



1700 G Street, N.W., Washington, DC 20552

July 18, 2017

The Honorable Keith A. Noreika  
Acting Comptroller of the Currency  
Office of the Comptroller of the Currency  
400 Seventh Street SW  
Washington, D.C. 20219

Dear Keith:

I have your letter from yesterday, renewing your suggestion that the CFPB's recently-finalized arbitration rule might pose a risk to the safety and soundness of the federal banking system.

First, let me be clear that we are happy to share the data underlying our rulemaking. I understand that our teams are in communication and we are in the process of assembling the data your staff has requested.

I continue to fail to see any plausible basis for your claim that the arbitration rule could somehow affect the safety and soundness of the banking system. The economic analysis of the rule shows that its impact on the entire financial system (not just the banking system) is on the order of less than \$1 billion per year. Even if you think that estimate could be off by some amount, the banks alone made over \$171 billion in profits last year. So on what conceivable basis can there be any legitimate argument that this rule poses a safety and soundness issue?

In addition, Congress explicitly banned arbitration agreements in the mortgage market, which is larger than all these other consumer finance markets combined. Yet nobody suggests that outcome poses a safety and soundness issue. So while you may disagree with the policy judgments for the rule, I question why it would be appropriate to distort the FSOC process to review a claim that is so plainly frivolous, when congressional and judicial forums are available to pursue such matters.

Again, I would be interested to know more about what you view as the basis for your claim here. As for timing, I signed the final rule and we sent it to the Federal Register for publication before you raised these issues on July 10. Feel free to call me anytime to discuss these matters further.

Sincerely,

Richard Cordray  
Director