Watchdog group decries change in swaps regulation

By Editorial Staff *Tue, Dec 16, 2014*

MapLight, which tracks the influence of money in U.S. politics, claims that the four banks benefiting most from last week's relaxation of rules against swaps trading by federally-insured banks spent $30.7 million lobbying Congress and federal agencies in 2013 and 2014.

A “policy rider” in the $1.1 trillion 2015 federal budget, passed last week by votes of 219-206 in the House and 56-40 in the Senate, eliminates Section 716 of the Dodd-Frank law—a provision that prevented banks that are protected by the Federal Deposit Insurance Corporation from trading in custom swaps, a type of derivative, news sources reported last week.

According to MapLight, a research group that tracks the influence of money in politics, the removal of the provision came after almost two years of intense lobbying by the four banks that account for 90% of the custom swaps market: Bank of America, Citigroup, J.P. Morgan Chase and Goldman Sachs. In 2013, according to a transcript of a roundtable discussion sponsored by the Commodities Futures Trading Commission, the size of the U.S. custom swaps market was estimated at “about [$]250 trillion notional open interest.”

A MapLight analysis of lobbying spending by those four banks during the 113th Congress, showed that, since January 1, 2013, they spent a combined $30.7 million lobbying Congress and federal agencies. According to MapLight, PACs of Citigroup, Goldman Sachs, Bank of America, and JPMorgan Chase gave:

- 3.9 times more to Democrats voting ‘YES’ ($12,956) than Democrats voting ‘NO’ ($3,293).
- 2.8 times more to legislators voting ‘YES’ ($9,979) than legislators voting ‘NO’ ($3,562).
- 2.2 times more to Republicans voting ‘YES’ ($8,932) than Republicans voting ‘NO’ ($4,119).
- $29,000 to Rep. Kevin Yoder (R-KS), who first offered the Citigroup provision at a committee hearing in June as an amendment to the financial services appropriations bill.

The top recipients of campaign contributions from the top four banks, all receiving between $35,000 and $40,000, included John Boehner (R-OH), Joe Crowley (D-NY), Kevin McCarthy (R-CA), Patrick McHenry (R-NC), John Carney, Jr. (D-DE), Jim Himes (D-CT), Gary Peters (D-MI), Pat Tiberi (R-OH), Sean Maloney (D-NY) and Patrick Murphy (D-FL), according to

MapLight.

Another provision in the bill would increase campaign contribution limits for donations to national political parties. Currently, individual donors cannot give more than $97,200 in total to the national party committees, MapLight's release said. The budget bill would raise that limit to $777,600. According to the Center for Responsive Politics, 0.04% of Americans gave more than $2,600 in the 2014 election cycle.

Section 716 of Dodd-Frank "says that institutions that receive federal insurance through FDIC and the Federal Reserve can't be dealers in the specialized derivatives market. Banks must instead 'push out' these dealers into separate subsidiaries with their own capital that don't benefit from the government backstop. They can still trade in many standardized derivatives and hedge their own risks, however," according to a **report** in the blog, Next New Deal.