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## Senate Votes to Overturn CFPB Arbitration Rule

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**The Senate voted this evening to block the Consumer Financial Protection Bureau’s rule prohibiting financial institutions from requiring consumers to waive class actions in pre-dispute arbitration agreements. President Trump is expected to sign the resolution of disapproval.**

The Senate vote, 51-50, was largely along party lines. The House of Representatives had voted to block the rule in July. The rule was the product of a three-year study by the CFPB and would have prohibited companies from the use of mandatory pre-dispute arbitration agreements that prevented consumer finance class actions in court. The rule would not have affected the use of mandatory pre-dispute arbitration clauses for individual consumer finance disputes.

Under the Congressional Review Act, once the President signs the resolution, the CFPB will be barred from issuing a new rule that is “substantially the same” as the overturned rule. It appears certain that President Trump will sign the disapproval resolution. The Treasury on Monday released a 17-page analysis opposing the rule. The CFPB issued a response earlier today.

For further background, see [Sullivan & Cromwell LLP’s September 18, 2017 memorandum](#). The underlying statutory command in the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act remains in effect. That law called for the CFPB to study pre-dispute arbitration agreements and issue regulations restricting their use if such rules would be in the “public interest” and for the “protection of consumers.” Thus, the CFPB must presumably make a new determination on that question.

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