



In classic Greek mythology, a golden apple of discord inscribed "For the fairest" was awarded to Aphrodite, beginning a chain of events that led to the Trojan War. GrayRobinson's newsletter reports on the most recent issues, individuals, and discourse deemed fairest in Washington.

July 2, 2020

It's an abbreviated issue of The Golden Apple this week because of tomorrow's holiday, but Washington managed to pack a lot into four days.

Congress votes to extend PPP through August 8

The Paycheck Protection Program (PPP) expired on June 30, but the Senate and House [voted this week](#) to extend the program through August 8. The bill also separates out the \$30 billion previously authorized for the Small Business Administration's 7(a) lending program, so that the 7(a) program can continue after the PPP expires. The PPP still has approximately \$130 billion in funds available. Policymakers have discussed making changes to the program that would raise loan limits and allow businesses to apply for another round of loans, but those changes were not part of the bill that passed this week.

EIDL still has \$230 billion, approval times down to five days

The Small Business Administration official responsible for the agency's disaster lending program [appeared before the House Small Business Committee yesterday](#) to report on the status of its expanded Economic Injury Disaster Loan (EIDL) program, which Congress has given \$360 billion to meet emergency needs of small businesses affected by the COVID-19 pandemic. The program was beset with weeks-long delays as it started, and Committee members reported widespread complaints from small business owners who could not get any information about the status of their loan applications. SBA Associate Administrator James Rivera told the Committee that since the activation of a new portal on June 15, waiting times for EIDL grants have dropped to two days, and decisions on loans are being made within five days. The program has disbursed \$130 billion in loans and grants to 4.8 million businesses, and has about \$230 billion available. The disaster period for EIDL loans extends through December 15.

Fed, Treasury review COVID-19 relief measures with House panel

At the House Financial Services Committee's [first oversight hearing](#) on the Treasury and Federal Reserve's implementation of the CARES Act, Treasury Secretary Steven Mnuchin said he looked forward to working with Congress on a "CARES Act 2.0" that will provide additional, targeted relief to industries hardest-hit by the pandemic lockdown. Federal Reserve Board Chairman Jerome Powell said the Fed is reviewing comments it has received

about how best to include nonprofit organizations in its Main Street Lending Facility. Mnuchin and Powell said they'd been working together on ways the government could help the commercial real estate market, which is acutely at risk, but they have yet to identify possible relief measures.

Testing, tracing, isolation will be keys to reopening schools

The nation's leading experts on COVID-19 [appeared before the Senate Health, Education, Labor & Pensions Committee on Tuesday](#) to talk about what reopening the nation's schools will require. They agreed that schools must follow [CDC guidelines for reopening](#), including keeping class sizes small, physical distancing, and handwashing. They also said that schools need to make sure they have testing plans that are incorporated into overall state testing plans, to ensure appropriate allocation of resources. Testing for infection and tracing contacts of infected people will be essential to keeping contagion rates low, and those exposed will need to be isolated until they are found to be well. Dr. Anthony Fauci, Director of the National Institute for Allergy and Infectious Diseases at the National Institutes of Health (NIH), said he hopes they will have a safe and effective vaccine early next year.

House votes to nullify new OCC Community Reinvestment Act rule

The House of Representatives [voted along party lines](#) on Monday to disapprove the Office of the Comptroller of the Currency's recent new rule implementing the Community Reinvestment Act. The vote was largely symbolic, as the Senate will almost certainly not take up the resolution, and the White House has said it will veto it.

Senate Banking discusses central bank digital currency

The Senate Banking Committee heard [testimony on Tuesday](#) about the feasibility and desirability of creating a central bank digital currency (CBDC), or "digital dollar" to facilitate payments and improve access to the financial system. Former CFTC Chairman Chris Giancarlo, cofounder of the Digital Dollar Project, said that the nation's financial infrastructure had fallen behind the rest of the world, and that the dollar risks losing its position as the global transaction currency unless it moves quickly to catch up with nations that are digitizing their currency. Giancarlo and other witnesses recommended that the Fed and Treasury launch a series of pilot programs that answer questions about privacy and anonymity, access, and disclosure of transactions.

Supreme Court says CFPB independence is unconstitutional, but the agency is not

In a much-anticipated decision, the [Supreme Court ruled on Monday](#) that the Director of the Consumer Financial Protection Bureau serves at the pleasure of the President, rather than being protected from removal for reasons other than cause. "The CFPB's leadership by a single individual removable only for inefficiency, neglect, or malfeasance violates the separation of powers," the Court opined in *Seila Law LLC v. Consumer Financial Protection Bureau*. The Court also ruled, however, that "the Director's removal protection is severable" from the rest of the statute that created the CFPB, and therefore did not rule that the agency itself is invalid. Senate Banking Committee Chairman Mike Crapo (R-ID) [applauded the decision](#), saying, "I continue to advocate for establishing a bipartisan board of directors to oversee the CFPB; subjecting the CFPB to the annual appropriations process, similar to other federal regulators; and establishing a safety-and-soundness check for the prudential regulators.

DOL proposes new rule for investment advice under ERISA

The Department of Labor proposed [a new exemption for investment advice fiduciaries](#) this week that would allow fiduciaries to be compensated for advice on 401(k) plans and

individual retirement accounts as long as they are acting in a saver's best interest. The proposal would reinstate the five-part test for determining whether an adviser is a fiduciary under ERISA: a fiduciary 1) offers advice about the value of securities or makes recommendations 2) on a regular basis 3) pursuant to an agreement with a plan, plan fiduciary or IRA owner 4) that will serve as a primary basis for investment decisions and 5) is tailored to the individual needs of the plan or IRA. The proposal does not precisely track, but aligns with the SEC's Regulation Best Interest. It will be published in the *Federal Register* on July 7, and will be open for comment for 30 days.

DOL proposes rule clarifying that ERISA fiduciaries must make decisions based on financial considerations, not ESG

Separately, the Department of Labor also [proposed a rule](#) this week that confirms that the Employee Retirement Income Security Act (ERISA) requires fiduciaries to choose investments based solely on financial considerations, rather than on benefits related to environmental, social, or corporate governance (ESG) issues. That proposal is open for comment until July 30.

Court challenge to SEC Reg BI fails

This week the US Court of Appeals for the Second Circuit denied a petition filed by two investment advisers and eight states for an Administrative Procedure Act (APA) review of the Securities and Exchange Commission's Regulation Best Interest, governing the fiduciary responsibilities of investment advisers and broker-dealers. The court ruled that the states had no standing to challenge the regulation, though the investment advisers did; that Dodd-Frank authorized the SEC to issue the rule; and that the rule was neither arbitrary nor capricious under the APA. The new rule took effect on June 30.

Federal Reserve opens Primary Market Corporate Credit Facility, issues term sheet and FAQs

The Federal Reserve Board [announced Monday](#) that the Primary Market Corporate Credit Facility (PMCCF) is now available to provide a funding backstop for corporate debt. The PMCCF is purchasing qualifying bonds as a sole investor, and purchasing portions of syndicated loans or bonds at issuance. The Primary and Secondary Market Corporate Credit Facilities together can purchase up to \$750 billion in corporate debt instruments.

FDIC invites tech firms to compete on financial reporting tools

The Federal Deposit Insurance Corporation (FDIC) [announced this week](#) that it has launched a competition to develop new tools for financial reporting, particularly for community banks. The FDIC has asked 20 technology companies from the financial services, data management, data analytics, and artificial intelligence/machine learning sectors to propose solutions for the agency's consideration over the next several months. The goal is to make financial reporting more seamless and less burdensome for banks, while providing more timely and useful information to the FDIC.

Confirmations, Nominations, Departures, etc.

- Five-term **Rep. Scott Tipton** (R-CO-3) lost his primary to challenger Lauren Boebert, owner of a restaurant famous for wait staff who openly carry firearms.

Next Week in Washington

The Senate is in recess next week.

- **July 7 at 12:00 noon** House Financial Institutions Subcommittee on National Security, International Development, and Monetary Policy holds a virtual hearing on "[Paycheck Security: Economic Perspectives on Alternative Approaches to Protecting Workers Pay During COVID-19.](#)"
- **July 8 at 12:00 noon** House Financial Services Task Force on Artificial Intelligence holds a virtual hearing on "[Exposure Notification and Contact Tracing: How AI Helps Localities Reopen Safely and Researchers Find a Cure.](#)"
- **July 9 at 9:30 a.m.** The Securities and Exchange Commission hosts a day-long [virtual roundtable on investing in emerging markets.](#)
- **July 9 at 12:00 noon** House Financial Services Subcommittee on Diversity and Inclusion holds a hearing on "[Access Denied: Challenges for Women- and Minority-Owned Businesses Accessing Capital and Financial Services During the Pandemic.](#)"

The GrayRobinson Lobbying Team

[Doyle Bartlett](#) | [Dean Cannon](#) | [Chris Carmody](#) | [Larry Cretul*](#) | [Chris Dawson](#) | [Katie Flury*](#)
[Charlie Gray](#) | [Keenan Hale*](#) | [Rheb Harbison*](#) | [John Harris*](#) | [Mike Huey](#) | [Ty Jackson](#)
[Georae Levesque](#) | [Jessica Love*](#) | [Chris McCannell*](#) | [Kim McDougal*](#) | [Grea Mesack*](#)
[Kirk Pepper*](#) | [Joseph Salzberg](#) | [Todd Steibly*](#) | [Robert Stuart*](#) | [Jason Unger](#)

* Denotes non-attorney professional



Boca Raton | Fort Lauderdale | Fort Myers | Gainesville | Jacksonville | Key West | Lakeland
Melbourne | Miami | Naples | Orlando | Tallahassee | Tampa | Washington, DC | West Palm Beach



www.GRLobby.com