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Chairman Hensarling Speaks in Support of the Bipartisan Swap Jurisdiction Certainty Act
H.R. 1256 passed the House with strong bipartisan support (301 - 124)

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Washington, Jun 12 - House Financial Services Committee Chairman Jeb Hensarling (R-TX) delivered the following speech on the House floor today in support of H.R. 1256, the Swap Jurisdiction Certainty Act. The bill passed the house with strong bipartisan support.

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

The legislation before the House this afternoon, H.R. 1256, the Swap Jurisdiction Certainty Act, is a bipartisan response to what many view to be, frankly, regulatory red tape overreach and its adverse consequences that it can have on the millions of our fellow countrymen who are either unemployed or underemployed, the impact that it can have on the competitiveness of our US employers and job creators.

Mr. Speaker, I need not tell anyone in this body that we are, regrettably and continue to be, in the middle of a non-recovery recovery. If it wasn't for the fact that so many people have actually left the job force, the working participation rate, our unemployment rate would be even higher. Many have just given up.

We know that for many, even though America has in the past produced three-and-a-half percent growth and is probably capable of four, five percent economic growth with the right economic policies, regrettably we find ourselves mired in one-and-a-half to two percent GDP growth. Which means, Mr. Speaker, a lot of American dreams go unfulfilled and a lot of our constituents lay awake at night wondering how are they going to pay the bills.

So Mr. Speaker, jobs continue to be job number one, I believe, of the United States House of Representatives. But regrettably those who create jobs, those who employ our constituents are drowning in a sea of red tape. There has been an over 50 percent increase in regulations under the Obama Administration. We know that is directly correlated to the lackluster economic growth we see in the nation today. I still vividly remember that one small business person in East Texas came up to me, he had a small cabinetry shop, and even though it was still profitable, he shut it down. And he shut it down because of the red tape burden that crushed him and the jobs of 17 people who worked in East Texas. And he said 'Congressman, it got to the point where I just thought my federal government didn't want me to succeed.'

And so Mr. Speaker, we always have to be vigilant in ensuring that the red tape burden doesn't strangle the jobs and hopes and aspirations of the American people.

So that brings us to H.R. 1256, the Swaps Jurisdiction Certainty Act. Now many who may be tuning into this debate may not be quite familiar with the world of derivatives. But it is a way that many farmers, ranchers, manufacturers hedge risk in order to become successful companies and employ people and sell their goods and services at competitive prices.

An outfit like John Deere will use a derivative. They may do an interest rate swap as they finance a tractor for some farmer in rural East Texas that I may represent. So that derivative is directly linked to the cost and the availability of that tractor. And what we're trying to do with H.R. 1256 is make sure that those who are trying to access derivatives to hedge risk, to create and sustain jobs, don't automatically overnight have huge swaths of the global market pulled out from under them. Because if they do, all of a sudden, it could be that someone can't finance that tractor anymore.

Companies like Southwest Airlines that operate in my hometown of Dallas, Texas -- they hedge their fuel costs. If they can't access global markets, who knows about the success of their hedges? And then all of a sudden, the price of a trip for grandparents to fly in from Kansas City to see their grandkids in Dallas, Texas just became more prohibitive. It just became more expensive.

An outfit like Coors, they'll hedge their aluminum costs through swaps, maybe their wheat costs through swaps. And I don't know about other members, but I represent a lot of hardworking people in the Fifth District of Texas. And let me tell you, sometimes on a hot August afternoon, after working and putting in the 40 hours at the Pepsi bottling plant or maybe putting it in at some of the other factories they we may have in Mesquite, someone may want to go to the 7-11 and buy a six pack. And in America that ought to be their right. And the inability to access global markets for swaps ultimately -- can actually -- inflate that cost. And that's not something that I care to deny to hardworking Americans who want that.

So this is a very simple and bipartisan bill. Mr. Speaker, we had a hearing in the Financial Services Committee, we had a markup in the Financial Services Committee. It passed with 100 percent of the Republican vote; it passed with almost two-thirds of the Democratic vote. You would think that we might be under the suspension calendar for this one, but in order to respect the wishes of the Ranking Member, we are having a more prolonged debate in addition to the one we already had in the committee.

But Mr. Speaker, ultimately this bill will do two things. It will tell the Securities and Exchange Commission and the Commodity Futures Trading Commission you need to issue one joint rule when it really comes to American end-users being able to access global markets. Not one suggestion and one rule or two different rules -- one rule. Let's take down a little complexity here. And Mr. Speaker, after Dodd-Frank -- we're about to celebrate its third anniversary next month -- after three years of deliberating maybe it's time, actually, to come out with a rule to create and little certainty for the people at Coors and at Southwest Airlines and at all the other employers and John Deere. Maybe it's time to create a little certainty. And so the bill says, 'Okay, let's get this done in nine months.' You've had almost three years; it's time to get it done.

And last but not least, it says -- in order not to pull the rug out from under these people on day one -- it says, you know what, the nine largest markets -- we are going to have a presumption that their regimes are broadly equivalent to the U.S. and not immediately deny access. Now at any given time, if the CFTC and SEC come to the conclusion that these regimes are not broadly equivalent, that somehow they present risks to our economy, with the stroke of a pen they can change that presumption -- but not on day one, Mr. Speaker.

So for the sake of economic growth, for the sake of jobs, to provide some certainty in a struggling economy, I would urge all of my colleagues to support this bipartisan legislation that was voice-voted in the Ag Committee, and had unanimous consent of all Republicans and almost two-thirds of the Democrats on the Financial Services Committee. I urge all my colleagues to support H.R. 1256.

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