AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

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LEGISLATIVE**ALERT**

October 30, 2013

Dear Representative:

On behalf of the more than 13 million people represented by the AFL-CIO and our 57 member unions, I urge you to oppose the “Swaps Regulatory Improvement Act,” (H.R. 992) scheduled for floor consideration later today.

H.R. 992 will dramatically weaken Section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. To prevent future government bailouts of too-big to-fail banks, Section 716 of the Dodd-Frank Act prohibits many types of swaps dealing by insured depository institutions. In other words, Section 716 requires that government-insured banks limit their trading in risky derivatives to separate subsidiaries that have their own capital.

H.R. 992 would permit a wide array of risky derivatives trading by government-backed Wall Street banks. For example, H.R. 992 will allow Wall Street banks to trade credit default swaps, the same derivatives that bankrupted American International Group. As government-insured depository institutions, Wall Street banks benefit from lower capital costs. For this reason, H.R. 992 will effectively subsidize swaps dealing by Wall Street banks that benefit from taxpayer-backed guarantees.

We cannot ever again allow risky derivatives trading by Wall Street banks to threaten Main Street with financial Armageddon. Our future financial and economic stability depends on full implementation of the Dodd-Frank Act without interference by those in a hurry to return to the days of deregulation.

Sincerely,

William Samuel, Director
Government Affairs Department