed steward of our constituents' privacy, why should we give banks the right to strip us of privacy? Why should we give banks the ability to tell everyone in the world who are their affiliates about our banking accounts and our checks? Why should we do this?

And who will come to this floor tonight and say to the American people that it is okay for banks to violate our privacy and to give our bank accounts to their affiliates so they can telemarket us? Who will come here tonight and say that? No one. Because every single Member of this chamber, of both parties and both genders, of all beliefs, know that is wrong, and it ought to be outlawed.

Why is this so important? Because this is a brave, new and threatening world in the financial services industry. This is not the little bank on the corner any more. The little bank on the corner did not have any incentive to violate our privacy. They wanted to keep our privacy. But when we create this new organism of banking, as sure as God made little green apples, that the affiliated insurance companies and the affiliated stockbrokers are going to want the computer profiling of our accounts so they can sell everything on this green Earth to us over the phone at 7 o'clock at night.

Now, many of us are concerned about the financial forces at work trying to pass this bill. I will just leave my colleagues with one thought. When consideration of deregulation of the savings and loan industry came about, only 26 Members of this chamber voted against it, and all 26 Members felt the same fear and concern we do.

Vote to send this bill back for more work. Vote for privacy. Defeat this bill tonight.

Mr. LAFALCE. Madam Speaker, I yield 1½ minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Madam Speaker, I rise in support of the Gramm-Leach-Bliley Act.

To say that Glass-Steagall effectively separates banking and securities is to ignore the realities of the marketplace. Today, banks can buy securities firms and banks can sell insurance. This bill provides legal and regulatory clarity.

While on the whole, the act makes U.S. companies more competitive, I would like to have seen it improved in several areas. With regard to privacy, the bill establishes the principle of Federal regulation of consumer privacy for the first time. I would have liked to have seen stronger language. In the conference, numerous amendments toughening the privacy language were offered and defeated on largely party lines. I look forward to returning to this issue next year.

□ 2230

I would also have liked to have seen stronger CRAs, a goal toward which the gentleman from New York (Mr. LAFALCE), the ranking member, ably fought. Even so, I believe the positives far outweigh the negatives.

Perhaps most importantly, the conference committee upheld the strict separation of banking and commerce, a goal which the gentleman from Iowa (Chairman LEACH) has long championed.

Madam Speaker, the markets have already overwhelmed the Glass-Steagall wall. Gramm-Leach-Bliley will provide new modern rules allowing U.S. companies to move forward and compete globally in the new Internet economy.

I urge a yes vote.

Mr. DINGELL. Madam Speaker, I yield 1½ minutes to the distinguished gentlewoman from California (Ms. LEE) a member of the Committee on Banking and Financial Services.

Ms. LEE. Madam Speaker, I thank my colleague for yielding me the time.

Madam Speaker, I rise in strong opposition to S. 900. There is no question that we need to update 1930's laws on financial services. I joined with many colleagues to try to craft a bill so that it would also, however, protect consumers. Financial services are making big gains with this bill, and consumers should be included. Unfortunately, they have been left out.

For example, pro-consumer amendments offered were rejected by the conference committee. Strong consumer privacy provisions were rejected by the conference committee. It is terrifying to know that Big Brother is here to stay as a result of this bill. Sharing the private financial information among financial institutions should really scare us to death.

My anti-redlining, non-discrimination amendment passed by the House Committee on Banking and Financial Services was blocked from consideration by this House without even taking a vote to block it. What does that say about our democracy?

With regard to the Community Reinvestment Act, punitive reporting required of community groups building affordable housing, for example, will create unwarranted witch hunts. I wanted to cast an aye vote for financial modernization but only if consumers, ordinary people, could also benefit from these megamergers.

Unfortunately, the bill went in the wrong direction. I urge a no vote.

Mr. LAFALCE. Madam Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Madam Speaker, I rise in support of the conference report, with reservations.

Congress has been working for many years to reform the Nation's outdated financial services laws. After several attempts at crafting comprehensive legislation, I am pleased to see that the House, the Senate and the administration have reached agreement on a bill that accomplishes this task, while preserving financial regulation along functional lines. After 65 years, it is important that we modernize our financial services laws. This legislation does provide the necessary legislative framework to allow financial institutions to compete fairly in the market. That is in the best interest of my constituents and I shall support the conference report.

However, I must express my disappointment that the conference report does not provide customers the opportunity to prevent the disclosure of information to affiliated companies. It does allow them to opt-out of disclosures to companies with whom their financial institutions have no affiliation, except when the institutions have entered into a joint agreement. This may result in the free exchange of personal information, such as bank balances, credit card transactions, and check receipts, between life insurance companies, mortgage issuers, stockbrokers and other commercial entities without the consumer's knowledge or consent.

This situation is particularly troubling because Congress has not yet passed medical privacy legislation. It is important to recognize that the HHS Secretary's proposed medical privacy regulations, set to take effect next February, are restricted in scope to health providers, health insurers, and health information clearinghouses. Limited by legislative authority granted in HIPAA, these rules cannot limit the secondary release of information beyond these specific entities. Therefore, once this financial services bill becomes law, information that an individual voluntarily discloses to a life insurance company may then be forewarded legally without an individual's assent to any of its affiliates and to any unrelated financial institution that has entered into a joint agreement with that insurance company.

It is my hope that the 106th Congress and the administration will return to this issue early next year in order to strengthen the privacy safeguards. Only then will we be able to provide American consumers innovation, convenience, and safety in financial services, as well as guaranteeing the privacy of their most personal information.

Mr. LAFALCE. Madam Speaker, I yield 1 minute to the distinguished gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Madam Speaker, banks, insurance companies, and stock brokerage firms are combining today; and the old walls and distinctions between financial products that fit in one area and another are beginning to break down.

The question is not whether we will have the perfect bill but whether we will have a bill at all. This bill requires that consumers are given disclosure when they go into a bank that a particular product is not FDIC insured. They have no such protection now.

It prevents the combination of financial and commercial enterprises in a way that could endanger our entire financial system. It provides modest privacy protections that we do not have under current statute.

We can wait for the perfect bill, turn our back, and watch the combination of financial enterprises occur with nothing to ensure that the public interest is protected, or we can instead vote for an admittedly imperfect bill.

This is a major step forward in protecting the public interest.

Mr. DINGELL. Madam Speaker, I yield 1 minute to the distinguished gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Madam Speaker, we have heard a great deal all evening about how good this bill is. I agree, it is good. It is good for the banks, good for the corporations, good for business, good for small banks who want to be practically exempt from CRA. But it is not good for consumers.

It is not good for consumers who desire privacy protection. It is not good for disadvantaged and distressed communities that have been redlined, discriminated against, raped, and abandoned. It is not good for consumer activists who generated CRA in the first place. And so, it is a good bill, but it is not good enough to protect CRA. It is a good bill, but not good enough.

I urge that we vote to protect CRA. Vote against it.

Madam Speaker: we have heard from many quarters that this is a good bill and in many ways it is. However, in several instances it does not do what some suggest that it does. The so-called privacy protection of customers being given an opportunity to "opt-out" clearly demonstrates the corporate benefits this bill intends. If this bill will benefit consumers, let the corporations sell themselves by mandating that consumers must "opt-in" to have information on themselves shared or sold. Financial literacy is already faced with a plethora of challenges let alone teaching consumers how to search for obscure fine print to protect privacy. One key lost opportunity is the failure to insist that expanded financial powers be accompanied by an appropriate expansion of CRA.

The proposed small bank exam schedule borders on an outright exemption given the "twice a decade" schedule proposed. I am also afraid that some of the report language will discourage communities from commenting or even contacting a financial institution regarding their communities credit needs.

This bill will not further community reinvestment; therefore, notwithstanding its other positive feature, I cannot support it.

Mr. LAFALCE. Madam Speaker, I yield 3½ minutes to the distinguished gentleman from Minnesota (Mr. VENTO), the ranking member of the Subcommittee on Financial Institutions and Consumer Credit.

Mr. VENTO. Madam Speaker, I rise, of course, in strong support of this. I certainly admire the passion and the intensity of our colleagues that have presented arguments tonight in voicing their concerns.

I think once we get through some of the rhetoric and hyperbole we might get down to some of the facts. I think their arguments would seem to steal defeat from the jaws of victory in terms of this is a pro-CRA bill. It expands CRA. It does so, I think, in a way; and that was an absolutely fundamental demand by the President.

I respect the fact that the gentleman from Iowa (Chairman LEACH) and the ranking member fought like lionesses over their cubs trying to protect this and recognizing the necessity of doing it. This was the last thing that we dealt with. It was tough. We have disclosure in here. There are provisions with regard to reporting which I think are onerous, but they are workable and we expand CRA.

Thousands of applications and thousands of other activities that went on that did not need CRA will and every part and every branch of that holding company will have to have a positive

CRA rating in order to accomplish it. In this bill, we put teeth back in the Fair Credit Reporting Act which had been extracted several years ago. That is an important consumer gain.

We have the Prime Act in here that the gentleman from Illinois (Mr. RUSH) and Senator KENNEDY sponsored which is so important to our local communities. There are a lot of good things in this bill. The activity of the gentlewoman from Colorado (Ms. DEGETTE) with regards to spousal abuse is in this particular bill.

But beyond that, of course, the privacy issue is the most interesting issue of all, because many have raised this great facade, but 2 years ago when a bill was up here and some of the advocates to it would have allowed us with regards to being against this bill because it does not have enough privacy protections in this found it in their wisdom and hearts to vote for a bill that had none in it.

In Minnesota we talk about protecting that one bank because they trespassed or were thought to have trespassed had to, of course, deal with a CRA agreement or with regards to a privacy agreement. I am concerned about that one bank, but I was concerned about the other 549 banks in Minnesota that did not have any law that would govern their particular privacy.

This covers all the banks in the Nation and all the insurance firms in the Nation and all the security firms in the Nation and all the entities that are financial in nature are covered under this particular bill in terms of a privacy policy.

Now, even though it has taken 6 years to pass this, guess what? Next year we are going to have to do some more work. I hope that my colleagues realize we have not worked ourselves quite out of a job here yet. We may have some imperfections in this legislation, as there is in others. And I will gladly confess that to my colleagues that we are going to have to come back and do additional work in this particular area. But we have a solid foundation.

The principal provisions of this bill which have recognized the rusting and weakened and rotten chains of Glass-Steagall are finally recognized, and Congress is getting out in front and rationalizing and putting a policy in place in which our financial foundation, a dysfunctional system, can work. That is what this is really all about. I think in the process of doing so, we have advanced and improved consumer provisions in this bill. We should be proud to vote for it and proud to work for the results, not simply polarization that this Congress I think too often has reflected. This year let us do something positive, let us vote for this bill.

Madam Speaker, I rise in support of this conference report. This agreement, reached in a difficult and wrangling 66 Member conference between the two bodies with very different products, is a historic bill.

The conference report on S. 900 is a balance. It is a balance between the House-passed bill and the Senate-passed bill. It is a balance between competing industries. It is a balance between bigger banks and smaller banks. It is a balance between business and consumer needs. It is a bill that does not allow us to continue to stick our heads in the sand with regard to the state of the financial services industry and instead brings the law up to date.

I worked upon and signed this conference report on S. 900, the Financial Services Modernization Act, in an effort to pave a path for the future that will provide financial opportunities for American consumers and communities across this country and that will keep our financial services sector competitive in the world economy.

We have a new law that will remove the rusted chains of Glass-Steagall and that will help insure that consumers receive quality financial services and new protections. The measure removes the barriers preventing affiliation between banks, insurance and securities entities and provides financial services firms the choice of conducting certain financial activities in bank holding company affiliates or in subsidiaries of bank structures on a safe and sound basis. The agreement will not undermine the national bank charter vis a vis state banks, foreign banks, or the activities of U.S. banks that have subsidiaries abroad with relative powers.

The conference agreement brought resolution to the differences over traditional bank securities powers. We have successfully shut down the commercial loophole by prohibiting the sale of unitary thrifts to commercial entities. Functional regulation has been established on matter from insurance sales to antitrust/anti-concentration law enforcement. Importantly, the bill enhances the viability of smaller community banks and financial entities vital to extending services and credit through our greater economy; rural and urban.

We do not have complete parity for affiliation between banks and insurance and securities firms with regard to commercial activities because of the 15 year grandfather provisions. We could have merged the bank and thrift charters and merged the two deposit insurance funds that remain separate in law today. I would have also hoped that we could have included fair housing compliance on insurance affiliates, low-cost banking accounts and application of Community Reinvestment Act-like requirements on products that are similar to bank products, such as mortgages. There are, however, no perfect bills produced through the Congressional process with 535 views in the mix with the Administration's phalanx of regulators and policy works.

The focus of the lengthy and public debate over this legislation has been the opening of the financial services marketplace to new competition and the reduction of barriers between financial services providers. It is equally important that this bill is a positive step for our constituents and the communities in which they live, as well.

In general, there are inherent benefits of being able to provide streamlined, one-stop shopping with comprehensive services choices for consumers. According to the Treasury Department, financial services modernization could mean as much as $15 billion annually in savings to consumers. Hopefully, some of these dollars will materialize. We also have achieved other policy victories for consumers across the country.

We have modernized the Community Reinvestment Act (CRA) in a positive manner. The CRA was enacted by Congress in 1977 to combat discrimination. The CRA encourages federally-insured financial institutions to help meet the credit needs of their entire communities by providing credit and deposit services in the communities they serve on a safe and sound basis—a basic reaffirmation of the purpose of insured depository institutions. According to the National Community Reinvestment Coalition, the law has helped bring more than $1 trillion in commitments to these communities since its enactment. Across this great nation, organizations, belonging to NCRC, ACORN, LISC, Enterprise, Neighborhood Housing Services, and others, have engaged CRA to work with their local financial institutions to make their communities better places to live.

Importantly, the conference agreement will continue to ensure that CRA will remain essential and relevant in a changing financial marketplace. It is not everything I wanted or supported during the several amendments process. It does, however, further the goals of the Community Reinvestment Act by requiring that all of a holding company's subsidiary depository institutions have at least a "satisfactory" CRA rating in order to affiliate as a Financial Holding Company or to engage in any of the new financial activities authorized under this Act. This strengthens and modernizes the reel of CRA in that current law does not have a CRA satisfactory requirement for non-bank activities in which banks now seek to engage. The Federal Reserve Board has informed us that thousands of applications have been approved without any CRA test that this bill will apply. Further, according to the Treasury Department, if a bank were to proceed without having a satisfactory CRA, the regulators have strong enforcement authority, including monetary penalties, cease and desist and divesture, that they could apply.

The Conference rightly rejected the other body's proposed small bank exemption and safe harbor provisions for CRA. We did accept, however, a modified disclosure and reporting system. I strongly disagreed with the burdensome, so-called "sunshine" and reporting provisions in the Senate bill. They certainly raise the specter of harassment of pro-CRA groups. However, very few would oppose openness and public disclosure. Certainly, the disclosure of information could spell out the effectiveness of these groups working so hard in our communities and the effectiveness of the CRA itself.

I believe the reporting requirements, although improved, remain an extraordinarily difficult policy as structured in this measure. It no doubt will be more of a burden to community groups and banks who currently do not file such status reports. However, we were able to streamline the reporting requirements and to limit who should file a report even as we gave the regulators substantial authority to properly oversee such provisions. We should be mindful of the Administration's and regulators' expressions of good will to take a common sense approach with regards to its implementation. Hopefully they will help make these disclosure and reporting requirements more workable. Congress certainly must closely monitor the implementation of these provisions and their effects.

The conference report also contains two studies: one evaluating business lines associated with CRA and another looking at the impact of the changes or impact of this law on CRA. I am concerned about the short turnaround time of the report required of the Federal Reserve Board. I would hope that this important study of the default and profitability of CRA loans will not be rushed to the point of not doing an adequate or fair job solely to meet an arbitrary deadline. Further, this study should be inclusive and identify all loans (individual, commercial or other) or activities that would qualify or be given as credit to financial institutions for CRA—and certainly not just to those loads or actions that qualify under the CRA reporting provisions of section 711 of the Act.

Other positive consumer provisions include the requirement that institutions ensure that consumers are not confused about new financial products, along with strong anti-tying and anti-coercion provisions governing the marketing of financial products. A new program to provide technical assistance to low income micro-entrepreneurs, known as the PRIME act, will be created with enactment of this Conference Report. ATM fees will have to be fully disclosed to consumers, not only on the computer screen, but, also on the ATM machine itself.

I am disappointed that the conference committee rejected provisions I initiated which encouraged public meetings in the case of mega-mergers between banks which both have more than $1 billion in assets where there may be a substantial public impact because of the larger merger. This would have provided our constituents with the important opportunity to express their views regarding mega mergers and their impact in our communities.

As my colleagues are aware, this conference report contains landmark financial privacy protections for consumers. Today, there is no federal law to protect your privacy or to stop the sale or sharing of your financial records with third party companies. As many in my home state of Minnesota learned this year, not even credit card numbers are safe from telemarketers unless we act in the conference report to put in place substantive law.

With enactment of this agreement, Congress will give consumers real choices to protect their financial privacy. This conference report will provide some of the strongest privacy provisions to ever be enacted into any federal law. This agreement, based upon the strong House provisions that I helped draft, has an affirmative mandate upon all financial entities, whether federal or state, so that all banks, brokers, insurance companies, credit unions, credit card companies, and many others must protect your personal financial information.

Furthermore, consumers will have an important choice of ''opting-out'' of most information sharing with unaffiliated third parties. Financial institutions will no longer be able to share your customer account numbers or access codes with unaffiliated third parties for the purpose of telemarketing. When you open an account and each year thereafter, you will receive a full disclosure of the privacy policies of your bank, credit union, securities firm, mutual funds or insurance companies. If the policy is not strong enough, this gives you the choice to choose a new company or to communicate your concerns to that financial enterprise.

Importantly, this conference agreement provides that financial institutions have an affirmative responsibility to protect and respect your financial privacy. Federal regulators are given the authority to set standards which guide the regulated and which will protect the security and confidentiality of a customer's personal information.

We were successful in improving upon the House provisions by agreeing to allow states to give even more privacy protection to consumers at their discretion. Stronger state laws will not be preempted by this federal law. The agreement also strengthens the Fair Credit Reporting Act, giving bank regulators the ability to detect and enforce any violations of credit reporting and consumer privacy, reestablishing regulatory provisions and the related enforcement powers essential to the same.

For the purposes like servicing accounts, ordering checks, selling loans to the secondary market, giving consumers frequent flyer miles and complying with federal laws, the agreement sets out exceptions. In crafting regulations to implement this law, the regulators should do nothing to further any sharing of account numbers or encrypted access codes which is not expressly conveyed through ''opt-in'' permission from consumers prior to any activity that would share such numbers. Further, the regulators should not make any exemptions that would make it possible for consumers to opt in over the phone to a telemarketer regarding the sharing of their account number. Condoning such a practice would simply reaffirm the status quo with regard to those bad actors who would take advantage of the practice and avoid the clear intent of the law.

As the regulators begin to shape appropriate exceptions in regulation, I entreat them to look carefully at the statute and to the clear intent to limit exceptions. Sharing with third parties outside of the scope of these limited exceptions should not be allowed. The legislation does attempt to provide some competitive equality to smaller institutions vis a vis larger affiliated structures without providing loopholes which would invade consumers financial privacy. The regulators should not provide exceptions merely to make something easier for financial institutions when it comes at the expense of the knowledge and benefit of consumers.

Some have suggested that these major new privacy protections be jettisoned because they do not go far enough. Rejection would make these unprecedented good privacy protections the enemy of a skewed version of what is best. To reverse the major strides made by this legislation is to steal defeat from the jaws of victory. If Congress says ''no'' to these new privacy provisions, the result would be business as usual. Tacitly agreeing to sell your credit card numbers to telemarketers and permitting your financial data to float around the open market like the latest trade item on eBay would be a set back for privacy.

Madam Speaker, what is clear is that a law that requires consumer action is appropriate but third party and affiliate ''opt-out'' is hardly the first and last word in consumer rights. We can do more and can do better. The fact is that a number of consumers have such a right of ''opt-out'' today under Fair Credit Reporting Act or through voluntary institution policies. Even with that opportunity in law and practice, only a small fraction of individuals, less than 1 percent, exercise that option. Consumer choice may give us a positive feeling of control and remedy but what does it really accomplish—what is the bottom line? Does it provide results if only a fraction of 1% respond to the celebrated ''opt-out''?

I do want to note something on the medical privacy provisions that were deleted from the House-passed bill, H.R. 10, in this conference report. Mindful of the deep concerns raised by our colleagues on the Commerce Committee and many other outside the Congress, we finally deleted these admittedly less than perfect provisions in the bill in lieu of improving them. The House approved a convoluted motion to instruct the conferees to do as much. I had and still have concerns about the leap of faith that this action—deleting the provisions—required. I hope that we will not be disappointed a I note the recriminations that have already been voiced by some.

I am pleased that the President has recently proposed comprehensive privacy provisions as a result of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) law and hope that they will provide the protection we sought to assure and that there are no loopholes for medical privacy with regard to financial institutions. Consumers should not be forced to disclose and make public private medical data just to get insurance coverage. Although this legislation creates a new affiliated bank holding company structure that allows insurance, banking and securities firms to join, that must not translate into misuse and abuse of medical records by insurance companies and affiliates. No one should be able to share private medical or genetic information to base credit upon or for other unrelated purposes.

Madam Speaker, we have been in the trenches on this bill for the last five years, following more than 20 years of debate on financial modernization. We are at the goal line. I again want to express my appreciation to Chairman LEACH, Ranking Member LAFALCE, Chairwoman, ROUKEMA, our counterparts in the Senate, and all the respective staff, especially my personal staff, Larry J. Romans, Kirsten Johnson-Obey, and Erin Sermeus for their outstanding work, cooperation and patience on this important legislation. We worked hard together to create a bipartisan product that has gained the support of the Administration and that overcame the polarized Senate-passed measure. The Financial Services Modernization Act of 1999 is a tremendous achievement, if bittersweet from some reasons mentioned. It is a solid foundation to build our economy upon as we move into the next century. I urge my colleagues to support the conference report.

Mr. DINGELL. Madam Speaker, I yield 1 minute to the distinguished gentleman from New York (Mr. HINCHEY).

Mr. HINCHEY. Madam Speaker, it occurs to me that the one salutary aspect of this bill is that it may finally provide the momentum to move us to change the way we finance political campaigns.

This bill, if nothing else, is a brilliant billboard for campaign finance reform. Seldom before has so much money been spent by so few to the detriment of so many. If we just look at the aspects of privacy alone, we see what is going to happen to people in this country. This bill creates huge conglomerates, enormous financial trusts, and it allows those financial trusts and conglomerates to manipulate information back and forth inside of those conglomerates and outside with unaffiliated entities as well with whom they share marketing agreements.

People will be reduced to objects locked in amber, to be examined minutely and manipulated carefully and intricately to deprive them of their financial resources. It is a mass movement of money from one class to another. It is a bad bill.

The SPEAKER pro tempore. The Chair would like to announce that the gentleman from Iowa (Mr. LEACH) has 2 minutes remaining, the gentleman from New York (Mr. LAFALCE) has 2 minutes remaining, and the gentleman from Michigan (Mr. DINGELL) has 4 minutes remaining.

Mr. DINGELL. Madam Speaker, I yield 2 minutes to the distinguished gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Madam Speaker, this is half a bill, and it is not enough. It does a very good job of creating the conditions in which the capitalist institutions can flourish, and that is a good thing. We want capital to move freely. We give the financial institutions everything they have asked for.

Having done that, it is especially inappropriate that this bill treats Community Reinvestment Act institutions, volunteers, lower-income people, people concerned about equity, as if they were suspect. Now, the ranking members of the committees in the House and the Senate, the gentleman from New York (Mr. LAFALCE) and Senator SARBANES, tried to prevent this from happening, but they were not successful given the odds that they faced.

This bill is a very significant expansion of financial institution activity, and it is a grudging recognition of CRA. Indeed, as the banks are deregulated and give more freedom, low-income volunteers who put effort into trying to preserve some social fairness in their communities are burdened with excessive regulation.

It is entirely unfair for us in this piece of legislation to express unbounded confidence in the ability of the financial institutions to make our lives better and at the same time express suspicion of community investment groups. Because that is what this bill does. It treats them, over the objections of many, but, nonetheless, it treats them as if they were suspect. It deregulates the banks and over-regulates people whose only crime was to offend powerful political interests because they cared about equity.

It is a paradigm of a mistake we make too often here. Yes, we should create the conditions in which capitalism can grow and enrich us all. But we should know by now that capitalism alone, the movement of capital, unbounded will create wealth but it will create inequities, it will create social problems.

And we must always be careful to accompany that, it is a lesson we should have remembered from Franklin Roosevelt, we should accompany that by measures which empowers those who are trying to offset some of the ill effects, who are trying to preserve some social justice.

This bill does not do this. It gives a complete Christmas list to the financial institutions but treats the people who are trying very hard to preserve some equity and some social justice as children who would misbehave. We should do better and we should reject this bill and try it.

Madam Speaker, I ask that the very thoughtful letter explaining how this bill weakens the Community Reinvestment Act be printed here.

NOVEMBER 4, 1999.

Congressman BARNEY FRANK,
House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN FRANK: Having tracked the so-called ''financial modernization'' legislation currently pending before you through both the House and Senate over the last two years, we are writing to strongly urge you to vote against the passage of this bill.

This legislation stands to dramatically alter the nation's financial services industry by allowing cross affiliation and redistributing powers among banks, securities, and insurance companies. Despite serious misgivings regarding the impact this bill would have on low and moderate-income communities and communities of color, we might have been willing to accept these changes if Congress simultaneously agreed to modernize the Community Reinvestment Act of 1977 (CRA). Currently applicable only to banks, the CRA might have been strengthened by extending this obligation to securities and insurance companies as well as newly authorized Wholesale Financial Institutions. This would have allowed communities like the ones we represent to build on the success of the bank. CRA that has helped to generate critically needed dollars for home mortgages, rental housing, and commercial/industrial real estate development.

We recognize that, throughout this debate, supportive legislators—including members of the Massachusetts delegation—worked to support CRA and to limit the damaging changes demanded by Senator Phil Gramm (R-Texas) and other opponents. We therefore very carefully reviewed the complicated changes that were finally adopted in the conference committee report. Unfortunately, we have reached the conclusion that they do not adequately serve the needs of the low and moderate-income families and individuals who live in the communities we serve.

Specifically, the current bill would hurt these communities by:

—allowing cross affiliation between financial service companies without giving the public opportunities to provide input through an application process. The House version that passed earlier this year would have required public hearings for cross industry mergers and very large bank mergers. This language is no longer included in the bill.

—allow cross affiliation without extending CRA requirements beyond banks. It is therefore possible for critical and substantial lines of businesses to be shifted away from banks and away from any CRA responsibility.

—requiring no effective penalty for banks that cross affiliate and do not maintain a Satisfactory or higher CRA rating. Language previously included in the conference committee report allowed federal regulators to require divestiture for failure to maintain a minimum Satisfactory CRA rating. This language has been removed. Even if effective penalties were included, the provision requiring bank affiliates to maintain a Satisfactory CRA rating is of limited use—98% of all banks meet this standard because the regulations require minimal CRA activities comparable to a bank's competitors. Often, banks can achieve such a rating despite an obvious lack of adequate performance and a failure to substantially invest in low and moderate-income and minority communities.

—damaging the current CRA at its foundation by extending the examination cycle for all small banks. Federal examinations already lag behind the current schedules, often by 18 or more months. Small banks, particularly in rural areas, often need the most encouragement through a public input process to help identify and meet the needs of the low and moderate income communities.

—damaging the core of the CRA by significantly discouraging public input into a bank's future CRA activities. Because of the broad scope of the so-called ''sunshine'' provision, anyone who even raises the issue of CRA with a bank and subsequently succeeds in developing a cooperative and meaningful (i.e., more than $10,000 value) CRA agreement with that bank will be subject to burdensome reporting requirements under severe penalties. Federal regulatory agencies that often cite the lack of CRA comments in a bank's public file may soon be hard pressed to find even a handful from those organizations who risk the cost of scrutiny. This will lead to less information generated, particularly from small grassroots organizations, and possibly even more inflated CRA ratings.

—providing no regulatory monitoring or enforcement of CRA commitments by banks even if they are cited as a reason for approval for applications by the regulatory agency. For example, in a recent case the Federal Reserve cited Fleet Bank and BankBoston's $14 billion CRA commitment as a reason to approve their merger. Yet, the

Fed would have no meaningful ability to oversee this commitment and to encourage compliance.

In summary, while this legislation may not sound the death knell for CRA, it does weaken its future health so substantially that we must urge you to oppose its passage.

Sincerely,

MARC D. DRAISEN,
President/CEO, Massachusetts Association of CDCs.
TOM CALLAHAN,
Executive Director, Massachusetts Affordable Housing Alliance.
AARON GORNSTEIN,
Executive Director, Citizens Housing and Planning Association.

Mr. DINGELL. Madam Speaker, I yield myself the remaining time for purposes of closing.

Madam Speaker and my colleagues, I think we ought to look at what we are doing here tonight. We are passing a bill which is going to have very little consideration, written in the dark of night, without any real awareness on the part of most of what it contains.

I just want to remind my colleagues about what happened the last time the Committee on Banking brought a bill on the floor which deregulated the savings and loans. It wound up imposing upon the taxpayers of this Nation about a $500 billion liability. That is what it cost to clean up that mess.

Now, at the same time, the banks by engaging in questionable practices wound up in a situation where the Fed and the Treasury Department had to bail them out also at the taxpayers' expense. But it did not show.

Having said that, what we are creating now is a group of institutions which are too big to fail.

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Not only are they going to be big banks, but they are going to be big everything, because they are going to be in securities and insurance, in issuance of stocks and bonds and underwriting, and they are also going to be in banks. And under this legislation, the whole of the regulatory structure is so obfuscated and so confused that liability in one area is going to fall over into liability in the next. Taxpayers are going to be called upon to cure the failures we are creating tonight, and it is going to cost a lot of money, and it is coming. Just be prepared for those events.

You are going to find that they are too big to fail, so the Fed is going to be in and other Federal agencies are going to be in to bail them out. Just expect that.

With regard to the privacy, let us take a look at it. We are told about all the protections for privacy that you have here. If you want to have a good laugh, laugh at it, because here is the joke: The only thing the banks are going to be required to say with regard to what they are going to do with regard to your privacy, and this is everything, from your health to your financial situation, to everything else, is "we are going to stick it to you." The privacy that you are going to have under this legislation is absolutely nothing. And what is going to drive that is going to be a simple fact, and that is that the banks are all going to be competing with the most diligence, and the result will be that those protections are going to be manifested in a race to the bottom.

Consumers, investors and the American public will have no protection to their privacy whatsoever under this bill. The only thing the banks have to say and the other institutions have to say is "we are going to stick it to you."

Vote against the conference report.

Mr. LAFALCE. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, first of all, we are about to vote on a bill, a bill voted on earlier today and passed by the Senate 90 to 8. Insofar as my Democratic colleagues are concerned, 38 Democratic Senators voted yes, 7 voted no.

There seems to be unanimity of opinion that we should repeal Glass-Steagall. There is a difference of opinion though about certain other provisions.

Let me try to point out something quite clearly: This phenomenon of merger and acquisition is taking place today thousands and thousands of times, but without the consumer protections that we have in this bill, without the extension of CRA that we mandate in this bill, without the privacy protections that we create for the first time under Federal law in this bill.

Horror stories have been presented. Those horror stories exist under present law. We change that in considerable part. We do not go as far as the gentleman from Michigan (Mr. DINGELL), the gentleman from Massachusetts (Mr. MARKEY) and I would like to go, but I am not going to let our desire to go much further preclude us from a reality, the reality that we go farther today in protecting privacy than we ever have before, and it goes significantly.

With respect to CRA, a Senate staffer walked out of the final conference deliberations, the Senate staffer who opposed the nomination of Jerry Hawke, because he was not strong enough on CRA, as the present Democratic Comptroller of the Currency, and he said the Senate caved on everything. They would have repealed CRA for small banks; they caved on that. They would have created a safe harbor provision; they caved on that. They would have created intimidation and harassment with respect to their disclosure and reporting requirements; they caved on that. They would have said you could not examine banks. We insisted upon full, total, regulatory discretion to examine any bank whenever there is reasonable cause to do so. The Senate caved on that.

This is a victory for the consumer, for communities, and for the modernization of our financial services industry.

Mr. LEACH. Madam Speaker, I yield myself the balance of my time.

The SPEAKER pro tempore (Mrs. EMERSON) The gentleman from Iowa is recognized for 2 minutes.

Mr. LEACH. Madam Speaker, with change there are always doubts, but what is the truth about this bill? Let me affirm what the gentleman from New York (Mr. LAFALCE) and the gentleman from Minnesota (Mr. VENTO) have just noted. This bill solidifies, rather than weakens, CRA. No bank is exempted from community reinvestment responsibilities. No bank may take on any new powers without a satisfactory CRA rating. All banks must maintain a continuing CRA obligation. If not, if any fall out of compliance, no new activities or acquisitions will be allowed.

Regarding privacy, let me say that seldom has this body heard such doubtful hyperbole. This bill, for the first time, bars financial institutions from disclosing customer account numbers or access codes to unaffiliated third parties for telemarketing purposes. This bill, for the first time, enables customers of financial institutions to opt out of having their personal financial information shared with unaffiliated third parties. This bill, for the first time, makes it a Federal crime punishable by up to 5 years in prison to obtain or attempt to obtain private customer financial information through fraudulent or deceptive means.

These provisions apply to banks, securities companies and insurance firms. They also apply to mortgage companies, finance companies, travel agencies and credit card companies.

As far as enforcement, the act subjects financial institutions to punishments that include termination of FDIC insurance, removal of officers and civil penalties up to $1 million or 1 percent of the assets of the institutions. These provisions are powerful. The penalties are severe.

To vote against this legislation is to vote against the most powerful privacy provisions ever brought before this floor. This is a balanced, pro-consumer, pro-privacy bill, and I urge its adoption.

Ms. JACKSON-LEE of Texas. Madam Speaker, today I rise in support of H.R. 10, the Financial Services Competition Act of 1999 and S. 900 the Financial Services Modernization Conference Report. I would additionally like to acknowledge the hard work of the Banking and Commerce Committees, as well as the House-Senate conferees. However, I would be remiss if I did not mention some of the important concerns that I also have with this legislation. First, let me mention some of the positive aspects of the bill. I support the idea of updating the rules that our Nation's financial institutions operate under to bring their activity in line with the realities of life in today's America.

Today's report represents groundbreaking financial services legislation that would dismantle many of the Depression era laws currently hindering the financial services industry from engaging in a modern global marketplace. This measure would further permit streamlining of the financial service industry thereby creating one-stop shopping with comprehensive services choices for consumers. This streamlining of financial services will not only mean increased consumer confidence, it would also mean increased savings for consumers. The Treasury Department estimates that financial services modernization could mean as much as $15 billion annually in savings to consumers.

Many provisions of the Community Reinvestment Act (CRA) remain in the conference report. The CRA, enacted in 1977 to combat discrimination in lending practices, encourages federally insured financial institutions to help meet the credit needs of their entire communities by providing credit and deposit services in the communities they serve. Indeed, in many respects, the conference report strengthens the CRA. Under this measure, CRA would be extended to the newly created wholesale financial institutions, which are institutions that could only accept deposits above $100,000 and are not FDIC-insured. Additionally, the conference report, provides consumer protection provisions that require institutions to ensure that consumers are not confused about new financial products along with strong anti-tying and anti-coercion provisions governing the marketing of financial products. Further, the bill requires that all of a holding company's subsidiary depository institutions have at least a "satisfactory" CRA rating in order to affiliate as a financial holding company and in order to maintain that affiliation.

Madam Speaker, CRA is a success story. Between 1993 and 1997, the number of home purchase loans to African-Americans soared 62 percent; Hispanics saw an increase of 58 percent, Asian-Americans nearly 30 percent; and loans to Native Americans increased by 25 percent. Since 1993, the number of home mortgages extended to low- and moderate-income borrowers has risen to low- and modern-income borrowers has risen by 38 percent. Indeed, in my District, Hispanic students from the East End District of Houston historically have had a high dropout rate. Using funds made available by the CRA, the Tejano Center for Community Concerns built the Raul Yzaguirre School for Success to meet the special needs of students from low-income families in this inner-city neighborhood. This school has performed outstandingly in its 3 years in existence. In fact, over the past 2 years, the school's students average Texas assessment of academic skills scores increased 18 to 20 percent.

Madam Speaker, while I am happy with the protections granted to CRA by this Financial Modernization Conference Report I also have serious concerns. This bill does not contain a CRA sunshine provision, which is the most troublesome part of the bill for many community groups. This may have a profoundly chilling effect on community groups' efforts to forge partnerships with banks in their local communities. This bill also falls short of increasing protections to CRA by rewriting the rules for the financial services industry, thus, creating a new creature called a financial holding company, with tremendous new powers. I hope that this new entity will meet the financial service needs of low and moderate income and minority Americans. This bill also falls short in adequately protecting customers of banks affiliated with insurance companies that have a track record of illegal discrimination under the Fair Housing Act.

Additionally, the conference report does not extend the CRA to non-banking financial companies that affiliate with banks. Specifically, the conference report does not require securities companies, insurance companies, real estate companies and commercial and industrial affiliates engaging in lending or offering banking products to meet the credit, investment and consumer needs of the local communities they serve. The exclusion of nonbank affiliates' banking and lending products from the CRA is significant because businesses such as car makers and credit card companies, securities firms and insurers are increasingly behaving like banks by offering products such as FDIC-insured depository services, consumer loans, as well as debit and commercial loans. Additionally, private investment capital is decreasingly covered by CRA requirements. Making it more difficult for underserved rural and urban communities to access badly needed capital for housing, economic development and infrastructure.

Madam Speaker, I am also troubled by the fact that the conference report did not address key concerns by Democrats to address issues such as redlining, stronger financial and medical record privacy safeguards and community lending. There is a study however, included in the conference report that calls for the Treasury Department of look at the extent to which services have been provided to low-income communities as a result of CRA. This study will be due 2 years after the enactment of this bill. If this study shows that this bill has had a negative impact on low income communities I will revise my position for this bill.

Lastly some of the other provisions of this conference report that I support are the domestic violence discrimination prohibition which states that the status of an applicant or insured as a victim shall not be considered as criterion in any decision with regard to insurance underwriting; the privacy protection for customers information of financial institutions provision; the study of information sharing among financial affiliates; and the fair treatment of women by financial advisers. Both our financial service laws and consumer protection laws need to be modernized. On balance, the measure, is a positive step in the right direction to achieve this goal. I urge my colleagues to join with me in supporting this bill.

Mr. LEVIN. Madam Speaker, today, we are considering a measure which is long overdue. The Financial Services Modernization Act will help keep the American finance industry competitive and at the same time provide one-stop shopping for consumers. I recognize that the bill the House is debating today is the product of nearly 20 years of effort and compromise. It is a good bill, but it is not a perfect bill.

In particular, I want to comment on two key sections of this bill. The provisions of this bill dealing with the Community Reinvestment Act (CRA) ensure the continuation of this vital program, but they could have been stronger. Under this agreement, the Community Reinvestment Act will continue to apply to all banks. Further, for the first time a bank's rating under CRA will be considered when it seeks to expand into new financial activities. However, I would have liked to see more banks covered under the CRA. The $250 million asset threshold in the conference report has the effect of giving too many banks a 5-year "safe harbor" from CRA examinations. The conferees would have done better to hold to the more reasonable $100 million threshold included in the House-passed bill.

I am also concerned about the privacy protections contained in this legislation. In a word, these protections are inadequate. Consumers should have the right to control who has access to their personal financial information. The privacy provisions contained in this legislation are an improvement over current law, but they don't go far enough. It is vital that Congress take additional steps to address this concern and I look forward to working with my colleagues on this.

Despite these concerns, I want to compliment the extraordinary effort that went into crafting this compromise. I urge my colleagues to support the Conference Report on Financial Services Modernization.

Mr. WAXMAN. Madam Speaker, the "Statement of Managers" on the financial services modernization bill, S. 900, contains an inaccurate description of the medical records provision that was in the House version of the bill, H.R. 10, but not in S. 900. The statement claims that the provision "requires insurance companies and their affiliates to protect the confidentiality of individually identifiable customer health and medical and genetic information." In fact, the medical records language in H.R. 10 represented a major invasion of the privacy of millions of Americans.

The language would have allowed health insurers to disclose health records without the consent or knowledge of the affected individual for a broad range of purposes, none of which were defined in the bill. These purposes included "insurance underwriting," "participating in research projects," and "risk control," among a long list of others.

Under H.R. 10, any health insurer could have sold or disclosed the records of its patients to any health, life, disability, or other insurance company without the individual's knowledge or consent. The provision also allowed health insurers to sell or disclose patient records for any "research project," whether it was research into credit ratings of the patients or research of mental health services to Members of Congress.

The medical records language in H.R. 10 also excluded essential privacy protections. For example, the provision failed to place any restrictions on law enforcement access to health records; provide individuals the right to access or inspect their health records; provide individuals the ability to seek redress when their privacy rights are violated; or prevent entities that obtained health information under the bill from redisclosing the information to third parties, including to employers, to newspapers, or for marketing purposes.

Because of the serious flaws with H.R. 10's medical records provision, groups representing millions of individuals across the country opposed the language. Physicians, nurses, patients, consumers, psychiatrists, other professional mental health counselors, and employees groups, as well as privacy advocates, and organizations representing individuals with disabilities, individuals with rare diseases, individuals with AIDS, and senior citizens, among others, all opposed this language. These groups included the American Medical Association, the American Psychiatric Association, the American Nurses Association, the Christian Coalition, the American Federation of State, County and Municipal Employees, the American Association of Retired Persons, and the Consumers Coalition for Health Privacy, among scores of others.

Further, 21 State attorneys general stated that the medical records provisions would permit "widespread use and disclosure of sensitive information without the individual's knowledge or consent, while providing only limited remedies for violations and no apparent limitations on re-disclosure." Editorial boards at newspapers including the Los Angeles Times, The Washington Post, The Chicago Tribune, and USA Today also opposed H.R. 10's medical records language.

I am pleased that S. 900 does not contain the anti-privacy medical records language that was in H.R. 10. However, while the omission of this provision prevents damage to peoples' privacy rights, there remains a need to address the lack of comprehensive privacy protection for Americans' health records.

The medical privacy regulations proposed by the Administration last week mark a step forward in establishing meaningful Federal medical privacy protections. The regulations, however, are limited by statutory constraints. Congress can and must act to build on the foundation established by the proposed regulations to ensure comprehensive medical privacy protection. I will continue to work to achieve that goal.

Mr. SANDLIN. Madam Speaker, today marks a historical day in the world of financial services. Passage of the S. 900/H.R. 10 conference report will allow consumers to benefit from improvements in the financial services system while protecting their privacy with unprecedented, extensive safeguards. I supported H.R. 10 when it passed the House in July, and I strongly support the conference report today.

This conference report is good news for consumers. It would expand the Community Reinvestment Act and ensure that new, expanded institutions are held to the high standard of CRA. In addition, it would protect consumer privacy as never before.

The Financial services conference report is supported by big and small banks alike as well as by the securities and insurance industries because it would overhaul depression-era law that only increase costs for consumers, inhibit competition, and stifle innovation. This bill will ensure that consumers can reap the benefits of the changing financial services marketplace.

Perhaps the most significant victory for consumers contained in this legislation is an unprecedented level of privacy protections. When this conference report is passed, these provisions will represent the most comprehensive federal privacy protections ever enacted by Congress. Moreover, this bill allows preemption of state laws in the event their privacy protections are even stronger.

Without its passage, banks will continue to expand their operations without statutory privacy protections and without enhanced community reinvestment provisions. A vote for this bill is vote for consumer privacy and community development alike. The benefits to consumers and to the American economy will be enormous, and I urge my colleagues to pass this landmark legislation.

Mr. KANJORSKI. Madam Speaker, I rise to support and speak about the financial services modernization conference report pending before us.

In general, because the financial services industry is undergoing sweeping changes—driven in part by domestic market forces, international competition, regulatory judgments, and technological advances—we need to update our federal laws. The compromise legislation that we are considering represents a reasoned, middle ground that strikes an appropriate balance by treating all segments of the financial services industry—banking, securities, and insurance—fairly and equitably. Among other things, this bill should increase competition, promote innovation, lower consumer costs, and allow the United States to maintain its world leadership in the financial services industry. From my perspective, this legislation also benefits consumers and protects them pragmatically, although not perfectly.

The bill that we are voting on today contains a number of important elements that should be enacted into law.

First, the legislation takes prudent steps to prevent the indiscriminate mixing of banking and commerce. As a result, we will prevent the development of the cozy relationships between financial firms and commercial companies that helped lead to the disruption of the Japanese banking system earlier this decade.

Additionally, the legislation preserves the viability of the national bank charter and the role of the Treasury Department in regulating our financial system.

The bill further establishes functional lines of financial regulation. As a result, regulators who know the financial activities best will oversee them.

Consumers will also receive new protections for their financial privacy as a result of this bill. For the first time, all financial institutions will have an "affirmative and continuing obligation" to respect the privacy of their customers, and the security and confidentiality of their personal information. Additionally, when a customer first opens an account—and at least annually thereafter—financial institutions must clearly and conspicuously disclose their privacy policies and practices.

The bill additionally protects and improves our community development laws. The legislation specifically states that "[n]othing in this Act shall be construed to repeal any provision of the Community Reinvestment Act of 1977." Moreover, as a result of this soon-to-be law, banks will only be able to enter into new activities or merge if they are well capitalized, well managed, and in compliance with CRA.

Finally, the legislation includes a number of other important consumer protections such as prohibitions against coercive sales practices, and mandatory disclosures abut the potential risks and the uninsured status of investment products and insurance policies. Banks must also make full disclosures of ATM fees.

Each of these changes to current law is important, and Congress should pass this legislation to enact them.

FEDERAL HOME LOAN BANK SYSTEM REFORM

During the deliberations over this legislation, I also sought to ensure that every community shared in the rewards of financial modernization. As a result, this bill helps to guarantee that community banks will not be crowded out of the financial marketplace of tomorrow. The report before us grants community banks the same powers and rights that larger financial institutions have accumulated through regulatory orders, and allows them to organize in a manner that best fits an institution's business plans. Additionally, I assiduously worked to ensure that this legislation would not place small financial institutions at a competitive disadvantage.

Another way that the bill helps small banks to compete and small communities to thrive is found in Title VI. I am especially pleased that this compromise agreement makes significant strides in updating the Federal Home Loan Bank (FHL.Bank) system. The bill ensures a vibrant system able to meet the challenges of the next century with modern rules and state-of-the-art financial products. America's home-buyers, small business owners, small farmers, and small communities will benefit from a reinvigorated FHL.Bank system.

Specifically, the legislation establishes voluntary membership on equal terms and conditions for all eligible institutions. The bill also expands access to FHL.Bank advances for community financial institutions, which are banks and thrifts with less than $500 million in assets. The changes in allowable collateral for FHL.Bank advances for community financial institutions pave the way for enhanced targeted economic development lending.

There was much need for this reform. Even though Congress authorized economic development lending in 1989 and the Federal Housing Finance Board (Finance Board) wrote permissive rules to encourage it, the system's collateral laws severely restricted such effects. It was as if we were simultaneously saying, "go make these loans, but they are illegal to use as collateral." Now, as a result of this bill, a framework is in place for community financial institutions to offer safe, sound, and fully collateralized economic development loans. I expect the FHL.Ba÷nks and the Finance Board to prioritize the system's economic development efforts.

Additionally, the legislation creates a flexible capital structure that is based on the actual risk of the system and not on antiquated subscription capital rules. This new, more permanent, capital system features two classes of stock, a revised leverage ratio, and the parameters for establishing a risk-based capital standard. In short, these changes—which come as a result of a true bipartisan effort—reflect the House-passed product, which called for the creation of a modern capital system as opposed to another study of capital plans by the General Accounting Office.

The modernization of the capital structure will be important as the FHLBank system fosters increased competition among lenders and assists well-capitalized community banks in obtaining stable and attractive sources of funding. These increases in liquidity will also translate into increased support for community and economic development lending within America's rural and urban neighborhoods. Additionally, the capital modifications will alleviate some of the pressure to arbitrage excess capital to earn competitive returns for member institutions.

The bill additionally modifies the formula used to allocate the $300 million per year in the Resolution Funding Corporation (REFCorp) obligations of the FHLBank system. In crafting the legislation, we sought to find a fair and equitable way to allocate the obligation, without increasing or decreasing the FHLBanks' overall contribution to resolving the savings and loan crisis. While switching to a flat percentage of net income is an improvement, the 20 percent figure ultimately adopted by the conference is not budget neutral and will significantly increase the FHLBanks' annual payments. For example, under current estimates, next year the FHLBanks will pay 33 percent more toward their REFCorp obligation than in 1999. This was not the intended purpose of the change. The intended purpose was to promote stability for the FHLBanks.

Title VI also addresses governance issues. The bill delegates to the FHLBanks a number of day-to-day management issues such as setting dividends, establishing requirements for advances, and determining employee compensation. As the FHLBank system modernizes, these prudent measures will allow the Finance Board to focus its attention more intensely on safety and soundness concerns. More regional control is still proper and should be sought for the FHLBanks regarding various management decisions, such as determining a director's compensation. The conference committee also went too far in decentralizing some governance functions. For example, the legislation now allows for the direct election of the Chair and Vice Chair by each FHLBank's Board of Directors. The continued appointment of the Chair and Vice Chair by the Finance Board would help to ensure that the government-sponsored enterprise focuses on its public mission.

Although I would have preferred that the legislation include an Economic Development Program (EDP) for FHLBanks, the conference ultimately decided not to include one at this time. An EDP, modeled after the highly successful Affordable Housing Program, has merit and could finally allow the FHLBanks to do for economic development lending as they did for housing finance. I will therefore continue to pursue the issue of creating an EDP for the FHLBanks after we pass this bill into law today.

In sum, the Federal Home Loan Bank System Modernization Act of 1999 contained in the bill takes some important and positive steps in modernizing the laws and rules governing the FHLBanks. There remains, however, a need for some additional refinements, and I will work diligently with other Members of Congress to enact them into law in the future.

LONG-TERM CONCERNS

A sweeping, industry-wide regulatory reform bill like this one rarely comes along. Just as was the case after we enacted the Telecommunications Act of 1996, unintended consequences will occur. Among my concerns are the consequences of an ever-evolving global financial system, the effects of the bill on market concentration, and the insufficiency of privacy protections.

Our financial services marketplaces are increasingly global. If managed effectively, Americans ought to benefit from the new competitive companies created by this legislation by receiving more and better goods and services at a lower cost. Although this legislation promotes competition in our domestic markets, it does little to respond to the potential dangers resulting from economic globalization. Jeffrey Garten, a former Clinton Administration Under Secretary of Commerce for Internal Trade, recently published an opinion piece in the New York Times on this point. In it he ponders how a sovereign nation responds effectively to problems when politics are national and business is global. Now that we have passed this bill, Congress needs to spend more time strengthening the ability of the worldwide financial system.

A wave of acquisitions and mergers in the financial services industry will also result from this bill. Consequently, I am worried about the concentration of wealth and power in the hands of a few powerful individuals and companies. Moreover, such concentrations could result in new risks. In a recent speech, Federal Reserve Board Chairman Alan Greenspan said that megabanks are becoming ''complex entities that create the potential for unusually large systemic risks in the national and international economy should they fail.'' In short, we need to attentively watch our changing financial marketplace in order to protect consumers from potential abuses of corporate power and guard taxpayers against another bailout like the savings and loan crisis of the 1980s.

Finally, although this bill contains the strongest federal privacy protections ever enacted into law, I have reservations. The passage of this legislation does not diminish the need for Congress to develop and enact comprehensive legislation in this area in the future. Dramatic transformations in the financial services industry suggest that the flow of information is no longer limited to notes penned on an application, paper compiled in a folder, or comments entered into a passbook. The rise of computerized financial networks allows corporations to amass detailed information in electronic files and share these data with others. While such databases may help businesses to better serve their customers, they can also result in a loss of confidentiality. Even though the conference agreement contains new federal rules allowing consumers to op-out of sharing their information with third parties, we must take further action once we understand this electronic revolution more completely.

Although we may be completing our work today, it is important for us to remain vigilant in each of these areas. I, for one, plan to continue to closely monitor and carefully examine each of these issues.

CLOSING

Madam Speaker, in closing, I wish to thank Chairman LEACH and Ranking Member LAFALCE for their strong leadership and bipartisan efforts to shepherd this complex bill through the legislative process. I also want to thank my colleague RICHARD BAKER, who serves as the Chairman of the Subcommittee on Capital Markets, Securities, and Government Sponsored Enterprises on which I am the Ranking member. Congressman BAKER and I have worked for more than five years to enact legislation to modernize the Federal Home Loan Bank system, and I am grateful for his advice and counsel in achieving this goal. Our success in seeing this issue through demonstrates the positive results one can achieve when Democrats and Republicans put politics aside and work cooperatively to achieve a public policy goal.

This conference report is the culmination of more than 20 years of work on the part of Congress, several Administrations, and federal financial regulators to create a more rational and balanced structure to sustain our nation's financial services sector. While I may have concerns about market concentration, globalization, and privacy, overall this is a good package that effectively modernizes our domestic financial system, while ensuring strong protections for consumers and communities. I support this bill.

Mr. CAPUANO. Madam Speaker, I rise in opposition to the conference report for S. 900, the Gramm-Leach-Bliley Financial Services Modernization Act. While I do believe that our financial regulatory structure needs to be adapted to respond to the rapidly changing global marketplace, we should not abandon several core principles. Unfortunately, I believe this bill falls short in several important areas.

In particular, the bill fails to adequately modernize the Community Reinvestment Act to keep up with the changing financial landscape. The bill does make the CRA a condition of new affiliations, and requires a satisfactory or better CRA rating for banks that are offering new financial products. However, the bill does not subject insurance companies, investment firms, or other financial services companies that take deposits and make loans subject to the CRA. This will greatly lessen the impact of CRA as more and more individuals do their ''banking'' through financial services conglomerates.

The bill also includes an onerous CRA ''Sunshine'' provisions that will subject community groups to burdensome new regulations. I agree that there should be accountability on CRA agreements. Unfortunately, the bill mandates substantial reporting requirements for community groups and penalties for non-compliance, but offers the regulators no authority to enforce the CRA agreement itself. We should be punishing the bad actors, but most community groups are doing their best to provide much-needed resources to low- and moderate-income communities throughout the country. They deserve our continued support.

There has been considerable discussion regarding this legislation's impact on the personal privacy of Americans. I believe that we have a fundamental right to privacy of our personal financial information. While the bill does take some small steps to protect that right, financial services companies will still be able to share this information between affiliates. At the very least, Americans, should be given the opportunity of ''opting out'' of having their personal information shared between financial services firms. Not all customers will exercise that right. However for those who believe their information should not be shared under any circumstances, this simple choice should be available.

The bill also does not include an important amendment that we passed in the House Banking Committee. This amendment, sponsored by my colleague from California, Congresswoman LEE, would have prohibited insurance firms that were in violation of the Fair Housing Act from affiliating with other financial services companies. This simple amendment would require that these firms abide by the laws of this nation before they were allowed to expand. Unfortunately, this provision was removed without a vote before the bill came to the floor of the House.

This legislation makes sweeping changes to the way financial services are delivered and regulated in this country. I will continue to work for these simple protections for consumers and our communities, and I urge my colleagues to vote against this measure until these concerns are addressed.

Ms. ESHOO. Madam Speaker, I plan to vote for the Financial Service Modernization Act Conference Report because I think there are some very important things for the American people. The new financial structure that the bill creates will provide consumers greater choice and efficiency. However, I also wish to state my deep concerns with the privacy provisions in the bill.

Every American cherishes their personal privacy. Whether in our homes, shopping with our credit cards, or surfing the web, we expect to be able to control who has access to our private lives.

A 1978 study by the Center for Social and Legal Research found that 64 percent of Americans were ''very concerned'' about threats to their privacy. By 1998, those concerned had risen to 88 percent. In a recent AARP study, 78% of respondents said they believe that current federal and state laws are not strong enough to protect their privacy from businesses that collect information about consumers.

We had an opportunity in the Financial Services Modernization Act to restore confidence to the American people by establishing high standards to protect the privacy of financial records and information. In the Commerce Committee, we unanimously adopted a provision that would have given Americans the right to say no to the sale or transfer of their most personal financial information.

Unfortunately, the privacy provisions in this conference Report are very different. The bill allows banks to create huge financial structures that include everything from insurance companies to marketing and travel agencies, among which private customer information can be freely shared.

Moreover, the bill allows banks to sell private information to any entity, whether it's a part of the financial structure or not, as long as they enter into a ''joint agreement to perform services or functions on behalf of the bank.'' This includes marketing and the consumer does not have the right to say no.

I'm concerned that the privacy provisions in the Financial Services bill threaten to take us down a path where our bank managers know as much about us as our doctors and telemarketers know as much about us as our mortgage companies. The American consumer should have the right to opt out of their private financial information being sold or transferred to outside third parties and affiliates without their knowledge or permission. Thus, I urge the banks and financial services industry to go beyond what is required of them in this legislation and to enact policies that will provide comprehensive and meaningful protection of their customers' private records.

Mr. ACKERMAN. Madam Speaker, I rise today in support of S. 900, the Financial Services Modernization Bill. This is indeed a momentous day as we prepare to pass this historic legislation.

S. 900 achieves many goals in financial modernization to better serve consumers and businesses. The measure creates one-step shopping for bank accounts, insurance policies and securities transactions, requires banks to disclose bank surcharges on ATM machines and on the screens of ATM machines before a transaction is made, and ensures that banks lend to all segments of their communities with the continued applicability of the Community Reinvestment Act.

I was particularly proud to be a conferee on the financial privacy section of this bill. After months of negotiations, we have crafted, what I believe, is a strong provision which will enhance the privacy that consumers want and deserve. Four provisions in particular evidence the achievements in the bill.

The first provision addresses disclosure requirements. Currently, financial institutions do not have to disclose their financial privacy provisions to their customers. Consumers have a right to know what the policy is, and S. 900 will require these institutions to inform all new customers of their policy and to update existing customers at least once a year.

Second, the bill allows in most instances for consumers to ''opt-out'' of their financial institution's information sharing agreements with unaffiliated third parties. This arrangement strikes a balance between protecting consumer privacy and facilitating regular financial activities.

Third, the measure expressly prohibits financial institutions including banks, savings and loans, credit unions, securities firms and insurance companies, from disclosing a customer's bank account or credit card numbers to unaffiliated third parties for telemarketing, direct mail marketing or electronic mail purposes.

And finally, this legislation bans, with minor safety exceptions, the despicable practice known as pretext calling. This blatantly criminal activity in which an individual impersonates another in order to trick an institution into providing confidential information, would be punishable by both imprisonment and fines.

I applaud the hard work and dedication of the Conferees from the House and the Senate, as well as the Department of the Treasury, the Federal Reserve and the White House. Without this cooperation, we would not be here today voting on S. 900. I encourage my colleagues to join with me and vote for the Financial Services Modernization bill, S. 900.

Mr. BEREUTER. Madam Speaker, this Member rises today to express his enthusiastic support for the S. 900 Conference Report, which he signed as a conferee. Today marks the near-end of the two decade journey toward financial modernization.

At the outset, this Member would like to thank and commend the distinguished chairman of the Banking Committee and the Chairman of the S. 900 Conference Committee for Iowa [Mr. LEACH], for his successful, consensus-building leadership role in guiding financial modernization through a maze of complexities to the consideration of the S. 900 Conference Report today. In addition, the ranking member from New York [Mr. LAFALCE] also deserves to be commended for his role in the S. 900 Conference Report. Moreover, the leadership of the House Commerce Committee and also the Senate Banking Committee should be applauded for their collective role in the joint effort of financial modernization.

While there are many reasons to support the S. 900 Conference Report, this Member will enumerate eight reasons. First, this measure illustrates that a Federal statutory change in financial law is imperative. Second, the S. 900 Conference Report has provisions which will be of greater importance to rural, community banks, which there are many in this Member's congressional district. Third, this measure will allow financial companies, to offer a diverse number of financial products to their customers. Fourth, this conference report will have a distinct, positive effect on consumers. Fifth, this legislation will provide the first, Federal consumer financial privacy legislation. Sixth, this legislation allows for no mixing of banking and commerce through a commercial basket. Seventh, this measure balances the interest of a state in regulating insurance with that of an ability of a national bank to sell insurance. Finally, the S. 900 Conference Report is necessary to keep the United States in its preeminent position in the world, financial marketplace.

1. First, a Federal statutory change in financial law is imperative because Congress must call a halt to the recent trend of financial modernization through regulatory fiat and judicial consent, instead we need to modernize the nation's banking laws through statute.

As a matter of fact, on the first day of Banking Committee consideration of financial modernization legislation in 1998, during the 105th Congress, this Member stated: ''Once more, we start an effort to modernize our financial institutions structure. It is an effort we have tried before and must begin someplace. It should begin in the House, and so I commend you, Chairman LEACH, for launching this effort. We need to do this. We need to face up to our responsibilities as a legislative body. There is no doubt about that.''

2. This Member supports the S. 900 Conference Report as it will provide great benefits to rural, community banks. Three particular provisions demonstrate this.

A. The unitary thrift charter is of significant concern to Nebraska community banks. One of the reasons this Member is unequivocally opposed to the existence of this unitary thrift charter is because of its mixing of thrift activities with commercial ventures. However, this is not he sole reason—it also results in an extremely powerful variety of financial institutions. Fortunately, the conference report closes the unitary thrift loophole. It allows no new unitary thrifts to be chartered as well as allowing those in existence to not be sold to commercial firms.

B. Community banks will benefit from the Federal Home Loan Bank (FHLB) charter being expanded to allow community banks to borrow from the FHLB for family farm and small business lending. For the first time, in rural areas such as in Nebraska, it will give community banks access to the FHLB. In light of the agriculture situation today, this increased community bank liquidity will have beneficial implications on in particular the family farm.

C. The S. 900 Conference Report provides some regulatory relief for banks under $250 million in assets. Those banks with an ''outstanding'' Community Reinvestment Act rating will be examined for compliance only every five years and those banks with a ''satisfactory'' rating will be reviewed every four years.

3. The S. 900 Conference Report will allow financial companies to offer a diverse number of financial services to the consumer. This bill removes the legislative barriers within the Glass-Steagall Act of 1933 and the 1956 Bank Holding Company Act. As a result, the conference report will allow financial companies to offer a broad spectrum of financial services to their customers, including banking, insurance, securities, and other financial products through either a financial holding company or through an operating subsidiary. Banks, securities firms, and insurance companies will be able to affiliate with one another through this financial holding company model.

In order for banks to be able to engage in the new financial activities, the banks affiliated under the holding company or through an operating subsidiary have to be well-capitalized, well-managed, and have at least a ''satisfactory'' Community Reinvestment Act rating.

4. Fourth, this Member supports the S. 900 Conference Report because it is very pro-consumer. It will increase choices for the consumer in the financial services marketplace by creating an environment of greater competition. As a result, financial modernization will allow consumers to be able to choose from a variety of services from the same, convenient, financial institution. Financial modernization will give consumers more options.

Whether it be in rural Nebraska, or in New York City, consumers of financial products all across the United States deserve additional competitive options. Moreover, under the current setting, many rural communities are under-served in regards to their access to a broad array of financial services. Financial modernization will help ensure that the financial sector keeps pace with the ever-changing, needs and desires of the all-important consumer.

In addition, the Conference Report will also allow financial institutions to provide more affordable services to the consumer. Financial modernization will result in additional competition and in efficiency which in turn should result in lower prices for financial services to the consumer.

5. Fifth, this Member supports the S. 900 Conference Report as it provides the first, Federal consumer privacy legislation for American financial institutions. These privacy provisions are a pioneering, landmark advance forward by Congress in ensuring that consumer's personal information is protected from unwanted disclosures by financial institutions. The privacy provisions in the conference report include the following:

A. Prohibiting financial institutions—including banks, savings and loans, credit unions, securities firms and insurance companies—from disclosing customer account numbers or access codes to third parties for telemarketing or other direct marketing purposes;

B. Requiring all financial institutions to disclose annually to all customers its privacy policies and procedures;

C. Enabling customers of financial institutions, for the first time, the ability to ''opt-out'' of having their personal financial information from being shared with third parties;

D. Making it a Federal crime, punishable by up to five years in prison, to obtain or attempt to obtain private customer financial information through fraudulent or deceptive means; and

E. Allowing states to adopt greater privacy protections than is in Federal law.

6. Sixth, this Member has been a fervent advocate of keeping banking and commerce separate. In fact, this Member is quite pleased that the S. 900 Conference Report does not contain a ''commercial market basket'' which would have allowed the mix of commerce and banking—equity positions by commercial banks.

An amendment was initially filed, but not offered, in the House Banking Committee in the 106th Congress which would have allowed for the mixing of banking and commerce in a five percent market basket. However, this Member believes in large part because of expressed strong opposition, including vocal and effective opposition of this Member, this amendment was withdrawn for consideration in the Committee.

7. Seventh, this Member supports the S. 900 Conference Report because, it balances the interest of a state in regulating insurance with that of the interests of a national bank to sell insurance. At the outset, this Member notes that he has a distinguished record of supporting states rights, especially in the area of insurance regulation.

It is important to note that this conference report preserves state rights by providing that the state insurance regulator is the appropriate functional regulator of insurance sales. Whether insurance is sold by an independent agent or through a national bank, the state, and only the state, is the functional regulator of insurance in both instances. Moreover, this conference report also does not unduly burden the ability of national banks to be able to sell insurance.

8. Lastly, this Member supports the S. 900 Conference Report as its passage is necessary to keep the United States in its preeminent position in the world financial marketplace. U.S. financial institutions are among the most competitive providers of financial products in the world. However, the financial marketplace is currently undergoing three changes which are altering the financial landscape of the world.

The first of those changes involves a technological revolution including the internet through electronic banking. Technology is blurring the distinction between financial products. The other two changes include innovations in capital markets, and the globalization of the financial services industry.

This Member would like to note Section 502(e)(1)(C) of the S. 900 Conference Report. It is this Member's understanding that credit enhancement done through the underwriting and reinsurance of mortgage guaranty insurance after a loan has been closed are secondary market transactions included within the exemption in Section 502(e)(1)(C) of the S. 900 Conference Report.

Financial modernization is the proper, appropriate step in this ever-changing financial marketplace. Consequently, in order to maintain America's financial institution's competitive and innovative position abroad, the S. 900 Conference Report needs to be enacted into law. In the absence of this bill, the American banking system could suffer irreparable harm in the world market as we will allow our foreign competitors to overtake U.S. financial institutions in terms of innovative products and services. We must simply not allow this to happen.

Therefore, for all these reasons, and many more that have been addressed today by this Member's colleagues, we must, and will, pass the S. 900 Conference Report. This Member urges his colleagues to support the S. 900 Conference Report, the Financial Modernization bill.

Mr. GILLMOR. Madam Speaker, this bill makes the most important changes in the structure of financial institutions and services in over six decades. The financial combinations authorized by this bill can result in substantial savings in the delivery of financial services. However, as institutions are combined, and as they become larger, it is essential that there be safeguards for safety and soundness to protect both consumers and taxpayers. The bill for the most part contains those safeguards.

While there was much discussion about each industry group wanting a level playing field tilted in their favor, the federal and state regulators also had their share of turf battles over regulatory authority. In fact, it was not until Treasury and the Fed finally reached a compromise on the operating subsidiary—affiliate issue that this bill was able to move through the conference committee. It was just this kind of authority grabbing by regulators that required a provision to prevent the federal regulators from over regulating and intruding into financial services functions in which they have no expertise.

While the Federal Reserve serves an umbrella regulator over Financial Holding Companies, I was concerned about the Fed getting into the jurisdiction of the already effective insurance and securities regulators. Consumers do not derive any benefit from additional layers of regulation that can only intrude into the marketplace.

My amendment in the Commerce Committee two years ago, which was included in the current bill, created the functional regulatory framework for financial holding companies. The purpose of this "Fed Lite" framework is to parallel the financial services affiliate structure envisioned under this legislation. This parallel regulatory structure eliminates the duplicative and burdensome regulations on businesses not engaged in banking activities, and importantly, preserves the role of the Federal Reserve as the prudential supervisor over businesses that have access to taxpayer guarantees and the federal safety net.

The Information Revolution, like the Industrial Revolution, has made information much more widely available at a lower cost and in less time. Technology and innovation have altered and expanded the processes by which we use financial products and services.

But the increase in the availability and transmission of information has not altered the need for consumers to transact with financial institutions to take care of their financial requirements. People will need banking, insurance and securities options. But they want these options in greater speed and convenience. Customers expect a financial relationship with their financial service provider that will benefit them with enhanced benefits and lower costs.

There is legitimate concern about the misuse of information. The tremendous human benefits that have come from these advances also carry with them unprecedented new threats to personal privacy. Personal privacy needs reasonable protections, because personal privacy is an important part of individual freedom. This bill for the first time put in place strong privacy provisions for the financial services industry.

With enactment of this legislation, consumers can go to a financial services provider that is able to complete globally, is subjected to streamlined regulation and must prevention your financial information from falling into the hands of unaffiliated organizations and telemarketers if you instruct it to do so. I urge the adoption of the conference report.

Mr. TOWNS. Madam Speaker, I rise today in strong support of the conference report on the Gramm-Leach-Bliley Financial Modernization Act of 1999. For the first time in more than two decades, Congress, the Administration, financial regulators, and all sectors of the financial services industry have reached a consensus on legislation to modernize the financial marketplace. For far too long, our nation's financial services firms have labored under outdated banking laws that have impaired their global competitiveness, limited the range of services that consumers can obtain from one financial institution, and driven up costs.

With the passage of this conference report, consumers and investors will be able to choose from a wider array of products and services offered in a more competitive marketplace. Securities firms, insurance companies, and banks will be able to freely affiliate with each other through a holding company. Each subsidiary financial institution within the holding company will be functionally regulated, thereby ensuring tough, consistent investor protections and fair competition. Consumers—who will save an estimated $15 billion over three years—will be the beneficiaries of one-stop shopping to meet a broad range of financial needs, from checking and savings accounts to mortgages and financial planning. The increased competition will also give underserved communities, entrepreneurs, and small business owners expanded access to a full range of financial services.

Equally important, the conference report incorporates an historic agreement maintaining the obligation of insured financial institutions to meet the requirements of the Community Reinvestment Act to serve the credit needs of low- and moderate-income residents of their community. It also provides consumers with the most extensive safeguards yet enacted to protect the privacy of their financial information.

Passage of this legislation is vital to maintaining the preeminent status of the U.S. financial services industry in the global economy. Banks, securities firms, and insurance companies will now be able to compete with overseas financial juggernauts that have not been constrained by U.S. regulation. And New York, as the world's leading financial center, is well positioned to compete in the arena for global business as foreign banks and securities firms seek to establish or expand their U.S. operations.

With its concentration of financial services organizations, New York's economy stands to benefit tremendously from passage of this legislation. A vigorous, healthy, competitive financial services sector means more jobs, higher real earnings growth, and more tax revenues. Indeed, the finance sector accounted for half of the $2.7 billion growth in personal income, general corporation, and unincorporated business taxes between 1992 and 1998.

Madam Speaker, the Gramm-Leach-Bliley Financial Modernization Act of 1999 is a great step forward in improving our nation's financial services system for the benefit of investors, consumers, community groups, financial services providers, and our nation's economy. I strongly support passage of the conference report on S. 900.

Mr. SHAYS. Madam Speaker, I rise in strong support of the conference report for the Financial Services Act. This bill is a wonderful testament to the important things we can accomplish when we set aside partisan differences and work together on the nation's business.

The historic bill, which has been 20 years in the making, has the support of a majority of Congressional Republicans and Democrats, as well as the Administration.

S. 900 replaces outdated, Depression-era laws that separate banking from other financial services with a new system to enhance competition and increase consumer choice. The bill repeals the anti-affiliation provisions of the 1933 Glass-Steagall Act, as well as the 1956 Bank Holding Company Act. In doing so, financial companies—either through a financial holding company or through operating subsidiaries—will be allowed to offer a broad array of financial products to their customers, including banking, insurance and securities.

To be permitted to engage in the new financial activities authorized under the bill, banks affiliated under a holding company would have to be well-managed, well-capitalized, and have a satisfactory Community Reinvestment Act rating, thus ensuring that banks continue to lend to inner-city and minority communities.

Encouraging greater competition will lower prices for financial services and improve products, benefiting consumers and the economy. It's true that some may benefit from these changes more than others. But fostering competition between financial institutions will ultimately ensure consumers have greater choices at lower cost.

Madam Speaker, the simple fact is, these banking reforms are long overdue. The anti-affiliation provisions of the Glass-Steagall Act are sorely outdated and have increasingly impeded the United States' ability to compete in the new world economy.

To illustrate the changes in the financial services sector, consider the following fact. In 1933, when the Glass-Steagall Act was signed into law, upwards of 60 percent of the nation's assets were deposited in banks and thrifts. Today, banks and thrifts control 37 percent of the nation's assets.

In recognition of this changing climate, we have seen the prohibition on the mixing of banking and securities substantially reduced by sympathetic regulators, favorable court decisions, and large mergers. And today, we have come together to consider this landmark bill.

I want to thank Chairman JIM LEACH of the Banking and Financial Services Committee and Chairman TOM BLILEY of the Commerce Committee for shepherding S. 900 through its final, difficult stages and urge the adoption of this conference report.

Ms. ROYBAL-ALLARD. Madam Speaker, I rise in opposition to S. 900, the Financial Services Modernization Conference Report.

I would be happy to support a financial modernization bill that improves choice, access and affordability for all Americans. Unfortunately S. 900 fails on all accounts. While I understand the need to update our antiquated banking laws and bring our country's financial system into the 21st century, I am unwilling to do this at the expense of our consumers. It is unacceptable that we give the green light for the unprecedented conglomeration of banks, securities firms, and insurance companies while we ignore the most modest provisions to protect our consumers.

Earlier this year, I joined many of my colleagues in opposing the House's financial modernization bill, H.R. 10. I opposed the bill because it failed to protect consumers in regards to community reinvestment and privacy. Unfortunately, this conference report is no improvement.

First, S. 900 fails to adequately protect the Community Reinvestment Act (CRA), which has been instrumental in leveraging billions of dollars of investment into communities such as mine, where unemployment and poverty levels are still well above the national average. Specifically, S. 900 fails to require that banks maintain a "satisfactory" CRA rating after they have expanded across industry lines to take advantage of the newly authorized activities under this bill. Moreover, S. 900 reduces the frequency of CRA examinations for small banks. Lastly, S. 900, under the guise of "sunshine disclosures", targets community groups with onerous and burdensome reporting requirements in their community agreements with banks. Rather than promoting greater accountability, this sunshine provision will have a chilling effect on these community agreements, which have been so effective in opening up access to credit in low income and minority communities.

Second, S. 900 fails to provide strong financial and medical privacy protections. If we're going to allow for the creation of mega one-stop centers with access to information about millions of customers, consumers should have the right to say "no" to the distribution of their personal information to third parties and affiliates. Instead of giving consumers control over the use of their confidential customer information, the bill allows banks to share or sell it.

As I previously stated when I voted against the financial modernization bill earlier this year, I am not willing to trade the so-called perks of financial modernization—efficiency, choice, convenience, one-stop-shopping—for the decimation of privacy rights and community reinvestment. S. 900 leaves our consumers even worse off than before.

I urge my colleagues to oppose this bill.

Mr. DOOLITTLE. Madam Speaker, I support the passage of the S. 900 conference report because I believe it is a fair and balanced bill which will spur competition within the financial services industry, reinforce functional regulation and protect consumers.

This legislation is by no means perfect, but it does represent a reasonable compromise between the House and Senate versions of financial services modernization legislation. The issue of modernizing this country's financial laws has been debated in Congress for over two decades and has not come to a resolution until now. The financial services industry has undergone dramatic changes in the past few decades and regulations have been formulated in a piecemeal fashion through regulatory decisions and court rulings. This has resulted in an uneven and often inequitable regulatory framework that is badly in need of an overhaul in today's rapidly changing economy.

It is long past time to modernize our financial system in order to reflect the reality of the marketplace. In doing so we need to make sure there are rules in place to protect the American public without layering bureaucratic regulations. I believe the bill before us accomplishes this goal. The point of passing financial services reform is to update and streamline the rules and ensure that all entities are fairly and consistently regulated by the appropriate entity. I believe S. 900 strikes a balance between fostering free market competition and protecting the interests of the general public.

As a strong supporter of the Community Reinvestment Act (CRA), I believe this Conference Report is a significant improvement over the Senate-passed bill, which contained onerous provisions that I believe would have seriously undermined CRA. This bill not only steadfastly maintains the application of CRA to all insured depository institutions, but also requires that these banks have at least a "satisfactory" CRA rating they can offer any new financial services. Without the passage of this bill, banks will continue to expand into new areas of financial services, as they are already doing, without clear CRA requirements.

S. 900 also contains a small but very important provision that I have personally worked on for the past three years. The language I have included will prevent certain financial institutions from discriminating against victims of domestic violence in the underwriting, pricing, sale or renewal of any insurance product and in the settlement of any claim. This provision specifically applies to banks, which is important because this legislation will allow banks to sell and underwrite insurance on a large scale for the first time. When this is signed into law, it will be the first federal legislation of its kind prohibiting insurance discrimination against survivors of domestic violence.

Another important provision in this legislation is the inclusion of the "PRIME" bill, a new program that will provide new grants to microentrepreneurs. This program will help provide training and technical assistance to low-income and disadvantaged entrepreneurs interested in starting or expanding their own business. My home state has been a leader in the microcredit movement and these new grants will be a real boon to microentrepreneurs in my district and throughout Colorado.

It is rare that a flawless bill comes to the floor of the House and this legislation is no exception. This is a good bill, but it is not perfect. While the goals of this legislation are too important to delay any longer, I do believe that the privacy language should be stronger. This bill establishes privacy laws where none currently exist and ensures that stronger state privacy laws will not be preempted. However, I think Congress needs to continue to explore the issues of financial and other types of personal privacy that will become increasingly more important to consumers as marketplaces change and technology advances continue.

Mr. HYDE. Madam Speaker, I rise in support of S. 900, the Gramm-Leach-Bliley Act. For many years, we have been trying to repeal the outdated restrictions that keep banks, securities firms, and insurance companies from getting into one another's businesses. After all the debate, I think we have finally come up with something in this bill that will open up a whole new world of competition.

Financial services are becoming increasingly globalized, increasingly computerized, and increasingly seamless. Banking laws passed during the Depression simply will not do in the 21st century. I wish that we could maintain a world where everyone knew their banker on a first name basis and loans were made on a handshake, and I think in the new world some banks will provide that kind of service to those who demand it. But we need not have laws that limit us to that kind of service, as desirable as it may seem. Everyone is better off if the market decides what kinds of services financial firms will offer.

Just think about the progress we have made in the past ten years. When I was a child, only the wealthy owned stocks. Now, with the growth of the mutual fund industry and self-directed retirement funds, millions and millions of average Americans not only own stocks, but make their own investment decisions. These developments create wealth, increase people's incentive to produce, and relieve some of the entitlement burden of government. I believe that this bill will bring more such positive developments.

I want to say a word about my friends JIM LEACH, chairman of the Banking Committee, TOM BLILEY, chairman of the Commerce Committee, and PHIL GRAMM, chairman of the Senate Banking Committee. They have done an excellent job of putting this package together. I commend them for their work in bringing this bill to the floor in a very difficult and contentious environment.

I especially want to commend them for working with me on the antitrust and bankruptcy provisions of the bill. These provisions were especially important to me as chairman of the Judiciary Committee, which has jurisdiction over these areas of the law. Let me briefly explain our intent with respect to these provisions.

Under current law, bank mergers are reviewed under special bank merger statutes, and they do not go through the Hart-Scott-Rodino merger review process that covers most other mergers. Now banks will be able to get into other businesses which they have not been able to do before.

The principle that we have followed is that when mergers occur, the bank part of that merger will be judged under the current bank merger statutes, and we do not intend any change in that process or in any of the agencies' respective jurisdictions. The non-bank part of that merger will be subject to the normal Hart-Scott-Rodino merger review by either the Justice Department or the Federal Trade Commission.

This is, in all likelihood, the result that would have been obtained anyway. Hybrid transactions involving complex corporate entities—some parts of which are in industries subject to merger review by specialized regulatory agencies and other parts of which are not—have occurred in the past. In those cases, the various parts of the consolidation were considered according to agency jurisdiction over their respective parts, so that normal Hart-Scott-Rodino Act requirements applied to those parts that did not fall within the specialized agency's specific authority. See, e.g., 16 C.F.R. § 802.6. I think the precedents would have already dictated the desired result here.

The clarification for the new financial holding company structure contained in § 133(c) is consistent with, and in no way disturbs, those existing precedents. Even so, this is a big change we are making in our banking laws, and I thought it would be most helpful to clarify this point with respect to financial holding companies in the statute. I think we have achieved that clarification with the language in § 133(c) of the Conference Report. Similar language was a part of the House bill, and I appreciate the Senate conferees' accepting this clarification.

As the shape of the new activities in which banks were going to be permitted to engage through operating subsidiaries became clear in conference, the conferees ideally would have further revised the House language to make a similar clarification, regarding consolidations of non-banking entities that are operating subsidiaries of merging banks. But the operating subsidiary situations so closely parallels the precedents I have mentioned that a clarification for that situation was probably unnecessary.

Of course, whatever aspect of a banking merger is not subject to normal Hart-Scott-Rodino premerger review will be subject to the alternative procedures set forth in the Bank Merger Act and the Bank Holding Company Act, including the automatic stay. So one way or another, there will be some avenue for effective premerger review by the antitrust enforcement agencies. These alternative procedures would be in some ways more potentially disruptive to the merging banking entities, particularly when the antitrust concern involves non-banking entities. But it is our intent that the precedents will be followed.

In short, under this bill and the precedents, no bank is treated differently than it otherwise would be because it has some other business within its corporate family. Likewise, no other business is treated differently than it otherwise would be because it has a bank within its corporate family.

The conference report also includes conforming language found in §133(a) to clarify that the Federal Trade Commission's authority in the non-banking sphere is preserved. We though these provisions were advisable in light of the fact that the FTC's enforcement authority specifically excludes banks and savings associations, but does not and should not exclude the non-banking entities that will be brought into the banking picture as a result of the new law. We have clarified that the existing exemption is limited to the bank or savings association itself and that the FTC retains jurisdiction over nonbank entities despite any corporate connections they may have with banks or savings associations. This clarification applies to the FTC's jurisdiction over non-banking firms under the FTC Act, and accordingly under any statute that may provide for enforcement under the Act like the consumer credit laws and the Telemarketing and Consumer Fraud and Abuse Prevention Act. For example, the FTC would continue to have jurisdiction over a telemarketer of financial services, even if it is a subsidiary or affiliate of a bank. The FTC's authority would not be expanded or extended to any new statute that may not be enforced under the FTC Act. These provisions were also included in the House bill, and again, I appreciate the Senate conferees' accepting them in the final conference report.

Again, no bank is treated differently than it otherwise would be because it has some other business within its corporate family. Likewise, no other business is treated differently than it otherwise would be because it has a bank within its corporate family.

Let me again commend my friends JIM LEACH, TOM BLILEY, and PHIL GRAMM, and everyone else who has worked on this legislation, and I ask my colleagues to support it.

Mr. COMBEST. Madam Speaker, S. 900, the Gramm-Leach-Bliley Act, is an important step in revamping and modernizing America's financial system. While there are both pluses and perils to the approach contained within this act, today I wish to highlight several portions of the bill which are of particular importance to the Committee on Agriculture, and which were very much in the minds of the Managers and staff while drafting this conference report.

S. 900 contains several provisions relating to the treatment of certain financial instruments for various purposes under this country's securities laws. In particular, a bank is explicitly not required to register as a broker-dealer under the '34 Act for participating in certain hybrid and swap transactions.

These provisions, contained in Title II of the bill, are not a finding that all swaps are securities. Furthermore, in the case of both swaps and hybrids, it is important to note that the classification of a particular type of instrument for purposes of the Gramm-Leach-Bliley Act does not preclude that instrument or transaction from falling under the jurisdiction of the Commodity Futures Trading Commission under the Commodity Exchange Act. This result is made clear in section 206(c) of Title II of the bill.

Furthermore, section 210 of Title II states that "Nothing in this Act shall supersede, affect, or otherwise limit the scope and applicability of the Commodity Exchange Act." This section recognizes that transactions which are futures contracts or commodity options under the exclusive jurisdiction of the CFTC pursuant to the Commodity Exchange Act do not receive an exemption or exclusion from the Commodity Exchange Act because of anything in the Gramm-Leach-Bliley Act. No financial instrument described in this act, be it a swap agreement, new hybrid product, or identified banking product, is exempted or excluded from the jurisdiction of the CFTC solely by virtue of anything contained in the Gramm-Leach-Bliley Act. The CFTC's traditional exclusive authority is unaffected by this legislation.

The Privacy Title, Title V of the Gramm-Leach-Bliley Act, explicitly excludes persons and entities subject to the jurisdiction of the CFTC, and the Federal Agricultural Mortgage Corporation and persons and entities chartered and operating under the Farm Credit Act of 1971, from the provisions of this Title. The purpose of sections 509(3)(B) and (C) and 527(4)(D), excluding the above mentioned persons and entities from the definition of "financial institution," is to make it clear that no provision of Title V will apply to farm credit system institutions nor to CFTC regulatees.

Mr. PACKARD. Madam Speaker, I would like to urge my colleagues to support S. 900, the Financial Services Modernization Act Conference Report, when it is considered on the floor today. These improvements are long overdue for the benefit of investors, consumers, community groups, financial service providers, and our nation's economy.

This legislation will modernize America's financial services industry to better serve consumers—individuals, small businesses and large corporations. It will increase convenience for financial service consumers by creating one-step shopping for bank accounts, insurance policies, and securities transactions. S. 900 will also greatly increase the international competitiveness of American financial firms.

S. 900 provides meaningful consumer protection rules for disclosure requirements and damage recovery protections and establishes consumer grievance procedures. The bill also promotes consumer privacy by barring financial institutions from disclosing customer account numbers for telemarketing or other direct marketing purposes.

Madam Speaker, S. 900 will provide the most extensive safeguards yet enacted to protect the privacy of consumer financial information. I urge my colleagues to support this much needed, historic legislation.

Mr. MOORE. Madam Speaker, I rise today in support of S. 900, the conference report for the Financial Services Modernization Act of 1999. As a member of the Banking and Financial Services Committee, I supported this measure when it passed our committee on March 23 by a 51–8 margin. I supported this measure again, when it overwhelmingly passed the full House of Representatives on July 1, 1999, on a vote of 343–86.

I would like to commend my colleagues in both the House and Senate who served on the conference committee. Through their hard work, we have before us today a well balanced and thoughtful conference report that, after over two decades of trying, finally reforms our antiquated, Depression-era financial services laws to benefit consumers, businesses and the economy.

I supported the House Banking version because financial modernization is desperately needed to address changes that are currently taking place in the global marketplace. Today, America's financial services industry is the most effective and competitive in the world. The banking system and other associated financial services institutions are the oil that prime the pump to our economy. The industry's ability to adapt to the swift and vast structural and technological changes in the marketplace have accounted for the record bank profits and the largest peacetime expansion since World War II.

These achievements of our financial services industry, however, are at risk—risk to both consumers and the system itself—if we continue to rely on ad hoc adaptations without establishing a meaningful and prudent framework in which this system, undergoing such rapid changes, can thrive and prosper. This conference report establishes such a responsible framework, with an eye allowing the industry to thrive and prosper, while providing the most progressive consumer protection safeguards ever enacted into law.

Among the many benefits of this landmark legislation, three are critically important:

S. 900 permits the creation of new financial holding companies, which can offer banking, insurance, securities, and other financial products. These new structures will allow American financial firms to take advantage of greater operating efficiencies and spur competition. This new competitive spirit will create better access to capital that will continue to promote our growing economy, greater choices, innovative services, and lower prices for consumers. Indeed, the efficiencies created with this bill are estimated to save consumers over $15 billion.

S. 900 benefits our local communities by preserving and strengthening community investment. This conference report requires that banks have a good track record of community reinvestment as a condition for taking advantage of the bill's newly authorized business activities and, for the first time, requires that a bank's performance on community reinvestment be considered when it expands outside of traditional banking activities. In addition to these protections, this conference report creates a new program designed specifically to help small, low-income entrepreneurs start and expand their businesses in underserved areas.

S. 900 provide important new consumer protections including mandatory prohibitions on coercive sales practices, disclosure of ATM fees, and for the first time, protections for Americans' financial privacy. These new standards are a significant improvement over current law, where no standards exist. The conference report requires financial institutions to notify consumers and provide them with the ability to opt-out of the disclosure of personal financial information to unaffiliated third parties; prohibits third parties from sharing or selling a consumer's personal financial information; provides strengthened and expanded regulatory authority to detect and enforce privacy violations; and prevents the preemption of stronger state consumer protection laws.

Madam Speaker, this conference report represents a balanced compromise between the House and the Senate versions of financial services modernization. Congress has spent several decades considering many of the complicated and extremely important issues addressed in this compromise—a compromise that represents a landmark legislative achievement in modernizing our nation's financial services industries. It establishes a rational framework in which our financial services industries may offer a wide range of services that will benefit consumers. It creates, in most cases, prudential consumer safeguards. And, it levels the playing field in a manner that will allow our financial institutions to compete in the 21st Century. I congratulate and commend my colleagues in both the House and the Senate who served on the conference committee and urge swift passage of this report.

The SPEAKER pro tempore. All time for debate has expired.

Without objection, the previous question is ordered on this conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. DINGELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 362, nays 57, not voting 15, as follows:

[Roll No. 570]

YEAS—362

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Bass
Bateman
Becerra
Bentsen
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth-Hage
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (VA)
Deal
DeGette
Delahunt
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Everett
Ewing
Farr
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kasich
Kelly
Kennedy
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Maloney (CT)
Maloney (NY)
Manzullo
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McIntosh
McIntyre
McKeon
McNulty
Meehan
Meeks (NY)
Menendez
Metcalf
Millender-McDonald
Miller (FL)
Miller, Gary
Minge
Mink
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Northup
Nussle
Oberstar
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Royce
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sandlin
Sawyer
Saxton
Schaffer
Scott
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Tiahrt
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Watkins
Watt (NC)
Watts (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Wu
Wynn
Young (AK)
Young (FL)

NAYS—57

Baldwin
Barrett (WI)
Barton
Brady (PA)
Campbell
Capuano
Clay
Condit
Conyers
Costello
Coyne
Davis (IL)
DeFazio
DeLauro
Dingell
Dixon
Edwards
Evans
Fattah
Filner
Frank (MA)
Gejdenson
Gutierrez
Hastings (FL)
Hefley
Hinchey
Inslee
Jackson (IL)
Kaptur
Kildee
Kucinich
Lee
Lewis (GA)
Lipinski
Luther
Markey
McDermott
McKinney
Meek (FL)
Mica
Miller, George
Obey
Phelps
Rivers
Rodriguez
Roybal-Allard
Rush
Sanders
Sanford
Schakowsky
Serrano
Taylor (MS)
Thurman
Tierney
Waters
Waxman
Woolsey

NOT VOTING—15

Bereuter
Dickey
Kanjorski
Larson
Martinez
McInnis
Mollohan
Ney
Norwood
Paul
Radanovich
Scarborough
Shuster
Stark
Taylor (NC)

□ 2317

Mr. SANFORD changed his vote from ''yea'' to ''nay.''

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. KANJORSKI. Mr. Speaker, on rollcall No. 570, the final passage of the conference report on S. 900 the Gramm-Leach-Bliley Financial Services Modernization Act of 1999, I was away from Washington on official business. Had I been present, I would have voted "yea."

Mr. BEREUTER. Mr. Speaker, this Member was not recorded on rollcall vote No. 570, on passage of the conference report on S. 900, the Gramm-Leach-Bliley Act. Had he been present, he would have voted "aye."

□ 2320

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. ISAKSON). Under the Speaker's announced policy of January 6, 1999, and