

In a Bind about CFPB's Arbitration Rule?

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Don't be. At least Republican lawmakers are certainly not. On Tuesday, the U.S. House of Representatives voted overwhelmingly, 231-190, to eliminate the [CFPB's final rule arbitration rule](#) using a procedural mechanism called the Congressional Review Act.

The Congressional Review Act allows both houses of Congress to vote on resolutions of disapproval within 60 legislative days of a proposed rule being published in the Federal Register. Under the CRA, the resolution can be brought to the House floor without going to a committee vote, and does not need a filibuster-proof, 60 vote majority to pass in the Senate. If the President signs the resolution, the CFPB would be barred from developing a regulation that is substantially similar to the one disapproved unless Congress specifically authorizes it.

Once considered a procedural statute used rarely, the CRA has already been used—passed both chambers and signed by the President—to pull back regulations at least 14 times since Donald Trump took office. The subject matters are varied and come from all kinds of agencies, including the Securities and Exchange Commission.

If you're wondering whether this legislation is a hit piece on the CFPB, the answer is maybe not. Representative Tom Graves (R-GA) introduced a resolution to disapprove the CFPB's prepaid card rule, but it did not come to a vote in the House. The reality is that the arbitration rule so vastly exposes financial industry participants—of many different shapes and sizes—to class actions, that the support to pull the arbitration rule back is overwhelming.

So, the odds are pretty good nothing about CFPB's Arbitration Rule is going to be binding.

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Topics

CFPB, Congressional Review Act, Arbitration Rule