



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

October 24, 2017
(Senate)

STATEMENT OF ADMINISTRATION POLICY

H.J. Res. 111 – Disapproving the Rule, Submitted by the Consumer Financial Protection Bureau, Known as the Arbitration Agreements Rule
(Rep. Rothfus, R-PA, and 34 cosponsors)

The Administration strongly supports Senate passage of H.J. Res. 111. This joint resolution of disapproval would nullify the “Arbitration Agreements” rule, 82 Fed. Reg. 33210 (July 19, 2017), promulgated by the Consumer Financial Protection Bureau (CFPB). The rule would bar certain financial institutions from using contract clauses that provide for arbitration of disputes with customers to restrict participation in class-action lawsuits. If allowed to take effect, the CFPB’s harmful rule would benefit trial lawyers by increasing frivolous class-action lawsuits; harm consumers by denying them the full benefits and efficiencies of arbitration; and hurt financial institutions by increasing litigation expenses and compliance costs (particularly for community and mid-sized institutions). In many cases, these increased costs would be borne, not by the financial institutions, but by their consumers. The CFPB’s rule is also in tension with the policy expressed by Congress in the Federal Arbitration Act, as recognized repeatedly by the Supreme Court, favoring resolution of disputes through arbitration. The Administration is committed to protecting Americans by making regulation efficient and effective and restoring public accountability within the Federal financial regulatory agencies as outlined in Executive Order 13772, *Core Principles for Regulating the United States Financial System*. This legislation would protect consumer choices by eliminating a costly and burdensome regulation and reining in the bureaucracy and inadvisable regulatory actions of the CFPB.

If H.J. Res. 111 were presented to the President in its current form, his advisors would recommend that he sign it into law.

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