

**The White House**

Office of the Press Secretary

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# Press Briefing by Secretary of Treasury Steve Mnuchin on Financial Services Executive Order and Memoranda

James S. Brady Press Briefing Room

11:03 A.M. EDT

MR. SPICER: I just want to go over -- first of all, happy Friday. I want to go over the ground rules, which we adjusted some after a lot of feedback from you guys. So I appreciate the feedback.

So, first, we're passing out some background material so you can reference them during the briefing, which is something that was suggested by several members in this room that it would be helpful when do background briefings. So there you go.

Secretary Mnuchin is going to speak on the record, as several of you have requested. And this part of the briefing is going to be embargoed until 12:30 p.m. to give you guys to write the stories, which was a request that some folks also made. So I think you went three for three on the requests. When Secretary Mnuchin is done speaking he'll take some questions. He's obviously here to talk about the executive order and memoranda that are being signed later today at Treasury. When he's done, he'll take some questions, and then I'll get up and kind of have some fun with you guys -- see who else stops by.

So, with that, as long as everyone is clear on the ground rules -- the Secretary is going to come up, he is on the record, embargoed until 12:30 p.m. He will take questions; they will also be embargoed until 12:30 p.m. When the Secretary is done, we will clearly transition back to me. That is then on the record and no embargo.

With that, I am pleased to welcome the Secretary of the Treasury, Steven Mnuchin.

SECRETARY MNUCHIN: Thank you. It's a pleasure to be here. So let me just say a couple of words and then I'm happy to answer questions and clarifications.

So, first of all, this will be the President's first trip to the Treasury, so we are enormously excited to welcome him at the Treasury. I will say the importance of the Treasury and the location of it on the White House campus is very important and allows constant communication and ease for us to go back and forth. I think it was not coincidental that it was built next door.

So we are thrilled to welcome him. There will be a lot of people there outside to greet him, and he will then be coming up, seeing the line of portraits of past Treasury Secretaries, and then coming into my office and signing the executive order and the two memoranda -- with Alexander Hamilton looking over us.

So with that, I think you know we have been busy since he signed the initial executive order on core principles, looking at financial reform. It encompasses all the aspects of Dodd-Frank, but goes much further than Dodd-Frank. We've already conducted a large number of meetings -- I think we've had over 16 group meetings, and in many of these meetings there's 50 people in each meeting or more. So we've been conducting a lot of feedback overall on regulatory reform.

These three are specifically designed to focus on certain aspects that are enormously important to the Treasury and to the President, and that fill in with his campaign promise to make sure that Dodd-Frank is not harming our financial system. But first let me just comment on the tax executive order.

Under the previous administration, the tax code has become extremely expensive and burdensome. Individuals and business spend over 6.1 billion hours; the cost is over \$230 billion. The basic 1040 has grown enormously. And I think everybody would agree that the tax system is way too complicated and burdensome.

So the purpose of this is that the President will be instructing us to review all significant tax regulations since the beginning of 2016, so all of 2016 and this year, and to look at where there are undue financial burdens, unnecessary complexity and requirements, and for us to issue a report that goes through what the issues are and comes up with solutions by repealing or modifying them. That's the first part of this.

The second part of it is two memoranda that review very specifically two important parts of Dodd-Frank. The first is OLA -- orderly liquidation authority. We will do an analysis to make sure that this doesn't encourage excess risk-taking, moral hazard

and exposure to taxpayers. And while that period -- he will direct us not to use OLA unless required by law, in consultation with him. So in the event that there is a significant emergency and we do need to use it, we have a way of doing it.

The second one will be to put a 180-day review on FSOC designation, and I distinguish -- FSOC is a very important council that I chair. I think the most important part of FSOC is that I can bring the regulators together, get everybody in a room, be able to address important part of regulation. FSOC also has the responsibility to designate certain entities, and the President will be instructing me to put a hold on that for designations until we do a thorough review and make sure it's a fair and transparent process.

So with that little overview, I'm happy to answer any questions.

Q Mr. Secretary, do you feel that these policies will help to get rid of Too Big to Fail, or at least take a look at -- several conservatives have argued that Dodd-Frank has codified Too Big to Fail. And second, Chairman Jeb Hensarling, in the House Financial Services Committee, this week introduced a Dodd-Frank bill. Are you working with him, and do you support that piece of legislation?

SECRETARY MNUCHIN: Well, let me just first comment -- we have been working closely with Chairman Hensarling. We have been in discussions about all different aspects of regulatory reform. It's obviously a complicated bill, so I won't go through the entire bill, but I will say we are supportive of him bringing forward this legislation and look forward to working with him and Congress on the specifics of it.

In regards to your other question, let me make it absolutely clear, President Trump is absolutely committed to make sure that taxpayers are not at risk for government bailouts of entities that are too big to fail.

Q It was clear to candidate Trump that the tax code was too complex long before he became President. And he said on the campaign trail, repeatedly, tax reform would be a top priority. He said it here as President. Where are you on that? You've made it pretty clear the August deadline is no longer realistic. How far away are you from putting together a tax reform package? And does this slow that process down -- this review?

SECRETARY MNUCHIN: Well, let me first comment, President Trump, who was originally candidate Trump, he understood how complicated tax administration reform was even before he became a candidate. Tax reform is way too complicated. We

said during the campaign, and we've said now, we will be working with Congress on a comprehensive tax reform package with the idea to simplify personal taxes, create middle-income tax cuts, and make business taxes more competitive.

I want to first focus on the specifics of what we're doing today. I did comment yesterday -- I wanted to make sure there is no misunderstanding that we have been working extensively -- from the day I had been confirmed, I've been having meetings with the leadership in the House and the Senate on tax reform. Our staff has been meeting every week. I've been meeting with Chairman Brady every week for the last month or two. And what I said yesterday is we are very close to coming with the administration's plan. So the President is very focused on this. It has been one of his biggest priorities to create economic growth, and we are very focused on that.

But I will ask just to hold questions on tax reform for the moment so that we can finish specifics of these.

Yes.

Q Secretary, just reading through here, what are some specific actions available to you to ease these tax compliance burdens?

SECRETARY MNUCHIN: Well, there's -- I mean, just to be clear, what we're going to do is we are going to go through and look at every single significant regulation that has been done in the last year-and-a-half. We're going to determine whether we think they're needed in the tax code or whether they're unnecessary, and the tax burden and complexity is too much. And if we think it's too much, we will make a recommendation to the President how to change that.

Q Mr. Secretary, in Congress it seems like in the Senate they want to do GSE reform before Dodd-Frank reform. Is that order you would support? And what do you think is the biggest holdup to getting a GSE deal?

SECRETARY MNUCHIN: Okay, well, I'm not going to comment on the Senate's priority. I defer to them on that. But I will say, and I've said this from the time period in the campaign and from the minute I was nominated for this position, that housing reform is very important to this administration; that this is not something we're focused on in terms of legislation in the first half of this year, but again, we've been having significant discussions at Treasury with the FHFA, with congressional leadership on this. And we are committed to working with the House and the Senate on having a reform package that makes sure that we promote necessary liquidity in the housing

markets. These are very important to the economy and we want to make sure in no way do we not have that, but also making sure that we don't put taxpayers at risk and leave these entities as they are.

Q Mr. Secretary, thank you. ExxonMobil has requested --

SECRETARY MNUCHIN: I'm really -- I'm going to ask people first to focus on -- if I could just ask everybody for questions on this, and then at the end perhaps I can answer a few more questions.

Q Mr. Secretary, for those who have just a general understanding that the regulations are tied to underlying law, could you explain why the review is necessary if simultaneously you're working on a tax reform law? In other words, aren't you expending a lot of effort to do something that would be overtaken if the President is proposing new law?

SECRETARY MNUCHIN: Not necessarily. I mean, first of all, these are regulations that exist today. And just to be clear, although the report takes a period of time, that doesn't mean that we can't start on the more important things right away.

So I think the issue here is this has to do with the complexity of tax regulations. Some of those issues may be addressed in tax reform. Some of those things have nothing to do with tax reform, and the President wants to make clear to the American people that we are going to fix the tax code.

Q Mr. Secretary, you're not commenting on any specific regulations, but some of the most significant tax regulations adopted in this time period are the corporate inversions. Is that what this is really targeted at?

SECRETARY MNUCHIN: Again, it's not targeted at just those, it's targeted at things that are significant and create complexity and undue burdensome situations.

Q It's certainly one of the things this would be looking at.

SECRETARY MNUCHIN: Again, it's obviously one of the significant things and one of the things we would be looking at.

Q Just on OLA, do you believe that bankruptcy judges are better equipped to deal with financial contagion risk than regulators?

SECRETARY MNUCHIN: Let me say that obviously this is a complicated issue. The bankruptcy code right now doesn't work, so if entities were going to go through bankruptcy I think it's important that we have necessary changes to the bankruptcy

code. But on the other hand, there is a reason why we have the bankruptcy code. So this is something we'll be looking at very carefully as to what the right solution is.

Q And then just to follow up --

Q Do you have any -- back to the tax inversions. I mean, --

SECRETARY MNUCHIN: Wait a second, tax inversions aren't on this. That --

Q Well, it's part of the issue of tax review. Does your staff have any kind of idea of what it would look like if it's determined that that portion of the tax review was overreaching by the Obama administration or violated the law in some way?

SECRETARY MNUCHIN: Again, let me just say we've got 100 people in the tax department at Treasury right across the street, and they are busy to work at everything.

So -- in the back.

Q Would you have done these reviews without executive presidential order? What was the purpose specifically of the orders?

SECRETARY MNUCHIN: Again, I think the purposes of the orders are to make clear what the President and the administration's priorities are and to signify the importance of these issues to the American people.

Q Mr. Secretary, it seems to me that when you're looking at reviewing the rules regarding inversions, that if you were to roll those back and not get your corporate tax cuts, your tax reform, that you might just start the exodus of companies all over again by removing these rules. I know that you're just beginning the review here, but is that part of the calculation? Is that part of the discussion here -- that these two things would really have to go hand in hand or we could be right back where we were?

SECRETARY MNUCHIN: Well, let me just say a general comment -- as I like to say, there were a lot of things coming to this job that I knew a lot about and there are certain things that I had to learn a bit about. So on my first day in office, Sean was kind enough to invite me over here and I had the pleasure of dealing with the Venezuelan vice president and the Kingpin Act.

I can assure you on tax reform, this is an area that I've spent a lot of time on. This is an area that the President and I have worked together during the campaign on. This is not just something we've started thinking about.

The priorities are making U.S. business more competitive. And we're not going to do anything under this administration that inadvertently makes U.S. business less competitive or encourages U.S. business to go abroad. We are focused on making U.S. business the most competitive in the world, giving them the tools, and bringing back trillions of dollars.

And I can tell you, between the President and I, we've literally met with hundreds and hundreds of businesspeople, listening to ideas -- small business leaders, big business leaders. This administration is open to getting feedback, real-live feedback before we make decisions.

Q Mr. Secretary, a related subject -- on a related subject. Exxon -- on the same subject --

SECRETARY MNUCHIN: I'm going to finish these comments. I have another few minutes.

Q Mr. Secretary, former Fed Chair Ben Bernanke has written that repealing Title 2 to eliminate the OLA would be a major mistake, in his view, and it would imprudently put the economy and the financial system at risk. Do you envision ultimately repealing Title 2 and eliminating OLA? Or is there some middle ground you see where you're going to end up after this review is complete?

SECRETARY MNUCHIN: Well, we're going to do the review and conclude what we think makes sense. And I would just say -- nothing against him, I have a lot of respect for him -- again, we're listening to regulators' views; we're listening to people who were previously in the administration; we're listening to people who were impacted by this and we'll be taking that all into account.

Q Going into the review, can you give us a sense of what you think --

Q Thank you very much, sir. India's financial minister here in the World Bank in meetings, and this will be your first meeting with him under this new Trump relationship. So what is the future of U.S.-India trade and financial and economic relations, sir?

SECRETARY MNUCHIN: Well, let me say, kind of -- I broke out from the IMF meetings to come here today. I think I had a series of eight bilaterals yesterday. I think I've done four this morning, have a full day tomorrow and the rest of this afternoon. And that's one of them that I look forward -- we've had very constructive

discussions with all our counterparts about trade and investment and opportunities for global growth, and I look forward to working with all my counterparts in the G20.

So thank you all very much. Appreciate it. Thank you, Sean.

Q And then you were going to answer questions after --

Q Sorry, sir --

Q You said you were going to answer some tax questions when you were done.

SECRETARY MNUCHIN: Well, I'll take one more tax question from you, but then I have to go to IMF meetings. So what was your tax question?

Q Anyone else --

Q Sir, on Exxon --

SECRETARY MNUCHIN: Tax question.

Q The President has talked a lot about preventing U.S. companies from moving overseas. That is different from moving profit overseas. And I just want to know where do you think -- where do you land on that? Is it okay for U.S. companies to move profit overseas? Or are you more focused on the jobs side?

SECRETARY MNUCHIN: Well, let me be clear, we're focused on everything. So we want trillions of dollars to come back onshore, to be re-invested. And we expect that that will be a major part of tax reform. And we are committed, through trade policies, tax policies, economic discussions, to make sure that we have free and fair bilateral trade that works in both directions.

Q Sir, on the Exxon, one thing -- request your permission to deal in the Black Sea region. When can the decision be expected?

SECRETARY MNUCHIN: Can't comment on that right now, but -- that's not something I can comment specifically on at the moment.

Q -- on the difficulty of doing tax reform, if you're not able to get this healthcare repeal through? There's a lot of savings that were expected from healthcare repeal.

SECRETARY MNUCHIN: I think, as you know, the President wants to get healthcare done and he wants to get tax done. And hopefully we'll get them both done, but we're going to get tax done.

Thank you very much.

Q Is there a timeline for that now? A new timeline?

SECRETARY MNUCHIN: As I said yesterday -- soon. (Laughter.)

END

11: 25 A.M. EDT