

[DISCUSSION DRAFT]

114TH CONGRESS
2^D SESSION

H. R. _____

To create hope and opportunity for consumers, investors, and entrepreneurs by ending bailouts and Too Big to Fail, holding Washington and Wall Street accountable, eliminating red tape to increase access to capital and credit, and repealing the provisions of the Dodd-Frank Act that make America less prosperous, less stable, and less free, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. HENSARLING introduced the following bill; which was referred to the
Committee on _____

A BILL

To create hope and opportunity for consumers, investors, and entrepreneurs by ending bailouts and Too Big to Fail, holding Washington and Wall Street accountable, eliminating red tape to increase access to capital and credit, and repealing the provisions of the Dodd-Frank Act that make America less prosperous, less stable, and less free, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Financial CHOICE Act of 2016”.

4 (b) **TABLE OF CONTENTS.**—The table of contents for
5 this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—REGULATORY RELIEF FOR STRONGLY CAPITALIZED,
WELL MANAGED BANKING ORGANIZATIONS**

Sec. 101. Capital election.

Sec. 102. Regulatory relief.

Sec. 103. Contingent capital study.

Sec. 104. Study on altering the current prompt corrective action rules.

Sec. 105. Definitions.

TITLE II—ENDING “TOO BIG TO FAIL” AND BANK BAILOUTS

Subtitle A—Reform of the Financial Stability Act of 2010

Sec. 211. Repeal and modification of provisions of the Financial Stability Act
of 2010.

Subtitle B—Repeal of the Orderly Liquidation Authority

Sec. 221. Repeal of the orderly liquidation authority.

Subtitle C—Financial Institution Bankruptcy

Sec. 231. General provisions relating to covered financial corporations.

Sec. 232. Liquidation, reorganization, or recapitalization of a covered financial
corporation.

Sec. 233. Amendments to title 28, United States Code.

Subtitle D—Ending Government Guarantees

Sec. 241. Repeal of obligation guarantee program.

Sec. 242. Repeal of systemic risk determination in resolutions.

Sec. 243. Restrictions on use of the Exchange Stabilization Fund.

Subtitle E—Eliminating Financial Market Utility Designations

Sec. 251. Repeal of title VIII.

**TITLE III—EMPOWERING AMERICANS TO ACHIEVE FINANCIAL
INDEPENDENCE**

Subtitle A—Separation of Powers and Liberty Enhancements

Sec. 311. Consumer Financial Opportunity Commission.

Sec. 312. Bringing the Commission into the regular appropriations process.

Sec. 313. Consumer Financial Opportunity Commission Inspector General Re-
form.

- Sec. 314. Private parties authorized to compel the Commission to seek sanctions by filing civil actions; Adjudications deemed actions.
- Sec. 315. Civil investigative demands to be appealed to courts.
- Sec. 316. Commission dual mandate and economic analysis.
- Sec. 317. No deference to Commission interpretation.

Subtitle B—Administrative Enhancements

- Sec. 321. Commission Advisory Boards.
- Sec. 322. Advisory opinions.
- Sec. 323. Reform of Consumer Financial Civil Penalty Fund.
- Sec. 324. Commission research paper transparency.
- Sec. 325. Commission pay fairness.
- Sec. 326. Separation of market monitoring functions and supervisory functions.
- Sec. 327. Requirement to verify information in the complaint database before it may be released to the general public.
- Sec. 328. Commission supervision limited to banks, thrifts, and credit unions with greater than \$50 billion in assets.
- Sec. 329. Transfer of old OTS building from OCC to GSA.

Subtitle C—Policy Enhancements

- Sec. 331. Consumer right to financial privacy.
- Sec. 332. Repeal of Council authority to set aside Bureau rules and requirement of safety and soundness considerations when issuing rules.
- Sec. 333. State and tribal payday loan regulation 5-year exemption.
- Sec. 334. Reforming indirect auto financing guidance.
- Sec. 335. Prohibition of Government price controls for payment card transactions.
- Sec. 336. Annual studies on ending the conservatorship of Fannie Mae, Freddie Mac, and reforming the housing finance system.
- Sec. 337. Removal of “abusive” authority.
- Sec. 338. Repeal of authority to restrict arbitration.

TITLE IV—CAPITAL MARKETS IMPROVEMENTS

Subtitle A—SEC Reform, Restructuring, and Accountability

- Sec. 401. Authorization of appropriations.
- Sec. 402. Report on unobligated appropriations.
- Sec. 403. SEC Reserve Fund abolished.
- Sec. 404. Fees to offset appropriations.
- Sec. 405. Implementation of recommendations.
- Sec. 406. Office of Credit Ratings to report to the Division of Trading and Markets.
- Sec. 407. Office of Municipal Securities to report to the Division of Trading and Markets.
- Sec. 408. Independence of Commission Ombudsman.
- Sec. 409. Coordination with the Investor Advisory Committee.
- Sec. 410. Duties of Investor Advocate.
- Sec. 411. Process for closing investigations.
- Sec. 412. Enforcement Ombudsman.
- Sec. 413. Process to ensure enforcement actions are within authority of Commission.
- Sec. 414. Process to permit recipient of Wells notification to appear before the Commission in-person.

- Sec. 415. Publication of enforcement manual.
- Sec. 416. Private parties authorized to compel the Securities and Exchange Commission to seek sanctions by filing civil actions.
- Sec. 417. Certain findings required to approve civil money penalties against issuers.
- Sec. 418. Repeal of authority of the Commission to prohibit persons from serving as officers or directors.
- Sec. 419. Elimination of automatic disqualifications.
- Sec. 420. Confidentiality of records obtained from foreign securities and law enforcement authorities.
- Sec. 421. Clarification of authority to impose sanctions on persons associated with a broker or dealer.
- Sec. 422. Public Company Accounting Oversight Board transparency.
- Sec. 423. Congressional access to information held by Public Company Accounting Oversight Board.
- Sec. 424. Repeal of requirement for Public Company Accounting Oversight Board to use certain funds for merit scholarship program.
- Sec. 425. Reallocation of Fines for Violations of Rules of Municipal Rule-making Board into General Fund of Treasury.

Subtitle B—Eliminating Excessive Government Intrusion in the Capital Markets

- Sec. 441. Requirements prior to rulemaking relating to standards of conduct for brokers and dealers.
- Sec. 442. Exemption from risk retention requirements for nonresidential mortgage.
- Sec. 443. Frequency of shareholder approval of executive compensation.
- Sec. 444. Requirement for municipal advisor for issuers of municipal securities.
- Sec. 445. Small issuer exemption from internal control evaluation.
- Sec. 446. Exemptive authority for certain provisions relating to registration of nationally recognized statistical rating organizations.
- Sec. 447. Restriction on recovery of erroneously awarded compensation.
- Sec. 448. Risk-Based Examinations of Nationally Recognized Statistical Rating Organizations.
- Sec. 449. Repeals.
- Sec. 450. Exemption of and reporting by private equity fund advisers.
- Sec. 451. Records and reports of private funds.
- Sec. 452. Definition of accredited investor.
- Sec. 453. Repeal of certain provisions requiring a study and report to Congress.
- Sec. 454. Technical correction.
- Sec. 455. Repeal.

Subtitle C—Commodity Futures Trading Commission Reforms

- Sec. 461. Division directors.
- Sec. 462. Procedures governing actions taken by commission staff.
- Sec. 463. Strategic technology plan.
- Sec. 464. Internal risk controls.
- Sec. 465. Subpoena duration and renewal.
- Sec. 466. Applicability of notice and comment requirements of the administrative procedure act to guidance voted on by the commission.
- Sec. 467. Judicial review of commission rules.
- Sec. 468. Cross-border regulation of derivatives transactions.

Subtitle D—Harmonization of Derivatives Rules

Sec. 471. Agency review and harmonization of rules relating to the regulation of over-the-counter swaps markets.

TITLE V—IMPROVING INSURANCE COORDINATION THROUGH AN INDEPENDENT ADVOCATE

Sec. 501. Repeal of the Federal Insurance Office; Creation of the Office of the Independent Insurance Advocate.

TITLE VI—DEMANDING ACCOUNTABILITY FROM FINANCIAL REGULATORS AND DEVOLVING POWER AWAY FROM WASHINGTON

Subtitle A—Cost-Benefit Analyses

- Sec. 611. Definitions.
- Sec. 612. Required regulatory analysis.
- Sec. 613. Rule of construction.
- Sec. 614. Public availability of data and regulatory analysis.
- Sec. 615. Five-year regulatory impact analysis.
- Sec. 616. Retrospective review of existing rules.
- Sec. 617. Judicial review.
- Sec. 618. Chief Economists Council.
- Sec. 619. Conforming amendments.
- Sec. 620. Other regulatory entities.
- Sec. 621. Avoidance of duplicative or unnecessary analyses.

Subtitle B—Congressional Review of Federal Financial Agency Rulemaking

- Sec. 631. Congressional review.
- Sec. 632. Congressional approval procedure for major rules.
- Sec. 633. Congressional disapproval procedure for nonmajor rules.
- Sec. 634. Definitions.
- Sec. 635. Judicial review.
- Sec. 636. Effective date of certain rules.
- Sec. 637. Budgetary effects of rules subject to section 632 of the Financial CHOICE Act of 2016.

Subtitle C—Judicial Review of Agency Actions

- Sec. 641. Scope of judicial review of agency actions.

Subtitle D—Leadership of Financial Regulators

- Sec. 651. Federal Deposit Insurance Corporation.
- Sec. 652. Federal Housing Finance Agency.
- Sec. 653. National Credit Union Administration.
- Sec. 654. Office of the Comptroller of the Currency.

Subtitle E—Congressional Oversight of Appropriations

- Sec. 661. Bringing the Federal Deposit Insurance Corporation into the regular appropriations process.
- Sec. 662. Bringing the Federal Housing Finance Agency into the regular appropriations process.
- Sec. 663. Bringing the National Credit Union Administration into the regular appropriations process.
- Sec. 664. Bringing the Office of the Comptroller of the Currency into the regular appropriations process.

- Sec. 665. Bringing the non-monetary policy related functions of the Board of Governors of the Federal Reserve System into the regular appropriations process.

Subtitle F—International Processes

- Sec. 671. Requirements for international processes.

TITLE VII—FED OVERSIGHT REFORM AND MODERNIZATION

- Sec. 701. Requirements for policy rules of the Federal Open Market Committee.
- Sec. 702. Federal Open Market Committee blackout period.
- Sec. 703. Membership of Federal Open Market Committee.
- Sec. 704. Frequency of testimony of the Chairman of the Board of Governors of the Federal Reserve System to Congress.
- Sec. 705. Vice Chairman for Supervision report requirement.
- Sec. 706. Salaries, financial disclosures, and office staff of the Board of Governors of the Federal Reserve System.
- Sec. 707. Amendments to powers of the Board of Governors of the Federal Reserve System.
- Sec. 708. Interest rates on balances maintained at a Federal Reserve bank by depository institutions established by Federal Open Market Committee.
- Sec. 709. Audit reform and transparency for the Board of Governors of the Federal Reserve System.
- Sec. 710. Establishment of a Centennial Monetary Commission.
- Sec. 711. Public transcripts of FOMC meetings.

TITLE VIII—DEMANDING ACCOUNTABILITY FROM WALL STREET

Subtitle A—SEC Penalties Modernization

- Sec. 801. Enhancement of civil penalties for securities laws violations.
- Sec. 802. Updated civil money penalties of Public Company Accounting Oversight Board.
- Sec. 803. Updated civil money penalty for controlling persons in connection with insider trading.
- Sec. 804. Update of certain other penalties.
- Sec. 805. Monetary sanctions to be used for the relief of victims.
- Sec. 806. GAO report on use of civil money penalty authority by Commission.

Subtitle B—FIRREA Penalties Modernization

- Sec. 811. Increase of civil and criminal penalties originally established in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

TITLE IX—REPEAL OF THE VOLCKER RULE AND OTHER PROVISIONS

Sec. 901. Repeals.

TITLE X—UNLEASHING OPPORTUNITIES FOR SMALL BUSI-
NESSES, INNOVATORS, AND JOB CREATORS BY FACILITATING
CAPITAL FORMATION

Subtitle A—Small Business Mergers, Acquisitions, Sales, and Brokerage
Simplification

Sec. 1001. Registration exemption for merger and acquisition brokers.

Sec. 1002. Effective date.

Subtitle B—Encouraging Employee Ownership

Sec. 1006. Increased threshold for disclosures relating to compensatory benefit
plans.

Subtitle C—Small Company Disclosure Simplification

Sec. 1011. Exemption from XBRL requirements for emerging growth compa-
nies and other smaller companies.

Sec. 1012. Analysis by the SEC.

Sec. 1013. Report to Congress.

Sec. 1014. Definitions.

Subtitle D—Securities and Exchange Commission Overpayment Credit

Sec. 1016. Refunding or crediting overpayment of section 31 fees.

Subtitle E—Fair Access to Investment Research

Sec. 1021. Safe harbor for investment fund research.

Subtitle F—Accelerating Access to Capital

Sec. 1026. Expanded eligibility for use of Form S-3.

Subtitle G—SEC Small Business Advocate

Sec. 1031. Establishment of Office of the Advocate for Small Business Capital
Formation and Small Business Capital Formation Advisory
Committee.

Subtitle H—Small Business Credit Availability

Sec. 1036. Business development company ownership of securities of investment
advisers and certain financial companies.

Sec. 1037. Expanding access to capital for business development companies.

Sec. 1038. Parity for business development companies regarding offering and
proxy rules.

Subtitle I—Fostering Innovation

Sec. 1041. Temporary exemption for low-revenue issuers.

Subtitle J—Small Business Capital Formation Enhancement

Sec. 1046. Annual review of government-business forum on capital formation.

Subtitle K—Helping Angels Lead Our Startups

- Sec. 1051. Definition of angel investor group.
- Sec. 1052. Clarification of general solicitation.

Subtitle L—Main Street Growth

- Sec. 1056. Venture exchanges.

Subtitle M—Micro Offering Safe Harbor

- Sec. 1061. Exemptions for micro-offerings.

Subtitle N—Private Placement Improvement

- Sec. 1066. Revisions to SEC Regulation D.

Subtitle O—Supporting America’s Innovators

- Sec. 1071. Investor limitation for qualifying venture capital funds.

Subtitle P—Fix Crowdfunding

- Sec. 1076. Crowdfunding vehicles.
- Sec. 1077. Crowdfunding exemption from registration.

Subtitle Q—Corporate Governance Reform and Transparency

- Sec. 1081. Definitions.
- Sec. 1082. Registration of proxy advisory firms.
- Sec. 1083. Commission annual report.

Subtitle R—Senior Safe

- Sec. 1091. Immunity.
- Sec. 1092. Training required.
- Sec. 1093. Relationship to State law.

Subtitle S—National Securities Exchange Regulatory Parity

- Sec. 1096. Application of exemption.

TITLE XI—REGULATORY RELIEF FOR MAIN STREET AND
COMMUNITY FINANCIAL INSTITUTIONS

Subtitle A—Preserving Access to Manufactured Housing

- Sec. 1101. Mortgage originator definition.
- Sec. 1102. High-Cost mortgage definition.

Subtitle B—Mortgage Choice

- Sec. 1106. Definition of points and fees.

Subtitle C—Financial Institution Customer Protection

- Sec. 1111. Requirements for deposit account termination requests and orders.
- Sec. 1112. Amendments to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Subtitle D—Portfolio Lending and Mortgage Access

- Sec. 1116. Safe harbor for certain loans held on portfolio.

Subtitle E—Application of the Expedited Funds Availability Act

Sec. 1121. Application of the Expedited Funds Availability Act.

Subtitle F—Small Bank Holding Company Policy Statement

Sec. 1126. Changes required to small bank holding company policy statement on assessment of financial and managerial factors.

Subtitle G—Community Institution Mortgage Relief

Sec. 1131. Community financial institution mortgage relief.

Subtitle H—Financial Institutions Examination Fairness and Reform

Sec. 1136. Timeliness of examination reports.

Subtitle I—National Credit Union Administration Budget Transparency

Sec. 1141. Budget transparency for the NCUA.

Subtitle J—Taking Account of Institutions With Low Operation Risk

Sec. 1146. Regulations appropriate to business models.

Subtitle K—Federal Savings Association Charter Flexibility

Sec. 1151. Option for Federal savings associations to operate as a covered savings association.

Subtitle L—SAFE Transitional Licensing

Sec. 1156. Eliminating barriers to jobs for loan originators.

Subtitle M—Right to Lend

Sec. 1161. Small business loan data collection requirement.

Subtitle N—Community Bank Reporting Relief

Sec. 1166. Short form call report.

Subtitle O—Homeowner Information Privacy Protection

Sec. 1171. Study regarding privacy of information collected under the Home Mortgage Disclosure Act of 1975.

Subtitle P—Home Mortgage Disclosure Adjustment

Sec. 1176. Depository institutions subject to maintenance of records and disclosure requirements.

Subtitle Q—National Credit Union Administration Advisory Council

Sec. 1181. Credit Union Advisory Council.

Subtitle R—Credit Union Examination Reform

Sec. 1186. Extension of examination cycle of the National Credit Union Administration to 18 months.

Subtitle S—NCUA Overhead Transparency

Sec. 1191. Fund transparency.

1 **TITLE I—REGULATORY RELIEF**
2 **FOR STRONGLY CAPITALIZED,**
3 **WELL MANAGED BANKING**
4 **ORGANIZATIONS**

5 **SEC. 101. CAPITAL ELECTION.**

6 (a) **IN GENERAL.**—A banking organization may make
7 an election under this section to be treated as a qualifying
8 banking organization for purposes of the regulatory relief
9 described under section 102.

10 (b) **REQUIREMENTS.**—A banking organization may
11 qualify to be treated as a qualifying banking organization
12 if—

13 (1) the banking organization has an average le-
14 verage ratio of at least 10 percent;

15 (2) with respect to a banking organization that
16 is an insured depository institution, the institution
17 received a CAMELS composite rating of 1 or 2
18 under the Uniform Financial Institutions Rating
19 System (or an equivalent rating under a comparable
20 rating system) as of the most recent examination of
21 the institution;

22 (3) with respect to a depository institution hold-
23 ing company, each insured depository institution
24 subsidiary of the holding company simultaneously

1 makes the election described under subsection (a);
2 and

3 (4) with respect to an insured depository insti-
4 tution, any parent depository institution holding
5 company of the institution simultaneously makes the
6 election described under subsection (a).

7 (c) ELECTION PROCESS.—To make an election under
8 this section, a banking organization shall submit an elec-
9 tion to the appropriate Federal banking agency con-
10 taining—

11 (1) a notice of such election;

12 (2) the banking organization's average leverage
13 ratio, as well as the organization's quarterly leverage
14 ratio for each of the most recently completed four
15 calendar quarters;

16 (3) if the banking organization is a depository
17 institution holding company, the information de-
18 scribed under paragraph (2) for each of the organi-
19 zation's insured depository institution subsidiaries;
20 and

21 (4) if the banking organization is an insured
22 depository institution, the information described
23 under paragraph (2) for any parent depository insti-
24 tution holding company of the institution.

25 (d) EFFECTIVE DATE OF ELECTION.—

1 (1) IN GENERAL.—An election made under this
2 section shall take effect at the end of the 30-day pe-
3 riod beginning on the date that the appropriate Fed-
4 eral banking agency receives the application de-
5 scribed under subsection (c), unless the appropriate
6 Federal banking agency determines that the banking
7 organization has not met the requirements described
8 under subsection (b).

9 (2) NOTICE OF FAILURE TO MEET REQUIRE-
10 MENTS.—If the appropriate Federal banking agency
11 determines that a banking organization submitting
12 an election notice under subsection (c) does not meet
13 the requirements described under subsection (b), the
14 agency shall—

15 (A) notify the banking organization, in
16 writing, of such determination as soon as pos-
17 sible after such determination is made, but in
18 no case later than the end of the 30-day period
19 beginning on the date that the appropriate Fed-
20 eral banking agency receives the election; and

21 (B) include in such notification the specific
22 reasons for such determination and steps that
23 the banking organization can take to meet such
24 requirements.

1 (e) FAILURE TO MAINTAIN QUARTERLY LEVERAGE
2 RATIO AND LOSS OF ELECTION.—

3 (1) EFFECT OF FAILURE TO MAINTAIN QUAR-
4 TERLY LEVERAGE RATIO.—

5 (A) IN GENERAL.—If, with respect to the
6 most recently completed calendar quarter, the
7 appropriate Federal banking agency determines
8 that a qualifying banking organization's quar-
9 terly leverage ratio is below 10 percent—

10 (i) the appropriate Federal banking
11 agency may prohibit the banking organiza-
12 tion from making a capital distribution;
13 and

14 (ii) the banking organization shall,
15 within 3 months of the first such deter-
16 mination, submit a capital restoration plan
17 to the appropriate Federal banking agency.

18 (B) LOSS OF ELECTION AFTER ONE-YEAR
19 REMEDIATION PERIOD.—If a banking organiza-
20 tion described under subparagraph (A) does
21 not, within the 1-year period beginning on the
22 date of such determination, raise the organiza-
23 tion's quarterly leverage ratio for a calendar
24 quarter ending in such 1-year period to at least

1 10 percent, the banking organization's election
2 under this section shall be terminated.

3 (C) EFFECT OF SUBSIDIARY ON PARENT
4 ORGANIZATION.—With respect to a qualifying
5 banking organization described under subpara-
6 graph (A) that is an insured depository institu-
7 tion, any parent depository institution holding
8 company of the qualifying banking organization
9 shall—

10 (i) if the appropriate Federal banking
11 agency determines it appropriate, be pro-
12 hibited from making a capital distribution
13 (other than a capital contribution to such
14 qualifying banking organization described
15 under subparagraph (A)); and

16 (ii) if the qualifying banking organiza-
17 tion has an election terminated under sub-
18 paragraph (B), any such parent depository
19 institution holding company shall also have
20 its election under this section terminated.

21 (2) IMMEDIATE LOSS OF ELECTION IF THE
22 QUARTERLY LEVERAGE RATIO FALLS BELOW 6 PER-
23 CENT.—

24 (A) IN GENERAL.—If, with respect to the
25 most recently completed calendar quarter, the

1 appropriate Federal banking agency determines
2 that a qualifying banking organization's quar-
3 terly leverage ratio is below 6 percent, the
4 banking organization's election under this sec-
5 tion shall be terminated.

6 (B) EFFECT OF SUBSIDIARY ON PARENT
7 ORGANIZATION.—With respect to a qualifying
8 banking organization described under subpara-
9 graph (A) that is an insured depository institu-
10 tion, any parent depository institution holding
11 company of the qualifying banking organization
12 shall also have its election under this section
13 terminated.

14 (3) ABILITY TO MAKE FUTURE ELECTIONS.—If
15 a banking organization has an election under this
16 section terminated, the banking organization may
17 not apply for another election under this section
18 until the banking organization has maintained a
19 quarterly leverage ratio of at least 10 percent for 8
20 consecutive calendar quarters.

21 **SEC. 102. REGULATORY RELIEF.**

22 (a) IN GENERAL.—A qualifying banking organization
23 shall be exempt from the following:

1 (1) Any Federal law, rule, or regulation ad-
2 dressing capital or liquidity requirements or stand-
3 ards.

4 (2) Any Federal law, rule, or regulation that
5 permits an appropriate Federal banking agency to
6 object to a capital distribution.

7 (3) Any consideration by an appropriate Fed-
8 eral banking agency of the following:

9 (A) Any risk the qualifying banking orga-
10 nization may pose to “the stability of the finan-
11 cial system of the United States”, under section
12 5(c)(2) of the Bank Holding Company Act of
13 1956.

14 (B) The “extent to which a proposed ac-
15 quisition, merger, or consolidation would result
16 in greater or more concentrated risks to the
17 stability of the United States banking or finan-
18 cial system”, under section 3(c)(7) of the Bank
19 Holding Company Act of 1956, so long as the
20 banking organization, after such proposed ac-
21 quisition, merger, or consolidation, would main-
22 tain a quarterly leverage ratio of at least 10
23 percent.

24 (C) Whether the performance of an activity
25 by the banking organization could possibly pose

1 a “risk to the stability of the United States
2 banking or financial system”, under section
3 4(j)(2)(A) of the Bank Holding Company Act
4 of 1956.

5 (D) Whether the acquisition of control of
6 shares of a company engaged in an activity de-
7 scribed in section 4(j)(1)(A) of the Bank Hold-
8 ing Company Act of 1956 could possibly pose a
9 “risk to the stability of the United States bank-
10 ing or financial system”, under section
11 4(j)(2)(A) of the Bank Holding Company Act
12 of 1956, so long as the banking organization,
13 after acquiring control of such company, would
14 maintain a quarterly leverage ratio of at least
15 10 percent.

16 (E) Whether a merger would pose a “risk
17 to the stability of the United States banking or
18 financial system”, under section 18(c)(5) of the
19 Federal Deposit Insurance Act, so long as the
20 banking organization, after such proposed
21 merger, would maintain a quarterly leverage
22 ratio of at least 10 percent.

23 (F) Any risk the qualifying banking orga-
24 nization may pose to “the stability of the finan-

1 cial system of the United States”, under section
2 10(b)(4) of the Home Owners’ Loan Act.

3 (4) Subsections (i)(8) and (k)(6)(B)(ii) of sec-
4 tion 4 and section 14 of the Bank Holding Company
5 Act of 1956.

6 (5) Section 18(c)(13) of the Federal Deposit
7 Insurance Act.

8 (6) Section 163 of the Financial Stability Act
9 of 2010.

10 (7) Section 10(e)(2)(E) of the Home Owners’
11 Loan Act.

12 (8) Any Federal law, rule, or regulation imple-
13 menting standards of the type provided for in sub-
14 sections (b), (c), (d), (e), (g), (h), (i), and (j) of sec-
15 tion 165 of the Financial Stability Act of 2010.

16 (9) Any Federal law, rule, or regulation pro-
17 viding limitations on mergers, consolidations, or ac-
18 quisitions of assets or control, to the extent such
19 limitations relate to capital or liquidity standards or
20 concentrations of deposits or assets, so long as the
21 banking organization, after such proposed merger,
22 consolidation, or acquisition, would maintain a quar-
23 terly leverage ratio of at least 10 percent.

24 (b) STRESS TEST EXCEPTION.—Notwithstanding
25 subsection (a), other than paragraph (2) of subsection (a),

1 the appropriate Federal banking agencies may conduct
2 stress tests of qualifying banking organizations.

3 (c) QUALIFYING BANKING ORGANIZATIONS TREATED
4 AS WELL CAPITALIZED.—A qualifying banking organiza-
5 tion shall be deemed to be “well capitalized” for purposes
6 of—

7 (1) section 216 of the Federal Credit Union
8 Act; and

9 (2) sections 29, 38, 44, and 46 of the Federal
10 Deposit Insurance Act.

11 (d) TREATMENT OF CERTAIN RISK-WEIGHTED
12 ASSET REQUIREMENTS FOR QUALIFYING BANKING ORGA-
13 NIZATIONS.—

14 (1) ACQUISITION SIZE CRITERIA TREATMENT.—

15 A qualifying banking organization shall be deemed
16 to meet the criteria described under section
17 4(j)(4)(D) of the Bank Holding Company Act of
18 1956, so long as after the proposed transaction the
19 acquiring qualifying banking organization would
20 maintain a quarterly leverage ratio of at least 10
21 percent.

22 (2) USE OF LEVERAGE EXPOSURE.—With re-
23 spect to a qualifying banking organization, in deter-
24 mining whether a proposal qualifies with the criteria
25 described under subparagraphs (A)(iii) and (B)(i) of

1 section 4(j)(4) of the Bank Holding Company Act of
2 1956, the Board of Governors of the Federal Re-
3 serve System shall consider the leverage exposure of
4 an insured depository institution instead of the total
5 risk-weighted assets of such institution.

6 **SEC. 103. CONTINGENT CAPITAL STUDY.**

7 (a) STUDY.—The Board of Governors of the Federal
8 Reserve System, the Federal Deposit Insurance Corpora-
9 tion, and the Office of the Comptroller of the Currency
10 shall each carry out a study, which shall include holding
11 public hearings, on how to design a requirement that
12 banking organizations issue contingent capital with a mar-
13 ket-based conversion trigger.

14 (b) REPORT.—Not later than the end of the 1-year
15 period beginning on the date of the enactment of this Act,
16 each agency described under subsection (a) shall submit
17 a report to the Congress containing—

18 (1) all findings and determinations made by the
19 agency in carrying out the study required under sub-
20 section (a); and

21 (2) the agency's recommendations on how the
22 Congress should design a requirement that banking
23 organizations issue contingent capital with a market-
24 based conversion trigger.

1 **SEC. 104. STUDY ON ALTERING THE CURRENT PROMPT**
2 **CORRECTIVE ACTION RULES.**

3 (a) STUDY.—The Comptroller General of the United
4 States shall conduct a study to assess the benefits and
5 feasibility of altering the current prompt corrective action
6 rules and replacing the Basel-based capital ratios with the
7 nonperforming asset coverage ratio or NACR as the trig-
8 ger for specific required supervisory interventions. The
9 Comptroller General shall ensure that such study includes
10 the following:

11 (1) An assessment of the performance of an
12 NACR forward-looking measure of a banking orga-
13 nization's solvency condition relative to the regu-
14 latory capital ratios currently used by prompt cor-
15 rective action rules.

16 (2) An analysis of the performance of alter-
17 native definitions of nonperforming assets.

18 (3) An assessment of the impact of two alter-
19 native intervention thresholds:

20 (A) An initial (high) intervention thresh-
21 old, below which appropriate Federal banking
22 agency examiners are required to intervene and
23 assess a banking organization's condition and
24 prescribe remedial measures.

25 (B) A lower threshold, below which bank-
26 ing organizations must increase their capital,

1 seek an acquirer, or face mandatory resolution
2 within 90 days.

3 (b) REPORT.—Not later than the end of the 1-year
4 period beginning on the date of the enactment of this Act,
5 the Comptroller General shall submit a report to the Con-
6 gress containing—

7 (1) all findings and determinations made in car-
8 rying out the study required under subsection (a);
9 and

10 (2) recommendations on the most suitable defi-
11 nition of nonperforming assets, as well as the two
12 numerical thresholds that trigger specific required
13 supervisory interventions.

14 **SEC. 105. DEFINITIONS.**

15 For purposes of this title:

16 (1) APPROPRIATE FEDERAL BANKING AGEN-
17 CY.—The term “appropriate Federal banking agen-
18 cy”—

19 (A) has the meaning given such term
20 under section 3 of the Federal Deposit Insur-
21 ance Act; and

22 (B) means the National Credit Union Ad-
23 ministration, in the case of an insured credit
24 union.

1 (2) BANKING ORGANIZATION.—The term
2 “banking organization” means—

3 (A) an insured depository institution;

4 (B) an insured credit union;

5 (C) a depository institution holding com-
6 pany; and

7 (D) a company that is treated as a bank
8 holding company for purposes of section 8 of
9 the International Banking Act.

10 (3) INSURED CREDIT UNION.—The term “in-
11 sured credit union” has the meaning given that term
12 under section 101 of the Federal Credit Union Act.

13 (4) LEVERAGE EXPOSURE.—The term “lever-
14 age exposure”—

15 (A) with respect to a banking organization
16 other than a credit union, has the meaning
17 given the term “total leverage exposure” under
18 section 3.10(c)(4)(ii), 217.10(c)(4), or
19 324.10(c)(4) of title 12, Code of Federal Regu-
20 lations, as applicable, as in effect on January 1,
21 2015; and

22 (B) with respect to a banking organization
23 that is a credit union, has the meaning given
24 the term “total assets” under section 702.2 of

1 title 12, Code of Federal Regulations, as in ef-
2 fect on January 1, 2015.

3 (5) LEVERAGE RATIO DEFINITIONS.—

4 (A) AVERAGE LEVERAGE RATIO.—With re-
5 spect to a banking organization, the term “av-
6 erage leverage ratio” means the average of the
7 banking organization’s quarterly leverage ratios
8 for each of the most recently completed four
9 calendar quarters.

10 (B) QUARTERLY LEVERAGE RATIO.—With
11 respect to a banking organization and a cal-
12 endar quarter, the term “quarterly leverage
13 ratio” means the organization’s tangible equity
14 divided by the organization’s leverage exposure,
15 expressed as a percentage, on the last day of
16 such quarter.

17 (6) NACR.—The term “NACR” means—

18 (A) book equity less nonperforming assets
19 plus loan loss reserves, divided by

20 (B) total banking organization assets.

21 (7) NONPERFORMING ASSETS.—The term “non-
22 performing assets” means—

23 (A) 20 percent of assets that are past due
24 30 to 89 days, plus

1 (B) 50 percent of assets that are past due
2 90 days or more, plus

3 (C) 100 percent of nonaccrual assets and
4 other real estate owned.

5 (8) QUALIFYING BANKING ORGANIZATION.—

6 The term “qualifying banking organization” means
7 a banking organization that has made an election
8 under section 101 and with respect to which such
9 election is in effect.

10 (9) TANGIBLE EQUITY.—The term “tangible
11 equity”—

12 (A) with respect to a banking organization
13 other than a credit union, means the sum of—

14 (i) common equity tier 1 capital;

15 (ii) additional tier 1 capital consisting
16 of instruments issued on or before June 1,
17 2016; and

18 (iii) with respect to a depository insti-
19 tution holding company that had less than
20 \$15,000,000,000 in total consolidated as-
21 sets as of December 31, 2009, or March
22 31, 2010, or a banking organization that
23 was a mutual holding company as of May
24 19, 2010, trust preferred securities issued
25 prior to May 19, 2010, to the extent such

1 organization was permitted, as of the date
2 of the enactment of this Act, to consider
3 such securities as tier 1 capital under ex-
4 isting regulations of the appropriate Fed-
5 eral banking agency; and

6 (B) with respect to a banking organization
7 that is a credit union, has the meaning given
8 the term “net worth” under section 702.2 of
9 title 12, Code of Federal Regulations, as in ef-
10 fect on January 1, 2015.

11 (10) OTHER BANKING TERMS.—The terms “in-
12 sured depository institution” and “depository insti-
13 tution holding company” have the meaning given
14 those terms, respectively, under section 3 of the
15 Federal Deposit Insurance Act.

16 (11) OTHER CAPITAL TERMS.—With respect to
17 a banking organization, the terms “additional tier 1
18 capital” and “common equity tier 1 capital” have
19 the meaning given such terms, respectively, under
20 section 3.20, 217.20, or 324.20 of title 12, Code of
21 Federal Regulations, as applicable, as in effect on
22 January 1, 2015.

1 **TITLE II—ENDING “TOO BIG TO**
2 **FAIL” AND BANK BAILOUTS**
3 **Subtitle A—Reform of the**
4 **Financial Stability Act of 2010**

5 **SEC. 211. REPEAL AND MODIFICATION OF PROVISIONS OF**
6 **THE FINANCIAL STABILITY ACT OF 2010.**

7 (a) REPEALS.—The following provisions of the Fi-
8 nancial Stability Act of 2010 are repealed, and the provi-
9 sions of law amended or repealed by such provisions are
10 restored or revived as if such provisions had not been en-
11 acted:

- 12 (1) Subtitle B.
- 13 (2) Section 113.
- 14 (3) Section 114.
- 15 (4) Section 115.
- 16 (5) Section 116.
- 17 (6) Section 117.
- 18 (7) Section 119.
- 19 (8) Section 120.
- 20 (9) Section 121.
- 21 (10) Section 161.
- 22 (11) Section 162.
- 23 (12) Section 164.
- 24 (13) Section 166.
- 25 (14) Section 167.

1 (15) Section 168.

2 (16) Section 170.

3 (17) Section 172.

4 (18) Section 174.

5 (19) Section 175.

6 (b) ADDITIONAL MODIFICATIONS.—The Financial
7 Stability Act of 2010 (12 U.S.C. 5311 et seq.) is amend-
8 ed—

9 (1) in section 102(a), by striking paragraph
10 (5);

11 (2) in section 111—

12 (A) in subsection (b)—

13 (i) in paragraph (1)—

14 (I) by striking “who shall each”
15 and inserting “who shall, except as
16 provided below, each”; and

17 (II) by amending subparagraphs

18 (B) through (I) to read as follows:

19 “(B) each member of the Board of Gov-
20 ernors, who shall collectively have 1 vote on the
21 Council;

22 “(C) each member of the Board of Direc-
23 tors of the Office of the Comptroller of the Cur-
24 rency, who shall collectively have 1 vote on the
25 Council;

1 “(D) each member of the Consumer Fi-
2 nancial Opportunity Commission, who shall col-
3 lectively have 1 vote on the Council;

4 “(E) each member of the Commission, who
5 shall collectively have 1 vote on the Council;

6 “(F) each member of the Corporation, who
7 shall collectively have 1 vote on the Council;

8 “(G) each member of the Commodity Fu-
9 tures Trading Commission, who shall collec-
10 tively have 1 vote on the Council;

11 “(H) each member of the Board of Direc-
12 tors of the Federal Housing Finance Agency,
13 who shall collectively have 1 vote on the Council

14 “(I) each member of the National Credit
15 Union Administration Board, who shall collec-
16 tively have 1 vote on the Council;”;

17 (ii) in paragraph (2)—

18 (I) by striking subparagraph (A);

19 and

20 (II) by redesignating subpara-
21 graphs (B), (C), (D), and (E) as sub-
22 paragraphs (A), (B), (C), and (D), re-
23 spectively; and

24 (iii) by adding at the end the fol-
25 lowing:

1 “(4) VOTING BY MULTI-PERSON ENTITY.—

2 “(A) VOTING WITHIN THE ENTITY.—An
3 entity described under subparagraph (B)
4 through (I) of paragraph (1) shall determine
5 the entity’s Council vote by using the voting
6 process normally applicable to votes by the enti-
7 ty’s members.

8 “(B) CASTING OF ENTITY VOTE.—The 1
9 collective Council vote of an entity described
10 under subparagraph (A) shall be cast by the
11 head of such agency or, in the event such head
12 is unable to cast such vote, the next most senior
13 member of the entity available.”;

14 (B) in subsection (e), by striking “sub-
15 paragraphs (C), (D), and (E)” and inserting
16 “subparagraphs (B), (C), and (D)”;

17 (C) in subsection (e), by adding at the end
18 the following:

19 “(3) STAFF ACCESS.—Any member of the
20 Council may select to have one or more individuals
21 on the member’s staff attend a meeting of the Coun-
22 cil, including any meeting of representatives of the
23 member agencies other than the members them-
24 selves.

1 “(4) CONGRESSIONAL OVERSIGHT.—All meet-
2 ings of the Council, whether or not open to the pub-
3 lic, shall be open to the attendance by members of
4 the Committee on Financial Services of the House of
5 Representatives and the Committee on Banking,
6 Housing, and Urban Affairs of the Senate.

7 “(5) MEMBER AGENCY MEETINGS.—Any meet-
8 ing of representatives of the member agencies other
9 than the members themselves shall be open to at-
10 tendance by staff of the Committee on Financial
11 Services of the House of Representatives and the
12 Committee on Banking, Housing, and Urban Affairs
13 of the Senate.”;

14 (D) by striking subsection (g) (relating to
15 the nonapplicability of FACA); and

16 (E) by inserting after subsection (f) the
17 following:

18 “(g) OPEN MEETING REQUIREMENT.—The Council
19 shall be an agency for purposes of section 552b of title
20 5, United States Code (commonly referred to as the ‘Gov-
21 ernment in the Sunshine Act’).”;

22 (3) in section 112—

23 (A) in subsection (a)(2)—

- 1 (i) in subparagraph (A), by striking
2 “direct the Office of Financial Research
3 to”;
- 4 (ii) by striking subparagraphs (B),
5 (H), (I), and (J);
- 6 (iii) by redesignating subparagraphs
7 (C), (D), (E), (F), (G), (K), (L), (M), and
8 (N) as subparagraphs (B), (C), (D), (E),
9 (F), (G), (H), (I), and (J), respectively;
- 10 (iv) in subparagraph (J), as so reded-
11 igned—
- 12 (I) in clause (iii), by adding
13 “and” at the end; and
- 14 (II) by striking clauses (iv) and
15 (v);
- 16 (B) in subsection (d)—
- 17 (i) in paragraph (1), by striking “the
18 Office of Financial Research, member
19 agencies, and” and inserting “member
20 agencies and”;
- 21 (ii) in paragraph (2), by striking “the
22 Office of Financial Research, any member
23 agency, and” and inserting “any member
24 agency and”;
- 25 (iii) in paragraph (3)—

1 (I) by striking “, acting through
2 the Office of Financial Research,”
3 each place it appears; and

4 (II) in subparagraph (B), by
5 striking “the Office of Financial Re-
6 search or”; and

7 (iv) in paragraph (5)(A), by striking
8 “, the Office of Financial Research,”;

9 (4) by amending section 118 to read as follows:

10 **“SEC. 118. COUNCIL FUNDING.**

11 “There is authorized to be appropriated to the Coun-
12 cil \$4,000,000 for fiscal year 2017 and each fiscal year
13 thereafter to carry out the duties of the Council.”;

14 (5) in section 163(b)(4)—

15 (A) by striking “In addition” and inserting
16 the following:

17 “(A) IN GENERAL.—In addition”; and

18 (B) by adding at the end the following:

19 “(B) EXCEPTION FOR QUALIFYING BANK-
20 ING ORGANIZATION.—Subparagraph (A) shall
21 not apply to a proposed acquisition by a quali-
22 fying banking organization, as defined under
23 section 105 of the Financial CHOICE Act of
24 2016.”; and

25 (6) in section 165—

1 (A) by striking “nonbank financial compa-
2 nies supervised by the Board of Governors and”
3 each place such term appears;

4 (B) by striking “nonbank financial com-
5 pany supervised by the Board of Governors
6 and” each place such term appears;

7 (C) in subsection (a), by amending para-
8 graph (2) to read as follows:

9 “(2) TAILORED APPLICATION.—In prescribing
10 more stringent prudential standards under this sec-
11 tion, the Board of Governors may differentiate
12 among companies on an individual basis or by cat-
13 egory, taking into consideration their capital struc-
14 ture, riskiness, complexity, financial activities (in-
15 cluding the financial activities of their subsidiaries),
16 size, and any other risk-related factors that the
17 Board of Governors deems appropriate.”;

18 (D) in subsection (b)—

19 (i) in paragraph (1)(B)(iv), by strik-
20 ing “, on its own or pursuant to a rec-
21 ommendation made by the Council in ac-
22 cordance with section 115,”;

23 (ii) in paragraph (2)—

1 (I) by striking “foreign nonbank
2 financial company supervised by the
3 Board of Governors or”;

4 (II) by striking “shall—” and all
5 that follows through “give due” and
6 inserting “shall give due”;

7 (III) in subparagraph (A), by
8 striking “; and” and inserting a pe-
9 riod; and

10 (IV) by striking subparagraph
11 (B);

12 (iii) in paragraph (3)—

13 (I) in subparagraph (A)—

14 (aa) by striking clause (i);

15 (bb) by redesignating
16 clauses (ii), (iii), and (iv) as
17 clauses (i), (ii), and (iii), respec-
18 tively; and

19 (cc) in clause (iii), as so re-
20 designated, by adding “and” at
21 the end;

22 (II) by striking subparagraphs
23 (B) and (C); and

24 (III) by redesignating subpara-
25 graph (D) as subparagraph (B); and

1 (iv) in paragraph (4), by striking “a
2 nonbank financial company supervised by
3 the Board of Governors or”;

4 (E) in subsection (c)—

5 (i) in paragraph (1), by striking
6 “under section 115(c)”; and

7 (ii) in paragraph (2)—

8 (I) by amending subparagraph
9 (A) to read as follows:

10 “(A) any recommendations of the Coun-
11 cil;”; and

12 (II) in subparagraph (D), by
13 striking “nonbank financial company
14 supervised by the Board of Governors
15 or”;

16 (F) in subsection (d)—

17 (i) by striking “a nonbank financial
18 company supervised by the Board of Gov-
19 ernors or” each place such term appears;

20 (ii) in paragraph (1), by striking “pe-
21 riodically” and inserting “not more often
22 than every 2 years”;

23 (iii) in paragraph (3)—

24 (I) by striking “The Board” and
25 inserting the following:

- 1 “(A) IN GENERAL.—The Board”;
- 2 (II) by striking “shall review”
- 3 and inserting the following: “shall—
- 4 “(i) review”;
- 5 (III) by striking the period and
- 6 inserting “; and”; and
- 7 (IV) by adding at the end the fol-
- 8 lowing:
- 9 “(ii) not later than the end of the 6-
- 10 month period beginning on the date the
- 11 bank holding company submits the resolu-
- 12 tion plan, provide feedback to the bank
- 13 holding company on such plan.
- 14 “(B) DISCLOSURE OF ASSESSMENT
- 15 FRAMEWORK.—The Board of Governors and
- 16 the Corporation shall each publicly disclose the
- 17 assessment framework that is used to review in-
- 18 formation under this paragraph and shall pro-
- 19 vide the public with a notice and comment pe-
- 20 riod before finalizing such assessment frame-
- 21 work.”.
- 22 (iv) in paragraph (6), by striking
- 23 “nonbank financial company supervised by
- 24 the Board, any bank holding company,”
- 25 and inserting “bank holding company”;

1 (G) in subsection (e)—

2 (i) in paragraph (1), by striking “a
3 nonbank financial company supervised by
4 the Board of Governors or”;

5 (ii) in paragraph (3), by striking
6 “nonbank financial company supervised by
7 the Board of Governors or” each place
8 such term appears; and

9 (iii) in paragraph (4), by striking “a
10 nonbank financial company supervised by
11 the Board of Governors or”;

12 (H) in subsection (g)(1), by striking “and
13 any nonbank financial company supervised by
14 the Board of Governors”;

15 (I) in subsection (h)—

16 (i) by striking paragraph (1);

17 (ii) by redesignating paragraphs (2),
18 (3), and (4) as paragraphs (1), (2), and
19 (3), respectively;

20 (iii) in paragraph (1), as so redesign-
21 dated, by striking “paragraph (3)” each
22 place such term appears and inserting
23 “paragraph (2)”; and

24 (iv) in paragraph (2), as so redesign-
25 dated, by striking “nonbank financial com-

1 pany supervised by the Board of Governors
2 or” each place such term appears;
3 (J) in subsection (i)—
4 (i) in paragraph (1)—
5 (I) in subparagraph (B)—
6 (aa) by amending clause (i)
7 to read as follows:
8 “(i) shall—
9 “(I) issue regulations, after pro-
10 viding for public notice and comment,
11 that provide for at least 3 different
12 sets of conditions under which the
13 evaluation required by this subsection
14 shall be conducted, including baseline,
15 adverse, and severely adverse, and
16 methodologies, including models used
17 to estimate losses on certain assets;
18 and
19 “(II) provide copies of such regu-
20 lations to the Comptroller General of
21 the United States and the Panel of
22 Economic Advisors of the Congres-
23 sional Budget Office before publishing
24 such regulations;”;

1 (bb) in clause (ii), by strik-
2 ing “and nonbank financial com-
3 panies”; and

4 (cc) in clause (v), by insert-
5 ing before the period the fol-
6 lowing: “, including any results
7 of a resubmitted test”; and

8 (II) by adding at the end the fol-
9 lowing:

10 “(C) APPLICATION TO CCAR.—The require-
11 ments of subparagraph (B) shall apply to all
12 stress tests performed under the Comprehensive
13 Capital Analysis and Review exercise estab-
14 lished by the Board of Governors.”; and

15 (ii) in paragraph (2)(A)—

16 (I) by striking “a bank holding
17 company” and inserting “bank hold-
18 ing company”; and

19 (II) by striking “All other finan-
20 cial companies” and inserting “All
21 other bank holding companies”;

22 (K) in subsection (j)—

23 (i) in paragraph (1), by striking “or a
24 nonbank financial company supervised by
25 the Board of Governors”; and

1 (ii) in paragraph (2), by striking “the
2 factors described in subsections (a) and (b)
3 of section 113 and any other” and insert-
4 ing “any”;

5 (L) in subsection (k)(1), by striking “or
6 nonbank financial company supervised by the
7 Board of Governors”; and

8 (M) by adding at the end the following:

9 “(l) EXEMPTION FOR QUALIFYING BANKING ORGA-
10 NIZATIONS.—This section shall not apply to a proposed
11 acquisition by a qualifying banking organization, as de-
12 fined under section 105 of the Financial CHOICE Act of
13 2016.”.

14 (c) ACTIONS TO CREATE A BANK HOLDING COM-
15 PANY.—Section 3(b)(1) of the Bank Holding Company
16 Act of 1956 (12 U.S.C. 1842(b)(1)) is amended—

17 (1) by striking “Upon receiving” and inserting
18 the following:

19 “(A) IN GENERAL.—Upon receiving”;

20 (2) by striking “Notwithstanding any other pro-
21 vision” and inserting the following:

22 “(B) IMMEDIATE ACTION.—

23 “(i) IN GENERAL.—Notwithstanding
24 any other provision”; and

25 (3) by adding at the end the following:

1 “(ii) EXCEPTION.—The Board may
2 not take any action pursuant to clause (i)
3 on an application that would cause any
4 company to become a bank holding com-
5 pany unless such application involves the
6 company acquiring a bank that is critically
7 undercapitalized (as such term is defined
8 under section 38(b) of the Federal Deposit
9 Insurance Act).”.

10 (d) CONCENTRATION LIMITS APPLIED ONLY TO
11 BANKING ORGANIZATIONS.—Section 14 of the Bank
12 Holding Company Act of 1956 (12 U.S.C. 1852) is
13 amended—

14 (1) by striking “financial company” each place
15 such term appears and inserting “banking organiza-
16 tion”;

17 (2) in subsection (a)—

18 (A) by amending paragraph (2) to read as
19 follows:

20 “(2) the term ‘banking organization’ means—

21 “(A) an insured depository institution;

22 “(B) a bank holding company;

23 “(C) a savings and loan holding company;

24 “(D) a company that controls an insured

25 depository institution; and

1 “(E) a foreign bank or company that is
2 treated as a bank holding company for purposes
3 of this Act; and”;

4 (B) in paragraph (3)—

5 (i) in subparagraph (A)(ii), by adding
6 “and” at the end;

7 (ii) in subparagraph (B)(ii), by strik-
8 ing “; and” and inserting a period; and

9 (iii) by striking subparagraph (C);
10 and

11 (3) in subsection (b), by striking “financial
12 companies” and inserting “banking organizations”.

13 (e) CONFORMING AMENDMENT.—Section 3502(5) of
14 title 44, United States Code, is amended by striking “the
15 Office of Financial Research,”.

16 (f) CLERICAL AMENDMENT.—The table of contents
17 under section 1(b) of the Dodd-Frank Wall Street Reform
18 and Consumer Protection Act is amended by striking the
19 items relating to subtitle B of title I and 113, 114, 115,
20 116, 117, 119, 120, 121, 161, 162, 164, 166, 167, 168,
21 170, 172, 174, and 175.

1 **Subtitle B—Repeal of the Orderly**
2 **Liquidation Authority**

3 **SEC. 221. REPEAL OF THE ORDERLY LIQUIDATION AU-**
4 **THORITY.**

5 (a) IN GENERAL.—Title II of the Dodd-Frank Wall
6 Street Reform and Consumer Protection Act is hereby re-
7 pealed and any Federal law amended by such title shall,
8 on and after the effective date of this Act, be effective
9 as if title II of the Dodd-Frank Wall Street Reform and
10 Consumer Protection Act had not been enacted.

11 (b) CONFORMING AMENDMENTS.—

12 (1) DODD-FRANK WALL STREET REFORM AND
13 CONSUMER PROTECTION ACT.—The Dodd-Frank
14 Wall Street Reform and Consumer Protection Act is
15 amended—

16 (A) in the table of contents for such Act,
17 by striking all items relating to title II;

18 (B) in section 151, by amending paragraph
19 (2) to read as follows:

20 “(2) the term ‘financial company’ means—

21 “(A) any company that is incorporated or
22 organized under any provision of Federal law or
23 the laws of any State;

24 “(B) any company that is—

1 “(i) a bank holding company, as de-
2 fined in section 2(a) of the Bank Holding
3 Company Act of 1956 (12 U.S.C.
4 1841(a));

5 “(ii) a nonbank financial company su-
6 pervised by the Board of Governors;

7 “(iii) any company that is predomi-
8 nantly engaged in activities that the Board
9 of Governors has determined are financial
10 in nature or incidental thereto for purposes
11 of section 4(k) of the Bank Holding Com-
12 pany Act of 1956 (12 U.S.C. 1843(k))
13 other than a company described in clause
14 (i) or (ii); or

15 “(iv) any subsidiary of any company
16 described in any of clauses (i) through (iii)
17 that is predominantly engaged in activities
18 that the Board of Governors has deter-
19 mined are financial in nature or incidental
20 thereto for purposes of section 4(k) of the
21 Bank Holding Company Act of 1956 (12
22 U.S.C. 1843(k)) (other than a subsidiary
23 that is an insured depository institution or
24 an insurance company);

1 “(C) any company that is not a Farm
2 Credit System institution chartered under and
3 subject to the provisions of the Farm Credit
4 Act of 1971, as amended (12 U.S.C. 2001 et
5 seq.), a governmental entity, or a regulated en-
6 tity, as defined under section 1303(20) of the
7 Federal Housing Enterprises Financial Safety
8 and Soundness Act of 1992 (12 U.S.C.
9 4502(20)); and

10 “(D) includes an insured depository insti-
11 tution and an insurance company;”;

12 (C) in section 165(d)(6), by striking “, a
13 receiver appointed under title II,”; and

14 (D) in section 716(g), by striking “or a
15 covered financial company under title II”.

16 (2) FEDERAL DEPOSIT INSURANCE ACT.—Sec-
17 tion 10(b)(3) of the Federal Deposit Insurance Act
18 (12 U.S.C. 1820(b)(3)) is amended by striking “, or
19 of such nonbank financial company supervised by
20 the Board of Governors or bank holding company
21 described in section 165(a) of the Financial Stability
22 Act of 2010, for the purpose of implementing its au-
23 thority to provide for orderly liquidation of any such
24 company under title II of that Act”.

1 (3) FEDERAL RESERVE ACT.—Section 13(3) of
2 the Federal Reserve Act is amended—

3 (A) in subparagraph (B)—

4 (i) in clause (ii), by striking “, resolu-
5 tion under title II of the Dodd-Frank Wall
6 Street Reform and Consumer Protection
7 Act, or” and inserting “or is subject to
8 resolution under”; and

9 (ii) in clause (iii), by striking “, reso-
10 lution under title II of the Dodd-Frank
11 Wall Street Reform and Consumer Protec-
12 tion Act, or” and inserting “or resolution
13 under”; and

14 (B) by striking subparagraph (E).

15 **Subtitle C—Financial Institution**
16 **Bankruptcy**

17 **SEC. 231. GENERAL PROVISIONS RELATING TO COVERED**
18 **FINANCIAL CORPORATIONS.**

19 (a) DEFINITION.—Section 101 of title 11, United
20 States Code, is amended by inserting the following after
21 paragraph (9):

22 “(9A) The term ‘covered financial corporation’
23 means any corporation incorporated or organized
24 under any Federal or State law, other than a stock-
25 broker, a commodity broker, or an entity of the kind

1 specified in paragraph (2) or (3) of section 109(b),
2 that is—

3 “(A) a bank holding company, as defined
4 in section 2(a) of the Bank Holding Company
5 Act of 1956; or

6 “(B) a corporation that exists for the pri-
7 mary purpose of owning, controlling and financ-
8 ing its subsidiaries, that has total consolidated
9 assets of \$50,000,000,000 or greater, and for
10 which, in its most recently completed fiscal
11 year—

12 “(i) annual gross revenues derived by
13 the corporation and all of its subsidiaries
14 from activities that are financial in nature
15 (as defined in section 4(k) of the Bank
16 Holding Company Act of 1956) and, if ap-
17 plicable, from the ownership or control of
18 one or more insured depository institu-
19 tions, represents 85 percent or more of the
20 consolidated annual gross revenues of the
21 corporation; or

22 “(ii) the consolidated assets of the
23 corporation and all of its subsidiaries re-
24 lated to activities that are financial in na-
25 ture (as defined in section 4(k) of the

1 Bank Holding Company Act of 1956) and,
2 if applicable, related to the ownership or
3 control of one or more insured depository
4 institutions, represents 85 percent or more
5 of the consolidated assets of the corpora-
6 tion.”.

7 (b) APPLICABILITY OF CHAPTERS.—Section 103 of
8 title 11, United States Code, is amended by adding at the
9 end the following:

10 “(l) Subchapter V of chapter 11 of this title applies
11 only in a case under chapter 11 concerning a covered fi-
12 nancial corporation.”.

13 (c) WHO MAY BE A DEBTOR.—Section 109 of title
14 11, United States Code, is amended—

15 (1) in subsection (b)—

16 (A) in paragraph (2), by striking “or” at
17 the end;

18 (B) in paragraph (3)(B), by striking the
19 period at the end and inserting “; or”; and

20 (C) by adding at the end the following:

21 “(4) a covered financial corporation.”; and

22 (2) in subsection (d)—

23 (A) by striking “and” before “an unin-
24 sured State member bank”;

1 (B) by striking “or” before “a corpora-
2 tion”; and

3 (C) by inserting “, or a covered financial
4 corporation” after “Federal Deposit Insurance
5 Corporation Improvement Act of 1991”.

6 (d) CONVERSION TO CHAPTER 7.—Section 1112 of
7 title 11, United States Code, is amended by adding at the
8 end the following:

9 “(g) Notwithstanding section 109(b), the court may
10 convert a case under subchapter V to a case under chapter
11 7 if—

12 “(1) a transfer approved under section 1185
13 has been consummated;

14 “(2) the court has ordered the appointment of
15 a special trustee under section 1186; and

16 “(3) the court finds, after notice and a hearing,
17 that conversion is in the best interest of the credi-
18 tors and the estate.”.

19 (e)(1) Section 726(a)(1) of title 11, United States
20 Code, is amended by inserting after “first,” the following:

21 “in payment of any unpaid fees, costs, and expenses of
22 a special trustee appointed under section 1186, and then”.

23 (2) Section 1129(a) of title 11, United States Code,
24 is amended by inserting after paragraph (16) the fol-
25 lowing:

1 “(17) In a case under subchapter V, all payable
2 fees, costs, and expenses of the special trustee have
3 been paid or the plan provides for the payment of
4 all such fees, costs, and expenses on the effective
5 date of the plan.

6 “(18) In a case under subchapter V, confirma-
7 tion of the plan is not likely to cause serious adverse
8 effects on financial stability in the United States.”.

9 (f) Section 322(b)(2) of title 11, United States Code,
10 is amended by striking “The” and inserting “In cases
11 under subchapter V, the United States trustee shall rec-
12 ommend to the court, and in all other cases, the”.

13 **SEC. 232. LIQUIDATION, REORGANIZATION, OR RECAPITAL-**
14 **IZATION OF A COVERED FINANCIAL COR-**
15 **PORATION.**

16 Chapter 11 of title 11, United States Code, is amend-
17 ed by adding at the end the following:

18 “SUBCHAPTER V—LIQUIDATION, REORGANIZA-
19 TION, OR RECAPITALIZATION OF A COV-
20 ERED FINANCIAL CORPORATION

21 **“§ 1181. Inapplicability of other sections**

22 “Sections 303 and 321(c) do not apply in a case
23 under this subchapter concerning a covered financial cor-
24 poration. Section 365 does not apply to a transfer under
25 section 1185, 1187, or 1188.

1 **“§ 1182. Definitions for this subchapter**

2 “In this subchapter, the following definitions shall
3 apply:

4 “(1) The term ‘Board’ means the Board of
5 Governors of the Federal Reserve System.

6 “(2) The term ‘bridge company’ means a newly
7 formed corporation to which property of the estate
8 may be transferred under section 1185(a) and the
9 equity securities of which may be transferred to a
10 special trustee under section 1186(a).

11 “(3) The term ‘capital structure debt’ means all
12 unsecured debt of the debtor for borrowed money for
13 which the debtor is the primary obligor, other than
14 a qualified financial contract and other than debt se-
15 cured by a lien on property of the estate that is to
16 be transferred to a bridge company pursuant to an
17 order of the court under section 1185(a).

18 “(4) The term ‘contractual right’ means a con-
19 tractual right of a kind defined in section 555, 556,
20 559, 560, or 561.

21 “(5) The term ‘qualified financial contract’
22 means any contract of a kind defined in paragraph
23 (25), (38A), (47), or (53B) of section 101, section
24 741(7), or paragraph (4), (5), (11), or (13) of sec-
25 tion 761.

1 “(6) The term ‘special trustee’ means the trust-
2 ee of a trust formed under section 1186(a)(1).

3 **“§ 1183. Commencement of a case concerning a cov-
4 ered financial corporation**

5 “(a) A case under this subchapter concerning a cov-
6 ered financial corporation may be commenced by the filing
7 of a petition with the court by the debtor under section
8 301 only if the debtor states to the best of its knowledge
9 under penalty of perjury in the petition that it is a covered
10 financial corporation.

11 “(b) The commencement of a case under subsection
12 (a) constitutes an order for relief under this subchapter.

13 “(c) The members of the board of directors (or body
14 performing similar functions) of a covered financial com-
15 pany shall have no liability to shareholders, creditors, or
16 other parties in interest for a good faith filing of a petition
17 to commence a case under this subchapter, or for any rea-
18 sonable action taken in good faith in contemplation of or
19 in connection with such a petition or a transfer under sec-
20 tion 1185 or section 1186, whether prior to or after com-
21 mencement of the case.

22 “(d) Counsel to the debtor shall provide, to the great-
23 est extent practicable without disclosing the identity of the
24 potential debtor, sufficient confidential notice to the chief
25 judge of the court of appeals for the circuit embracing the

1 district in which such counsel intends to file a petition to
2 commence a case under this subchapter regarding the po-
3 tential commencement of such case. The chief judge of
4 such court shall randomly assign to preside over such case
5 a bankruptcy judge selected from among the bankruptcy
6 judges designated by the Chief Justice of the United
7 States under section 298 of title 28.

8 **“§ 1184. Regulators**

9 “The Board, the Securities Exchange Commission,
10 the Office of the Comptroller of the Currency of the De-
11 partment of the Treasury, the Commodity Futures Trad-
12 ing Commission, and the Federal Deposit Insurance Cor-
13 poration may raise and may appear and be heard on any
14 issue in any case or proceeding under this subchapter.

15 **“§ 1185. Special transfer of property of the estate**

16 “(a) On request of the trustee, and after notice and
17 a hearing that shall occur not less than 24 hours after
18 the order for relief, the court may order a transfer under
19 this section of property of the estate, and the assignment
20 of executory contracts, unexpired leases, and qualified fi-
21 nancial contracts of the debtor, to a bridge company.
22 Upon the entry of an order approving such transfer, any
23 property transferred, and any executory contracts, unex-
24 pired leases, and qualified financial contracts assigned
25 under such order shall no longer be property of the estate.

1 Except as provided under this section, the provisions of
2 section 363 shall apply to a transfer and assignment under
3 this section.

4 “(b) Unless the court orders otherwise, notice of a
5 request for an order under subsection (a) shall consist of
6 electronic or telephonic notice of not less than 24 hours
7 to—

8 “(1) the debtor;

9 “(2) the holders of the 20 largest secured
10 claims against the debtor;

11 “(3) the holders of the 20 largest unsecured
12 claims against the debtor;

13 “(4) counterparties to any debt, executory con-
14 tract, unexpired lease, and qualified financial con-
15 tract requested to be transferred under this section;

16 “(5) the Board;

17 “(6) the Federal Deposit Insurance Corpora-
18 tion;

19 “(7) the Secretary of the Treasury and the Of-
20 fice of the Comptroller of the Currency of the Treas-
21 ury;

22 “(8) the Commodity Futures Trading Commis-
23 sion;

24 “(9) the Securities and Exchange Commission;

1 “(10) the United States trustee or bankruptcy
2 administrator; and

3 “(11) each primary financial regulatory agency,
4 as defined in section 2(12) of the Dodd-Frank Wall
5 Street Reform and Consumer Protection Act, with
6 respect to any affiliate the equity securities of which
7 are proposed to be transferred under this section.

8 “(c) The court may not order a transfer under this
9 section unless the court determines, based upon a prepon-
10 derance of the evidence, that—

11 “(1) the transfer under this section is necessary
12 to prevent serious adverse effects on financial sta-
13 bility in the United States;

14 “(2) the transfer does not provide for the as-
15 sumption of any capital structure debt by the bridge
16 company;

17 “(3) the transfer does not provide for the trans-
18 fer to the bridge company of any property of the es-
19 tate that is subject to a lien securing a debt, execu-
20 tory contract, unexpired lease or agreement (includ-
21 ing a qualified financial contract) of the debtor un-
22 less—

23 “(A)(i) the bridge company assumes such
24 debt, executory contract, unexpired lease or
25 agreement (including a qualified financial con-

1 tract), including any claims arising in respect
2 thereof that would not be allowed secured
3 claims under section 506(a)(1) and after giving
4 effect to such transfer, such property remains
5 subject to the lien securing such debt, executory
6 contract, unexpired lease or agreement (includ-
7 ing a qualified financial contract); and

8 “(ii) the court has determined that as-
9 sumption of such debt, executory contract, un-
10 expired lease or agreement (including a quali-
11 fied financial contract) by the bridge company
12 is in the best interests of the estate; or

13 “(B) such property is being transferred to
14 the bridge company in accordance with the pro-
15 visions of section 363;

16 “(4) the transfer does not provide for the as-
17 sumption by the bridge company of any debt, execu-
18 tory contract, unexpired lease or agreement (includ-
19 ing a qualified financial contract) of the debtor se-
20 cured by a lien on property of the estate unless the
21 transfer provides for such property to be transferred
22 to the bridge company in accordance with paragraph
23 (3)(A) of this subsection;

24 “(5) the transfer does not provide for the trans-
25 fer of the equity of the debtor;

1 “(6) the trustee has demonstrated that the
2 bridge company is not likely to fail to meet the obli-
3 gations of any debt, executory contract, qualified fi-
4 nancial contract, or unexpired lease assumed and as-
5 signed to the bridge company;

6 “(7) the transfer provides for the transfer to a
7 special trustee all of the equity securities in the
8 bridge company and appointment of a special trustee
9 in accordance with section 1186;

10 “(8) after giving effect to the transfer, ade-
11 quate provision has been made for the fees, costs,
12 and expenses of the estate and special trustee; and

13 “(9) the bridge company will have governing
14 documents, and initial directors and senior officers,
15 that are in the best interest of creditors and the es-
16 tate.

17 “(d) Immediately before a transfer under this section,
18 the bridge company that is the recipient of the transfer
19 shall—

20 “(1) not have any property, executory con-
21 tracts, unexpired leases, qualified financial contracts,
22 or debts, other than any property acquired or execu-
23 tory contracts, unexpired leases, or debts assumed
24 when acting as a transferee of a transfer under this
25 section; and

1 “(2) have equity securities that are property of
2 the estate, which may be sold or distributed in ac-
3 cordance with this title.

4 **“§ 1186. Special trustee**

5 “(a)(1) An order approving a transfer under section
6 1185 shall require the trustee to transfer to a qualified
7 and independent special trustee, who is appointed by the
8 court, all of the equity securities in the bridge company
9 that is the recipient of a transfer under section 1185 to
10 hold in trust for the sole benefit of the estate, subject to
11 satisfaction of the special trustee’s fees, costs, and ex-
12 penses. The trust of which the special trustee is the trust-
13 ee shall be a newly formed trust governed by a trust agree-
14 ment approved by the court as in the best interests of the
15 estate, and shall exist for the sole purpose of holding and
16 administering, and shall be permitted to dispose of, the
17 equity securities of the bridge company in accordance with
18 the trust agreement.

19 “(2) In connection with the hearing to approve a
20 transfer under section 1185, the trustee shall confirm to
21 the court that the Board has been consulted regarding the
22 identity of the proposed special trustee and advise the
23 court of the results of such consultation.

24 “(b) The trust agreement governing the trust shall
25 provide—

1 “(1) for the payment of the fees, costs, ex-
2 penses, and indemnities of the special trustee from
3 the assets of the debtor’s estate;

4 “(2) that the special trustee provide—

5 “(A) quarterly reporting to the estate,
6 which shall be filed with the court; and

7 “(B) information about the bridge com-
8 pany reasonably requested by a party in inter-
9 est to prepare a disclosure statement for a plan
10 providing for distribution of any securities of
11 the bridge company if such information is nec-
12 essary to prepare such disclosure statement;

13 “(3) that for as long as the equity securities of
14 the bridge company are held by the trust, the special
15 trustee shall file a notice with the court in connec-
16 tion with—

17 “(A) any change in a director or senior of-
18 ficer of the bridge company;

19 “(B) any modification to the governing
20 documents of the bridge company; and

21 “(C) any material corporate action of the
22 bridge company, including—

23 “(i) recapitalization;

24 “(ii) a material borrowing;

1 “(iii) termination of an intercompany
2 debt or guarantee;

3 “(iv) a transfer of a substantial por-
4 tion of the assets of the bridge company;
5 or

6 “(v) the issuance or sale of any secu-
7 rities of the bridge company;

8 “(4) that any sale of any equity securities of
9 the bridge company shall not be consummated until
10 the special trustee consults with the Federal Deposit
11 Insurance Corporation and the Board regarding
12 such sale and discloses the results of such consulta-
13 tion with the court;

14 “(5) that, subject to reserves for payments per-
15 mitted under paragraph (1) provided for in the trust
16 agreement, the proceeds of the sale of any equity se-
17 curities of the bridge company by the special trustee
18 be held in trust for the benefit of or transferred to
19 the estate;

20 “(6) the process and guidelines for the replace-
21 ment of the special trustee; and

22 “(7) that the property held in trust by the spe-
23 cial trustee is subject to distribution in accordance
24 with subsection (c).

1 “(c)(1) The special trustee shall distribute the assets
2 held in trust—

3 “(A) if the court confirms a plan in the case,
4 in accordance with the plan on the effective date of
5 the plan; or

6 “(B) if the case is converted to a case under
7 chapter 7, as ordered by the court.

8 “(2) As soon as practicable after a final distribution
9 under paragraph (1), the office of the special trustee shall
10 terminate, except as may be necessary to wind up and con-
11 clude the business and financial affairs of the trust.

12 “(d) After a transfer to the special trustee under this
13 section, the special trustee shall be subject only to applica-
14 ble nonbankruptcy law, and the actions and conduct of
15 the special trustee shall no longer be subject to approval
16 by the court in the case under this subchapter.

17 **“§ 1187. Temporary and supplemental automatic stay;
18 assumed debt**

19 “(a)(1) A petition filed under section 1183 operates
20 as a stay, applicable to all entities, of the termination, ac-
21 celeration, or modification of any debt, contract, lease, or
22 agreement of the kind described in paragraph (2), or of
23 any right or obligation under any such debt, contract,
24 lease, or agreement, solely because of—

1 “(A) a default by the debtor under any such
2 debt, contract, lease, or agreement; or

3 “(B) a provision in such debt, contract, lease,
4 or agreement, or in applicable nonbankruptcy law,
5 that is conditioned on—

6 “(i) the insolvency or financial condition of
7 the debtor at any time before the closing of the
8 case;

9 “(ii) the commencement of a case under
10 this title concerning the debtor;

11 “(iii) the appointment of or taking posses-
12 sion by a trustee in a case under this title con-
13 cerning the debtor or by a custodian before the
14 commencement of the case; or

15 “(iv) a credit rating agency rating, or ab-
16 sence or withdrawal of a credit rating agency
17 rating—

18 “(I) of the debtor at any time after
19 the commencement of the case;

20 “(II) of an affiliate during the period
21 from the commencement of the case until
22 48 hours after such order is entered;

23 “(III) of the bridge company while the
24 trustee or the special trustee is a direct or

1 indirect beneficial holder of more than 50
2 percent of the equity securities of—

3 “(aa) the bridge company; or

4 “(bb) the affiliate, if all of the di-
5 rect or indirect interests in the affil-
6 iate that are property of the estate
7 are transferred under section 1185; or

8 “(IV) of an affiliate while the trustee
9 or the special trustee is a direct or indirect
10 beneficial holder of more than 50 percent
11 of the equity securities of—

12 “(aa) the bridge company; or

13 “(bb) the affiliate, if all of the di-
14 rect or indirect interests in the affil-
15 iate that are property of the estate
16 are transferred under section 1185.

17 “(2) A debt, contract, lease, or agreement described
18 in this paragraph is—

19 “(A) any debt (other than capital structure
20 debt), executory contract, or unexpired lease of the
21 debtor (other than a qualified financial contract);

22 “(B) any agreement under which the debtor
23 issued or is obligated for debt (other than capital
24 structure debt);

1 “(C) any debt, executory contract, or unexpired
2 lease of an affiliate (other than a qualified financial
3 contract); or

4 “(D) any agreement under which an affiliate
5 issued or is obligated for debt.

6 “(3) The stay under this subsection terminates—

7 “(A) for the benefit of the debtor, upon the ear-
8 liest of—

9 “(i) 48 hours after the commencement of
10 the case;

11 “(ii) assumption of the debt, contract,
12 lease, or agreement by the bridge company
13 under an order authorizing a transfer under
14 section 1185;

15 “(iii) a final order of the court denying the
16 request for a transfer under section 1185; or

17 “(iv) the time the case is dismissed; and

18 “(B) for the benefit of an affiliate, upon the
19 earliest of—

20 “(i) the entry of an order authorizing a
21 transfer under section 1185 in which the direct
22 or indirect interests in the affiliate that are
23 property of the estate are not transferred under
24 section 1185;

1 “(ii) a final order by the court denying the
2 request for a transfer under section 1185;

3 “(iii) 48 hours after the commencement of
4 the case if the court has not ordered a transfer
5 under section 1185; or

6 “(iv) the time the case is dismissed.

7 “(4) Subsections (d), (e), (f), and (g) of section 362
8 apply to a stay under this subsection.

9 “(b) A debt, executory contract (other than a quali-
10 fied financial contract), or unexpired lease of the debtor,
11 or an agreement under which the debtor has issued or is
12 obligated for any debt, may be assumed by a bridge com-
13 pany in a transfer under section 1185 notwithstanding
14 any provision in an agreement or in applicable nonbank-
15 ruptcy law that—

16 “(1) prohibits, restricts, or conditions the as-
17 signment of the debt, contract, lease, or agreement;
18 or

19 “(2) accelerates, terminates, or modifies, or
20 permits a party other than the debtor to terminate
21 or modify, the debt, contract, lease, or agreement on
22 account of—

23 “(A) the assignment of the debt, contract,
24 lease, or agreement; or

1 “(B) a change in control of any party to
2 the debt, contract, lease, or agreement.

3 “(c)(1) A debt, contract, lease, or agreement of the
4 kind described in subparagraph (A) or (B) of subsection
5 (a)(2) may not be accelerated, terminated, or modified,
6 and any right or obligation under such debt, contract,
7 lease, or agreement may not be accelerated, terminated,
8 or modified, as to the bridge company solely because of
9 a provision in the debt, contract, lease, or agreement or
10 in applicable nonbankruptcy law—

11 “(A) of the kind described in subsection
12 (a)(1)(B) as applied to the debtor;

13 “(B) that prohibits, restricts, or conditions the
14 assignment of the debt, contract, lease, or agree-
15 ment; or

16 “(C) that accelerates, terminates, or modifies,
17 or permits a party other than the debtor to termi-
18 nate or modify, the debt, contract, lease or agree-
19 ment on account of—

20 “(i) the assignment of the debt, contract,
21 lease, or agreement; or

22 “(ii) a change in control of any party to
23 the debt, contract, lease, or agreement.

24 “(2) If there is a default by the debtor under a provi-
25 sion other than the kind described in paragraph (1) in

1 a debt, contract, lease or agreement of the kind described
2 in subparagraph (A) or (B) of subsection (a)(2), the
3 bridge company may assume such debt, contract, lease,
4 or agreement only if the bridge company—

5 “(A) shall cure the default;

6 “(B) compensates, or provides adequate assur-
7 ance in connection with a transfer under section
8 1185 that the bridge company will promptly com-
9 pensate, a party other than the debtor to the debt,
10 contract, lease, or agreement, for any actual pecu-
11 niary loss to the party resulting from the default;
12 and

13 “(C) provides adequate assurance in connection
14 with a transfer under section 1185 of future per-
15 formance under the debt, contract, lease, or agree-
16 ment, as determined by the court under section
17 1185(e)(4).

18 **“§ 1188. Treatment of qualified financial contracts**
19 **and affiliate contracts**

20 “(a) Notwithstanding sections 362(b)(6), 362(b)(7),
21 362(b)(17), 362(b)(27), 362(o), 555, 556, 559, 560, and
22 561, a petition filed under section 1183 operates as a stay,
23 during the period specified in section 1187(a)(3)(A), ap-
24 plicable to all entities, of the exercise of a contractual
25 right—

1 “(1) to cause the modification, liquidation, ter-
2 mination, or acceleration of a qualified financial con-
3 tract of the debtor or an affiliate;

4 “(2) to offset or net out any termination value,
5 payment amount, or other transfer obligation arising
6 under or in connection with a qualified financial con-
7 tract of the debtor or an affiliate; or

8 “(3) under any security agreement or arrange-
9 ment or other credit enhancement forming a part of
10 or related to a qualified financial contract of the
11 debtor or an affiliate.

12 “(b)(1) During the period specified in section
13 1187(a)(3)(A), the trustee or the affiliate shall perform
14 all payment and delivery obligations under such qualified
15 financial contract of the debtor or the affiliate, as the case
16 may be, that become due after the commencement of the
17 case. The stay provided under subsection (a) terminates
18 as to a qualified financial contract of the debtor or an
19 affiliate immediately upon the failure of the trustee or the
20 affiliate, as the case may be, to perform any such obliga-
21 tion during such period.

22 “(2) Any failure by a counterparty to any qualified
23 financial contract of the debtor or any affiliate to perform
24 any payment or delivery obligation under such qualified
25 financial contract, including during the pendency of the

1 stay provided under subsection (a), shall constitute a
2 breach of such qualified financial contract by the
3 counterparty.

4 “(c) Subject to the court’s approval, a qualified finan-
5 cial contract between an entity and the debtor may be as-
6 signed to or assumed by the bridge company in a transfer
7 under, and in accordance with, section 1185 if and only
8 if—

9 “(1) all qualified financial contracts between
10 the entity and the debtor are assigned to and as-
11 sumed by the bridge company in the transfer under
12 section 1185;

13 “(2) all claims of the entity against the debtor
14 in respect of any qualified financial contract between
15 the entity and the debtor (other than any claim that,
16 under the terms of the qualified financial contract,
17 is subordinated to the claims of general unsecured
18 creditors) are assigned to and assumed by the bridge
19 company;

20 “(3) all claims of the debtor against the entity
21 under any qualified financial contract between the
22 entity and the debtor are assigned to and assumed
23 by the bridge company; and

24 “(4) all property securing or any other credit
25 enhancement furnished by the debtor for any quali-

1 fied financial contract described in paragraph (1) or
2 any claim described in paragraph (2) or (3) under
3 any qualified financial contract between the entity
4 and the debtor is assigned to and assumed by the
5 bridge company.

6 “(d) Notwithstanding any provision of a qualified fi-
7 nancial contract or of applicable nonbankruptcy law, a
8 qualified financial contract of the debtor that is assumed
9 or assigned in a transfer under section 1185 may not be
10 accelerated, terminated, or modified, after the entry of the
11 order approving a transfer under section 1185, and any
12 right or obligation under the qualified financial contract
13 may not be accelerated, terminated, or modified, after the
14 entry of the order approving a transfer under section 1185
15 solely because of a condition described in section
16 1187(c)(1), other than a condition of the kind specified
17 in section 1187(b) that occurs after property of the estate
18 no longer includes a direct beneficial interest or an indi-
19 rect beneficial interest through the special trustee, in more
20 than 50 percent of the equity securities of the bridge com-
21 pany.

22 “(e) Notwithstanding any provision of any agreement
23 or in applicable nonbankruptcy law, an agreement of an
24 affiliate (including an executory contract, an unexpired
25 lease, qualified financial contract, or an agreement under

1 which the affiliate issued or is obligated for debt) and any
2 right or obligation under such agreement may not be ac-
3 celerated, terminated, or modified, solely because of a con-
4 dition described in section 1187(c)(1), other than a condi-
5 tion of the kind specified in section 1187(b) that occurs
6 after the bridge company is no longer a direct or indirect
7 beneficial holder of more than 50 percent of the equity
8 securities of the affiliate, at any time after the commence-
9 ment of the case if—

10 “(1) all direct or indirect interests in the affil-
11 iate that are property of the estate are transferred
12 under section 1185 to the bridge company within the
13 period specified in subsection (a);

14 “(2) the bridge company assumes—

15 “(A) any guarantee or other credit en-
16 hancement issued by the debtor relating to the
17 agreement of the affiliate; and

18 “(B) any obligations in respect of rights of
19 setoff, netting arrangement, or debt of the debt-
20 or that directly arises out of or directly relates
21 to the guarantee or credit enhancement; and

22 “(3) any property of the estate that directly
23 serves as collateral for the guarantee or credit en-
24 hancement is transferred to the bridge company.

1 **“§ 1189. Licenses, permits, and registrations**

2 “(a) Notwithstanding any otherwise applicable non-
3 bankruptcy law, if a request is made under section 1185
4 for a transfer of property of the estate, any Federal, State,
5 or local license, permit, or registration that the debtor or
6 an affiliate had immediately before the commencement of
7 the case and that is proposed to be transferred under sec-
8 tion 1185 may not be accelerated, terminated, or modified
9 at any time after the request solely on account of—

10 “(1) the insolvency or financial condition of the
11 debtor at any time before the closing of the case;

12 “(2) the commencement of a case under this
13 title concerning the debtor;

14 “(3) the appointment of or taking possession by
15 a trustee in a case under this title concerning the
16 debtor or by a custodian before the commencement
17 of the case; or

18 “(4) a transfer under section 1185.

19 “(b) Notwithstanding any otherwise applicable non-
20 bankruptcy law, any Federal, State, or local license, per-
21 mit, or registration that the debtor had immediately before
22 the commencement of the case that is included in a trans-
23 fer under section 1185 shall be valid and all rights and
24 obligations thereunder shall vest in the bridge company.

1 **“§ 1190. Exemption from securities laws**

2 “For purposes of section 1145, a security of the
3 bridge company shall be deemed to be a security of a suc-
4 cessor to the debtor under a plan if the court approves
5 the disclosure statement for the plan as providing ade-
6 quate information (as defined in section 1125(a)) about
7 the bridge company and the security.

8 **“§ 1191. Inapplicability of certain avoiding powers**

9 “A transfer made or an obligation incurred by the
10 debtor to an affiliate prior to or after the commencement
11 of the case, including any obligation released by the debtor
12 or the estate to or for the benefit of an affiliate, in con-
13 templation of or in connection with a transfer under sec-
14 tion 1185 is not avoidable under section 544, 547,
15 548(a)(1)(B), or 549, or under any similar nonbankruptcy
16 law.

17 **“§ 1192. Consideration of financial stability**

18 “The court may consider the effect that any decision
19 in connection with this subchapter may have on financial
20 stability in the United States.”.

21 **SEC. 233. AMENDMENTS TO TITLE 28, UNITED STATES**

22 **CODE.**

23 (a) AMENDMENT TO CHAPTER 13.—Chapter 13 of
24 title 28, United States Code, is amended by adding at the
25 end the following:

1 **“§ 298. Judge for a case under subchapter V of chap-**
2 **ter 11 of title 11**

3 “(a)(1) Notwithstanding section 295, the Chief Jus-
4 tice of the United States shall designate not fewer than
5 10 bankruptcy judges to be available to hear a case under
6 subchapter V of chapter 11 of title 11. Bankruptcy judges
7 may request to be considered by the Chief Justice of the
8 United States for such designation.

9 “(2) Notwithstanding section 155, a case under sub-
10 chapter V of chapter 11 of title 11 shall be heard under
11 section 157 by a bankruptcy judge designated under para-
12 graph (1), who shall be randomly assigned to hear such
13 case by the chief judge of the court of appeals for the cir-
14 cuit embracing the district in which the case is pending.
15 To the greatest extent practicable, the approvals required
16 under section 155 should be obtained.

17 “(3) If the bankruptcy judge assigned to hear a case
18 under paragraph (2) is not assigned to the district in
19 which the case is pending, the bankruptcy judge shall be
20 temporarily assigned to the district.

21 “(b) A case under subchapter V of chapter 11 of title
22 11, and all proceedings in the case, shall take place in
23 the district in which the case is pending.

24 “(c) In this section, the term ‘covered financial cor-
25 poration’ has the meaning given that term in section
26 101(9A) of title 11.”.

1 (b) AMENDMENT TO SECTION 1334 OF TITLE 28.—
2 Section 1334 of title 28, United States Code, is amended
3 by adding at the end the following:

4 “(f) This section does not grant jurisdiction to the
5 district court after a transfer pursuant to an order under
6 section 1185 of title 11 of any proceeding related to a spe-
7 cial trustee appointed, or to a bridge company formed, in
8 connection with a case under subchapter V of chapter 11
9 of title 11.”.

10 (c) TECHNICAL AND CONFORMING AMENDMENT.—
11 The table of sections for chapter 13 of title 28, United
12 States Code, is amended by adding at the end the fol-
13 lowing:

“298. Judge for a case under subchapter V of chapter 11 of title 11.”.

14 **Subtitle D—Ending Government** 15 **Guarantees**

16 **SEC. 241. REPEAL OF OBLIGATION GUARANTEE PROGRAM.**

17 (a) IN GENERAL.—The following sections of the
18 Dodd-Frank Wall Street Reform and Consumer Protec-
19 tion Act (12 U.S.C. 5301 et seq.) are repealed:

20 (1) Section 1104.

21 (2) Section 1105.

22 (3) Section 1106.

23 (b) CLERICAL AMENDMENT.—The table of contents
24 under section 1(b) of the Dodd-Frank Wall Street Reform

1 and Consumer Protection Act is amended by striking the
2 items relating to sections 1104, 1105, and 1106.

3 **SEC. 242. REPEAL OF SYSTEMIC RISK DETERMINATION IN**
4 **RESOLUTIONS.**

5 Section 13(c)(4)(G) of the Federal Deposit Insurance
6 Act (12 U.S.C. 1823(c)(4)(G)) is hereby repealed.

7 **SEC. 243. RESTRICTIONS ON USE OF THE EXCHANGE STA-**
8 **BILIZATION FUND.**

9 (a) IN GENERAL.—Section 5302 of title 31, United
10 States Code, is amended by adding at the end the fol-
11 lowing:

12 “(e) Amounts in the fund may not be used for the
13 establishment of a guaranty program for any nongovern-
14 mental entity.”.

15 (b) CONFORMING AMENDMENT.—Section 131(b) of
16 the Emergency Economic Stabilization Act of 2008 (12
17 U.S.C. 5236(b)) is amended by inserting “, or for the pur-
18 poses of preventing the liquidation or insolvency of any
19 entity” before the period.

20 **Subtitle E—Eliminating Financial**
21 **Market Utility Designations**

22 **SEC. 251. REPEAL OF TITLE VIII.**

23 (a) REPEAL.—Title VIII of the Dodd-Frank Wall
24 Street Reform and Consumer Protection Act (12 U.S.C.
25 5461 et seq.) is repealed, and provisions of law amended

1 by such title are restored and revived as if such title had
2 never been enacted.

3 (b) CLERICAL AMENDMENT.—The table of contents
4 in section 1(b) of the Dodd-Frank Wall Street Reform and
5 Consumer Protection Act is amended by striking the items
6 relating to title VIII.

7 **TITLE III—EMPOWERING AMERI-**
8 **CANS TO ACHIEVE FINANCIAL**
9 **INDEPENDENCE**

10 **Subtitle A—Separation of Powers**
11 **and Liberty Enhancements**

12 **SEC. 311. CONSUMER FINANCIAL OPPORTUNITY COMMIS-**
13 **SION.**

14 (a) MAKING THE BUREAU AN INDEPENDENT CON-
15 SUMER FINANCIAL OPPORTUNITY COMMISSION.—The
16 Consumer Financial Protection Act of 2010 (12 U.S.C.
17 5481 et seq.) is amended—

18 (1) in section 1011—

19 (A) in subsection (a)—

20 (i) by striking “in the Federal Reserve
21 System,”;

22 (ii) by striking “independent bureau”
23 and inserting “independent commission”;

24 (iii) by striking “Bureau of Consumer
25 Financial Protection” and inserting “Con-

1 sumer Financial Opportunity Commission
2 (hereinafter in this section referred to as
3 the ‘Commission’); and

4 (iv) by striking “Bureau” each place
5 such term appears and inserting “Commis-
6 sion”;

7 (B) by striking subsections (b), (c), and
8 (d);

9 (C) by redesignating subsection (e) as sub-
10 section (h);

11 (D) in subsection (h), as so redesignated—

12 (i) by striking “, including in cities in
13 which the Federal reserve banks, or
14 branches of such banks, are located,”; and

15 (ii) by striking “Bureau” each place
16 such term appears and inserting “Commis-
17 sion”; and

18 (E) by inserting after subsection (a) the
19 following new subsections:

20 “(b) COMPOSITION OF THE COMMISSION.—

21 “(1) IN GENERAL.—The Commission shall be
22 composed of 5 members who shall be appointed by
23 the President, by and with the advice and consent
24 of the Senate, from among individuals who—

25 “(A) are citizens of the United States; and

1 “(B) have strong competencies and experi-
2 ences related to consumer financial products
3 and services.

4 “(2) STAGGERING.—The members of the Com-
5 mission shall serve staggered terms, which initially
6 shall be established by the President for terms of 1,
7 2, 3, 4, and 5 years, respectively.

8 “(3) TERMS.—

9 “(A) IN GENERAL.—Each member of the
10 Commission, including the Chair, shall serve for
11 a term of 5 years.

12 “(B) REMOVAL.—The President may re-
13 move any member of the Commission for ineffi-
14 ciency, neglect of duty, or malfeasance in office.

15 “(C) VACANCIES.—Any member of the
16 Commission appointed to fill a vacancy occur-
17 ring before the expiration of the term to which
18 that member’s predecessor was appointed (in-
19 cluding the Chair) shall be appointed only for
20 the remainder of the term.

21 “(D) CONTINUATION OF SERVICE.—Each
22 member of the Commission may continue to
23 serve after the expiration of the term of office
24 to which that member was appointed until a
25 successor has been appointed by the President

1 and confirmed by the Senate, except that a
2 member may not continue to serve more than 1
3 year after the date on which that member's
4 term would otherwise expire.

5 “(E) OTHER EMPLOYMENT PROHIBITED.—

6 No member of the Commission shall engage in
7 any other business, vocation, or employment.

8 “(c) AFFILIATION.—Not more than 3 members of the
9 Commission shall be members of any one political party.

10 “(d) CHAIR OF THE COMMISSION.—

11 “(1) APPOINTMENT.—The Chair of the Com-
12 mission shall be appointed by the President from
13 among the members of the Commission.

14 “(2) AUTHORITY.—The Chair shall be the prin-
15 cipal executive officer of the Commission, and shall
16 exercise all of the executive and administrative func-
17 tions of the Commission, including with respect to—

18 “(A) the appointment and supervision of
19 personnel employed under the Commission
20 (other than personnel employed regularly and
21 full time in the immediate offices of members of
22 the Commission other than the Chair);

23 “(B) the distribution of business among
24 personnel appointed and supervised by the

1 Chair and among administrative units of the
2 Commission; and

3 “(C) the use and expenditure of funds.

4 “(3) LIMITATION.—In carrying out any of the
5 Chair’s functions under the provisions of this sub-
6 section the Chair shall be governed by general poli-
7 cies of the Commission and by such regulatory deci-
8 sions, findings, and determinations as the Commis-
9 sion may by law be authorized to make.

10 “(4) REQUESTS OR ESTIMATES RELATED TO
11 APPROPRIATIONS.—Requests or estimates for reg-
12 ular, supplemental, or deficiency appropriations on
13 behalf of the Commission may not be submitted by
14 the Chair without the prior approval of the Commis-
15 sion.

16 “(e) NO IMPAIRMENT BY REASON OF VACANCIES.—
17 No vacancy in the members of the Commission shall im-
18 pair the right of the remaining members of the Commis-
19 sion to exercise all the powers of the Commission. Three
20 members of the Commission shall constitute a quorum for
21 the transaction of business, except that if there are only
22 3 members serving on the Commission because of vacan-
23 cies in the Commission, 2 members of the Commission
24 shall constitute a quorum for the transaction of business.
25 If there are only 2 members serving on the Commission

1 because of vacancies in the Commission, 2 members shall
2 constitute a quorum for the 6-month period beginning on
3 the date of the vacancy which caused the number of Com-
4 mission members to decline to 2.

5 “(f) SEAL.—The Commission shall have an official
6 seal.

7 “(g) COMPENSATION.—

8 “(1) CHAIR.—The Chair shall receive com-
9 pensation at the rate prescribed for level I of the
10 Executive Schedule under section 5313 of title 5,
11 United States Code.

12 “(2) OTHER MEMBERS OF THE COMMISSION.—
13 The 4 other members of the Commission shall each
14 receive compensation at the rate prescribed for level
15 II of the Executive Schedule under section 5314 of
16 title 5, United States Code.”;

17 (2) in section 1012(c), by striking paragraphs
18 (2), (3), (4), and (5); and

19 (3) in section 1014(b), by striking “Not fewer
20 than 6 members shall be appointed upon the rec-
21 ommendation of the regional Federal Reserve Bank
22 Presidents, on a rotating basis.”.

23 (b) DEEMING OF NAME.—Any reference in a law,
24 regulation, document, paper, or other record of the United
25 States to the Bureau of Consumer Financial Protection

1 shall be deemed a reference to the Consumer Financial
2 Opportunity Commission.

3 (c) CONFORMING AMENDMENTS.—

4 (1) CONSUMER FINANCIAL PROTECTION ACT OF
5 2010.—

6 (A) IN GENERAL.—Except as provided
7 under subparagraph (B), the Consumer Finan-
8 cial Protection Act of 2010 (12 U.S.C. 5481 et
9 seq.) is amended—

10 (i) by striking “Director of the Bu-
11 reau” each place such term appears, other
12 than where such term is used to refer to
13 a Director other than the Director of the
14 Bureau of Consumer Financial Protection,
15 and inserting “Consumer Financial Oppor-
16 tunity Commission”;

17 (ii) by striking “Director” each place
18 such term appears and inserting “Con-
19 sumer Financial Opportunity Commis-
20 sion”, other than where such term is used
21 to refer to a Director other than the Direc-
22 tor of the Bureau of Consumer Financial
23 Protection; and

24 (iii) in section 1002, by striking para-
25 graph (10).

1 (B) EXCEPTIONS.—The Consumer Finan-
2 cial Protection Act of 2010 (12 U.S.C. 5481 et
3 seq.) is amended—

4 (i) in section 1013(e)(3)—

5 (I) by striking “Assistant Direc-
6 tor of the Bureau for” and inserting
7 “Head of the Office of”; and

8 (II) in subparagraph (B), by
9 striking “Assistant Director” and in-
10 sserting “Head of the Office”;

11 (ii) in section 1013(g)(2)—

12 (I) by striking “ASSISTANT DI-
13 RECTOR” and inserting “HEAD OF
14 THE OFFICE”; and

15 (II) by striking “an assistant di-
16 rector” and inserting “a Head of the
17 Office of Financial Protection for
18 Older Americans”;

19 (iii) in section 1016(a), by striking
20 “Director of the Bureau” and inserting
21 “Chair of the Consumer Financial Oppor-
22 tunity Commission”; and

23 (iv) in section 1066(a), by striking
24 “Director of the Bureau is” and inserting
25 “first member of the Commission is”.

1 (2) DODD-FRANK WALL STREET REFORM AND
2 CONSUMER PROTECTION ACT.—Section 1447 of the
3 Dodd-Frank Wall Street Reform and Consumer Pro-
4 tection Act (12 U.S.C. 1701p-2) is amended by
5 striking “Director of the Bureau” each place such
6 term appears and inserting “Consumer Financial
7 Opportunity Commission”.

8 (3) EXPEDITED FUNDS AVAILABILITY ACT.—
9 The Expedited Funds Availability Act (12 U.S.C.
10 4001 et seq.), as amended by section 1086 of the
11 Consumer Financial Protection Act of 2010, is
12 amended by striking “Director of the Bureau” each
13 place such term appears and inserting “Consumer
14 Financial Opportunity Commission”.

15 (4) FEDERAL DEPOSIT INSURANCE ACT.—Sec-
16 tion 2 of the Federal Deposit Insurance Act (12
17 U.S.C. 1812), as amended by section 336(a) of the
18 Dodd-Frank Wall Street Reform and Consumer Pro-
19 tection Act, is amended by striking “Director of the
20 Consumer Financial Protection Bureau” each place
21 such term appears and inserting “Chair of the Con-
22 sumer Financial Opportunity Commission”.

23 (5) FEDERAL FINANCIAL INSTITUTIONS EXAM-
24 INATION COUNCIL ACT OF 1978.—Section 1004(a)(4)
25 of the Federal Financial Institutions Examination

1 Council Act of 1978 (12 U.S.C. 3303(a)(4)), as
2 amended by section 1091 of the Consumer Financial
3 Protection Act of 2010, is amended by striking “Di-
4 rector of the Consumer Financial Protection Bu-
5 reau” and inserting “Chair of the Consumer Finan-
6 cial Opportunity Commission”.

7 (6) FINANCIAL LITERACY AND EDUCATION IM-
8 PROVEMENT ACT.—Section 513 of the Financial Lit-
9 eracy and Education Improvement Act (20 U.S.C.
10 9702), as amended by section 1013(d)(5) of the
11 Consumer Financial Protection Act of 2010, is
12 amended by striking “Director” each place such
13 term appears and inserting “Chair of the Consumer
14 Financial Opportunity Commission”.

15 (7) HOME MORTGAGE DISCLOSURE ACT OF
16 1975.—Section 307 of the Home Mortgage Disclo-
17 sure Act of 1975, as amended by section 1094(6) of
18 the Consumer Financial Protection Act of 2010, is
19 amended by striking “Director of the Bureau of
20 Consumer Financial Protection” each place such
21 term appears and inserting “Consumer Financial
22 Opportunity Commission”.

23 (8) INTERSTATE LAND SALES FULL DISCLO-
24 SURE ACT.—The Interstate Land Sales Full Disclo-
25 sure Act, as amended by section 1098A of the Con-

1 consumer Financial Protection Act of 2010, is amend-
2 ed—

3 (A) by amending section 1402(1) to read
4 as follows:

5 “(1) ‘Chair’ means the Chair of the Consumer
6 Financial Opportunity Commission;”; and

7 (B) in section 1416(a), by striking “Direc-
8 tor of the Bureau of Consumer Financial Pro-
9 tection” and inserting “Chair”.

10 (9) REAL ESTATE SETTLEMENT PROCEDURES
11 ACT OF 1974.—Section 5 of the Real Estate Settle-
12 ment Procedures Act of 1974 (12 U.S.C. 2604), as
13 amended by section 1450 of the Dodd-Frank Wall
14 Street Reform and Consumer Protection Act, is
15 amended—

16 (A) by striking “The Director of the Bu-
17 reau of Consumer Financial Protection (here-
18 after in this section referred to as the ‘Direc-
19 tor’)” and inserting “The Consumer Financial
20 Opportunity Commission”; and

21 (B) by striking “Director” each place such
22 term appears and inserting “Consumer Finan-
23 cial Opportunity Commission”.

24 (10) S.A.F.E. MORTGAGE LICENSING ACT OF
25 2008.—The S.A.F.E. Mortgage Licensing Act of

1 2008 (12 U.S.C. 5101 et seq.), as amended by sec-
2 tion 1100 of the Consumer Financial Protection Act
3 of 2010, is amended—

4 (A) by striking “Director” each place such
5 term appears in headings and text, other than
6 where such term is used in the context of the
7 Director of the Office of Thrift Supervision,
8 and inserting “Consumer Financial Opportunity
9 Commission”; and

10 (B) in section 1503, by striking paragraph
11 (10).

12 (11) TITLE 44, UNITED STATES CODE.—Section
13 3513(e) of title 44, United States Code, as amended
14 by section 1100D(b) of the Consumer Financial Pro-
15 tection Act of 2010, is amended by striking “Direc-
16 tor of the Bureau” and inserting “Consumer Finan-
17 cial Opportunity Commission”.

18 **SEC. 312. BRINGING THE COMMISSION INTO THE REGULAR**

19 **APPROPRIATIONS PROCESS.**

20 Section 1017 of the Consumer Financial Protection
21 Act of 2010 (12 U.S.C. 5497) is amended—

22 (1) in subsection (a)—

23 (A) by amending the heading of such sub-
24 section to read as follows: “BUDGET, FINAN-
25 CIAL MANAGEMENT, AND AUDIT.—”;

1 (B) by striking paragraphs (1), (2), and
2 (3);

3 (C) by redesignating paragraphs (4) and
4 (5) as paragraphs (1) and (2), respectively; and

5 (D) by striking subparagraphs (E) and (F)
6 of paragraph (1), as so redesignated;

7 (2) by striking subsections (b) and (c);

8 (3) by redesignating subsections (d) and (e) as
9 subsections (b) and (c), respectively; and

10 (4) in subsection (c), as so redesignated—

11 (A) by striking paragraphs (1), (2), and
12 (3) and inserting the following:

13 “(1) AUTHORIZATION OF APPROPRIATIONS.—

14 There is authorized to be appropriated to the Com-
15 mission for fiscal year 2017 an amount equal to the
16 aggregate amount of funds transferred by the Board
17 of Governors to the Bureau of Consumer Financial
18 Protection during fiscal year 2015.”; and

19 (B) by redesignating paragraph (4) as
20 paragraph (2).

21 **SEC. 313. CONSUMER FINANCIAL OPPORTUNITY COMMIS-**
22 **SION INSPECTOR GENERAL REFORM.**

23 (a) APPOINTMENT OF INSPECTOR GENERAL.—The
24 Inspector General Act of 1978 (5 U.S.C. App.) is amend-
25 ed—

1 (1) in section 8G—

2 (A) in subsection (a)(2), by striking “and
3 the Bureau of Consumer Financial Protection”;

4 (B) in subsection (c), by striking “For
5 purposes of implementing this section” and all
6 that follows through the end of the subsection;
7 and

8 (C) in subsection (g)(3), by striking “and
9 the Bureau of Consumer Financial Protection”;
10 and

11 (2) in section 12—

12 (A) in paragraph (1), by inserting “the
13 Consumer Financial Opportunity Commission;”
14 after “the President of the Export-Import
15 Bank;”; and

16 (B) in paragraph (2), by inserting “the
17 Consumer Financial Opportunity Commission,”
18 after “the Export-Import Bank,”.

19 (b) REQUIREMENTS FOR THE INSPECTOR GENERAL
20 FOR THE CONSUMER FINANCIAL OPPORTUNITY COMMIS-
21 SION.—

22 (1) ESTABLISHMENT.—Section 1011 of the
23 Consumer Financial Protection Act of 2010 (12
24 U.S.C. 5491), as amended by section 311, is further
25 amended—

1 (A) by adding at the end the following:

2 “(i) INSPECTOR GENERAL.—There is established the
3 position of the Inspector General of the Commission.”;
4 and

5 (B) in subsection (d), by striking “or Dep-
6 uty Director” each place such term appears and
7 inserting “, Deputy Director, or Inspector Gen-
8 eral”.

9 (2) HEARINGS.—Section 1016 of the Consumer
10 Financial Protection Act of 2010 (12 U.S.C. 5496)
11 is amended by inserting after subsection (c) the fol-
12 lowing:

13 “(d) ADDITIONAL REQUIREMENT FOR INSPECTOR
14 GENERAL.—On a separate occasion from that described
15 in subsection (a), the Inspector General of the Commission
16 shall appear, upon invitation, before the Committee on
17 Banking, Housing, and Urban Affairs of the Senate and
18 the Committee on Financial Services and the Committee
19 on Energy and Commerce of the House of Representatives
20 at semi-annual hearings regarding the reports required
21 under subsection (b) and the reports required under sec-
22 tion 5 of the Inspector General Act of 1978 (5 U.S.C.
23 App.).”.

24 (3) PARTICIPATION IN THE COUNCIL OF IN-
25 SPECTORS GENERAL ON FINANCIAL OVERSIGHT.—

1 Section 989E(a)(1) of the Dodd-Frank Wall Street
2 Reform and Consumer Protection Act is amended by
3 adding at the end the following:

4 “(J) The Consumer Financial Opportunity
5 Commission.”.

6 (4) DEADLINE FOR APPOINTMENT.—Not later
7 than 60 days after the date of the enactment of this
8 Act, the President shall appoint an Inspector Gen-
9 eral for the Consumer Financial Opportunity Com-
10 mission in accordance with section 3 of the Inspector
11 General Act of 1978 (5 U.S.C. App.).

12 (c) TRANSITION PERIOD.—The Inspector General of
13 the Board of Governors of the Federal Reserve System
14 and the Bureau of Consumer Financial Protection shall
15 serve in that position until the confirmation of an Inspec-
16 tor General for the Consumer Financial Opportunity Com-
17 mission. At that time, the Inspector General of the Board
18 of Governors of the Federal Reserve System and the Bu-
19 reau of Consumer Financial Protection shall become the
20 Inspector General of the Board of Governors of the Fed-
21 eral Reserve System.

1 **SEC. 314. PRIVATE PARTIES AUTHORIZED TO COMPEL THE**
2 **COMMISSION TO SEEK SANCTIONS BY FILING**
3 **CIVIL ACTIONS; ADJUDICATIONS DEEMED AC-**
4 **TIONS.**

5 Section 1053 of the Consumer Financial Protection
6 Act of 2010 (12 U.S.C. 5563) is amended by adding at
7 the end the following:

8 “(f) PRIVATE PARTIES AUTHORIZED TO COMPEL
9 THE COMMISSION TO SEEK SANCTIONS BY FILING CIVIL
10 ACTIONS.—

11 “(1) TERMINATION OF ADMINISTRATIVE PRO-
12 CEEDING.—In the case of any person who is a party
13 to a proceeding brought by the Commission under
14 this section, to which chapter 5 of title 5, United
15 States Code, applies, and against whom an order im-
16 posing a cease and desist order or a penalty may be
17 issued at the conclusion of the proceeding, that per-
18 son may, not later than 20 days after receiving no-
19 tice of such proceeding, and at that person’s discre-
20 tion, require the Commission to terminate the pro-
21 ceeding.

22 “(2) CIVIL ACTION AUTHORIZED.—If a person
23 requires the Commission to terminate a proceeding
24 pursuant to paragraph (1), the Commission may
25 bring a civil action against that person for the same
26 remedy that might be imposed.

1 “(g) ADJUDICATIONS DEEMED ACTIONS.—Any ad-
2 ministrative adjudication commenced under this section
3 shall be deemed an ‘action’ for purposes of section
4 1054(g).”.

5 **SEC. 315. CIVIL INVESTIGATIVE DEMANDS TO BE AP-
6 PELED TO COURTS.**

7 Section 1052 of the Consumer Financial Protection
8 Act of 2010 (12 U.S.C. 5562) is amended—

9 (1) in subsection (c)—

10 (A) in paragraph (2), by inserting after
11 “shall state” the following: “with specificity”;
12 and

13 (B) by adding at the end the following:

14 “(14) MEETING REQUIREMENT.—The recipient
15 of a civil investigative demand shall meet and confer
16 with a Commission investigator within 30 calendar
17 days after receipt of the demand to discuss and at-
18 tempt to resolve all issues regarding compliance with
19 the civil investigative demand, unless the Commis-
20 sion grants an extension requested by such recipi-
21 ent.”;

22 (2) in subsection (f)—

23 (A) by amending paragraph (1) to read as
24 follows:

1 “(1) IN GENERAL.—Not later than 45 days
2 after the service of any civil investigative demand
3 upon any person under subsection (c), or at any
4 time before the return date specified in the demand,
5 whichever period is shorter, or within such period ex-
6 ceeding 45 days after service or in excess of such re-
7 turn date as may be prescribed in writing, subse-
8 quent to service, by any Commission investigator
9 named in the demand, such person may file, in the
10 district court of the United States for any judicial
11 district in which such person resides, is found, or
12 transacts business, a petition for an order modifying
13 or setting aside the demand.”; and

14 (B) in paragraph (2), by striking “at the
15 Bureau”; and

16 (3) in subsection (h)—

17 (A) by striking “(1) IN GENERAL.—” ; and

18 (B) by striking paragraph (2).

19 **SEC. 316. COMMISSION DUAL MANDATE AND ECONOMIC**
20 **ANALYSIS.**

21 (a) PURPOSE.—Section 1021(a) of the Consumer Fi-
22 nancial Protection Act of 2010 (12 U.S.C. 5511(a)) is
23 amended—

24 (1) by striking “fair, transparent, and competi-
25 tive” and inserting: “fair and transparent”; and

1 (2) by adding at the end the following: “In ad-
2 dition, the Commission shall seek to implement and,
3 where applicable, enforce Federal consumer financial
4 law consistently for the purpose of strengthening
5 participation in markets by covered persons, without
6 Government interference or subsidies, to increase
7 competition and enhance consumer choice.”; and

8 (b) OFFICE OF ECONOMIC ANALYSIS.—

9 (1) IN GENERAL.—Section 1013 of the Con-
10 sumer Financial Protection Act of 2010 (12 U.S.C.
11 5493) is amended by adding at the end the fol-
12 lowing:

13 “(h) OFFICE OF ECONOMIC ANALYSIS.—

14 “(1) ESTABLISHMENT.—The Chair shall estab-
15 lish an Office of Economic Analysis.

16 “(2) REVIEW AND ASSESSMENT OF PROPOSED
17 RULES AND REGULATIONS.—The Office of Economic
18 Analysis shall—

19 “(A) review all proposed rules and regula-
20 tions of the Commission;

21 “(B) assess the impact of such rules and
22 regulations on consumer choice, price, and ac-
23 cess to credit products; and

24 “(C) publish a report on such reviews and
25 assessments in the Federal Register.

1 “(3) MEASURING EXISTING RULES AND REGU-
2 LATIONS.—The Office of Economic Analysis shall—

3 “(A) review each rule and regulation
4 issued by the Commission after 1, 2, 5, and 10
5 years;

6 “(B) measure the rule or regulation’s suc-
7 cess in solving the problem that the rule or reg-
8 ulation was intended to solve when issued; and

9 “(C) publish a report on such review and
10 measurement in the Federal Register.”.

11 (2) CONSIDERATION OF REVIEW AND ASSESS-
12 MENT; RULEMAKING REQUIREMENTS.—Section
13 1022(b) of the Consumer Financial Protection Act
14 of 2010 (12 U.S.C. 5512(b)) is amended by adding
15 at the end the following:

16 “(5) CONSIDERATION OF REVIEW AND ASSESS-
17 MENT BY THE OFFICE OF ECONOMIC ANALYSIS.—

18 “(A) IN GENERAL.—Before issuing any
19 rule or regulation, the Chair shall consider the
20 review and assessment of such rule or regula-
21 tion carried out by the Office of Economic
22 Analysis.

23 “(B) NOTICE OF DISAGREEMENT.—If a
24 member of the Commission disagrees with any
25 part of a review and assessment described

1 under subparagraph (A) with respect to any
2 rule or regulation, the member shall accompany
3 any such rule or regulation with a statement
4 explaining why the member so disagrees.

5 “(6) IDENTIFICATION OF PROBLEMS AND
6 METRICS FOR JUDGING SUCCESS.—

7 “(A) IN GENERAL.—The Chair shall, in
8 each proposed rulemaking of the Commission—

9 “(i) identify the problem that the par-
10 ticular rule or regulations is seeking to
11 solve; and

12 “(ii) specify the metrics by which the
13 Commission will measure the success of
14 the rule or regulation in solving such prob-
15 lem.

16 “(B) REQUIRED METRICS.—The metrics
17 specified under subparagraph (A)(ii) shall in-
18 clude a measurement of changes to consumer
19 access to, and cost of, consumer financial prod-
20 ucts and services.”.

21 (c) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY
22 ANALYSES.—The Commission may perform any of the
23 analyses required by this section in conjunction with, or
24 as part of, any other agenda or analysis required by any

1 other provision of law, if such other agenda or analysis
2 satisfies the provisions of this section.

3 **SEC. 317. NO DEFERENCE TO COMMISSION INTERPRETA-**
4 **TION.**

5 The Consumer Financial Protection Act of 2010 (12
6 U.S.C. 5481 et seq.) is amended—

7 (1) in section 1022(b)(4)—

8 (A) by striking “(A) IN GENERAL.—”; and

9 (B) by striking subparagraph (B); and

10 (2) in section 1061(b)(5)(E)—

11 (A) by striking “affords to the—” and all
12 that follows through “(i) Federal Trade Com-
13 mission” and inserting “affords to the Federal
14 Trade Commission”;

15 (B) by striking “; or” and inserting a pe-
16 riod; and

17 (C) by striking clause (ii).

18 **Subtitle B—Administrative**
19 **Enhancements**

20 **SEC. 321. COMMISSION ADVISORY BOARDS.**

21 (a) IN GENERAL.—The Consumer Financial Protec-
22 tion Act of 2010 is amended by inserting after section
23 1014 (12 U.S.C. 5494) the following new section:

24 **“SEC. 1014A. ADVISORY BOARDS.**

25 **“(a) SMALL BUSINESS ADVISORY BOARD.—**

1 “(1) ESTABLISHMENT.—The Commission shall
2 establish a Small Business Advisory Board—

3 “(A) to advise and consult with the Com-
4 mission in the exercise of the Commission’s
5 functions under the Federal consumer financial
6 laws applicable to eligible financial products or
7 services; and

8 “(B) to provide information on emerging
9 practices of small business concerns that pro-
10 vide eligible financial products or services, in-
11 cluding regional trends, concerns, and other rel-
12 evant information.

13 “(2) MEMBERSHIP.—

14 “(A) NUMBER.—The Commission shall ap-
15 point no fewer than 15 and no more than 20
16 members to the Small Business Advisory
17 Board.

18 “(B) QUALIFICATION.—Members ap-
19 pointed pursuant to subparagraph (A) shall be
20 representatives of small business concerns
21 that—

22 “(i) provide eligible financial products
23 or services;

24 “(ii) are service providers to covered
25 persons; and

1 “(iii) use consumer financial products
2 or services in financing the business activi-
3 ties of such concern.

4 “(3) MEETINGS.—The Small Business Advisory
5 Board—

6 “(A) shall meet from time to time at the
7 call of the Commission; and

8 “(B) shall meet at least twice each year.

9 “(b) CREDIT UNION ADVISORY COUNCIL.—

10 “(1) ESTABLISHMENT.—The Commission shall
11 establish a Credit Union Advisory Council to advise
12 and consult with the Commission on consumer fi-
13 nancial products or services that impact credit
14 unions.

15 “(2) MEMBERSHIP.—The Commission shall ap-
16 point no fewer than 15 and no more than 20 mem-
17 bers to the Credit Union Advisory Council.

18 “(3) MEETINGS.—The Credit Union Advisory
19 Council—

20 “(A) shall meet from time to time at the
21 call of the Commission; and

22 “(B) shall meet at least twice each year.

23 “(c) COMMUNITY BANK ADVISORY COUNCIL.—

24 “(1) ESTABLISHMENT.—The Commission shall
25 establish a Community Bank Advisory Council to

1 advise and consult with the Commission on con-
2 sumer financial products or services that impact
3 community banks.

4 “(2) MEMBERSHIP.—The Commission shall ap-
5 point no fewer than 15 and no more than 20 mem-
6 bers to the Community Bank Advisory Council.

7 “(3) MEETINGS.—The Community Bank Advi-
8 sory Council—

9 “(A) shall meet from time to time at the
10 call of the Commission; and

11 “(B) shall meet at least twice each year.

12 “(d) COMPENSATION AND TRAVEL EXPENSES.—
13 Members of the Small Business Advisory Board, the Cred-
14 it Union Advisory Council, or the Community Bank Advi-
15 sory Council who are not full-time employees of the United
16 States shall—

17 “(1) be entitled to receive compensation at a
18 rate fixed by the Commission while attending meet-
19 ings of the Small Business Advisory Board, the
20 Credit Union Advisory Council, or the Community
21 Bank Advisory Council, including travel time; and

22 “(2) be allowed travel expenses, including trans-
23 portation and subsistence, while away from their
24 homes or regular places of business.

25 “(e) DEFINITIONS.—In this section—

1 “(1) the term ‘eligible financial product or serv-
2 ice’ means a financial product or service that is of-
3 fered or provided for use by consumers primarily for
4 personal, family, or household purposes as described
5 in clause (i), (iii), (v), (vi), or (ix) of section
6 1002(15)(A); and

7 “(2) the term ‘small business concern’ has the
8 meaning given such term in section 3 of the Small
9 Business Act (15 U.S.C. 632).”.

10 (b) TABLE OF CONTENTS AMENDMENT.—The table
11 of contents in section 1 of the Dodd-Frank Wall Street
12 Reform and Consumer Protection Act (12 U.S.C. 5301
13 et seq.) is amended by inserting after the item relating
14 to section 1014 the following new item:

 “Sec. 1014A. Advisory Boards.”.

15 **SEC. 322. ADVISORY OPINIONS.**

16 Section 1022(b) of the Consumer Financial Protec-
17 tion Act of 2010 (12 U.S.C. 5512(b)), as amended by sec-
18 tion 316, is further amended by adding at the end the
19 following:

20 “(7) ADVISORY OPINIONS.—

21 “(A) ESTABLISHING PROCEDURES.—

22 “(i) IN GENERAL.—The Chair shall
23 establish a procedure and, as necessary,
24 promulgate rules to provide written opin-
25 ions in response to inquiries concerning the

1 conformance of specific conduct with Fed-
2 eral consumer financial law. In establishing
3 the procedure the Chair shall consult with
4 the prudential regulators and such other
5 Federal departments and agencies as the
6 Chair determines appropriate, and obtain
7 the views of all interested persons through
8 a public notice and comment period.

9 “(ii) SCOPE OF REQUEST.—A request
10 for an opinion under this paragraph must
11 relate to specific proposed or prospective
12 conduct by a covered person contemplating
13 the proposed or prospective conduct.

14 “(iii) SUBMISSION.—A request for an
15 opinion under this paragraph may be sub-
16 mitted to the Chair either by or on behalf
17 of a covered person.

18 “(iv) RIGHT TO WITHDRAW IN-
19 QUIRY.—Any inquiry under this paragraph
20 may be withdrawn at any time prior to the
21 Chair issuing an opinion in response to
22 such inquiry, and any opinion based on an
23 inquiry that has been withdrawn shall have
24 no force or effect.

25 “(B) ISSUANCE OF OPINIONS.—

1 “(i) IN GENERAL.—The Chair shall,
2 within 90 days of receiving the request for
3 an opinion under this paragraph, either—

4 “(I) issue an opinion stating
5 whether the described conduct would
6 violate Federal consumer financial
7 law;

8 “(II) if permissible under clause
9 (iii), deny the request; or

10 “(III) explain why it is not fea-
11 sible to issue an opinion.

12 “(ii) EXTENSION.—Notwithstanding
13 clause (i), if the Chair determines that the
14 Commission requires additional time to
15 issue an opinion, the Chair may make a
16 single extension of the deadline of 90 days
17 or less.

18 “(iii) DENIAL OF REQUESTS.—The
19 Chair shall not issue an opinion, and shall
20 so inform the requestor, if the request for
21 an opinion—

22 “(I) asks a general question of
23 interpretation;

24 “(II) asks about a hypothetical
25 situation;

1 “(III) asks about the conduct of
2 someone other than the covered per-
3 son on whose behalf the request is
4 made;

5 “(IV) asks about past conduct
6 that the covered person on whose be-
7 half the request is made does not plan
8 to continue in the future; or

9 “(V) fails to provide necessary
10 supporting information requested by
11 the Commission within a reasonable
12 time established by the Commission.

13 “(iv) AMENDMENT AND REVOCA-
14 TION.—An advisory opinion issued under
15 this paragraph may be amended or revoked
16 at any time.

17 “(v) PUBLIC DISCLOSURE.—An opin-
18 ion rendered pursuant to this paragraph
19 shall be placed in the Commission’s public
20 record 90 days after the requesting party
21 has received the advice, subject to any lim-
22 itations on public disclosure arising from
23 statutory restrictions, Commission regula-
24 tions, or the public interest. The Commis-
25 sion shall redact any personal, confidential,

1 or identifying information about the cov-
2 ered person or any other persons men-
3 tioned in the advisory opinion, unless the
4 covered person consents to such disclosure.

5 “(vi) REPORT TO CONGRESS.—The
6 Commission shall, concurrent with the
7 semi-annual report required under section
8 1016(b), submit information regarding the
9 number of requests for an advisory opinion
10 received, the subject of each request, the
11 number of requests denied pursuant to
12 clause (iii), and the time needed to respond
13 to each request.

14 “(C) RELIANCE ON OPINION.—Any person
15 may rely on an opinion issued by the Chair pur-
16 suant to this paragraph that has not been
17 amended or withdrawn. No liability under Fed-
18 eral consumer financial law shall attach to con-
19 duct consistent with an advisory opinion that
20 had not been amended or withdrawn at the time
21 the conduct was undertaken.

22 “(D) CONFIDENTIALITY.—Any document
23 or other material that is received by the Com-
24 mission or any other Federal department or
25 agency in connection with an inquiry under this

1 paragraph shall be exempt from disclosure
2 under section 552 of title 5, United States Code
3 (commonly referred to as the ‘Freedom of In-
4 formation Act’) and may not, except with the
5 consent of the covered person making such in-
6 quiry, be made publicly available, regardless of
7 whether the Chair responds to such inquiry or
8 the covered person withdraws such inquiry be-
9 fore receiving an opinion.

10 “(E) ASSISTANCE FOR SMALL BUSI-
11 NESSES.—

12 “(i) IN GENERAL.—The Commission
13 shall assist, to the maximum extent prac-
14 ticable, small businesses in preparing in-
15 quires under this paragraph.

16 “(ii) SMALL BUSINESS DEFINED.—
17 For purposes of this subparagraph, the
18 term ‘small business’ has the meaning
19 given the term ‘small business concern’
20 under section 3 of the Small Business Act
21 (15 U.S.C. 632).

22 “(F) INQUIRY FEE.—

23 “(i) IN GENERAL.—The Chair shall
24 develop a system to charge a fee for each
25 inquiry made under this paragraph in an

1 amount sufficient, in the aggregate, to pay
2 for the cost of carrying out this paragraph.

3 “(ii) NOTICE AND COMMENT.—Not
4 later than 45 days after the date of the en-
5 actment of this paragraph, the Chair shall
6 publish a description of the fee system de-
7 scribed in clause (i) in the Federal Reg-
8 ister and shall solicit comments from the
9 public for a period of 60 days after publi-
10 cation.

11 “(iii) FINALIZATION.—The Chair shall
12 publish a final description of the fee sys-
13 tem and implement such fee system not
14 later than 30 days after the end of the
15 public comment period described in clause
16 (ii).”.

17 **SEC. 323. REFORM OF CONSUMER FINANCIAL CIVIL PEN-**
18 **ALTY FUND.**

19 (a) SEGREGATED ACCOUNTS.—Section 1017(b) of
20 the Consumer Financial Protection Act of 2010, as redes-
21 ignated by section 312, is amended by redesignating para-
22 graph (2) as paragraph (3), and by inserting after para-
23 graph (1) the following new paragraph:

24 “(2) SEGREGATED ACCOUNTS IN CIVIL PEN-
25 ALTY FUND.—

1 “(A) IN GENERAL.—The Commission shall
2 establish and maintain a segregated account in
3 the Civil Penalty Fund each time the Commis-
4 sion obtains a civil penalty against any person
5 in any judicial or administrative action under
6 Federal consumer financial laws.

7 “(B) DEPOSITS IN SEGREGATED AC-
8 COUNTS.—The Commission shall deposit each
9 civil penalty collected into the segregated ac-
10 count established for such penalty under sub-
11 paragraph (A).”.

12 (b) PAYMENT TO VICTIMS.—Paragraph (3) of section
13 1017(b) of such Act, as redesignated by subsection (a),
14 is amended to read as follows:

15 “(3) PAYMENT TO VICTIMS.—

16 “(A) IN GENERAL.—

17 “(i) IDENTIFICATION OF CLASS.—Not
18 later than 60 days after the date of deposit
19 of amounts in a segregated account in the
20 Civil Penalty Fund, the Commission shall
21 identify the class of victims of the violation
22 of Federal consumer financial laws for
23 which such amounts were collected and de-
24 posited under paragraph (2).

1 “(ii) PAYMENTS.—The Commission,
2 within 2 years after the date on which
3 such class of victims is identified, shall lo-
4 cate and make payments from such
5 amounts to each victim.

6 “(B) FUNDS DEPOSITED IN TREASURY.—

7 “(i) IN GENERAL.—The Commission
8 shall deposit into the general fund of the
9 Treasury any amounts remaining in a seg-
10 regated account in the Civil Penalty Fund
11 at the end of the 2-year period for pay-
12 ments to victims under subparagraph (A).

13 “(ii) IMPOSSIBLE OR IMPRACTICAL
14 PAYMENTS.—If the Commission deter-
15 mines before the end of the 2-year period
16 for payments to victims under subpara-
17 graph (A) that such victims cannot be lo-
18 cated or payments to such victims are oth-
19 erwise not practicable, the Commission
20 shall deposit into the general fund of the
21 Treasury the amounts in the segregated
22 account in the Civil Penalty Fund.”.

23 (c) CONFORMING AMENDMENT.—Paragraph (1) of
24 such section 1017(b) of the Consumer Financial Protec-

1 tion Act of 2010 (12 U.S.C. 5497(d)(1)) is amended by
2 striking the last sentence.

3 (d) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by
5 this section shall apply with respect to civil penalties
6 collected after the date of enactment of this Act.

7 (2) AMOUNTS IN CONSUMER FINANCIAL CIVIL
8 PENALTY FUND ON DATE OF ENACTMENT.—With
9 respect to amounts in the Consumer Financial Civil
10 Penalty Fund on the date of enactment of this Act
11 that were not allocated for consumer education and
12 financial literacy programs on or before September
13 30, 2015, the Consumer Financial Opportunity
14 Commission shall separate such amounts into seg-
15 regated accounts in accordance with, and for pur-
16 poses of, section 1017(d) of the Consumer Financial
17 Protection Act of 2010, as amended by this section.
18 The date of deposit of such amounts shall be deemed
19 to be the date of enactment of this Act.

20 **SEC. 324. COMMISSION RESEARCH PAPER TRANSPARENCY.**

21 Section 1013 of the Consumer Financial Protection
22 Act of 2010 (12 U.S.C. 5493), as amended by section 316,
23 is further amended by adding at the end the following:

24 “(i) RESEARCH PAPER TRANSPARENCY.—Any time
25 the Commission, either through the research unit estab-

1 lished by the Chair under subsection (b)(1) or otherwise,
2 issues a research paper that is available to the public, the
3 Commission shall accompany such paper with all studies,
4 data, and other analyses on which the paper was based.”.

5 **SEC. 325. COMMISSION PAY FAIRNESS.**

6 (a) IN GENERAL.—Section 1013(a)(2) of the Con-
7 sumer Financial Protection Act of 2010 (12 U.S.C.
8 5493(a)(2)) is amended to read as follows:

9 “(2) COMPENSATION.—The rates of basic pay
10 for all employees of the Commission shall be set and
11 adjusted by the Commission in accordance with the
12 General Schedule set forth in section 5332 of title
13 5, United States Code.”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 subsection (a) shall apply to service by an employee of the
16 Consumer Financial Opportunity Commission following
17 the 90-day period beginning on the date of enactment of
18 this Act.

19 **SEC. 326. SEPARATION OF MARKET MONITORING FUNC-**
20 **TIONS AND SUPERVISORY FUNCTIONS.**

21 The Consumer Financial Protection Act of 2010 (12
22 U.S.C. 5481 et seq.) is amended—

23 (1) in section 1022(c)—

1 (A) in paragraph (1), by striking “In order
2 to support its rulemaking and other functions,
3 the” and inserting “The”; and

4 (B) in paragraph (4)—

5 (i) in subparagraph (A), by inserting
6 after “gather information” the following:
7 “on a sampling basis”;

8 (ii) in subparagraph (B)—

9 (I) in clause (i), by striking “a
10 variety of sources, including examina-
11 tion reports concerning covered per-
12 sons or service providers”; and

13 (II) in clause (ii), by inserting
14 after “require” the following: “, on a
15 sampling basis,”; and

16 (iii) in subparagraph (C), by inserting
17 before the period the following: “or for
18 purposes of assessing such covered per-
19 sons’ or service providers’ compliance with
20 the requirements of Federal consumer fi-
21 nancial law”;

22 (2) in section 1024(b)(1)—

23 (A) in subparagraph (A), by adding “and”
24 at the end;

1 (B) in subparagraph (B), by striking “;
2 and” and inserting a period; and

3 (C) by striking subparagraph (C);
4 (3) in section 1025(b)(1)—

5 (A) in subparagraph (A), by adding “and”
6 at the end;

7 (B) in subparagraph (B), by striking “;
8 and” and inserting a period; and

9 (C) by striking subparagraph (C); and
10 (4) in section 1026(b), by striking “, and to as-
11 sess and detect risks to consumers and consumer fi-
12 nancial markets”.

13 **SEC. 327. REQUIREMENT TO VERIFY INFORMATION IN THE**
14 **COMPLAINT DATABASE BEFORE IT MAY BE**
15 **RELEASED TO THE GENERAL PUBLIC.**

16 Section 1013(b)(3)(A) of the Consumer Financial
17 Protection Act of 2010 (12 U.S.C. 5493(b)(3)(A)) is
18 amended by adding at the end the following: “The Chair
19 may not make any information about a consumer com-
20 plaint in such database available to the public without first
21 verifying the accuracy of all facts alleged in such com-
22 plaint.”.

1 **SEC. 328. COMMISSION SUPERVISION LIMITED TO BANKS,**
2 **THRIFTS, AND CREDIT UNIONS WITH GREAT-**
3 **ER THAN \$50 BILLION IN ASSETS.**

4 The Consumer Financial Protection Act of 2010 (12
5 U.S.C. 5481 et seq.) is amended—

6 (1) in section 1025(a), by striking
7 “\$10,000,000,000” each place such term appears
8 and inserting “\$50,000,000,000”; and

9 (2) in section 1026(a), by striking
10 “\$10,000,000,000” each place such term appears
11 and inserting “\$50,000,000,000”.

12 **SEC. 329. TRANSFER OF OLD OTS BUILDING FROM OCC TO**
13 **GSA.**

14 Not later than 180 days after the date of enactment
15 of this Act, the Chair of the Board of Directors of the
16 Office of the Comptroller of the Currency shall transfer
17 administrative jurisdiction over the Federal property lo-
18 cated at 1700 G Street, Northwest, in the District of Co-
19 lumbia to the Administrator of General Services.

20 **Subtitle C—Policy Enhancements**

21 **SEC. 331. CONSUMER RIGHT TO FINANCIAL PRIVACY.**

22 (a) REQUIREMENT OF THE COMMISSION TO OBTAIN
23 PERMISSION BEFORE COLLECTING NONPUBLIC PER-
24 SONAL INFORMATION.—

25 (1) REQUIRED NOTIFICATION AND PERMIS-
26 SION.—Section 1022(c)(9)(A) of the Consumer Fi-

1 nancial Protection Act of 2010 (12 U.S.C.
2 5512(e)(9)(A)) is amended—

3 (A) by striking “may not obtain from a
4 covered person or service provider” and insert-
5 ing “may not request, obtain, access, collect,
6 use, retain, or disclose”;

7 (B) by striking “personally identifiable fi-
8 nancial” and inserting “nonpublic personal”;
9 and

10 (C) by striking “from the financial
11 records” and all that follows through the period
12 at the end and inserting “unless—

13 “(i) the Commission clearly and con-
14 spicuously discloses to the consumer, in
15 writing or in an electronic form, what in-
16 formation will be requested, obtained,
17 accessed, collected, used, retained, or dis-
18 closed; and

19 “(ii) before such information is re-
20 quested, obtained, accessed, collected, used,
21 retained, or disclosed, the consumer in-
22 forms the Commission that such informa-
23 tion may be requested, obtained, accessed,
24 collected, used, retained, or disclosed.”.

1 (2) APPLICATION OF REQUIREMENT TO CON-
2 TRACTORS OF THE COMMISSION.—Section
3 1022(c)(9)(B) of such Act (12 U.S.C.
4 5512(c)(9)(B)) is amended to read as follows:

5 “(B) APPLICATION OF REQUIREMENT TO
6 CONTRACTORS OF THE COMMISSION.—Subpara-
7 graph (A) shall apply to any person directed or
8 engaged by the Commission to collect informa-
9 tion to the extent such information is being col-
10 lected on behalf of the Commission.”.

11 (3) DEFINITION OF NONPUBLIC PERSONAL IN-
12 FORMATION.—Section 1022(c)(9) of such Act (12
13 U.S.C. 5512(c)(9)) is amended by adding at the end
14 the following:

15 “(C) DEFINITION OF NONPUBLIC PER-
16 SONAL INFORMATION.—In this paragraph, the
17 term ‘nonpublic personal information’ has the
18 meaning given the term in section 509 of the
19 Gramm-Leach-Bliley Act (15 U.S.C. 6809).”.

20 (b) REMOVAL OF EXEMPTION FOR THE COMMISSION
21 FROM THE RIGHT TO FINANCIAL PRIVACY ACT.—Section
22 1113 of the Right to Financial Privacy Act of 1978 (12
23 U.S.C. 3413) is amended by striking subsection (r).

1 **SEC. 332. REPEAL OF COUNCIL AUTHORITY TO SET ASIDE**
2 **BUREAU RULES AND REQUIREMENT OF SAFE-**
3 **TY AND SOUNDNESS CONSIDERATIONS WHEN**
4 **ISSUING RULES.**

5 (a) REPEAL OF AUTHORITY.—

6 (1) IN GENERAL.—Section 1023 of the Con-
7 sumer Financial Protection Act of 2010 (12 U.S.C.
8 5513) is hereby repealed.

9 (2) CONFORMING AMENDMENT.—Section
10 1022(b)(2)(C) of the Consumer Financial Protection
11 Act of 2010 (12 U.S.C. 5512(b)(2)(C)) is amended
12 by striking “, except that nothing in this clause shall
13 be construed as altering or limiting the procedures
14 under section 1023 that may apply to any rule pre-
15 scribed by the Bureau of Consumer Financial Pro-
16 tection”.

17 (3) CLERICAL AMENDMENT.—The table of con-
18 tents under section 1(b) of the Dodd-Frank Wall
19 Street Reform and Consumer Protection Act is
20 amended by striking the item relating to section
21 1023.

22 (b) SAFETY AND SOUNDNESS CHECK.—Section
23 1022(b)(2)(A) of the Consumer Financial Protection Act
24 of 2010 (12 U.S.C. 5512(b)(2)(A)) is amended—

25 (1) in clause (i), by striking “and” at the end;

1 (2) in clause (ii), by adding “and” at the end;

2 and

3 (3) by adding at the end the following:

4 “(iii) the impact of such rule on the
5 financial safety or soundness of an insured
6 depository institution;”.

7 **SEC. 333. STATE AND TRIBAL PAYDAY LOAN REGULATION 5-**
8 **YEAR EXEMPTION.**

9 Section 1022 of the Consumer Financial Protection
10 Act of 2010 (12 U.S.C. 5512) is amended by adding at
11 the end the following:

12 “(e) STATE AND TRIBAL PAYDAY LOAN REGULATION
13 5-YEAR EXEMPTION.—

14 “(1) IN GENERAL.—With respect to a final rule
15 or regulation issued by the Bureau of Consumer Fi-
16 nancial Protection to regulate payday loans, vehicle
17 title loans, or other similar loans, if a State or a fed-
18 erally recognized Indian tribe requests, in writing,
19 for the Commission to provide the State or tribe
20 with a waiver from such rule or regulation, the Com-
21 mission shall grant a 5-year waiver to such State or
22 tribe, during which such rule or regulation shall not
23 apply within such State or land held in trust for the
24 benefit of such federally recognized Indian tribe.

1 “(2) EXTENSION OF WAIVER.—A State or a
2 federally recognized Indian tribe receiving a waiver
3 under paragraph (1) shall have the right to an un-
4 limited number of 5-year extensions of such waiver,
5 which shall be granted upon the request, in writing,
6 for such waiver by the State or tribe.”.

7 **SEC. 334. REFORMING INDIRECT AUTO FINANCING GUID-**
8 **ANCE.**

9 (a) NULLIFICATION OF AUTO LENDING GUID-
10 ANCE.—Bulletin 2013–02 of the Bureau of Consumer Fi-
11 nancial Protection (published March 21, 2013) shall have
12 no force or effect.

13 (b) GUIDANCE REQUIREMENTS.—Section 1022(b) of
14 the Consumer Financial Protection Act of 2010 (12
15 U.S.C. 5512(b)), as amended by section 322, is further
16 amended by adding at the end the following:

17 “(8) GUIDANCE ON INDIRECT AUTO FINANC-
18 ING.—In proposing and issuing guidance primarily
19 related to indirect auto financing, the Commission
20 shall—

21 “(A) provide for a public notice and com-
22 ment period before issuing the guidance in final
23 form;

24 “(B) make available to the public, includ-
25 ing on the website of the Commission, all stud-

1 ies, data, methodologies, analyses, and other in-
2 formation relied on by the Commission in pre-
3 paring such guidance;

4 “(C) redact any information that is exempt
5 from disclosure under paragraph (3), (4), (6),
6 (7), or (8) of section 552(b) of title 5, United
7 States Code;

8 “(D) consult with the Board of Governors
9 of the Federal Reserve System, the Federal
10 Trade Commission, and the Department of Jus-
11 tice; and

12 “(E) conduct a study on the costs and im-
13 pacts of such guidance to consumers and
14 women-owned, minority-owned, veteran-owned,
15 and small businesses, including consumers and
16 small businesses in rural areas.”.

17 (c) **RULE OF CONSTRUCTION.**—Nothing in this sec-
18 tion shall be construed to apply to guidance issued by the
19 Consumer Financial Opportunity Commission that is not
20 primarily related to indirect auto financing.

21 **SEC. 335. PROHIBITION OF GOVERNMENT PRICE CON-**
22 **TROLS FOR PAYMENT CARD TRANSACTIONS.**

23 (a) **IN GENERAL.**—Section 1075 of the Consumer Fi-
24 nancial Protection Act of 2010 is hereby repealed and the

1 provisions of law amended by such section are revived or
2 restored as if such section had not been enacted.

3 (b) CLERICAL AMENDMENT.—The table of contents
4 under section 1(b) of the Dodd-Frank Wall Street Reform
5 and Consumer Protection Act is amended by striking the
6 item relating to section 1075.

7 **SEC. 336. ANNUAL STUDIES ON ENDING THE CON-**
8 **SERVATORSHIP OF FANNIE MAE, FREDDIE**
9 **MAC, AND REFORMING THE HOUSING FI-**
10 **NANCE SYSTEM.**

11 Section 1074 of the Consumer Financial Protection
12 Act of 2010 is amended—

13 (1) in subsection (a)—

14 (A) in paragraph (1), by inserting after
15 “Secretary of the Treasury shall” the following:

16 “, on an annual basis,”; and

17 (B) in paragraph (2), by striking “The
18 study” and inserting “Each study”;

19 (2) by amending subsection (b) to read as fol-
20 lows:

21 “(b) REPORT AND RECOMMENDATIONS.—The Sec-
22 retary of the Treasury shall submit a report on each study
23 required under subsection (a), along with recommenda-
24 tions developed in such study, to the President, the Com-
25 mittee on Banking, Housing, and Urban Affairs of the

1 Senate, and the Committee on Financial Services of the
2 House of Representatives.”; and

3 (3) by adding at the end the following:

4 “(c) APPEARANCES BEFORE CONGRESS.—The Sec-
5 retary of the Treasury shall appear before the Committee
6 on Banking, Housing, and Urban Affairs of the Senate
7 and the Committee on Financial Services of the House of
8 Representatives at annual hearings regarding each report
9 required under subsection (b).”.

10 **SEC. 337. REMOVAL OF “ABUSIVE” AUTHORITY.**

11 The Consumer Financial Protection Act of 2010 (12
12 U.S.C. 5481 et seq.) is amended—

13 (1) in section 1013(g)—

14 (A) by striking “, deceptive, and abusive”
15 each place such term appears and inserting
16 “and deceptive”; and

17 (B) by striking “, deceptive, or abusive”
18 each place such term appears and inserting “or
19 deceptive”;

20 (2) in section 1021(b)(2), by striking “, decep-
21 tive, or abusive” and inserting “or deceptive”;

22 (3) in section 1031—

23 (A) in the heading of such section, by
24 striking “, **DECEPTIVE, OR ABUSIVE**” and in-
25 serting “**OR DECEPTIVE**”;

1 (B) by striking “, deceptive, or abusive”
2 each place such term appears and inserting “or
3 deceptive”;

4 (C) by striking subsection (d); and

5 (D) by redesignating subsections (e) and
6 (f) as subsections (d) and (e), respectively;

7 (4) in section 1036(a)(1)(B), by striking “, de-
8 ceptive, or abusive” and inserting “or deceptive”;
9 and

10 (5) in section 1076(b)(2)(A), by striking “, de-
11 ceptive, or abusive” and inserting “or deceptive”.

12 **SEC. 338. REPEAL OF AUTHORITY TO RESTRICT ARBITRA-**
13 **TION.**

14 (a) **IN GENERAL.**—Section 1028 of the Consumer Fi-
15 nancial Protection Act of 2010 (12 U.S.C. 5518) is hereby
16 repealed.

17 (b) **CLERICAL AMENDMENT.**—The table of contents
18 under section 1(b) of the Dodd-Frank Wall Street Reform
19 and Consumer Protection Act is amended by striking the
20 item relating to section 1028.

1 **TITLE IV—CAPITAL MARKETS**
2 **IMPROVEMENTS**
3 **Subtitle A—SEC Reform,**
4 **Restructuring, and Accountability**

5 **SEC. 401. AUTHORIZATION OF APPROPRIATIONS.**

6 Section 35 of the Securities Exchange Act of 1934
7 (15 U.S.C. 78kk) is amended by striking paragraphs (1)
8 through (5) and inserting the following:

9 “(1) for fiscal year 2017, \$1,555,000,000;

10 “(2) for fiscal year 2018, \$1,605,000,000;

11 “(3) for fiscal year 2019, \$1,655,000,000;

12 “(4) for fiscal year 2020, \$1,705,000,000; and

13 “(5) for fiscal year 2021, \$1,755,000,000.”.

14 **SEC. 402. REPORT ON UNOBLIGATED APPROPRIATIONS.**

15 Section 23 of the Securities Exchange Act of 1934
16 (15 U.S.C. 78w) is amended by adding at the end the fol-
17 lowing:

18 “(e) REPORT ON UNOBLIGATED APPROPRIATIONS.—

19 If, at the end of any fiscal year, there remain unobligated

20 any funds that were appropriated to the Commission for

21 such fiscal year, the Commission shall, not later than 30

22 days after the last day of such fiscal year, submit to the

23 Committee on Financial Services and the Committee on

24 Appropriations of the House of Representatives and the

25 Committee on Banking, Housing, and Urban Affairs and

1 the Committee on Appropriations of the Senate a report
2 stating the amount of such unobligated funds. If there is
3 any material change in the amount stated in the report,
4 the Commission shall, not later than 7 days after deter-
5 mining the amount of the change, submit to such commit-
6 tees a supplementary report stating the amount of and
7 reason for the change.”.

8 **SEC. 403. SEC RESERVE FUND ABOLISHED.**

9 Section 4 of the Securities Exchange Act of 1934 (15
10 U.S.C. 78d) is amended by striking subsection (i).

11 **SEC. 404. FEES TO OFFSET APPROPRIATIONS.**

12 (a) SECTION 31 OF THE SECURITIES EXCHANGE ACT
13 OF 1934.—Section 31 of the Securities Exchange Act of
14 1934 (15 U.S.C. 78ee) is amended—

15 (1) by striking subsection (a) and inserting the
16 following:

17 “(a) COLLECTION.—The Commission shall, in ac-
18 cordance with this section, collect transaction fees and as-
19 sessments.”;

20 (2) in subsection (i)—

21 (A) in paragraph (1)(A), by inserting “ex-
22 cept as provided in paragraph (2),” before
23 “shall”; and

24 (B) by striking paragraph (2) and insert-
25 ing the following:

1 “(2) GENERAL REVENUE.—Any fees collected
2 for a fiscal year pursuant to this section, sections
3 13(e) and 14(g) of this title, and section 6(b) of the
4 Securities Act of 1933 in excess of the amount pro-
5 vided in appropriation Acts for collection for such
6 fiscal year pursuant to such sections shall be depos-
7 ited and credited as general revenue of the Treas-
8 ury.”;

9 (3) in subsection (j)—

10 (A) by striking “the regular appropriation
11 to the Commission by Congress for such fiscal
12 year” each place it appears and inserting “the
13 target offsetting collection amount for such fis-
14 cal year”; and

15 (B) in paragraph (2), by striking “sub-
16 section (l)” and inserting “subsection (l)(2)”;
17 and

18 (4) by striking subsection (l) and inserting the
19 following:

20 “(1) DEFINITIONS.—For purposes of this section:

21 “(1) TARGET OFFSETTING COLLECTION
22 AMOUNT.—The target offsetting collection amount
23 for a fiscal year is—

24 “(A) for fiscal year 2017, \$1,400,000,000;

25 and

1 “(B) for each succeeding fiscal year, the
2 target offsetting collection amount for the prior
3 fiscal year, adjusted by the rate of inflation.

4 “(2) BASELINE ESTIMATE OF THE AGGREGATE
5 DOLLAR AMOUNT OF SALES.—The baseline estimate
6 of the aggregate dollar amount of sales for any fiscal
7 year is the baseline estimate of the aggregate dollar
8 amount of sales of securities (other than bonds, de-
9 bentures, other evidences of indebtedness, security
10 futures products, and options on securities indexes
11 (excluding a narrow-based security index)) to be
12 transacted on each national securities exchange and
13 by or through any member of each national securi-
14 ties association (otherwise than on a national securi-
15 ties exchange) during such fiscal year as determined
16 by the Commission, after consultation with the Con-
17 gressional Budget Office and the Office of Manage-
18 ment and Budget, using the methodology required
19 for making projections pursuant to section 257 of
20 the Balanced Budget and Emergency Deficit Control
21 Act of 1985.”.

22 (b) SECTION 6(b) OF THE SECURITIES ACT OF
23 1933.—Section 6(b) of the Securities Act of 1933 (15
24 U.S.C. 77f(b)) is amended—

1 (1) by striking “target fee collection amount”
2 each place it appears and inserting “target offsetting
3 collection amount”;

4 (2) in paragraph (4), by striking the last sen-
5 tence and inserting the following: “Subject to para-
6 graphs (6)(B) and (7), an adjusted rate prescribed
7 under paragraph (2) shall take effect on the later
8 of—

9 “(A) the first day of the fiscal year to
10 which such rate applies; or

11 “(B) five days after the date on which a
12 regular appropriation to the Commission for
13 such fiscal year is enacted.”;

14 (3) in paragraph (5), by inserting “of the Secu-
15 rities Exchange Act of 1934” after “sections 13(e)
16 and 14(g)”;

17 (4) by redesignating paragraph (6) as para-
18 graph (8);

19 (5) by inserting after paragraph (5) the fol-
20 lowing:

21 “(6) OFFSETTING COLLECTIONS.—Fees col-
22 lected pursuant to this subsection for any fiscal
23 year—

24 “(A) except as provided in section 31(i)(2)
25 of the Securities Exchange Act of 1934, shall

1 be deposited and credited as offsetting collec-
2 tions to the account providing appropriations to
3 the Commission; and

4 “(B) except as provided in paragraph (7),
5 shall not be collected for any fiscal year except
6 to the extent provided in advance in appropria-
7 tion Acts.

8 “(7) LAPSE OF APPROPRIATION.—If on the
9 first day of a fiscal year a regular appropriation to
10 the Commission has not been enacted, the Commis-
11 sion shall continue to collect fees (as offsetting col-
12 lections) under this subsection at the rate in effect
13 during the preceding fiscal year, until 5 days after
14 the date such a regular appropriation is enacted.”;
15 and

16 (6) in paragraph (8) (as so redesignated), by
17 striking the heading of subparagraph (A) and insert-
18 ing “TARGET OFFSETTING COLLECTION AMOUNT.—
19 ”.

20 (c) SECTION 13(e) OF THE SECURITIES EXCHANGE
21 ACT OF 1934.—Section 13(e) of the Securities Exchange
22 Act of 1934 (15 U.S.C. 78m(e)) is amended—

23 (1) by striking paragraph (5) and inserting the
24 following:

1 “(5) OFFSETTING COLLECTIONS.—Fees col-
2 lected pursuant to this subsection for any fiscal
3 year—

4 “(A) except as provided in section 31(i)(2),
5 shall be deposited and credited as offsetting col-
6 lections to the account providing appropriations
7 to the Commission; and

8 “(B) except as provided in paragraph (8),
9 shall not be collected for any fiscal year except
10 to the extent provided in advance in appropria-
11 tions Acts.”; and

12 (2) by adding at the end the following:

13 “(8) LAPSE OF APPROPRIATION.—If on the
14 first day of a fiscal year a regular appropriation to
15 the Commission has not been enacted, the Commis-
16 sion shall continue to collect fees (as offsetting col-
17 lections) under this subsection at the rate in effect
18 during the preceding fiscal year, until 5 days after
19 the date such a regular appropriation is enacted.”.

20 (d) SECTION 14(g) OF THE SECURITIES EXCHANGE
21 ACT OF 1934.—Section 14(g) of the Securities Exchange
22 Act of 1934 (15 U.S.C. 78n(g)) is amended—

23 (1) by striking paragraph (5) and inserting the
24 following:

1 “(5) OFFSETTING COLLECTIONS.—Fees col-
2 lected pursuant to this subsection for any fiscal
3 year—

4 “(A) except as provided in section 31(i)(2),
5 shall be deposited and credited as offsetting col-
6 lections to the account providing appropriations
7 to the Commission; and

8 “(B) except as provided in paragraph (8),
9 shall not be collected for any fiscal year except
10 to the extent provided in advance in appropria-
11 tions Acts.”;

12 (2) by redesignating paragraph (8) as para-
13 graph (9); and

14 (3) by inserting after paragraph (7) the fol-
15 lowing:

16 “(8) LAPSE OF APPROPRIATION.—If on the
17 first day of a fiscal year a regular appropriation to
18 the Commission has not been enacted, the Commis-
19 sion shall continue to collect fees (as offsetting col-
20 lections) under this subsection at the rate in effect
21 during the preceding fiscal year, until 5 days after
22 the date such a regular appropriation is enacted.”.

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section—

1 (1) shall apply beginning on October 1, 2016,
2 except that for fiscal year 2017, the Securities and
3 Exchange Commission shall publish—

4 (A) the rates established under section 31
5 of the Securities Exchange Act of 1934, as
6 amended by this section, not later than 30 days
7 after the date on which an Act making a reg-
8 ular appropriation to the Commission for fiscal
9 year 2017 is enacted; and

10 (B) the rate established under section 6(b)
11 of the Securities Act of 1933, as amended by
12 this section, not later than August 31, 2016;
13 and

14 (2) shall not apply with respect to fees for any
15 fiscal year before fiscal year 2017.

16 **SEC. 405. IMPLEMENTATION OF RECOMMENDATIONS.**

17 Section 967 of the Dodd-Frank Wall Street Reform
18 and Consumer Protection Act is amended by adding at
19 the end the following:

20 “(d) IMPLEMENTATION OF RECOMMENDATIONS.—
21 Not later than 6 months after the date of enactment of
22 this subsection, the Securities and Exchange Commission
23 shall complete an implementation of the recommendations
24 contained in the report of the independent consultant
25 issued under subsection (b) on March 10, 2011. To the

1 extent that implementation of certain recommendations
2 requires legislation, the Commission shall submit a report
3 to Congress containing a request for legislation granting
4 the Commission such authority it needs to fully implement
5 such recommendations.”.

6 **SEC. 406. OFFICE OF CREDIT RATINGS TO REPORT TO THE**
7 **DIVISION OF TRADING AND MARKETS.**

8 Section 15E(p)(1) of the Securities Exchange Act of
9 1934 (15 U.S.C. 78o-7(p)(1)) is amended—

10 (1) in subparagraph (A), by striking “within
11 the Commission” and inserting “within the Division
12 of Trading and Markets”; and

13 (2) in subparagraph (B), by striking “report to
14 the Chairman” and inserting “report to the head of
15 the Division of Trading and Markets”.

16 **SEC. 407. OFFICE OF MUNICIPAL SECURITIES TO REPORT**
17 **TO THE DIVISION OF TRADING AND MAR-**
18 **KETS.**

19 Section 979 of the Dodd-Frank Wall Street Reform
20 and Consumer Protection Act (15 U.S.C. 78o-4a) is
21 amended—

22 (1) in subsection (a), by inserting “, within the
23 Division of Trading and Markets,” after “There
24 shall be in the Commission”; and

1 (2) in subsection (b), by striking “report to the
2 Chairman” and inserting “report to the head of the
3 Division of Trading and Markets”.

4 **SEC. 408. INDEPENDENCE OF COMMISSION OMBUDSMAN.**

5 Section 4(g)(8) of the Securities Exchange Act of
6 1934 (15 U.S.C. 78d(g)(8)) is amended—

7 (1) in subparagraph (A), by striking “the In-
8 vestor Advocate shall appoint” and all that follows
9 through “Investor Advocate” and inserting “the
10 Chairman shall appoint an Ombudsman, who shall
11 report to the Commission”; and

12 (2) in subparagraph (D)—

13 (A) by striking “report to the Investor Ad-
14 vocate” and inserting “report to the Commis-
15 sion”; and

16 (B) by striking the last sentence.

17 **SEC. 409. COORDINATION WITH THE INVESTOR ADVISORY**
18 **COMMITTEE.**

19 Section 39 of the Securities Exchange Act of 1934
20 (15 U.S.C. 78pp) is amended—

21 (1) in subsection (a)(2)(B), by striking “sub-
22 mit” and inserting, “in consultation with the Small
23 Business Capital Formation Advisory Committee es-
24 tablished under section 40, submit”;

25 (2) in subsection (b)(1)—

1 (A) in subparagraph (C), by striking
2 “and”;

3 (B) in subparagraph (D)(iv), by striking
4 the period at the end and inserting “; and”;
5 and

6 (C) by adding at the end the following:

7 “(E) a member of the Small Business Cap-
8 ital Formation Advisory Committee who shall
9 be a nonvoting member.”; and
10 (3) by striking subsections (i) and (j).

11 **SEC. 410. DUTIES OF INVESTOR ADVOCATE.**

12 Section 4(g)(4) of the Securities Exchange Act of
13 1934 (15 U.S.C. 78d(g)(4)) is amended—

14 (1) in subparagraph (D)(ii), by striking “and”;

15 (2) in subparagraph (E), by striking the period
16 at the end and inserting a semicolon; and

17 (3) by adding at the end the following:

18 “(F) not take a position on any legislation
19 pending before Congress other than a legislative
20 change proposed by the Investor Advocate pur-
21 suant to subparagraph (E);

22 “(G) consult with the Advocate for Small
23 Business Capital Formation on proposed rec-
24 ommendations made under subparagraph (E);
25 and

1 “(H) advise the Advocate for Small Busi-
2 ness Capital Formation on issues related to
3 small business investors.”.

4 **SEC. 411. PROCESS FOR CLOSING INVESTIGATIONS.**

5 (a) IN GENERAL.—Not later than 180 days after the
6 date of the enactment of this Act, the Securities and Ex-
7 change Commission shall establish a process for closing
8 investigations (including preliminary or informal inves-
9 tigations) that is designed to ensure that the Commission,
10 in a timely manner—

11 (1) makes a determination of whether or not to
12 institute an administrative or judicial action in a
13 matter or refer the matter to the Attorney General
14 for potential criminal prosecution; and

15 (2) if the Commission determines not to insti-
16 tute such an action or refer the matter to the Attor-
17 ney General, informs the persons who are the sub-
18 ject of the investigation that the investigation is
19 closed.

20 (b) RULE OF CONSTRUCTION.—Nothing in this sec-
21 tion shall be construed to affect the authority of the Com-
22 mission to re-open an investigation if the Commission ob-
23 tains new evidence after the investigation is closed, subject
24 to any applicable statute of limitations.

1 **SEC. 412. ENFORCEMENT OMBUDSMAN.**

2 (a) IN GENERAL.—Section 4 of the Securities Ex-
3 change Act of 1934 (15 U.S.C. 78d), as amended by this
4 Act, is further amended by adding at the end the fol-
5 lowing:

6 “(i) ENFORCEMENT OMBUDSMAN.—

7 “(1) ESTABLISHMENT.—The Commission shall
8 have an Enforcement Ombudsman, who shall be ap-
9 pointed by and report directly to the Commission.

10 “(2) DUTIES.—The Enforcement Ombudsman
11 shall—

12 “(A) act as a liaison between the Commis-
13 sion and any person who is the subject of an in-
14 vestigation (including a preliminary or informal
15 investigation) by the Commission or an admin-
16 istrative or judicial action brought by the Com-
17 mission in resolving problems that such persons
18 may have with the Commission or the conduct
19 of Commission staff; and

20 “(B) establish safeguards to maintain the
21 confidentiality of communications between the
22 persons described in subparagraph (A) and the
23 Enforcement Ombudsman.

24 “(3) LIMITATION.—In carrying out the duties
25 of the Enforcement Ombudsman under paragraph
26 (2), the Enforcement Ombudsman shall utilize per-

1 sonnel of the Commission to the extent practicable.
2 Nothing in this subsection shall be construed as re-
3 placing, altering, or diminishing the activities of any
4 ombudsman or similar office of any other agency.

5 “(4) REPORT.—The Enforcement Ombudsman
6 shall submit to the Commission and to the Com-
7 mittee on Financial Services of the House of Rep-
8 resentatives and the Committee on Banking, Hous-
9 ing, and Urban Affairs of the Senate an annual re-
10 port that describes the activities and evaluates the
11 effectiveness of the Enforcement Ombudsman during
12 the preceding year.”.

13 (b) DEADLINE FOR INITIAL APPOINTMENT.—The
14 Securities and Exchange Commission shall appoint the ini-
15 tial Enforcement Ombudsman under subsection (i) of sec-
16 tion 4 of the Securities Exchange Act of 1934, as added
17 by subsection (a), not later than 180 days after the date
18 of the enactment of this Act.

19 **SEC. 413. PROCESS TO ENSURE ENFORCEMENT ACTIONS**
20 **ARE WITHIN AUTHORITY OF COMMISSION.**

21 Not later than 180 days after the date of the enact-
22 ment of this Act, the Securities and Exchange Commission
23 shall establish a process to ensure that administrative and
24 judicial actions brought by the Commission under the se-
25 curities laws (as defined in section 3(a) of the Securities

1 Exchange Act of 1934 (15 U.S.C. 78c(a))) do not exceed
2 the authority of the Commission under such laws and, in
3 the case of administrative actions, are conducted consist-
4 ently with subchapter II of chapter 5 of title 5, United
5 States Code (commonly referred to as the “Administrative
6 Procedure Act”).

7 **SEC. 414. PROCESS TO PERMIT RECIPIENT OF WELLS NOTI-**
8 **FICATION TO APPEAR BEFORE THE COMMIS-**
9 **SION IN-PERSON.**

10 Not later than 180 days after the date of the enact-
11 ment of this Act, the Securities and Exchange Commission
12 shall establish a process under which, in any instance in
13 which Commission staff provide a written Wells notifica-
14 tion to an individual informing the individual that the
15 staff has made a preliminary determination to recommend
16 that the Commission bring an administrative or judicial
17 action against the individual, the individual shall have the
18 right to make an in-person presentation before the Com-
19 mission concerning such recommendation and to be rep-
20 resented by counsel at such presentation, at the individ-
21 ual’s own expense.

22 **SEC. 415. PUBLICATION OF ENFORCEMENT MANUAL.**

23 Not later than 1 year after the date of the enactment
24 of this Act, the Securities and Exchange Commission shall
25 approve, by vote of the Commission, and publish an up-

1 dated manual that sets forth the policies and practices
2 that the Commission will follow in the enforcement of the
3 securities laws (as defined in section 3(a) of the Securities
4 Exchange Act of 1934 (15 U.S.C. 78c(a))). Such manual
5 shall include policies and practices required by this Act,
6 and by the amendments made by this Act, and shall be
7 developed so as to ensure transparency in such enforce-
8 ment and uniform application of such laws by the Com-
9 mission.

10 **SEC. 416. PRIVATE PARTIES AUTHORIZED TO COMPEL THE**
11 **SECURITIES AND EXCHANGE COMMISSION TO**
12 **SEEK SANCTIONS BY FILING CIVIL ACTIONS.**

13 Title I of the Securities Exchange Act of 1934 (15
14 U.S.C. 78a et seq.) is amended by adding at the end the
15 following:

16 **“SEC. 41. PRIVATE PARTIES AUTHORIZED TO COMPEL THE**
17 **COMMISSION TO SEEK SANCTIONS BY FILING**
18 **CIVIL ACTIONS.**

19 “(a) **TERMINATION OF ADMINISTRATIVE PRO-**
20 **CEEDING.**—In the case of any person who is a party to
21 a proceeding brought by the Commission under a securi-
22 ties law, to which section 554 of title 5, United States
23 Code, applies, and against whom an order imposing a
24 cease and desist order and a penalty may be issued at
25 the conclusion of the proceeding, that person may, not

1 later than 20 days after receiving notice of such pro-
2 ceeding, and at that person's discretion, require the Com-
3 mission to terminate the proceeding.

4 “(b) CIVIL ACTION AUTHORIZED.—If a person re-
5 quires the Commission to terminate a proceeding pursuant
6 to subsection (a), the Commission may bring a civil action
7 against that person for the same remedy that might be
8 imposed.

9 “(c) STANDARD OF PROOF IN ADMINISTRATIVE PRO-
10 CEEDING.—Notwithstanding any other provision of law, in
11 the case of a proceeding brought by the Commission under
12 a securities law, to which section 554 of title 5, United
13 States Code, applies, a legal or equitable remedy may be
14 imposed on the person against whom the proceeding was
15 brought only on a showing by the Commission of clear and
16 convincing evidence that the person has violated the rel-
17 evant provision of law.”.

18 **SEC. 417. CERTAIN FINDINGS REQUIRED TO APPROVE**
19 **CIVIL MONEY PENALTIES AGAINST ISSUERS.**

20 The Securities Exchange Act of 1934 (15 U.S.C. 78a
21 et seq.) is amended by inserting after section 4E the fol-
22 lowing:

1 **“SEC. 4F. CERTAIN FINDINGS REQUIRED TO APPROVE**
2 **CIVIL MONEY PENALTIES AGAINST ISSUERS.**

3 “The Commission may not seek against or impose on
4 an issuer a civil money penalty for violation of the securi-
5 ties laws unless the publicly available text of the order ap-
6 proving the seeking or imposition of such penalty contains
7 findings, supported by an analysis by the Division of Eco-
8 nomic and Risk Analysis and certified by the Chief Econo-
9 mist, of whether—

10 “(1) the alleged violation resulted in direct eco-
11 nomic benefit to the issuer; and

12 “(2) the penalty will harm the shareholders of
13 the issuer.”.

14 **SEC. 418. REPEAL OF AUTHORITY OF THE COMMISSION TO**
15 **PROHIBIT PERSONS FROM SERVING AS OFFI-**
16 **CERS OR DIRECTORS.**

17 (a) UNDER SECURITIES ACT OF 1933.—Subsection
18 (f) of section 8A of the Securities Act of 1933 (15 U.S.C.
19 77h–1) is repealed.

20 (b) UNDER SECURITIES EXCHANGE ACT OF 1934.—
21 Subsection (f) of section 21C of the Securities Exchange
22 Act of 1934 (15 U.S.C. 78u–3) is repealed.

1 **SEC. 419. ELIMINATION OF AUTOMATIC DISQUALIFICA-**
2 **TIONS.**

3 The Securities Exchange Act of 1934 (15 U.S.C. 78a
4 et seq.), as amended by this Act, is further amended by
5 inserting after section 4F the following:

6 **“SEC. 4G. ELIMINATION OF AUTOMATIC DISQUALIFICA-**
7 **TIONS.**

8 “(a) IN GENERAL.—Notwithstanding any other pro-
9 vision of law, a non-natural person may not be disqualified
10 or otherwise made ineligible to use an exemption or reg-
11 istration provision, engage in an activity, or qualify for
12 any similar treatment under a provision of the securities
13 laws or the rules issued by the Commission under the se-
14 curities laws by reason of having, or a person described
15 in subsection (b) having, been convicted of any felony or
16 misdemeanor or made the subject of any judicial or admin-
17 istrative order, judgment, or decree arising out of a gov-
18 ernmental action (including an order, judgment, or decree
19 agreed to in a settlement), or having, or a person de-
20 scribed in subsection (b) having, been suspended or ex-
21 pelled from membership in, or suspended or barred from
22 association with a member of, a registered national securi-
23 ties exchange or a registered national or affiliated securi-
24 ties association for any act or omission to act constituting
25 conduct inconsistent with just and equitable principles of
26 trade, unless the Commission, by order, on the record

1 after notice and an opportunity for hearing, makes a de-
2 termination that such non-natural person should be so dis-
3 qualified or otherwise made ineligible for purposes of such
4 provision.

5 “(b) PERSON DESCRIBED.—A person is described in
6 this subsection if the person is—

7 “(1) a natural person who is a director, officer,
8 employee, partner, member, or shareholder of the
9 non-natural person referred to in subsection (a) or
10 is otherwise associated or affiliated with such non-
11 natural person in any way; or

12 “(2) a non-natural person who is associated or
13 affiliated with the non-natural person referred to in
14 subsection (a) in any way.

15 “(c) RULE OF CONSTRUCTION.—Nothing in this sec-
16 tion shall be construed to limit any authority of the Com-
17 mission, by order, on the record after notice and an oppor-
18 tunity for hearing, to prohibit a person from using an ex-
19 emption or registration provision, engaging in an activity,
20 or qualifying for any similar treatment under a provision
21 of the securities laws, or the rules issued by the Commis-
22 sion under the securities laws, by reason of a circumstance
23 referred to in subsection (a) or any similar circumstance.”.

1 **SEC. 420. CONFIDENTIALITY OF RECORDS OBTAINED FROM**
2 **FOREIGN SECURITIES AND LAW ENFORCE-**
3 **MENT AUTHORITIES.**

4 Section 24(d) of the Securities Exchange Act of 1934
5 (15 U.S.C. 78x(d)) is amended to read as follows:

6 “(d) RECORDS OBTAINED FROM FOREIGN SECURI-
7 TIES AND LAW ENFORCEMENT AUTHORITIES.—Except as
8 provided in subsection (g), the Commission shall not be
9 compelled to disclose records obtained from a foreign secu-
10 rities authority, or from a foreign law enforcement author-
11 ity as defined in subsection (f)(4), if—

12 “(1) the foreign securities authority or foreign
13 law enforcement authority has in good faith deter-
14 mined and represented to the Commission that the
15 records are confidential under the laws of the coun-
16 try of such authority; and

17 “(2) the Commission obtains such records pur-
18 suant to—

19 “(A) such procedure as the Commission
20 may authorize for use in connection with the
21 administration or enforcement of the securities
22 laws; or

23 “(B) a memorandum of understanding.

24 For purposes of section 552 of title 5, United States Code,
25 this subsection shall be considered a statute described in
26 subsection (b)(3)(B) of such section 552.”.

1 **SEC. 421. CLARIFICATION OF AUTHORITY TO IMPOSE SANC-**
2 **TIONS ON PERSONS ASSOCIATED WITH A**
3 **BROKER OR DEALER.**

4 Section 15(b)(6)(A)(i) of the Securities Exchange Act
5 of 1934 (15 U.S.C. 78o(b)(6)(A)(i)) is amended by strik-
6 ing “enumerated” and all that follows and inserting “enu-
7 merated in subparagraph (A), (D), (E), (G), or (H) of
8 paragraph (4) of this subsection;”.

9 **SEC. 422. PUBLIC COMPANY ACCOUNTING OVERSIGHT**
10 **BOARD TRANSPARENCY.**

11 (a) **OPEN MEETINGS AUTHORIZED.**—Section
12 105(c)(2) of the Sarbanes-Oxley Act of 2002 (15 U.S.C.
13 7215(c)(2)) is amended to read as follows:

14 “(2) **PUBLIC HEARINGS.**—Hearings under this
15 section shall be open to the public, unless the Board,
16 on its own motion or after considering the motion of
17 a party, orders otherwise.”.

18 (b) **PUBLICATION OF DETERMINATIONS.**—Section
19 105(d)(1)(C) of the Sarbanes-Oxley Act of 2002 (15
20 U.S.C. 7215(d)(1)(C)) is amended by striking “(once any
21 stay on the imposition of such sanction has been lifted)”.

1 **SEC. 423. CONGRESSIONAL ACCESS TO INFORMATION**
2 **HELD BY PUBLIC COMPANY ACCOUNTING**
3 **OVERSIGHT BOARD.**

4 (a) INSPECTIONS OF REGISTERED PUBLIC ACCOUNT-
5 ING FIRMS.—Section 104(g) of the Sarbanes-Oxley Act of
6 2002 (15 U.S.C. 7214(g)) is amended—

7 (1) in paragraph (1), by striking “and” after
8 the semicolon;

9 (2) in paragraph (2), by striking the period at
10 the end and inserting “; and”; and

11 (3) by adding at the end the following:

12 “(3) made available, upon request, to Congress
13 (subject to section 105(b)(5)(A)).”.

14 (b) INVESTIGATIONS AND DISCIPLINARY PRO-
15 CEEDINGS.—Section 105(b)(5)(B)(i) of the Sarbanes-
16 Oxley Act of 2002 (15 U.S.C. 7215(b)(5)(B)(i)) is amend-
17 ed by inserting “and Congress” after “Commission”.

18 **SEC. 424. REPEAL OF REQUIREMENT FOR PUBLIC COM-**
19 **PANY ACCOUNTING OVERSIGHT BOARD TO**
20 **USE CERTAIN FUNDS FOR MERIT SCHOLAR-**
21 **SHIP PROGRAM.**

22 (a) IN GENERAL.—Section 109(c) of the Sarbanes-
23 Oxley Act of 2002 (15 U.S.C. 7219(c)) is amended by
24 striking paragraph (2).

1 (b) CONFORMING AMENDMENTS.—Section 109 of the
2 Sarbanes-Oxley Act of 2002 (15 U.S.C. 7219) is amend-
3 ed—

4 (1) in subsection (c), by striking “USES OF
5 FUNDS” and all that follows through “The budget”
6 and inserting “USES OF FUNDS.—The budget”; and

7 (2) in subsection (f), by striking “subsection
8 (c)(1)” and inserting “subsection (c)”.

9 **SEC. 425. REALLOCATION OF FINES FOR VIOLATIONS OF**
10 **RULES OF MUNICIPAL RULEMAKING BOARD**
11 **INTO GENERAL FUND OF TREASURY.**

12 (a) IN GENERAL.—Section 15B(c)(9) of the Securi-
13 ties Exchange Act of 1934 (15 U.S.C. 78o-4(c)(9)) is
14 amended to read as follows:

15 “(9) Fines collected for violations of the rules of the
16 Board shall be deposited and credited as general revenue
17 of the Treasury.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 subsection (a) shall apply to fines collected after the date
20 of enactment of this Act.

1 **Subtitle B—Eliminating Excessive**
2 **Government Intrusion in the**
3 **Capital Markets**

4 **SEC. 441. REQUIREMENTS PRIOR TO RULEMAKING RELAT-**
5 **ING TO STANDARDS OF CONDUCT FOR BRO-**
6 **KERS AND DEALERS.**

7 The second subsection (k) of section 15 of the Securi-
8 ties Exchange Act of 1934 (15 U.S.C. 78o(k)), as added
9 by section 913(g)(1) of the Dodd-Frank Wall Street Re-
10 form and Consumer Protection Act (12 U.S.C. 5301 et
11 seq.), is amended by adding at the end the following:

12 “(3) REQUIREMENTS PRIOR TO RULEMAKING.—

13 The Commission shall not promulgate a rule pursu-
14 ant to paragraph (1) before providing a report to the
15 Committee on Financial Services of the House of
16 Representatives and the Committee on Banking,
17 Housing, and Urban Affairs of the Senate describing
18 whether—

19 “(A) retail investors (and such other cus-
20 tomers as the Commission may provide) are
21 being harmed due to brokers or dealers oper-
22 ating under different standards of conduct than
23 those that apply to investment advisors under
24 section 211 of the Investment Advisers Act of
25 1940 (15 U.S.C. 80b–11);

1 “(B) alternative remedies will reduce any
2 confusion or harm to retail investors due to
3 brokers or dealers operating under different
4 standards of conduct than those standards that
5 apply to investment advisors under section 211
6 of the Investment Advisers Act of 1940 (15
7 U.S.C. 80b–11), including—

8 “(i) simplifying the titles used by bro-
9 kers, dealers, and investment advisors; and

10 “(ii) enhancing disclosure surrounding
11 the different standards of conduct cur-
12 rently applicable to brokers, dealers, and
13 investment advisors;

14 “(C) the adoption of a uniform fiduciary
15 standard of conduct for brokers, dealers, and
16 investment advisors would adversely impact the
17 commissions of brokers and dealers, the avail-
18 ability of proprietary products offered by bro-
19 kers and dealers, and the ability of brokers and
20 dealers to engage in principal transactions with
21 customers; and

22 “(D) the adoption of a uniform fiduciary
23 standard of conduct for brokers or dealers and
24 investment advisors would adversely impact re-
25 tail investor access to personalized and cost-ef-

1 fective investment advice, recommendations
2 about securities, or the availability of such ad-
3 vice and recommendations.

4 “(4) ECONOMIC ANALYSIS.—The Commission’s
5 conclusions contained in the report described in
6 paragraph (3) shall be supported by economic anal-
7 ysis.

8 “(5) REQUIREMENTS FOR PROMULGATING A
9 RULE.—The Commission shall publish in the Fed-
10 eral Register alongside the rule promulgated pursu-
11 ant to paragraph (1) formal findings that such rule
12 would reduce confusion or harm to retail customers
13 (and such other customers as the Commission may
14 by rule provide) due to different standards of con-
15 duct applicable to brokers, dealers, and investment
16 advisors.

17 “(6) REQUIREMENTS UNDER INVESTMENT AD-
18 VISERS ACT OF 1940.—In proposing rules under
19 paragraph (1) for brokers or dealers, the Commis-
20 sion shall consider the differences in the registration,
21 supervision, and examination requirements applica-
22 ble to brokers, dealers, and investment advisors.”.

1 **SEC. 442. EXEMPTION FROM RISK RETENTION REQUIRE-**
2 **MENTS FOR NONRESIDENTIAL MORTGAGE.**

3 (a) IN GENERAL.—Section 15G of the Securities Ex-
4 change Act of 1934 (15 U.S.C. 78o–11) is amended—

5 (1) in subsection (a)—

6 (A) in paragraph (3)(B), by striking “and”
7 at the end;

8 (B) in paragraph (4)(B), by striking the
9 period and inserting “; and”; and

10 (C) by adding at the end the following:

11 “(5) the term ‘asset-backed security’ refers only
12 to an asset-backed security that is comprised wholly
13 of residential mortgages.”;

14 (2) in subsection (b)—

15 (A) by striking paragraph (1); and

16 (B) by striking “(2) RESIDENTIAL MORT-
17 GAGES”;

18 (3) by striking subsection (h) and redesignating
19 subsection (i) as subsection (h); and

20 (4) in subsection (h) (as so redesignated)—

21 (A) by striking “effective—” and all that
22 follows through “(1) with respect to” and in-
23 serting “effective with respect to”;

24 (B) in paragraph (1), by striking “; and”
25 and inserting a period; and

26 (C) by striking paragraph (2).

1 (b) CONFORMING AMENDMENT.—Section 941 of the
2 Dodd-Frank Wall Street Reform and Consumer Protec-
3 tion Act is amended by striking subsection (c).”.

4 **SEC. 443. FREQUENCY OF SHAREHOLDER APPROVAL OF**
5 **EXECUTIVE COMPENSATION.**

6 Section 14A(a) of the Securities Exchange Act of
7 1934 (15 U.S.C. 78n–1(a)) is amended—

8 (1) in paragraph (1), by striking “Not less fre-
9 quently than once every 3 years” and inserting
10 “Each year in which there has been a material
11 change to the compensation of executives of an
12 issuer from the previous year”; and

13 (2) by striking paragraph (2) and redesignating
14 paragraph (3) as paragraph (2).

15 **SEC. 444. REQUIREMENT FOR MUNICIPAL ADVISOR FOR**
16 **ISSUERS OF MUNICIPAL SECURITIES.**

17 Section 15B(d) of the Securities Exchange Act of
18 1934 (15 U.S.C. 78o–4(d)) is amended by adding at the
19 end the following:

20 “(3) An issuer of municipal securities shall not be
21 required to retain a municipal advisor prior to issuing any
22 such securities.”.

1 **SEC. 445. SMALL ISSUER EXEMPTION FROM INTERNAL**
2 **CONTROL EVALUATION.**

3 Section 404(c) of the Sarbanes-Oxley Act of 2002 (15
4 U.S.C. 7262(c)) is amended to read as follows:

5 “(c) EXEMPTION FOR SMALLER ISSUERS.—Sub-
6 section (b) shall not apply with respect to any audit report
7 prepared for an issuer that has total market capitalization
8 of less than \$250,000,000, nor to any issuer that is a de-
9 pository institution with assets of less than
10 \$1,000,000,000.”.

11 **SEC. 446. EXEMPTIVE AUTHORITY FOR CERTAIN PROVI-**
12 **SIONS RELATING TO REGISTRATION OF NA-**
13 **TIONALLY RECOGNIZED STATISTICAL RAT-**
14 **ING ORGANIZATIONS.**

15 Section 15E of the Securities Exchange Act of 1934
16 (15 U.S.C. 78o–7) is amended by adding at the end the
17 following:

18 “(w) COMMISSION EXEMPTIVE AUTHORITY.—The
19 Commission, by rules and regulations upon its own mo-
20 tion, or by order upon application, may conditionally or
21 unconditionally exempt any person from any provision or
22 provisions of this title or of any rule or regulation there-
23 under, if and to the extent it determines that such rule,
24 regulation, or requirement is creating a barrier to entry
25 into the market for nationally recognized statistical rating
26 organizations or impeding competition among such organi-

1 zations, or that such an exemption is necessary or appro-
2 priate in the public interest and is consistent with the pro-
3 tection of investors.”.

4 **SEC. 447. RESTRICTION ON RECOVERY OF ERRONEOUSLY**
5 **AWARDED COMPENSATION.**

6 Section 10D(b)(2) of the Securities Exchange Act of
7 1934 (15 U.S.C. 78j-4(b)(2)) is amended by inserting be-
8 fore the period the following: “, where such executive offi-
9 cer had control or authority over the financial reporting
10 that resulted in the accounting restatement”.

11 **SEC. 448. RISK-BASED EXAMINATIONS OF NATIONALLY**
12 **RECOGNIZED STATISTICAL RATING ORGANI-**
13 **ZATIONS.**

14 Section 15E(p)(3)(B) of the Securities Exchange Act
15 of 1934 (15 U.S.C. 78o-7(p)(3)(B)) is amended in the
16 matter preceding clause (i), by inserting “, as appro-
17 priate,” after “Each examination under subparagraph (A)
18 shall include”.

19 **SEC. 449. REPEALS.**

20 (a) REPEALS.—The following provisions of title IX
21 of the Dodd-Frank Wall Street Reform and Consumer
22 Protection Act are repealed, and the provisions of law
23 amended or repealed by such sections are restored or re-
24 vived as if such sections had not been enacted:

25 (1) Section 912.

- 1 (2) Section 914.
- 2 (3) Section 917.
- 3 (4) Section 918.
- 4 (5) Section 919A.
- 5 (6) Section 919B.
- 6 (7) Section 919C.
- 7 (8) Section 921.
- 8 (9) Section 929T.
- 9 (10) Section 929X.
- 10 (11) Section 929Y.
- 11 (12) Section 929Z.
- 12 (13) Section 931.
- 13 (14) Section 933.
- 14 (15) Section 937.
- 15 (16) Section 939B.
- 16 (17) Section 939C.
- 17 (18) Section 939D.
- 18 (19) Section 939E.
- 19 (20) Section 939F.
- 20 (21) Section 939G.
- 21 (22) Section 939H.
- 22 (23) Section 946.
- 23 (24) Subsection (b) of section 953.
- 24 (25) Section 955.
- 25 (26) Section 956.

1 (27) Section 964.

2 (28) Section 965.

3 (29) Section 968.

4 (30) Section 971.

5 (31) Section 972.

6 (32) Section 976.

7 (33) Section 977.

8 (34) Section 978.

9 (35) Section 984.

10 (36) Section 989.

11 (37) Section 989A.

12 (38) Section 989F.

13 (39) Subsection (b) of section 989G.

14 (40) Section 989I.

15 (b) CONFORMING AMENDMENTS.—The Dodd-Frank
16 Wall Street Reform and Consumer Protection Act (12
17 U.S.C. 5301) is amended—

18 (1) in the table of contents in section 1(b), by
19 striking the items relating to the sections described
20 under paragraphs (1) through (23), (25) through
21 (38), and (40) of subsection (a);

22 (2) in section 953, by striking “(a) DISCLO-
23 SURE OF PAY VERSUS PERFORMANCE.—”; and

24 (3) in section 989G, by striking “(a) EXEMP-
25 TION.—”.

1 **SEC. 450. EXEMPTION OF AND REPORTING BY PRIVATE EQ-**
2 **UITY FUND ADVISERS.**

3 Section 203 of the Investment Advisers Act of 1940
4 (15 U.S.C. 80b-3) is amended by adding at the end the
5 following:

6 “(o) EXEMPTION OF AND REPORTING BY PRIVATE
7 EQUITY FUND ADVISERS.—

8 “(1) IN GENERAL.—Except as provided in this
9 subsection, no investment adviser shall be subject to
10 the registration or reporting requirements of this
11 title with respect to the provision of investment ad-
12 vice relating to a private equity fund.

13 “(2) MAINTENANCE OF RECORDS AND ACCESS
14 BY COMMISSION.—Not later than 6 months after the
15 date of enactment of this subsection, the Commis-
16 sion shall issue final rules—

17 “(A) to require investment advisers de-
18 scribed in paragraph (1) to maintain such
19 records and provide to the Commission such an-
20 nual or other reports as the Commission, taking
21 into account fund size, governance, investment
22 strategy, risk, and other factors, determines
23 necessary and appropriate in the public interest
24 and for the protection of investors; and

25 “(B) to define the term ‘private equity
26 fund’ for purposes of this subsection.”.

1 **SEC. 451. RECORDS AND REPORTS OF PRIVATE FUNDS.**

2 The Investment Advisers Act of 1940 (15 U.S.C.
3 80b–1 et seq.) is amended—

4 (1) in section 204(b)—

5 (A) in paragraph (1)—

6 (i) in subparagraph (A), by striking
7 “investors,” and all that follows and in-
8 serting “investors.”;

9 (ii) by striking subparagraph (B); and

10 (iii) by striking “this title—” and all
11 that follows through “to maintain” and in-
12 serting “this title to maintain”;

13 (B) in paragraph (3)(H)—

14 (i) by striking “, in consultation with
15 the Council,”; and

16 (ii) by striking “or for the assessment
17 of systemic risk”;

18 (C) in paragraph (4), by striking “, or for
19 the assessment of systemic risk”;

20 (D) in paragraph (5), by striking “or for
21 the assessment of systemic risk”;

22 (E) in paragraph (6)(A)(ii), by striking “,
23 or for the assessment of systemic risk”;

24 (F) by striking paragraph (7) and redesign-
25 ating paragraphs (8) through (11) as para-
26 graphs (7) through (10), respectively; and

1 (G) in paragraph (8) (as so redesignated),
2 by striking “paragraph (8)” and inserting
3 “paragraph (7)”; and
4 (2) in section 211(e)—
5 (A) by striking “after consultation with the
6 Council but”; and
7 (B) by striking “subsection 204(b)” and
8 inserting “section 204(b)”.

9 **SEC. 452. DEFINITION OF ACCREDITED INVESTOR.**

10 (a) IN GENERAL.—Section 2(a)(15) of the Securities
11 Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—

12 (1) by redesignating clauses (i) and (ii) as sub-
13 paragraphs (A) and (F), respectively; and

14 (2) in subparagraph (A) (as so redesignated),
15 by striking “; or” and inserting a semicolon, and in-
16 serting after such subparagraph the following:

17 “(B) any natural person whose individual
18 net worth, or joint net worth with that person’s
19 spouse, exceeds \$1,000,000 (which amount,
20 along with the amounts set forth in subpara-
21 graph (C), shall be adjusted for inflation by the
22 Commission every 5 years to the nearest
23 \$10,000 to reflect the change in the Consumer
24 Price Index for All Urban Consumers published
25 by the Bureau of Labor Statistics) where, for

1 purposes of calculating net worth under this
2 subparagraph—

3 “(i) the person’s primary residence
4 shall not be included as an asset;

5 “(ii) indebtedness that is secured by
6 the person’s primary residence, up to the
7 estimated fair market value of the primary
8 residence at the time of the sale of securi-
9 ties, shall not be included as a liability (ex-
10 cept that if the amount of such indebted-
11 ness outstanding at the time of sale of se-
12 curities exceeds the amount outstanding 60
13 days before such time, other than as a re-
14 sult of the acquisition of the primary resi-
15 dence, the amount of such excess shall be
16 included as a liability); and

17 “(iii) indebtedness that is secured by
18 the person’s primary residence in excess of
19 the estimated fair market value of the pri-
20 mary residence at the time of the sale of
21 securities shall be included as a liability;

22 “(C) any natural person who had an indi-
23 vidual income in excess of \$200,000 in each of
24 the 2 most recent years or joint income with
25 that person’s spouse in excess of \$300,000 in

1 each of those years and has a reasonable expect-
2 tation of reaching the same income level in the
3 current year;

4 “(D) any natural person who is currently
5 licensed or registered as a broker or investment
6 adviser by the Commission, the Financial In-
7 dustry Regulatory Authority, or an equivalent
8 self-regulatory organization (as defined in sec-
9 tion 3(a)(26) of the Securities Exchange Act of
10 1934), or the securities division of a State or
11 the equivalent State division responsible for li-
12 censing or registration of individuals in connec-
13 tion with securities activities;

14 “(E) any natural person the Commission
15 determines, by regulation, to have demonstrable
16 education or job experience to qualify such per-
17 son as having professional knowledge of a sub-
18 ject related to a particular investment, and
19 whose education or job experience is verified by
20 the Financial Industry Regulatory Authority or
21 an equivalent self-regulatory organization (as
22 defined in section 3(a)(26) of the Securities Ex-
23 change Act of 1934); or”.

24 (b) REPEAL.—

1 (1) IN GENERAL.—Section 413 of the Dodd-
2 Frank Wall Street Reform and Consumer Protection
3 Act (Public Law 111–203) is hereby repealed.

4 (2) CLERICAL AMENDMENT.—The table of con-
5 tents in section 1(b) of the Dodd-Frank Wall Street
6 Reform and Consumer Protection Act is amended by
7 striking the items relating to section 413.

8 **SEC. 453. REPEAL OF CERTAIN PROVISIONS REQUIRING A**
9 **STUDY AND REPORT TO CONGRESS.**

10 (a) REPEAL.—The following provisions of the Dodd-
11 Frank Wall Street Reform and Consumer Protection Act
12 are repealed:

13 (1) Section 412.

14 (2) Section 415.

15 (3) Section 416.

16 (4) Section 417.

17 (b) CLERICAL AMENDMENT.—The table of contents
18 in section 1(b) of the Dodd-Frank Wall Street Reform and
19 Consumer Protection Act is amended by striking the items
20 relating to sections 412, 415, 416, and 417.

21 **SEC. 454. TECHNICAL CORRECTION.**

22 Section 224 of the Investment Advisers Act of 1940
23 (15 U.S.C. 80b–18c) is amended by striking “**COMMOD-**
24 **ITIES**” and inserting “**COMMODITY**”.

1 **SEC. 455. REPEAL.**

2 (a) REPEAL.—The following sections of title XV of
3 the Dodd-Frank Wall Street Reform and Consumer Pro-
4 tection Act are repealed, and the provisions of law amend-
5 ed or repealed by such sections are restored or revived as
6 if such sections had not been enacted:

7 (1) Section 1502.

8 (2) Section 1503.

9 (3) Section 1504.

10 (4) Section 1505.

11 (5) Section 1506.

12 (b) CLERICAL AMENDMENT.—The table of contents
13 in section 1(b) of the Dodd-Frank Wall Street Reform and
14 Consumer Protection Act is amended by striking the items
15 relating to sections 1502, 1503, 1504, 1505, and 1506.

16 **Subtitle C—Commodity Futures**
17 **Trading Commission Reforms**

18 **SEC. 461. DIVISION DIRECTORS.**

19 Section 2(a)(6)(C) of the Commodity Exchange Act
20 (7 U.S.C. 2(a)(6)(C)) is amended by inserting “, and the
21 heads of the units shall serve at the pleasure of the Com-
22 mission” before the period.

23 **SEC. 462. PROCEDURES GOVERNING ACTIONS TAKEN BY**
24 **COMMISSION STAFF.**

25 Section 2(a)(12) of the Commodity Exchange Act (7
26 U.S.C. 2(a)(12)) is amended—

1 (1) by striking “(12) The” and inserting the
2 following:

3 “(12) RULES AND REGULATIONS.—

4 “(A) IN GENERAL.—Subject to the other
5 provisions of this paragraph, the”; and

6 (2) by adding after and below the end the fol-
7 lowing new subparagraph:

8 “(B) NOTICE TO COMMISSIONERS.—The
9 Commission shall develop and publish internal
10 procedures governing the issuance by any divi-
11 sion or office of the Commission of any re-
12 sponse to a formal, written request or petition
13 from any member of the public for an exemp-
14 tive, a no-action, or an interpretive letter and
15 such procedures shall provide that the commis-
16 sioners be provided with the final version of the
17 matter to be issued with sufficient notice to re-
18 view the matter prior to its issuance.”.

19 **SEC. 463. STRATEGIC TECHNOLOGY PLAN.**

20 Section 2(a) of the Commodity Exchange Act (7
21 U.S.C. 2(a)), is amended by adding at the end the fol-
22 lowing:

23 “(16) STRATEGIC TECHNOLOGY PLAN.—

24 “(A) IN GENERAL.—Every 5 years, the
25 Commission shall develop and submit to the

1 Committee on Agriculture of the House of Rep-
2 resentatives and the Committee on Agriculture,
3 Nutrition, and Forestry of the Senate a detailed
4 plan focused on the acquisition and use of tech-
5 nology by the Commission.

6 “(B) CONTENTS.—The plan shall—

7 “(i) include for each related division
8 or office a detailed technology strategy fo-
9 cused on market surveillance and risk de-
10 tection, market data collection, aggrega-
11 tion, interpretation, standardization, har-
12 monization, normalization, validation,
13 streamlining or other data analytic proc-
14 esses, and internal management and pro-
15 tection of data collected by the Commis-
16 sion, including a detailed accounting of
17 how the funds provided for technology will
18 be used and the priorities that will apply in
19 the use of the funds;

20 “(ii) set forth annual goals to be ac-
21 complished and annual budgets needed to
22 accomplish the goals; and

23 “(iii) include a summary of any plan
24 of action and milestones to address any
25 known information security vulnerability,

1 as identified pursuant to a widely accepted
2 industry or Government standard, includ-
3 ing—

4 “(I) specific information about
5 the industry or Government standard
6 used to identify the known informa-
7 tion security vulnerability;

8 “(II) a detailed time line with
9 specific deadlines for addressing the
10 known information security vulner-
11 ability; and

12 “(III) an update of any such
13 time line and the rationale for any de-
14 viation from the time line.”.

15 **SEC. 464. INTERNAL RISK CONTROLS.**

16 Section 2(a)(12) of the Commodity Exchange Act (7
17 U.S.C. 2(a)(12)), as amended by section 462, is further
18 amended by adding at the end the following:

19 “(C) INTERNAL RISK CONTROLS.—The
20 Commission, in consultation with the Chief
21 Economist, shall develop comprehensive internal
22 risk control mechanisms to safeguard and gov-
23 ern the storage of all market data by the Com-
24 mission, all market data sharing agreements of

1 the Commission, and all academic research per-
2 formed at the Commission using market data.”.

3 **SEC. 465. SUBPOENA DURATION AND RENEWAL.**

4 Section 6(c)(5) of the Commodity Exchange Act (7
5 U.S.C. 9(5)) is amended—

6 (1) by striking “For the purpose of securing”
7 and inserting the following:

8 “(A) IN GENERAL.—For the purpose of se-
9 curing”; and

10 (2) by adding after and below the end the fol-
11 lowing:

12 “(B) OMNIBUS ORDERS OF INVESTIGA-
13 TION.—

14 “(i) DURATION AND RENEWAL.—An
15 omnibus order of investigation shall not be
16 for an indefinite duration and may be re-
17 newed only by Commission action.

18 “(ii) DEFINITION.—In clause (i), the
19 term ‘omnibus order of investigation’
20 means an order of the Commission author-
21 izing 1 of more members of the Commis-
22 sion or its staff to issue subpoenas under
23 subparagraph (A) to multiple persons in
24 relation to a particular subject matter
25 area.”.

1 **SEC. 466. APPLICABILITY OF NOTICE AND COMMENT RE-**
2 **QUIREMENTS OF THE ADMINISTRATIVE PRO-**
3 **CEDURE ACT TO GUIDANCE VOTED ON BY**
4 **THE COMMISSION.**

5 Section 2(a)(12) of the Commodity Exchange Act (7
6 U.S.C. 2(a)(12)), as amended by section 464, is further
7 amended by adding at the end the following:

8 “(D) APPLICABILITY OF NOTICE AND COM-
9 MENT RULES TO GUIDANCE VOTED ON BY THE
10 COMMISSION.—The notice and comment re-
11 quirements of section 553 of title 5, United
12 States Code, shall also apply with respect to
13 any Commission statement or guidance, includ-
14 ing interpretive rules, general statements of pol-
15 icy, or rules of Commission organization, proce-
16 dure, or practice, that has the effect of imple-
17 menting, interpreting or prescribing law or pol-
18 icy and that is voted on by the Commission.”.

19 **SEC. 467. JUDICIAL REVIEW OF COMMISSION RULES.**

20 The Commodity Exchange Act (7 U.S.C. 1 et seq.)
21 is amended by adding at the end the following:

22 **“SEC. 24. JUDICIAL REVIEW OF COMMISSION RULES.**

23 “(a) A person adversely affected by a rule of the
24 Commission promulgated under this Act may obtain re-
25 view of the rule in the United States Court of Appeals
26 for the District of Columbia Circuit or the United States

1 Court of Appeals for the circuit where the party resides
2 or has the principal place of business, by filing in the
3 court, within 60 days after publication in the Federal Reg-
4 ister of the entry of the rule, a written petition requesting
5 that the rule be set aside.

6 “(b) A copy of the petition shall be transmitted forth-
7 with by the clerk of the court to an officer designated by
8 the Commission for that purpose. Thereupon the Commis-
9 sion shall file in the court the record on which the rule
10 complained of is entered, as provided in section 2112 of
11 title 28, United States Code, and the Federal Rules of
12 Appellate Procedure.

13 “(c) On the filing of the petition, the court has juris-
14 diction, which becomes exclusive on the filing of the
15 record, to affirm and enforce or to set aside the rule in
16 whole or in part.

17 “(d) The court shall affirm and enforce the rule un-
18 less the Commission’s action in promulgating the rule is
19 found to be arbitrary, capricious, an abuse of discretion,
20 or otherwise not in accordance with law; contrary to con-
21 stitutional right, power, privilege, or immunity; in excess
22 of statutory jurisdiction, authority, or limitations, or short
23 of statutory right; or without observance of procedure re-
24 quired by law.”.

1 **SEC. 468. CROSS-BORDER REGULATION OF DERIVATIVES**
2 **TRANSACTIONS.**

3 (a) RULEMAKING REQUIRED.—Within 1 year after
4 the date of the enactment of this subtitle, the Commodity
5 Futures Trading Commission shall issue a rule that ad-
6 dresses—

7 (1) the nature of the connections to the United
8 States that require a non-United States person to
9 register as a swap dealer or a major swap partici-
10 pant under the Commodity Exchange Act and the
11 regulations issued under such Act;

12 (2) which of the United States swaps require-
13 ments apply to the swap activities of non-United
14 States persons and United States persons and their
15 branches, agencies, subsidiaries, and affiliates out-
16 side of the United States, and the extent to which
17 the requirements apply; and

18 (3) the circumstances under which a United
19 States person or non-United States person in com-
20 pliance with the swaps regulatory requirements of a
21 foreign jurisdiction shall be exempt from United
22 States swaps requirements.

23 (b) CONTENT OF THE RULE.—

24 (1) CRITERIA.—In the rule, the Commission
25 shall establish criteria for determining that 1 or
26 more categories of the swaps regulatory require-

1 ments of a foreign jurisdiction are comparable to
2 and as comprehensive as United States swaps re-
3 quirements. The criteria shall include—

4 (A) the scope and objectives of the swaps
5 regulatory requirements of the foreign jurisdic-
6 tion;

7 (B) the effectiveness of the supervisory
8 compliance program administered;

9 (C) the enforcement authority exercised by
10 the foreign jurisdiction; and

11 (D) such other factors as the Commission,
12 by rule, determines to be necessary or appro-
13 priate in the public interest.

14 (2) COMPARABILITY.—In the rule, the Commis-
15 sion shall—

16 (A) provide that any non-United States
17 person or any transaction between 2 non-United
18 States persons shall be exempt from United
19 States swaps requirements if the person or
20 transaction is in compliance with the swaps reg-
21 ulatory requirements of a foreign jurisdiction
22 which the Commission has determined to be
23 comparable to and as comprehensive as United
24 States swaps requirements; and

1 (B) set forth the circumstances in which a
2 United States person or a transaction between
3 a United States person and a non-United
4 States person shall be exempt from United
5 States swaps requirements if the person or
6 transaction is in compliance with the swaps reg-
7 ulatory requirements of a foreign jurisdiction
8 which the Commission has determined to be
9 comparable to and as comprehensive as United
10 States swaps requirements.

11 (3) OUTCOMES-BASED COMPARISON.—In devel-
12 oping and applying the criteria, the Commission
13 shall emphasize the results and outcomes of, rather
14 than the design and construction of, foreign swaps
15 regulatory requirements.

16 (4) RISK-BASED RULEMAKING.—In the rule, the
17 Commission shall not take into account, for the pur-
18 poses of determining the applicability of United
19 States swaps requirements, the location of personnel
20 that arrange, negotiate, or execute swaps.

21 (5) PRESERVATION OF ANTIFRAUD AND
22 ANTIMANIPULATION AUTHORITY.—No part of any
23 rulemaking under this section shall limit the Com-
24 mission's antifraud or antimanipulation authority.

25 (c) APPLICATION OF THE RULE.—

1 (1) ASSESSMENTS OF FOREIGN JURISDIC-
2 TIONS.—Beginning on the date on which a final rule
3 is issued under this section, the Commission shall
4 begin to assess the swaps regulatory requirements of
5 foreign jurisdictions, in the order the Commission
6 determines appropriate, in accordance with the cri-
7 teria established pursuant to subsection (b)(1). Fol-
8 lowing each assessment, the Commission shall deter-
9 mine, by rule or by order, whether the swaps regu-
10 latory requirements of the foreign jurisdiction are
11 comparable to and as comprehensive as United
12 States swaps requirements.

13 (2) SUBSTITUTED COMPLIANCE FOR
14 UNASSESSED MAJOR MARKETS.—Beginning 18
15 months after the date of enactment of this Act—

16 (A) the swaps regulatory requirements of
17 each of the 8 foreign jurisdictions with the larg-
18 est swaps markets, as calculated by notional
19 value during the 12-month period ending with
20 such date of enactment, except those with re-
21 spect to which a determination has been made
22 under paragraph (1), shall be considered to be
23 comparable to and as comprehensive as United
24 States swaps requirements; and

1 (B) a non-United States person or a trans-
2 action between 2 non-United States persons
3 shall be exempt from United States swaps re-
4 quirements if the person or transaction is in
5 compliance with the swaps regulatory require-
6 ments of any of such unexcepted foreign juris-
7 dictions.

8 (3) SUSPENSION OF SUBSTITUTED COMPLI-
9 ANCE.—If the Commission determines, by rule or by
10 order, that—

11 (A) the swaps regulatory requirements of a
12 foreign jurisdiction are not comparable to and
13 as comprehensive as United States swaps re-
14 quirements, using the categories and criteria es-
15 tablished under subsection (b)(1);

16 (B) the foreign jurisdiction does not ex-
17 empt from its swaps regulatory requirements
18 United States persons who are in compliance
19 with United States swaps requirements; or

20 (C) the foreign jurisdiction is not providing
21 equivalent recognition of, or substituted compli-
22 ance for, registered entities (as defined in sec-
23 tion 1a(41) of the Commodity Exchange Act)
24 domiciled in the United States,

1 the Commission may suspend, in whole or in part,
2 a determination made under paragraph (1) or a con-
3 sideration granted under paragraph (2).

4 (d) PETITION FOR REVIEW OF FOREIGN JURISDIC-
5 TION PRACTICES.—A registered entity, commercial mar-
6 ket participant (as defined in section 1a(7) of the Com-
7modity Exchange Act), or Commission registrant (within
8 the meaning of such Act) who petitions the Commission
9 to make or change a determination under subsection
10 (c)(1) or (c)(3) of this section shall be entitled to expedited
11 consideration of the petition. A petition shall include any
12 evidence or other supporting materials to justify why the
13 petitioner believes the Commission should make or change
14 the determination. Petitions under this section shall be
15 considered by the Commission any time following the en-
16 actment of this Act. Within 180 days after receipt of a
17 petition for a rulemaking under this section, the Commis-
18 sion shall take final action on the petition. Within 90 days
19 after receipt of a petition to issue an order or change an
20 order issued under this section, the Commission shall take
21 final action on the petition.

22 (e) REPORT TO CONGRESS.—If the Commission
23 makes a determination described in this section through
24 an order, the Commission shall articulate the basis for the
25 determination in a written report published in the Federal

1 Register and transmitted to the Committee on Agriculture
2 of the House of Representatives and Committee on Agri-
3 culture, Nutrition, and Forestry of the Senate within 15
4 days of the determination. The determination shall not be
5 effective until 15 days after the committees receive the re-
6 port.

7 (f) DEFINITIONS.—As used in this section and for
8 purposes of the rules issued pursuant to this section, the
9 following definitions apply:

10 (1) UNITED STATES PERSON.—The term
11 “United States person”—

12 (A) means—

13 (i) any natural person resident in the
14 United States;

15 (ii) any partnership, corporation,
16 trust, or other legal person organized or
17 incorporated under the laws of the United
18 States or having its principal place of busi-
19 ness in the United States;

20 (iii) any account (whether discre-
21 tionary or non-discretionary) of a United
22 States person; and

23 (iv) any other person as the Commis-
24 sion may further define to more effectively
25 carry out the purposes of this section; and

1 (B) does not include the International
2 Monetary Fund, the International Bank for Re-
3 construction and Development, the Inter-Amer-
4 ican Development Bank, the Asian Development
5 Bank, the African Development Bank, the
6 United Nations, their agencies or pension plans,
7 or any other similar international organizations
8 or their agencies or pension plans.

9 (2) UNITED STATES SWAPS REQUIREMENTS.—
10 The term “United States swaps requirements”
11 means the provisions relating to swaps contained in
12 the Commodity Exchange Act (7 U.S.C. 1a et seq.)
13 that were added by title VII of the Dodd-Frank Wall
14 Street Reform and Consumer Protection Act (15
15 U.S.C. 8301 et seq.) and any rules or regulations
16 prescribed by the Commodity Futures Trading Com-
17 mission pursuant to such provisions.

18 (3) FOREIGN JURISDICTION.—The term “for-
19 eign jurisdiction” means any national or supra-
20 national political entity with common rules gov-
21 erning swaps transactions.

22 (4) SWAPS REGULATORY REQUIREMENTS.—The
23 term “swaps regulatory requirements” means any
24 provisions of law, and any rules or regulations pur-

1 suant to the provisions, governing swaps trans-
2 actions or the counterparties to swaps transactions.

3 (g) CONFORMING AMENDMENT.—Section 4(c)(1)(A)
4 of the Commodity Exchange Act (7 U.S.C. 6(c)(1)(A)) is
5 amended by inserting “or except as necessary to effectuate
6 the purposes of the Commodity End-User Relief Act,”
7 after “to grant exemptions,”.

8 **Subtitle D—Harmonization of**
9 **Derivatives Rules**

10 **SEC. 471. AGENCY REVIEW AND HARMONIZATION OF RULES**
11 **RELATING TO THE REGULATION OF OVER-**
12 **THE-COUNTER SWAPS MARKETS.**

13 The Securities and Exchange Commission and the
14 Commodity Futures Trading Commission shall review
15 each rule, order, and interpretive guidance issued by either
16 such Commission pursuant to title VII of the Dodd-Frank
17 Wall Street Reform and Consumer Protection Act (15
18 U.S.C. 8301 et seq.) and, where the Commissions find in-
19 consistencies in any such rules, orders, or interpretive
20 guidance, shall jointly issue new rules, orders, or interpre-
21 tive guidance to resolve such inconsistencies.

1 **TITLE V—IMPROVING INSUR-**
2 **ANCE COORDINATION**
3 **THROUGH AN INDEPENDENT**
4 **ADVOCATE**

5 **SEC. 501. REPEAL OF THE FEDERAL INSURANCE OFFICE;**
6 **CREATION OF THE OFFICE OF THE INDE-**
7 **PENDENT INSURANCE ADVOCATE.**

8 (a) ESTABLISHMENT.—Section 313 of title 31,
9 United States Code, is amended to read as follows:

10 **“§ 313. Office of the Independent Insurance Advocate**

11 “(a) ESTABLISHMENT.—There is established in the
12 Department of the Treasury a bureau to be known as the
13 Office of the Independent Insurance Advocate (in this sec-
14 tion referred to as the ‘Office’).

15 “(b) INDEPENDENT INSURANCE ADVOCATE.—

16 “(1) ESTABLISHMENT OF POSITION.—The chief
17 officer of the Office of the Independent Insurance
18 Advocate shall be known as the Independent Insur-
19 ance Advocate. The Independent Insurance Advocate
20 shall perform the duties of such office under the
21 general direction of the Secretary of the Treasury.

22 “(2) APPOINTMENT.—The Independent Insur-
23 ance Advocate shall be appointed by the President,
24 by and with the advice and consent of the Senate,
25 from among persons having insurance expertise.

1 “(3) TERM.—

2 “(A) IN GENERAL.—The Independent In-
3 surance Advocate shall serve a term of 6 years,
4 unless sooner removed by the President upon
5 reasons which shall be communicated to the
6 Senate.

7 “(B) SERVICE AFTER EXPIRATION.—If a
8 successor is not nominated and confirmed by
9 the end of the term of service of the Inde-
10 pendent Insurance Advocate, the person serving
11 as Independent Insurance Advocate shall con-
12 tinue to serve until such time a successor is ap-
13 pointed and confirmed.

14 “(C) VACANCY.—An Independent Insur-
15 ance Advocate who is appointed to serve the re-
16 mainder of a predecessor’s uncompleted term
17 shall be eligible thereafter to be appointed to a
18 full 6 year term.

19 “(D) ACTING OFFICIAL ON FINANCIAL
20 STABILITY OVERSIGHT COUNCIL.—In the event
21 of a vacancy in the office of the Independent
22 Insurance Advocate, and pending the appoint-
23 ment and confirmation of a successor, or during
24 the absence or disability of the Independent In-
25 surance Advocate, the Independent Member

1 shall appoint a federal official appointed by the
2 President and confirmed by the Senate from a
3 member agency of the Financial Stability Over-
4 sight Council, not otherwise serving on the
5 Council, who shall serve as a member of the
6 Council and act in the place of the Independent
7 Insurance Advocate until such vacancy, ab-
8 sence, or disability concludes.

9 “(4) EMPLOYMENT.—The Independent Insur-
10 ance Advocate shall be an employee of the Federal
11 Government within the definition of employee under
12 section 2105 of title 5, United States Code.

13 “(c) INDEPENDENCE; OVERSIGHT.—

14 “(1) INDEPENDENCE.—The Secretary of the
15 Treasury may not delay or prevent the issuance of
16 any rule or the promulgation of any regulation by
17 the Independent Insurance Advocate, and may not
18 intervene in any matter or proceeding before the
19 Independent Insurance Advocate, unless otherwise
20 specifically provided by law.

21 “(2) OVERSIGHT BY INSPECTOR GENERAL.—
22 The Office of the Independent Insurance Advocate
23 shall be an office in the establishment of the Depart-
24 ment of the Treasury for purposes of the Inspector
25 General Act of 1978 (5 U.S.C. App.).

1 “(d) RETENTION OF EXISTING STATE REGULATORY
2 AUTHORITY.—Nothing in this section or section 314 shall
3 be construed to establish or provide the Office or the De-
4 partment of the Treasury with general supervisory or reg-
5 ulatory authority over the business of insurance.

6 “(e) BUDGET.—

7 “(1) ANNUAL TRANSMITTAL.—For each fiscal
8 year, the Independent Insurance Advocate shall
9 transmit a budget estimate and request to the Sec-
10 retary of the Treasury, which shall specify the ag-
11 gregate amount of funds requested for such fiscal
12 year for the operations of the Office of the Inde-
13 pendent Insurance Advocate.

14 “(2) INCLUSIONS.—In transmitting the pro-
15 posed budget to the President for approval, the Sec-
16 retary of the Treasury shall include—

17 “(A) an aggregate request for the Inde-
18 pendent Insurance Advocate; and

19 “(B) any comments of the Independent In-
20 surance Advocate with respect to the proposal.

21 “(3) PRESIDENT’S BUDGET.—The President
22 shall include in each budget of the United States
23 Government submitted to the Congress—

1 “(A) a separate statement of the budget
2 estimate prepared in accordance with paragraph
3 (1);

4 “(B) the amount requested by the Presi-
5 dent for the Independent Insurance Advocate;
6 and

7 “(C) any comments of the Independent In-
8 surance Advocate with respect to the proposal if
9 the Independent Insurance Advocate concludes
10 that the budget submitted by the President
11 would substantially inhibit the Independent In-
12 surance Advocate from performing the duties of
13 the office.

14 “(f) ASSISTANCE.—The Secretary of the Treasury
15 shall provide the Independent Insurance Advocate such
16 services, funds, facilities and other support services as the
17 Independent Insurance Advocate may request and as the
18 Secretary may approve.

19 “(g) PERSONNEL.—

20 “(1) EMPLOYEES.—The Independent Insurance
21 Advocate may fix the number of, and appoint and
22 direct, the employees of the Office, in accordance
23 with the applicable provisions of title 5, United
24 States Code. The Independent Insurance Advocate is
25 authorized to employ attorneys, analysts, economists,

1 and other employees as may be deemed necessary to
2 assist the Independent Insurance Advocate to carry
3 out the duties and functions of the Office. Unless
4 otherwise provided expressly by law, any individual
5 appointed under this paragraph shall be an employee
6 as defined in section 2105 of title 5, United States
7 Code, and subject to the provisions of such title and
8 other laws generally applicable to the employees of
9 the Executive Branch.

10 “(2) COMPENSATION.—Employees of the Office
11 shall be paid in accordance with the provisions of
12 chapter 51 and subchapter III of chapter 53 of title
13 5, United States Code, relating to classification and
14 General Schedule pay rates.

15 “(3) PROCUREMENT OF TEMPORARY AND
16 INTERMITTENT SERVICES.—The Independent Insur-
17 ance Advocate may procure temporary and intermit-
18 tent services under section 3109(b) of title 5, United
19 States Code, at rates for individuals which do not
20 exceed the daily equivalent of the annual rate of
21 basic pay prescribed for Level V of the Executive
22 Schedule under section 5316 of such title.

23 “(4) DETAILS.—Any employee of the Federal
24 Government may be detailed to the Office with or
25 without reimbursement, and such detail shall be

1 without interruption or loss of civil service status or
2 privilege. An employee of the Federal Government
3 detailed to the Office shall report to and be subject
4 to oversight by the Independent Insurance Advocate
5 during the assignment to the office, and may be
6 compensated by the branch, department, or agency
7 from which the employee was detailed.

8 “(5) INTERGOVERNMENTAL PERSONNEL.—The
9 Independent Insurance Advocate may enter into
10 agreements under subchapter VI of chapter 33 of
11 title 5, United States Code, with State and local
12 governments, institutions of higher education, Indian
13 tribal governments, and other eligible organizations
14 for the assignment of intermittent, part-time, and
15 full-time personnel, on a reimbursable or non-reim-
16 bursable basis.

17 “(h) ETHICS.—

18 “(1) DESIGNATED ETHICS OFFICIAL.—The
19 Legal Counsel of the Financial Stability Oversight
20 Council, or in the absence of a Legal Counsel of the
21 Council, the designated ethics official of any Council
22 member agency, as chosen by the Independent In-
23 surance Advocate, shall be the ethics official for the
24 Independent Insurance Advocate.

1 “(2) RESTRICTION ON REPRESENTATION.—In
2 addition to any restriction under section 205(c) of
3 title 18, United States Code, except as provided in
4 subsections (d) through (i) of section 205 of such
5 title, the Independent Insurance Advocate (except in
6 the proper discharge of official duties) shall not,
7 with or without compensation, represent anyone to
8 or before any officer or employee of—

9 “(A) the Financial Stability Oversight
10 Council on any matter; or

11 “(B) the Department of Justice with re-
12 spect to litigation involving a matter described
13 in subparagraph (A).

14 “(3) COMPENSATION FOR SERVICES PROVIDED
15 BY ANOTHER.—For purposes of section 203 of title
16 18, United States Code, and if a special government
17 employee—

18 “(A) the Independent Insurance Advocate
19 shall not be subject to the restrictions of sub-
20 section (a)(1) of section 203, of title 18, United
21 States Code, for sharing in compensation
22 earned by another for representations on mat-
23 ters covered by such section; and

24 “(B) a person shall not be subject to the
25 restrictions of subsection (a)(2) of such section

1 for sharing such compensation with the Inde-
2 pendent Insurance Advocate.

3 “(i) ADVISORY, TECHNICAL, AND PROFESSIONAL
4 COMMITTEES.—The Independent Insurance Advocate may
5 appoint such special advisory, technical, or professional
6 committees as may be useful in carrying out the functions
7 of the Office and the members of such committees may
8 be staff of the Office, or other persons, or both.

9 “(j) FUNCTIONS.—

10 “(1) OFFICE.—The Office shall have the au-
11 thority—

12 “(A) to coordinate Federal efforts and de-
13 velop Federal policy on prudential aspects of
14 international insurance matters, including rep-
15 resenting the United States, as appropriate, in
16 the International Association of Insurance Su-
17 pervisors (or a successor entity) and assisting
18 the Secretary in negotiating covered agreements
19 (as such term is defined in subsection (q)) in
20 coordination with States (including State insur-
21 ance commissioners) and the United States
22 Trade Representative;

23 “(B) to consult with the States (including
24 State insurance regulators) regarding insurance

1 matters of national importance and prudential
2 insurance matters of international importance;

3 “(C) to assist the Secretary in admin-
4 istering the Terrorism Insurance Program es-
5 tablished in the Department of the Treasury
6 under the Terrorism Risk Insurance Act of
7 2002 (15 U.S.C. 6701 note);

8 “(D) to observe all aspects of the insur-
9 ance industry, including identifying issues or
10 gaps in the regulation of insurers that could
11 contribute to a systemic crisis in the insurance
12 industry or the United States financial system;
13 and

14 “(E) to make determinations and exercise
15 the authority under subsection (m) with respect
16 to covered agreements and State insurance
17 measures.

18 “(2) MEMBERSHIP ON FINANCIAL STABILITY
19 OVERSIGHT COUNCIL.—

20 “(A) IN GENERAL.—The Independent In-
21 surance Advocate shall serve, pursuant to sec-
22 tion 111(b)(1)(J) of the Financial Stability Act
23 of 2010 (12 U.S.C. 5321(b)(1)(J)), as a mem-
24 ber on the Financial Stability Oversight Coun-
25 cil.

1 “(B) AUTHORITY.—To assist the Financial
2 Stability Oversight Council with its responsibil-
3 ities to monitor international insurance develop-
4 ments, advise the Congress, and make rec-
5 ommendations, the Independent Insurance Ad-
6 vocate shall have the authority—

7 “(i) to regularly consult with inter-
8 national insurance supervisors and inter-
9 national financial stability counterparts;

10 “(ii) to consult with the Board of
11 Governors of the Federal Reserve System
12 and the States with respect to representing
13 the United States, as appropriate, in the
14 International Association of Insurance Su-
15 pervisors (including to become a non-voting
16 member thereof), particularly on matters
17 of systemic risk;

18 “(iii) to participate at the Financial
19 Stability Board of The Group of Twenty
20 and to join with other members from the
21 United States including on matters related
22 to insurance; and

23 “(iv) to participate with the United
24 States delegation to the Organization for
25 Economic Cooperation and Development

1 and observe and participate at the Insur-
2 ance and Private Pensions Committee.

3 “(3) LIMITATIONS ON PARTICIPATION IN SU-
4 PERVISORY COLLEGES.—The Office may not engage
5 in any activities that it is not specifically authorized
6 to engage in under this section or any other provi-
7 sion of law, including participation in any super-
8 visory college or other meetings or fora for coopera-
9 tion and communication between the involved insur-
10 ance supervisors established for the fundamental
11 purpose of facilitating the effectiveness of super-
12 vision of entities which belong to an insurance
13 group.

14 “(k) SCOPE.—The authority of the Office as specified
15 and limited in this section shall extend to all lines of insur-
16 ance except—

17 “(1) health insurance, as determined by the
18 Secretary in coordination with the Secretary of
19 Health and Human Services based on section 2791
20 of the Public Health Service Act (42 U.S.C. 300gg-
21 91);

22 “(2) long-term care insurance, except long-term
23 care insurance that is included with life or annuity
24 insurance components, as determined by the Sec-
25 retary in coordination with the Secretary of Health

1 and Human Services, and in the case of long-term
2 care insurance that is included with such compo-
3 nents, the Secretary shall coordinate with the Sec-
4 retary of Health and Human Services in performing
5 the functions of the Office; and

6 “(3) crop insurance, as established by the Fed-
7 eral Crop Insurance Act (7 U.S.C. 1501 et seq.).

8 “(l) ACCESS TO INFORMATION.—In carrying out the
9 functions required under subsection (j), the Office may co-
10 ordinate with any relevant Federal agency and any State
11 insurance regulator (or other relevant Federal or State
12 regulatory agency, if any, in the case of an affiliate of an
13 insurer) and any publicly available sources for the provi-
14 sion to the Office of publicly available information. Not-
15 withstanding any other provision of law, each such rel-
16 evant Federal agency and State insurance regulator or
17 other Federal or State regulatory agency is authorized to
18 provide to the Office such data or information.

19 “(m) PREEMPTION PURSUANT TO COVERED AGREE-
20 MENTS.—

21 “(1) STANDARDS.—A State insurance measure
22 shall be preempted pursuant to this section or sec-
23 tion 314 if, and only to the extent that the Inde-
24 pendent Insurance Advocate determines, in accord-
25 ance with this subsection, that the measure—

1 “(A) results in less favorable treatment of
2 a non-United States insurer domiciled in a for-
3 eign jurisdiction that is subject to a covered
4 agreement than a United States insurer domi-
5 ciled, licensed, or otherwise admitted in that
6 State; and

7 “(B) is inconsistent with a covered agree-
8 ment.

9 “(2) DETERMINATION.—

10 “(A) NOTICE OF POTENTIAL INCONSIST-
11 ENCY.— Before making any determination
12 under paragraph (1), the Independent Insur-
13 ance Advocate shall—

14 “(i) notify and consult with the appro-
15 priate State regarding any potential incon-
16 sistency or preemption;

17 “(ii) notify and consult with the
18 United States Trade Representative re-
19 garding any potential inconsistency or pre-
20 emption;

21 “(iii) cause to be published in the
22 Federal Register notice of the issue re-
23 garding the potential inconsistency or pre-
24 emption, including a description of each

1 State insurance measure at issue and any
2 applicable covered agreement;

3 “(iv) provide interested parties a rea-
4 sonable opportunity to submit written com-
5 ments to the Office; and

6 “(v) consider any comments received.

7 “(B) SCOPE OF REVIEW.—For purposes of
8 this subsection, any determination of the Inde-
9 pendent Insurance Advocate regarding State in-
10 surance measures, and any preemption under
11 paragraph (1) as a result of such determina-
12 tion, shall be limited to the subject matter con-
13 tained within the covered agreement involved
14 and shall achieve a level of protection for insur-
15 ance or reinsurance consumers that is substan-
16 tially equivalent to the level of protection
17 achieved under State insurance or reinsurance
18 regulation.

19 “(C) NOTICE OF DETERMINATION OF IN-
20 CONSISTENCY.—Upon making any determina-
21 tion under paragraph (1), the Director shall—

22 “(i) notify the appropriate State of
23 the determination and the extent of the in-
24 consistency;

1 “(ii) establish a reasonable period of
2 time, which shall not be less than 30 days,
3 before the determination shall become ef-
4 fective; and

5 “(iii) notify the Committees on Finan-
6 cial Services and Ways and Means of the
7 House of Representatives and the Commit-
8 tees on Banking, Housing, and Urban Af-
9 fairs and Finance of the Senate.

10 “(3) NOTICE OF EFFECTIVENESS.—Upon the
11 conclusion of the period referred to in paragraph
12 (2)(C)(ii), if the basis for such determination still
13 exists, the determination shall become effective and
14 the Independent Insurance Advocate shall—

15 “(A) cause to be published a notice in the
16 Federal Register that the preemption has be-
17 come effective, as well as the effective date; and

18 “(B) notify the appropriate State.

19 “(4) LIMITATION.—No State may enforce a
20 State insurance measure to the extent that such
21 measure has been preempted under this subsection.

22 “(5) APPLICABILITY OF ADMINISTRATIVE PRO-
23 CEDURES ACT.—Determinations of inconsistency
24 made pursuant to paragraph (2) shall be subject to
25 the applicable provisions of subchapter II of chapter

1 5 of title 5, United States Code (relating to adminis-
2 trative procedure), and chapter 7 of such title (relat-
3 ing to judicial review), except that in any action for
4 judicial review of a determination of inconsistency,
5 the court shall determine the matter de novo.

6 “(n) CONSULTATION.—The Independent Insurance
7 Advocate shall consult with State insurance regulators, in-
8 dividually or collectively, to the extent the Independent In-
9 surance Advocate determines appropriate, in carrying out
10 the functions of the Office.

11 “(o) NOTICES AND REQUESTS FOR COMMENT.—In
12 addition to the other functions and duties specified in this
13 section, the Independent Insurance Advocate may pre-
14 scribe such notices and requests for comment in the Fed-
15 eral Register as are deemed necessary related to and gov-
16 erning the manner in which the duties and authorities of
17 the Independent Insurance Advocate are carried out;

18 “(p) SAVINGS PROVISIONS.—Nothing in this section
19 shall—

20 “(1) preempt—

21 “(A) any State insurance measure that
22 governs any insurer’s rates, premiums, under-
23 writing, or sales practices;

24 “(B) any State coverage requirements for
25 insurance;

1 “(C) the application of the antitrust laws
2 of any State to the business of insurance; or

3 “(D) any State insurance measure gov-
4 erning the capital or solvency of an insurer, ex-
5 cept to the extent that such State insurance
6 measure results in less favorable treatment of a
7 non-United State insurer than a United States
8 insurer; or

9 “(2) affect the preemption of any State insur-
10 ance measure otherwise inconsistent with and pre-
11 empted by Federal law.

12 “(q) RETENTION OF AUTHORITY OF FEDERAL FI-
13 NANCIAL REGULATORY AGENCIES.—Nothing in this sec-
14 tion or section 314 shall be construed to limit the author-
15 ity of any Federal financial regulatory agency, including
16 the authority to develop and coordinate policy, negotiate,
17 and enter into agreements with foreign governments, au-
18 thorities, regulators, and multinational regulatory commit-
19 tees and to preempt State measures to affect uniformity
20 with international regulatory agreements.

21 “(r) RETENTION OF AUTHORITY OF UNITED STATES
22 TRADE REPRESENTATIVE.—Nothing in this section or
23 section 314 shall be construed to affect the authority of
24 the Office of the United States Trade Representative pur-
25 suant to section 141 of the Trade Act of 1974 (19 U.S.C.

1 2171) or any other provision of law, including authority
2 over the development and coordination of United States
3 international trade policy and the administration of the
4 United States trade agreements program.

5 “(s) CONGRESSIONAL TESTIMONY.—The Inde-
6 pendent Insurance Advocate shall appear before the Com-
7 mittee on Financial Services of the House of Representa-
8 tives and the Committee on Banking, Housing, and Urban
9 Affairs at semi-annual hearings and shall provide testi-
10 mony, which shall include submitting written testimony in
11 advance of such appearances to such committees and to
12 the Committee on Ways and Means of the House of Rep-
13 resentatives and the Committee on Finance of the Senate,
14 on the following matters:

15 “(1) OFFICE ACTIVITIES.—The efforts, activi-
16 ties, objectives, and plans of the Office.

17 “(2) SECTION 313(L) ACTIONS.—Any actions
18 taken by the Office pursuant to subsection (l) (re-
19 garding preemption pursuant to covered agree-
20 ments).

21 “(3) INSURANCE INDUSTRY.—The state of, and
22 developments in, the insurance industry.

23 “(4) U.S. AND GLOBAL INSURANCE AND REIN-
24 SURANCE MARKETS.—The breadth and scope of the
25 global insurance and reinsurance markets and the

1 critical role such markets plays in supporting insur-
2 ance in the United States and the ongoing impacts
3 of part II of the Nonadmitted and Reinsurance Re-
4 form Act of 2010 on the ability of State regulators
5 to access reinsurance information for regulated com-
6 panies in their jurisdictions.

7 “(5) OTHER.—Any other matters as deemed
8 relevant by the Independent Insurance Advocate or
9 requested by such Committees.

10 “(t) REPORT UPON END OF TERM OF OFFICE.—Not
11 later than two months prior to the expiration of the term
12 of office, or discontinuation of service, of each individual
13 serving as the Independent Insurance Advocate, the Inde-
14 pendent Insurance Advocate shall submit a report to the
15 Committees on Financial Services and Ways and Means
16 of the House of Representatives and the Committees on
17 Banking, Housing, and Urban Affairs and Finance of the
18 Senate setting forth recommendations regarding the Fi-
19 nancial Stability Oversight Council and the role, duties,
20 and functions of the Independent Insurance Advocate.

21 “(u) DEFINITIONS.—In this section and section 314,
22 the following definitions shall apply:

23 “(1) AFFILIATE.—The term ‘affiliate’ means,
24 with respect to an insurer, any person who controls,

1 is controlled by, or is under common control with the
2 insurer.

3 “(2) COVERED AGREEMENT.—The term ‘cov-
4 ered agreement’ means a written bilateral or multi-
5 lateral agreement regarding prudential measures
6 with respect to the business of insurance or reinsur-
7 ance that—

8 “(A) is entered into between the United
9 States and one or more foreign governments,
10 authorities, or regulatory entities; and

11 “(B) relates to the recognition of pruden-
12 tial measures with respect to the business of in-
13 surance or reinsurance that achieves a level of
14 protection for insurance or reinsurance con-
15 sumers that is substantially equivalent to the
16 level of protection achieved under State insur-
17 ance or reinsurance regulation.

18 “(3) INSURER.—The term ‘insurer’ means any
19 person engaged in the business of insurance, includ-
20 ing reinsurance.

21 “(4) FEDERAL FINANCIAL REGULATORY AGEN-
22 CY.—The term ‘Federal financial regulatory agency’
23 means the Department of the Treasury, the Board
24 of Governors of the Federal Reserve System, the Of-
25 fice of the Comptroller of the Currency, the Office

1 of Thrift Supervision, the Securities and Exchange
2 Commission, the Commodity Futures Trading Com-
3 mission, the Federal Deposit Insurance Corporation,
4 the Federal Housing Finance Agency, or the Na-
5 tional Credit Union Administration.

6 “(5) FINANCIAL STABILITY OVERSIGHT COUN-
7 CIL.—The term ‘Financial Stability Oversight Coun-
8 cil ’ means the Financial Stability Oversight Council
9 established under section 111(a) of the Dodd-Frank
10 Wall Street Reform and Consumer Protection Act
11 (12 U.S.C. 5321(a)).

12 “(6) MEMBER AGENCY.—The term ‘member
13 agency’ has the meaning given such term in section
14 111(a) of the Dodd-Frank Wall Street Reform and
15 Consumer Protection Act (12 U.S.C. 5321(a)).

16 “(7) NON-UNITED STATES INSURER.—The term
17 ‘non-United States insurer’ means an insurer that is
18 organized under the laws of a jurisdiction other than
19 a State, but does not include any United States
20 branch of such an insurer.

21 “(8) OFFICE.—The term ‘Office’ means the Of-
22 fice of the Independent Insurance Advocate estab-
23 lished by this section.

24 “(9) STATE INSURANCE MEASURE.—The term
25 ‘State insurance measure’ means any State law, reg-

1 ulation, administrative ruling, bulletin, guideline, or
2 practice relating to or affecting prudential measures
3 applicable to insurance or reinsurance.

4 “(10) STATE INSURANCE REGULATOR.—The
5 term ‘State insurance regulator’ means any State
6 regulatory authority responsible for the supervision
7 of insurers.

8 “(11) SUBSTANTIALLY EQUIVALENT TO THE
9 LEVEL OF PROTECTION ACHIEVED.—The term ‘sub-
10 stantially equivalent to the level of protection
11 achieved’ means the prudential measures of a for-
12 eign government, authority, or regulatory entity
13 achieve a similar outcome in consumer protection as
14 the outcome achieved under State insurance or rein-
15 surance regulation.

16 “(12) UNITED STATES INSURER.—The term
17 ‘United States insurer’ means—

18 “(A) an insurer that is organized under
19 the laws of a State; or

20 “(B) a United States branch of a non-
21 United States insurer.”.

22 (b) PAY AT LEVEL III OF EXECUTIVE SCHEDULE.—
23 Section 5314 of title 5, United States Code, is amended
24 by adding at the end the following new item:

1 “Independent Insurance Advocate, Department
2 of the Treasury.”.

3 (c) VOTING MEMBER OF FSOC.—Paragraph (1) of
4 section 111(b) of the Dodd-Frank Wall Street Reform and
5 Consumer Protection Act (12 U.S.C. 5321(b)(1)) is
6 amended by striking subparagraph (J) and inserting the
7 following new subparagraph:

8 “(J) the Independent Insurance Advocate
9 appointed pursuant to section 313 of title 31,
10 United States Code.”.

11 (d) INDEPENDENCE.—Section 111 of Public Law 93–
12 495 (12 U.S.C. 250) is amended—

13 (1) by inserting “the Independent Insurance
14 Advocate of the Department of the Treasury,” after
15 “Federal Housing Finance Agency,”; and

16 (2) by inserting “or official” before “submitting
17 them”.

18 (e) TRANSFER OF EMPLOYEES.—All employees of the
19 Department of Treasury who are performing staff func-
20 tions for the independent member of the Financial Sta-
21 bility Oversight Council under section 111(b)(2)(J) of the
22 Dodd-Frank Wall Street Reform and Consumer Protec-
23 tion Act (12 U.S.C. 5321(b)(2)(J)) on a full-time equiva-
24 lent basis as of the date of enactment of this Act shall
25 be eligible for transfer to the Office of the Independent

1 Insurance Advocate established pursuant to the amend-
2 ment made by subsection (a) of this section for appoint-
3 ment as an employee and shall be transferred at the joint
4 discretion of the Independent Insurance Advocate and the
5 eligible employee. Any employee eligible for transfer that
6 is not appointed within 360 days from the date of enact-
7 ment of this Act shall be eligible for detail under section
8 313(f)(4) of title 31, United States Code.

9 (f) TEMPORARY SERVICE; TRANSITION.—Notwith-
10 standing the amendment made by subsection (a) of this
11 section, during the period beginning on the date of the
12 enactment of this Act and ending on the date on which
13 the Independent Insurance Advocate is appointed and con-
14 firmed pursuant to section 313(b)(2) of title 31, United
15 States Code, as amended by such amendment, the person
16 serving, on such date of enactment, as the independent
17 member of the Financial Stability Oversight Council pur-
18 suant to section 111(b)(1)(J) of the Dodd-Frank Wall
19 Street Reform and Consumer Protection Act (12 U.S.C.
20 5321(b)(1)(J)) shall act for all purposes as, and with the
21 full powers of, the Independent Insurance Advocate.

22 (g) COMPARABILITY IN COMPENSATION SCHED-
23 ULES.—Subsection (a) of section 1206 of the Financial
24 Institutions Reform, Recovery, and Enforcement Act of
25 1989 (12 U.S.C. 1833b(a)) is amended by inserting “and

1 the Office of the Independent Insurance Advocate of the
2 Department of the Treasury,” after “Farm Credit Admin-
3 istration,”.

4 (h) SENIOR EXECUTIVES.—Subparagraph (D) of sec-
5 tion 3132(a)(1) of title 5, United States Code, is amended
6 by inserting “the Office of the Independent Insurance Ad-
7 vocate of the Department of the Treasury,” after “Fi-
8 nance Agency,”.

9 **TITLE VI—DEMANDING AC-**
10 **COUNTABILITY FROM FINAN-**
11 **CIAL REGULATORS AND DE-**
12 **VOLVING POWER AWAY FROM**
13 **WASHINGTON**

14 **Subtitle A—Cost-Benefit Analyses**

15 **SEC. 611. DEFINITIONS.**

16 As used in this subtitle—

17 (1) the term “agency” means the Board of Gov-
18 ernors of the Federal Reserve System, the Consumer
19 Financial Opportunity Commission, the Commodity
20 Futures Trading Commission, the Federal Deposit
21 Insurance Corporation, the Federal Housing Fi-
22 nance Agency, the Office of the Comptroller of the
23 Currency, the National Credit Union Administra-
24 tion, and the Securities and Exchange Commission;

25 (2) the term “chief economist” means—

1 (A) with respect to the Board of Governors
2 of the Federal Reserve System, the Director of
3 the Division of Research and Statistics, or an
4 employee of the agency with comparable author-
5 ity;

6 (B) with respect to the Consumer Finan-
7 cial Opportunity Commission, the Head of the
8 Office of Economic Analysis, or an employee of
9 the agency with comparable authority;

10 (C) with respect to the Commodity Fu-
11 tures Trading Commission, the Chief Econo-
12 mist, or an employee of the agency with com-
13 parable authority;

14 (D) with respect to the Federal Deposit
15 Insurance Corporation, the Director of the Divi-
16 sion of Insurance and Research, or an employee
17 of the agency with comparable authority;

18 (E) with respect to the Federal Housing
19 Finance Agency, the Chief Economist, or an
20 employee of the agency with comparable author-
21 ity;

22 (F) with respect to the Office of the Comp-
23 troller of the Currency, the Director for Policy
24 Analysis, or an employee of the agency with
25 comparable authority;

1 (G) with respect to the National Credit
2 Union Administration, the Chief Economist, or
3 an employee of the agency with comparable au-
4 thority; and

5 (H) with respect to the Securities and Ex-
6 change Commission, the Director of the Divi-
7 sion of Economic and Risk Analysis, or an em-
8 ployee of the agency with comparable authority;

9 (3) the term “Council” means the Chief Econo-
10 mists Council established under section 618; and

11 (4) the term “regulation”—

12 (A) means an agency statement of general
13 applicability and future effect that is designed
14 to implement, interpret, or prescribe law or pol-
15 icy or to describe the procedure or practice re-
16 quirements of an agency, including rules, orders
17 of general applicability, interpretive releases,
18 and other statements of general applicability
19 that the agency intends to have the force and
20 effect of law; and

21 (B) does not include—

22 (i) a regulation issued in accordance
23 with the formal rulemaking provisions of
24 section 556 or 557 of title 5, United States
25 Code;

1 (ii) a regulation that is limited to
2 agency organization, management, or per-
3 sonnel matters;

4 (iii) a regulation promulgated pursu-
5 ant to statutory authority that expressly
6 prohibits compliance with this provision;

7 (iv) a regulation that is certified by
8 the agency to be an emergency action, if
9 such certification is published in the Fed-
10 eral Register; or

11 (v) a regulation that is promulgated
12 by the Board of Governors of the Federal
13 Reserve System or the Federal Open Mar-
14 ket Committee under section 10A, 10B,
15 13, 13A, or 19 of the Federal Reserve Act,
16 or any of subsections (a) through (f) of
17 section 14 of that Act.

18 **SEC. 612. REQUIRED REGULATORY ANALYSIS.**

19 (a) REQUIREMENTS FOR NOTICES OF PROPOSED
20 RULEMAKING.—An agency may not issue a notice of pro-
21 posed rulemaking unless the agency includes in the notice
22 of proposed rulemaking an analysis that contains, at a
23 minimum, with respect to each regulation that is being
24 proposed—

1 (1) an identification of the need for the regula-
2 tion and the regulatory objective, including identi-
3 fication of the nature and significance of the market
4 failure, regulatory failure, or other problem that ne-
5 cessitates the regulation;

6 (2) an explanation of why the private market or
7 State, local, or tribal authorities cannot adequately
8 address the identified market failure or other prob-
9 lem;

10 (3) an analysis of the adverse impacts to regu-
11 lated entities, other market participants, economic
12 activity, or agency effectiveness that are engendered
13 by the regulation and the magnitude of such adverse
14 impacts;

15 (4) a quantitative and qualitative assessment of
16 all anticipated direct and indirect costs and benefits
17 of the regulation (as compared to a benchmark that
18 assumes the absence of the regulation), including—

19 (A) compliance costs;

20 (B) effects on economic activity, net job
21 creation (excluding jobs related to ensuring
22 compliance with the regulation), efficiency, com-
23 petition, and capital formation;

24 (C) regulatory administrative costs; and

1 (D) costs imposed by the regulation on
2 State, local, or tribal governments or other reg-
3 ulatory authorities;

4 (5) if quantified benefits do not outweigh quan-
5 titative costs, a justification for the regulation;

6 (6) an identification and assessment of all avail-
7 able alternatives to the regulation, including modi-
8 fication of an existing regulation or statute, together
9 with—

10 (A) an explanation of why the regulation
11 meets the objectives of the regulation more ef-
12 fectively than the alternatives, and if the agency
13 is proposing multiple alternatives, an expla-
14 nation of why a notice of proposed rulemaking,
15 rather than an advanced notice of proposed
16 rulemaking, is appropriate; and

17 (B) if the regulation is not a pilot pro-
18 gram, an explanation of why a pilot program is
19 not appropriate;

20 (7) if the regulation specifies the behavior or
21 manner of compliance, an explanation of why the
22 agency did not instead specify performance objec-
23 tives;

24 (8) an assessment of how the burden imposed
25 by the regulation will be distributed among market

1 participants, including whether consumers, investors,
2 or small businesses will be disproportionately bur-
3 dened;

4 (9) an assessment of the extent to which the
5 regulation is inconsistent, incompatible, or duplica-
6 tive with the existing regulations of the agency or
7 those of other domestic and international regulatory
8 authorities with overlapping jurisdiction;

9 (10) a description of any studies, surveys, or
10 other data relied upon in preparing the analysis;

11 (11) an assessment of the degree to which the
12 key assumptions underlying the analysis are subject
13 to uncertainty; and

14 (12) an explanation of predicted changes in
15 market structure and infrastructure and in behavior
16 by market participants, including consumers and in-
17 vestors, assuming that they will pursue their eco-
18 nomic interests.

19 (b) REQUIREMENTS FOR NOTICES OF FINAL RULE-
20 MAKING.—

21 (1) IN GENERAL.—Notwithstanding any other
22 provision of law, an agency may not issue a notice
23 of final rulemaking with respect to a regulation un-
24 less the agency—

1 (A) has issued a notice of proposed rule-
2 making for the relevant regulation;

3 (B) has conducted and includes in the no-
4 tice of final rulemaking an analysis that con-
5 tains, at a minimum, the elements required
6 under subsection (a); and

7 (C) includes in the notice of final rule-
8 making regulatory impact metrics selected by
9 the chief economist to be used in preparing the
10 report required pursuant to section 615.

11 (2) CONSIDERATION OF COMMENTS.—The
12 agency shall incorporate in the elements described in
13 paragraph (1)(B) the data and analyses provided to
14 the agency by commenters during the comment pe-
15 riod, or explain why the data or analyses are not
16 being incorporated.

17 (3) COMMENT PERIOD.—An agency shall not
18 publish a notice of final rulemaking with respect to
19 a regulation, unless the agency—

20 (A) has allowed at least 90 days from the
21 date of publication in the Federal Register of
22 the notice of proposed rulemaking for the sub-
23 mission of public comments; or

1 (B) includes in the notice of final rule-
2 making an explanation of why the agency was
3 not able to provide a 90-day comment period.

4 (4) PROHIBITED RULES.—

5 (A) IN GENERAL.—An agency may not
6 publish a notice of final rulemaking if the agen-
7 cy, in its analysis under paragraph (1)(B), de-
8 termines that the quantified costs are greater
9 than the quantified benefits under subsection
10 (a)(5).

11 (B) PUBLICATION OF ANALYSIS.—If the
12 agency is precluded by subparagraph (A) from
13 publishing a notice of final rulemaking, the
14 agency shall publish in the Federal Register
15 and on the public website of the agency its
16 analysis under paragraph (1)(B), and provide
17 the analysis to each House of Congress.

18 (C) CONGRESSIONAL WAIVER.—If the
19 agency is precluded by subparagraph (A) from
20 publishing a notice of final rulemaking, Con-
21 gress, by joint resolution pursuant to the proce-
22 dures set forth for joint resolutions in section
23 802 of title 5, United States Code, may direct
24 the agency to publish a notice of final rule-
25 making notwithstanding the prohibition con-

1 tained in subparagraph (A). In applying section
2 802 of title 5, United States Code, for purposes
3 of this paragraph, section 802(e)(2) shall not
4 apply and the terms—

5 (i) “joint resolution” or “joint resolu-
6 tion described in subsection (a)” means
7 only a joint resolution introduced during
8 the period beginning on the submission or
9 publication date and ending 60 days there-
10 after (excluding days either House of Con-
11 gress is adjourned for more than 3 days
12 during a session of Congress), the matter
13 after the resolving clause of which is as fol-
14 lows: “That Congress directs, notwith-
15 standing the prohibition contained in sec-
16 tion 612(b)(4)(A) of the Financial
17 CHOICE Act of 2016, the ____ to publish
18 the notice of final rulemaking for the regu-
19 lation or regulations that were the subject
20 of the analysis submitted by the ____ to
21 Congress on ____.” (The blank spaces
22 being appropriately filled in.); and

23 (ii) “submission or publication date”
24 means—

1 (I) the date on which the analysis
2 under paragraph (1)(B) is submitted
3 to Congress under paragraph (4)(B);
4 or

5 (II) if the analysis is submitted
6 to Congress less than 60 session days
7 or 60 legislative days before the date
8 on which the Congress adjourns a ses-
9 sion of Congress, the date on which
10 the same or succeeding Congress first
11 convenes its next session.

12 **SEC. 613. RULE OF CONSTRUCTION.**

13 For purposes of the Paperwork Reduction Act (44
14 U.S.C. 3501 et seq.), obtaining, causing to be obtained,
15 or soliciting information for purposes of complying with
16 section 612 with respect to a proposed rulemaking shall
17 not be construed to be a collection of information, provided
18 that the agency has first issued an advanced notice of pro-
19 posed rulemaking in connection with the regulation, iden-
20 tifies that advanced notice of proposed rulemaking in its
21 solicitation of information, and informs the person from
22 whom the information is obtained or solicited that the pro-
23 vision of information is voluntary.

1 **SEC. 614. PUBLIC AVAILABILITY OF DATA AND REGU-**
2 **LATORY ANALYSIS.**

3 (a) IN GENERAL.—At or before the commencement
4 of the public comment period with respect to a regulation,
5 the agency shall make available on its public website suffi-
6 cient information about the data, methodologies, and as-
7 sumptions underlying the analyses performed pursuant to
8 section 612 so that the analytical results of the agency
9 are capable of being substantially reproduced, subject to
10 an acceptable degree of imprecision or error.

11 (b) CONFIDENTIALITY.—The agency shall comply
12 with subsection (a) in a manner that preserves the con-
13 fidentiality of nonpublic information, including confiden-
14 tial trade secrets, confidential commercial or financial in-
15 formation, and confidential information about positions,
16 transactions, or business practices.

17 **SEC. 615. FIVE-YEAR REGULATORY IMPACT ANALYSIS.**

18 (a) IN GENERAL.—Not later than 5 years after the
19 date of publication in the Federal Register of a notice of
20 final rulemaking, the chief economist of the agency shall
21 issue a report that examines the economic impact of the
22 subject regulation, including the direct and indirect costs
23 and benefits of the regulation.

24 (b) REGULATORY IMPACT METRICS.—In preparing
25 the report required by subsection (a), the chief economist
26 shall employ the regulatory impact metrics included in the

1 notice of final rulemaking pursuant to section
2 612(b)(1)(C).

3 (c) REPRODUCIBILITY.—The report shall include the
4 data, methodologies, and assumptions underlying the eval-
5 uation so that the agency’s analytical results are capable
6 of being substantially reproduced, subject to an acceptable
7 degree of imprecision or error.

8 (d) CONFIDENTIALITY.—The agency shall comply
9 with subsection (c) in a manner that preserves the con-
10 fidentiality of nonpublic information, including confiden-
11 tial trade secrets, confidential commercial or financial in-
12 formation, and confidential information about positions,
13 transactions, or business practices.

14 (e) REPORT.—The agency shall submit the report re-
15 quired by subsection (a) to the Committee on Banking,
16 Housing, and Urban Affairs of the Senate and the Com-
17 mittee on Financial Services of the House of Representa-
18 tives and post it on the public website of the agency. The
19 Commodity Futures Trading Commission shall also sub-
20 mit its report to the Committee on Agriculture, Nutrition,
21 and Forestry of the Senate and the Committee on Agri-
22 culture of the House of Representatives.

23 **SEC. 616. RETROSPECTIVE REVIEW OF EXISTING RULES.**

24 (a) REGULATORY IMPROVEMENT PLAN.—Not later
25 than 1 year after the date of enactment of this Act and

1 every 5 years thereafter, each agency shall develop, submit
2 to the Committee on Banking, Housing, and Urban Af-
3 fairs of the Senate and the Committee on Financial Serv-
4 ices of the House of Representatives, and post on the pub-
5 lic website of the agency a plan, consistent with law and
6 its resources and regulatory priorities, under which the
7 agency will modify, streamline, expand, or repeal existing
8 regulations so as to make the regulatory program of the
9 agency more effective or less burdensome in achieving the
10 regulatory objectives. The Commodity Futures Trading
11 Commission shall also submit its plan to the Committee
12 on Agriculture, Nutrition, and Forestry of the Senate and
13 the Committee on Agriculture of the House of Representa-
14 tives.

15 (b) IMPLEMENTATION PROGRESS REPORT.—Two
16 years after the date of submission of each plan required
17 under subsection (a), each agency shall develop, submit
18 to the Committee on Banking, Housing, and Urban Af-
19 fairs of the Senate and the Committee on Financial Serv-
20 ices of the House of Representatives, and post on the pub-
21 lic website of the agency a report of the steps that it has
22 taken to implement the plan, steps that remain to be taken
23 to implement the plan, and, if any parts of the plan will
24 not be implemented, reasons for not implementing those
25 parts of the plan. The Commodity Futures Trading Com-

1 mission shall also submit its plan to the Committee on
2 Agriculture, Nutrition, and Forestry of the Senate and the
3 Committee on Agriculture of the House of Representa-
4 tives.

5 **SEC. 617. JUDICIAL REVIEW.**

6 (a) IN GENERAL.—Notwithstanding any other provi-
7 sion of law, during the period beginning on the date on
8 which a notice of final rulemaking for a regulation is pub-
9 lished in the Federal Register and ending 1 year later,
10 a person that is adversely affected or aggrieved by the reg-
11 ulation is entitled to bring an action in the United States
12 Court of Appeals for the District of Columbia Circuit for
13 judicial review of agency compliance with the requirements
14 of section 612.

15 (b) STAY.—The court may stay the effective date of
16 the regulation or any provision thereof.

17 (c) RELIEF.—If the court finds that an agency has
18 not complied with the requirements of section 612, the
19 court shall vacate the subject regulation, unless the agency
20 shows by clear and convincing evidence that vacating the
21 regulation would result in irreparable harm. Nothing in
22 this section affects other limitations on judicial review or
23 the power or duty of the court to dismiss any action or
24 deny relief on any other appropriate legal or equitable
25 ground.

1 **SEC. 618. CHIEF ECONOMISTS COUNCIL.**

2 (a) ESTABLISHMENT.—There is established the Chief
3 Economists Council.

4 (b) MEMBERSHIP.—The Council shall consist of the
5 chief economist of each agency. The members of the Coun-
6 cil shall select the first chairperson of the Council. There-
7 after the position of Chairperson shall rotate annually
8 among the members of the Council.

9 (c) MEETINGS.—The Council shall meet at the call
10 of the Chairperson, but not less frequently than quarterly.

11 (d) REPORT.—One year after the effective date of
12 this Act and annually thereafter, the Council shall prepare
13 and submit to the Committee on Banking, Housing, and
14 Urban Affairs and the Committee on Agriculture, Nutri-
15 tion, and Forestry of the Senate and the Committee on
16 Financial Services and the Committee on Agriculture of
17 the House of Representatives a report on—

18 (1) the benefits and costs of regulations adopt-
19 ed by the agencies during the past 12 months;

20 (2) the regulatory actions planned by the agen-
21 cies for the upcoming 12 months;

22 (3) the cumulative effect of the existing regula-
23 tions of the agencies on economic activity, innova-
24 tion, international competitiveness of entities regu-
25 lated by the agencies, and net job creation (exclud-

1 ing jobs related to ensuring compliance with the reg-
2 ulation);

3 (4) the training and qualifications of the per-
4 sons who prepared the cost-benefit analyses of each
5 agency during the past 12 months;

6 (5) the sufficiency of the resources available to
7 the chief economists during the past 12 months for
8 the conduct of the activities required by this subtitle;
9 and

10 (6) recommendations for legislative or regu-
11 latory action to enhance the efficiency and effective-
12 ness of financial regulation in the United States.

13 **SEC. 619. CONFORMING AMENDMENTS.**

14 Section 15(a) of the Commodity Exchange Act (7
15 U.S.C. 19(a)) is amended—

16 (1) by striking paragraph (1);

17 (2) in paragraph (2), by striking “(2)” and all
18 that follows through “light of—” and inserting the
19 following:

20 “(1) CONSIDERATIONS.—Before promulgating a
21 regulation under this chapter or issuing an order
22 (except as provided in paragraph (2)), the Commis-
23 sion shall take into consideration—”;

24 (3) in paragraph (1), as so redesignated—

1 (A) in subparagraph (B), by striking “fu-
2 tures” and inserting “the relevant”;

3 (B) in subparagraph (C), by adding “and”
4 at the end;

5 (C) in subparagraph (D), by striking “;
6 and” and inserting a period; and

7 (D) by striking subparagraph (E); and

8 (4) by redesignating paragraph (3) as para-
9 graph (2).

10 **SEC. 620. OTHER REGULATORY ENTITIES.**

11 (a) SECURITIES AND EXCHANGE COMMISSION.—Not
12 later than 1 year after the date of enactment of this Act,
13 the Securities and Exchange Commission shall provide to
14 the Committee on Banking, Housing, and Urban Affairs
15 of the Senate and the Committee on Financial Services
16 of the House of Representatives a report setting forth a
17 plan for subjecting the Public Company Accounting Over-
18 sight Board, the Municipal Securities Rulemaking Board,
19 and any national securities association registered under
20 section 15A of the Securities Exchange Act of 1934 (15
21 U.S.C. 78o–4(a)) to the requirements of this subtitle,
22 other than direct representation on the Council.

23 (b) COMMODITY FUTURES TRADING COMMISSION.—
24 Not later than 1 year after the date of enactment of this
25 Act, the Commodity Futures Trading Commission shall

1 provide to the Committee on Banking, Housing, and
2 Urban Affairs of the Senate, the Committee on Financial
3 Services of the House of Representatives, the Committee
4 on Agriculture, Nutrition, and Forestry of the Senate, and
5 the Committee on Agriculture of the House of Representa-
6 tives a report setting forth a plan for subjecting any fu-
7 tures association registered under section 17 of the Com-
8 modity Exchange Act (7 U.S.C. 21) to the requirements
9 of this subtitle, other than direct representation on the
10 Council.

11 **SEC. 621. AVOIDANCE OF DUPLICATIVE OR UNNECESSARY**
12 **ANALYSES.**

13 An agency may perform the analyses required by this
14 subtitle in conjunction with, or as a part of, any other
15 agenda or analysis required by any other provision of law,
16 if such other analysis satisfies the provisions of this sub-
17 title.

18 **Subtitle B—Congressional Review**
19 **of Federal Financial Agency**
20 **Rulemaking**

21 **SEC. 631. CONGRESSIONAL REVIEW.**

22 (a)(1)(A) Before a rule may take effect, a Federal
23 financial agency shall publish in the Federal Register a
24 list of information on which the rule is based, including
25 data, scientific and economic studies, and cost-benefit

1 analyses, and identify how the public can access such in-
2 formation online, and shall submit to each House of the
3 Congress and to the Comptroller General a report con-
4 taining—

5 (i) a copy of the rule;

6 (ii) a concise general statement relating to the
7 rule;

8 (iii) a classification of the rule as a major or
9 nonmajor rule, including an explanation of the clas-
10 sification specifically addressing each criteria for a
11 major rule contained within subparagraphs (A)
12 through (C) of section 634(2);

13 (iv) a list of any other related regulatory ac-
14 tions intended to implement the same statutory pro-
15 vision or regulatory objective as well as the indi-
16 vidual and aggregate economic effects of those ac-
17 tions; and

18 (v) the proposed effective date of the rule.

19 (B) On the date of the submission of the report under
20 subparagraph (A), the Federal financial agency shall sub-
21 mit to the Comptroller General and make available to each
22 House of Congress—

23 (i) a complete copy of the cost-benefit analysis
24 of the rule, if any, including an analysis of any jobs

1 added or lost, differentiating between public and pri-
2 vate sector jobs;

3 (ii) the Federal financial agency's actions pur-
4 suant to sections 603, 604, 605, 607, and 609 of
5 title 5, United States Code;

6 (iii) the Federal financial agency's actions pur-
7 suant to sections 202, 203, 204, and 205 of the Un-
8 funded Mandates Reform Act of 1995; and

9 (iv) any other relevant information or require-
10 ments under any other Act and any relevant Execu-
11 tive orders.

12 (C) Upon receipt of a report submitted under sub-
13 paragraph (A), each House shall provide copies of the re-
14 port to the chairman and ranking member of each stand-
15 ing committee with jurisdiction under the rules of the
16 House of Representatives or the Senate to report a bill
17 to amend the provision of law under which the rule is
18 issued.

19 (2)(A) The Comptroller General shall provide a re-
20 port on each major rule to the committees of jurisdiction
21 by the end of 15 calendar days after the submission or
22 publication date. The report of the Comptroller General
23 shall include an assessment of the Federal financial agen-
24 cy's compliance with procedural steps required by para-
25 graph (1)(B) and an assessment of whether the major rule

1 imposes any new limits or mandates on private-sector ac-
2 tivity.

3 (B) Federal financial agencies shall cooperate with
4 the Comptroller General by providing information relevant
5 to the Comptroller General's report under subparagraph
6 (A).

7 (3) A major rule relating to a report submitted under
8 paragraph (1) shall take effect upon enactment of a joint
9 resolution of approval described in section 632 or as pro-
10 vided for in the rule following enactment of a joint resolu-
11 tion of approval described in section 632, whichever is
12 later.

13 (4) A nonmajor rule shall take effect as provided by
14 section 633 after submission to Congress under paragraph
15 (1).

16 (5) If a joint resolution of approval relating to a
17 major rule is not enacted within the period provided in
18 subsection (b)(2), then a joint resolution of approval relat-
19 ing to the same rule may not be considered under this
20 subtitle in the same Congress by either the House of Rep-
21 resentatives or the Senate.

22 (b)(1) A major rule shall not take effect unless the
23 Congress enacts a joint resolution of approval described
24 under section 632.

1 (2) If a joint resolution described in subsection (a)
2 is not enacted into law by the end of 70 session days or
3 legislative days, as applicable, beginning on the date on
4 which the report referred to in subsection (a)(1)(A) is re-
5 ceived by Congress (excluding days either House of Con-
6 gress is adjourned for more than 3 days during a session
7 of Congress), then the rule described in that resolution
8 shall be deemed not to be approved and such rule shall
9 not take effect.

10 (c)(1) Notwithstanding any other provision of this
11 section (except subject to paragraph (3)), a major rule
12 may take effect for one 90-calendar-day period if the
13 President makes a determination under paragraph (2) and
14 submits written notice of such determination to the Con-
15 gress.

16 (2) Paragraph (1) applies to a determination made
17 by the President by Executive order that the major rule
18 should take effect because such rule is—

19 (A) necessary because of an imminent threat to
20 health or safety or other emergency;

21 (B) necessary for the enforcement of criminal
22 laws;

23 (C) necessary for national security; or

24 (D) issued pursuant to any statute imple-
25 menting an international trade agreement.

1 (3) An exercise by the President of the authority
2 under this subsection shall have no effect on the proce-
3 dures under section 632.

4 (d)(1) In addition to the opportunity for review other-
5 wise provided under this subtitle, in the case of any rule
6 for which a report was submitted in accordance with sub-
7 section (a)(1)(A) during the period beginning on the date
8 occurring—

9 (A) in the case of the Senate, 60 session days;

10 or

11 (B) in the case of the House of Representatives,
12 60 legislative days,

13 before the date the Congress is scheduled to adjourn a
14 session of Congress through the date on which the same
15 or succeeding Congress first convenes its next session, sec-
16 tions 632 and 633 shall apply to such rule in the suc-
17 ceeding session of Congress.

18 (2)(A) In applying sections 632 and 633 for purposes
19 of such additional review, a rule described under para-
20 graph (1) shall be treated as though—

21 (i) such rule were published in the Federal Reg-
22 ister on—

23 (I) in the case of the Senate, the 15th ses-
24 sion day; or

1 (II) in the case of the House of Represent-
2 atives, the 15th legislative day,
3 after the succeeding session of Congress first con-
4 venes; and

5 (ii) a report on such rule were submitted to
6 Congress under subsection (a)(1) on such date.

7 (B) Nothing in this paragraph shall be construed to
8 affect the requirement under subsection (a)(1) that a re-
9 port shall be submitted to Congress before a rule can take
10 effect.

11 (3) A rule described under paragraph (1) shall take
12 effect as otherwise provided by law (including other sub-
13 sections of this section).

14 **SEC. 632. CONGRESSIONAL APPROVAL PROCEDURE FOR**
15 **MAJOR RULES.**

16 (a)(1) For purposes of this section, the term “joint
17 resolution” means only a joint resolution addressing a re-
18 port classifying a rule as major pursuant to section
19 631(a)(1)(A)(iii) that—

20 (A) bears no preamble;

21 (B) bears the following title (with blanks filled
22 as appropriate): “Approving the rule submitted by
23 _____ relating to _____.”;

24 (C) includes after its resolving clause only the
25 following (with blanks filled as appropriate): “That

1 Congress approves the rule submitted by _____ re-
2 lating to _____.”; and

3 (D) is introduced pursuant to paragraph (2).

4 (2) After a House of Congress receives a report
5 classifying a rule as major pursuant to section
6 631(a)(1)(A)(iii), the majority leader of that House (or
7 his or her respective designee) shall introduce (by request,
8 if appropriate) a joint resolution described in paragraph
9 (1)—

10 (A) in the case of the House of Representatives,
11 within 3 legislative days; and

12 (B) in the case of the Senate, within 3 session
13 days.

14 (3) A joint resolution described in paragraph (1) shall
15 not be subject to amendment at any stage of proceeding.

16 (b) A joint resolution described in subsection (a) shall
17 be referred in each House of Congress to the committees
18 having jurisdiction over the provision of law under which
19 the rule is issued.

20 (c) In the Senate, if the committee or committees to
21 which a joint resolution described in subsection (a) has
22 been referred have not reported it at the end of 15 session
23 days after its introduction, such committee or committees
24 shall be automatically discharged from further consider-
25 ation of the resolution and it shall be placed on the cal-

1 endar. A vote on final passage of the resolution shall be
2 taken on or before the close of the 15th session day after
3 the resolution is reported by the committee or committees
4 to which it was referred, or after such committee or com-
5 mittees have been discharged from further consideration
6 of the resolution.

7 (d)(1) In the Senate, when the committee or commit-
8 tees to which a joint resolution is referred have reported,
9 or when a committee or committees are discharged (under
10 subsection (c)) from further consideration of a joint reso-
11 lution described in subsection (a), it is at any time there-
12 after in order (even though a previous motion to the same
13 effect has been disagreed to) for a motion to proceed to
14 the consideration of the joint resolution, and all points of
15 order against the joint resolution (and against consider-
16 ation of the joint resolution) are waived. The motion is
17 not subject to amendment, or to a motion to postpone,
18 or to a motion to proceed to the consideration of other
19 business. A motion to reconsider the vote by which the
20 motion is agreed to or disagreed to shall not be in order.
21 If a motion to proceed to the consideration of the joint
22 resolution is agreed to, the joint resolution shall remain
23 the unfinished business of the Senate until disposed of.

24 (2) In the Senate, debate on the joint resolution, and
25 on all debatable motions and appeals in connection there-

1 with, shall be limited to not more than 2 hours, which
2 shall be divided equally between those favoring and those
3 opposing the joint resolution. A motion to further limit
4 debate is in order and not debatable. An amendment to,
5 or a motion to postpone, or a motion to proceed to the
6 consideration of other business, or a motion to recommit
7 the joint resolution is not in order.

8 (3) In the Senate, immediately following the conclu-
9 sion of the debate on a joint resolution described in sub-
10 section (a), and a single quorum call at the conclusion of
11 the debate if requested in accordance with the rules of the
12 Senate, the vote on final passage of the joint resolution
13 shall occur.

14 (4) Appeals from the decisions of the Chair relating
15 to the application of the rules of the Senate to the proce-
16 dure relating to a joint resolution described in subsection
17 (a) shall be decided without debate.

18 (e) In the House of Representatives, if any committee
19 to which a joint resolution described in subsection (a) has
20 been referred has not reported it to the House at the end
21 of 15 legislative days after its introduction, such com-
22 mittee shall be discharged from further consideration of
23 the joint resolution, and it shall be placed on the appro-
24 priate calendar. On the second and fourth Thursdays of
25 each month it shall be in order at any time for the Speaker

1 to recognize a Member who favors passage of a joint reso-
2 lution that has appeared on the calendar for at least 5
3 legislative days to call up that joint resolution for imme-
4 diate consideration in the House without intervention of
5 any point of order. When so called up a joint resolution
6 shall be considered as read and shall be debatable for 1
7 hour equally divided and controlled by the proponent and
8 an opponent, and the previous question shall be considered
9 as ordered to its passage without intervening motion. It
10 shall not be in order to reconsider the vote on passage.
11 If a vote on final passage of the joint resolution has not
12 been taken by the third Thursday on which the Speaker
13 may recognize a Member under this subsection, such vote
14 shall be taken on that day.

15 (f)(1) If, before passing a joint resolution described
16 in subsection (a), one House receives from the other a
17 joint resolution having the same text, then—

18 (A) the joint resolution of the other House shall
19 not be referred to a committee; and

20 (B) the procedure in the receiving House shall
21 be the same as if no joint resolution had been re-
22 ceived from the other House until the vote on pas-
23 sage, when the joint resolution received from the
24 other House shall supplant the joint resolution of
25 the receiving House.

1 (2) This subsection shall not apply to the House of
2 Representatives if the joint resolution received from the
3 Senate is a revenue measure.

4 (g) If either House has not taken a vote on final pas-
5 sage of the joint resolution by the last day of the period
6 described in section 631(b)(2), then such vote shall be
7 taken on that day.

8 (h) This section and section 633 are enacted by Con-
9 gress—

10 (1) as an exercise of the rulemaking power of
11 the Senate and House of Representatives, respec-
12 tively, and as such is deemed to be part of the rules
13 of each House, respectively, but applicable only with
14 respect to the procedure to be followed in that
15 House in the case of a joint resolution described in
16 subsection (a) and superseding other rules only
17 where explicitly so; and

18 (2) with full recognition of the Constitutional
19 right of either House to change the rules (so far as
20 they relate to the procedure of that House) at any
21 time, in the same manner and to the same extent as
22 in the case of any other rule of that House.

1 **SEC. 633. CONGRESSIONAL DISAPPROVAL PROCEDURE FOR**
2 **NONMAJOR RULES.**

3 (a) For purposes of this section, the term “joint reso-
4 lution” means only a joint resolution introduced in the pe-
5 riod beginning on the date on which the report referred
6 to in section 631(a)(1)(A) is received by Congress and
7 ending 60 days thereafter (excluding days either House
8 of Congress is adjourned for more than 3 days during a
9 session of Congress), the matter after the resolving clause
10 of which is as follows: “That Congress disapproves the
11 nonmajor rule submitted by the _____ relating to
12 _____, and such rule shall have no force or effect.” (The
13 blank spaces being appropriately filled in).

14 (b) A joint resolution described in subsection (a) shall
15 be referred to the committees in each House of Congress
16 with jurisdiction.

17 (c) In the Senate, if the committee to which is re-
18 ferred a joint resolution described in subsection (a) has
19 not reported such joint resolution (or an identical joint
20 resolution) at the end of 15 session days after the date
21 of introduction of the joint resolution, such committee may
22 be discharged from further consideration of such joint res-
23 olution upon a petition supported in writing by 30 Mem-
24 bers of the Senate, and such joint resolution shall be
25 placed on the calendar.

1 (d)(1) In the Senate, when the committee to which
2 a joint resolution is referred has reported, or when a com-
3 mittee is discharged (under subsection (c)) from further
4 consideration of a joint resolution described in subsection
5 (a), it is at any time thereafter in order (even though a
6 previous motion to the same effect has been disagreed to)
7 for a motion to proceed to the consideration of the joint
8 resolution, and all points of order against the joint resolu-
9 tion (and against consideration of the joint resolution) are
10 waived. The motion is not subject to amendment, or to
11 a motion to postpone, or to a motion to proceed to the
12 consideration of other business. A motion to reconsider the
13 vote by which the motion is agreed to or disagreed to shall
14 not be in order. If a motion to proceed to the consideration
15 of the joint resolution is agreed to, the joint resolution
16 shall remain the unfinished business of the Senate until
17 disposed of.

18 (2) In the Senate, debate on the joint resolution, and
19 on all debatable motions and appeals in connection there-
20 with, shall be limited to not more than 10 hours, which
21 shall be divided equally between those favoring and those
22 opposing the joint resolution. A motion to further limit
23 debate is in order and not debatable. An amendment to,
24 or a motion to postpone, or a motion to proceed to the

1 consideration of other business, or a motion to recommit
2 the joint resolution is not in order.

3 (3) In the Senate, immediately following the conclu-
4 sion of the debate on a joint resolution described in sub-
5 section (a), and a single quorum call at the conclusion of
6 the debate if requested in accordance with the rules of the
7 Senate, the vote on final passage of the joint resolution
8 shall occur.

9 (4) Appeals from the decisions of the Chair relating
10 to the application of the rules of the Senate to the proce-
11 dure relating to a joint resolution described in subsection
12 (a) shall be decided without debate.

13 (e) In the Senate, the procedure specified in sub-
14 section (e) or (d) shall not apply to the consideration of
15 a joint resolution respecting a nonmajor rule—

16 (1) after the expiration of the 60 session days
17 beginning with the applicable submission or publica-
18 tion date; or

19 (2) if the report under section 631(a)(1)(A) was
20 submitted during the period referred to in section
21 631(d)(1), after the expiration of the 60 session
22 days beginning on the 15th session day after the
23 succeeding session of Congress first convenes.

24 (f) If, before the passage by one House of a joint res-
25 olution of that House described in subsection (a), that

1 House receives from the other House a joint resolution
2 described in subsection (a), then the following procedures
3 shall apply:

4 (1) The joint resolution of the other House
5 shall not be referred to a committee.

6 (2) With respect to a joint resolution described
7 in subsection (a) of the House receiving the joint
8 resolution—

9 (A) the procedure in that House shall be
10 the same as if no joint resolution had been re-
11 ceived from the other House; but

12 (B) the vote on final passage shall be on
13 the joint resolution of the other House.

14 **SEC. 634. DEFINITIONS.**

15 For purposes of this subtitle:

16 (1) The term “Federal financial agency” means
17 the Consumer Financial Opportunity Commission,
18 Board of Governors of the Federal Reserve System,
19 the Commodity Futures Trading Commission, the
20 Federal Deposit Insurance Corporation, the Federal
21 Housing Finance Agency, the Office of the Comp-
22 troller of the Currency, the National Credit Union
23 Administration, and the Securities and Exchange
24 Commission.

1 (2) The term “major rule” means any rule, in-
2 cluding an interim final rule, that the Administrator
3 of the Office of Information and Regulatory Affairs
4 of the Office of Management and Budget finds has
5 resulted in or is likely to result in—

6 (A) an annual effect on the economy of
7 \$100 million or more;

8 (B) a major increase in costs or prices for
9 consumers, individual industries, Federal,
10 State, or local government agencies, or geo-
11 graphic regions; or

12 (C) significant adverse effects on competi-
13 tion, employment, investment, productivity, in-
14 novation, or on the ability of United States-
15 based enterprises to compete with foreign-based
16 enterprises in domestic and export markets.

17 (3) The term “nonmajor rule” means any rule
18 that is not a major rule.

19 (4) The term “rule” has the meaning given
20 such term in section 551 of title 5, United States
21 Code, except that such term does not include—

22 (A) any rule of particular applicability, in-
23 cluding a rule that approves or prescribes for
24 the future rates, wages, prices, services, or al-
25 lowances therefore, corporate or financial struc-

1 tures, reorganizations, mergers, or acquisitions
2 thereof, or accounting practices or disclosures
3 bearing on any of the foregoing;

4 (B) any rule relating to agency manage-
5 ment or personnel; or

6 (C) any rule of agency organization, proce-
7 dure, or practice that does not substantially af-
8 fect the rights or obligations of non-agency par-
9 ties.

10 (5) The term “submission date or publication
11 date”, except as otherwise provided in this subtitle,
12 means—

13 (A) in the case of a major rule, the date
14 on which the Congress receives the report sub-
15 mitted under section 631(a)(1)(A); and

16 (B) in the case of a nonmajor rule, the
17 later of—

18 (i) the date on which the Congress re-
19 ceives the report submitted under section
20 631(a)(1)(A); and

21 (ii) the date on which the nonmajor
22 rule is published in the Federal Register, if
23 so published.

1 **SEC. 635. JUDICIAL REVIEW.**

2 (a) No determination, finding, action, or omission
3 under this subtitle shall be subject to judicial review.

4 (b) Notwithstanding subsection (a), a court may de-
5 termine whether a Federal financial agency has completed
6 the necessary requirements under this subtitle for a rule
7 to take effect.

8 (c) The enactment of a joint resolution of approval
9 under section 632 shall not be interpreted to serve as a
10 grant or modification of statutory authority by Congress
11 for the promulgation of a rule, shall not extinguish or af-
12 fect any claim, whether substantive or procedural, against
13 any alleged defect in a rule, and shall not form part of
14 the record before the court in any judicial proceeding con-
15 cerning a rule except for purposes of determining whether
16 or not the rule is in effect.

17 **SEC. 636. EFFECTIVE DATE OF CERTAIN RULES.**

18 Notwithstanding section 631—

19 (1) any rule that establishes, modifies, opens,
20 closes, or conducts a regulatory program for a com-
21 mercial, recreational, or subsistence activity related
22 to hunting, fishing, or camping; or

23 (2) any rule other than a major rule which the
24 Federal financial agency for good cause finds (and
25 incorporates the finding and a brief statement of
26 reasons therefore in the rule issued) that notice and

1 public procedure thereon are impracticable, unneces-
2 sary, or contrary to the public interest,
3 shall take effect at such time as the Federal financial
4 agency promulgating the rule determines.

5 **SEC. 637. BUDGETARY EFFECTS OF RULES SUBJECT TO**
6 **SECTION 632 OF THE FINANCIAL CHOICE ACT**
7 **OF 2016.**

8 Section 257(b)(2) of the Balanced Budget and Emer-
9 gency Deficit Control Act of 1985 is amended by adding
10 at the end the following new subparagraph:

11 “(E) BUDGETARY EFFECTS OF RULES SUBJECT
12 TO SECTION 632 OF THE FINANCIAL CHOICE ACT OF
13 2016.—Any rules subject to the congressional ap-
14 proval procedure set forth in section 632 of the Fi-
15 nancial CHOICE Act of 2016 affecting budget au-
16 thority, outlays, or receipts shall be assumed to be
17 effective unless it is not approved in accordance with
18 such section.”.

19 **Subtitle C—Judicial Review of**
20 **Agency Actions**

21 **SEC. 641. SCOPE OF JUDICIAL REVIEW OF AGENCY AC-**
22 **TIONS.**

23 (a) IN GENERAL.—Notwithstanding any other provi-
24 sion of law, in any judicial review of an agency action pur-
25 suant to chapter 7 of title 5, United States Code, to the

1 extent necessary to decision and when presented, the re-
2 viewing court shall determine the meaning or applicability
3 of the terms of an agency action and decide de novo all
4 relevant questions of law, including the interpretation of
5 constitutional and statutory provisions, and rules made by
6 an agency. Notwithstanding any other provision of law,
7 this section shall apply in any action for judicial review
8 of agency action authorized under any provision of law.
9 No law may exempt any such civil action from the applica-
10 tion of this section except by specific reference to this sec-
11 tion.

12 (b) AGENCY DEFINED.—For purposes of this section,
13 the term “agency” means the Consumer Financial Oppor-
14 tunity Commission, the Board of Governors of the Federal
15 Reserve System, the Commodity Futures Trading Com-
16 mission, the Federal Deposit Insurance Corporation, the
17 Federal Housing Finance Agency, the Office of the Comp-
18 troller of the Currency, the National Credit Union Admin-
19 istration, and the Securities and Exchange Commission.

20 **Subtitle D—Leadership of**
21 **Financial Regulators**

22 **SEC. 651. FEDERAL DEPOSIT INSURANCE CORPORATION.**

23 Section 2 of the Federal Deposit Insurance Act (12
24 U.S.C. 1812) is amended—

1 (1) in subsection (a)(1), by striking “5 mem-
2 bers” and all that follows through “3 of whom” and
3 inserting the following: “5 members, who”;

4 (2) by amending subsection (d) to read as fol-
5 lows:

6 “(d) VACANCY.—Any vacancy on the Board of Direc-
7 tors shall be filled in the manner in which the original
8 appointment was made.”; and

9 (3) in subsection (f)—

10 (A) by striking paragraph (2); and

11 (B) by redesignating paragraph (3) as
12 paragraph (2).

13 **SEC. 652. FEDERAL HOUSING FINANCE AGENCY.**

14 (a) ESTABLISHMENT OF BOARD.—Section 1312 of
15 the Federal Housing Enterprises Financial Safety and
16 Soundness Act of 1992 (12 U.S.C. 4512) is amended—

17 (1) in the heading of such section, by striking

18 “**DIRECTOR**” and inserting “**BOARD OF DIREC-**
19 **TORS**”; and

20 (2) by striking subsections (a) and (b) and in-
21 serting the following:

22 “(a) ESTABLISHMENT.—There is established the
23 Board of Directors of the Agency, which shall serve as
24 the head of the Agency.

25 “(b) BOARD OF DIRECTORS.—

1 “(1) COMPOSITION OF THE BOARD.—

2 “(A) IN GENERAL.—The Board shall be
3 composed of 5 members who shall be appointed
4 by the President, by and with the advice and
5 consent of the Senate, from among individuals
6 who—

7 “(i) are citizens of the United States;
8 and

9 “(ii) have a demonstrated under-
10 standing of financial management or over-
11 sight, and have a demonstrated under-
12 standing of capital markets, including the
13 mortgage securities markets and housing
14 finance.

15 “(B) STAGGERING.—The members of the
16 Board shall serve staggered terms, which ini-
17 tially shall be established by the President for
18 terms of 1, 2, 3, 4, and 5 years, respectively.

19 “(C) TERMS.—

20 “(i) IN GENERAL.—Each member of
21 the Board, including the Chair, shall serve
22 for a term of 5 years.

23 “(ii) REMOVAL.—The President may
24 remove any member of the Board for inef-

1 iciency, neglect of duty, or malfeasance in
2 office.

3 “(iii) VACANCIES.—Any member of
4 the Board appointed to fill a vacancy oc-
5 curring before the expiration of the term to
6 which that member’s predecessor was ap-
7 pointed (including the Chair) shall be ap-
8 pointed only for the remainder of the term.

9 “(iv) CONTINUATION OF SERVICE.—
10 Each member of the Board may continue
11 to serve after the expiration of the term of
12 office to which that member was appointed
13 until a successor has been appointed by the
14 President and confirmed by the Senate, ex-
15 cept that a member may not continue to
16 serve more than 1 year after the date on
17 which that member’s term would otherwise
18 expire.

19 “(v) OTHER EMPLOYMENT PROHIB-
20 ITED.—No member of the Board shall en-
21 gage in any other business, vocation, or
22 employment.

23 “(2) AFFILIATION.—Not more than 3 members
24 of the Board shall be members of any one political
25 party.

1 “(3) CHAIR OF THE BOARD.—

2 “(A) APPOINTMENT.—The Chair of the
3 Board shall be appointed by the President.

4 “(B) AUTHORITY.—The Chair shall be the
5 principal executive officer of the Agency, and
6 shall exercise all of the executive and adminis-
7 trative functions of the Agency, including with
8 respect to—

9 “(i) the appointment and supervision
10 of personnel employed under the Agency
11 (other than personnel employed regularly
12 and full time in the immediate offices of
13 members of the Board other than the
14 Chair);

15 “(ii) the distribution of business
16 among personnel appointed and supervised
17 by the Chair and among administrative
18 units of the Agency; and

19 “(iii) the use and expenditure of
20 funds.

21 “(C) LIMITATION.—In carrying out any of
22 the Chair’s functions under the provisions of
23 this paragraph the Chair shall be governed by
24 general policies of the Agency and by such reg-
25 ulatory decisions, findings, and determinations

1 as the Agency may by law be authorized to
2 make.

3 “(4) NO IMPAIRMENT BY REASON OF VACAN-
4 CIES.—No vacancy in the members of the Board
5 shall impair the right of the remaining members of
6 the Board to exercise all the powers of the Board.
7 Three members of the Board shall constitute a
8 quorum for the transaction of business, except that
9 if there are only 3 members serving on the Board
10 because of vacancies in the Board, 2 members of the
11 Board shall constitute a quorum for the transaction
12 of business. If there are only 2 members serving on
13 the Board because of vacancies in the Board, 2
14 members shall constitute a quorum for the 6-month
15 period beginning on the date of the vacancy which
16 caused the number of Board members to decline to
17 2.

18 “(5) COMPENSATION.—

19 “(A) CHAIR.—The Chair shall receive com-
20 pensation at the rate prescribed for level I of
21 the Executive Schedule under section 5313 of
22 title 5, United States Code.

23 “(B) OTHER MEMBERS OF THE BOARD.—
24 The 4 other members of the Board shall each
25 receive compensation at the rate prescribed for

1 level II of the Executive Schedule under section
2 5314 of title 5, United States Code.

3 “(6) INITIAL QUORUM ESTABLISHED.—During
4 any time period prior to the confirmation of at least
5 two members of the Board, one member of the
6 Board shall constitute a quorum for the transaction
7 of business. Following the confirmation of at least 2
8 additional members of the Board, the quorum re-
9 quirements of paragraph (4) shall apply.”.

10 (b) CONFORMING AMENDMENT.—Section 5313 of
11 title 5, United States Code, is amended by striking “Direc-
12 tor of the Federal Housing Finance Agency.”.

13 (c) DEEMING.—Any reference in a law, regulation,
14 document, paper, or other record of the United States to
15 the position of the Director of the Federal Housing Fi-
16 nance Agency shall be deemed a reference to the Board
17 of Directors of the Federal Housing Finance Agency.

18 **SEC. 653. NATIONAL CREDIT UNION ADMINISTRATION.**

19 Section 102 of the Federal Credit Union Act (12
20 U.S.C. 1752a) is amended—

21 (1) in subsection (b)(1)—

22 (A) by striking “three” and inserting
23 “five”; and

24 (B) by striking “two” and inserting
25 “three”; and

1 (2) by amending subsection (c) to read as fol-
2 lows:

3 “(c) TERMS.—The term of office of each member of
4 the Board shall be five years, and the members shall serve
5 staggered terms. Board members shall not be appointed
6 to succeed themselves. Any Board member may continue
7 to serve as such after the expiration of said member’s term
8 until a successor has qualified.”.

9 **SEC. 654. OFFICE OF THE COMPTROLLER OF THE CUR-**
10 **RENCY.**

11 (a) ESTABLISHMENT OF BOARD.—Subsection (b) of
12 section 324 of the Revised Statutes of the United States
13 (12 U.S.C. 1) is amended to read as follows:

14 “(b) BOARD OF DIRECTORS.—

15 “(1) ESTABLISHMENT.—There is established
16 the Board of Directors of the Office of the Comp-
17 troller of the Currency (hereinafter referred to as
18 the ‘Board’), which shall serve as the head of the
19 Office.

20 “(2) COMPOSITION OF THE BOARD.—

21 “(A) IN GENERAL.—The Board shall be
22 composed of 5 members who shall be appointed
23 by the President, by and with the advice and
24 consent of the Senate, from among individuals
25 who—

1 “(i) are citizens of the United States;
2 and

3 “(ii) have strong competencies and ex-
4 periences related to the banking industry.

5 “(B) STAGGERING.—The members of the
6 Board shall serve staggered terms, which ini-
7 tially shall be established by the President for
8 terms of 1, 2, 3, 4, and 5 years, respectively.

9 “(C) TERMS.—

10 “(i) IN GENERAL.—Each member of
11 the Board, including the Chair, shall serve
12 for a term of 5 years.

13 “(ii) REMOVAL.—The President may
14 remove any member of the Board for inef-
15 ficiency, neglect of duty, or malfeasance in
16 office.

17 “(iii) VACANCIES.—Any member of
18 the Board appointed to fill a vacancy oc-
19 curring before the expiration of the term to
20 which that member’s predecessor was ap-
21 pointed (including the Chair) shall be ap-
22 pointed only for the remainder of the term.

23 “(iv) CONTINUATION OF SERVICE.—
24 Each member of the Board may continue
25 to serve after the expiration of the term of

1 office to which that member was appointed
2 until a successor has been appointed by the
3 President and confirmed by the Senate, ex-
4 cept that a member may not continue to
5 serve more than 1 year after the date on
6 which that member's term would otherwise
7 expire.

8 “(v) OTHER EMPLOYMENT PROHIB-
9 ITED.—No member of the Board shall en-
10 gage in any other business, vocation, or
11 employment.

12 “(3) AFFILIATION.—Not more than 3 members
13 of the Board shall be members of any one political
14 party.

15 “(4) CHAIR OF THE BOARD.—

16 “(A) APPOINTMENT.—The Chair of the
17 Board shall be appointed by the President.

18 “(B) AUTHORITY.—The Chair shall be the
19 principal executive officer of the Office, and
20 shall exercise all of the executive and adminis-
21 trative functions of the Office, including with
22 respect to—

23 “(i) the appointment and supervision
24 of personnel employed under the Office
25 (other than personnel employed regularly

1 and full time in the immediate offices of
2 members of the Board other than the
3 Chair);

4 “(ii) the distribution of business
5 among personnel appointed and supervised
6 by the Chair and among administrative
7 units of the Office; and

8 “(iii) the use and expenditure of
9 funds.

10 “(C) LIMITATION.—In carrying out any of
11 the Chair’s functions under the provisions of
12 this paragraph the Chair shall be governed by
13 general policies of the Office and by such regu-
14 latory decisions, findings, and determinations as
15 the Office may by law be authorized to make.

16 “(5) NO IMPAIRMENT BY REASON OF VACAN-
17 CIES.—No vacancy in the members of the Board
18 shall impair the right of the remaining members of
19 the Board to exercise all the powers of the Board.
20 Three members of the Board shall constitute a
21 quorum for the transaction of business, except that
22 if there are only 3 members serving on the Board
23 because of vacancies in the Board, 2 members of the
24 Board shall constitute a quorum for the transaction
25 of business. If there are only 2 members serving on

1 the Board because of vacancies in the Board, 2
2 members shall constitute a quorum for the 6-month
3 period beginning on the date of the vacancy which
4 caused the number of Board members to decline to
5 2.

6 “(6) COMPENSATION.—

7 “(A) CHAIR.—The Chair shall receive com-
8 pensation at the rate prescribed for level I of
9 the Executive Schedule under section 5313 of
10 title 5, United States Code.

11 “(B) OTHER MEMBERS OF THE BOARD.—
12 The 4 other members of the Board shall each
13 receive compensation at the rate prescribed for
14 level II of the Executive Schedule under section
15 5314 of title 5, United States Code.

16 “(7) INITIAL QUORUM ESTABLISHED.—During
17 any time period prior to the confirmation of at least
18 two members of the Board, one member of the
19 Board shall constitute a quorum for the transaction
20 of business. Following the confirmation of at least 2
21 additional members of the Board, the quorum re-
22 quirements of paragraph (5) shall apply.”.

23 (b) CONFORMING AMENDMENT.—Section 5314 of
24 title 5, United States Code, is amended by striking
25 “Comptroller of the Currency.”.

1 (c) DEEMING.—Any reference in a law, regulation,
2 document, paper, or other record of the United States to
3 the position of the Comptroller of the Currency shall be
4 deemed a reference to the Board of Directors of the Office
5 of the Comptroller of the Currency.

6 **Subtitle E—Congressional** 7 **Oversight of Appropriations**

8 **SEC. 661. BRINGING THE FEDERAL DEPOSIT INSURANCE** 9 **CORPORATION INTO THE REGULAR APPRO-** 10 **PRIATIONS PROCESS.**

11 (a) IN GENERAL.—Section 10 of the Federal Deposit
12 Insurance Act (12 U.S.C. 1820) is amended—

13 (1) in subsection (a)—

14 (A) by striking “(a) The” and inserting
15 the following:

16 “(a) POWERS.—

17 “(1) IN GENERAL.—The”;

18 (B) by inserting “, subject to paragraph
19 (2) and subsection (l),” after “The Board of
20 Directors of the Corporation”; and

21 (C) by adding at the end the following new
22 paragraph:

23 “(2) APPROPRIATIONS REQUIREMENT.—The
24 Corporation may only incur obligations or allow and
25 pay expenses pursuant to an appropriations Act,

1 other than with respect to obligations or expenses
2 paid for with funds from the Deposit Insurance
3 Fund or incurred, allowed, or paid for the purpose
4 of carrying out the insurance function of the Cor-
5 poration.”; and

6 (2) by adding at the end the following new sub-
7 section:

8 “(1) **NON-INSURANCE FEES AS OFFSETTING COLLEC-**
9 **TIONS.**—Any fees collected by the Corporation, except pur-
10 suant to section 5(d), shall be deposited and credited as
11 offsetting collections to the account providing appropria-
12 tions to the Corporation.”.

13 (b) **EFFECTIVE DATE.**—The amendments made by
14 this section shall apply with respect to expenses paid and
15 fees collected on or after the date that is 90 days after
16 the date of the enactment of the first appropriation Act
17 that provides for appropriations to the Federal Deposit
18 Insurance Corporation and that is enacted after the date
19 of the enactment of this Act.

20 **SEC. 662. BRINGING THE FEDERAL HOUSING FINANCE**
21 **AGENCY INTO THE REGULAR APPROPRIA-**
22 **TIONS PROCESS.**

23 (a) **IN GENERAL.**—Section 1316(f) of the Housing
24 and Community Development Act of 1992 (12 U.S.C.
25 4516(f)) is amended to read as follows:

1 “(f) APPROPRIATIONS REQUIREMENT; ASSESSMENTS
2 DEPOSITED AS OFFSETTING COLLECTIONS.—

3 “(1) APPROPRIATIONS REQUIREMENT.—The
4 Agency may only incur obligations or allow and pay
5 expenses pursuant to an appropriations Act.

6 “(2) OFFSETTING COLLECTIONS.—Any assess-
7 ments or other fees collected by the Agency shall be
8 deposited and credited as offsetting collections to the
9 account providing appropriations to the Agency.”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply with respect to expenses paid and
12 fees collected on or after the date that is 90 days after
13 the date of the enactment of the first appropriation Act
14 that provides for appropriations to the Federal Housing
15 Finance Agency and that is enacted after the date of the
16 enactment of this Act.

17 **SEC. 663. BRINGING THE NATIONAL CREDIT UNION ADMIN-**
18 **ISTRATION INTO THE REGULAR APPROPRIA-**
19 **TIONS PROCESS.**

20 (a) IN GENERAL.—Section 105 of the Federal Credit
21 Union Act (12 U.S.C. 1755) is amended by striking sub-
22 sections (d) and (e) and inserting the following:

23 “(d) APPROPRIATIONS REQUIREMENT.—The Admin-
24 istration may only incur obligations or allow and pay ex-
25 penses pursuant to an appropriations Act, other than with

1 respect to obligations or expenses paid for with funds from
2 the National Credit Union Share Insurance Fund or in-
3 curred, allowed, or paid for the purpose of carrying out
4 the insurance function of the Administration.

5 “(e) NON-INSURANCE FEES AS OFFSETTING COL-
6 LECTIONS.—Any fees collected by the Administration, ex-
7 cept for insurance fees collected under title II, shall be
8 deposited and credited as offsetting collections to the ac-
9 count providing appropriations to the Administration.”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply with respect to expenses paid and
12 fees collected on or after the date that is 90 days after
13 the date of the enactment of the first appropriation Act
14 that provides for appropriations to the National Credit
15 Union Administration and that is enacted after the date
16 of the enactment of this Act.

17 **SEC. 664. BRINGING THE OFFICE OF THE COMPTROLLER**
18 **OF THE CURRENCY INTO THE REGULAR AP-**
19 **PROPRIATIONS PROCESS.**

20 (a) IN GENERAL.—Section 5240A of the Revised
21 Statutes of the United States is amended—

22 (1) by striking “Sec. 5240A. The Comptroller
23 of the Currency may” and inserting the following:

1 **“SEC. 5240A. APPROPRIATIONS REQUIREMENT; ASSESS-**
2 **MENTS DEPOSITED AS OFFSETTING COLLEC-**
3 **TIONS.**

4 “(a) IN GENERAL.—The Board of Directors of the
5 Office of the Comptroller of the Currency may”;

6 (2) by striking “Funds derived” and all that
7 follows through the end of the section; and

8 (3) by adding at the end the following:

9 “(b) APPROPRIATIONS REQUIREMENT.—The Chair
10 of the Board of Directors of the Office of the Comptroller
11 of the Currency may only incur obligations or allow and
12 pay expenses pursuant to an appropriations Act.

13 “(c) OFFSETTING COLLECTIONS.—Any assessments
14 or other fees collected by the Chair shall be deposited and
15 credited as offsetting collections to the account providing
16 appropriations to the Board of Directors of the Office of
17 the Comptroller of the Currency.”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply with respect to expenses paid and
20 fees collected on or after the date that is 90 days after
21 the date of the enactment of the first appropriation Act
22 that provides for appropriations to the Board of Directors
23 of the Office of the Comptroller of the Currency and that
24 is enacted after the date of the enactment of this Act.

1 **SEC. 665. BRINGING THE NON-MONETARY POLICY RELATED**
2 **FUNCTIONS OF THE BOARD OF GOVERNORS**
3 **OF THE FEDERAL RESERVE SYSTEM INTO**
4 **THE REGULAR APPROPRIATIONS PROCESS.**

5 The Federal Reserve Act is amended by inserting
6 after section 11B the following:

7 **“SEC. 11C. APPROPRIATIONS REQUIREMENT FOR NON-**
8 **MONETARY POLICY RELATED ADMINISTRA-**
9 **TIVE COSTS.**

10 “(a) **APPROPRIATIONS REQUIREMENT.**—The Board
11 of Governors of the Federal Reserve System and the Fed-
12 eral reserve banks may only incur obligations or allow and
13 pay expenses with respect to non-monetary policy related
14 administrative costs pursuant to an appropriations Act.

15 “(b) **EARNINGS USED TO RECOVER THE COST OF**
16 **APPROPRIATIONS.**—

17 “(1) **IN GENERAL.**—Except as provided under
18 paragraph (2) and notwithstanding any other provi-
19 sion of law, all earnings of the Board of Governors
20 of the Federal Reserve System and the Federal re-
21 serve banks that would, absent this section, be used
22 to fund the non-monetary policy related administra-
23 tive costs of the Board of Governors of the Federal
24 Reserve System and each of the Federal reserve
25 banks shall be deposited into the general fund of the
26 Treasury and credited as offsetting collections for

1 the amounts appropriated to fund such non-mone-
2 tary policy related administrative costs.

3 “(2) NO DEPOSITS IN EXCESS OF APPROPRIA-
4 TIONS.—The amount deposited pursuant to para-
5 graph (1) with respect to a fiscal year shall not ex-
6 ceed the amount appropriated to fund the non-mone-
7 tary policy related administrative costs of the Board
8 of Governors of the Federal Reserve System and
9 each of the Federal reserve banks for such fiscal
10 year.

11 “(c) DEFINITIONS.—For purposes of this section:

12 “(1) MONETARY POLICY.—The term ‘monetary
13 policy’ means a strategy for producing a generally
14 acceptable exchange medium that supports the pro-
15 ductive employment of economic resources by reli-
16 ably serving as both a unit of account and store of
17 value.

18 “(2) NON-MONETARY POLICY RELATED ADMIN-
19 ISTRAIVE COSTS.—The term ‘non-monetary policy
20 related administrative costs’ means administrative
21 costs not related to the conduct of monetary policy,
22 and include—

23 “(A) direct operating expenses for super-
24 vising and regulating entities supervised and
25 regulated by the Board of Governors of the

1 Federal Reserve System, including conducting
2 examinations, conducting stress tests, commu-
3 nicating with the entities regarding supervisory
4 matters and laws, and regulations;

5 “(B) operating expenses for activities inte-
6 gral to carrying out supervisory and regulatory
7 responsibilities, such as training staff in the su-
8 pervisory function, research and analysis func-
9 tions including library subscription services, and
10 collecting and processing regulatory reports
11 filed by supervised institutions; and

12 “(C) support, overhead, and pension ex-
13 penses related to the items described under sub-
14 paragraphs (A) and (B).”.

15 **Subtitle F—International Processes**

16 **SEC. 671. REQUIREMENTS FOR INTERNATIONAL PROC-** 17 **ESSES.**

18 (a) BOARD OF GOVERNORS REQUIREMENTS.—Sec-
19 tion 11 of the Federal Reserve Act (12 U.S.C. 248), as
20 amended by section 706, is further amended by adding
21 at the end the following new subsection:

22 “(w) INTERNATIONAL PROCESSES.—

23 “(1) NOTICE OF PROCESS; CONSULTATION.—At
24 least 30 calendar days before any member or em-
25 ployee of the Board of Governors of the Federal Re-

1 serve System participates in a process of setting fi-
2 nancial standards as a part of any foreign or multi-
3 national entity, the Board of Governors shall—

4 “(A) issue a notice of the process, includ-
5 ing the subject matter, scope, and goals of the
6 process, to the Committee on Financial Services
7 of the House of Representatives and the Com-
8 mittee on Banking, Housing, and Urban Affairs
9 of the Senate;

10 “(B) make such notice available to the
11 public, including on the website of the Board of
12 Governors; and

13 “(C) solicit public comment, and consult
14 with the committees described under subpara-
15 graph (A), with respect to the subject matter,
16 scope, and goals of the process.

17 “(2) PUBLIC REPORTS ON PROCESS.—After the
18 end of any process described under paragraph (1),
19 the Board of Governors shall issue a public report
20 on the topics that were discussed during the process
21 and any new or revised rulemakings or policy
22 changes that the Board of Governors believes should
23 be implemented as a result of the process.

24 “(3) NOTICE OF AGREEMENTS; CONSULTA-
25 TION.—At least 90 calendar days before any mem-

1 ber or employee of the Board of Governors of the
2 Federal Reserve System participates in a process of
3 setting financial standards as a part of any foreign
4 or multinational entity, the Board of Governors
5 shall—

6 “(A) issue a notice of agreement to the
7 Committee on Financial Services of the House
8 of Representatives and the Committee on Bank-
9 ing, Housing, and Urban Affairs of the Senate;

10 “(B) make such notice available to the
11 public, including on the website of the Board of
12 Governors; and

13 “(C) consult with the committees described
14 under subparagraph (A) with respect to the na-
15 ture of the agreement and any anticipated ef-
16 fects such agreement will have on the economy.

17 “(4) DEFINITION.—For purposes of this sub-
18 section, the term ‘process’ shall include any official
19 proceeding or meeting on financial regulation of a
20 recognized international organization with authority
21 to set financial standards on a global or regional
22 level, including the Financial Stability Board, the
23 Basel Committee on Banking Supervision (or a simi-
24 lar organization), and the International Association

1 of Insurance Supervisors (or a similar organiza-
2 tion).”.

3 (b) FDIC REQUIREMENTS.—The Federal Deposit
4 Insurance Act (12 U.S.C. 1811 et seq.) is amended by
5 adding at the end the following new section:

6 **“SEC. 51. INTERNATIONAL PROCESSES.**

7 “(a) NOTICE OF PROCESS; CONSULTATION.—At least
8 30 calendar days before the Board of Directors partici-
9 pates in a process of setting financial standards as a part
10 of any foreign or multinational entity, the Board of Direc-
11 tors shall—

12 “(1) issue a notice of the process, including the
13 subject matter, scope, and goals of the process, to
14 the Committee on Financial Services of the House of
15 Representatives and the Committee on Banking,
16 Housing, and Urban Affairs of the Senate;

17 “(2) make such notice available to the public,
18 including on the website of the Corporation; and

19 “(3) solicit public comment, and consult with
20 the committees described under paragraph (1), with
21 respect to the subject matter, scope, and goals of the
22 process.

23 “(b) PUBLIC REPORTS ON PROCESS.—After the end
24 of any process described under subsection (a), the Board
25 of Directors shall issue a public report on the topics that

1 were discussed at the process and any new or revised
2 rulemakings or policy changes that the Board of Directors
3 believes should be implemented as a result of the process.

4 “(c) NOTICE OF AGREEMENTS; CONSULTATION.—At
5 least 90 calendar days before the Board of Directors par-
6 ticipates in a process of setting financial standards as a
7 part of any foreign or multinational entity, the Board of
8 Directors shall—

9 “(1) issue a notice of agreement to the Com-
10 mittee on Financial Services of the House of Rep-
11 resentatives and the Committee on Banking, Hous-
12 ing, and Urban Affairs of the Senate;

13 “(2) make such notice available to the public,
14 including on the website of the Corporation; and

15 “(3) consult with the committees described
16 under paragraph (1) with respect to the nature of
17 the agreement and any anticipated effects such
18 agreement will have on the economy.

19 “(d) DEFINITION.—For purposes of this section, the
20 term ‘process’ shall include any official proceeding or
21 meeting on financial regulation of a recognized inter-
22 national organization with authority to set financial stand-
23 ards on a global or regional level, including the Financial
24 Stability Board, the Basel Committee on Banking Super-
25 vision (or a similar organization), and the International

1 Association of Insurance Supervisors (or a similar organi-
2 zation).”.

3 (c) TREASURY REQUIREMENTS.—Section 325 of title
4 31, United States Code, is amended by adding at the end
5 the following new subsection:

6 “(d) INTERNATIONAL PROCESSES.—

7 “(1) NOTICE OF PROCESS; CONSULTATION.—At
8 least 30 calendar days before the Secretary partici-
9 pates in a process of setting financial standards as
10 a part of any foreign or multinational entity, the
11 Secretary shall—

12 “(A) issue a notice of the process, includ-
13 ing the subject matter, scope, and goals of the
14 process, to the Committee on Financial Services
15 of the House of Representatives and the Com-
16 mittee on Banking, Housing, and Urban Affairs
17 of the Senate;

18 “(B) make such notice available to the
19 public, including on the website of the Depart-
20 ment of the Treasury; and

21 “(C) solicit public comment, and consult
22 with the committees described under subpara-
23 graph (A), with respect to the subject matter,
24 scope, and goals of the process.

1 “(2) PUBLIC REPORTS ON PROCESS.—After the
2 end of any process described under paragraph (1),
3 the Secretary shall issue a public report on the top-
4 ics that were discussed at the process and any new
5 or revised rulemakings or policy changes that the
6 Secretary believes should be implemented as a result
7 of the process.

8 “(3) NOTICE OF AGREEMENTS; CONSULTA-
9 TION.—At least 90 calendar days before the Sec-
10 retary participates in a process of setting financial
11 standards as a part of any foreign or multinational
12 entity, the Secretary shall—

13 “(A) issue a notice of agreement to the
14 Committee on Financial Services of the House
15 of Representatives and the Committee on Bank-
16 ing, Housing, and Urban Affairs of the Senate;

17 “(B) make such notice available to the
18 public, including on the website of the Depart-
19 ment of the Treasury; and

20 “(C) consult with the committees described
21 under subparagraph (A) with respect to the na-
22 ture of the agreement and any anticipated ef-
23 fects such agreement will have on the economy.

24 “(4) DEFINITION.—For purposes of this sub-
25 section, the term ‘process’ shall include any official

1 proceeding or meeting on financial regulation of a
2 recognized international organization with authority
3 to set financial standards on a global or regional
4 level, including the Financial Stability Board, the
5 Basel Committee on Banking Supervision (or a simi-
6 lar organization), and the International Association
7 of Insurance Supervisors (or a similar organiza-
8 tion).”.

9 (d) OCC REQUIREMENTS.—Chapter one of title LXII
10 of the Revised Statutes of the United States (12 U.S.C.
11 21 et seq.) is amended—

12 (1) by adding at the end the following new sec-
13 tion:

14 **“SEC. 5156B. INTERNATIONAL PROCESSES.**

15 “(a) NOTICE OF PROCESS; CONSULTATION.—At least
16 30 calendar days before the Board of Directors of the Of-
17 fice of the Comptroller of the Currency participates in a
18 process of setting financial standards as a part of any for-
19 eign or multinational entity, the Board of Directors
20 shall—

21 “(1) issue a notice of the process, including the
22 subject matter, scope, and goals of the process, to
23 the Committee on Financial Services of the House of
24 Representatives and the Committee on Banking,
25 Housing, and Urban Affairs of the Senate;

1 “(2) make such notice available to the public,
2 including on the website of the Office of the Comp-
3 troller of the Currency; and

4 “(3) solicit public comment, and consult with
5 the committees described under paragraph (1), with
6 respect to the subject matter, scope, and goals of the
7 process.

8 “(b) PUBLIC REPORTS ON PROCESS.—After the end
9 of any process described under subsection (a), the Board
10 of Directors shall issue a public report on the topics that
11 were discussed at the process and any new or revised
12 rulemakings or policy changes that the Board of Directors
13 believes should be implemented as a result of the process.

14 “(c) NOTICE OF AGREEMENTS; CONSULTATION.—At
15 least 90 calendar days before the Board of Directors par-
16 ticipates in a process of setting financial standards as a
17 part of any foreign or multinational entity, the Board of
18 Directors shall—

19 “(1) issue a notice of agreement to the Com-
20 mittee on Financial Services of the House of Rep-
21 resentatives and the Committee on Banking, Hous-
22 ing, and Urban Affairs of the Senate;

23 “(2) make such notice available to the public,
24 including on the website of the Office of the Comp-
25 troller of the Currency; and

1 “(3) consult with the committees described
2 under paragraph (1) with respect to the nature of
3 the agreement and any anticipated effects such
4 agreement will have on the economy.

5 “(d) DEFINITION.—For purposes of this section, the
6 term ‘process’ shall include any official proceeding or
7 meeting on financial regulation of a recognized inter-
8 national organization with authority to set financial stand-
9 ards on a global or regional level, including the Financial
10 Stability Board, the Basel Committee on Banking Super-
11 vision (or a similar organization), and the International
12 Association of Insurance Supervisors (or a similar organi-
13 zation).”; and

14 (2) in the table of contents for such chapter, by
15 adding at the end the following new item:

“5156B. International processes.”.

16 (e) SECURITIES AND EXCHANGE COMMISSION RE-
17 QUIREMENTS.—Section 4 of the Securities Exchange Act
18 of 1934 (15 U.S.C. 78d) is amended by adding at the end
19 the following new subsection:

20 “(j) INTERNATIONAL PROCESSES.—

21 “(1) NOTICE OF PROCESS; CONSULTATION.—At
22 least 30 calendar days before the Commission par-
23 ticipates in a process of setting financial standards
24 as a part of any foreign or multinational entity, the
25 Commission shall—

1 “(A) issue a notice of the process, includ-
2 ing the subject matter, scope, and goals of the
3 process, to the Committee on Financial Services
4 of the House of Representatives and the Com-
5 mittee on Banking, Housing, and Urban Affairs
6 of the Senate;

7 “(B) make such notice available to the
8 public, including on the website of the Commis-
9 sion; and

10 “(C) solicit public comment, and consult
11 with the committees described under subpara-
12 graph (A), with respect to the subject matter,
13 scope, and goals of the process.

14 “(2) PUBLIC REPORTS ON PROCESS.—After the
15 end of any process described under paragraph (1),
16 the Commission shall issue a public report on the
17 topics that were discussed at the process and any
18 new or revised rulemakings or policy changes that
19 the Commission believes should be implemented as a
20 result of the process.

21 “(3) NOTICE OF AGREEMENTS; CONSULTA-
22 TION.—At least 90 calendar days before the Com-
23 mission participates in a process of setting financial
24 standards as a part of any foreign or multinational
25 entity, the Commission shall—

1 “(A) issue a notice of agreement to the
2 Committee on Financial Services of the House
3 of Representatives and the Committee on Bank-
4 ing, Housing, and Urban Affairs of the Senate;

5 “(B) make such notice available to the
6 public, including on the website of the Commis-
7 sion; and

8 “(C) consult with the committees described
9 under subparagraph (A) with respect to the na-
10 ture of the agreement and any anticipated ef-
11 fects such agreement will have on the economy.

12 “(4) DEFINITION.—For purposes of this sub-
13 section, the term ‘process’ shall include any official
14 proceeding or meeting on financial regulation of a
15 recognized international organization with authority
16 to set financial standards on a global or regional
17 level, including the Financial Stability Board, the
18 Basel Committee on Banking Supervision (or a simi-
19 lar organization), and the International Association
20 of Insurance Supervisors (or a similar organiza-
21 tion).”.

1 **TITLE VII—FED OVERSIGHT**
2 **REFORM AND MODERNIZATION**

3 **SEC. 701. REQUIREMENTS FOR POLICY RULES OF THE FED-**
4 **ERAL OPEN MARKET COMMITTEE.**

5 The Federal Reserve Act (12 U.S.C. 221 et seq.) is
6 amended by inserting after section 2B the following new
7 section:

8 **“SEC. 2C. DIRECTIVE POLICY RULES OF THE FEDERAL**
9 **OPEN MARKET COMMITTEE.**

10 “(a) DEFINITIONS.—In this section the following
11 definitions shall apply:

12 “(1) APPROPRIATE CONGRESSIONAL COMMIT-

13 TEES.—The term ‘appropriate congressional com-

14 mittees’ means the Committee on Financial Services

15 of the House of Representatives and the Committee

16 on Banking, Housing, and Urban Affairs of the Sen-

17 ate.

18 “(2) DIRECTIVE POLICY RULE.—The term ‘Di-

19 rective Policy Rule’ means a policy rule developed by

20 the Federal Open Market Committee that meets the

21 requirements of subsection (c) and that provides the

22 basis for the Open Market Operations Directive.

23 “(3) GDP.—The term ‘GDP’ means the gross

24 domestic product of the United States as computed

25 and published by the Department of Commerce.

1 “(4) INTERMEDIATE POLICY INPUT.—The term
2 ‘Intermediate Policy Input’—

3 “(A) may include any variable determined
4 by the Federal Open Market Committee as a
5 necessary input to guide open-market oper-
6 ations;

7 “(B) shall include an estimate of, and the
8 method of calculation for, the current rate of
9 inflation or current inflation expectations; and

10 “(C) shall include, specifying whether the
11 variable or estimate is historical, current, or a
12 forecast and the method of calculation, at least
13 one of—

14 “(i) an estimate of real GDP, nominal
15 GDP, or potential GDP;

16 “(ii) an estimate of the monetary ag-
17 gregate compiled by the Board of Gov-
18 ernors of the Federal Reserve System and
19 Federal reserve banks; or

20 “(iii) an interactive variable or a net
21 estimate composed of the estimates de-
22 scribed in clauses (i) and (ii).

23 “(5) LEGISLATIVE DAY.—The term ‘legislative
24 day’ means a day on which either House of Congress
25 is in session.

1 “(6) OPEN MARKET OPERATIONS DIRECTIVE.—

2 The term ‘Open Market Operations Directive’ means
3 an order to achieve a specified Policy Instrument
4 Target provided to the Federal Reserve Bank of
5 New York by the Federal Open Market Committee
6 pursuant to powers authorized under section 14 of
7 this Act that guide open-market operations.

8 “(7) POLICY INSTRUMENT.—The term ‘Policy
9 Instrument’ means—

10 “(A) the nominal Federal funds rate;

11 “(B) the nominal rate of interest paid on
12 nonborrowed reserves; or

13 “(C) the discount window primary credit
14 interest rate most recently published on the
15 Federal Reserve Statistical Release on selected
16 interest rates (daily or weekly), commonly re-
17 ferred to as the H.15 release.

18 “(8) POLICY INSTRUMENT TARGET.—The term
19 ‘Policy Instrument Target’ means the target for the
20 Policy Instrument specified in the Open Market Op-
21 erations Directive.

22 “(9) REFERENCE POLICY RULE.—The term
23 ‘Reference Policy Rule’ means a calculation of the
24 nominal Federal funds rate as equal to the sum of
25 the following:

1 “(A) The rate of inflation over the pre-
2 vious four quarters.

3 “(B) One-half of the percentage deviation
4 of the real GDP from an estimate of potential
5 GDP.

6 “(C) One-half of the difference between the
7 rate of inflation over the previous four quarters
8 and two percent.

9 “(D) Two percent.

10 “(b) SUBMITTING A DIRECTIVE POLICY RULE.—Not
11 later than 48 hours after the end of a meeting of the Fed-
12 eral Open Market Committee, the Chairman of the Fed-
13 eral Open Market Committee shall submit to the appro-
14 priate congressional committees and the Comptroller Gen-
15 eral of the United States a Directive Policy Rule and a
16 statement that identifies the members of the Federal Open
17 Market Committee who voted in favor of the Rule.

18 “(c) REQUIREMENTS FOR A DIRECTIVE POLICY
19 RULE.—A Directive Policy Rule shall—

20 “(1) identify the Policy Instrument the Direc-
21 tive Policy Rule is designed to target;

22 “(2) describe the strategy or rule of the Federal
23 Open Market Committee for the systematic quan-
24 titative adjustment of the Policy Instrument Target

1 to respond to a change in the Intermediate Policy
2 Inputs;

3 “(3) include a function that comprehensively
4 models the interactive relationship between the In-
5 termediate Policy Inputs;

6 “(4) include the coefficients of the Directive
7 Policy Rule that generate the current Policy Instru-
8 ment Target and a range of predicted future values
9 for the Policy Instrument Target if changes occur in
10 any Intermediate Policy Input;

11 “(5) describe the procedure for adjusting the
12 supply of bank reserves to achieve the Policy Instru-
13 ment Target;

14 “(6) include a statement as to whether the Di-
15 rective Policy Rule substantially conforms to the
16 Reference Policy Rule and, if applicable—

17 “(A) an explanation of the extent to which
18 it departs from the Reference Policy Rule;

19 “(B) a detailed justification for that depar-
20 ture; and

21 “(C) a description of the circumstances
22 under which the Directive Policy Rule may be
23 amended in the future;

24 “(7) include a certification that such Rule is ex-
25 pected to support the economy in achieving stable

1 prices and maximum natural employment over the
2 long term;

3 “(8) include a calculation that describes with
4 mathematical precision the expected annual inflation
5 rate over a 5-year period; and

6 “(9) include a plan to use the most accurate
7 data, subject to all historical revisions, for inputs
8 into the Directive Policy Rule and the Reference
9 Policy Rule.

10 “(d) GAO REPORT.—The Comptroller General of the
11 United States shall compare the Directive Policy Rule sub-
12 mitted under subsection (b) with the rule that was most
13 recently submitted to determine whether the Directive Pol-
14 icy Rule has materially changed. If the Directive Policy
15 Rule has materially changed, the Comptroller General
16 shall, not later than 7 days after each meeting of the Fed-
17 eral Open Market Committee, prepare and submit a com-
18 pliance report to the appropriate congressional committees
19 specifying whether the Directive Policy Rule submitted
20 after that meeting and the Federal Open Market Com-
21 mittee are in compliance with this section.

22 “(e) CHANGING MARKET CONDITIONS.—

23 “(1) RULE OF CONSTRUCTION.—Nothing in
24 this Act shall be construed to require that the plans
25 with respect to the systematic quantitative adjust-

1 ment of the Policy Instrument Target described
2 under subsection (c)(2) be implemented if the Fed-
3 eral Open Market Committee determines that such
4 plans cannot or should not be achieved due to
5 changing market conditions.

6 “(2) GAO APPROVAL OF UPDATE.—Upon deter-
7 mining that plans described in paragraph (1) cannot
8 or should not be achieved, the Federal Open Market
9 Committee shall submit an explanation for that de-
10 termination and an updated version of the Directive
11 Policy Rule to the Comptroller General of the
12 United States and the appropriate congressional
13 committees not later than 48 hours after making the
14 determination. The Comptroller General shall, not
15 later than 48 hours after receiving such updated
16 version, prepare and submit to the appropriate con-
17 gressional committees a compliance report deter-
18 mining whether such updated version and the Fed-
19 eral Open Market Committee are in compliance with
20 this section.

21 “(f) DIRECTIVE POLICY RULE AND FEDERAL OPEN
22 MARKET COMMITTEE NOT IN COMPLIANCE.—

23 “(1) IN GENERAL.—If the Comptroller General
24 of the United States determines that the Directive
25 Policy Rule and the Federal Open Market Com-

1 mittee are not in compliance with this section in the
2 report submitted pursuant to subsection (d), or that
3 the updated version of the Directive Policy Rule and
4 the Federal Open Market Committee are not in com-
5 pliance with this section in the report submitted pur-
6 suant to subsection (e)(2), the Chairman of the
7 Board of Governors of the Federal Reserve System
8 shall, if requested by the chairman of either of the
9 appropriate congressional committees, not later than
10 7 legislative days after such request, testify before
11 such committee as to why the Directive Policy Rule,
12 the updated version, or the Federal Open Market
13 Committee is not in compliance.

14 “(2) GAO AUDIT.—Notwithstanding subsection
15 (b) of section 714 of title 31, United States Code,
16 upon submitting a report of noncompliance pursuant
17 to subsection (d) or subsection (e)(2) and after the
18 period of 7 legislative days described in paragraph
19 (1), the Comptroller General shall audit the conduct
20 of monetary policy by the Board of Governors of the
21 Federal Reserve System and the Federal Open Mar-
22 ket Committee upon request of the appropriate con-
23 gressional committee. Such committee may specify
24 the parameters of such audit.

1 “(g) CONGRESSIONAL HEARINGS.—The Chairman of
2 the Board of Governors of the Federal Reserve System
3 shall, if requested by the chairman of either of the appro-
4 priate congressional committees and not later than 7 legis-
5 lative days after such request, appear before such com-
6 mittee to explain any change to the Directive Policy
7 Rule.”.

8 **SEC. 702. FEDERAL OPEN MARKET COMMITTEE BLACKOUT**
9 **PERIOD.**

10 Section 12A of the Federal Reserve Act (12 U.S.C.
11 263) is amended by adding at the end the following new
12 subsection:

13 “(d) BLACKOUT PERIOD.—

14 “(1) IN GENERAL.—During a blackout period,
15 the only public communications that may be made
16 by members and staff of the Committee with respect
17 to macroeconomic or financial developments or about
18 current or prospective monetary policy issues are the
19 following:

20 “(A) The dissemination of published data,
21 surveys, and reports that have been cleared for
22 publication by the Board of Governors of the
23 Federal Reserve System.

24 “(B) Answers to technical questions spe-
25 cific to a data release.

1 “(C) Communications with respect to the
2 prudential or supervisory functions of the
3 Board of Governors.

4 “(2) BLACKOUT PERIOD DEFINED.—For pur-
5 poses of this subsection, and with respect to a meet-
6 ing of the Committee described under subsection (a),
7 the term ‘blackout period’ means the time period
8 that—

9 “(A) begins immediately after midnight on
10 the day that is one week prior to the date on
11 which such meeting takes place; and

12 “(B) ends at midnight on the day after the
13 date on which such meeting takes place.

14 “(3) EXEMPTION FOR CHAIRMAN OF THE
15 BOARD OF GOVERNORS.—Nothing in this section
16 shall prohibit the Chairman of the Board of Gov-
17 ernors of the Federal Reserve System from partici-
18 pating in or issuing public communications.”.

19 **SEC. 703. MEMBERSHIP OF FEDERAL OPEN MARKET COM-**
20 **MITTEE.**

21 Section 12A(a) of the Federal Reserve Act (12
22 U.S.C. 263(a)) is amended—

23 (1) in the first sentence, by striking “five” and
24 inserting “six”;

1 (2) in the second sentence, by striking “One by
2 the board of directors” and all that follows through
3 the period at the end and inserting the following:
4 “One by the boards of directors of the Federal Re-
5 serve Banks of New York and Boston; one by the
6 boards of directors of the Federal Reserve Banks of
7 Philadelphia and Cleveland; one by the boards of di-
8 rectors of the Federal Reserve Banks of Richmond
9 and Atlanta; one by the boards of directors of the
10 Federal Reserve Banks of Chicago and St. Louis;
11 one by the boards of directors of the Federal Re-
12 serve Banks of Minneapolis and Kansas City; and
13 one by the boards of directors of the Federal Re-
14 serve Banks of Dallas and San Francisco.”; and

15 (3) by inserting after the second sentence the
16 following: “In odd numbered calendar years, one
17 representative shall be elected from each of the Fed-
18 eral Reserve Banks of Boston, Philadelphia, Rich-
19 mond, Chicago, Minneapolis, and Dallas. In even-
20 numbered calendar years, one representative shall be
21 elected from each of the Federal Reserve Banks of
22 New York, Cleveland, Atlanta, St. Louis, Kansas
23 City, and San Francisco.”.

1 **SEC. 704. FREQUENCY OF TESTIMONY OF THE CHAIRMAN**
2 **OF THE BOARD OF GOVERNORS OF THE FED-**
3 **ERAL RESERVE SYSTEM TO CONGRESS.**

4 (a) IN GENERAL.—Section 2B of the Federal Reserve
5 Act (12 U.S.C. 225b) is amended—

6 (1) by striking “semi-annual” each place it ap-
7 pears and inserting “quarterly”; and

8 (2) in subsection (a)(2)—

9 (A) by inserting “and October 20” after
10 “July 20” each place it appears; and

11 (B) by inserting “and May 20” after
12 “February 20” each place it appears.

13 (b) CONFORMING AMENDMENT.—Paragraph (12) of
14 section 10 of the Federal Reserve Act (12 U.S.C.
15 247b(12)) is amended by striking “semi-annual” and in-
16 serting “quarterly”.

17 **SEC. 705. VICE CHAIRMAN FOR SUPERVISION REPORT RE-**
18 **QUIREMENT.**

19 Paragraph (12) of section 10 of the Federal Reserve
20 Act (12 U.S.C. 247(b)) is amended—

21 (1) by redesignating such paragraph as para-
22 graph (11); and

23 (2) in such paragraph, by adding at the end the
24 following: “In each such appearance, the Vice Chair-
25 man for Supervision shall provide written testimony
26 that includes the status of all pending and antici-

1 pated rulemakings that are being made by the
2 Board of Governors of the Federal Reserve System.
3 If, at the time of any appearance described in this
4 paragraph, the position of Vice Chairman for Super-
5 vision is vacant, the Vice Chairman for the Board of
6 Governors of the Federal Reserve System (who has
7 the responsibility to serve in the absence of the
8 Chairman) shall appear instead and provide the re-
9 quired written testimony. If, at the time of any ap-
10 pearance described in this paragraph, both Vice
11 Chairman positions are vacant, the Chairman of the
12 Board of Governors of the Federal Reserve System
13 shall appear instead and provide the required writ-
14 ten testimony.”.

15 **SEC. 706. SALARIES, FINANCIAL DISCLOSURES, AND OF-**
16 **FICE STAFF OF THE BOARD OF GOVERNORS**
17 **OF THE FEDERAL RESERVE SYSTEM.**

18 (a) IN GENERAL.—Section 11 of the Federal Reserve
19 Act (12 U.S.C. 248) is amended—

20 (1) by redesignating the second subsection (s)
21 (relating to “Assessments, Fees, and Other Charges
22 for Certain Companies”) as subsection (t); and

23 (2) by adding at the end the following new sub-
24 sections:

1 “(u) ETHICS STANDARDS FOR MEMBERS AND EM-
2 PLOYEES.—

3 “(1) PROHIBITED AND RESTRICTED FINANCIAL
4 INTERESTS AND TRANSACTIONS.—The members and
5 employees of the Board of Governors of the Federal
6 Reserve System shall be subject to the provisions
7 under section 4401.102 of title 5, Code of Federal
8 Regulations, to the same extent as such provisions
9 apply to an employee of the Securities and Exchange
10 Commission.

11 “(2) TREATMENT OF BROKERAGE ACCOUNTS
12 AND AVAILABILITY OF ACCOUNT STATEMENTS.—The
13 members and employees of the Board of Governors
14 of the Federal Reserve System shall—

15 “(A) disclose all brokerage accounts that
16 they maintain, as well as those in which they
17 control trading or have a financial interest (in-
18 cluding managed accounts, trust accounts, in-
19 vestment club accounts, and the accounts of
20 spouses or minor children who live with the
21 member or employee); and

22 “(B) with respect to any securities account
23 that the member or employee is required to dis-
24 close to the Board of Governors, authorize their

1 brokers and dealers to send duplicate account
2 statements directly to Board of Governors.

3 “(3) PROHIBITIONS RELATED TO OUTSIDE EM-
4 PLOYMENT AND ACTIVITIES.—The members and em-
5 ployees of the Board of Governors of the Federal
6 Reserve System shall be subject to the prohibitions
7 related to outside employment and activities de-
8 scribed under section 4401.103(c) of title 5, Code of
9 Federal Regulations, to the same extent as such pro-
10 hibitions apply to an employee of the Securities and
11 Exchange Commission.

12 “(4) ADDITIONAL ETHICS STANDARDS.—The
13 members and employees of the Board of Governors
14 of the Federal Reserve System shall be subject to—

15 “(A) the employee responsibilities and con-
16 duct regulations of the Office of Personnel
17 Management under part 735 of title 5, Code of
18 Federal Regulations;

19 “(B) the canons of ethics contained in sub-
20 part C of part 200 of title 17, Code of Federal
21 Regulations, to the same extent as such subpart
22 applies to the employees of the Securities and
23 Exchange Commission; and

24 “(C) the regulations concerning the con-
25 duct of members and employees and former

1 members and employees contained in subpart M
2 of part 200 of title 17, Code of Federal Regula-
3 tions, to the same extent as such subpart ap-
4 plies to the employees of the Securities and Ex-
5 change Commission.

6 “(v) DISCLOSURE OF STAFF SALARIES AND FINAN-
7 CIAL INFORMATION.—The Board of Governors of the Fed-
8 eral Reserve System shall make publicly available, on the
9 website of the Board of Governors, a searchable database
10 that contains the names of all members, officers, and em-
11 ployees of the Board of Governors who receive an annual
12 salary in excess of the annual rate of basic pay for GS-
13 15 of the General Schedule, and—

14 “(1) the yearly salary information for such indi-
15 viduals, along with any nonsalary compensation re-
16 ceived by such individuals; and

17 “(2) any financial disclosures required to be
18 made by such individuals.”.

19 (b) OFFICE STAFF FOR EACH MEMBER OF THE
20 BOARD OF GOVERNORS.—Subsection (l) of section 11 of
21 the Federal Reserve Act (12 U.S.C. 248) is amended by
22 adding at the end the following: “Each member of the
23 Board of Governors of the Federal Reserve System may
24 employ, at a minimum, 2 individuals, with such individuals
25 selected by such member and the salaries of such individ-

1 uals set by such member. A member may employ addi-
2 tional individuals as determined necessary by the Board
3 of Governors.”.

4 **SEC. 707. AMENDMENTS TO POWERS OF THE BOARD OF**
5 **GOVERNORS OF THE FEDERAL RESERVE SYS-**
6 **TEM.**

7 (a) IN GENERAL.—Section 13(3) of the Federal Re-
8 serve Act (12 U.S.C. 343(3)), as amended by section 221,
9 is further amended—

10 (1) in subparagraph (A)—

11 (A) by inserting “that pose a threat to the
12 financial stability of the United States” after
13 “unusual and exigent circumstances”; and

14 (B) by inserting “and by the affirmative
15 vote of not less than nine presidents of the Fed-
16 eral reserve banks” after “five members”;

17 (2) in subparagraph (B)—

18 (A) in clause (i), by inserting at the end
19 the following: “Federal reserve banks may not
20 accept equity securities issued by the recipient
21 of any loan or other financial assistance under
22 this paragraph as collateral. Not later than 6
23 months after the date of enactment of this sen-
24 tence, the Board shall, by rule, establish—

1 “(I) a method for determining
2 the sufficiency of the collateral re-
3 quired under this paragraph;

4 “(II) acceptable classes of collat-
5 eral;

6 “(III) the amount of any dis-
7 count of such value that the Federal
8 reserve banks will apply for purposes
9 of calculating the sufficiency of collat-
10 eral under this paragraph; and

11 “(IV) a method for obtaining
12 independent appraisals of the value of
13 collateral the Federal reserve banks
14 receive.”; and

15 (B) in clause (ii)—

16 (i) by striking the second sentence;
17 and

18 (ii) by inserting after the first sen-
19 tence the following: “A borrower shall not
20 be eligible to borrow from any emergency
21 lending program or facility unless the
22 Board and all federal banking regulators
23 with jurisdiction over the borrower certify
24 that, at the time the borrower initially bor-

1 rows under the program or facility, the
2 borrower is not insolvent.”;

3 (3) by inserting “financial institution” before
4 “participant” each place such term appears;

5 (4) in subparagraph (D)(i), by inserting “finan-
6 cial institution” before “participants”; and

7 (5) by adding at the end the following new sub-
8 paragraphs:

9 “(E) PENALTY RATE.—

10 “(i) IN GENERAL.—Not later than 6
11 months after the date of enactment of this
12 subparagraph, the Board shall, with re-
13 spect to a recipient of any loan or other fi-
14 nancial assistance under this paragraph,
15 establish by rule a minimum interest rate
16 on the principal amount of any loan or
17 other financial assistance.

18 “(ii) MINIMUM INTEREST RATE DE-
19 FINED.—In this subparagraph, the term
20 ‘minimum interest rate’ shall mean the
21 sum of—

22 “(I) the average of the secondary
23 discount rate of all Federal Reserve
24 banks over the most recent 90-day pe-
25 riod; and

1 “(II) the average of the dif-
2 ference between a distressed corporate
3 bond yield index (as defined by rule of
4 the Board) and a bond yield index of
5 debt issued by the United States (as
6 defined by rule of the Board) over the
7 most recent 90-day period.

8 “(F) FINANCIAL INSTITUTION PARTICI-
9 PANT DEFINED.—For purposes of this para-
10 graph, the term ‘financial institution partici-
11 pant’—

12 “(i) means a company that is pre-
13 dominantly engaged in financial activities
14 (as defined in section 102(a) of the Dodd-
15 Frank Wall Street Reform and Consumer
16 Protection Act (12 U.S.C. 5311(a))); and

17 “(ii) does not include an agency de-
18 scribed in subparagraph (W) of section
19 5312(a)(2) of title 31, United States Code,
20 or an entity controlled or sponsored by
21 such an agency.”.

22 (b) CONFORMING AMENDMENT.—Section
23 11(r)(2)(A) of such Act is amended—

24 (1) in clause (ii)(IV), by striking “; and” and
25 inserting a semicolon;

1 (2) in clause (iii), by striking the period at the
2 end and inserting “; and”; and

3 (3) by adding at the end the following new
4 clause:

5 “(iv) the available members secure the affirma-
6 tive vote of not less than nine presidents of the Fed-
7 eral reserve banks.”.

8 **SEC. 708. INTEREST RATES ON BALANCES MAINTAINED AT**
9 **A FEDERAL RESERVE BANK BY DEPOSITORY**
10 **INSTITUTIONS ESTABLISHED BY FEDERAL**
11 **OPEN MARKET COMMITTEE.**

12 Subparagraph (A) of section 19(b)(12) of the Federal
13 Reserve Act (12 U.S.C. 461(b)(12)(A)) is amended by in-
14 serting “established by the Federal Open Market Com-
15 mittee” after “rate or rates”.

16 **SEC. 709. AUDIT REFORM AND TRANSPARENCY FOR THE**
17 **BOARD OF GOVERNORS OF THE FEDERAL RE-**
18 **SERVE SYSTEM.**

19 (a) **IN GENERAL.**—Notwithstanding section 714 of
20 title 31, United States Code, or any other provision of law,
21 the Comptroller General of the United States shall annu-
22 ally complete an audit of the Board of Governors of the
23 Federal Reserve System and the Federal reserve banks
24 under subsection (b) of such section 714 within 12 months
25 after the date of the enactment of this Act.

1 (b) REPORT.—

2 (1) IN GENERAL.—Not later than 90 days after
3 each audit required pursuant to subsection (a) is
4 completed, the Comptroller General—

5 (A) shall submit to Congress a report on
6 such audit; and

7 (B) shall make such report available to the
8 Speaker of the House, the majority and minor-
9 ity leaders of the House of Representatives, the
10 majority and minority leaders of the Senate, the
11 Chairman and Ranking Member of the com-
12 mittee and each subcommittee of jurisdiction in
13 the House of Representatives and the Senate,
14 and any other Member of Congress who re-
15 quests the report.

16 (2) CONTENTS.—The report under paragraph
17 (1) shall include a detailed description of the find-
18 ings and conclusion of the Comptroller General with
19 respect to the audit that is the subject of the report,
20 together with such recommendations for legislative
21 or administrative action as the Comptroller General
22 may determine to be appropriate.

23 (c) REPEAL OF CERTAIN LIMITATIONS.—Subsection
24 (b) of section 714 of title 31, United States Code, is
25 amended by striking the second sentence.

1 (d) TECHNICAL AND CONFORMING AMENDMENTS.—

2 (1) IN GENERAL.—Section 714 of title 31,
3 United States Code, is amended—

4 (A) in subsection (d)(3), by striking “or
5 (f)” each place such term appears;

6 (B) in subsection (e), by striking “the
7 third undesignated paragraph of section 13”
8 and inserting “section 13(3)”; and

9 (C) by striking subsection (f).

10 (2) FEDERAL RESERVE ACT.—Subsection (s)
11 (relating to “Federal Reserve Transparency and Re-
12 lease of Information”) of section 11 of the Federal
13 Reserve Act (12 U.S.C. 248) is amended—

14 (A) in paragraph (4)(A), by striking “has
15 the same meaning as in section 714(f)(1)(A) of
16 title 31, United States Code” and inserting
17 “means a program or facility, including any
18 special purpose vehicle or other entity estab-
19 lished by or on behalf of the Board of Gov-
20 ernors of the Federal Reserve System or a Fed-
21 eral reserve bank, authorized by the Board of
22 Governors under section 13(3), that is not sub-
23 ject to audit under section 714(e) of title 31,
24 United States Code”;

1 (B) in paragraph (6), by striking “or in
2 section 714(f)(3)(C) of title 31, United States
3 Code, the information described in paragraph
4 (1) and information concerning the transactions
5 described in section 714(f) of such title,” and
6 inserting “the information described in para-
7 graph (1)”;

8 (C) in paragraph (7), by striking “and sec-
9 tion 13(3)(C), section 714(f)(3)(C) of title 31,
10 United States Code, and” and inserting “, sec-
11 tion 13(3)(C), and”.

12 **SEC. 710. ESTABLISHMENT OF A CENTENNIAL MONETARY**
13 **COMMISSION.**

14 (a) FINDINGS.—Congress finds the following:

15 (1) The Constitution endows Congress with the
16 power “to coin money, regulate the value thereof”.

17 (2) Following the financial crisis known as the
18 Panic of 1907, Congress established the National
19 Monetary Commission to provide recommendations
20 for the reform of the financial and monetary systems
21 of the United States.

22 (3) Incorporating several of the recommenda-
23 tions of the National Monetary Commission, Con-
24 gress created the Federal Reserve System in 1913.
25 As currently organized, the Federal Reserve System

1 consists of the Board of Governors in Washington,
2 District of Columbia, and the Federal Reserve
3 Banks organized into 12 districts around the United
4 States. The stockholders of the 12 Federal Reserve
5 Banks include national and certain State-chartered
6 commercial banks, which operate on a fractional re-
7 serve basis.

8 (4) Originally, Congress gave the Federal Re-
9 serve System a monetary mandate to provide an
10 elastic currency, within the context of a gold stand-
11 ard, in response to seasonal fluctuations in the de-
12 mand for currency.

13 (5) Congress also gave the Federal Reserve
14 System a financial stability mandate to serve as the
15 lender of last resort to solvent but illiquid banks
16 during a financial crisis.

17 (6) In 1977, Congress changed the monetary
18 mandate of the Federal Reserve System to a dual
19 mandate for maximum employment and stable
20 prices.

21 (7) Empirical studies and historical evidence,
22 both within the United States and in other coun-
23 tries, demonstrate that price stability is desirable be-
24 cause both inflation and deflation damage the econ-
25 omy.

1 (8) The economic challenge of recent years—
2 most notably the bursting of the housing bubble, the
3 financial crisis of 2008, and the ensuing anemic re-
4 covery—have occurred at great cost in terms of lost
5 jobs and output.

6 (9) Policymakers are reexamining the structure
7 and functioning of financial institutions and markets
8 to determine what, if any, changes need to be made
9 to place the financial system on a stronger, more
10 sustainable path going forward.

11 (10) The Federal Reserve System has taken ex-
12 traordinary actions in response to the recent eco-
13 nomic challenges.

14 (11) The Federal Open Market Committee has
15 engaged in multiple rounds of quantitative easing,
16 providing unprecedented liquidity to financial mar-
17 kets, while committing to holding short-term interest
18 rates low for a seemingly indefinite period, and pur-
19 suing a policy of credit allocation by purchasing
20 Federal agency debt and mortgage-backed securities.

21 (12) In the wake of the recent extraordinary ac-
22 tions of the Federal Reserve System, Congress—con-
23 sistent with its constitutional responsibilities and as
24 it has done periodically throughout the history of the

1 United States—has once again renewed its examina-
2 tion of monetary policy.

3 (13) Central in such examination has been a re-
4 newed look at what is the most proper mandate for
5 the Federal Reserve System to conduct monetary
6 policy in the 21st century.

7 (b) ESTABLISHMENT OF A CENTENNIAL MONETARY
8 COMMISSION.—There is established a commission to be
9 known as the “Centennial Monetary Commission” (in this
10 section referred to as the “Commission”).

11 (c) STUDY AND REPORT ON MONETARY POLICY.—

12 (1) STUDY.—The Commission shall—

13 (A) examine how United States monetary
14 policy since the creation of the Board of Gov-
15 ernors of the Federal Reserve System in 1913
16 has affected the performance of the United
17 States economy in terms of output, employ-
18 ment, prices, and financial stability over time;

19 (B) evaluate various operational regimes
20 under which the Board of Governors of the
21 Federal Reserve System and the Federal Open
22 Market Committee may conduct monetary pol-
23 icy in terms achieving the maximum sustainable
24 level of output and employment and price sta-
25 bility over the long term, including—

- 1 (i) discretion in determining monetary
2 policy without an operational regime;
- 3 (ii) price level targeting;
- 4 (iii) inflation rate targeting;
- 5 (iv) nominal gross domestic product
6 targeting (both level and growth rate);
- 7 (v) the use of monetary policy rules;
- 8 and
- 9 (vi) the gold standard;
- 10 (C) evaluate the use of macro-prudential
11 supervision and regulation as a tool of mone-
12 tary policy in terms of achieving the maximum
13 sustainable level of output and employment and
14 price stability over the long term;
- 15 (D) evaluate the use of the lender-of-last-
16 resort function of the Board of Governors of
17 the Federal Reserve System as a tool of mone-
18 tary policy in terms of achieving the maximum
19 sustainable level of output and employment and
20 price stability over the long term;
- 21 (E) recommend a course for United States
22 monetary policy going forward, including—
- 23 (i) the legislative mandate;
- 24 (ii) the operational regime;

1 (iii) the securities used in open mar-
2 ket operations; and

3 (iv) transparency issues; and

4 (F) consider the effects of the GDP output
5 and employment targets of the “dual mandate”
6 (both from the creation of the dual mandate in
7 1977 until the present time and estimates of
8 the future effect of the dual mandate) on—

9 (i) United States economic activity;

10 (ii) Federal Reserve actions; and

11 (iii) Federal debt.

12 (2) REPORT.—Not later than December 1,
13 2017, the Commission shall submit to Congress and
14 make publicly available a report containing a state-
15 ment of the findings and conclusions of the Commis-
16 sion in carrying out the study under paragraph (1),
17 together with the recommendations the Commission
18 considers appropriate. In making such report, the
19 Commission shall specifically report on the consider-
20 ations required under paragraph (1)(F).

21 (d) MEMBERSHIP.—

22 (1) NUMBER AND APPOINTMENT.—

23 (A) APPOINTED VOTING MEMBERS.—The
24 Commission shall contain 12 voting members as
25 follows:

1 (i) Six members appointed by the
2 Speaker of the House of Representatives,
3 with four members from the majority party
4 and two members from the minority party.

5 (ii) Six members appointed by the
6 President Pro Tempore of the Senate, with
7 four members from the majority party and
8 two members from the minority party.

9 (B) CHAIRMAN.—The Speaker of the
10 House of Representatives and the majority
11 leader of the Senate shall jointly designate one
12 of the members of the Commission as Chair-
13 man.

14 (C) NON-VOTING MEMBERS.—The Com-
15 mission shall contain 2 non-voting members as
16 follows:

17 (i) One member appointed by the Sec-
18 retary of the Treasury.

19 (ii) One member who is the president
20 of a district Federal reserve bank ap-
21 pointed by the Chair of the Board of Gov-
22 ernors of the Federal Reserve System.

23 (2) PERIOD OF APPOINTMENT.—Each member
24 shall be appointed for the life of the Commission.

1 (3) TIMING OF APPOINTMENT.—All members of
2 the Commission shall be appointed not later than 30
3 days after the date of the enactment of this section.

4 (4) VACANCIES.—A vacancy in the Commission
5 shall not affect its powers, and shall be filled in the
6 manner in which the original appointment was
7 made.

8 (5) MEETINGS.—

9 (A) INITIAL MEETING.—The Commission
10 shall hold its initial meeting and begin the oper-
11 ations of the Commission as soon as is prac-
12 ticable.

13 (B) FURTHER MEETINGS.—The Commis-
14 sion shall meet upon the call of the Chair or a
15 majority of its members.

16 (6) QUORUM.—Seven voting members of the
17 Commission shall constitute a quorum but a lesser
18 number may hold hearings.

19 (7) MEMBER OF CONGRESS DEFINED.—In this
20 subsection, the term “Member of Congress” means
21 a Senator or a Representative in, or Delegate or
22 Resident Commissioner to, the Congress.

23 (e) POWERS.—

24 (1) HEARINGS AND SESSIONS.—The Commis-
25 sion or, on the authority of the Commission, any

1 subcommittee or member thereof, may, for the pur-
2 pose of carrying out this section, hold hearings, sit
3 and act at times and places, take testimony, receive
4 evidence, or administer oaths as the Commission or
5 such subcommittee or member thereof considers ap-
6 propriate.

7 (2) CONTRACT AUTHORITY.—To the extent or
8 in the amounts provided in advance in appropriation
9 Acts, the Commission may contract with and com-
10 pensate government and private agencies or persons
11 to enable the Commission to discharge its duties
12 under this section, without regard to section 3709 of
13 the Revised Statutes (41 U.S.C. 5).

14 (3) OBTAINING OFFICIAL DATA.—

15 (A) IN GENERAL.—The Commission is au-
16 thorized to secure directly from any executive
17 department, bureau, agency, board, commission,
18 office, independent establishment, or instrumen-
19 tality of the Government, any information, in-
20 cluding suggestions, estimates, or statistics, for
21 the purposes of this section.

22 (B) REQUESTING OFFICIAL DATA.—The
23 head of such department, bureau, agency,
24 board, commission, office, independent estab-
25 lishment, or instrumentality of the government

1 shall, to the extent authorized by law, furnish
2 such information upon request made by—

3 (i) the Chair;

4 (ii) the Chair of any subcommittee
5 created by a majority of the Commission;

6 or

7 (iii) any member of the Commission
8 designated by a majority of the commission
9 to request such information.

10 (4) ASSISTANCE FROM FEDERAL AGENCIES.—

11 (A) GENERAL SERVICES ADMINISTRA-
12 TION.—The Administrator of General Services
13 shall provide to the Commission on a reimburs-
14 able basis administrative support and other
15 services for the performance of the functions of
16 the Commission.

17 (B) OTHER DEPARTMENTS AND AGEN-
18 CIES.—In addition to the assistance prescribed
19 in subparagraph (A), at the request of the
20 Commission, departments and agencies of the
21 United States shall provide such services, funds,
22 facilities, staff, and other support services as
23 may be authorized by law.

24 (5) POSTAL SERVICE.—The Commission may
25 use the United States mails in the same manner and

1 under the same conditions as other departments and
2 agencies of the United States.

3 (f) COMMISSION PERSONNEL.—

4 (1) APPOINTMENT AND COMPENSATION OF
5 STAFF.—

6 (A) IN GENERAL.—Subject to rules pre-
7 scribed by the Commission, the Chair may ap-
8 point and fix the pay of the executive director
9 and other personnel as the Chair considers ap-
10 propriate.

11 (B) APPLICABILITY OF CIVIL SERVICE
12 LAWS.—The staff of the Commission may be
13 appointed without regard to the provisions of
14 title 5, United States Code, governing appoint-
15 ments in the competitive service, and may be
16 paid without regard to the provisions of chapter
17 51 and subchapter III of chapter 53 of that
18 title relating to classification and General
19 Schedule pay rates, except that an individual so
20 appointed may not receive pay in excess of level
21 V of the Executive Schedule.

22 (2) CONSULTANTS.—The Commission may pro-
23 cure temporary and intermittent services under sec-
24 tion 3109(b) of title 5, United States Code, but at
25 rates for individuals not to exceed the daily equiva-

1 lent of the rate of pay for a person occupying a posi-
2 tion at level IV of the Executive Schedule.

3 (3) STAFF OF FEDERAL AGENCIES.—Upon re-
4 quest of the Commission, the head of any Federal
5 department or agency may detail, on a reimbursable
6 basis, any of the personnel of such department or
7 agency to the Commission to assist it in carrying out
8 its duties under this section.

9 (g) TERMINATION OF COMMISSION.—

10 (1) IN GENERAL.—The Commission shall termi-
11 nate on June 1, 2017.

12 (2) ADMINISTRATIVE ACTIVITIES BEFORE TER-
13 MINATION.—The Commission may use the period be-
14 tween the submission of its report and its termi-
15 nation for the purpose of concluding its activities,
16 including providing testimony to the committee of
17 Congress concerning its report.

18 (h) AUTHORIZATION OF APPROPRIATIONS.—There is
19 authorized to be appropriated to carry out this section
20 \$1,000,000, which shall remain available until the date on
21 which the Commission terminates.

22 **SEC. 711. PUBLIC TRANSCRIPTS OF FOMC MEETINGS.**

23 Section 12A of the Federal Reserve Act (12 U.S.C.
24 263), as amended by this Act, is further amended by add-
25 ing at the end the following:

1 “(e) PUBLIC TRANSCRIPTS OF MEETINGS.—The
2 Committee shall—

3 “(1) record all meetings of the Committee; and

4 “(2) make the full transcript of such meetings
5 available to the public.”.

6 **TITLE VIII—DEMANDING AC-**
7 **COUNTABILITY FROM WALL**
8 **STREET**

9 **Subtitle A—SEC Penalties**
10 **Modernization**

11 **SEC. 801. ENHANCEMENT OF CIVIL PENALTIES FOR SECU-**
12 **RITIES LAWS VIOLATIONS.**

13 (a) UPDATED CIVIL MONEY PENALTIES.—

14 (1) SECURITIES ACT OF 1933.—

15 (A) MONEY PENALTIES IN ADMINISTRA-
16 TIVE ACTIONS.—Section 8A(g)(2) of the Securi-
17 ties Act of 1933 (15 U.S.C. 77h–1(g)(2)) is
18 amended—

19 (i) in subparagraph (A)—

20 (I) by striking “\$7,500” and in-
21 serting “\$10,000”; and

22 (II) by striking “\$75,000” and
23 inserting “\$100,000”;

24 (ii) in subparagraph (B)—

1 (I) by striking “\$75,000” and in-
2 serting “\$100,000”; and

3 (II) by striking “\$375,000” and
4 inserting “\$500,000”; and

5 (iii) by striking subparagraph (C) and
6 inserting the following:

7 “(C) THIRD TIER.—

8 “(i) IN GENERAL.—Notwithstanding
9 subparagraphs (A) and (B), the amount of
10 penalty for each such act or omission shall
11 not exceed the amount specified in clause
12 (ii) if—

13 “(I) the act or omission described
14 in paragraph (1) involved fraud, de-
15 ceit, manipulation, or deliberate or
16 reckless disregard of a regulatory re-
17 quirement; and

18 “(II) such act or omission di-
19 rectly or indirectly resulted in—

20 “(aa) substantial losses or
21 created a significant risk of sub-
22 stantial losses to other persons;
23 or

1 “(bb) substantial pecuniary
2 gain to the person who com-
3 mitted the act or omission.

4 “(ii) MAXIMUM AMOUNT OF PEN-
5 ALTY.—The amount referred to in clause
6 (i) is the greatest of—

7 “(I) \$300,000 for a natural per-
8 son or \$1,450,000 for any other per-
9 son;

10 “(II) 3 times the gross amount of
11 pecuniary gain to the person who
12 committed the act or omission; or

13 “(III) the amount of losses in-
14 curred by victims as a result of the
15 act or omission.”.

16 (B) MONEY PENALTIES IN CIVIL AC-
17 TIONS.—Section 20(d)(2) of the Securities Act
18 of 1933 (15 U.S.C. 77t(d)(2)) is amended—

19 (i) in subparagraph (A)—

20 (I) by striking “\$5,000” and in-
21 serting “\$10,000”; and

22 (II) by striking “\$50,000” and
23 inserting “\$100,000”;

24 (ii) in subparagraph (B)—

1 (I) by striking “\$50,000” and in-
2 serting “\$100,000”; and

3 (II) by striking “\$250,000” and
4 inserting “\$500,000”; and

5 (iii) by striking subparagraph (C) and
6 inserting the following:

7 “(C) THIRD TIER.—

8 “(i) IN GENERAL.—Notwithstanding
9 subparagraphs (A) and (B), the amount of
10 penalty for each such violation shall not
11 exceed the amount specified in clause (ii)
12 if—

13 “(I) the violation described in
14 paragraph (1) involved fraud, deceit,
15 manipulation, or deliberate or reckless
16 disregard of a regulatory requirement;
17 and

18 “(II) such violation directly or in-
19 directly resulted in substantial losses
20 or created a significant risk of sub-
21 stantial losses to other persons.

22 “(ii) MAXIMUM AMOUNT OF PEN-
23 ALTY.—The amount referred to in clause
24 (i) is the greatest of—

1 “(I) \$300,000 for a natural per-
2 son or \$1,450,000 for any other per-
3 son;

4 “(II) 3 times the gross amount of
5 pecuniary gain to such defendant as a
6 result of the violation; or

7 “(III) the amount of losses in-
8 curred by victims as a result of the
9 violation.”.

10 (2) SECURITIES EXCHANGE ACT OF 1934.—

11 (A) MONEY PENALTIES IN CIVIL AC-
12 TIONS.—Section 21(d)(3)(B) of the Securities
13 Exchange Act of 1934 (15 U.S.C.
14 78u(d)(3)(B)) is amended—

15 (i) in clause (i)—

16 (I) by striking “\$5,000” and in-
17 serting “\$10,000”; and

18 (II) by striking “\$50,000” and
19 inserting “\$100,000”;

20 (ii) in clause (ii)—

21 (I) by striking “\$50,000” and in-
22 serting “\$100,000”; and

23 (II) by striking “\$250,000” and
24 inserting “\$500,000”; and

1 (iii) by striking clause (iii) and insert-
2 ing the following:

3 “(iii) THIRD TIER.—

4 “(I) IN GENERAL.—Notwithstanding
5 clauses (i) and (ii), the amount of penalty
6 for each such violation shall not exceed the
7 amount specified in subclause (II) if—

8 “(aa) the violation described in
9 subparagraph (A) involved fraud, de-
10 ceit, manipulation, or deliberate or
11 reckless disregard of a regulatory re-
12 quirement; and

13 “(bb) such violation directly or
14 indirectly resulted in substantial
15 losses or created a significant risk of
16 substantial losses to other persons.

17 “(II) MAXIMUM AMOUNT OF PEN-
18 ALTY.—The amount referred to in sub-
19 clause (I) is the greatest of—

20 “(aa) \$300,000 for a natural
21 person or \$1,450,000 for any other
22 person;

23 “(bb) 3 times the gross amount
24 of pecuniary gain to such defendant
25 as a result of the violation; or

1 “(cc) the amount of losses in-
2 curred by victims as a result of the
3 violation.”.

4 (B) MONEY PENALTIES IN ADMINISTRA-
5 TIVE ACTIONS.—Section 21B(b) of the Securi-
6 ties Exchange Act of 1934 (15 U.S.C. 78u-
7 2(b)) is amended—

8 (i) in paragraph (1)—

9 (I) by striking “\$5,000” and in-
10 serting “\$10,000”; and

11 (II) by striking “\$50,000” and
12 inserting “\$100,000”;

13 (ii) in paragraph (2)—

14 (I) by striking “\$50,000” and in-
15 serting “\$100,000”; and

16 (II) by striking “\$250,000” and
17 inserting “\$500,000”; and

18 (iii) by striking paragraph (3) and in-
19 serting the following:

20 “(3) THIRD TIER.—

21 “(A) IN GENERAL.—Notwithstanding
22 paragraphs (1) and (2), the amount of penalty
23 for each such act or omission shall not exceed
24 the amount specified in subparagraph (B) if—

1 “(i) the act or omission described in
2 subsection (a) involved fraud, deceit, ma-
3 nipulation, or deliberate or reckless dis-
4 regard of a regulatory requirement; and

5 “(ii) such act or omission directly or
6 indirectly resulted in substantial losses or
7 created a significant risk of substantial
8 losses to other persons or resulted in sub-
9 stantial pecuniary gain to the person who
10 committed the act or omission.

11 “(B) MAXIMUM AMOUNT OF PENALTY.—
12 The amount referred to in subparagraph (A) is
13 the greatest of—

14 “(i) \$300,000 for a natural person or
15 \$1,450,000 for any other person;

16 “(ii) 3 times the gross amount of pe-
17 cuniary gain to the person who committed
18 the act or omission; or

19 “(iii) the amount of losses incurred by
20 victims as a result of the act or omission.”.

21 (3) INVESTMENT COMPANY ACT OF 1940.—

22 (A) MONEY PENALTIES IN ADMINISTRA-
23 TIVE ACTIONS.—Section 9(d)(2) of the Invest-
24 ment Company Act of 1940 (15 U.S.C. 80a-
25 9(d)(2)) is amended—

1 (i) in subparagraph (A)—

2 (I) by striking “\$5,000” and in-
3 serting “\$10,000”; and

4 (II) by striking “\$50,000” and
5 inserting “\$100,000”;

6 (ii) in subparagraph (B)—

7 (I) by striking “\$50,000” and in-
8 serting “\$100,000”; and

9 (II) by striking “\$250,000” and
10 inserting “\$500,000”; and

11 (iii) by striking subparagraph (C) and
12 inserting the following:

13 “(C) THIRD TIER.—

14 “(i) IN GENERAL.—Notwithstanding
15 subparagraphs (A) and (B), the amount of
16 penalty for each such act or omission shall
17 not exceed the amount specified in clause

18 (ii) if—

19 “(I) the act or omission described
20 in paragraph (1) involved fraud, de-
21 ceit, manipulation, or deliberate or
22 reckless disregard of a regulatory re-
23 quirement; and

24 “(II) such act or omission di-
25 rectly or indirectly resulted in sub-

1 stantial losses or created a significant
2 risk of substantial losses to other per-
3 sons or resulted in substantial pecu-
4 niary gain to the person who com-
5 mitted the act or omission.

6 “(ii) MAXIMUM AMOUNT OF PEN-
7 ALTY.—The amount referred to in clause
8 (i) is the greatest of—

9 “(I) \$300,000 for a natural per-
10 son or \$1,450,000 for any other per-
11 son;

12 “(II) 3 times the gross amount of
13 pecuniary gain to the person who
14 committed the act or omission; or

15 “(III) the amount of losses in-
16 curred by victims as a result of the
17 act or omission.”.

18 (B) MONEY PENALTIES IN CIVIL AC-
19 TIONS.—Section 42(e)(2) of the Investment
20 Company Act of 1940 (15 U.S.C. 80a-
21 41(e)(2)) is amended—

22 (i) in subparagraph (A)—

23 (I) by striking “\$5,000” and in-
24 serting “\$10,000”; and

1 (II) by striking “\$50,000” and
2 inserting “\$100,000”;

3 (ii) in subparagraph (B)—

4 (I) by striking “\$50,000” and in-
5 serting “\$100,000”; and

6 (II) by striking “\$250,000” and
7 inserting “\$500,000”; and

8 (iii) by striking subparagraph (C) and
9 inserting the following:

10 “(C) THIRD TIER.—

11 “(i) IN GENERAL.—Notwithstanding
12 subparagraphs (A) and (B), the amount of
13 penalty for each such violation shall not
14 exceed the amount specified in clause (ii)
15 if—

16 “(I) the violation described in
17 paragraph (1) involved fraud, deceit,
18 manipulation, or deliberate or reckless
19 disregard of a regulatory requirement;
20 and

21 “(II) such violation directly or in-
22 directly resulted in substantial losses
23 or created a significant risk of sub-
24 stantial losses to other persons.

1 “(ii) MAXIMUM AMOUNT OF PEN-
2 ALTY.—The amount referred to in clause
3 (i) is the greatest of—

4 “(I) \$300,000 for a natural per-
5 son or \$1,450,000 for any other per-
6 son;

7 “(II) 3 times the gross amount of
8 pecuniary gain to such defendant as a
9 result of the violation; or

10 “(III) the amount of losses in-
11 curred by victims as a result of the
12 violation.”.

13 (4) INVESTMENT ADVISERS ACT OF 1940.—

14 (A) MONEY PENALTIES IN ADMINISTRA-
15 TIVE ACTIONS.—Section 203(i)(2) of the Invest-
16 ment Advisers Act of 1940 (15 U.S.C. 80b-
17 3(i)(2)) is amended—

18 (i) in subparagraph (A)—

19 (I) by striking “\$5,000” and in-
20 serting “\$10,000”; and

21 (II) by striking “\$50,000” and
22 inserting “\$100,000”;

23 (ii) in subparagraph (B)—

24 (I) by striking “\$50,000” and in-
25 serting “\$100,000”; and

1 (II) by striking “\$250,000” and
2 inserting “\$500,000”; and

3 (iii) by striking subparagraph (C) and
4 inserting the following:

5 “(C) THIRD TIER.—

6 “(i) IN GENERAL.—Notwithstanding
7 subparagraphs (A) and (B), the amount of
8 penalty for each such act or omission shall
9 not exceed the amount specified in clause
10 (ii) if—

11 “(I) the act or omission described
12 in paragraph (1) involved fraud, de-
13 ceit, manipulation, or deliberate or
14 reckless disregard of a regulatory re-
15 quirement; and

16 “(II) such act or omission di-
17 rectly or indirectly resulted in sub-
18 stantial losses or created a significant
19 risk of substantial losses to other per-
20 sons or resulted in substantial pecu-
21 niary gain to the person who com-
22 mitted the act or omission.

23 “(ii) MAXIMUM AMOUNT OF PEN-
24 ALTY.—The amount referred to in clause
25 (i) is the greatest of—

1 “(I) \$300,000 for a natural per-
2 son or \$1,450,000 for any other per-
3 son;

4 “(II) 3 times the gross amount of
5 pecuniary gain to the person who
6 committed the act or omission; or

7 “(III) the amount of losses in-
8 curred by victims as a result of the
9 act or omission.”.

10 (B) MONEY PENALTIES IN CIVIL AC-
11 TIONS.—Section 209(e)(2) of the Investment
12 Advisers Act of 1940 (15 U.S.C. 80b–9(e)(2))
13 is amended—

14 (i) in subparagraph (A)—

15 (I) by striking “\$5,000” and in-
16 serting “\$10,000”; and

17 (II) by striking “\$50,000” and
18 inserting “\$100,000”;

19 (ii) in subparagraph (B)—

20 (I) by striking “\$50,000” and in-
21 serting “\$100,000”; and

22 (II) by striking “\$250,000” and
23 inserting “\$500,000”; and

24 (iii) by striking subparagraph (C) and
25 inserting the following:

1 “(C) THIRD TIER.—

2 “(i) IN GENERAL.—Notwithstanding
3 subparagraphs (A) and (B), the amount of
4 penalty for each such violation shall not
5 exceed the amount specified in clause (ii)
6 if—

7 “(I) the violation described in
8 paragraph (1) involved fraud, deceit,
9 manipulation, or deliberate or reckless
10 disregard of a regulatory requirement;
11 and

12 “(II) such violation directly or in-
13 directly resulted in substantial losses
14 or created a significant risk of sub-
15 stantial losses to other persons.

16 “(ii) MAXIMUM AMOUNT OF PEN-
17 ALTY.—The amount referred to in clause
18 (i) is the greatest of—

19 “(I) \$300,000 for a natural per-
20 son or \$1,450,000 for any other per-
21 son;

22 “(II) 3 times the gross amount of
23 pecuniary gain to such defendant as a
24 result of the violation; or

1 “(III) the amount of losses in-
2 curred by victims as a result of the
3 violation.”.

4 (b) PENALTIES FOR RECIDIVISTS.—

5 (1) SECURITIES ACT OF 1933.—

6 (A) MONEY PENALTIES IN ADMINISTRA-
7 TIVE ACTIONS.—Section 8A(g)(2) of the Securi-
8 ties Act of 1933 (15 U.S.C. 77h–1(g)(2)) is
9 amended by adding at the end the following:

10 “(D) FOURTH TIER.—Notwithstanding
11 subparagraphs (A), (B), and (C), the maximum
12 amount of penalty for each such act or omission
13 shall be 3 times the otherwise applicable
14 amount in such subparagraphs if, within the 5-
15 year period preceding such act or omission, the
16 person who committed the act or omission was
17 criminally convicted for securities fraud or be-
18 came subject to a judgment or order imposing
19 monetary, equitable, or administrative relief in
20 any Commission action alleging fraud by that
21 person.”.

22 (B) MONEY PENALTIES IN CIVIL AC-
23 TIONS.—Section 20(d)(2) of the Securities Act
24 of 1933 (15 U.S.C. 77t(d)(2)) is amended by
25 adding at the end the following:

1 “(D) FOURTH TIER.—Notwithstanding
2 subparagraphs (A), (B), and (C), the maximum
3 amount of penalty for each such violation shall
4 be 3 times the otherwise applicable amount in
5 such subparagraphs if, within the 5-year period
6 preceding such violation, the defendant was
7 criminally convicted for securities fraud or be-
8 came subject to a judgment or order imposing
9 monetary, equitable, or administrative relief in
10 any Commission action alleging fraud by that
11 defendant.”.

12 (2) SECURITIES EXCHANGE ACT OF 1934.—

13 (A) MONEY PENALTIES IN CIVIL AC-
14 TIONS.—Section 21(d)(3)(B) of the Securities
15 Exchange Act of 1934 (15 U.S.C.
16 78u(d)(3)(B)) is amended by adding at the end
17 the following:

18 “(iv) FOURTH TIER.—Notwith-
19 standing clauses (i), (ii), and (iii), the
20 maximum amount of penalty for each such
21 violation shall be 3 times the otherwise ap-
22 plicable amount in such clauses if, within
23 the 5-year period preceding such violation,
24 the defendant was criminally convicted for
25 securities fraud or became subject to a

1 judgment or order imposing monetary, eq-
2 uitable, or administrative relief in any
3 Commission action alleging fraud by that
4 defendant.”.

5 (B) MONEY PENALTIES IN ADMINISTRA-
6 TIVE ACTIONS.—Section 21B(b) of the Securi-
7 ties Exchange Act of 1934 (15 U.S.C. 78u-
8 2(b)) is amended by adding at the end the fol-
9 lowing:

10 “(4) FOURTH TIER.—Notwithstanding para-
11 graphs (1), (2), and (3), the maximum amount of
12 penalty for each such act or omission shall be 3
13 times the otherwise applicable amount in such para-
14 graphs if, within the 5-year period preceding such
15 act or omission, the person who committed the act
16 or omission was criminally convicted for securities
17 fraud or became subject to a judgment or order im-
18 posing monetary, equitable, or administrative relief
19 in any Commission action alleging fraud by that per-
20 son.”.

21 (3) INVESTMENT COMPANY ACT OF 1940.—

22 (A) MONEY PENALTIES IN ADMINISTRA-
23 TIVE ACTIONS.—Section 9(d)(2) of the Invest-
24 ment Company Act of 1940 (15 U.S.C. 80a-

1 9(d)(2)) is amended by adding at the end the
2 following:

3 “(D) FOURTH TIER.—Notwithstanding
4 subparagraphs (A), (B), and (C), the maximum
5 amount of penalty for each such act or omission
6 shall be 3 times the otherwise applicable
7 amount in such subparagraphs if, within the 5-
8 year period preceding such act or omission, the
9 person who committed the act or omission was
10 criminally convicted for securities fraud or be-
11 came subject to a judgment or order imposing
12 monetary, equitable, or administrative relief in
13 any Commission action alleging fraud by that
14 person.”.

15 (B) MONEY PENALTIES IN CIVIL AC-
16 TIONS.—Section 42(e)(2) of the Investment
17 Company Act of 1940 (15 U.S.C. 80a-
18 41(e)(2)) is amended by adding at the end the
19 following:

20 “(D) FOURTH TIER.—Notwithstanding
21 subparagraphs (A), (B), and (C), the maximum
22 amount of penalty for each such violation shall
23 be 3 times the otherwise applicable amount in
24 such subparagraphs if, within the 5-year period
25 preceding such violation, the defendant was

1 criminally convicted for securities fraud or be-
2 came subject to a judgment or order imposing
3 monetary, equitable, or administrative relief in
4 any Commission action alleging fraud by that
5 defendant.”.

6 (4) INVESTMENT ADVISERS ACT OF 1940.—

7 (A) MONEY PENALTIES IN ADMINISTRA-
8 TIVE ACTIONS.—Section 203(i)(2) of the Invest-
9 ment Advisers Act of 1940 (15 U.S.C. 80b-
10 3(i)(2)) is amended by adding at the end the
11 following:

12 “(D) FOURTH TIER.—Notwithstanding
13 subparagraphs (A), (B), and (C), the maximum
14 amount of penalty for each such act or omission
15 shall be 3 times the otherwise applicable
16 amount in such subparagraphs if, within the 5-
17 year period preceding such act or omission, the
18 person who committed the act or omission was
19 criminally convicted for securities fraud or be-
20 came subject to a judgment or order imposing
21 monetary, equitable, or administrative relief in
22 any Commission action alleging fraud by that
23 person.”.

24 (B) MONEY PENALTIES IN CIVIL AC-
25 TIONS.—Section 209(e)(2) of the Investment

1 Advisers Act of 1940 (15 U.S.C. 80b–9(e)(2))
2 is amended by adding at the end the following:

3 “(D) FOURTH TIER.—Notwithstanding
4 subparagraphs (A), (B), and (C), the maximum
5 amount of penalty for each such violation shall
6 be 3 times the otherwise applicable amount in
7 such subparagraphs if, within the 5-year period
8 preceding such violation, the defendant was
9 criminally convicted for securities fraud or be-
10 came subject to a judgment or order imposing
11 monetary, equitable, or administrative relief in
12 any Commission action alleging fraud by that
13 defendant.”.

14 (c) VIOLATIONS OF INJUNCTIONS AND BARS.—

15 (1) SECURITIES ACT OF 1933.—Section 20(d) of
16 the Securities Act of 1933 (15 U.S.C. 77t(d)) is
17 amended—

18 (A) in paragraph (1), by inserting after
19 “the rules or regulations thereunder,” the fol-
20 lowing: “a Federal court injunction or a bar ob-
21 tained or entered by the Commission under this
22 title,”; and

23 (B) by striking paragraph (4) and insert-
24 ing the following:

1 “(4) SPECIAL PROVISIONS RELATING TO A VIO-
2 LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

3 “(A) IN GENERAL.—Each separate viola-
4 tion of an injunction or order described in sub-
5 paragraph (B) shall be a separate offense, ex-
6 cept that in the case of a violation through a
7 continuing failure to comply with such injunc-
8 tion or order, each day of the failure to comply
9 with the injunction or order shall be deemed a
10 separate offense.

11 “(B) INJUNCTIONS AND ORDERS.—Sub-
12 paragraph (A) shall apply with respect to any
13 action to enforce—

14 “(i) a Federal court injunction ob-
15 tained pursuant to this title;

16 “(ii) an order entered or obtained by
17 the Commission pursuant to this title that
18 bars, suspends, places limitations on the
19 activities or functions of, or prohibits the
20 activities of, a person; or

21 “(iii) a cease-and-desist order entered
22 by the Commission pursuant to section
23 8A.”.

1 (2) SECURITIES EXCHANGE ACT OF 1934.—Sec-
2 tion 21(d)(3) of the Securities Exchange Act of
3 1934 (15 U.S.C. 78u(d)(3)) is amended—

4 (A) in subparagraph (A), by inserting after
5 “the rules or regulations thereunder,” the fol-
6 lowing: “a Federal court injunction or a bar ob-
7 tained or entered by the Commission under this
8 title,”; and

9 (B) by striking subparagraph (D) and in-
10 serting the following:

11 “(D) SPECIAL PROVISIONS RELATING TO A VIO-
12 LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

13 “(i) IN GENERAL.—Each separate violation
14 of an injunction or order described in clause (ii)
15 shall be a separate offense, except that in the
16 case of a violation through a continuing failure
17 to comply with such injunction or order, each
18 day of the failure to comply with the injunction
19 or order shall be deemed a separate offense.

20 “(ii) INJUNCTIONS AND ORDERS.—Clause
21 (i) shall apply with respect to an action to en-
22 force—

23 “(I) a Federal court injunction ob-
24 tained pursuant to this title;

1 “(II) an order entered or obtained by
2 the Commission pursuant to this title that
3 bars, suspends, places limitations on the
4 activities or functions of, or prohibits the
5 activities of, a person; or

6 “(III) a cease-and-desist order entered
7 by the Commission pursuant to section
8 21C.”.

9 (3) INVESTMENT COMPANY ACT OF 1940.—Sec-
10 tion 42(e) of the Investment Company Act of 1940
11 (15 U.S.C. 80a–41(e)) is amended—

12 (A) in paragraph (1), by inserting after
13 “the rules or regulations thereunder,” the fol-
14 lowing: “a Federal court injunction or a bar ob-
15 tained or entered by the Commission under this
16 title,”; and

17 (B) by striking paragraph (4) and insert-
18 ing the following:

19 “(4) SPECIAL PROVISIONS RELATING TO A VIO-
20 LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

21 “(A) IN GENERAL.—Each separate viola-
22 tion of an injunction or order described in sub-
23 paragraph (B) shall be a separate offense, ex-
24 cept that in the case of a violation through a
25 continuing failure to comply with such injunc-

1 tion or order, each day of the failure to comply
2 with the injunction or order shall be deemed a
3 separate offense.

4 “(B) INJUNCTIONS AND ORDERS.—Sub-
5 paragraph (A) shall apply with respect to any
6 action to enforce—

7 “(i) a Federal court injunction ob-
8 tained pursuant to this title;

9 “(ii) an order entered or obtained by
10 the Commission pursuant to this title that
11 bars, suspends, places limitations on the
12 activities or functions of, or prohibits the
13 activities of, a person; or

14 “(iii) a cease-and-desist order entered
15 by the Commission pursuant to section
16 9(f).”.

17 (4) INVESTMENT ADVISERS ACT OF 1940.—Sec-
18 tion 209(e) of the Investment Advisers Act of 1940
19 (15 U.S.C. 80b–9(e)) is amended—

20 (A) in paragraph (1), by inserting after
21 “the rules or regulations thereunder,” the fol-
22 lowing: “a Federal court injunction or a bar ob-
23 tained or entered by the Commission under this
24 title,”; and

1 (B) by striking paragraph (4) and insert-
2 ing the following:

3 “(4) SPECIAL PROVISIONS RELATING TO A VIO-
4 LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

5 “(A) IN GENERAL.—Each separate viola-
6 tion of an injunction or order described in sub-
7 paragraph (B) shall be a separate offense, ex-
8 cept that in the case of a violation through a
9 continuing failure to comply with such injunc-
10 tion or order, each day of the failure to comply
11 with the injunction or order shall be deemed a
12 separate offense.

13 “(B) INJUNCTIONS AND ORDERS.—Sub-
14 paragraph (A) shall apply with respect to any
15 action to enforce—

16 “(i) a Federal court injunction ob-
17 tained pursuant to this title;

18 “(ii) an order entered or obtained by
19 the Commission pursuant to this title that
20 bars, suspends, places limitations on the
21 activities or functions of, or prohibits the
22 activities of, a person; or

23 “(iii) a cease-and-desist order entered
24 by the Commission pursuant to section
25 203(k).”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply with respect to conduct that occurs
3 after the date of the enactment of this Act.

4 **SEC. 802. UPDATED CIVIL MONEY PENALTIES OF PUBLIC**
5 **COMPANY ACCOUNTING OVERSIGHT BOARD.**

6 (a) IN GENERAL.—Section 105(c)(4)(D) of the Sar-
7 banes-Oxley Act of 2002 (15 U.S.C. 7215(c)(4)(D)) is
8 amended—

9 (1) in clause (i)—

10 (A) by striking “\$100,000” and inserting
11 “\$150,000”; and

12 (B) by striking “\$2,000,000” and insert-
13 ing “\$2,750,000”; and

14 (2) in clause (ii)—

15 (A) by striking “\$750,000” and inserting
16 “\$1,000,000”; and

17 (B) by striking “\$15,000,000” and insert-
18 ing “\$20,000,000”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply with respect to conduct that occurs
21 after the date of the enactment of this Act.

1 **SEC. 803. UPDATED CIVIL MONEY PENALTY FOR CONTROL-**
2 **LING PERSONS IN CONNECTION WITH IN-**
3 **SIDER TRADING.**

4 (a) IN GENERAL.—Section 21A(a)(3) of the Securi-
5 ties Exchange Act of 1934 (15 U.S.C. 78u–1(a)(3)) is
6 amended by striking “\$1,000,000” and inserting
7 “\$2,000,000”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply with respect to conduct that occurs
10 after the date of the enactment of this Act.

11 **SEC. 804. UPDATE OF CERTAIN OTHER PENALTIES.**

12 (a) IN GENERAL.—Section 32 of the Securities Ex-
13 change Act of 1934 (15 U.S.C. 78ff) is amended—

14 (1) in subsection (a), by striking “\$5,000,000”
15 and inserting “\$7,000,000”; and

16 (2) in subsection (c)—

17 (A) in paragraph (1)—

18 (i) in subparagraph (A), by striking
19 “\$2,000,000” and inserting “\$4,000,000”;

20 and

21 (ii) in subparagraph (B), by striking
22 “\$10,000” and inserting “\$50,000”; and

23 (B) in paragraph (2)—

24 (i) in subparagraph (A), by striking
25 “\$100,000” and inserting “\$250,000”;

26 and

1 (ii) in subparagraph (B), by striking
2 “\$10,000” and inserting “\$50,000”.

3 (b) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply with respect to conduct that occurs
5 after the date of the enactment of this Act.

6 **SEC. 805. MONETARY SANCTIONS TO BE USED FOR THE RE-**
7 **LIEF OF VICTIMS.**

8 (a) **IN GENERAL.**—Section 308(a) of the Sarbanes-
9 Oxley Act of 2002 (15 U.S.C. 7246(a)) is amended to read
10 as follows:

11 “(a) **MONETARY SANCTIONS TO BE USED FOR THE**
12 **RELIEF OF VICTIMS.**—If, in any judicial or administrative
13 action brought by the Commission under the securities
14 laws, the Commission obtains a monetary sanction (as de-
15 fined in section 21F(a) of the Securities Exchange Act of
16 1934) against any person for a violation of such laws, or
17 such person agrees, in settlement of any such action, to
18 such monetary sanction, the amount of such monetary
19 sanction shall, on the motion or at the direction of the
20 Commission, be added to and become part of a
21 disgorgement fund or other fund established for the ben-
22 efit of the victims of such violation.”.

23 (b) **MONETARY SANCTION DEFINED.**—Section
24 21F(a)(4)(A) of the Securities Exchange Act of 1934 (15

1 U.S.C. 78u-6(a)(4)(A)) is amended by striking “ordered”
2 and inserting “required”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section apply with respect to any monetary sanction
5 ordered or required to be paid before or after the date
6 of enactment of this Act.

7 **SEC. 806. GAO REPORT ON USE OF CIVIL MONEY PENALTY**
8 **AUTHORITY BY COMMISSION.**

9 (a) IN GENERAL.—Not later than 2 years after the
10 date of the enactment of this Act, the Comptroller General
11 of the United States shall submit to the Committee on
12 Financial Services of the House of Representatives and
13 the Committee on Banking, Housing, and Urban Affairs
14 of the Senate a report on the use by the Commission of
15 the authority to impose or obtain civil money penalties for
16 violations of the securities laws during the period begin-
17 ning on June 1, 2010, and ending on the date of the en-
18 actment of this Act.

19 (b) MATTERS REQUIRED TO BE INCLUDED.—The
20 matters covered by the report required by subsection (a)
21 shall include the following:

22 (1) The types of violations for which civil
23 money penalties were imposed or obtained.

1 (2) The types of persons on whom civil money
2 penalties were imposed or from whom such penalties
3 were obtained.

4 (3) The number and dollar amount of civil
5 money penalties imposed or obtained, disaggregated
6 as follows:

7 (A) Penalties imposed in administrative ac-
8 tions and penalties obtained in judicial actions.

9 (B) Penalties imposed on or obtained from
10 issuers (individual and aggregate filers) and
11 penalties imposed on or obtained from other
12 persons.

13 (C) Penalties permitted to be retained for
14 use by the Commission and penalties deposited
15 in the general fund of the Treasury of the
16 United States.

17 (4) For penalties imposed on or obtained from
18 issuers:

19 (A) Whether the violations involved re-
20 sulted in direct economic benefit to the issuers.

21 (B) The impact of the penalties on the
22 shareholders of the issuers.

23 (c) DEFINITIONS.—In this section, the terms “Com-
24 mission”, “issuer”, and “securities laws” have the mean-

1 ings given such terms in section 3(a) of the Securities Ex-
2 change Act of 1934 (15 U.S.C. 78c(a)).

3 **Subtitle B—FIRREA Penalties**
4 **Modernization**

5 **SECTION 811. INCREASE OF CIVIL AND CRIMINAL PEN-**
6 **ALTIES ORIGINALLY ESTABLISHED IN THE FI-**
7 **NANCIAL INSTITUTIONS REFORM, RECOV-**
8 **ERY, AND ENFORCEMENT ACT OF 1989.**

9 (a) AMENDMENTS TO FIRREA.— Section 951(b) of
10 the Financial Institutions Reform, Recovery, and Enforce-
11 ment Act of 1989 (12 U.S.C. 1833a(b)) is amended—

12 (1) in paragraph (1), by striking “\$1,000,000”
13 and inserting “\$1,500,000”; and

14 (2) in paragraph (2), by striking “\$1,000,000
15 per day or \$5,000,000” and inserting “\$1,500,000
16 per day or \$7,500,000”.

17 (b) AMENDMENTS TO THE HOME OWNERS’ LOAN
18 ACT.—The Home Owners’ Loan Act (12 U.S.C. 1461 et
19 seq.) is amended—

20 (1) in section 5(v)(6), by striking “\$1,000,000”
21 and inserting “\$1,500,000”; and

22 (2) in section 10—

23 (A) in subsection (r)(3), by striking
24 “\$1,000,000” and inserting “\$1,500,000”; and

1 (B) in subsection (i)(1)(B), by striking
2 “\$1,000,000” and inserting “\$1,500,000”.

3 (c) AMENDMENTS TO THE FEDERAL DEPOSIT IN-
4 SURANCE ACT.—The Federal Deposit Insurance Act (12
5 U.S.C. 1811 et seq.) is amended—

6 (1) in section 7—

7 (A) in subsection (a)(1), by striking
8 “\$1,000,000” and inserting “\$1,500,000”; and

9 (B) in subsection (j)(16)(D), by striking
10 “\$1,000,000” each place such term appears
11 and inserting “\$1,500,000”;

12 (2) in section 8—

13 (A) in subsection (i)(2)(D), by striking
14 “\$1,000,000” each place such term appears
15 and inserting “\$1,500,000”; and

16 (B) in subsection (j), by striking
17 “\$1,000,000” and inserting “\$1,500,000”; and

18 (3) in section 19(b), by striking “\$1,000,000”
19 and inserting “\$1,500,000”.

20 (d) AMENDMENTS TO THE FEDERAL CREDIT UNION
21 ACT.—The Federal Credit Union Act (12 U.S.C. 1751 et
22 seq.) is amended—

23 (1) in section 202(a)(3), by striking
24 “\$1,000,000” and inserting “\$1,500,000”;

1 (2) in section 205(d)(3), by striking
2 “\$1,000,000” and inserting “\$1,500,000”; and

3 (3) in section 206—

4 (A) in subsection (k)(2)(D), by striking
5 “\$1,000,000” each place such term appears
6 and inserting “\$1,500,000”; and

7 (B) in subsection (l), by striking
8 “\$1,000,000” and inserting “\$1,500,000”.

9 (e) AMENDMENTS TO THE REVISED STATUTES OF
10 THE UNITED STATES.—Title LXII of the Revised Stat-
11 utes of the United States is amended—

12 (1) in section 5213(c), by striking
13 “\$1,000,000” and inserting “\$1,500,000”; and

14 (2) in section 5239(b)(4), by striking
15 “\$1,000,000” each place such term appears and in-
16 serting “\$1,500,000”.

17 (f) AMENDMENTS TO THE FEDERAL RESERVE
18 ACT.—The Federal Reserve Act (12 U.S.C. 221 et seq.)
19 is amended—

20 (1) in the 6th undesignated paragraph of sec-
21 tion 9, by striking “\$1,000,000” and inserting
22 “\$1,500,000”;

23 (2) in section 19(l)(4), by striking
24 “\$1,000,000” each place such term appears and in-
25 serting “\$1,500,000”; and

1 (3) in section 29(d), by striking “\$1,000,000”
2 each place such term appears and inserting
3 “\$1,500,000”.

4 (g) AMENDMENTS TO THE BANK HOLDING COMPANY
5 ACT AMENDMENTS OF 1970.—Section 106(b)(2)(F)(iv) of
6 the Bank Holding Company Act Amendments of 1970 (12
7 U.S.C. 1978(b)(2)(F)(iv)) is amended by striking
8 “\$1,000,000” each place such term appears and inserting
9 “\$1,500,000”.

10 (h) AMENDMENTS TO THE BANK HOLDING COMPANY
11 ACT OF 1956.—Section 8 of the Bank Holding Company
12 Act of 1956 (12 U.S.C. 1847) is amended—

13 (1) in subsection (a)(2), by striking
14 “\$1,000,000” and inserting “\$1,500,000”; and

15 (2) in subsection (d)(3), by striking
16 “\$1,000,000” and inserting “\$1,500,000”.

17 (i) AMENDMENTS TO TITLE 18, UNITED STATES
18 CODE.—Title 18, United States Code, is amended—

19 (1) in section 215(a) of chapter 11, by striking
20 “\$1,000,000” and inserting “\$1,500,000”;

21 (2) in chapter 31—

22 (A) in section 656, by striking
23 “\$1,000,000” and inserting “\$1,500,000”; and

24 (B) in section 657, by striking
25 “\$1,000,000” and inserting “\$1,500,000”;

1 (3) in chapter 47—

2 (A) in section 1005, by striking
3 “\$1,000,000” and inserting “\$1,500,000”;

4 (B) in section 1006, by striking
5 “\$1,000,000” and inserting “\$1,500,000”;

6 (C) in section 1007, by striking
7 “\$1,000,000” and inserting “\$1,500,000”; and

8 (D) in section 1014, by striking
9 “\$1,000,000” and inserting “\$1,500,000”; and

10 (4) in chapter 63—

11 (A) in section 1341, by striking
12 “\$1,000,000” and inserting “\$1,500,000”;

13 (B) in section 1343, by striking
14 “\$1,000,000” and inserting “\$1,500,000”; and

15 (C) in section 1344, by striking
16 “\$1,000,000” and inserting “\$1,500,000”.

17 **TITLE IX—REPEAL OF THE**
18 **VOLCKER RULE AND OTHER**
19 **PROVISIONS**

20 **SEC. 901. REPEALS.**

21 (a) IN GENERAL.—The following sections of title VI
22 of the Dodd-Frank Wall Street Reform and Consumer
23 Protection Act are repealed, and the provisions of law
24 amended or repealed by such sections are restored or re-
25 vived as if such sections had not been enacted:

1 (1) Section 603.

2 (2) Section 618.

3 (3) Section 619.

4 (4) Section 620.

5 (5) Section 621.

6 (b) CLERICAL AMENDMENT.—The table of contents
7 under section 1(b) of the Dodd-Frank Wall Street Reform
8 and Consumer Protection Act is amended by striking the
9 items relating to sections 603, 618, 619, 620, and 621.

10 **TITLE X—UNLEASHING OPPOR-**
11 **TUNITIES FOR SMALL BUSI-**
12 **NESSES, INNOVATORS, AND**
13 **JOB CREATORS BY FACILI-**
14 **TATING CAPITAL FORMATION**
15 **Subtitle A—Small Business Merg-**
16 **ers, Acquisitions, Sales, and**
17 **Brokerage Simplification**

18 **SEC. 1001. REGISTRATION EXEMPTION FOR MERGER AND**
19 **ACQUISITION BROKERS.**

20 Section 15(b) of the Securities Exchange Act of 1934
21 (15 U.S.C. 78o(b)) is amended by adding at the end the
22 following:

23 “(13) REGISTRATION EXEMPTION FOR MERGER
24 AND ACQUISITION BROKERS.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), an M&A broker shall be ex-
3 empt from registration under this section.

4 “(B) EXCLUDED ACTIVITIES.—An M&A
5 broker is not exempt from registration under
6 this paragraph if such broker does any of the
7 following:

8 “(i) Directly or indirectly, in connec-
9 tion with the transfer of ownership of an
10 eligible privately held company, receives,
11 holds, transmits, or has custody of the
12 funds or securities to be exchanged by the
13 parties to the transaction.

14 “(ii) Engages on behalf of an issuer in
15 a public offering of any class of securities
16 that is registered, or is required to be reg-
17 istered, with the Commission under section
18 12 or with respect to which the issuer files,
19 or is required to file, periodic information,
20 documents, and reports under subsection
21 (d).

22 “(C) RULE OF CONSTRUCTION.—Nothing
23 in this paragraph shall be construed to limit
24 any other authority of the Commission to ex-
25 empt any person, or any class of persons, from

1 any provision of this title, or from any provision
2 of any rule or regulation thereunder.

3 “(D) DEFINITIONS.—In this paragraph:

4 “(i) CONTROL.—The term ‘control’
5 means the power, directly or indirectly, to
6 direct the management or policies of a
7 company, whether through ownership of
8 securities, by contract, or otherwise. There
9 is a presumption of control for any person
10 who—

11 “(I) is a director, general part-
12 ner, member or manager of a limited
13 liability company, or officer exercising
14 executive responsibility (or has similar
15 status or functions);

16 “(II) has the right to vote 20
17 percent or more of a class of voting
18 securities or the power to sell or direct
19 the sale of 20 percent or more of a
20 class of voting securities; or

21 “(III) in the case of a partner-
22 ship or limited liability company, has
23 the right to receive upon dissolution,
24 or has contributed, 20 percent or
25 more of the capital.

1 “(ii) ELIGIBLE PRIVATELY HELD
2 COMPANY.—The term ‘eligible privately
3 held company’ means a company that
4 meets both of the following conditions:

5 “(I) The company does not have
6 any class of securities registered, or
7 required to be registered, with the
8 Commission under section 12 or with
9 respect to which the company files, or
10 is required to file, periodic informa-
11 tion, documents, and reports under
12 subsection (d).

13 “(II) In the fiscal year ending
14 immediately before the fiscal year in
15 which the services of the M&A broker
16 are initially engaged with respect to
17 the securities transaction, the com-
18 pany meets either or both of the fol-
19 lowing conditions (determined in ac-
20 cordance with the historical financial
21 accounting records of the company):

22 “(aa) The earnings of the
23 company before interest, taxes,
24 depreciation, and amortization
25 are less than \$25,000,000.

1 “(bb) The gross revenues of
2 the company are less than
3 \$250,000,000.

4 “(iii) M&A BROKER.—The term ‘M&A
5 broker’ means a broker, and any person
6 associated with a broker, engaged in the
7 business of effecting securities transactions
8 solely in connection with the transfer of
9 ownership of an eligible privately held com-
10 pany, regardless of whether the broker acts
11 on behalf of a seller or buyer, through the
12 purchase, sale, exchange, issuance, repur-
13 chase, or redemption of, or a business com-
14 bination involving, securities or assets of
15 the eligible privately held company, if the
16 broker reasonably believes that—

17 “(I) upon consummation of the
18 transaction, any person acquiring se-
19 curities or assets of the eligible pri-
20 vately held company, acting alone or
21 in concert, will control and, directly or
22 indirectly, will be active in the man-
23 agement of the eligible privately held
24 company or the business conducted

1 with the assets of the eligible privately
2 held company; and

3 “(II) if any person is offered se-
4 curities in exchange for securities or
5 assets of the eligible privately held
6 company, such person will, prior to
7 becoming legally bound to consum-
8 mate the transaction, receive or have
9 reasonable access to the most recent
10 year-end balance sheet, income state-
11 ment, statement of changes in finan-
12 cial position, and statement of owner’s
13 equity of the issuer of the securities
14 offered in exchange, and, if the finan-
15 cial statements of the issuer are au-
16 dited, the related report of the inde-
17 pendent auditor, a balance sheet
18 dated not more than 120 days before
19 the date of the offer, and information
20 pertaining to the management, busi-
21 ness, results of operations for the pe-
22 riod covered by the foregoing financial
23 statements, and material loss contin-
24 gencies of the issuer.

25 “(E) INFLATION ADJUSTMENT.—

1 “(i) IN GENERAL.—On the date that
2 is 5 years after the date of the enactment
3 of this paragraph, and every 5 years there-
4 after, each dollar amount in subparagraph
5 (D)(ii)(II) shall be adjusted by—

6 “(I) dividing the annual value of
7 the Employment Cost Index For
8 Wages and Salaries, Private Industry
9 Workers (or any successor index), as
10 published by the Bureau of Labor
11 Statistics, for the calendar year pre-
12 ceding the calendar year in which the
13 adjustment is being made by the an-
14 nual value of such index (or suc-
15 cessor) for the calendar year ending
16 December 31, 2012; and

17 “(II) multiplying such dollar
18 amount by the quotient obtained
19 under subclause (I).

20 “(ii) ROUNDING.—Each dollar
21 amount determined under clause (i) shall
22 be rounded to the nearest multiple of
23 \$100,000.”.

1 **SEC. 1002. EFFECTIVE DATE.**

2 This section and any amendment made by this sec-
3 tion shall take effect on the date that is 90 days after
4 the date of the enactment of this Act.

5 **Subtitle B—Encouraging Employee**
6 **Ownership**

7 **SEC. 1006. INCREASED THRESHOLD FOR DISCLOSURES RE-**
8 **LATING TO COMPENSATORY BENEFIT PLANS.**

9 Not later than 60 days after the date of the enact-
10 ment of this Act, the Securities and Exchange Commission
11 shall revise section 230.701(e) of title 17, Code of Federal
12 Regulations, so as to increase from \$5,000,000 to
13 \$10,000,000 the aggregate sales price or amount of secu-
14 rities sold during any consecutive 12-month period in ex-
15 cess of which the issuer is required under such section to
16 deliver an additional disclosure to investors. The Commis-
17 sion shall index for inflation such aggregate sales price
18 or amount every 5 years to reflect the change in the Con-
19 sumer Price Index for All Urban Consumers published by
20 the Bureau of Labor Statistics, rounding to the nearest
21 \$1,000,000.

1 **Subtitle C—Small Company**
2 **Disclosure Simplification**

3 **SEC. 1011. EXEMPTION FROM XBRL REQUIREMENTS FOR**
4 **EMERGING GROWTH COMPANIES AND OTHER**
5 **SMALLER COMPANIES.**

6 (a) EXEMPTION FOR EMERGING GROWTH COMPA-
7 NIES.—Emerging growth companies are exempted from
8 the requirements to use Extensible Business Reporting
9 Language (XBRL) for financial statements and other
10 periodic reporting required to be filed with the Commis-
11 sion under the securities laws. Such companies may elect
12 to use XBRL for such reporting.

13 (b) EXEMPTION FOR OTHER SMALLER COMPA-
14 NIES.—Issuers with total annual gross revenues of less
15 than \$250,000,000 are exempt from the requirements to
16 use XBRL for financial statements and other periodic re-
17 porting required to be filed with the Commission under
18 the securities laws. Such issuers may elect to use XBRL
19 for such reporting. An exemption under this subsection
20 shall continue in effect until—

21 (1) the date that is five years after the date of
22 enactment of this Act; or

23 (2) the date that is two years after a deter-
24 mination by the Commission, by order after con-
25 ducting the analysis required by section 3, that the

1 benefits of such requirements to such issuers out-
2 weigh the costs, but no earlier than three years after
3 enactment of this Act.

4 (c) MODIFICATIONS TO REGULATIONS.—Not later
5 than 60 days after the date of enactment of this Act, the
6 Commission shall revise its regulations under parts 229,
7 230, 232, 239, 240, and 249 of title 17, Code of Federal
8 Regulations, to reflect the exemptions set forth in sub-
9 sections (a) and (b).

10 **SEC. 1012. ANALYSIS BY THE SEC.**

11 The Commission shall conduct an analysis of the
12 costs and benefits to issuers described in section 1011(b)
13 of the requirements to use XBRL for financial statements
14 and other periodic reporting required to be filed with the
15 Commission under the securities laws. Such analysis shall
16 include an assessment of—

17 (1) how such costs and benefits may differ from
18 the costs and benefits identified by the Commission
19 in the order relating to interactive data to improve
20 financial reporting (dated January 30, 2009; 74
21 Fed. Reg. 6776) because of the size of such issuers;

22 (2) the effects on efficiency, competition, capital
23 formation, and financing and on analyst coverage of
24 such issuers (including any such effects resulting
25 from use of XBRL by investors);

1 (3) the costs to such issuers of—

2 (A) submitting data to the Commission in
3 XBRL;

4 (B) posting data on the website of the
5 issuer in XBRL;

6 (C) software necessary to prepare, submit,
7 or post data in XBRL; and

8 (D) any additional consulting services or
9 filing agent services;

10 (4) the benefits to the Commission in terms of
11 improved ability to monitor securities markets, as-
12 sess the potential outcomes of regulatory alter-
13 natives, and enhance investor participation in cor-
14 porate governance and promote capital formation;
15 and

16 (5) the effectiveness of standards in the United
17 States for interactive filing data relative to the
18 standards of international counterparts.

19 **SEC. 1013. REPORT TO CONGRESS.**

20 Not later than one year after the date of enactment
21 of this Act, the Commission shall provide the Committee
22 on Financial Services of the House of Representatives and
23 the Committee on Banking, Housing, and Urban Affairs
24 of the Senate a report regarding—

1 (1) the progress in implementing XBRL report-
2 ing within the Commission;

3 (2) the use of XBRL data by Commission offi-
4 cials;

5 (3) the use of XBRL data by investors;

6 (4) the results of the analysis required by sec-
7 tion 1012; and

8 (5) any additional information the Commission
9 considers relevant for increasing transparency, de-
10 creasing costs, and increasing efficiency of regu-
11 latory filings with the Commission.

12 **SEC. 1014. DEFINITIONS.**

13 As used in this subtitle, the terms “Commission”,
14 “emerging growth company”, “issuer”, and “securities
15 laws” have the meanings given such terms in section 3
16 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

17 **Subtitle D—Securities and Ex-**
18 **change Commission Overpay-**
19 **ment Credit**

20 **SEC. 1016. REFUNDING OR CREDITING OVERPAYMENT OF**
21 **SECTION 31 FEES.**

22 (a) IN GENERAL.—Section 31 of the Securities Ex-
23 change Act of 1934 (15 U.S.C. 78ee) is amended by add-
24 ing at the end the following:

1 “(n) OVERPAYMENT.—If a national securities ex-
2 change or national securities association pays to the Com-
3 mission an amount in excess of fees and assessments due
4 under this section and informs the Commission of such
5 amount paid in excess within 10 years of the date of the
6 payment, the Commission shall offset future fees and as-
7 sessments due by such exchange or association in an
8 amount equal to such excess amount.”.

9 (b) APPLICABILITY.—The amendment made by this
10 section shall apply to any fees and assessments paid be-
11 fore, on, or after the date of enactment of this section.

12 **Subtitle E—Fair Access to** 13 **Investment Research**

14 **SEC. 1021. SAFE HARBOR FOR INVESTMENT FUND RE-** 15 **SEARCH.**

16 (a) EXPANSION OF THE SAFE HARBOR.—Not later
17 than the end of the 45-day period beginning on the date
18 of enactment of this Act, the Securities and Exchange
19 Commission shall propose, and not later than the end of
20 the 180-day period beginning on such date, the Commis-
21 sion shall adopt, upon such terms, conditions, or require-
22 ments as the Commission may determine necessary or ap-
23 propriate in the public interest, for the protection of inves-
24 tors, and for the promotion of capital formation, revisions
25 to section 230.139 of title 17, Code of Federal Regula-

1 tions, to provide that a covered investment fund research
2 report that is published or distributed by a broker or deal-
3 er—

4 (1) shall be deemed, for purposes of sections
5 2(a)(10) and 5(c) of the Securities Act of 1933 (15
6 U.S.C. 77b(a)(10), 77e(c)), not to constitute an
7 offer for sale or an offer to sell a security that is the
8 subject of an offering pursuant to a registration
9 statement that is effective, even if the broker or
10 dealer is participating or will participate in the reg-
11 istered offering of the covered investment fund's se-
12 curities; and

13 (2) shall be deemed to satisfy the conditions of
14 subsection (a)(1) or (a)(2) of section 230.139 of title
15 17, Code of Federal Regulations, or any successor
16 provisions, for purposes of the Commission's rules
17 and regulations under the Federal securities laws
18 and the rules of any self-regulatory organization.

19 (b) IMPLEMENTATION OF SAFE HARBOR.—In imple-
20 menting the safe harbor pursuant to subsection (a), the
21 Commission shall—

22 (1) not, in the case of a covered investment
23 fund with a class of securities in substantially con-
24 tinuous distribution, condition the safe harbor on
25 whether the broker's or dealer's publication or dis-

1 tribution of a covered investment fund research re-
2 port constitutes such broker's or dealer's initiation
3 or reinitiation of research coverage on such covered
4 investment fund or its securities;

5 (2) not—

6 (A) require the covered investment fund to
7 have been registered as an investment company
8 under the Investment Company Act of 1940
9 (15 U.S.C. 80a-1 et seq.) or subject to the re-
10 porting requirements of section 13 or 15(d) of
11 the Securities Exchange Act of 1934 (15
12 U.S.C. 78m, 78o(d)) for any period exceeding
13 the period of time referenced under paragraph
14 (a)(1)(i)(A)(1) of section 230.139 of title 17,
15 Code of Federal Regulations; or

16 (B) impose a minimum float provision ex-
17 ceeding that referenced in paragraph
18 (a)(1)(i)(A)(1)(i) of section 230.139 of title 17,
19 Code of Federal Regulations;

20 (3) provide that a self-regulatory organization
21 may not maintain or enforce any rule that would—

22 (A) prohibit the ability of a member to
23 publish or distribute a covered investment fund
24 research report solely because the member is
25 also participating in a registered offering or

1 other distribution of any securities of such cov-
2 ered investment fund; or

3 (B) prohibit the ability of a member to
4 participate in a registered offering or other dis-
5 tribution of securities of a covered investment
6 fund solely because the member has published
7 or distributed a covered investment fund re-
8 search report about such covered investment
9 fund or its securities; and

10 (4) provide that a covered investment fund re-
11 search report shall not be subject to section 24(b) of
12 the Investment Company Act of 1940 (15 U.S.C.
13 80a–24(b)) or the rules and regulations thereunder,
14 except that such report may still be subject to such
15 section and the rules and regulations thereunder to
16 the extent that it is otherwise not subject to the con-
17 tent standards in the rules of any self-regulatory or-
18 ganization related to research reports, including
19 those contained in the rules governing communica-
20 tions with the public regarding investment compa-
21 nies or substantially similar standards.

22 (c) RULES OF CONSTRUCTION.—Nothing in this Act
23 shall be construed as in any way limiting—

24 (1) the applicability of the antifraud or
25 antimanipulation provisions of the Federal securities

1 laws and rules adopted thereunder to a covered in-
2 vestment fund research report, including section 17
3 of the Securities Act of 1933 (15 U.S.C. 77q), sec-
4 tion 34(b) of the Investment Company Act of 1940
5 (15 U.S.C. 80a-33), and sections 9 and 10 of the
6 Securities Exchange Act of 1934 (15 U.S.C. 78i,
7 78j); or

8 (2) the authority of any self-regulatory organi-
9 zation to examine or supervise a member's practices
10 in connection with such member's publication or dis-
11 tribution of a covered investment fund research re-
12 port for compliance with applicable provisions of the
13 Federal securities laws or self-regulatory organiza-
14 tion rules related to research reports, including those
15 contained in rules governing communications with
16 the public.

17 (d) INTERIM EFFECTIVENESS OF SAFE HARBOR.—

18 (1) IN GENERAL.—From and after the 180-day
19 period beginning on the date of enactment of this
20 Act, if the Commission has not adopted revisions to
21 section 230.139 of title 17, Code of Federal Regula-
22 tions, as required by subsection (a), and until such
23 time as the Commission has done so, a broker or
24 dealer distributing or publishing a covered invest-
25 ment fund research report after such date shall be

1 able to rely on the provisions of section 230.139 of
2 title 17, Code of Federal Regulations, and the
3 broker or dealer's publication of such report shall be
4 deemed to satisfy the conditions of subsection (a)(1)
5 or (a)(2) of section 230.139 of title 17, Code of Fed-
6 eral Regulations, if the covered investment fund that
7 is the subject of such report satisfies the reporting
8 history requirements (without regard to Form S-3
9 or Form F-3 eligibility) and minimum float provi-
10 sions of such subsections for purposes of the Com-
11 mission's rules and regulations under the Federal
12 securities laws and the rules of any self-regulatory
13 organization, as if revised and implemented in ac-
14 cordance with subsections (a) and (b).

15 (2) STATUS OF COVERED INVESTMENT FUND.—
16 After such period and until the Commission has
17 adopted revisions to section 230.139 and FINRA
18 has revised rule 2210, for purposes of subsection
19 (c)(7)(O) of such rule, a covered investment fund
20 shall be deemed to be a security that is listed on a
21 national securities exchange and that is not subject
22 to section 24(b) of the Investment Company Act of
23 1940 (15 U.S.C. 80a-24(b)). Communications con-
24 cerning only covered investment funds that fall with-

1 in the scope of such section shall not be required to
2 be filed with FINRA.

3 (e) DEFINITIONS.—For purposes of this section:

4 (1) The term “covered investment fund re-
5 search report” means a research report published or
6 distributed by a broker or dealer about a covered in-
7 vestment fund or any securities issued by the cov-
8 ered investment fund, but not including a research
9 report to the extent that it is published or distrib-
10 uted by the covered investment fund or any affiliate
11 of the covered investment fund.

12 (2) The term “covered investment fund”
13 means—

14 (A) an investment company registered
15 under, or that has filed an election to be treated
16 as a business development company under, the
17 Investment Company Act of 1940 and that has
18 filed a registration statement under the Securi-
19 ties Act of 1933 for the public offering of a
20 class of its securities, which registration state-
21 ment has been declared effective by the Com-
22 mission; and

23 (B) a trust or other person—

24 (i) issuing securities in an offering
25 registered under the Securities Act of 1933

1 and which class of securities is listed for
2 trading on a national securities exchange;

3 (ii) the assets of which consist pri-
4 marily of commodities, currencies, or deriv-
5 ative instruments that reference commod-
6 ities or currencies, or interests in the fore-
7 going; and

8 (iii) that provides in its registration
9 statement under the Securities Act of 1933
10 that a class of its securities are purchased
11 or redeemed, subject to conditions or limi-
12 tations, for a ratable share of its assets.

13 (3) The term “FINRA” means the Financial
14 Industry Regulatory Authority.

15 (4) The term “research report” has the mean-
16 ing given that term under section 2(a)(3) of the Se-
17 curities Act of 1933 (15 U.S.C. 77b(a)(3)), except
18 that such term shall not include an oral communica-
19 tion.

20 (5) The term “self-regulatory organization” has
21 the meaning given to that term under section
22 3(a)(26) of the Securities Exchange Act of 1934 (15
23 U.S.C. 78c(a)(26)).

1 **Subtitle F—Accelerating Access to**
2 **Capital**

3 **SEC. 1026. EXPANDED ELIGIBILITY FOR USE OF FORM S-3.**

4 Not later than 45 days after the date of the enact-
5 ment of this Act, the Securities and Exchange Commission
6 shall revise Form S-3—

7 (1) so as to permit securities to be registered
8 pursuant to General Instruction I.B.1. of such form
9 provided that either—

10 (A) the aggregate market value of the vot-
11 ing and non-voting common equity held by non-
12 affiliates of the registrant is \$75,000,000 or
13 more; or

14 (B) the registrant has at least one class of
15 common equity securities listed and registered
16 on a national securities exchange; and

17 (2) so as to remove the requirement of para-
18 graph (c) from General Instruction I.B.6. of such
19 form.

1 **Subtitle G—SEC Small Business**
2 **Advocate**

3 **SEC. 1031. ESTABLISHMENT OF OFFICE OF THE ADVOCATE**
4 **FOR SMALL BUSINESS CAPITAL FORMATION**
5 **AND SMALL BUSINESS CAPITAL FORMATION**
6 **ADVISORY COMMITTEE.**

7 (a) OFFICE OF THE ADVOCATE FOR SMALL BUSI-
8 NESS CAPITAL FORMATION.—Section 4 of the Securities
9 Exchange Act of 1934 (15 U.S.C. 78d), as amended by
10 title VI, is further amended by adding at the end the fol-
11 lowing:

12 “(k) OFFICE OF THE ADVOCATE FOR SMALL BUSI-
13 NESS CAPITAL FORMATION.—

14 “(1) OFFICE ESTABLISHED.—There is estab-
15 lished within the Commission the Office of the Advo-
16 cate for Small Business Capital Formation (here-
17 after in this subsection referred to as the ‘Office’).

18 “(2) ADVOCATE FOR SMALL BUSINESS CAPITAL
19 FORMATION.—

20 “(A) IN GENERAL.—The head of the Of-
21 fice shall be the Advocate for Small Business
22 Capital Formation, who shall—

23 “(i) report directly to the Commission;

24 and

1 “(ii) be appointed by the Commission,
2 from among individuals having experience
3 in advocating for the interests of small
4 businesses and encouraging small business
5 capital formation.

6 “(B) COMPENSATION.—The annual rate of
7 pay for the Advocate for Small Business Cap-
8 ital Formation shall be equal to the highest rate
9 of annual pay for other senior executives who
10 report directly to the Commission.

11 “(C) NO CURRENT EMPLOYEE OF THE
12 COMMISSION.—An individual may not be ap-
13 pointed as the Advocate for Small Business
14 Capital Formation if the individual is currently
15 employed by the Commission.

16 “(3) STAFF OF OFFICE.—The Advocate for
17 Small Business Capital Formation, after consulta-
18 tion with the Commission, may retain or employ
19 independent counsel, research staff, and service
20 staff, as the Advocate for Small Business Capital
21 Formation determines to be necessary to carry out
22 the functions of the Office.

23 “(4) FUNCTIONS OF THE ADVOCATE FOR
24 SMALL BUSINESS CAPITAL FORMATION.—The Advo-
25 cate for Small Business Capital Formation shall—

1 “(A) assist small businesses and small
2 business investors in resolving significant prob-
3 lems such businesses and investors may have
4 with the Commission or with self-regulatory or-
5 ganizations;

6 “(B) identify areas in which small busi-
7 nesses and small business investors would ben-
8 efit from changes in the regulations of the
9 Commission or the rules of self-regulatory orga-
10 nizations;

11 “(C) identify problems that small busi-
12 nesses have with securing access to capital, in-
13 cluding any unique challenges to minority-
14 owned and women-owned small businesses;

15 “(D) analyze the potential impact on small
16 businesses and small business investors of—

17 “(i) proposed regulations of the Com-
18 mission that are likely to have a significant
19 economic impact on small businesses and
20 small business capital formation; and

21 “(ii) proposed rules that are likely to
22 have a significant economic impact on
23 small businesses and small business capital
24 formation of self-regulatory organizations
25 registered under this title;

1 “(E) conduct outreach to small businesses
2 and small business investors, including through
3 regional roundtables, in order to solicit views on
4 relevant capital formation issues;

5 “(F) to the extent practicable, propose to
6 the Commission changes in the regulations or
7 orders of the Commission and to Congress any
8 legislative, administrative, or personnel changes
9 that may be appropriate to mitigate problems
10 identified under this paragraph and to promote
11 the interests of small businesses and small busi-
12 ness investors;

13 “(G) consult with the Investor Advocate on
14 proposed recommendations made under sub-
15 paragraph (F); and

16 “(H) advise the Investor Advocate on
17 issues related to small businesses and small
18 business investors.

19 “(5) ACCESS TO DOCUMENTS.—The Commis-
20 sion shall ensure that the Advocate for Small Busi-
21 ness Capital Formation has full access to the docu-
22 ments and information of the Commission and any
23 self-regulatory organization, as necessary to carry
24 out the functions of the Office.

25 “(6) ANNUAL REPORT ON ACTIVITIES.—

1 “(A) IN GENERAL.—Not later than De-
2 cember 31 of each year after 2015, the Advo-
3 cate for Small Business Capital Formation shall
4 submit to the Committee on Banking, Housing,
5 and Urban Affairs of the Senate and the Com-
6 mittee on Financial Services of the House of
7 Representatives a report on the activities of the
8 Advocate for Small Business Capital Formation
9 during the immediately preceding fiscal year.

10 “(B) CONTENTS.—Each report required
11 under subparagraph (A) shall include—

12 “(i) appropriate statistical information
13 and full and substantive analysis;

14 “(ii) information on steps that the
15 Advocate for Small Business Capital For-
16 mation has taken during the reporting pe-
17 riod to improve small business services and
18 the responsiveness of the Commission and
19 self-regulatory organizations to small busi-
20 ness and small business investor concerns;

21 “(iii) a summary of the most serious
22 issues encountered by small businesses and
23 small business investors, including any
24 unique issues encountered by minority-
25 owned and women-owned small businesses

1 and their investors, during the reporting
2 period;

3 “(iv) an inventory of the items sum-
4 marized under clause (iii) (including items
5 summarized under such clause for any
6 prior reporting period on which no action
7 has been taken or that have not been re-
8 solved to the satisfaction of the Advocate
9 for Small Business Capital Formation as
10 of the beginning of the reporting period
11 covered by the report) that includes—

12 “(I) identification of any action
13 taken by the Commission or the self-
14 regulatory organization and the result
15 of such action;

16 “(II) the length of time that each
17 item has remained on such inventory;
18 and

19 “(III) for items on which no ac-
20 tion has been taken, the reasons for
21 inaction, and an identification of any
22 official who is responsible for such ac-
23 tion;

24 “(v) recommendations for such
25 changes to the regulations, guidance and

1 orders of the Commission and such legisla-
2 tive actions as may be appropriate to re-
3 solve problems with the Commission and
4 self-regulatory organizations encountered
5 by small businesses and small business in-
6 vestors and to encourage small business
7 capital formation; and

8 “(vi) any other information, as deter-
9 mined appropriate by the Advocate for
10 Small Business Capital Formation.

11 “(C) CONFIDENTIALITY.—No report re-
12 quired by subparagraph (A) may contain con-
13 fidential information.

14 “(D) INDEPENDENCE.—Each report re-
15 quired under subparagraph (A) shall be pro-
16 vided directly to the committees of Congress
17 listed in such subparagraph without any prior
18 review or comment from the Commission, any
19 commissioner, any other officer or employee of
20 the Commission, or the Office of Management
21 and Budget.

22 “(7) REGULATIONS.—The Commission shall es-
23 tablish procedures requiring a formal response to all
24 recommendations submitted to the Commission by
25 the Advocate for Small Business Capital Formation,

1 not later than 3 months after the date of such sub-
2 mission.

3 “(8) GOVERNMENT-BUSINESS FORUM ON SMALL
4 BUSINESS CAPITAL FORMATION.—The Advocate for
5 Small Business Capital Formation shall be respon-
6 sible for planning, organizing, and executing the an-
7 nual Government-Business Forum on Small Busi-
8 ness Capital Formation described in section 503 of
9 the Small Business Investment Incentive Act of
10 1980 (15 U.S.C. 80c–1).

11 “(9) RULE OF CONSTRUCTION.—Nothing in
12 this subsection may be construed as replacing or re-
13 ducing the responsibilities of the Investor Advocate
14 with respect to small business investors.”

15 (b) SMALL BUSINESS CAPITAL FORMATION ADVI-
16 SORY COMMITTEE.—The Securities Exchange Act of 1934
17 (15 U.S.C. 78a et seq.) is amended by inserting after sec-
18 tion 39 the following:

19 **“SEC. 40. SMALL BUSINESS CAPITAL FORMATION ADVISORY**
20 **COMMITTEE.**

21 “(a) ESTABLISHMENT AND PURPOSE.—

22 “(1) ESTABLISHMENT.—There is established
23 within the Commission the Small Business Capital
24 Formation Advisory Committee (hereafter in this
25 section referred to as the ‘Committee’).

1 “(2) FUNCTIONS.—

2 “(A) IN GENERAL.—The Committee shall
3 provide the Commission with advice on the
4 Commission’s rules, regulations, and policies
5 with regard to the Commission’s mission of pro-
6 tecting investors, maintaining fair, orderly, and
7 efficient markets, and facilitating capital forma-
8 tion, as such rules, regulations, and policies re-
9 late to—

10 “(i) capital raising by emerging, pri-
11 vately held small businesses (‘emerging
12 companies’) and publicly traded companies
13 with less than \$250,000,000 in public mar-
14 ket capitalization (‘smaller public compa-
15 nies’) through securities offerings, includ-
16 ing private and limited offerings and initial
17 and other public offerings;

18 “(ii) trading in the securities of
19 emerging companies and smaller public
20 companies; and

21 “(iii) public reporting and corporate
22 governance requirements of emerging com-
23 panies and smaller public companies.

24 “(B) LIMITATION.—The Committee shall
25 not provide any advice with respect to any poli-

1 cies, practices, actions, or decisions concerning
2 the Commission’s enforcement program.

3 “(b) MEMBERSHIP.—

4 “(1) IN GENERAL.—The members of the Com-
5 mittee shall be—

6 “(A) the Advocate for Small Business Cap-
7 ital Formation;

8 “(B) not fewer than 10, and not more than
9 20, members appointed by the Commission,
10 from among individuals—

11 “(i) who represent—

12 “(I) emerging companies engag-
13 ing in private and limited securities
14 offerings or considering initial public
15 offerings (‘IPO’) (including the com-
16 panies’ officers and directors);

17 “(II) the professional advisors of
18 such companies (including attorneys,
19 accountants, investment bankers, and
20 financial advisors); and

21 “(III) the investors in such com-
22 panies (including angel investors, ven-
23 ture capital funds, and family offices);

1 “(ii) who are officers or directors of
2 minority-owned small businesses and
3 women-owned small businesses;

4 “(iii) who represent—

5 “(I) smaller public companies
6 (including the companies’ officers and
7 directors);

8 “(II) the professional advisors of
9 such companies (including attorneys,
10 auditors, underwriters, and financial
11 advisors); and

12 “(III) the pre-IPO and post-IPO
13 investors in such companies (both in-
14 stitutional, such as venture capital
15 funds, and individual, such as angel
16 investors); and

17 “(iv) who represent participants in the
18 marketplace for the securities of emerging
19 companies and smaller public companies,
20 such as securities exchanges, alternative
21 trading systems, analysts, information
22 processors, and transfer agents; and

23 “(C) 3 non-voting members—

24 “(i) 1 of whom shall be appointed by
25 the Investor Advocate;

1 “(ii) 1 of whom shall be appointed by
2 the North American Securities Administra-
3 tors Association; and

4 “(iii) 1 of whom shall be appointed by
5 the Administrator of the Small Business
6 Administration.

7 “(2) TERM.—Each member of the Committee
8 appointed under subparagraph (B), (C)(ii), or
9 (C)(iii) of paragraph (1) shall serve for a term of 4
10 years.

11 “(3) MEMBERS NOT COMMISSION EMPLOY-
12 EES.—Members appointed under subparagraph (B),
13 (C)(ii), or (C)(iii) of paragraph (1) shall not be
14 treated as employees or agents of the Commission
15 solely because of membership on the Committee.

16 “(c) CHAIRMAN; VICE CHAIRMAN; SECRETARY; AS-
17 SISTANT SECRETARY.—

18 “(1) IN GENERAL.—The members of the Com-
19 mittee shall elect, from among the members of the
20 Committee—

21 “(A) a chairman;

22 “(B) a vice chairman;

23 “(C) a secretary; and

24 “(D) an assistant secretary.

1 “(2) TERM.—Each member elected under para-
2 graph (1) shall serve for a term of 3 years in the
3 capacity for which the member was elected under
4 paragraph (1).

5 “(d) MEETINGS.—

6 “(1) FREQUENCY OF MEETINGS.—The Com-
7 mittee shall meet—

8 “(A) not less frequently than four times
9 annually, at the call of the chairman of the
10 Committee; and

11 “(B) from time to time, at the call of the
12 Commission.

13 “(2) NOTICE.—The chairman of the Committee
14 shall give the members of the Committee written no-
15 tice of each meeting, not later than 2 weeks before
16 the date of the meeting.

17 “(e) COMPENSATION AND TRAVEL EXPENSES.—

18 Each member of the Committee who is not a full-time em-
19 ployee of the United States shall—

20 “(1) be entitled to receive compensation at a
21 rate not to exceed the daily equivalent of the annual
22 rate of basic pay in effect for a position at level V
23 of the Executive Schedule under section 5316 of title
24 5, United States Code, for each day during which

1 the member is engaged in the actual performance of
2 the duties of the Committee; and

3 “(2) while away from the home or regular place
4 of business of the member in the performance of
5 services for the Committee, be allowed travel ex-
6 penses, including per diem in lieu of subsistence, in
7 the same manner as persons employed intermittently
8 in the Government service are allowed expenses
9 under section 5703 of title 5, United States Code.

10 “(f) STAFF.—The Commission shall make available
11 to the Committee such staff as the chairman of the Com-
12 mittee determines are necessary to carry out this section.

13 “(g) REVIEW BY COMMISSION.—The Commission
14 shall—

15 “(1) review the findings and recommendations
16 of the Committee; and

17 “(2) each time the Committee submits a finding
18 or recommendation to the Commission, promptly
19 issue a public statement—

20 “(A) assessing the finding or recommenda-
21 tion of the Committee; and

22 “(B) disclosing the action, if any, the Com-
23 mission intends to take with respect to the find-
24 ing or recommendation.”.

1 (c) ANNUAL GOVERNMENT-BUSINESS FORUM ON
2 SMALL BUSINESS CAPITAL FORMATION.—Section 503(a)
3 of the Small Business Investment Incentive Act of 1980
4 (15 U.S.C. 80c–1(a)) is amended by inserting “(acting
5 through the Office of the Advocate for Small Business
6 Capital Formation and in consultation with the Small
7 Business Capital Formation Advisory Committee)” after
8 “Securities and Exchange Commission”.

9 **Subtitle H—Small Business Credit**
10 **Availability**

11 **SEC. 1036. BUSINESS DEVELOPMENT COMPANY OWNER-**
12 **SHIP OF SECURITIES OF INVESTMENT ADVIS-**
13 **ERS AND CERTAIN FINANCIAL COMPANIES.**

14 (a) IN GENERAL.—

15 (1) IN GENERAL.—Not later than 1 year after
16 the date of enactment of this Act, the Securities and
17 Exchange Commission shall promulgate regulations
18 to codify the order in Investment Company Act Re-
19 lease No. 30024, dated March 30, 2012. If the Com-
20 mission fails to complete the regulations as required
21 by this subsection, a business development company
22 shall be entitled to treat such regulations as having
23 been completed in accordance with the actions re-
24 quired to be taken by the Commission until such

1 time as such regulations are completed by the Com-
2 mission.

3 (2) RULE OF CONSTRUCTION.—Nothing in this
4 subsection shall prevent the Commission from
5 issuing rules to address potential conflicts of interest
6 between business development companies and invest-
7 ment advisers.

8 (b) PERMISSIBLE ASSETS OF AN ELIGIBLE PORT-
9 FOLIO COMPANY.—Section 55 of the Investment Company
10 Act of 1940 (15 U.S.C. 80a–54) is amended by adding
11 at the end the following:

12 “(c) SECURITIES DEEMED TO BE PERMISSIBLE AS-
13 SETS.—Notwithstanding subsection (a), securities that
14 would be described in paragraphs (1) through (6) of such
15 subsection except that the issuer is a company described
16 in paragraph (2), (3), (4), (5), (6), or (9) of section 3(c)
17 may be deemed to be assets described in paragraphs (1)
18 through (6) of subsection (a) to the extent necessary for
19 the sum of the assets to equal 70 percent of the value
20 of a business development company’s total assets (other
21 than assets described in paragraph (7) of subsection (a)),
22 provided that the aggregate value of such securities count-
23 ing toward such 70 percent shall not exceed 20 percent
24 of the value of the business development company’s total
25 assets.”.

1 **SEC. 1037. EXPANDING ACCESS TO CAPITAL FOR BUSINESS**
2 **DEVELOPMENT COMPANIES.**

3 (a) IN GENERAL.—Section 61(a) of the Investment
4 Company Act of 1940 (15 U.S.C. 80a–60(a)) is amend-
5 ed—

6 (1) by redesignating paragraphs (2) through
7 (4) as paragraphs (3) through (5), respectively;

8 (2) by striking paragraph (1) and inserting the
9 following:

10 “(1) Except as provided in paragraph (2), the
11 asset coverage requirements of subparagraphs (A)
12 and (B) of section 18(a)(1) (and any related rule
13 promulgated under this Act) applicable to business
14 development companies shall be 200 percent.

15 “(2) The asset coverage requirements of sub-
16 subparagraphs (A) and (B) of section 18(a)(1) and of
17 subparagraphs (A) and (B) of section 18(a)(2) (and
18 any related rule promulgated under this Act) appli-
19 cable to a business development company shall be
20 150 percent if—

21 “(A) within five business days of the ap-
22 proval of the adoption of the asset coverage re-
23 quirements described in clause (ii), the business
24 development company discloses such approval
25 and the date of its effectiveness in a Form 8-
26 K filed with the Commission and in a notice on

1 its website and discloses in its periodic filings
2 made under section 13 of the Securities Ex-
3 change Act of 1934 (15 U.S.C. 78m)—

4 “(i) the aggregate value of the senior
5 securities issued by such company and the
6 asset coverage percentage as of the date of
7 such company’s most recent financial
8 statements; and

9 “(ii) that such company has adopted
10 the asset coverage requirements of this
11 subparagraph and the effective date of
12 such requirements;

13 “(B) with respect to a business develop-
14 ment company that issues equity securities that
15 are registered on a national securities exchange,
16 the periodic filings of the company under sec-
17 tion 13(a) of the Securities Exchange Act of
18 1934 (15 U.S.C. 78m) include disclosures rea-
19 sonably designed to ensure that shareholders
20 are informed of—

21 “(i) the amount of indebtedness and
22 asset coverage ratio of the company, deter-
23 mined as of the date of the financial state-
24 ments of the company dated on or most re-
25 cently before the date of such filing; and

1 “(ii) the principal risk factors associ-
2 ated with such indebtedness, to the extent
3 such risk is incurred by the company; and

4 “(C)(i) the application of this paragraph to
5 the company is approved by the required major-
6 ity (as defined in section 57(o)) of the directors
7 of or general partners of such company who are
8 not interested persons of the business develop-
9 ment company, which application shall become
10 effective on the date that is 1 year after the
11 date of the approval, and, with respect to a
12 business development company that issues eq-
13 uity securities that are not registered on a na-
14 tional securities exchange, the company extends,
15 to each person who is a shareholder as of the
16 date of the approval, an offer to repurchase the
17 equity securities held by such person as of such
18 approval date, with 25 percent of such securi-
19 ties to be repurchased in each of the four quar-
20 ters following such approval date; or

21 “(ii) the company obtains, at a special or
22 annual meeting of shareholders or partners at
23 which a quorum is present, the approval of
24 more than 50 percent of the votes cast of the
25 application of this paragraph to the company,

1 which application shall become effective on the
2 date immediately after the date of the ap-
3 proval.”;

4 (3) in paragraph (3) (as redesignated), by in-
5 serting “or which is a stock, provided that all such
6 stock is issued in accordance with paragraph (6)”
7 after “indebtedness”;

8 (4) in subparagraph (A) of paragraph (4) (as
9 redesignated)—

10 (A) in the matter preceding clause (i), by
11 striking “voting”; and

12 (B) by amending clause (iii) to read as fol-
13 lows:

14 “(iii) the exercise or conversion price
15 at the date of issuance of such warrants,
16 options, or rights is not less than—

17 “(I) the market value of the se-
18 curities issuable upon the exercise of
19 such warrants, options, or rights at
20 the date of issuance of such warrants,
21 options, or rights; or

22 “(II) if no such market value ex-
23 ists, the net asset value of the securi-
24 ties issuable upon the exercise of such
25 warrants, options, or rights at the

1 date of issuance of such warrants, op-
2 tions, or rights; and”;

3 (5) by adding at the end the following:

4 “(6)(A) QUALIFIED INSTITUTIONAL BUYER.—
5 Except as provided in subparagraph (B), the fol-
6 lowing shall not apply to a senior security which is
7 a stock and which is issued to and held by a quali-
8 fied institutional buyer (as defined in section
9 3(a)(64) of the Securities Exchange Act of 1934):

10 “(i) Subparagraphs (C) and (D) of section
11 18(a)(2).

12 “(ii) Subparagraph (E) of section 18(a)(2),
13 to the extent such subparagraph requires any
14 priority over any other class of stock as to dis-
15 tribution of assets upon liquidation.

16 “(iii) With respect to a senior security
17 which is a stock, subsections (c) and (i) of sec-
18 tion 18.

19 “(B) INDIVIDUAL INVESTORS WHO ARE NOT
20 QUALIFIED INSTITUTIONAL BUYERS.—Subparagraph
21 (A) shall not apply with respect to a senior security
22 which is a stock and which is issued to a person who
23 is not known by the business development company
24 to be a qualified institutional buyer (as defined in

1 section 3(a) of the Securities Exchange Act of
2 1934).

3 “(7) RULE OF CONSTRUCTION.—Notwith-
4 standing any other provision of law, any additional
5 class of stock issued pursuant to this section must
6 be issued in accordance with all investor protections
7 contained in all applicable federal securities laws ad-
8 ministered by the Commission.”.

9 (b) CONFORMING AMENDMENTS.—The Investment
10 Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amend-
11 ed—

12 (1) in section 57—

13 (A) in subsection (j)(1), by striking “sec-
14 tion 61(a)(3)(B)” and inserting “section
15 61(a)(4)(B)”; and

16 (B) in subsection (n)(2), by striking “sec-
17 tion 61(a)(3)(B)” and inserting “section
18 61(a)(4)(B)”; and

19 (2) in section 63(3), by striking “section
20 61(a)(3)” and inserting “section 61(a)(4)”.

21 **SEC. 1038. PARITY FOR BUSINESS DEVELOPMENT COMPA-**
22 **NIES REGARDING OFFERING AND PROXY**
23 **RULES.**

24 (a) REVISION TO RULES.—Not later than 1 year
25 after the date of enactment of this Act, the Securities and

1 Exchange Commission shall revise any rules to the extent
2 necessary to allow a business development company that
3 has filed an election pursuant to section 54 of the Invest-
4 ment Company Act of 1940 (15 U.S.C. 80a-53) to use
5 the securities offering and proxy rules that are available
6 to other issuers that are required to file reports under sec-
7 tion 13 or section 15(d) of the Securities Exchange Act
8 of 1934 (15 U.S.C. 78m; 78o(d)). Any action that the
9 Commission takes pursuant to this subsection shall in-
10 clude the following:

11 (1) The Commission shall revise rule 405 under
12 the Securities Act of 1933 (17 C.F.R. 230.405)—

13 (A) to remove the exclusion of a business
14 development company from the definition of a
15 well-known seasoned issuer provided by that
16 rule; and

17 (B) to add registration statements filed on
18 Form N-2 to the definition of automatic shelf
19 registration statement provided by that rule.

20 (2) The Commission shall revise rules 168 and
21 169 under the Securities Act of 1933 (17 C.F.R.
22 230.168 and 230.169) to remove the exclusion of a
23 business development company from an issuer that
24 can use the exemptions provided by those rules.

1 (3) The Commission shall revise rules 163 and
2 163A under the Securities Act of 1933 (17 C.F.R.
3 230.163 and 230.163A) to remove a business devel-
4 opment company from the list of issuers that are in-
5 eligible to use the exemptions provided by those
6 rules.

7 (4) The Commission shall revise rule 134 under
8 the Securities Act of 1933 (17 C.F.R. 230.134) to
9 remove the exclusion of a business development com-
10 pany from that rule.

11 (5) The Commission shall revise rules 138 and
12 139 under the Securities Act of 1933 (17 C.F.R.
13 230.138 and 230.139) to specifically include a busi-
14 ness development company as an issuer to which
15 those rules apply.

16 (6) The Commission shall revise rule 164 under
17 the Securities Act of 1933 (17 C.F.R. 230.164) to
18 remove a business development company from the
19 list of issuers that are excluded from that rule.

20 (7) The Commission shall revise rule 433 under
21 the Securities Act of 1933 (17 C.F.R. 230.433) to
22 specifically include a business development company
23 that is a well-known seasoned issuer as an issuer to
24 which that rule applies.

1 (8) The Commission shall revise rule 415 under
2 the Securities Act of 1933 (17 C.F.R. 230.415)—

3 (A) to state that the registration for secu-
4 rities provided by that rule includes securities
5 registered by a business development company
6 on Form N-2; and

7 (B) to provide an exception for a business
8 development company from the requirement
9 that a Form N-2 registrant must furnish the
10 undertakings required by item 34.4 of Form N-
11 2.

12 (9) The Commission shall revise rule 497 under
13 the Securities Act of 1933 (17 C.F.R. 230.497) to
14 include a process for a business development com-
15 pany to file a form of prospectus that is parallel to
16 the process for filing a form of prospectus under
17 rule 424(b).

18 (10) The Commission shall revise rules 172 and
19 173 under the Securities Act of 1933 (17 C.F.R.
20 230.172 and 230.173) to remove the exclusion of an
21 offering of a business development company from
22 those rules.

23 (11) The Commission shall revise rule 418
24 under the Securities Act of 1933 (17 C.F.R.
25 230.418) to provide that a business development

1 company that would otherwise meet the eligibility re-
2 quirements of General Instruction I.A of Form S-3
3 shall be exempt from paragraph (a)(3) of that rule.

4 (12) The Commission shall revise rule 14a-101
5 under the Securities Exchange Act of 1934 (17
6 C.F.R. 240.14a-101) to provide that a business de-
7 velopment company that would otherwise meet the
8 requirements of General Instruction I.A of Form S-
9 3 shall be deemed to meet the requirements of Form
10 S-3 for purposes of Schedule 14A.

11 (13) The Commission shall revise rule 103
12 under Regulation FD (17 C.F.R. 243.103) to pro-
13 vide that paragraph (a) of that rule applies for pur-
14 poses of Form N-2.

15 (b) REVISION TO FORM N-2.—Not later than 1 year
16 after the date of enactment of this Act, the Commission
17 shall revise Form N-2—

18 (1) to include an item or instruction that is
19 similar to item 12 on Form S-3 to provide that a
20 business development company that would otherwise
21 meet the requirements of Form S-3 shall incor-
22 porate by reference its reports and documents filed
23 under the Securities Exchange Act of 1934 into its
24 registration statement filed on Form N-2; and

1 (2) to include an item or instruction that is
2 similar to the instruction regarding automatic shelf
3 offerings by well-known seasoned issuers on Form
4 S-3 to provide that a business development company
5 that is a well-known seasoned issuer may file auto-
6 matic shelf offerings on Form N-2.

7 (c) TREATMENT IF REVISIONS NOT COMPLETED IN
8 TIMELY MANNER.—If the Commission fails to complete
9 the revisions required by subsections (a) and (b) by the
10 time required by such subsections, a business development
11 company shall be entitled to treat such revisions as having
12 been completed in accordance with the actions required to
13 be taken by the Commission by such subsections until such
14 time as such revisions are completed by the Commission.

15 (d) RULE OF CONSTRUCTION.—Any reference in this
16 section to a rule or form means such rule or form or any
17 successor rule or form.

18 **Subtitle I—Fostering Innovation**

19 **SEC. 1041. TEMPORARY EXEMPTION FOR LOW-REVENUE** 20 **ISSUERS.**

21 Section 404 of the Sarbanes-Oxley Act of 2002 (15
22 U.S.C. 7262) is amended by adding at the end the fol-
23 lowing:

24 “(d) TEMPORARY EXEMPTION FOR LOW-REVENUE
25 ISSUERS.—

1 “(1) LOW-REVENUE EXEMPTION.—Subsection
2 (b) shall not apply with respect to an audit report
3 prepared for an issuer that—

4 “(A) ceased to be an emerging growth
5 company on the last day of the fiscal year of
6 the issuer following the fifth anniversary of the
7 date of the first sale of common equity securi-
8 ties of the issuer pursuant to an effective reg-
9 istration statement under the Securities Act of
10 1933;

11 “(B) had average annual gross revenues of
12 less than \$50,000,000 as of its most recently
13 completed fiscal year; and

14 “(C) is not a large accelerated filer.

15 “(2) EXPIRATION OF TEMPORARY EXEMP-
16 TION.—An issuer ceases to be eligible for the exemp-
17 tion described under paragraph (1) at the earliest
18 of—

19 “(A) the last day of the fiscal year of the
20 issuer following the tenth anniversary of the
21 date of the first sale of common equity securi-
22 ties of the issuer pursuant to an effective reg-
23 istration statement under the Securities Act of
24 1933;

1 “(B) the last day of the fiscal year of the
2 issuer during which the average annual gross
3 revenues of the issuer exceed \$50,000,000; or

4 “(C) the date on which the issuer becomes
5 a large accelerated filer.

6 “(3) DEFINITIONS.—For purposes of this sub-
7 section:

8 “(A) AVERAGE ANNUAL GROSS REVE-
9 NUES.—The term ‘average annual gross reve-
10 nues’ means the total gross revenues of an
11 issuer over its most recently completed three
12 fiscal years divided by three.

13 “(B) EMERGING GROWTH COMPANY.—The
14 term ‘emerging growth company’ has the mean-
15 ing given such term under section 3 of the Se-
16 curities Exchange Act of 1934 (15 U.S.C. 78c).

17 “(C) LARGE ACCELERATED FILER.—The
18 term ‘large accelerated filer’ has the meaning
19 given that term under section 240.12b–2 of title
20 17, Code of Federal Regulations, or any suc-
21 cessor thereto.”.

1 **Subtitle J—Small Business Capital**
2 **Formation Enhancement**

3 **SEC. 1046. ANNUAL REVIEW OF GOVERNMENT-BUSINESS**
4 **FORUM ON CAPITAL FORMATION.**

5 Section 503 of the Small Business Investment Incen-
6 tive Act of 1980 (15 U.S.C. 80c–1) is amended by adding
7 at the end the following:

8 “(e) The Commission shall—

9 “(1) review the findings and recommendations
10 of the forum; and

11 “(2) each time the forum submits a finding or
12 recommendation to the Commission, promptly issue
13 a public statement—

14 “(A) assessing the finding or recommenda-
15 tion of the forum; and

16 “(B) disclosing the action, if any, the Com-
17 mission intends to take with respect to the find-
18 ing or recommendation.”.

19 **Subtitle K—Helping Angels Lead**
20 **Our Startups**

21 **SEC. 1051. DEFINITION OF ANGEL INVESTOR GROUP.**

22 As used in this subtitle, the term “angel investor
23 group” means any group that—

1 (1) is composed of accredited investors inter-
2 ested in investing personal capital in early-stage
3 companies;

4 (2) holds regular meetings and has defined
5 processes and procedures for making investment de-
6 cisions, either individually or among the membership
7 of the group as a whole; and

8 (3) is neither associated nor affiliated with bro-
9 kers, dealers, or investment advisers.

10 **SEC. 1052. CLARIFICATION OF GENERAL SOLICITATION.**

11 (a) IN GENERAL.—Not later than 6 months after the
12 date of enactment of this Act, the Securities and Ex-
13 change Commission shall revise Regulation D of its rules
14 (17 C.F.R. 230.500 et seq.) to require that in carrying
15 out the prohibition against general solicitation or general
16 advertising contained in section 230.502(c) of title 17,
17 Code of Federal Regulations, the prohibition shall not
18 apply to a presentation or other communication made by
19 or on behalf of an issuer which is made at an event—

20 (1) sponsored by—

21 (A) the United States or any territory
22 thereof, by the District of Columbia, by any
23 State, by a political subdivision of any State or
24 territory, or by any agency or public instrumen-
25 tality of any of the foregoing;

1 (B) a college, university, or other institu-
2 tion of higher education;

3 (C) a nonprofit organization;

4 (D) an angel investor group;

5 (E) a venture forum, venture capital asso-
6 ciation, or trade association; or

7 (F) any other group, person or entity as
8 the Securities and Exchange Commission may
9 determine by rule;

10 (2) where any advertising for the event does not
11 reference any specific offering of securities by the
12 issuer;

13 (3) the sponsor of which—

14 (A) does not make investment rec-
15 ommendations or provide investment advice to
16 event attendees;

17 (B) does not engage in an active role in
18 any investment negotiations between the issuer
19 and investors attending the event;

20 (C) does not charge event attendees any
21 fees other than administrative fees; and

22 (D) does not receive any compensation
23 with respect to such event that would require
24 registration of the sponsor as a broker or a
25 dealer under the Securities Exchange Act of

1 1934, or as an investment advisor under the In-
2 vestment Advisers Act of 1940; and

3 (4) where no specific information regarding an
4 offering of securities by the issuer is communicated
5 or distributed by or on behalf of the issuer, other
6 than—

7 (A) that the issuer is in the process of of-
8 fering securities or planning to offer securities;

9 (B) the type and amount of securities
10 being offered;

11 (C) the amount of securities being offered
12 that have already been subscribed for; and

13 (D) the intended use of proceeds of the of-
14 fering.

15 (b) **RULE OF CONSTRUCTION.**—Subsection (a) may
16 only be construed as requiring the Securities and Ex-
17 change Commission to amend the requirements of Regula-
18 tion D with respect to presentations and communications,
19 and not with respect to purchases or sales.

20 **Subtitle L—Main Street Growth**

21 **SEC. 1056. VENTURE EXCHANGES.**

22 (a) **SECURITIES EXCHANGE ACT OF 1934.**—Section
23 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f)
24 is amended by adding at the end the following:

25 “(m) **VENTURE EXCHANGE.**—

1 “(1) REGISTRATION.—

2 “(A) IN GENERAL.—A national securities
3 exchange may elect to be treated (or for a list-
4 ing tier of such exchange to be treated) as a
5 venture exchange by notifying the Commission
6 of such election, either at the time the exchange
7 applies to be registered as a national securities
8 exchange or after registering as a national secu-
9 rities exchange.

10 “(B) DETERMINATION TIME PERIOD.—
11 With respect to a securities exchange electing to
12 be treated (or for a listing tier of such exchange
13 to be treated) as a venture exchange—

14 “(i) at the time the exchange applies
15 to be registered as a national securities ex-
16 change, such application and election shall
17 be deemed to have been approved by the
18 Commission unless the Commission denies
19 such application before the end of the 6-
20 month period beginning on the date the
21 Commission received such application; and

22 “(ii) after registering as a national se-
23 curities exchange, such election shall be
24 deemed to have been approved by the Com-
25 mission unless the Commission denies such

1 approval before the end of the 6-month pe-
2 riod beginning on the date the Commission
3 received notification of such election.

4 “(2) POWERS AND RESTRICTIONS.—A venture
5 exchange—

6 “(A) may only constitute, maintain, or pro-
7 vide a market place or facilities for bringing to-
8 gether purchasers and sellers of venture securi-
9 ties;

10 “(B) may determine the increment to be
11 used for quoting and trading venture securities
12 on the exchange;

13 “(C) shall disseminate last sale and
14 quotation information on terms that are fair
15 and reasonable and not unreasonably discrimi-
16 natory;

17 “(D) may choose to carry out periodic auc-
18 tions for the sale of a venture security instead
19 of providing continuous trading of the venture
20 security; and

21 “(E) may not extend unlisted trading
22 privileges to any venture security.

23 “(3) EXEMPTIONS FROM CERTAIN NATIONAL
24 SECURITY EXCHANGE REGULATIONS.—A venture ex-
25 change shall not be required to—

1 “(A) comply with any of sections 242.600
2 through 242.612 of title 17, Code of Federal
3 Regulations;

4 “(B) comply with any of sections 242.300
5 through 242.303 of title 17, Code of Federal
6 Regulations;

7 “(C) submit any data to a securities infor-
8 mation processor; or

9 “(D) use decimal pricing.

10 “(4) TREATMENT OF CERTAIN EXEMPTED SE-
11 CURITIES.—A security that is exempt from registra-
12 tion pursuant to section 3(b) of the Securities Act
13 of 1933 shall be exempt from section 12(a) of this
14 title with respect to the trading of such security on
15 a venture exchange, if the issuer of such security is
16 in compliance with all disclosure obligations of such
17 section 3(b) and the regulations issued under such
18 section.

19 “(5) DEFINITIONS.—For purposes of this sub-
20 section:

21 “(A) EARLY-STAGE, GROWTH COMPANY.—

22 “(i) IN GENERAL.—The term ‘early-
23 stage, growth company’ means an issuer—

1 “(I) that has not made an initial
2 public offering of any securities of the
3 issuer; and

4 “(II) with a market capitalization
5 of \$1,000,000,000 (as such amount is
6 indexed for inflation every 5 years by
7 the Commission to reflect the change
8 in the Consumer Price Index for All
9 Urban Consumers published by the
10 Bureau of Labor Statistics, setting
11 the threshold to the nearest
12 \$1,000,000) or less.

13 “(ii) TREATMENT WHEN MARKET
14 CAPITALIZATION EXCEEDS THRESHOLD.—

15 “(I) IN GENERAL.—In the case
16 of an issuer that is an early-stage,
17 growth company the securities of
18 which are traded on a venture ex-
19 change, such issuer shall not cease to
20 be an early-stage, growth company by
21 reason of the market capitalization of
22 such issuer exceeding the threshold
23 specified in clause (i)(II) until the end
24 of the period of 24 consecutive
25 months during which the market cap-

1 italization of such issuer exceeds
2 \$2,000,000,000 (as such amount is
3 indexed for inflation every 5 years by
4 the Commission to reflect the change
5 in the Consumer Price Index for All
6 Urban Consumers published by the
7 Bureau of Labor Statistics, setting
8 the threshold to the nearest
9 \$1,000,000).

10 “(II) EXEMPTIONS.—If an issuer
11 would cease to be an early-stage,
12 growth company under subclause (I),
13 the venture exchange may, at the re-
14 quest of the issuer, exempt the issuer
15 from the market capitalization re-
16 quirements of this subparagraph for
17 the 1-year period that begins on the
18 day after the end of the 24-month pe-
19 riod described in such subclause. The
20 venture exchange may, at the request
21 of the issuer, extend the exemption for
22 1 additional year.

23 “(B) VENTURE SECURITY.—The term
24 ‘venture security’ means—

1 “(i) securities of an early-stage,
2 growth company that are exempt from reg-
3 istration pursuant to section 3(b) of the
4 Securities Act of 1933; and

5 “(ii) securities of an emerging growth
6 company.”.

7 (b) SECURITIES ACT OF 1933.—Section 18(b)(1) of
8 the Securities Act of 1933 (15 U.S.C. 77r(b)(1)) is
9 amended—

10 (1) in subparagraph (B), by striking “or” at
11 the end;

12 (2) in subparagraph (C), by striking the period
13 and inserting “; or”; and

14 (3) by adding at the end the following:

15 “(D) a venture security, as defined under
16 section 6(m)(5) of the Securities Exchange Act
17 of 1934.”.

18 (c) SENSE OF CONGRESS.—It is the sense of the Con-
19 gress that the Securities and Exchange Commission
20 should—

21 (1) when necessary or appropriate in the public
22 interest and consistent with the protection of inves-
23 tors, make use of the Commission’s general exemp-
24 tive authority under section 36 of the Securities Ex-

1 change Act of 1934 (15 U.S.C. 78mm) with respect
2 to the provisions added by this section; and

3 (2) if the Commission determines appropriate,
4 create an Office of Venture Exchanges within the
5 Commission's Division of Trading and Markets.

6 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
7 tion or the amendments made by this section shall be con-
8 strued to impair or limit the construction of the antifraud
9 provisions of the securities laws (as defined in section 3(a)
10 of the Securities Exchange Act of 1934 (15 U.S.C.
11 78c(a))) or the authority of the Securities and Exchange
12 Commission under those provisions.

13 (e) EFFECTIVE DATE FOR TIERS OF EXISTING NA-
14 TIONAL SECURITIES EXCHANGES.—In the case of a secu-
15 rities exchange that is registered as a national securities
16 exchange under section 6 of the Securities Exchange Act
17 of 1934 (15 U.S.C. 78f) on the date of the enactment of
18 this Act, any election for a listing tier of such exchange
19 to be treated as a venture exchange under subsection (m)
20 of such section shall not take effect before the date that
21 is 180 days after such date of enactment.

1 emption provided under subsection (a)(8) during the
2 12-month period preceding such transaction.

3 “(3) SMALL OFFERING AMOUNT.—The aggre-
4 gate amount of all securities sold by the issuer, in-
5 cluding any amount sold in reliance on the exemp-
6 tion provided under subsection (a)(8), during the 12-
7 month period preceding such transaction, does not
8 exceed \$500,000.”.

9 (b) EXEMPTION UNDER STATE REGULATIONS.—Sec-
10 tion 18(b)(4) of the Securities Act of 1933 (15 U.S.C.
11 77r(b)(4)) is amended—

12 (1) in subparagraph (F), by striking “or” at
13 the end;

14 (2) in subparagraph (G), by striking the period
15 and inserting “; or”; and

16 (3) by adding at the end the following:

17 “(H) section 4(a)(8).”.

18 **Subtitle N—Private Placement**
19 **Improvement**

20 **SEC. 1066. REVISIONS TO SEC REGULATION D.**

21 Not later than 45 days following the date of the en-
22 actment of this Act, the Securities and Exchange Commis-
23 sion shall revise Regulation D (17 C.F.R. 501 et seq.) in
24 accordance with the following:

1 (1) The Commission shall revise Form D filing
2 requirements to require an issuer offering or selling
3 securities in reliance on an exemption provided
4 under Rule 506 of Regulation D to file with the
5 Commission a single notice of sales containing the
6 information required by Form D for each new offer-
7 ing of securities no earlier than 15 days after the
8 date of the first sale of securities in the offering.
9 The Commission shall not require such an issuer to
10 file any notice of sales containing the information re-
11 quired by Form D except for the single notice de-
12 scribed in the previous sentence.

13 (2) The Commission shall make the information
14 contained in each Form D filing available to the se-
15 curities commission (or any agency or office per-
16 forming like functions) of each State and territory of
17 the United States and the District of Columbia.

18 (3) The Commission shall not condition the
19 availability of any exemption for an issuer under
20 Rule 506 of Regulation D (17 C.F.R. 230.506) on
21 the issuer's or any other person's filing with the
22 Commission of a Form D or any similar report.

23 (4) The Commission shall not require issuers to
24 submit written general solicitation materials to the
25 Commission in connection with a Rule 506(c) offer-

1 ing, except when the Commission requests such ma-
2 terials pursuant to the Commission’s authority
3 under section 8A or section 20 of the Securities Act
4 of 1933 (15 U.S.C. 77h–1 or 77t) or section 9,
5 10(b), 21A, 21B, or 21C of the Securities Exchange
6 Act of 1934 (15 U.S.C. 78i, 78j(b), 78u–1, 78u–2,
7 or 78u–3).

8 (5) The Commission shall not extend the re-
9 quirements contained in Rule 156 to private funds.

10 (6) The Commission shall revise Rule 501(a) of
11 Regulation D to provide that a person who is a
12 “knowledgeable employee” of a private fund or the
13 fund’s investment adviser, as defined in Rule 3c–
14 5(a)(4) (17 C.F.R. 270.3c–5(a)(4)), shall be an ac-
15 credited investor for purposes of a Rule 506 offering
16 of a private fund with respect to which the person
17 is a knowledgeable employee.

18 **Subtitle O—Supporting America’s** 19 **Innovators**

20 **SEC. 1071. INVESTOR LIMITATION FOR QUALIFYING VEN-** 21 **TURE CAPITAL FUNDS.**

22 Section 3(c)(1) of the Investment Company Act of
23 1940 (15 U.S.C. 80a–3(c)(1)) is amended—

1 (1) by inserting after “one hundred persons”
2 the following: “(or, with respect to a qualifying ven-
3 ture capital fund, 250 persons)”; and

4 (2) by adding at the end the following:

5 “(C) The term ‘qualifying venture capital
6 fund’ means any venture capital fund (as de-
7 fined pursuant to section 203(l)(1) of the In-
8 vestment Advisers Act of 1940 (15 U.S.C. 80b-
9 3(l)(1)) with no more than \$10,000,000 in in-
10 vested capital, as such dollar amount is annu-
11 ally adjusted by the Commission to reflect the
12 change in the Consumer Price Index for All
13 Urban Consumers published by the Bureau of
14 Labor Statistics of the Department of Labor.”.

15 **Subtitle P—Fix Crowdfunding**

16 **SEC. 1076. CROWDFUNDING VEHICLES.**

17 (a) AMENDMENTS TO THE SECURITIES ACT OF
18 1933.—The Securities Act of 1933 (15 U.S.C. 77a et
19 seq.) is amended—

20 (1) in section 4A(f)(3), by inserting “by any of
21 paragraphs (1) through (14) of” before “section
22 3(c)”; and

23 (2) in section 4(a)(6)(B), by inserting after
24 “any investor” the following: “, other than a

1 crowdfunding vehicle (as defined in section 2(a) of
2 the Investment Company Act of 1940),”.

3 (b) AMENDMENTS TO THE INVESTMENT COMPANY
4 ACT OF 1940.—The Investment Company Act of 1940 (15
5 U.S.C. 80a-1 et seq.) is amended—

6 (1) in section 2(a), by adding at the end the
7 following:

8 “(55) The term ‘crowdfunding vehicle’ means a
9 company—

10 “(A) whose purpose (as set forth in its or-
11 ganizational documents) is limited to acquiring,
12 holding, and disposing securities issued by a
13 single company in one or more transactions and
14 made pursuant to section 4(a)(6) of the Securi-
15 ties Act of 1933;

16 “(B) which issues only one class of securi-
17 ties;

18 “(C) which receives no compensation in
19 connection with such acquisition, holding, or
20 disposition of securities;

21 “(D) no associated person of which re-
22 ceives any compensation in connection with
23 such acquisition, holding or disposition of secu-
24 rities unless such person is acting as or on be-

1 half of an investment adviser registered under
2 the Investment Advisers Act of 1940;

3 “(E) the securities of which have been
4 issued in a transaction made pursuant to sec-
5 tion 4(a)(6) of the Securities Act of 1933,
6 where both the crowdfunding vehicle and the
7 company whose securities it holds are co-
8 issuers;

9 “(F) which is current in its ongoing disclo-
10 sure obligations under Rule 202 of Regulation
11 Crowdfunding (17 C.F.R. 227.202);

12 “(G) the company whose securities it holds
13 is current in its ongoing disclosure obligations
14 under Rule 202 of Regulation Crowdfunding
15 (17 C.F.R. 227.202); and

16 “(H) is advised by an investment adviser
17 registered under the Investment Advisers Act of
18 1940.”; and

19 (2) in section 3(c), by adding at the end the fol-
20 lowing:

21 “(15) Any crowdfunding vehicle.”.

22 **SEC. 1077. CROWDFUNDING EXEMPTION FROM REGISTRA-**
23 **TION.**

24 Section 12(g)(6) of the Securities Exchange Act of
25 1934 (15 U.S.C. 78l(g)(6) is amended—

1 (1) by striking “The Commission” and insert-
2 ing the following:

3 “(A) IN GENERAL.—The Commission”;

4 (2) by striking “section 4(6)” and inserting
5 “section 4(a)(6)”; and

6 (3) by adding at the end the following:

7 “(B) TREATMENT OF SECURITIES ISSUED
8 BY CERTAIN ISSUERS.—An exemption under
9 subparagraph (A) shall be unconditional for se-
10 curities offered by an issuer that had a public
11 float of less than \$75,000,000 as of the last
12 business day of the issuer’s most recently com-
13 pleted semiannual period, computed by multi-
14 plying the aggregate worldwide number of
15 shares of the issuer’s common equity securities
16 held by non-affiliates by the price at which such
17 securities were last sold (or the average bid and
18 asked prices of such securities) in the principal
19 market for such securities or, in the event the
20 result of such public float calculation is zero,
21 had annual revenues of less than \$50,000,000
22 as of the issuer’s most recently completed fiscal
23 year.”.

1 **Subtitle Q—Corporate Governance**
2 **Reform and Transparency**

3 **SEC. 1081. DEFINITIONS.**

4 (a) SECURITIES EXCHANGE ACT OF 1934.—Section
5 3(a) of the Securities Exchange Act of 1934 (15 U.S.C.
6 78c(a)) is amended by adding at the end the following new
7 paragraphs:

8 “(81) PROXY ADVISORY FIRM.—The term
9 ‘proxy advisory firm’ means any person registered
10 under section 15H who is engaged in the business
11 of providing proxy voting research, analysis, or rec-
12 ommendations to clients, which conduct constitutes
13 a solicitation within the meaning of section 14 and
14 the Commission’s rules and regulations thereunder,
15 except to the extent that the person is exempted by
16 such rules and regulations from requirements other-
17 wise applicable to persons engaged in a solicitation.

18 “(82) PERSON ASSOCIATED WITH A PROXY AD-
19 VISORY FIRM.—The term ‘person associated with’ a
20 proxy advisory firm means any partner, officer, or
21 director of a proxy advisory firm (or any person oc-
22 cupying a similar status or performing similar func-
23 tions), any person directly or indirectly controlling,
24 controlled by, or under common control with a proxy
25 advisory firm, or any employee of a proxy advisory

1 firm, except that persons associated with a proxy ad-
2 visory firm whose functions are clerical or ministe-
3 rial shall not be included in the meaning of such
4 term. The Commission may by rules and regulations
5 classify, for purposes or any portion or portions of
6 this Act, persons, including employees controlled by
7 a proxy advisory firm.”.

8 (b) APPLICABLE DEFINITIONS.—As used in this sub-
9 title—

10 (1) the term “Commission” means the Securi-
11 ties and Exchange Commission; and

12 (2) the term “proxy advisory firm” has the
13 same meaning as in section 3(a)(81) of the Securi-
14 ties Exchange Act of 1934, as added by this subtitle.

15 **SEC. 1082. REGISTRATION OF PROXY ADVISORY FIRMS.**

16 (a) AMENDMENT.—The Securities Exchange Act of
17 1934 is amended by inserting after section 15G the fol-
18 lowing new section:

19 **“SEC. 15H. REGISTRATION OF PROXY ADVISORY FIRMS.**

20 “(a) CONDUCT PROHIBITED.—It shall be unlawful
21 for a proxy advisory firm to make use of the mails or any
22 means or instrumentality of interstate commerce to pro-
23 vide proxy voting research, analysis, or recommendations
24 to any client, unless such proxy advisory firm is registered
25 under this section.

1 “(b) REGISTRATION PROCEDURES.—

2 “(1) APPLICATION FOR REGISTRATION.—

3 “(A) IN GENERAL.—A proxy advisory firm
4 must file with the Commission an application
5 for registration, in such form as the Commis-
6 sion shall require, by rule or regulation, and
7 containing the information described in sub-
8 paragraph (B).

9 “(B) REQUIRED INFORMATION.—An appli-
10 cation for registration under this section shall
11 contain information regarding—

12 “(i) a certification that the applicant
13 has adequate financial and managerial re-
14 sources to consistently provide proxy advice
15 based on accurate information;

16 “(ii) the procedures and methodolo-
17 gies that the applicant uses in developing
18 proxy voting recommendations, including
19 whether and how the applicant considers
20 the size of a company when making proxy
21 voting recommendations;

22 “(iii) the organizational structure of
23 the applicant;

1 “(iv) whether or not the applicant has
2 in effect a code of ethics, and if not, the
3 reasons therefor;

4 “(v) any potential or actual conflict of
5 interest relating to the ownership structure
6 of the applicant or the provision of proxy
7 advisory services by the applicant, includ-
8 ing whether the proxy advisory firm en-
9 gages in services ancillary to the provision
10 of proxy advisory services such as con-
11 sulting services for corporate issuers, and
12 if so the revenues derived therefrom;

13 “(vi) the policies and procedures in
14 place to manage conflicts of interest under
15 subsection (f); and

16 “(vii) any other information and docu-
17 ments concerning the applicant and any
18 person associated with such applicant as
19 the Commission, by rule, may prescribe as
20 necessary or appropriate in the public in-
21 terest or for the protection of investors.

22 “(2) REVIEW OF APPLICATION.—

23 “(A) INITIAL DETERMINATION.—Not later
24 than 90 days after the date on which the appli-
25 cation for registration is filed with the Commis-

1 sion under paragraph (1) (or within such longer
2 period as to which the applicant consents) the
3 Commission shall—

4 “(i) by order, grant registration; or

5 “(ii) institute proceedings to deter-
6 mine whether registration should be de-
7 nied.

8 “(B) CONDUCT OF PROCEEDINGS.—

9 “(i) CONTENT.—Proceedings referred
10 to in subparagraph (A)(ii) shall—

11 “(I) include notice of the grounds
12 for denial under consideration and an
13 opportunity for hearing; and

14 “(II) be concluded not later than
15 120 days after the date on which the
16 application for registration is filed
17 with the Commission under paragraph
18 (1).

19 “(ii) DETERMINATION.—At the con-
20 clusion of such proceedings, the Commis-
21 sion, by order, shall grant or deny such ap-
22 plication for registration.

23 “(iii) EXTENSION AUTHORIZED.—The
24 Commission may extend the time for con-
25 clusion of such proceedings for not longer

1 than 90 days, if it finds good cause for
2 such extension and publishes its reasons
3 for so finding, or for such longer period as
4 to which the applicant consents.

5 “(C) GROUNDS FOR DECISION.—The Com-
6 mission shall grant registration under this sub-
7 section—

8 “(i) if the Commission finds that the
9 requirements of this section are satisfied;
10 and

11 “(ii) unless the Commission finds (in
12 which case the Commission shall deny such
13 registration) that—

14 “(I) the applicant has failed to
15 certify to the Commission’s satisfac-
16 tion that it has adequate financial and
17 managerial resources to consistently
18 provide proxy advice based on accu-
19 rate information and to materially
20 comply with the procedures and meth-
21 odologies disclosed under paragraph
22 (1)(B) and with subsections (f) and
23 (g); or

24 “(II) if the applicant were so reg-
25 istered, its registration would be sub-

1 ject to suspension or revocation under
2 subsection (e).

3 “(3) PUBLIC AVAILABILITY OF INFORMATION.—
4 Subject to section 24, the Commission shall make
5 the information and documents submitted to the
6 Commission by a proxy advisory firm in its com-
7 pleted application for registration, or in any amend-
8 ment submitted under paragraph (1) or (2) of sub-
9 section (e), publicly available on the Commission’s
10 website, or through another comparable, readily ac-
11 cessible means.

12 “(c) UPDATE OF REGISTRATION.—

13 “(1) UPDATE.—Each registered proxy advisory
14 firm shall promptly amend and update its applica-
15 tion for registration under this section if any infor-
16 mation or document provided therein becomes mate-
17 rially inaccurate, except that a registered proxy advi-
18 sory firm is not required to amend the information
19 required to be filed under subsection (b)(1)(B)(i) by
20 filing information under this paragraph, but shall
21 amend such information in the annual submission of
22 the organization under paragraph (2) of this sub-
23 section.

24 “(2) CERTIFICATION.—Not later than 90 cal-
25 endar days after the end of each calendar year, each

1 registered proxy advisory firm shall file with the
2 Commission an amendment to its registration, in
3 such form as the Commission, by rule, may prescribe
4 as necessary or appropriate in the public interest or
5 for the protection of investors—

6 “(A) certifying that the information and
7 documents in the application for registration of
8 such registered proxy advisory firm continue to
9 be accurate in all material respects; and

10 “(B) listing any material change that oc-
11 curred to such information or documents during
12 the previous calendar year.

13 “(d) CENSURE, DENIAL, OR SUSPENSION OF REG-
14 ISTRATION; NOTICE AND HEARING.—The Commission, by
15 order, shall censure, place limitations on the activities,
16 functions, or operations of, suspend for a period not ex-
17 ceeding 12 months, or revoke the registration of any reg-
18 istered proxy advisory firm if the Commission finds, on
19 the record after notice and opportunity for hearing, that
20 such censure, placing of limitations, suspension, or revoca-
21 tion is necessary for the protection of investors and in the
22 public interest and that such registered proxy advisory
23 firm, or any person associated with such an organization,
24 whether prior to or subsequent to becoming so associ-
25 ated—

1 “(1) has committed or omitted any act, or is
2 subject to an order or finding, enumerated in sub-
3 paragraph (A), (D), (E), (H), or (G) of section
4 15(b)(4), has been convicted of any offense specified
5 in section 15(b)(4)(B), or is enjoined from any ac-
6 tion, conduct, or practice specified in subparagraph
7 (C) of section 15(b)(4), during the 10-year period
8 preceding the date of commencement of the pro-
9 ceedings under this subsection, or at any time there-
10 after;

11 “(2) has been convicted during the 10-year pe-
12 riod preceding the date on which an application for
13 registration is filed with the Commission under this
14 section, or at any time thereafter, of—

15 “(A) any crime that is punishable by im-
16 prisonment for one or more years, and that is
17 not described in section 15(b)(4)(B); or

18 “(B) a substantially equivalent crime by a
19 foreign court of competent jurisdiction;

20 “(3) is subject to any order of the Commission
21 barring or suspending the right of the person to be
22 associated with a registered proxy advisory firm;

23 “(4) fails to furnish the certifications required
24 under subsections (b)(2)(C)(ii)(I) and (c)(2);

1 “(5) has engaged in one or more prohibited acts
2 enumerated in paragraph (1); or

3 “(6) fails to maintain adequate financial and
4 managerial resources to consistently offer advisory
5 services with integrity, including by failing to comply
6 with subsections (f) or (g).

7 “(e) TERMINATION OF REGISTRATION.—

8 “(1) VOLUNTARY WITHDRAWAL.—A registered
9 proxy advisory firm may, upon such terms and con-
10 ditions as the Commission may establish as nec-
11 essary in the public interest or for the protection of
12 investors, which terms and conditions shall include
13 at a minimum that the registered proxy advisory
14 firm will no longer conduct such activities as to
15 bring it within the definition of proxy advisory firm
16 in section 3(a)(81) of the Securities Exchange Act
17 of 1934, withdraw from registration by filing a writ-
18 ten notice of withdrawal to the Commission.

19 “(2) COMMISSION AUTHORITY.—In addition to
20 any other authority of the Commission under this
21 title, if the Commission finds that a registered proxy
22 advisory firm is no longer in existence or has ceased
23 to do business as a proxy advisory firm, the Com-
24 mission, by order, shall cancel the registration under
25 this section of such registered proxy advisory firm.

1 “(f) MANAGEMENT OF CONFLICTS OF INTEREST.—

2 “(1) ORGANIZATION POLICIES AND PROCE-
3 DURES.—Each registered proxy advisory firm shall
4 establish, maintain, and enforce written policies and
5 procedures reasonably designed, taking into consid-
6 eration the nature of the business of such registered
7 proxy advisory firm and associated persons, to ad-
8 dress and manage any conflicts of interest that can
9 arise from such business.

10 “(2) COMMISSION AUTHORITY.—The Commis-
11 sion shall issue final rules to prohibit, or require the
12 management and disclosure of, any conflicts of inter-
13 est relating to the offering of proxy advisory services
14 by a registered proxy advisory firm, including, with-
15 out limitation, conflicts of interest relating to—

16 “(A) the manner in which a registered
17 proxy advisory firm is compensated by the cli-
18 ent, or any affiliate of the client, for providing
19 proxy advisory services;

20 “(B) the provision of consulting, advisory,
21 or other services by a registered proxy advisory
22 firm, or any person associated with such reg-
23 istered proxy advisory firm, to the client;

24 “(C) business relationships, ownership in-
25 terests, or any other financial or personal inter-

1 ests between a registered proxy advisory firm,
2 or any person associated with such registered
3 proxy advisory firm, and any client, or any af-
4 filiate of such client;

5 “(D) transparency around the formulation
6 of proxy voting policies;

7 “(E) the execution of proxy votes if such
8 votes are based upon recommendations made by
9 the proxy advisory firm in which someone other
10 than the issuer is a proponent;

11 “(F) issuing recommendations where proxy
12 advisory firms provide advisory services to a
13 company; and

14 “(G) any other potential conflict of inter-
15 est, as the Commission deems necessary or ap-
16 propriate in the public interest or for the pro-
17 tection of investors.

18 “(g) RELIABILITY OF PROXY ADVISORY FIRM SERV-
19 ICES.—

20 “(1) IN GENERAL.—Each registered proxy advi-
21 sory firm shall have staff sufficient to produce proxy
22 voting recommendations that are based on accurate
23 and current information. Each registered proxy advi-
24 sory firm shall detail procedures sufficient to permit
25 companies receiving proxy advisory firm rec-

1 ommendations access in a reasonable time to the
2 draft recommendations, with an opportunity to pro-
3 vide meaningful comment thereon, including the op-
4 portunity to present details to the person responsible
5 for developing the recommendation in person or tele-
6 phonically. Each registered proxy advisory firm shall
7 employ an ombudsman to receive complaints about
8 the accuracy of voting information used in making
9 recommendations from the subjects of the proxy ad-
10 visory firm’s voting recommendations, and shall re-
11 solve those complaints in a timely fashion and in any
12 event prior to voting on the matter to which the rec-
13 ommendation relates.

14 “(2) DRAFT RECOMMENDATIONS DEFINED.—
15 For purposes of this subsection, the term ‘draft rec-
16 ommendations’—

17 “(A) means the overall conclusions of
18 proxy voting recommendations prepared for the
19 clients of a proxy advisory firm, including any
20 public data cited therein, any company informa-
21 tion or substantive analysis impacting the rec-
22 ommendation, and the specific voting rec-
23 ommendations on individual proxy ballot issues;
24 and

1 “(B) does not include the entirety of the
2 proxy advisory firm’s final report to its clients.

3 “(h) DESIGNATION OF COMPLIANCE OFFICER.—
4 Each registered proxy advisory firm shall designate an in-
5 dividual responsible for administering the policies and pro-
6 cedures that are required to be established pursuant to
7 subsections (f) and (g), and for ensuring compliance with
8 the securities laws and the rules and regulations there-
9 under, including those promulgated by the Commission
10 pursuant to this section.

11 “(i) PROHIBITED CONDUCT.—

12 “(1) PROHIBITED ACTS AND PRACTICES.—The
13 Commission shall issue final rules to prohibit any
14 act or practice relating to the offering of proxy advi-
15 sory services by a registered proxy advisory firm
16 that the Commission determines to be unfair or co-
17 ercive, including any act or practice relating to—

18 “(A) conditioning a voting recommendation
19 or other proxy advisory firm recommendation
20 on the purchase by an issuer or an affiliate
21 thereof of other services or products, of the reg-
22 istered proxy advisory firm or any person asso-
23 ciated with such registered proxy advisory firm;
24 and

1 “(B) modifying a voting recommendation
2 or otherwise departing from its adopted system-
3 atic procedures and methodologies in the provi-
4 sion of proxy advisory services, based on wheth-
5 er an issuer, or affiliate thereof, subscribes or
6 will subscribe to other services or product of the
7 registered proxy advisory firm or any person as-
8 sociated with such organization.

9 “(2) RULE OF CONSTRUCTION.—Nothing in
10 paragraph (1), or in any rules or regulations adopt-
11 ed thereunder, may be construed to modify, impair,
12 or supersede the operation of any of the antitrust
13 laws (as defined in the first section of the Clayton
14 Act, except that such term includes section 5 of the
15 Federal Trade Commission Act, to the extent that
16 such section 5 applies to unfair methods of competi-
17 tion).

18 “(j) STATEMENTS OF FINANCIAL CONDITION.—Each
19 registered proxy advisory firm shall, on a confidential
20 basis, file with the Commission, at intervals determined
21 by the Commission, such financial statements, certified (if
22 required by the rules or regulations of the Commission)
23 by an independent public auditor, and information con-
24 cerning its financial condition, as the Commission, by rule,

1 may prescribe as necessary or appropriate in the public
2 interest or for the protection of investors.

3 “(k) ANNUAL REPORT.—Each registered proxy advi-
4 sory firm shall, at the beginning of each fiscal year of such
5 firm, report to the Commission on the number of share-
6 holder proposals its staff reviewed in the prior fiscal year,
7 the number of recommendations made in the prior fiscal
8 year, the number of staff who reviewed and made rec-
9 ommendations on such proposals in the prior fiscal year,
10 and the number of recommendations made in the prior
11 fiscal year where the proponent of such recommendation
12 was a client of or received services from the proxy advisory
13 firm.

14 “(l) TRANSPARENT POLICIES.—Each registered
15 proxy advisory firm shall file with the Commission and
16 make publicly available its methodology for the formula-
17 tion of proxy voting policies and voting recommendations.

18 “(m) RULES OF CONSTRUCTION.—

19 “(1) NO WAIVER OF RIGHTS, PRIVILEGES, OR
20 DEFENSES.—Registration under and compliance
21 with this section does not constitute a waiver of, or
22 otherwise diminish, any right, privilege, or defense
23 that a registered proxy advisory firm may otherwise
24 have under any provision of State or Federal law,
25 including any rule, regulation, or order thereunder.

1 “(2) NO PRIVATE RIGHT OF ACTION.—Nothing
2 in this section may be construed as creating any pri-
3 vate right of action, and no report filed by a reg-
4 istered proxy advisory firm in accordance with this
5 section or section 17 shall create a private right of
6 action under section 18 or any other provision of
7 law.

8 “(n) REGULATIONS.—

9 “(1) NEW PROVISIONS.—Such rules and regula-
10 tions as are required by this section or are otherwise
11 necessary to carry out this section, including the ap-
12 plication form required under subsection (a)—

13 “(A) shall be issued by the Commission,
14 not later than 180 days after the date of enact-
15 ment of this section; and

16 “(B) shall become effective not later than
17 1 year after the date of enactment of this sec-
18 tion.

19 “(2) REVIEW OF EXISTING REGULATIONS.—Not
20 later than 270 days after the date of enactment of
21 this section, the Commission shall—

22 “(A) review its existing rules and regula-
23 tions which affect the operations of proxy advi-
24 sory firms;

1 “(B) amend or revise such rules and regu-
2 lations in accordance with the purposes of this
3 section, and issue such guidance, as the Com-
4 mission may prescribe as necessary or appro-
5 priate in the public interest or for the protec-
6 tion of investors; and

7 “(C) direct Commission staff to withdraw
8 the Egan Jones Proxy Services (May 27, 2004)
9 and Institutional Shareholder Services, Inc.
10 (September 15, 2004) no-action letters.

11 “(o) APPLICABILITY.—This section, other than sub-
12 section (n), which shall apply on the date of enactment
13 of this section, shall apply on the earlier of—

14 “(1) the date on which regulations are issued in
15 final form under subsection (n)(1); or

16 “(2) 270 days after the date of enactment of
17 this section.”.

18 (b) CONFORMING AMENDMENT.—Section 17(a)(1) of
19 the Securities Exchange Act of 1934 (15 U.S.C.
20 78q(a)(1)) is amended by inserting “proxy advisory firm,”
21 after “nationally recognized statistical rating organiza-
22 tion,”.

23 **SEC. 1083. COMMISSION ANNUAL REPORT.**

24 The Commission shall make an annual report publicly
25 available on the Commission’s Internet website. Such re-

1 port shall, with respect to the year to which the report
2 relates—

3 (1) identify applicants for registration under
4 section 15H of the Securities Exchange Act of 1934,
5 as added by this subtitle;

6 (2) specify the number of and actions taken on
7 such applications;

8 (3) specify the views of the Commission on the
9 state of competition, transparency, policies and
10 methodologies, and conflicts of interest among proxy
11 advisory firms;

12 (4) include the determination of the Commis-
13 sion with regards to—

14 (A) the quality of proxy advisory services
15 issued by proxy advisory firms;

16 (B) the financial markets;

17 (C) competition among proxy advisory
18 firms;

19 (D) the incidence of undisclosed conflicts
20 of interest by proxy advisory firms;

21 (E) the process for registering as a proxy
22 advisory firm; and

23 (F) such other matters relevant to the im-
24 plementation of this subtitle and the amend-
25 ments made by this subtitle, as the Commission

1 determines necessary to bring to the attention
2 of the Congress;

3 (5) identify problems, if any, that have resulted
4 from the implementation of this subtitle and the
5 amendments made by this subtitle; and

6 (6) recommend solutions, including any legisla-
7 tive or regulatory solutions, to any problems identi-
8 fied under paragraphs (4) and (5).

9 **Subtitle R—SeniorSafe**

10 **SEC. 1091. IMMUNITY.**

11 (a) DEFINITIONS.—In this subtitle—

12 (1) the term “Bank Secrecy Act Officer” means
13 an individual responsible for ensuring compliance
14 with the requirements mandated by subchapter II of
15 chapter 53 of title 31, United States Code;

16 (2) the term “broker-dealer” means a broker or
17 dealer, as those terms are defined, respectively, in
18 section 3(a) of the Securities Exchange Act of 1934
19 (15 U.S.C. 78c(a));

20 (3) the term “covered agency” means—

21 (A) a State financial regulatory agency, in-
22 cluding a State securities or law enforcement
23 authority;

24 (B) each of the Federal financial institu-
25 tions regulatory agencies;

1 (C) the Securities and Exchange Commis-
2 sion;

3 (D) a law enforcement agency; and

4 (E) and State or local agency responsible
5 for administering adult protective service laws;

6 (4) the term “covered financial institution”
7 means—

8 (A) a credit union;

9 (B) a depository institution;

10 (C) an investment advisor;

11 (D) a broker-dealer; and

12 (E) an insurance company;

13 (5) the term “credit union” has the meaning
14 given that term in section 2 of the Dodd-Frank Wall
15 Street Reform and Consumer Protection Act (12
16 U.S.C. 5301);

17 (6) the term “depository institution” has the
18 meaning given the term in section 3(a) of the Fed-
19 eral Deposit Insurance Act (12 U.S.C. 1813(a));

20 (7) the term “exploitation” means the fraudu-
21 lent or otherwise illegal, unauthorized, or improper
22 act or process of an individual, including a caregiver
23 or fiduciary, that—

1 (A) uses the resources of a senior citizen
2 for monetary personal benefit, profit, or gain;
3 or

4 (B) results in depriving a senior citizen of
5 rightful access to or use of benefits, resources,
6 belongings or assets;

7 (8) the term “Federal financial institutions reg-
8 ulatory agencies” has the meaning given the term in
9 section 1003 of the Federal Financial Institutions
10 Examination Council Act of 1978 (12 U.S.C. 3302);

11 (9) the term “investment adviser” has the
12 meaning given the term in section 202 of the Invest-
13 ment Advisers Act of 1940 (15 U.S.C. 80b-2);

14 (10) the term “insurance company” has the
15 meaning given the term in section 2(a) of the Invest-
16 ment Company Act of 1940 (15 U.S.C. 80a-2(a));

17 (11) the term “registered representative”
18 means an individual who represents a broker-dealer
19 in effecting or attempting to affect a purchase or
20 sale of securities;

21 (12) the term “senior citizen” means an indi-
22 vidual who is not less than 65 years of age; and

23 (13) the term “State securities or law enforce-
24 ment authority” has the meaning given the term in

1 section 24(f)(4) of the Securities Exchange Act of
2 1934 (15 U.S.C. 78x(f)(4)).

3 (b) IMMUNITY FROM SUIT.—

4 (1) IMMUNITY FOR INDIVIDUALS.—An indi-
5 vidual who has received the training described in
6 section 3 shall not be liable, including in any civil or
7 administrative proceeding, for disclosing the possible
8 exploitation of a senior citizen to a covered agency
9 if the individual, at the time of the disclosure—

10 (A) served as a supervisor, compliance offi-
11 cer (including a Bank Secrecy Act Officer), or
12 registered representative for a covered financial
13 institution; and

14 (B) made the disclosure with reasonable
15 care including reasonable efforts to avoid disclo-
16 sure other than to a covered agency.

17 (2) IMMUNITY FOR COVERED FINANCIAL INSTI-
18 TUTIONS.—A covered financial institution shall not
19 be liable, including in any civil or administrative pro-
20 ceeding, for a disclosure made by an individual de-
21 scribed in paragraph (1) if—

22 (A) the individual was employed by, or, in
23 the case of a registered representative, affiliated
24 or associated with, the covered financial institu-
25 tion at the time of the disclosure; and

1 (B) before the time of the disclosure, the
2 covered financial institution provided the train-
3 ing described in section 3 to each individual de-
4 scribed in section 3(a).

5 **SEC. 1092. TRAINING REQUIRED.**

6 (a) IN GENERAL.—A covered financial institution
7 may provide training described in subsection (b)(1) to
8 each officer or employee of, or registered representative
9 affiliated or associated with, the covered financial institu-
10 tion who—

11 (1) is described in section 1091(b)(1)(A);

12 (2) may come into contact with a senior citizen
13 as a regular part of the duties of the officer, em-
14 ployee, or registered representative; or

15 (3) may review or approve the financial docu-
16 ments, records, or transactions of a senior citizen in
17 connection with providing financial services to a sen-
18 ior citizen.

19 (b) TRAINING.—

20 (1) IN GENERAL.—The training described in
21 this paragraph shall—

22 (A) instruct any individual attending the
23 training on how to identify and report the sus-
24 pected exploitation of a senior citizen;

1 (B) discuss the need to protect the privacy
2 and respect the integrity of each individual cus-
3 tomer of a covered financial institution; and

4 (C) be appropriate to the job responsibil-
5 ities of the individual attending the training.

6 (2) **TIMING.**—The training required under sub-
7 section (a) shall be provided as soon as reasonably
8 practicable but not later than 1 year after the date
9 on which an officer, employee, or registered rep-
10 resentative begins employment with or becomes af-
11 filiated or associated with the covered financial insti-
12 tution.

13 (3) **BANK SECRECY ACT OFFICER.**—An indi-
14 vidual who is designated as a compliance officer
15 under an anti-money laundering program established
16 pursuant to section 5318(h) of title 31, United
17 States Code, shall be deemed to have received the
18 training described under this subsection.

19 **SEC. 1093. RELATIONSHIP TO STATE LAW.**

20 Nothing in this subtitle shall be construed to preempt
21 or limit any provision of State law, except only to the ex-
22 tent that section 1091 provides a greater level of protec-
23 tion against liability to an individual described in section
24 1091(b)(1) or to a covered financial institution described
25 in section 1091(b)(2) than is provided under State law.

1 **Subtitle S—National Securities**
2 **Exchange Regulatory Parity**

3 **SEC. 1096. APPLICATION OF EXEMPTION.**

4 Section 18(b)(1) of the Securities Act of 1933 (15
5 U.S.C. 77r(b)(1)) is amended—

6 (1) by striking subparagraph (A);

7 (2) in subparagraph (B), by striking “that the
8 Commission determines by rule (on its own initiative
9 or on the basis of a petition) are substantially simi-
10 lar to the listing standards applicable to securities
11 described in subparagraph (A)” and inserting “that
12 have been approved by the Commission”;

13 (3) in subparagraph (C), by striking “or (B)”;

14 and

15 (4) by redesignating subparagraphs (B) and
16 (C) as subparagraphs (A) and (B), respectively.

17 **TITLE XI—REGULATORY RELIEF**
18 **FOR MAIN STREET AND COM-**
19 **MUNITY FINANCIAL INSTITU-**
20 **TIONS**

21 **Subtitle A—Preserving Access to**
22 **Manufactured Housing**

23 **SEC. 1101. MORTGAGE ORIGINATOR DEFINITION.**

24 Section 103 of the Truth in Lending Act (15 U.S.C.
25 1602) is amended—

1 (1) by redesignating the second subsection (cc)
2 and subsection (dd) as subsections (dd) and (ee), re-
3 spectively; and

4 (2) in paragraph (2)(C) of subsection (dd), as
5 so redesignated, by striking “an employee of a re-
6 tailer of manufactured homes who is not described
7 in clause (i) or (iii) of subparagraph (A) and who
8 does not advise a consumer on loan terms (including
9 rates, fees, and other costs)” and inserting “a re-
10 tailer of manufactured or modular homes or its em-
11 ployees unless such retailer or its employees receive
12 compensation or gain for engaging in activities de-
13 scribed in subparagraph (A) that is in excess of any
14 compensation or gain received in a comparable cash
15 transaction”.

16 **SEC. 1102. HIGH-COST MORTGAGE DEFINITION.**

17 Section 103 of the Truth in Lending Act (15 U.S.C.
18 1602), as amended by section 1101, is further amended—

19 (1) by redesignating subsection (aa) (relating to
20 disclosure of greater amount or percentage), as so
21 designated by section 1100A of the Consumer Fi-
22 nancial Protection Act of 2010, as subsection (bb);

23 (2) by redesignating subsection (bb) (relating to
24 high cost mortgages), as so designated by section
25 1100A of the Consumer Financial Protection Act of

1 2010, as subsection (aa), and moving such sub-
2 section to immediately follow subsection (z); and

3 (3) in subsection (aa)(1)(A), as so redesign-
4 nated—

5 (A) in clause (i)(I), by striking “(8.5 per-
6 centage points, if the dwelling is personal prop-
7 erty and the transaction is for less than
8 \$50,000)” and inserting “(10 percentage points
9 if the dwelling is personal property or is a
10 transaction that does not include the purchase
11 of real property on which a dwelling is to be
12 placed, and the transaction is for less than
13 \$75,000 (as such amount is adjusted by the
14 Consumer Financial Opportunity Commission
15 to reflect the change in the Consumer Price
16 Index))”; and

17 (B) in clause (ii)—

18 (i) in subclause (I), by striking “or”
19 at the end; and

20 (ii) by adding at the end the fol-
21 lowing:

22 “(III) in the case of a trans-
23 action for less than \$75,000 (as such
24 amount is adjusted by the Consumer
25 Financial Opportunity Commission to

1 reflect the change in the Consumer
2 Price Index) in which the dwelling is
3 personal property (or is a consumer
4 credit transaction that does not in-
5 clude the purchase of real property on
6 which a dwelling is to be placed) the
7 greater of 5 percent of the total trans-
8 action amount or \$3,000 (as such
9 amount is adjusted by the Consumer
10 Financial Opportunity Commission to
11 reflect the change in the Consumer
12 Price Index); or”.

13 **Subtitle B—Mortgage Choice**

14 **SEC. 1106. DEFINITION OF POINTS AND FEES.**

15 (a) AMENDMENT TO SECTION 103 OF TILA.—Para-
16 graph (4) of section 103(aa) of the Truth in Lending Act,
17 as redesignated by section 1102, is amended—

18 (1) by striking “paragraph (1)(B)” and insert-
19 ing “paragraph (1)(A) and section 129C”;

20 (2) in subparagraph (C)—

21 (A) by inserting “and insurance” after
22 “taxes”;

23 (B) in clause (ii), by inserting “, except as
24 retained by a creditor or its affiliate as a result
25 of their participation in an affiliated business

1 arrangement (as defined in section 3(7) of the
2 Real Estate Settlement Procedures Act of 1974
3 (12 U.S.C. 2602(7))” after “compensation”;
4 and

5 (C) by striking clause (iii) and inserting
6 the following:

7 “(iii) the charge is—

8 “(I) a bona fide third-party charge
9 not retained by the mortgage originator,
10 creditor, or an affiliate of the creditor or
11 mortgage originator; or

12 “(II) a charge set forth in section
13 106(e)(1);”; and

14 (3) in subparagraph (D)—

15 (A) by striking “accident,”; and

16 (B) by striking “or any payments” and in-
17 serting “and any payments”.

18 (b) AMENDMENT TO SECTION 129C OF TILA.—Sec-
19 tion 129C of the Truth in Lending Act (15 U.S.C. 1639c)
20 is amended—

21 (1) in subsection (a)(5)(C), by striking “103”
22 and all that follows through “or mortgage origi-
23 nator” and inserting “103(aa)(4)”; and

1 (2) in subsection (b)(2)(C)(i), by striking “103”
2 and all that follows through “or mortgage origi-
3 nator)” and inserting “103(aa)(4)”.

4 **Subtitle C—Financial Institution**
5 **Customer Protection**

6 **SEC. 1111. REQUIREMENTS FOR DEPOSIT ACCOUNT TERMI-**
7 **NATION REQUESTS AND ORDERS.**

8 (a) **TERMINATION REQUESTS OR ORDERS MUST BE**
9 **MATERIAL.—**

10 (1) **IN GENERAL.—**An appropriate Federal
11 banking agency may not formally or informally re-
12 quest or order a depository institution to terminate
13 a specific customer account or group of customer ac-
14 counts or to otherwise restrict or discourage a de-
15 pository institution from entering into or maintain-
16 ing a banking relationship with a specific customer
17 or group of customers unless—

18 (A) the agency has a material reason for
19 such request or order; and

20 (B) such reason is not based solely on rep-
21 utation risk.

22 (2) **TREATMENT OF NATIONAL SECURITY**
23 **THREATS.—**If an appropriate Federal banking agen-
24 cy believes a specific customer or group of customers
25 is, or is acting as a conduit for, an entity which—

1 (A) poses a threat to national security;

2 (B) is involved in terrorist financing;

3 (C) is an agency of the government of
4 Iran, North Korea, Syria, or any country listed
5 from time to time on the State Sponsors of
6 Terrorism list;

7 (D) is located in, or is subject to the juris-
8 diction of, any country specified in subpara-
9 graph (C); or

10 (E) does business with any entity described
11 in subparagraph (C) or (D), unless the appro-
12 priate Federal banking agency determines that
13 the customer or group of customers has used
14 due diligence to avoid doing business with any
15 entity described in subparagraph (C) or (D),
16 such belief shall satisfy the requirement under para-
17 graph (1).

18 (b) NOTICE REQUIREMENT.—

19 (1) IN GENERAL.—If an appropriate Federal
20 banking agency formally or informally requests or
21 orders a depository institution to terminate a spe-
22 cific customer account or a group of customer ac-
23 counts, the agency shall—

24 (A) provide such request or order to the
25 institution in writing; and

1 (B) accompany such request or order with
2 a written justification for why such termination
3 is needed, including any specific laws or regula-
4 tions the agency believes are being violated by
5 the customer or group of customers, if any.

6 (2) JUSTIFICATION REQUIREMENT.—A jus-
7 tification described under paragraph (1)(B) may not
8 be based solely on the reputation risk to the deposi-
9 tory institution.

10 (c) CUSTOMER NOTICE.—

11 (1) NOTICE REQUIRED.—Except as provided
12 under paragraph (2), if an appropriate Federal
13 banking agency orders a depository institution to
14 terminate a specific customer account or a group of
15 customer accounts, the depository institution shall
16 inform the customer or customers of the justification
17 for the customer's account termination described
18 under subsection (b).

19 (2) NOTICE PROHIBITED IN CASES OF NA-
20 TIONAL SECURITY.—If an appropriate Federal bank-
21 ing agency requests or orders a depository institu-
22 tion to terminate a specific customer account or a
23 group of customer accounts based on a belief that
24 the customer or customers pose a threat to national
25 security, or are otherwise described under subsection

1 (a)(2), neither the depository institution nor the ap-
2 propriate Federal banking agency may inform the
3 customer or customers of the justification for the
4 customer's account termination.

5 (d) REPORTING REQUIREMENT.—Each appropriate
6 Federal banking agency shall issue an annual report to
7 the Congress stating—

8 (1) the aggregate number of specific customer
9 accounts that the agency requested or ordered a de-
10 pository institution to terminate during the previous
11 year; and

12 (2) the legal authority on which the agency re-
13 lied in making such requests and orders and the fre-
14 quency on which the agency relied on each such au-
15 thority.

16 (e) DEFINITIONS.—For purposes of this section:

17 (1) APPROPRIATE FEDERAL BANKING AGEN-
18 CY.—The term “appropriate Federal banking agen-
19 cy” means—

20 (A) the appropriate Federal banking agen-
21 cy, as defined under section 3 of the Federal
22 Deposit Insurance Act (12 U.S.C. 1813); and

23 (B) the National Credit Union Administra-
24 tion, in the case of an insured credit union.

1 (2) DEPOSITORY INSTITUTION.—The term “de-
2 pository institution” means—

3 (A) a depository institution, as defined
4 under section 3 of the Federal Deposit Insur-
5 ance Act (12 U.S.C. 1813); and

6 (B) an insured credit union.

7 **SEC. 1112. AMENDMENTS TO THE FINANCIAL INSTITUTIONS**
8 **REFORM, RECOVERY, AND ENFORCEMENT**
9 **ACT OF 1989.**

10 Section 951 of the Financial Institutions Reform, Re-
11 covery, and Enforcement Act of 1989 (12 U.S.C. 1833a)
12 is amended—

13 (1) in subsection (c)(2), by striking “affecting
14 a federally insured financial institution” and insert-
15 ing “against a federally insured financial institution
16 or by a federally insured financial institution against
17 an unaffiliated third person”; and

18 (2) in subsection (g)—

19 (A) in the header, by striking “SUB-
20 POENAS” and inserting “INVESTIGATIONS”; and

21 (B) by amending paragraph (1)(C) to read
22 as follows:

23 “(C) summon witnesses and require the
24 production of any books, papers, correspond-
25 ence, memoranda, or other records which the

1 Attorney General deems relevant or material to
2 the inquiry, if the Attorney General—

3 “(i) requests a court order from a
4 court of competent jurisdiction for such ac-
5 tions and offers specific and articulable
6 facts showing that there are reasonable
7 grounds to believe that the information or
8 testimony sought is relevant and material
9 for conducting an investigation under this
10 section; or

11 “(ii) either personally or through dele-
12 gation no lower than the Deputy Attorney
13 General, issues and signs a subpoena for
14 such actions and such subpoena is sup-
15 ported by specific and articulable facts
16 showing that there are reasonable grounds
17 to believe that the information or testi-
18 mony sought is relevant for conducting an
19 investigation under this section.”.

1 **Subtitle D—Portfolio Lending and**
2 **Mortgage Access**

3 **SEC. 1116. SAFE HARBOR FOR CERTAIN LOANS HELD ON**
4 **PORTFOLIO.**

5 (a) IN GENERAL.—Section 129C of the Truth in
6 Lending Act (15 U.S.C. 1639c) is amended by adding at
7 the end the following:

8 “(j) SAFE HARBOR FOR CERTAIN LOANS HELD ON
9 PORTFOLIO.—

10 “(1) SAFE HARBOR FOR CREDITORS THAT ARE
11 DEPOSITORY INSTITUTIONS.—

12 “(A) IN GENERAL.—A creditor that is a
13 depository institution shall not be subject to
14 suit for failure to comply with subsection (a),
15 (c)(1), or (f)(2) of this section or section 129H
16 with respect to a residential mortgage loan, and
17 the banking regulators shall treat such loan as
18 a qualified mortgage, if—

19 “(i) the creditor has, since the origi-
20 nation of the loan, held the loan on the
21 balance sheet of the creditor; and

22 “(ii) all prepayment penalties with re-
23 spect to the loan comply with the limita-
24 tions described under subsection (c)(3).

1 “(B) EXCEPTION FOR CERTAIN TRANS-
2 FERS.—In the case of a depository institution
3 that transfers a loan originated by that institu-
4 tion to another depository institution by reason
5 of the bankruptcy or failure of the originating
6 depository institution or the purchase of the
7 originating depository institution, the depository
8 institution transferring such loan shall be
9 deemed to have complied with the requirement
10 under subparagraph (A)(i).

11 “(2) SAFE HARBOR FOR MORTGAGE ORIGINA-
12 TORS.—A mortgage originator shall not be subject
13 to suit for a violation of section 129B(c)(3)(B) for
14 steering a consumer to a residential mortgage loan
15 if—

16 “(A) the creditor of such loan is a depository
17 institution and has informed the mortgage
18 originator that the creditor intends to hold the
19 loan on the balance sheet of the creditor for the
20 life of the loan; and

21 “(B) the mortgage originator informs the
22 consumer that the creditor intends to hold the
23 loan on the balance sheet of the creditor for the
24 life of the loan.

1 “(3) DEFINITIONS.—For purposes of this sub-
2 section:

3 “(A) BANKING REGULATORS.—The term
4 ‘banking regulators’ means the Federal banking
5 agencies, the Consumer Financial Opportunity
6 Commission, and the National Credit Union
7 Administration.

8 “(B) DEPOSITORY INSTITUTION.—The
9 term ‘depository institution’ has the meaning
10 given that term under section 19(b)(1) of the
11 Federal Reserve Act (12 U.S.C. 505(b)(1)).

12 “(C) FEDERAL BANKING AGENCIES.—The
13 term ‘Federal banking agencies’ has the mean-
14 ing given that term under section 3 of the Fed-
15 eral Deposit Insurance Act.”.

16 (b) RULE OF CONSTRUCTION.—Nothing in the
17 amendment made by this section may be construed as pre-
18 venting a balloon loan from qualifying for the safe harbor
19 provided under section 129C(j) of the Truth in Lending
20 Act if the balloon loan otherwise meets all of the require-
21 ments under such subsection (j), regardless of whether the
22 balloon loan meets the requirements described under
23 clauses (i) through (iv) of section 129C(b)(2)(E) of such
24 Act.

1 **Subtitle E—Application of the**
2 **Expedited Funds Availability Act**

3 **SEC. 1121. APPLICATION OF THE EXPEDITED FUNDS AVAIL-**
4 **ABILITY ACT.**

5 (a) IN GENERAL.—The Expedited Funds Availability
6 Act (12 U.S.C. 4001 et seq.) is amended—

7 (1) in section 602(20) (12 U.S.C. 4001(20)) by
8 inserting “, located in the United States,” after
9 “ATM”;

10 (2) in section 602(21) (12 U.S.C. 4001(21)) by
11 inserting “American Samoa, the Commonwealth of
12 the Northern Mariana Islands,” after “Puerto
13 Rico,”;

14 (3) in section 602(23) (12 U.S.C. 4001(23)) by
15 inserting “American Samoa, the Commonwealth of
16 the Northern Mariana Islands,” after “Puerto
17 Rico,”; and

18 (4) in section 603(d)(2)(A) (12 U.S.C.
19 4002(d)(2)(A)), by inserting “American Samoa, the
20 Commonwealth of the Northern Mariana Islands,”
21 after “Puerto Rico,”.

22 (b) EFFECTIVE DATE.—This section shall take effect
23 on January 1, 2017.

1 **Subtitle F—Small Bank Holding**
2 **Company Policy Statement**

3 **SEC. 1126. CHANGES REQUIRED TO SMALL BANK HOLDING**
4 **COMPANY POLICY STATEMENT ON ASSESS-**
5 **MENT OF FINANCIAL AND MANAGERIAL FAC-**
6 **TORS.**

7 (a) IN GENERAL.—Before the end of the 6-month pe-
8 riod beginning on the date of the enactment of this Act,
9 the Board of Governors of the Federal Reserve System
10 shall revise the Small Bank Holding Company Policy
11 Statement on Assessment of Financial and Managerial
12 Factors (12 C.F.R. part 225—appendix C) to raise the
13 consolidated asset threshold under such policy statement
14 from \$1,000,000,000 (as adjusted by Public Law 113–
15 250) to \$5,000,000,000.

16 (b) CONFORMING AMENDMENT.—Subparagraph (C)
17 of section 171(b)(5) of the Dodd-Frank Wall Street Re-
18 form and Consumer Protection Act (12 U.S.C.
19 5371(b)(5)) is amended to read as follows:

20 “(C) any bank holding company or savings
21 and loan holding company that is subject to the
22 application of the Small Bank Holding Com-
23 pany Policy Statement on Assessment of Finan-
24 cial and Managerial Factors of the Board of
25 Governors (12 C.F.R. part 225—appendix C).”.

1 **Subtitle G—Community Institution**
2 **Mortgage Relief**

3 **SEC. 1131. COMMUNITY FINANCIAL INSTITUTION MORT-**
4 **GAGE RELIEF.**

5 (a) EXEMPTION FROM ESCROW REQUIREMENTS FOR
6 LOANS HELD BY SMALLER CREDITORS.—Section 129D
7 of the Truth in Lending Act (15 U.S.C. 1639d) is amend-
8 ed—

9 (1) by adding at the end the following:

10 “(k) SAFE HARBOR FOR LOANS HELD BY SMALLER
11 CREDITORS.—

12 “(1) IN GENERAL.—A creditor shall not be in
13 violation of subsection (a) with respect to a loan if—

14 “(A) the creditor has consolidated assets of
15 \$10,000,000,000 or less; and

16 “(B) the creditor holds the loan on the bal-
17 ance sheet of the creditor for the 3-year period
18 beginning on the date of the origination of the
19 loan.

20 “(2) EXCEPTION FOR CERTAIN TRANSFERS.—

21 In the case of a creditor that transfers a loan to an-
22 other person by reason of the bankruptcy or failure
23 of the creditor, the purchase of the creditor, or a su-
24 pervisory act or recommendation from a State or
25 Federal regulator, the creditor shall be deemed to

1 have complied with the requirement under para-
2 graph (1)(B).”; and

3 (2) by striking the term “Board” each place
4 such term appears and inserting “Consumer Finan-
5 cial Opportunity Commission”.

6 (b) **MODIFICATION TO EXEMPTION FOR SMALL**
7 **SERVICERS OF MORTGAGE LOANS.**—Section 6 of the Real
8 Estate Settlement Procedures Act of 1974 (12 U.S.C.
9 2605) is amended by adding at the end the following:

10 “(n) **SMALL SERVICER EXEMPTION.**—The Consumer
11 Financial Opportunity Commission shall, by regulation,
12 provide exemptions to, or adjustments for, the provisions
13 of this section for a servicer that annually services 20,000
14 or fewer mortgage loans, in order to reduce regulatory
15 burdens while appropriately balancing consumer protec-
16 tions.”.

17 **Subtitle H—Financial Institutions**
18 **Examination Fairness and Reform**

19 **SEC. 1136. TIMELINESS OF EXAMINATION REPORTS.**

20 (a) **IN GENERAL.**—The Federal Financial Institu-
21 tions Examination Council Act of 1978 (12 U.S.C. 3301
22 et seq.) is amended by adding at the end the following:

23 **“SEC. 1012. TIMELINESS OF EXAMINATION REPORTS.**

24 “(a) **IN GENERAL.**—

1 “(1) FINAL EXAMINATION REPORT.—A Federal
2 financial institutions regulatory agency shall provide
3 a final examination report to a financial institution
4 not later than 60 days after the later of—

5 “(A) the exit interview for an examination
6 of the institution; or

7 “(B) the provision of additional informa-
8 tion by the institution relating to the examina-
9 tion.

10 “(2) EXIT INTERVIEW.—If a financial institu-
11 tion is not subject to a resident examiner program,
12 the exit interview shall occur not later than the end
13 of the 9-month period beginning on the commence-
14 ment of the examination, except that such period
15 may be extended by the Federal financial institu-
16 tions regulatory agency by providing written notice
17 to the institution and the Independent Examination
18 Review Director describing with particularity the
19 reasons that a longer period is needed to complete
20 the examination.

21 “(b) EXAMINATION MATERIALS.—Upon the request
22 of a financial institution, the Federal financial institutions
23 regulatory agency shall include with the final report an
24 appendix listing all examination or other factual informa-

1 tion relied upon by the agency in support of a material
2 supervisory determination.

3 **“SEC. 1013. EXAMINATION STANDARDS.**

4 “(a) IN GENERAL.—In the examination of a financial
5 institution—

6 “(1) a commercial loan shall not be placed in
7 non-accrual status solely because the collateral for
8 such loan has deteriorated in value;

9 “(2) a modified or restructured commercial loan
10 shall be removed from non-accrual status if the bor-
11 rower demonstrates the ability to perform on such
12 loan over a maximum period of 6 months, except
13 that with respect to loans on a quarterly, semi-
14 annual, or longer repayment schedule such period
15 shall be a maximum of 3 consecutive repayment pe-
16 riods;

17 “(3) a new appraisal on a performing commer-
18 cial loan shall not be required unless an advance of
19 new funds is involved; and

20 “(4) in classifying a commercial loan in which
21 there has been deterioration in collateral value, the
22 amount to be classified shall be the portion of the
23 deficiency relating to the decline in collateral value
24 and repayment capacity of the borrower.

1 “(b) WELL CAPITALIZED INSTITUTIONS.—The Fed-
2 eral financial institutions regulatory agencies may not re-
3 quire a financial institution that is well capitalized to raise
4 additional capital in lieu of an action prohibited under
5 subsection (a).

6 “(c) CONSISTENT LOAN CLASSIFICATIONS.—The
7 Federal financial institutions regulatory agencies shall de-
8 velop and apply identical definitions and reporting require-
9 ments for non-accrual loans.

10 **“SEC. 1014. OFFICE OF INDEPENDENT EXAMINATION RE-
11 VIEW.**

12 “(a) ESTABLISHMENT.—There is established in the
13 Council an Office of Independent Examination Review
14 (the ‘Office’).

15 “(b) HEAD OF OFFICE.—There is established the po-
16 sition of the Independent Examination Review Director
17 (the ‘Director’), as the head of the Office. The Director
18 shall be appointed by the Council and shall be independent
19 from any member agency of the Council.

20 “(c) STAFFING.—The Director is authorized to hire
21 staff to support the activities of the Office.

22 “(d) DUTIES.—The Director shall—

23 “(1) receive and, at the Director’s discretion,
24 investigate complaints from financial institutions,
25 their representatives, or another entity acting on be-

1 half of such institutions, concerning examinations,
2 examination practices, or examination reports;

3 “(2) hold meetings, at least once every three
4 months and in locations designed to encourage par-
5 ticipation from all sections of the United States,
6 with financial institutions, their representatives, or
7 another entity acting on behalf of such institutions,
8 to discuss examination procedures, examination
9 practices, or examination policies;

10 “(3) review examination procedures of the Fed-
11 eral financial institutions regulatory agencies to en-
12 sure that the written examination policies of those
13 agencies are being followed in practice and adhere to
14 the standards for consistency established by the
15 Council;

16 “(4) conduct a continuing and regular review of
17 examination quality assurance for all examination
18 types conducted by the Federal financial institutions
19 regulatory agencies;

20 “(5) adjudicate any supervisory appeal initiated
21 under section 1015; and

22 “(6) report annually to the Committee on Fi-
23 nancial Services of the House of Representatives, the
24 Committee on Banking, Housing, and Urban Affairs
25 of the Senate, and the Council, on the reviews car-

1 ried out pursuant to paragraphs (3) and (4), includ-
2 ing compliance with the requirements set forth in
3 section 1012 regarding timeliness of examination re-
4 ports, and the Council’s recommendations for im-
5 provements in examination procedures, practices,
6 and policies.

7 “(e) CONFIDENTIALITY.—The Director shall keep
8 confidential all meetings with, discussions with, and infor-
9 mation provided by financial institutions.

10 **“SEC. 1015. RIGHT TO INDEPENDENT REVIEW OF MATERIAL**
11 **SUPERVISORY DETERMINATIONS.**

12 “(a) IN GENERAL.—A financial institution shall have
13 the right to obtain an independent review of a material
14 supervisory determination contained in a final report of
15 examination.

16 “(b) NOTICE.—

17 “(1) TIMING.—A financial institution seeking
18 review of a material supervisory determination under
19 this section shall file a written notice with the Inde-
20 pendent Examination Review Director (the ‘Direc-
21 tor’) within 60 days after receiving the final report
22 of examination that is the subject of such review.

23 “(2) IDENTIFICATION OF DETERMINATION.—
24 The written notice shall identify the material super-
25 visory determination that is the subject of the inde-

1 pendent examination review, and a statement of the
2 reasons why the institution believes that the deter-
3 mination is incorrect or should otherwise be modi-
4 fied.

5 “(3) INFORMATION TO BE PROVIDED TO INSTI-
6 TUTION.—Any information relied upon by the agen-
7 cy in the final report that is not in the possession
8 of the financial institution may be requested by the
9 financial institution and shall be delivered promptly
10 by the agency to the financial institution.

11 “(c) RIGHT TO HEARING.—

12 “(1) IN GENERAL.—The Director shall deter-
13 mine the merits of the appeal on the record or, at
14 the financial institution’s election, shall refer the ap-
15 peal to an Administrative Law Judge to conduct a
16 confidential hearing pursuant to the procedures set
17 forth under sections 556 and 557 of title 5, United
18 States Code, which hearing shall take place not later
19 than 60 days after the petition for review was re-
20 ceived by the Director, and to issue a proposed deci-
21 sion to the Director based upon the record estab-
22 lished at such hearing.

23 “(2) STANDARD OF REVIEW.—In rendering a
24 determination or recommendation under this sub-
25 section, neither the Administrative Law Judge nor

1 the Director shall defer to the opinions of the exam-
2 iner or agency, but shall conduct a de novo review
3 to independently determine the appropriateness of
4 the agency's decision based upon the relevant stat-
5 utes, regulations, and other appropriate guidance, as
6 well as evidence adduced at any hearing.

7 “(d) FINAL DECISION.—A decision by the Director
8 on an independent review under this section shall—

9 “(1) be made not later than 60 days after the
10 record has been closed; and

11 “(2) be deemed final agency action and shall
12 bind the agency whose supervisory determination
13 was the subject of the review and the financial insti-
14 tution requesting the review.

15 “(e) RIGHT TO JUDICIAL REVIEW.—A financial insti-
16 tution shall have the right to petition for review of final
17 agency action under this section by filing a Petition for
18 Review within 60 days of the Director's decision in the
19 United States Court of Appeals for the District of Colum-
20 bia Circuit or the Circuit in which the financial institution
21 is located.

22 “(f) REPORT.—The Director shall report annually to
23 the Committee on Financial Services of the House of Rep-
24 resentatives and the Committee on Banking, Housing, and
25 Urban Affairs of the Senate on actions taken under this

1 section, including the types of issues that the Director has
2 reviewed and the results of those reviews. In no case shall
3 such a report contain information about individual finan-
4 cial institutions or any confidential or privileged informa-
5 tion shared by financial institutions.

6 “(g) RETALIATION PROHIBITED.—A Federal finan-
7 cial institutions regulatory agency may not—

8 “(1) retaliate against a financial institution, in-
9 cluding service providers, or any institution-affiliated
10 party (as defined under section 3 of the Federal De-
11 posit Insurance Act), for exercising appellate rights
12 under this section; or

13 “(2) delay or deny any agency action that
14 would benefit a financial institution or any institu-
15 tion-affiliated party on the basis that an appeal
16 under this section is pending under this section.

17 “(h) RULE OF CONSTRUCTION.—Nothing in this sec-
18 tion may be construed—

19 “(1) to affect the right of a Federal financial
20 institutions regulatory agency to take enforcement
21 or other supervisory actions related to a material su-
22 pervisory determination under review under this sec-
23 tion; or

24 “(2) to prohibit the review under this section of
25 a material supervisory determination with respect to

1 which there is an ongoing enforcement or other su-
2 pervisory action.”.

3 (b) ADDITIONAL AMENDMENTS.—

4 (1) RIEGLE COMMUNITY DEVELOPMENT AND
5 REGULATORY IMPROVEMENT ACT OF 1994.—Section
6 309 of the Riegle Community Development and Reg-
7 ulatory Improvement Act of 1994 (12 U.S.C. 4806)
8 is amended—

9 (A) in subsection (a), by inserting after
10 “appropriate Federal banking agency” the fol-
11 lowing: “, the Consumer Financial Opportunity
12 Commission,”;

13 (B) in subsection (b)—

14 (i) in paragraph (2), by striking “the
15 appellant from retaliation by agency exam-
16 iners” and inserting “the insured deposi-
17 tory institution or insured credit union
18 from retaliation by the agencies referred to
19 in subsection (a)”;

20 (ii) by adding at the end the following
21 flush-left text:

22 “For purposes of this subsection and subsection (e), retal-
23 iation includes delaying consideration of, or withholding
24 approval of, any request, notice, or application that other-

1 wise would have been approved, but for the exercise of the
2 institution's or credit union's rights under this section.”;

3 (C) in subsection (e)(2)—

4 (i) in subparagraph (B), by striking
5 “and” at the end;

6 (ii) in subparagraph (C), by striking
7 the period and inserting “; and”; and

8 (iii) by adding at the end the fol-
9 lowing:

10 “(D) ensure that appropriate safeguards
11 exist for protecting the insured depository insti-
12 tution or insured credit union from retaliation
13 by any agency referred to in subsection (a) for
14 exercising its rights under this subsection.”;
15 and

16 (D) in subsection (f)(1)(A)—

17 (i) in clause (ii), by striking “and” at
18 the end;

19 (ii) in clause (iii), by striking “and”
20 at the end; and

21 (iii) by adding at the end the fol-
22 lowing:

23 “(iv) any issue specifically listed in an
24 exam report as a matter requiring atten-

1 tion by the institution’s management or
2 board of directors; and

3 “(v) any suspension or removal of an
4 institution’s status as eligible for expedited
5 processing of applications, requests, no-
6 tices, or filings on the grounds of a super-
7 visory or compliance concern, regardless of
8 whether that concern has been cited as a
9 basis for another material supervisory de-
10 termination or matter requiring attention
11 in an examination report, provided that the
12 conduct at issue did not involve violation of
13 any criminal law; and”.

14 (2) FEDERAL CREDIT UNION ACT.—Section
15 205(j) of the Federal Credit Union Act (12 U.S.C.
16 1785(j)) is amended by inserting “the Consumer Fi-
17 nancial Opportunity Commission,” before “the Ad-
18 ministration” each place such term appears.

19 (3) FEDERAL FINANCIAL INSTITUTIONS EXAM-
20 INATION COUNCIL ACT OF 1978.—The Federal Fi-
21 nancial Institutions Examination Council Act of
22 1978 (12 U.S.C. 3301 et seq.) is amended—

23 (A) in section 1003, by amending para-
24 graph (1) to read as follows:

1 “(1) the term ‘Federal financial institutions
2 regulatory agencies’—

3 “(A) means the Office of the Comptroller
4 of the Currency, the Board of Governors of the
5 Federal Reserve System, the Federal Deposit
6 Insurance Corporation, and the National Credit
7 Union Administration; and

8 “(B) for purposes of sections 1012, 1013,
9 1014, and 1015, includes the Consumer Finan-
10 cial Opportunity Commission;”; and

11 (B) in section 1005, by striking “One-
12 fifth” and inserting “One-fourth”.

13 **Subtitle I—National Credit Union**
14 **Administration Budget Trans-**
15 **parency**

16 **SEC. 1141. BUDGET TRANSPARENCY FOR THE NCUA.**

17 Section 209(b) of the Federal Credit Union Act (12
18 U.S.C. 1789) is amended—

19 (1) by redesignating paragraphs (1) and (2) as
20 paragraphs (2) and (3), respectively;

21 (2) by inserting before paragraph (2), as so re-
22 designated, the following:

23 “(1) on an annual basis and prior to the sub-
24 mission of the detailed business-type budget required
25 under paragraph (2)—

1 “(A) make publicly available and cause to
2 be printed in the Federal Register a draft of
3 such detailed business-type budget; and

4 “(B) hold a public hearing, with public no-
5 tice provided of such hearing, wherein the pub-
6 lic can submit comments on the draft of such
7 detailed business-type budget;” and

8 (3) in paragraph (2), as so redesignated—

9 (A) by inserting “detailed” after “submit
10 a”; and

11 (B) by inserting “, and where such budget
12 shall address any comments submitted by the
13 public pursuant to paragraph (1)(B)” after
14 “Control Act”.

15 **Subtitle J—Taking Account of In-**
16 **stitutions With Low Operation**
17 **Risk**

18 **SEC. 1146. REGULATIONS APPROPRIATE TO BUSINESS**
19 **MODELS.**

20 (a) IN GENERAL.—For any regulatory action occur-
21 ring subsequent to enactment of this section, and notwith-
22 standing any other provision of law, the Federal financial
23 institutions regulatory agencies shall—

1 (1) take into consideration the risk profile and
2 business models of the various institutions or classes
3 of institutions subject to the regulatory action;

4 (2) determine the necessity, appropriateness,
5 and impact of applying such regulatory action to
6 such institutions or classes of institutions; and

7 (3) tailor such regulatory action applicable to
8 such institutions or class of institutions in a manner
9 that limits the regulatory compliance impact, cost, li-
10 ability risk, and other burdens as is appropriate for
11 the risk profile and business model involved.

12 (b) OTHER CONSIDERATIONS.—In satisfying the re-
13 quirements of subsection (a) and when implementing such
14 regulatory action, the Federal financial institutions regu-
15 latory agencies shall also consider—

16 (1) the impact that such regulatory action, both
17 by itself and in conjunction with the aggregate effect
18 of other regulations, has on the ability of the institu-
19 tion or class of institutions to flexibly serve evolving
20 and diverse customer needs;

21 (2) the potential unintended impact of examina-
22 tion manuals or other regulatory directives that
23 work in conflict with the tailoring of such regulatory
24 action described in subsection (a)(3); and

1 (3) the underlying policy objectives of the regu-
2 latory action and statutory scheme involved.

3 (c) NOTICE OF PROPOSED AND FINAL RULE-
4 MAKING.—The Federal financial institutions regulatory
5 agencies shall disclose in every notice of proposed rule-
6 making and in any final rulemaking for a regulatory ac-
7 tion how the agency has applied subsections (a) and (b).

8 (d) REPORTS TO CONGRESS.—

9 (1) INDIVIDUAL AGENCY REPORTS.—

10 (A) IN GENERAL.—The Federal financial
11 institutions regulatory agencies shall individ-
12 ually report to the Committee on Financial
13 Services of the House of Representatives and
14 the Committee on Banking, Housing, and
15 Urban Affairs of the Senate, within twelve
16 months of enactment of this section and annu-
17 ally thereafter, on the specific actions taken to
18 tailor the agency's regulatory actions pursuant
19 to the requirements of this section.

20 (B) APPEARANCE BEFORE THE COMMIT-
21 TEES.—The head of each Federal financial in-
22 stitution regulatory agency shall appear before
23 the Committee on Financial Services of the
24 House of Representatives and the Committee
25 on Banking, Housing, and Urban Affairs of the

1 Senate after each report is made pursuant to
2 subparagraph (A), to testify on the contents of
3 such report.

4 (2) FIEC REPORTS.—

5 (A) IN GENERAL.—The Financial Institu-
6 tions Examination Council shall report to the
7 Committee on Financial Services of the House
8 of Representatives and the Committee on Bank-
9 ing, Housing, and Urban Affairs of the Senate,
10 within three months after the reports required
11 under paragraph (1)—

12 (i) on the extent to which regulatory
13 actions tailored pursuant to this section re-
14 sult in differential regulation of similarly-
15 situated institutions of diverse charter
16 types with respect to comparable regula-
17 tions; and

18 (ii) the reasons for such differential
19 treatment.

20 (B) APPEARANCE BEFORE THE COMMIT-
21 TEES.—The Chairman of the Financial Institu-
22 tions Examination Council shall appear before
23 the Committee on Financial Services of the
24 House of Representatives and the Committee
25 on Banking, Housing, and Urban Affairs of the

1 Senate after each report is made pursuant to
2 subparagraph (A), to testify on the contents of
3 such report.

4 (e) LIMITED LOOK-BACK APPLICATION.—The Fed-
5 eral financial institutions regulatory agencies shall con-
6 duct a review of all regulations adopted during the period
7 beginning on the date that is five years before the date
8 of the introduction of this Act in the House of Representa-
9 tives and ending on the date of the enactment of this Act
10 and apply the requirements of this section to such regula-
11 tions. If the application of the requirements of this section
12 to any such regulation requires such regulation to be re-
13 vised, the agency shall revise such regulation within three
14 years of the enactment of this section.

15 (f) DEFINITIONS.—For purposes of this section, the
16 following definitions shall apply:

17 (1) FEDERAL FINANCIAL INSTITUTIONS REGU-
18 LATORY AGENCIES.—The term “Federal financial in-
19 stitutions regulatory agencies” means the Office of
20 the Comptroller of the Currency, the Board of Gov-
21 ernors of the Federal Reserve System, the Federal
22 Deposit Insurance Corporation, the National Credit
23 Union Administration, and the Consumer Financial
24 Opportunity Commission.

1 (2) REGULATORY ACTION.—The term “regu-
2 latory action” means any proposed, interim, or final
3 rule or regulation, guidance, or published interpreta-
4 tion.

5 **Subtitle K—Federal Savings**
6 **Association Charter Flexibility**

7 **SEC. 1151. OPTION FOR FEDERAL SAVINGS ASSOCIATIONS**
8 **TO OPERATE AS A COVERED SAVINGS ASSO-**
9 **CIATION.**

10 The Home Owners’ Loan Act is amended by inserting
11 after section 5 (12 U.S.C. 1464) the following:

12 **“SEC. 5A. ELECTION TO OPERATE AS A COVERED SAVINGS**
13 **ASSOCIATION.**

14 “(a) DEFINITION.—In this section, the term ‘covered
15 savings association’ means a Federal savings association
16 that makes an election approved under subsection (b).

17 “(b) ELECTION.—

18 “(1) IN GENERAL.—Upon issuance of the rules
19 described in subsection (f), a Federal savings asso-
20 ciation may elect to operate as a covered savings as-
21 sociation by submitting a notice to the Comptroller
22 of such election.

23 “(2) APPROVAL.—A Federal savings association
24 shall be deemed to be approved to operate as a cov-
25 ered savings association on the date that is 60 days

1 after the date on which the Comptroller receives the
2 notice under paragraph (1), unless the Comptroller
3 notifies the Federal savings association otherwise.

4 “(c) RIGHTS AND DUTIES.—Notwithstanding any
5 other provision of law and except as otherwise provided
6 in this section, a covered savings association shall—

7 “(1) have the same rights and privileges as a
8 national bank that has its main office situated in the
9 same location as the home office of the covered sav-
10 ings association; and

11 “(2) be subject to the same duties, restrictions,
12 penalties, liabilities, conditions, and limitations that
13 would apply to such a national bank.

14 “(d) TREATMENT OF COVERED SAVINGS ASSOCIA-
15 TIONS.—A covered savings association shall be treated as
16 a Federal savings association for the purposes—

17 “(1) of governance of the covered savings asso-
18 ciation, including incorporation, bylaws, boards of
19 directors, shareholders, and distribution of divi-
20 dends;

21 “(2) of consolidation, merger, dissolution, con-
22 version (including conversion to a stock bank or to
23 another charter), conservatorship, and receivership;
24 and

1 “(3) determined by regulation of the Comp-
2 troller.

3 “(e) EXISTING BRANCHES.—A covered savings asso-
4 ciation may continue to operate any branch or agency the
5 covered savings association operated on the date on which
6 an election under subsection (b) is approved.

7 “(f) RULEMAKING.—The Comptroller shall issue
8 rules to carry out this section—

9 “(1) that establish streamlined standards and
10 procedures that clearly identify required documenta-
11 tion or timelines for an election under subsection
12 (b);

13 “(2) that require a Federal savings association
14 that makes an election under subsection (b) to iden-
15 tify specific assets and subsidiaries—

16 “(A) that do not conform to the require-
17 ments for assets and subsidiaries of a national
18 bank; and

19 “(B) that are held by the Federal savings
20 association on the date on which the Federal
21 savings association submits a notice of such
22 election;

23 “(3) that establish—

1 “(A) a transition process for bringing such
2 assets and subsidiaries into conformance with
3 the requirements for a national bank; and

4 “(B) procedures for allowing the Federal
5 savings association to provide a justification for
6 grandfathering such assets and subsidiaries
7 after electing to operate as a covered savings
8 association;

9 “(4) that establish standards and procedures to
10 allow a covered savings association to terminate an
11 election under subsection (b) after an appropriate
12 period of time or to make a subsequent election;

13 “(5) that clarify requirements for the treatment
14 of covered savings associations, including the provi-
15 sions of law that apply to covered savings associa-
16 tions; and

17 “(6) as the Comptroller deems necessary and in
18 the interests of safety and soundness.”.

19 **Subtitle L—SAFE Transitional**
20 **Licensing**

21 **SEC. 1156. ELIMINATING BARRIERS TO JOBS FOR LOAN**
22 **ORIGINATORS.**

23 (a) IN GENERAL.—The S.A.F.E. Mortgage Licensing
24 Act of 2008 (12 U.S.C. 5101 et seq.) is amended by add-
25 ing at the end the following:

1 **“SEC. 1518. EMPLOYMENT TRANSITION OF LOAN ORIGINA-**
2 **TORS.**

3 “(a) TEMPORARY AUTHORITY TO ORIGINATE LOANS
4 FOR LOAN ORIGINATORS MOVING FROM A DEPOSITORY
5 INSTITUTION TO A NON-DEPOSITORY INSTITUTION.—

6 “(1) IN GENERAL.—Upon employment by a
7 State-licensed mortgage company, an individual who
8 is a registered loan originator shall be deemed to
9 have temporary authority to act as a loan originator
10 in an application State for the period described in
11 paragraph (2) if the individual—

12 “(A) has not had an application for a loan
13 originator license denied, or had such a license
14 revoked or suspended in any governmental ju-
15 risdiction;

16 “(B) has not been subject to or served
17 with a cease and desist order in any govern-
18 mental jurisdiction or as described in section
19 1514(c);

20 “(C) has not been convicted of a felony
21 that would preclude licensure under the law of
22 the application State;

23 “(D) has submitted an application to be a
24 State-licensed loan originator in the application
25 State; and

1 “(E) was registered in the Nationwide
2 Mortgage Licensing System and Registry as a
3 loan originator during the 12-month period pre-
4 ceeding the date of submission of the informa-
5 tion required under section 1505(a).

6 “(2) PERIOD.—The period described in para-
7 graph (1) shall begin on the date that the individual
8 submits the information required under section
9 1505(a) and shall end on the earliest of—

10 “(A) the date that the individual with-
11 draws the application to be a State-licensed
12 loan originator in the application State;

13 “(B) the date that the application State
14 denies, or issues a notice of intent to deny, the
15 application;

16 “(C) the date that the application State
17 grants a State license; or

18 “(D) the date that is 120 days after the
19 date on which the individual submits the appli-
20 cation, if the application is listed on the Nation-
21 wide Mortgage Licensing System and Registry
22 as incomplete.

23 “(b) TEMPORARY AUTHORITY TO ORIGINATE LOANS
24 FOR STATE-LICENSED LOAN ORIGINATORS MOVING
25 INTERSTATE.—

1 “(1) IN GENERAL.—A State-licensed loan origi-
2 nator shall be deemed to have temporary authority
3 to act as a loan originator in an application State
4 for the period described in paragraph (2) if the
5 State-licensed loan originator—

6 “(A) meets the requirements of subpara-
7 graphs (A), (B), (C), and (D) of subsection
8 (a)(1);

9 “(B) is employed by a State-licensed mort-
10 gage company in the application State; and

11 “(C) was licensed in a State that is not the
12 application State during the 30-day period pre-
13 ceding the date of submission of the informa-
14 tion required under section 1505(a) in connec-
15 tion with the application submitted to the appli-
16 cation State.

17 “(2) PERIOD.—The period described in para-
18 graph (1) shall begin on the date that the State-li-
19 censed loan originator submits the information re-
20 quired under section 1505(a) in connection with the
21 application submitted to the application State and
22 end on the earliest of—

23 “(A) the date that the State-licensed loan
24 originator withdraws the application to be a

1 State-licensed loan originator in the application
2 State;

3 “(B) the date that the application State
4 denies, or issues a notice of intent to deny, the
5 application;

6 “(C) the date that the application State
7 grants a State license; or

8 “(D) the date that is 120 days after the
9 date on which the State-licensed loan originator
10 submits the application, if the application is
11 listed on the Nationwide Mortgage Licensing
12 System and Registry as incomplete.

13 “(c) APPLICABILITY.—

14 “(1) Any person employing an individual who is
15 deemed to have temporary authority to act as a loan
16 originator in an application State pursuant to this
17 section shall be subject to the requirements of this
18 title and to applicable State law to the same extent
19 as if such individual was a State-licensed loan origi-
20 nator licensed by the application State.

21 “(2) Any individual who is deemed to have tem-
22 porary authority to act as a loan originator in an ap-
23 plication State pursuant to this section and who en-
24 gages in residential mortgage loan origination activi-
25 ties shall be subject to the requirements of this title

1 and to applicable State law to the same extent as if
2 such individual was a State-licensed loan originator
3 licensed by the application State.

4 “(d) DEFINITIONS.—In this section, the following
5 definitions shall apply:

6 “(1) STATE-LICENSED MORTGAGE COMPANY.—
7 The term ‘State-licensed mortgage company’ means
8 an entity licensed or registered under the law of any
9 State to engage in residential mortgage loan origina-
10 tion and processing activities.

11 “(2) APPLICATION STATE.—The term ‘applica-
12 tion State’ means a State in which a registered loan
13 originator or a State-licensed loan originator seeks
14 to be licensed.”.

15 (b) TABLE OF CONTENTS AMENDMENT.—The table
16 of contents in section 1(b) of the Housing and Economic
17 Recovery Act of 2008 (42 U.S.C. 4501 note) is amended
18 by inserting after the item relating to section 1517 the
19 following:

“Sec. 1518. Employment transition of loan originators.”.

20 (c) AMENDMENT TO CIVIL LIABILITY OF THE CON-
21 SUMER FINANCIAL OPPORTUNITY COMMISSION AND
22 OTHER OFFICIALS.—Section 1513 of the S.A.F.E. Mort-
23 gage Licensing Act of 2008 (12 U.S.C. 5112) is amended
24 by striking “are loan originators or are applying for licens-
25 ing or registration as loan originators” and inserting “are

1 applying for licensing or registration using the Nationwide
2 Mortgage Licensing System and Registry”.

3 **Subtitle M—Right to Lend**

4 **SEC. 1161. SMALL BUSINESS LOAN DATA COLLECTION RE-** 5 **QUIREMENT.**

6 (a) REPEAL.—Section 704B of the Equal Credit Op-
7 portunity Act (15 U.S.C. 1691c–2) is repealed.

8 (b) CONFORMING AMENDMENTS.—Section 701(b) of
9 the Equal Credit Opportunity Act (15 U.S.C. 1691(b)) is
10 amended—

11 (1) in paragraph (3), by inserting “or” at the
12 end;

13 (2) in paragraph (4), by striking “; or” and in-
14 serting a period; and

15 (3) by striking paragraph (5).

16 (c) CLERICAL AMENDMENT.—The table of sections
17 for title VII of the Consumer Credit Protection Act is
18 amended by striking the item relating to section 704B.

19 **Subtitle N—Community Bank** 20 **Reporting Relief**

21 **SEC. 1166. SHORT FORM CALL REPORT.**

22 (a) IN GENERAL.—Section 7(a) of the Federal De-
23 posit Insurance Act (12 U.S.C. 1817(a)) is amended by
24 adding at the end the following:

25 “(12) SHORT FORM REPORTING.—

1 “(A) IN GENERAL.—The appropriate Fed-
2 eral banking agencies shall issue regulations al-
3 lowing for a reduced reporting requirement for
4 covered depository institutions when making the
5 first and third report of condition for a year, as
6 required pursuant to paragraph (3).

7 “(B) COVERED DEPOSITORY INSTITUTION
8 DEFINED.—For purposes of this paragraph, the
9 term ‘covered depository institution’ means an
10 insured depository institution that—

11 “(i) is highly rated and well capital-
12 ized (as defined under section 38(b)); and

13 “(ii) satisfies such other criteria as
14 the appropriate Federal banking agencies
15 determine appropriate.”.

16 (b) REPORT TO CONGRESS.—Not later than 180 days
17 after the date of the enactment of this Act, and every 365
18 days thereafter until the appropriate Federal banking
19 agencies (as defined under section 3 of the Federal De-
20 posit Insurance Act) have issued the regulations required
21 under section 7(a)(12)(A) of the Federal Deposit Insur-
22 ance Act, such agencies shall submit to the Committee on
23 Financial Services of the House of Representatives and
24 the Committee on Banking, Housing, and Urban Affairs

1 of the Senate a report describing the progress made in
2 issuing such regulations.

3 **Subtitle O—Homeowner**
4 **Information Privacy Protection**

5 **SEC. 1171. STUDY REGARDING PRIVACY OF INFORMATION**
6 **COLLECTED UNDER THE HOME MORTGAGE**
7 **DISCLOSURE ACT OF 1975.**

8 (a) STUDY.—The Comptroller General of the United
9 States shall conduct a study to determine whether the
10 data required to be published, made available, or disclosed
11 under the final rule, in connection with other publicly
12 available data sources, including data made publicly avail-
13 able under Regulation C (12 C.F.R. 1003) before the ef-
14 fective date of the final rule, could allow for or increase
15 the probability of—

16 (1) exposure of the identity of mortgage appli-
17 cants or mortgagors through reverse engineering;

18 (2) exposure of mortgage applicants or mortga-
19 gors to identity theft or the loss of sensitive personal
20 financial information;

21 (3) the marketing or sale of unfair or deceptive
22 financial products to mortgage applicants or mortga-
23 gors based on such data;

24 (4) personal financial loss or emotional distress
25 resulting from the exposure of mortgage applicants

1 or mortgagors to identify theft or the loss of sen-
2 sitive personal financial information; and

3 (5) the potential legal liability facing the Con-
4 sumer Financial Opportunity Commission and mar-
5 ket participants in the event the data required to be
6 published, made available, or disclosed under the
7 final rule leads or contributes to identity theft or the
8 capture of sensitive personal financial information.

9 (b) REPORT.—The Comptroller General of the
10 United States shall submit to the Committee on Financial
11 Services of the House of Representatives and the Com-
12 mittee on Banking, Housing, and Urban Affairs of the
13 Senate a report that includes—

14 (1) the findings and conclusions of the Comp-
15 troller General with respect to the study required
16 under subsection (a); and

17 (2) any recommendations for legislative or regu-
18 latory actions that—

19 (A) would enhance the privacy of a con-
20 sumer when accessing mortgage credit; and

21 (B) are consistent with consumer protec-
22 tions and safe and sound banking operations.

23 (c) SUSPENSION OF DATA SHARING REQUIRE-
24 MENTS.—Notwithstanding any other provision of law, in-
25 cluding the final rule—

1 (1) depository institutions shall not be required
2 to publish, disclose, or otherwise make available to
3 the public, pursuant to the Home Mortgage Dislo-
4 sure Act of 1975 (or regulations issued under such
5 Act) any data that was not required to be published,
6 disclosed, or otherwise made available pursuant to
7 such Act (or regulations issued under such Act) on
8 the day before the date of the enactment of the
9 Dodd-Frank Wall Street Reform and Consumer Pro-
10 tection Act; and

11 (2) the Consumer Financial Opportunity Com-
12 mission and the Financial Institutions Examination
13 Council shall not publish, disclose, or otherwise
14 make available to the public any such information
15 received from a depository institution pursuant to
16 the final rule.

17 (d) DEFINITIONS.—For purposes of this section:

18 (1) DEPOSITORY INSTITUTION.—The term “de-
19 pository institution” has the meaning given that
20 term under section 303 of the Home Mortgage Dis-
21 closure Act of 1975 (12 U.S.C. 2802).

22 (2) FINAL RULE.—The term “final rule” means
23 the final rule issued by the Bureau of Consumer Fi-
24 nancial Protection titled “Home Mortgage Dislo-

1 sure (Regulation C)” (October 28, 2015; 80 Fed.
2 Reg. 66128).

3 **Subtitle P—Home Mortgage**
4 **Disclosure Adjustment**

5 **SEC. 1176. DEPOSITORY INSTITUTIONS SUBJECT TO MAIN-**
6 **TENANCE OF RECORDS AND DISCLOSURE RE-**
7 **QUIREMENTS.**

8 (a) IN GENERAL.—Section 304 of the Home Mort-
9 gage Disclosure Act of 1975 (12 U.S.C. 2803) is amend-
10 ed—

11 (1) by redesignating subsection (i) as paragraph
12 (2) and adjusting the margin appropriately; and

13 (2) by inserting before such paragraph (2) the
14 following:

15 “(i) EXEMPTIONS.—

16 “(1) IN GENERAL.—With respect to a depository
17 institution, the requirements of subsections (a)
18 and (b) shall not apply—

19 “(A) with respect to closed-end mortgage
20 loans, if such depository institution originated
21 less than 100 closed-end mortgage loans in each
22 of the two preceding calendar years; and

23 “(B) with respect to open-end lines of
24 credit, if such depository institution originated

1 less than 200 open-end lines of credit in each
2 of the two preceding calendar years.”.

3 (b) TECHNICAL CORRECTION.—Section 304(i)(2) of
4 such Act, as redesignated by subsection (a), is amended
5 by striking “section 303(2)(A)” and inserting “section
6 303(3)(A)”.

7 **Subtitle Q—National Credit Union**
8 **Administration Advisory Council**

9 **SEC. 1181. CREDIT UNION ADVISORY COUNCIL.**

10 Section 102 of the Federal Credit Union Act (12
11 U.S.C. 1752a) is amended by adding at the end the fol-
12 lowing:

13 “(g) CREDIT UNION ADVISORY COUNCIL.—

14 “(1) ESTABLISHMENT.—The Board shall estab-
15 lish the Credit Union Advisory Council to advise and
16 consult with the Board in the exercise of the Board’s
17 functions and to provide information on emerging
18 credit union practices, including regional trends,
19 concerns, and other relevant information.

20 “(2) MEMBERSHIP.—The Board shall appoint
21 no fewer than 15 and no more than 20 members to
22 the Credit Union Advisory Council. In appointing
23 such members, the Board shall include members rep-
24 resenting credit unions predominantly serving tradi-
25 tionally underserved communities and populations

1 and their interests, without regard to party affili-
2 ation.

3 “(3) MEETINGS.—The Credit Union Advisory
4 Council—

5 “(A) shall meet from time to time at the
6 call of the Board; and

7 “(B) shall meet at least twice each year.

8 “(4) COMPENSATION AND TRAVEL EX-
9 PENSES.—Members of the Credit Union Advisory
10 Council who are not full-time employees of the
11 United States shall—

12 “(A) be entitled to receive compensation at
13 a rate fixed by the Board, while attending
14 meetings of the Credit Union Advisory Council;
15 and

16 “(B) be allowed travel expenses, including
17 transportation and subsistence, while away
18 from their homes or regular places of busi-
19 ness.”.

1 **Subtitle R—Credit Union**
2 **Examination Reform**

3 **SEC. 1186. EXTENSION OF EXAMINATION CYCLE OF THE NA-**
4 **TIONAL CREDIT UNION ADMINISTRATION TO**
5 **18 MONTHS.**

6 (a) FEDERAL CREDIT UNION EXAMINATIONS.—Sec-
7 tion 106 of the Federal Credit Union Act (12 U.S.C.
8 1756) is amended—

9 (1) by striking “Federal credit unions” and in-
10 serting the following:

11 “(a) IN GENERAL.—Federal credit unions”; and

12 (2) by adding at the end the following:

13 “(b) 18-MONTH EXAMINATION CYCLE FOR CERTAIN
14 CREDIT UNIONS.—

15 “(1) IN GENERAL.—An examination of a Fed-
16 eral credit union described under subsection (a) may
17 only be carried out once during each 18-month pe-
18 riod with respect to a Federal credit union that—

19 “(A) has total assets of less than
20 \$1,000,000,000;

21 “(B) is well capitalized, as such term is de-
22 fined under section 216(c)(1);

23 “(C) was found in its most recent exam-
24 ination to be well managed, and its composite
25 rating (under the Uniform Financial Institu-

1 tions Rating System or an equivalent rating
2 under a comparable rating system)—

3 “(i) was a 1, in the case of a Federal
4 credit union that has total assets of more
5 than \$200,000,000; or

6 “(ii) was a 1 or a 2, in the case of a
7 Federal credit union that has total assets
8 of not more than \$200,000,000; and

9 “(D) is not currently subject to a formal
10 enforcement proceeding or order by the Admin-
11 istration.

12 “(2) SAFETY AND SOUNDNESS EXCEPTION.—
13 Paragraph (1) shall not apply to a Federal credit
14 union if the Administration determines—

15 “(A) that such credit union should be ex-
16 amined more often than every 18 months be-
17 cause of safety and soundness concerns; or

18 “(B) that such credit union has violated
19 the law.”.

20 (b) INSURED CREDIT UNION EXAMINATIONS.—Sec-
21 tion 204 of the Federal Credit Union Act (12 U.S.C.
22 1784) is amended by adding at the end the following:

23 “(h) 18-MONTH EXAMINATION CYCLE FOR CERTAIN
24 CREDIT UNIONS.—

1 “(1) IN GENERAL.—An examination of an in-
2 sured credit union described under subsection (a)
3 may only be carried out once during each 18-month
4 period with respect to an insured credit union that—

5 “(A) has total assets of less than
6 \$1,000,000,000;

7 “(B) is well capitalized or adequately cap-
8 italized, as such terms are defined, respectively,
9 under section 216(c)(1);

10 “(C) was found in its most recent exam-
11 ination to be well managed, and its composite
12 rating (under the Uniform Financial Institu-
13 tions Rating System or an equivalent rating
14 under a comparable rating system)—

15 “(i) was a 1, in the case of an insured
16 credit union that has total assets of more
17 than \$200,000,000; or

18 “(ii) was a 1 or a 2, in the case of an
19 insured credit union that has total assets
20 of not more than \$200,000,000; and

21 “(D) is not currently subject to a formal
22 enforcement proceeding or order by the Admin-
23 istration.

1 “(2) SAFETY AND SOUNDNESS EXCEPTION.—
2 Paragraph (1) shall not apply to an insured credit
3 union if the Administration determines—

4 “(A) that such credit union should be ex-
5 amined more often than every 18 months be-
6 cause of safety and soundness concerns; or

7 “(B) that such credit union has violated
8 the law.”.

9 (c) BUDGET SAVINGS REPORT.—Not later than the
10 end of the 180-day period beginning on the date of the
11 enactment of this Act, the National Credit Union Adminis-
12 tration shall issue a report to the Congress analyzing how
13 the amendments made by this section affect the budget
14 of the Administration.

15 (d) RULEMAKING.—Not later than the end of the
16 100-day period beginning on the date of the enactment
17 of this Act, the National Credit Union Administration
18 shall issue regulations to carry out the amendments made
19 by this section.

20 **Subtitle S—NCUA Overhead**
21 **Transparency**

22 **SEC. 1191. FUND TRANSPARENCY.**

23 Section 203 of the Federal Credit Union Act (12
24 U.S.C. 1783) is amended by adding at the end the fol-
25 lowing:

1 “(g) FUND TRANSPARENCY.—

2 “(1) IN GENERAL.—The Board shall accom-
3 pany each annual budget submitted pursuant to sec-
4 tion 209(b) with a report containing—

5 “(A) a detailed analysis of how the ex-
6 penses of the Administration are assigned be-
7 tween prudential activities and insurance-re-
8 lated activities and the extent to which those
9 expenses are paid from the fees collected pursu-
10 ant to section 105 or from the Fund; and

11 “(B) the Board’s supporting rationale for
12 any proposed use of amounts in the Fund con-
13 tained in such budget, including detailed break-
14 downs and supporting rationales for any such
15 proposed use related to titles of this Act other
16 than this title.

17 “(2) PUBLIC DISCLOSURE.—The Board shall
18 make each report described under paragraph (1)
19 available to the public.”.