

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 5983  
OFFERED BY MR. HENSARLING OF TEXAS**

Strike all after the enacting clause and insert the following:

**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 Reform.
- 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. Internal risk controls.
- Sec. 412. Applicability of Notice and Comment Requirements of the Administrative Procedure Act to Guidance Voted on by the Commission.
- Sec. 413. Process for closing investigations.
- Sec. 414. Enforcement Ombudsman.
- Sec. 415. Process to ensure enforcement actions are within authority of Commission.
- Sec. 416. Process to permit recipient of Wells notification to appear before Commission staff in-person.
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- Sec. 418. Private parties authorized to compel the Securities and Exchange Commission to seek sanctions by filing civil actions.
- Sec. 419. Certain findings required to approve civil money penalties against issuers.
- Sec. 420. Repeal of authority of the Commission to prohibit persons from serving as officers or directors.
- Sec. 421. Subpoena duration and renewal.
- Sec. 422. Elimination of automatic disqualifications.
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- Sec. 424. Clarification of authority to impose sanctions on persons associated with a broker or dealer.
- Sec. 425. Congressional access to information held by the Public Company Accounting Oversight Board.
- Sec. 426. Repeal of requirement for Public Company Accounting Oversight Board to use certain funds for merit scholarship program.
- Sec. 427. Reallocation of fines for violations of rules of municipal securities rulemaking board.

#### Subtitle B—Eliminating Excessive Government Intrusion in the Capital Markets

- Sec. 441. Repeal of Department of Labor fiduciary rule and 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.
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- Sec. 466. Applicability of notice and comment requirements of the administrative procedure act to guidance voted on by the commission.
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- Sec. 612. Required regulatory analysis.
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- Sec. 664. Bringing the Office of the Comptroller of the Currency into the regular appropriations process.
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- 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.
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- Sec. 703. Membership of Federal Open Market Committee.
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- Sec. 708. Interest rates on balances maintained at a Federal Reserve bank by depository institutions established by Federal Open Market Committee.
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- Sec. 1001. Registration exemption for merger and acquisition brokers.
- Sec. 1002. Effective date.

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- Sec. 1131. Community financial institution mortgage relief.

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- Sec. 1161. Small business loan data collection requirement.

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- Sec. 1166. Short form call report.

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Subtitle R—Credit Union Examination Reform

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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 or insured credit  
17 union, the institution received a CAMELS composite

1 rating of 1 or 2 under the Uniform Financial Insti-  
2 tutions Rating System (or an equivalent rating  
3 under a comparable rating system) as of the most  
4 recent examination of the institution;

5 (3) with respect to a depository institution hold-  
6 ing company, each insured depository institution  
7 subsidiary of the holding company simultaneously  
8 makes the election described under subsection (a);  
9 and

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

14 (c) ELECTION PROCESS.—To make an election under  
15 this section, a banking organization shall submit an elec-  
16 tion to the appropriate Federal banking agency (and any  
17 applicable State bank supervisor that regulates the bank-  
18 ing organization) containing—

19 (1) a notice of such election;

20 (2) the banking organization's average leverage  
21 ratio, as well as the organization's quarterly leverage  
22 ratio for each of the most recently completed four  
23 calendar quarters;

24 (3) if the banking organization is a depository  
25 institution holding company, the information de-

1       scribed under paragraph (2) for each of the organi-  
2       zation's insured depository institution subsidiaries;  
3       and

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

8       (d) EFFECTIVE DATE OF ELECTION.—

9               (1) IN GENERAL.—An election made under this  
10       section shall take effect at the end of the 30-day pe-  
11       riod beginning on the date that the appropriate Fed-  
12       eral banking agency receives the application de-  
13       scribed under subsection (c), unless the appropriate  
14       Federal banking agency determines that the banking  
15       organization has not met the requirements described  
16       under subsection (b).

17               (2) NOTICE OF FAILURE TO MEET REQUIRE-  
18       MENTS.—If the appropriate Federal banking agency  
19       determines that a banking organization submitting  
20       an election notice under subsection (c) does not meet  
21       the requirements described under subsection (b), the  
22       agency shall—

23                       (A) notify the banking organization (and  
24                       any applicable State bank supervisor that regu-  
25                       lates the banking organization), in writing, of

1           such determination as soon as possible after  
2           such determination is made, but in no case  
3           later than the end of the 30-day period begin-  
4           ning on the date that the appropriate Federal  
5           banking agency receives the election; and

6                       (B) include in such notification the specific  
7           reasons for such determination and steps that  
8           the banking organization can take to meet such  
9           requirements.

10       (e) TREATMENT OF CERTAIN NEW BANKING ORGA-  
11 NIZATIONS.—In the case of a banking organization that  
12 is a newly-chartered insured depository institution or a  
13 banking organization that becomes a banking organization  
14 because it controls a newly-chartered insured depository  
15 institution, such banking organization may be treated as  
16 a qualifying banking organization immediately upon be-  
17 coming a banking organization, if—

18           (1) an election to be treated as a qualifying  
19       banking organization was included in the application  
20       filed with the appropriate Federal banking agency in  
21       connection with becoming a banking organization;  
22       and

23           (2) as of the date the banking organization be-  
24       comes a banking organization, the banking organiza-  
25       tion's tangible equity divided by the banking organi-

1        zation's leverage exposure, expressed as a percent-  
2        age, is at least 10 percent.

3        (f) FAILURE TO MAINTAIN QUARTERLY LEVERAGE  
4        RATIO AND LOSS OF ELECTION.—

5                (1) EFFECT OF FAILURE TO MAINTAIN QUAR-  
6        TERLY LEVERAGE RATIO.—

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

12                (i) the appropriate Federal banking  
13        agency shall notify the qualifying banking  
14        organization and any applicable State bank  
15        supervisor that regulates the banking orga-  
16        nization of such determination;

17                (ii) the appropriate Federal banking  
18        agency may prohibit the banking organiza-  
19        tion from making a capital distribution;  
20        and

21                (iii) the banking organization shall,  
22        within 3 months of the first such deter-  
23        mination, submit a capital restoration plan  
24        to the appropriate Federal banking agency.

1           (B) LOSS OF ELECTION AFTER ONE-YEAR  
2           REMEDATION PERIOD.—If a banking organiza-  
3           tion described under subparagraph (A) does  
4           not, within the 1-year period beginning on the  
5           date of such determination, raise the organiza-  
6           tion’s quarterly leverage ratio for a calendar  
7           quarter ending in such 1-year period to at least  
8           10 percent, the banking organization’s election  
9           under this section shall be terminated, and the  
10          appropriate Federal banking agency shall notify  
11          any applicable State bank supervisor that regu-  
12          lates the banking organization of such termi-  
13          nation.

14          (C) EFFECT OF SUBSIDIARY ON PARENT  
15          ORGANIZATION.—With respect to a qualifying  
16          banking organization described under subpara-  
17          graph (A) that is an insured depository institu-  
18          tion, any parent depository institution holding  
19          company of the qualifying banking organization  
20          shall—

21                 (i) if the appropriate Federal banking  
22                 agency determines it appropriate, be pro-  
23                 hibited from making a capital distribution  
24                 (other than a capital contribution to such

1                   qualifying banking organization described  
2                   under subparagraph (A)); and

3                   (ii) if the qualifying banking organiza-  
4                   tion has an election terminated under sub-  
5                   paragraph (B), any such parent depository  
6                   institution holding company shall also have  
7                   its election under this section terminated.

8                   (2) IMMEDIATE LOSS OF ELECTION IF THE  
9                   QUARTERLY LEVERAGE RATIO FALLS BELOW 6 PER-  
10                  CENT.—

11                  (A) IN GENERAL.—If, with respect to the  
12                  most recently completed calendar quarter, the  
13                  appropriate Federal banking agency determines  
14                  that a qualifying banking organization's quar-  
15                  terly leverage ratio is below 6 percent, the  
16                  banking organization's election under this sec-  
17                  tion shall be terminated, and the appropriate  
18                  Federal banking agency shall notify any appli-  
19                  cable State bank supervisor that regulates the  
20                  banking organization of such termination.

21                  (B) EFFECT OF SUBSIDIARY ON PARENT  
22                  ORGANIZATION.—With respect to a qualifying  
23                  banking organization described under subpara-  
24                  graph (A) that is an insured depository institu-  
25                  tion, any parent depository institution holding

1           company of the qualifying banking organization  
2           shall also have its election under this section  
3           terminated.

4           (3) ABILITY TO MAKE FUTURE ELECTIONS.—If  
5           a banking organization has an election under this  
6           section terminated, the banking organization may  
7           not apply for another election under this section  
8           until the banking organization has maintained a  
9           quarterly leverage ratio of at least 10 percent for 8  
10          consecutive calendar quarters.

11 **SEC. 102. REGULATORY RELIEF.**

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

14           (1) Any Federal law, rule, or regulation ad-  
15           dressing capital or liquidity requirements or stand-  
16           ards.

17           (2) Any Federal law, rule, or regulation that  
18           permits an appropriate Federal banking agency to  
19           object to a capital distribution.

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

22           (A) Any risk the qualifying banking orga-  
23           nization may pose to “the stability of the finan-  
24           cial system of the United States”, under section



1           5(c)(2) of the Bank Holding Company Act of  
2           1956.

3           (B) The “extent to which a proposed ac-  
4           quisition, merger, or consolidation would result  
5           in greater or more concentrated risks to the  
6           stability of the United States banking or finan-  
7           cial system”, under section 3(c)(7) of the Bank  
8           Holding Company Act of 1956, so long as the  
9           banking organization, after such proposed ac-  
10          quisition, merger, or consolidation, would main-  
11          tain a quarterly leverage ratio of at least 10  
12          percent.

13          (C) Whether the performance of an activity  
14          by the banking organization could possibly pose  
15          a “risk to the stability of the United States  
16          banking or financial system”, under section  
17          4(j)(2)(A) of the Bank Holding Company Act  
18          of 1956.

19          (D) Whether the acquisition of control of  
20          shares of a company engaged in an activity de-  
21          scribed in section 4(j)(1)(A) of the Bank Hold-  
22          ing Company Act of 1956 could possibly pose a  
23          “risk to the stability of the United States bank-  
24          ing or financial system”, under section  
25          4(j)(2)(A) of the Bank Holding Company Act

1 of 1956, so long as the banking organization,  
2 after acquiring control of such company, would  
3 maintain a quarterly leverage ratio of at least  
4 10 percent.

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

12 (F) Any risk the qualifying banking orga-  
13 nization may pose to “the stability of the finan-  
14 cial system of the United States”, under section  
15 10(b)(4) of the Home Owners’ Loan Act.

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

19 (5) Section 18(c)(13) of the Federal Deposit  
20 Insurance Act.

21 (6) Section 163 of the Financial Stability Act  
22 of 2010.

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

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

5           (9) Any Federal law, rule, or regulation pro-  
6           viding limitations on mergers, consolidations, or ac-  
7           quisitions of assets or control, to the extent such  
8           limitations relate to capital or liquidity standards or  
9           concentrations of deposits or assets, so long as the  
10          banking organization, after such proposed merger,  
11          consolidation, or acquisition, would maintain a quar-  
12          terly leverage ratio of at least 10 percent.

13          (b) STRESS TEST EXCEPTION.—Notwithstanding  
14          subsection (a), other than paragraph (2) of subsection (a),  
15          the appropriate Federal banking agencies may conduct  
16          stress tests of qualifying banking organizations. A quali-  
17          fying banking organization with total consolidated assets  
18          of more than \$10,000,000,000 and less than  
19          \$50,000,000,000 shall not be required to conduct annual  
20          stress tests required under section 165(i)(2)(A) of the Fi-  
21          nancial Stability Act of 2010.

22          (c) QUALIFYING BANKING ORGANIZATIONS TREATED  
23          AS WELL CAPITALIZED.—A qualifying banking organiza-  
24          tion shall be deemed to be “well capitalized” for purposes  
25          of—

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

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

5 (d) TREATMENT OF CERTAIN RISK-WEIGHTED  
6 ASSET REQUIREMENTS FOR QUALIFYING BANKING ORGA-  
7 NIZATIONS.—

8 (1) ACQUISITION SIZE CRITERIA TREATMENT.—

9 A qualifying banking organization shall be deemed  
10 to meet the criteria described under section  
11 4(j)(4)(D) of the Bank Holding Company Act of  
12 1956, so long as after the proposed transaction the  
13 acquiring qualifying banking organization would  
14 maintain a quarterly leverage ratio of at least 10  
15 percent.

16 (2) USE OF LEVERAGE EXPOSURE.—With re-  
17 spect to a qualifying banking organization, in deter-  
18 mining whether a proposal qualifies with the criteria  
19 described under subparagraphs (A)(iii) and (B)(i) of  
20 section 4(j)(4) of the Bank Holding Company Act of  
21 1956, the Board of Governors of the Federal Re-  
22 serve System shall consider the leverage exposure of  
23 an insured depository institution instead of the total  
24 risk-weighted assets of such institution.

1 **SEC. 103. CONTINGENT CAPITAL STUDY.**

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

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

13 (1) all findings and determinations made by the  
14 agency in carrying out the study required under sub-  
15 section (a); and

16 (2) the agency's recommendations on how the  
17 Congress should design a requirement that banking  
18 organizations issue contingent capital with a market-  
19 based conversion trigger.

20 **SEC. 104. STUDY ON ALTERING THE CURRENT PROMPT**  
21 **CORRECTIVE ACTION RULES.**

22 (a) STUDY.—The Comptroller General of the United  
23 States shall conduct a study to assess the benefits and  
24 feasibility of altering the current prompt corrective action  
25 rules and replacing the Basel-based capital ratios with the  
26 nonperforming asset coverage ratio or NACR as the trig-

1 ger for specific required supervisory interventions. The  
2 Comptroller General shall ensure that such study includes  
3 the following:

4 (1) An assessment of the performance of an  
5 NACR forward-looking measure of a banking orga-  
6 nization's solvency condition relative to the regu-  
7 latory capital ratios currently used by prompt cor-  
8 rective action rules.

9 (2) An analysis of the performance of alter-  
10 native definitions of nonperforming assets.

11 (3) An assessment of the impact of two alter-  
12 native intervention thresholds:

13 (A) An initial (high) intervention thresh-  
14 old, below which appropriate Federal banking  
15 agency examiners are required to intervene and  
16 assess a banking organization's condition and  
17 prescribe remedial measures.

18 (B) A lower threshold, below which bank-  
19 ing organizations must increase their capital,  
20 seek an acquirer, or face mandatory resolution  
21 within 90 days.

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

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

4           (2) recommendations on the most suitable defi-  
5           nition of nonperforming assets, as well as the two  
6           numerical thresholds that trigger specific required  
7           supervisory interventions.

8   **SEC. 105. DEFINITIONS.**

9           For purposes of this title:

10           (1) APPROPRIATE FEDERAL BANKING AGEN-  
11           CY.—The term “appropriate Federal banking agen-  
12           cy”—

13                   (A) has the meaning given such term  
14                   under section 3 of the Federal Deposit Insur-  
15                   ance Act; and

16                   (B) means the National Credit Union Ad-  
17                   ministration, in the case of an insured credit  
18                   union.

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

21                   (A) an insured depository institution;

22                   (B) an insured credit union;

23                   (C) a depository institution holding com-  
24           pany;

1 (D) a company that is treated as a bank  
2 holding company for purposes of section 8 of  
3 the International Banking Act; and

4 (E) a U.S. intermediate holding company  
5 established by a foreign banking organization  
6 pursuant to section 252.153 of title 12, Code of  
7 Federal Regulations.

8 (3) FOREIGN EXCHANGE SWAP.—The term  
9 “foreign exchange swap” has the meaning given that  
10 term under section 1a of the Commodity Exchange  
11 Act.

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

15 (5) LEVERAGE EXPOSURE.—The term “lever-  
16 age exposure”—

17 (A) with respect to a banking organization  
18 other than an insured credit union or a tradi-  
19 tional banking organization, has the meaning  
20 given the term “total leverage exposure” under  
21 section 3.10(c)(4)(ii), 217.10(c)(4), or  
22 324.10(c)(4) of title 12, Code of Federal Regu-  
23 lations, as applicable, as in effect on January 1,  
24 2015;



1 (B) with respect to a traditional banking  
2 organization other than an insured credit union,  
3 means total assets (minus any items deducted  
4 from common equity tier 1 capital) as cal-  
5 culated in accordance with generally accepted  
6 accounting principles and as reported on the  
7 traditional banking organization’s applicable  
8 regulatory filing with the banking organiza-  
9 tion’s appropriate Federal banking agency; and

10 (C) with respect to a banking organization  
11 that is an insured credit union, has the mean-  
12 ing given the term “total assets” under section  
13 702.2 of title 12, Code of Federal Regulations,  
14 as in effect on January 1, 2015.

15 (6) LEVERAGE RATIO DEFINITIONS.—

16 (A) AVERAGE LEVERAGE RATIO.—With re-  
17 spect to a banking organization, the term “av-  
18 erage leverage ratio” means the average of the  
19 banking organization’s quarterly leverage ratios  
20 for each of the most recently completed four  
21 calendar quarters.

22 (B) QUARTERLY LEVERAGE RATIO.—With  
23 respect to a banking organization and a cal-  
24 endar quarter, the term “quarterly leverage  
25 ratio” means the organization’s tangible equity

1           divided by the organization’s leverage exposure,  
2           expressed as a percentage, on the last day of  
3           such quarter.

4           (7) NACR.—The term “NACR” means—

5                   (A) book equity less nonperforming assets  
6           plus loan loss reserves, divided by

7                   (B) total banking organization assets.

8           (8) NONPERFORMING ASSETS.—The term “non-  
9           performing assets” means—

10                   (A) 20 percent of assets that are past due  
11           30 to 89 days, plus

12                   (B) 50 percent of assets that are past due  
13           90 days or more, plus

14                   (C) 100 percent of nonaccrual assets and  
15           other real estate owned.

16           (9) QUALIFYING BANKING ORGANIZATION.—

17           The term “qualifying banking organization” means  
18           a banking organization that has made an election  
19           under section 101 and with respect to which such  
20           election is in effect.

21           (10) SECURITY-BASED SWAP.—The term “se-  
22           curity-based swap” has the meaning given that term  
23           under section 3 of the Securities Exchange Act of  
24           1934.

1           (11) SWAP.—The term “swap” has the mean-  
2           ing given that term under section 1a of the Com-  
3           modity Exchange Act.

4           (12) TANGIBLE EQUITY.—The term “tangible  
5           equity”—

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

8                           (i) common equity tier 1 capital;

9                           (ii) additional tier 1 capital consisting  
10                          of instruments issued on or before June 1,  
11                          2016; and

12                          (iii) with respect to a depository insti-  
13                          tution holding company that had less than  
14                          \$15,000,000,000 in total consolidated as-  
15                          sets as of December 31, 2009, or March  
16                          31, 2010, or a banking organization that  
17                          was a mutual holding company as of May  
18                          19, 2010, trust preferred securities issued  
19                          prior to May 19, 2010, to the extent such  
20                          organization was permitted, as of the date  
21                          of the enactment of this Act, to consider  
22                          such securities as tier 1 capital under ex-  
23                          isting regulations of the appropriate Fed-  
24                          eral banking agency; and

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

6 (13) TRADITIONAL BANKING ORGANIZATION.—  
7 The term “traditional banking organization” means  
8 a banking organization that—

9 (A) has zero trading assets and zero trad-  
10 ing liabilities;

11 (B) does not engage in swaps or security-  
12 based swaps, other than swaps or security-  
13 based swaps referencing interest rates or for-  
14 eign exchange swaps; and

15 (C) has a total notional exposure of swaps  
16 and security-based swaps of not more than  
17 \$8,000,000,000.

18 (14) OTHER BANKING TERMS.—The terms “in-  
19 sured depository institution” and “depository insti-  
20 tution holding company” have the meaning given  
21 those terms, respectively, under section 3 of the  
22 Federal Deposit Insurance Act.

23 (15) OTHER CAPITAL TERMS.—With respect to  
24 a banking organization, the terms “additional tier 1  
25 capital” and “common equity tier 1 capital” have

1 the meaning given such terms, respectively, under  
2 section 3.20, 217.20, or 324.20 of title 12, Code of  
3 Federal Regulations, as applicable, as in effect on  
4 January 1, 2015.

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

7 **Subtitle A—Reform of the**  
8 **Financial Stability Act of 2010**

9 **SEC. 211. REPEAL AND MODIFICATION OF PROVISIONS OF**  
10 **THE FINANCIAL STABILITY ACT OF 2010.**

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

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

1 (11) Section 162.

2 (12) Section 164.

3 (13) Section 166.

4 (14) Section 167.

5 (15) Section 168.

6 (16) Section 170.

7 (17) Section 172.

8 (18) Section 174.

9 (19) Section 175.

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

13 (1) in section 102(a), by striking paragraph  
14 (5);

15 (2) in section 111—

16 (A) in subsection (b)—

17 (i) in paragraph (1)—

18 (I) by striking “who shall each”  
19 and inserting “who shall, except as  
20 provided below, each”; and

21 (II) by amending subparagraphs

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

23 “(B) each member of the Board of Gov-  
24 ernors, who shall collectively have 1 vote on the  
25 Council;

1           “(C) each member of the Board of Direc-  
2           tors of the Office of the Comptroller of the Cur-  
3           rency, who shall collectively have 1 vote on the  
4           Council;

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

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

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

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

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

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

21                   (ii) in paragraph (2)—

22                           (I) by striking subparagraph (A);

23                           and

24                           (II) by redesignating subpara-  
25                           graphs (B), (C), (D), and (E) as sub-

1 paragraphs (A), (B), (C), and (D), re-  
2 spectively; and

3 (iii) by adding at the end the fol-  
4 lowing:

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

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

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

18 (B) in subsection (e), by striking “sub-  
19 paragraphs (C), (D), and (E)” and inserting  
20 “subparagraphs (B), (C), and (D)”;

21 (C) in subsection (e), by adding at the end  
22 the following:

23 “(3) STAFF ACCESS.—Any member of the  
24 Council may select to have one or more individuals  
25 on the member’s staff attend a meeting of the Coun-



1 cil, including any meeting of representatives of the  
2 member agencies other than the members them-  
3 selves.

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

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

17 (D) by striking subsection (g) (relating to  
18 the nonapplicability of FACA); and

19 (E) by inserting after subsection (f) the  
20 following:

21 “(g) OPEN MEETING REQUIREMENT.—The Council  
22 shall be an agency for purposes of section 552b of title  
23 5, United States Code (commonly referred to as the ‘Gov-  
24 ernment in the Sunshine Act’).

1           “(h) CONFIDENTIAL CONGRESSIONAL BRIEFINGS.—  
2 At the request of the Chairman of the Committee on Fi-  
3 nancial Services of the House of Representatives or the  
4 Chairman of the Committee on Banking, Housing, and  
5 Urban Affairs of the Senate, the Chairperson shall appear  
6 before Congress to provide a confidential briefing.”;

7           (3) in section 112—

8           (A) in subsection (a)(2)—

9           (i) in subparagraph (A), by striking  
10 “direct the Office of Financial Research  
11 to”;

12           (ii) by striking subparagraphs (B),  
13 (H), (I), and (J);

14           (iii) by redesignating subparagraphs  
15 (C), (D), (E), (F), (G), (K), (L), (M), and  
16 (N) as subparagraphs (B), (C), (D), (E),  
17 (F), (G), (H), (I), and (J), respectively;

18           (iv) in subparagraph (J), as so reded-  
19 igned—

20           (I) in clause (iii), by adding  
21 “and” at the end; and

22           (II) by striking clauses (iv) and  
23 (v);

24           (B) in subsection (d)—

1 (i) in paragraph (1), by striking “the  
2 Office of Financial Research, member  
3 agencies, and” and inserting “member  
4 agencies and”;

5 (ii) in paragraph (2), by striking “the  
6 Office of Financial Research, any member  
7 agency, and” and inserting “any member  
8 agency and”;

9 (iii) in paragraph (3)—

10 (I) by striking “, acting through  
11 the Office of Financial Research,”  
12 each place it appears; and

13 (II) in subparagraph (B), by  
14 striking “the Office of Financial Re-  
15 search or”; and

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

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

19 **“SEC. 118. COUNCIL FUNDING.**

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

23 (5) in section 163(b)(4)—

24 (A) by striking “In addition” and inserting  
25 the following:

1 “(A) IN GENERAL.—In addition”; and

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

3 “(B) EXCEPTION FOR QUALIFYING BANK-  
4 ING ORGANIZATION.—Subparagraph (A) shall  
5 not apply to a proposed acquisition by a quali-  
6 fying banking organization, as defined under  
7 section 105 of the Financial CHOICE Act of  
8 2016.”; and

9 (6) in section 165—

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

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

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

18 “(2) TAILORED APPLICATION.—In prescribing  
19 more stringent prudential standards under this sec-  
20 tion, the Board of Governors may differentiate  
21 among companies on an individual basis or by cat-  
22 egory, taking into consideration their capital struc-  
23 ture, riskiness, complexity, financial activities (in-  
24 cluding the financial activities of their subsidiaries),

1 size, and any other risk-related factors that the  
2 Board of Governors deems appropriate.”;

3 (D) in subsection (b)—

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

8 (ii) in paragraph (2)—

9 (I) by striking “foreign nonbank  
10 financial company supervised by the  
11 Board of Governors or”;

12 (II) by striking “shall—” and all  
13 that follows through “give due” and  
14 inserting “shall give due”;

15 (III) in subparagraph (A), by  
16 striking “; and” and inserting a pe-  
17 riod; and

18 (IV) by striking subparagraph  
19 (B);

20 (iii) in paragraph (3)—

21 (I) in subparagraph (A)—

22 (aa) by striking clause (i);

23 (bb) by redesignating  
24 clauses (ii), (iii), and (iv) as

1 clauses (i), (ii), and (iii), respec-  
2 tively; and

3 (cc) in clause (iii), as so re-  
4 designated, by adding “and” at  
5 the end;

6 (II) by striking subparagraphs  
7 (B) and (C); and

8 (III) by redesignating subpara-  
9 graph (D) as subparagraph (B); and  
10 (iv) in paragraph (4), by striking “a  
11 nonbank financial company supervised by  
12 the Board of Governors or”;

13 (E) in subsection (c)—

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

16 (ii) in paragraph (2)—

17 (I) by amending subparagraph  
18 (A) to read as follows:

19 “(A) any recommendations of the Coun-  
20 cil;”; and

21 (II) in subparagraph (D), by  
22 striking “nonbank financial company  
23 supervised by the Board of Governors  
24 or”;

25 (F) in subsection (d)—

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

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

7 (iii) in paragraph (3)—

8 (I) by striking “The Board” and  
9 inserting the following:

10 “(A) IN GENERAL.—The Board”;

11 (II) by striking “shall review”  
12 and inserting the following: “shall—  
13 “(i) review”;

14 (III) by striking the period and  
15 inserting “; and”; and

16 (IV) by adding at the end the fol-  
17 lowing:

18 “(ii) not later than the end of the 6-  
19 month period beginning on the date the  
20 bank holding company submits the resolu-  
21 tion plan, provide feedback to the bank  
22 holding company on such plan.

23 “(B) DISCLOSURE OF ASSESSMENT  
24 FRAMEWORK.—The Board of Governors and  
25 the Corporation shall each publicly disclose the

1 assessment framework that is used to review in-  
2 formation under this paragraph and shall pro-  
3 vide the public with a notice and comment pe-  
4 riod before finalizing such assessment frame-  
5 work.”.

6 (iv) in paragraph (6), by striking  
7 “nonbank financial company supervised by  
8 the Board, any bank holding company,”  
9 and inserting “bank holding company”;

10 (G) in subsection (e)—

11 (i) in paragraph (1), by striking “a  
12 nonbank financial company supervised by  
13 the Board of Governors or”;

14 (ii) in paragraph (3), by striking  
15 “nonbank financial company supervised by  
16 the Board of Governors or” each place  
17 such term appears; and

18 (iii) in paragraph (4), by striking “a  
19 nonbank financial company supervised by  
20 the Board of Governors or”;

21 (H) in subsection (g)(1), by striking “and  
22 any nonbank financial company supervised by  
23 the Board of Governors”;

24 (I) in subsection (h)—

25 (i) by striking paragraph (1);



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

4 (iii) in paragraph (1), as so redesign-  
5 ated, by striking “paragraph (3)” each  
6 place such term appears and inserting  
7 “paragraph (2)”; and

8 (iv) in paragraph (2), as so redesign-  
9 ated, by striking “nonbank financial com-  
10 pany supervised by the Board of Governors  
11 or” each place such term appears;

12 (J) in subsection (i)—

13 (i) in paragraph (1)—

14 (I) in subparagraph (B)—

15 (aa) by amending clause (i)  
16 to read as follows:

17 “(i) shall—

18 “(I) issue regulations, after pro-  
19 viding for public notice and comment,  
20 that provide for at least 3 different  
21 sets of conditions under which the  
22 evaluation required by this subsection  
23 shall be conducted, including baseline,  
24 adverse, and severely adverse, and  
25 methodologies, including models used

1 to estimate losses on certain assets;  
2 and

3 “(II) provide copies of such regu-  
4 lations to the Comptroller General of  
5 the United States and the Panel of  
6 Economic Advisors of the Congres-  
7 sional Budget Office before publishing  
8 such regulations;”;

9 (bb) in clause (ii), by strik-  
10 ing “and nonbank financial com-  
11 panies”; and

12 (cc) in clause (v), by insert-  
13 ing before the period the fol-  
14 lowing: “, including any results  
15 of a resubmitted test”; and

16 (II) by adding at the end the fol-  
17 lowing:

18 “(C) APPLICATION TO CCAR.—The require-  
19 ments of subparagraph (B) shall apply to all  
20 stress tests performed under the Comprehensive  
21 Capital Analysis and Review exercise estab-  
22 lished by the Board of Governors.”; and

23 (ii) in paragraph (2)(A)—

1 (I) by striking “a bank holding  
2 company” and inserting “bank hold-  
3 ing company”; and

4 (II) by striking “All other finan-  
5 cial companies” and inserting “All  
6 other bank holding companies”;

7 (K) in subsection (j)—

8 (i) in paragraph (1), by striking “or a  
9 nonbank financial company supervised by  
10 the Board of Governors”; and

11 (ii) in paragraph (2), by striking “the  
12 factors described in subsections (a) and (b)  
13 of section 113 and any other” and insert-  
14 ing “any”;

15 (L) in subsection (k)(1), by striking “or  
16 nonbank financial company supervised by the  
17 Board of Governors”; and

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

19 “(l) EXEMPTION FOR QUALIFYING BANKING ORGA-  
20 NIZATIONS.—This section shall not apply to a proposed  
21 acquisition by a qualifying banking organization, as de-  
22 fined under section 105 of the Financial CHOICE Act of  
23 2016.”.

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

4 (1) by striking “Upon receiving” and inserting  
5 the following:

6 “(A) IN GENERAL.—Upon receiving”;

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

9 “(B) IMMEDIATE ACTION.—

10 “(i) IN GENERAL.—Notwithstanding  
11 any other provision”; and

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

13 “(ii) EXCEPTION.—The Board may  
14 not take any action pursuant to clause (i)  
15 on an application that would cause any  
16 company to become a bank holding com-  
17 pany unless such application involves the  
18 company acquiring a bank that is critically  
19 undercapitalized (as such term is defined  
20 under section 38(b) of the Federal Deposit  
21 Insurance Act).”.

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

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

4           (2) in subsection (a)—

5           (A) by amending paragraph (2) to read as  
6 follows:

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

8           “(A) an insured depository institution;

9           “(B) a bank holding company;

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

11           “(D) a company that controls an insured  
12 depository institution; and

13           “(E) a foreign bank or company that is  
14 treated as a bank holding company for purposes  
15 of this Act; and”;

16           (B) in paragraph (3)—

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

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

21           (iii) by striking subparagraph (C);

22           and

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

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

4 (f) CLERICAL AMENDMENT.—The table of contents  
5 under section 1(b) of the Dodd-Frank Wall Street Reform  
6 and Consumer Protection Act is amended by striking the  
7 items relating to subtitle B of title I and 113, 114, 115,  
8 116, 117, 119, 120, 121, 161, 162, 164, 166, 167, 168,  
9 170, 172, 174, and 175.

## 10 **Subtitle B—Repeal of the Orderly** 11 **Liquidation Authority**

### 12 **SEC. 221. REPEAL OF THE ORDERLY LIQUIDATION AU-** 13 **THORITY.**

14 (a) IN GENERAL.—Title II of the Dodd-Frank Wall  
15 Street Reform and Consumer Protection Act is hereby re-  
16 pealed and any Federal law amended by such title shall,  
17 on and after the effective date of this Act, be effective  
18 as if title II of the Dodd-Frank Wall Street Reform and  
19 Consumer Protection Act had not been enacted.

20 (b) CONFORMING AMENDMENTS.—

21 (1) DODD-FRANK WALL STREET REFORM AND  
22 CONSUMER PROTECTION ACT.—The Dodd-Frank  
23 Wall Street Reform and Consumer Protection Act is  
24 amended—

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

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

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

6 “(A) any company that is incorporated or  
7 organized under any provision of Federal law or  
8 the laws of any State;

9 “(B) any company that is—

10 “(i) a bank holding company, as de-  
11 fined in section 2(a) of the Bank Holding  
12 Company Act of 1956 (12 U.S.C.  
13 1841(a));

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

16 “(iii) any company that is predomi-  
17 nantly engaged in activities that the Board  
18 of Governors has determined are financial  
19 in nature or incidental thereto for purposes  
20 of section 4(k) of the Bank Holding Com-  
21 pany Act of 1956 (12 U.S.C. 1843(k))  
22 other than a company described in clause  
23 (i) or (ii); or

24 “(iv) any subsidiary of any company  
25 described in any of clauses (i) through (iii)

1 that is predominantly engaged in activities  
2 that the Board of Governors has deter-  
3 mined are financial in nature or incidental  
4 thereto for purposes of section 4(k) of the  
5 Bank Holding Company Act of 1956 (12  
6 U.S.C. 1843(k)) (other than a subsidiary  
7 that is an insured depository institution or  
8 an insurance company);

9 “(C) any company that is not a Farm  
10 Credit System institution chartered under and  
11 subject to the provisions of the Farm Credit  
12 Act of 1971, as amended (12 U.S.C. 2001 et  
13 seq.), a governmental entity, or a regulated en-  
14 tity, as defined under section 1303(20) of the  
15 Federal Housing Enterprises Financial Safety  
16 and Soundness Act of 1992 (12 U.S.C.  
17 4502(20)); and

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

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

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

24 (2) FEDERAL DEPOSIT INSURANCE ACT.—Sec-  
25 tion 10(b)(3) of the Federal Deposit Insurance Act



1 (12 U.S.C. 1820(b)(3)) is amended by striking “, or  
2 of such nonbank financial company supervised by  
3 the Board of Governors or bank holding company  
4 described in section 165(a) of the Financial Stability  
5 Act of 2010, for the purpose of implementing its au-  
6 thority to provide for orderly liquidation of any such  
7 company under title II of that Act”.

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

10 (A) in subparagraph (B)—

11 (i) in clause (ii), by striking “, resolu-  
12 tion under title II of the Dodd-Frank Wall  
13 Street Reform and Consumer Protection  
14 Act, or” and inserting “or is subject to  
15 resolution under”; and

16 (ii) in clause (iii), by striking “, reso-  
17 lution under title II of the Dodd-Frank  
18 Wall Street Reform and Consumer Protec-  
19 tion Act, or” and inserting “or resolution  
20 under”; and

21 (B) by striking subparagraph (E).

1     **Subtitle C—Financial Institution**  
2                     **Bankruptcy**

3     **SEC. 231. GENERAL PROVISIONS RELATING TO COVERED**  
4                     **FINANCIAL CORPORATIONS.**

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

8                     “(9A) The term ‘covered financial corporation’  
9             means any corporation incorporated or organized  
10             under any Federal or State law, other than a stock-  
11             broker, a commodity broker, or an entity of the kind  
12             specified in paragraph (2) or (3) of section 109(b),  
13             that is—

14                     “(A) a bank holding company, as defined  
15             in section 2(a) of the Bank Holding Company  
16             Act of 1956; or

17                     “(B) a corporation that exists for the pri-  
18             mary purpose of owning, controlling and financ-  
19             ing its subsidiaries, that has total consolidated  
20             assets of \$50,000,000,000 or greater, and for  
21             which, in its most recently completed fiscal  
22             year—

23                     “(i) annual gross revenues derived by  
24             the corporation and all of its subsidiaries  
25             from activities that are financial in nature

1 (as defined in section 4(k) of the Bank  
2 Holding Company Act of 1956) and, if ap-  
3 plicable, from the ownership or control of  
4 one or more insured depository institu-  
5 tions, represents 85 percent or more of the  
6 consolidated annual gross revenues of the  
7 corporation; or

8 “(ii) the consolidated assets of the  
9 corporation and all of its subsidiaries re-  
10 lated to activities that are financial in na-  
11 ture (as defined in section 4(k) of the  
12 Bank Holding Company Act of 1956) and,  
13 if applicable, related to the ownership or  
14 control of one or more insured depository  
15 institutions, represents 85 percent or more  
16 of the consolidated assets of the corpora-  
17 tion.”.

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

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

24 (c) WHO MAY BE A DEBTOR.—Section 109 of title  
25 11, United States Code, is amended—

1 (1) in subsection (b)—

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

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

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

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

8 (2) in subsection (d)—

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

11 (B) by striking “or” before “a corpora-  
12 tion”; and

13 (C) by inserting “, or a covered financial  
14 corporation” after “Federal Deposit Insurance  
15 Corporation Improvement Act of 1991”.

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

19 “(g) Notwithstanding section 109(b), the court may  
20 convert a case under subchapter V to a case under chapter  
21 7 if—

22 “(1) a transfer approved under section 1185  
23 has been consummated;

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

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

4           (e)(1) Section 726(a)(1) of title 11, United States  
5 Code, is amended by inserting after “first,” the following:  
6 “in payment of any unpaid fees, costs, and expenses of  
7 a special trustee appointed under section 1186, and then”.

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

11           “(17) In a case under subchapter V, all payable  
12 fees, costs, and expenses of the special trustee have  
13 been paid or the plan provides for the payment of  
14 all such fees, costs, and expenses on the effective  
15 date of the plan.

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

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

1 **SEC. 232. LIQUIDATION, REORGANIZATION, OR RECAPITAL-**  
2 **IZATION OF A COVERED FINANCIAL COR-**  
3 **PORATION.**

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

6 “SUBCHAPTER V—LIQUIDATION, REORGANIZA-  
7 TION, OR RECAPITALIZATION OF A COV-  
8 ERED FINANCIAL CORPORATION

9 **“§ 1181. Inapplicability of other sections**

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

14 **“§ 1182. Definitions for this subchapter**

15 “In this subchapter, the following definitions shall  
16 apply:

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

19 “(2) The term ‘bridge company’ means a newly  
20 formed corporation to which property of the estate  
21 may be transferred under section 1185(a) and the  
22 equity securities of which may be transferred to a  
23 special trustee under section 1186(a).

24 “(3) The term ‘capital structure debt’ means all  
25 unsecured debt of the debtor for borrowed money for  
26 which the debtor is the primary obligor, other than

1 a qualified financial contract and other than debt se-  
2 cured by a lien on property of the estate that is to  
3 be transferred to a bridge company pursuant to an  
4 order of the court under section 1185(a).

5 “(4) The term ‘contractual right’ means a con-  
6 tractual right of a kind defined in section 555, 556,  
7 559, 560, or 561.

8 “(5) The term ‘qualified financial contract’  
9 means any contract of a kind defined in paragraph  
10 (25), (38A), (47), or (53B) of section 101, section  
11 741(7), or paragraph (4), (5), (11), or (13) of sec-  
12 tion 761.

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

15 **“§ 1183. Commencement of a case concerning a cov-  
16 ered financial corporation**

17 “(a) A case under this subchapter concerning a cov-  
18 ered financial corporation may be commenced by the filing  
19 of a petition with the court by the debtor under section  
20 301 only if the debtor states to the best of its knowledge  
21 under penalty of perjury in the petition that it is a covered  
22 financial corporation.

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

1           “(c) The members of the board of directors (or body  
2 performing similar functions) of a covered financial com-  
3 pany shall have no liability to shareholders, creditors, or  
4 other parties in interest for a good faith filing of a petition  
5 to commence a case under this subchapter, or for any rea-  
6 sonable action taken in good faith in contemplation of or  
7 in connection with such a petition or a transfer under sec-  
8 tion 1185 or section 1186, whether prior to or after com-  
9 mencement of the case.

10           “(d) Counsel to the debtor shall provide, to the great-  
11 est extent practicable without disclosing the identity of the  
12 potential debtor, sufficient confidential notice to the chief  
13 judge of the court of appeals for the circuit embracing the  
14 district in which such counsel intends to file a petition to  
15 commence a case under this subchapter regarding the po-  
16 tential commencement of such case. The chief judge of  
17 such court shall randomly assign to preside over such case  
18 a bankruptcy judge selected from among the bankruptcy  
19 judges designated by the Chief Justice of the United  
20 States under section 298 of title 28.

21           **“§ 1184. Regulators**

22           “‘The Board, the Securities Exchange Commission,  
23 the Office of the Comptroller of the Currency of the De-  
24 partment of the Treasury, the Commodity Futures Trad-  
25 ing Commission, and the Federal Deposit Insurance Cor-



1 poration may raise and may appear and be heard on any  
2 issue in any case or proceeding under this subchapter.

3 **“§ 1185. Special transfer of property of the estate**

4       “(a) On request of the trustee, and after notice and  
5 a hearing that shall occur not less than 24 hours after  
6 the order for relief, the court may order a transfer under  
7 this section of property of the estate, and the assignment  
8 of executory contracts, unexpired leases, and qualified fi-  
9 nancial contracts of the debtor, to a bridge company.  
10 Upon the entry of an order approving such transfer, any  
11 property transferred, and any executory contracts, unex-  
12 pired leases, and qualified financial contracts assigned  
13 under such order shall no longer be property of the estate.  
14 Except as provided under this section, the provisions of  
15 section 363 shall apply to a transfer and assignment under  
16 this section.

17       “(b) Unless the court orders otherwise, notice of a  
18 request for an order under subsection (a) shall consist of  
19 electronic or telephonic notice of not less than 24 hours  
20 to—

21               “(1) the debtor;

22               “(2) the holders of the 20 largest secured  
23 claims against the debtor;

24               “(3) the holders of the 20 largest unsecured  
25 claims against the debtor;

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

4           “(5) the Board;

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

7           “(7) the Secretary of the Treasury and the Of-  
8           fice of the Comptroller of the Currency of the Treas-  
9           ury;

10           “(8) the Commodity Futures Trading Commis-  
11           sion;

12           “(9) the Securities and Exchange Commission;

13           “(10) the United States trustee or bankruptcy  
14           administrator; and

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

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

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

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

4           “(3) the transfer does not provide for the trans-  
5           fer to the bridge company of any property of the es-  
6           tate that is subject to a lien securing a debt, execu-  
7           tory contract, unexpired lease or agreement (includ-  
8           ing a qualified financial contract) of the debtor un-  
9           less—

10           “(A)(i) the bridge company assumes such  
11           debt, executory contract, unexpired lease or  
12           agreement (including a qualified financial con-  
13           tract), including any claims arising in respect  
14           thereof that would not be allowed secured  
15           claims under section 506(a)(1) and after giving  
16           effect to such transfer, such property remains  
17           subject to the lien securing such debt, executory  
18           contract, unexpired lease or agreement (includ-  
19           ing a qualified financial contract); and

20           “(ii) the court has determined that as-  
21           sumption of such debt, executory contract, un-  
22           expired lease or agreement (including a quali-  
23           fied financial contract) by the bridge company  
24           is in the best interests of the estate; or

1           “(B) such property is being transferred to  
2           the bridge company in accordance with the pro-  
3           visions of section 363;

4           “(4) the transfer does not provide for the as-  
5           sumption by the bridge company of any debt, execu-  
6           tory contract, unexpired lease or agreement (includ-  
7           ing a qualified financial contract) of the debtor se-  
8           cured by a lien on property of the estate unless the  
9           transfer provides for such property to be transferred  
10          to the bridge company in accordance with paragraph  
11          (3)(A) of this subsection;

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

14          “(6) the trustee has demonstrated that the  
15          bridge company is not likely to fail to meet the obli-  
16          gations of any debt, executory contract, qualified fi-  
17          nancial contract, or unexpired lease assumed and as-  
18          signed to the bridge company;

19          “(7) the transfer provides for the transfer to a  
20          special trustee all of the equity securities in the  
21          bridge company and appointment of a special trustee  
22          in accordance with section 1186;

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

1           “(9) the bridge company will have governing  
2 documents, and initial directors and senior officers,  
3 that are in the best interest of creditors and the es-  
4 tate.

5           “(d) Immediately before a transfer under this section,  
6 the bridge company that is the recipient of the transfer  
7 shall—

8           “(1) not have any property, executory con-  
9 tracts, unexpired leases, qualified financial contracts,  
10 or debts, other than any property acquired or execu-  
11 tory contracts, unexpired leases, or debts assumed  
12 when acting as a transferee of a transfer under this  
13 section; and

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

17 **“§ 1186. Special trustee**

18           “(a)(1) An order approving a transfer under section  
19 1185 shall require the trustee to transfer to a qualified  
20 and independent special trustee, who is appointed by the  
21 court, all of the equity securities in the bridge company  
22 that is the recipient of a transfer under section 1185 to  
23 hold in trust for the sole benefit of the estate, subject to  
24 satisfaction of the special trustee’s fees, costs, and ex-  
25 penses. The trust of which the special trustee is the trust-

1 ee shall be a newly formed trust governed by a trust agreee-  
2 ment approved by the court as in the best interests of the  
3 estate, and shall exist for the sole purpose of holding and  
4 administering, and shall be permitted to dispose of, the  
5 equity securities of the bridge company in accordance with  
6 the trust agreement.

7 “(2) In connection with the hearing to approve a  
8 transfer under section 1185, the trustee shall confirm to  
9 the court that the Board has been consulted regarding the  
10 identity of the proposed special trustee and advise the  
11 court of the results of such consultation.

12 “(b) The trust agreement governing the trust shall  
13 provide—

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

17 “(2) that the special trustee provide—

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

20 “(B) information about the bridge com-  
21 pany reasonably requested by a party in inter-  
22 est to prepare a disclosure statement for a plan  
23 providing for distribution of any securities of  
24 the bridge company if such information is nec-  
25 essary to prepare such disclosure statement;

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

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

7                   “(B) any modification to the governing  
8                   documents of the bridge company; and

9                   “(C) any material corporate action of the  
10                  bridge company, including—

11                           “(i) recapitalization;

12                           “(ii) a material borrowing;

13                           “(iii) termination of an intercompany  
14                   debt or guarantee;

15                           “(iv) a transfer of a substantial por-  
16                   tion of the assets of the bridge company;

17                   or

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

20                  “(4) that any sale of any equity securities of  
21                  the bridge company shall not be consummated until  
22                  the special trustee consults with the Federal Deposit  
23                  Insurance Corporation and the Board regarding  
24                  such sale and discloses the results of such consulta-  
25                  tion with the court;

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

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

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

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

14               “(A) if the court confirms a plan in the case,  
15               in accordance with the plan on the effective date of  
16               the plan; or

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

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

23          “(d) After a transfer to the special trustee under this  
24          section, the special trustee shall be subject only to applica-  
25          ble nonbankruptcy law, and the actions and conduct of



1 the special trustee shall no longer be subject to approval  
2 by the court in the case under this subchapter.

3 **“§ 1187. Temporary and supplemental automatic stay;**  
4 **assumed debt**

5 “(a)(1) A petition filed under section 1183 operates  
6 as a stay, applicable to all entities, of the termination, ac-  
7 celeration, or modification of any debt, contract, lease, or  
8 agreement of the kind described in paragraph (2), or of  
9 any right or obligation under any such debt, contract,  
10 lease, or agreement, solely because of—

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

13 “(B) a provision in such debt, contract, lease,  
14 or agreement, or in applicable nonbankruptcy law,  
15 that is conditioned on—

16 “(i) the insolvency or financial condition of  
17 the debtor at any time before the closing of the  
18 case;

19 “(ii) the commencement of a case under  
20 this title concerning the debtor;

21 “(iii) the appointment of or taking posses-  
22 sion by a trustee in a case under this title con-  
23 cerning the debtor or by a custodian before the  
24 commencement of the case; or

1           “(iv) a credit rating agency rating, or ab-  
2           sence or withdrawal of a credit rating agency  
3           rating—

4                   “(I) of the debtor at any time after  
5           the commencement of the case;

6                   “(II) of an affiliate during the period  
7           from the commencement of the case until  
8           48 hours after such order is entered;

9                   “(III) of the bridge company while the  
10          trustee or the special trustee is a direct or  
11          indirect beneficial holder of more than 50  
12          percent of the equity securities of—

13                           “(aa) the bridge company; or

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

18                   “(IV) of an affiliate while the trustee  
19          or the special trustee is a direct or indirect  
20          beneficial holder of more than 50 percent  
21          of the equity securities of—

22                           “(aa) the bridge company; or

23                           “(bb) the affiliate, if all of the di-  
24          rect or indirect interests in the affil-

1                   iate that are property of the estate  
2                   are transferred under section 1185.

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

5                   “(A) any debt (other than capital structure  
6 debt), executory contract, or unexpired lease of the  
7 debtor (other than a qualified financial contract);

8                   “(B) any agreement under which the debtor  
9 issued or is obligated for debt (other than capital  
10 structure debt);

11                   “(C) any debt, executory contract, or unexpired  
12 lease of an affiliate (other than a qualified financial  
13 contract); or

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

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

17                   “(A) for the benefit of the debtor, upon the ear-  
18 liest of—

19                           “(i) 48 hours after the commencement of  
20 the case;

21                           “(ii) assumption of the debt, contract,  
22 lease, or agreement by the bridge company  
23 under an order authorizing a transfer under  
24 section 1185;

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

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

4           “(B) for the benefit of an affiliate, upon the  
5           earliest of—

6           “(i) the entry of an order authorizing a  
7           transfer under section 1185 in which the direct  
8           or indirect interests in the affiliate that are  
9           property of the estate are not transferred under  
10          section 1185;

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

13          “(iii) 48 hours after the commencement of  
14          the case if the court has not ordered a transfer  
15          under section 1185; or

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

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

19          “(b) A debt, executory contract (other than a quali-  
20          fied financial contract), or unexpired lease of the debtor,  
21          or an agreement under which the debtor has issued or is  
22          obligated for any debt, may be assumed by a bridge com-  
23          pany in a transfer under section 1185 notwithstanding  
24          any provision in an agreement or in applicable nonbank-  
25          ruptcy law that—

1           “(1) prohibits, restricts, or conditions the as-  
2           signment of the debt, contract, lease, or agreement;  
3           or

4           “(2) accelerates, terminates, or modifies, or  
5           permits a party other than the debtor to terminate  
6           or modify, the debt, contract, lease, or agreement on  
7           account of—

8                   “(A) the assignment of the debt, contract,  
9                   lease, or agreement; or

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

12           “(c)(1) A debt, contract, lease, or agreement of the  
13           kind described in subparagraph (A) or (B) of subsection  
14           (a)(2) may not be accelerated, terminated, or modified,  
15           and any right or obligation under such debt, contract,  
16           lease, or agreement may not be accelerated, terminated,  
17           or modified, as to the bridge company solely because of  
18           a provision in the debt, contract, lease, or agreement or  
19           in applicable nonbankruptcy law—

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

22                   “(B) that prohibits, restricts, or conditions the  
23                   assignment of the debt, contract, lease, or agree-  
24                   ment; or

1           “(C) that accelerates, terminates, or modifies,  
2           or permits a party other than the debtor to termi-  
3           nate or modify, the debt, contract, lease or agree-  
4           ment on account of—

5                   “(i) the assignment of the debt, contract,  
6           lease, or agreement; or

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

9           “(2) If there is a default by the debtor under a provi-  
10          sion other than the kind described in paragraph (1) in  
11          a debt, contract, lease or agreement of the kind described  
12          in subparagraph (A) or (B) of subsection (a)(2), the  
13          bridge company may assume such debt, contract, lease,  
14          or agreement only if the bridge company—

15                   “(A) shall cure the default;

16                   “(B) compensates, or provides adequate assur-  
17          ance in connection with a transfer under section  
18          1185 that the bridge company will promptly com-  
19          pensate, a party other than the debtor to the debt,  
20          contract, lease, or agreement, for any actual pecu-  
21          niary loss to the party resulting from the default;  
22          and

23                   “(C) provides adequate assurance in connection  
24          with a transfer under section 1185 of future per-  
25          formance under the debt, contract, lease, or agree-

1 ment, as determined by the court under section  
2 1185(e)(4).

3 **“§ 1188. Treatment of qualified financial contracts**  
4 **and affiliate contracts**

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

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

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

18 “(3) under any security agreement or arrange-  
19 ment or other credit enhancement forming a part of  
20 or related to a qualified financial contract of the  
21 debtor or an affiliate.

22 “(b)(1) During the period specified in section  
23 1187(a)(3)(A), the trustee or the affiliate shall perform  
24 all payment and delivery obligations under such qualified  
25 financial contract of the debtor or the affiliate, as the case

1 may be, that become due after the commencement of the  
2 case. The stay provided under subsection (a) terminates  
3 as to a qualified financial contract of the debtor or an  
4 affiliate immediately upon the failure of the trustee or the  
5 affiliate, as the case may be, to perform any such obliga-  
6 tion during such period.

7       “(2) Any failure by a counterparty to any qualified  
8 financial contract of the debtor or any affiliate to perform  
9 any payment or delivery obligation under such qualified  
10 financial contract, including during the pendency of the  
11 stay provided under subsection (a), shall constitute a  
12 breach of such qualified financial contract by the  
13 counterparty.

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

19               “(1) all qualified financial contracts between  
20 the entity and the debtor are assigned to and as-  
21 sumed by the bridge company in the transfer under  
22 section 1185;

23               “(2) all claims of the entity against the debtor  
24 in respect of any qualified financial contract between  
25 the entity and the debtor (other than any claim that,



1 under the terms of the qualified financial contract,  
2 is subordinated to the claims of general unsecured  
3 creditors) are assigned to and assumed by the bridge  
4 company;

5 “(3) all claims of the debtor against the entity  
6 under any qualified financial contract between the  
7 entity and the debtor are assigned to and assumed  
8 by the bridge company; and

9 “(4) all property securing or any other credit  
10 enhancement furnished by the debtor for any quali-  
11 fied financial contract described in paragraph (1) or  
12 any claim described in paragraph (2) or (3) under  
13 any qualified financial contract between the entity  
14 and the debtor is assigned to and assumed by the  
15 bridge company.

16 “(d) Notwithstanding any provision of a qualified fi-  
17 nancial contract or of applicable nonbankruptcy law, a  
18 qualified financial contract of the debtor that is assumed  
19 or assigned in a transfer under section 1185 may not be  
20 accelerated, terminated, or modified, after the entry of the  
21 order approving a transfer under section 1185, and any  
22 right or obligation under the qualified financial contract  
23 may not be accelerated, terminated, or modified, after the  
24 entry of the order approving a transfer under section 1185  
25 solely because of a condition described in section

1 1187(c)(1), other than a condition of the kind specified  
2 in section 1187(b) that occurs after property of the estate  
3 no longer includes a direct beneficial interest or an indi-  
4 rect beneficial interest through the special trustee, in more  
5 than 50 percent of the equity securities of the bridge com-  
6 pany.

7 “(e) Notwithstanding any provision of any agreement  
8 or in applicable nonbankruptcy law, an agreement of an  
9 affiliate (including an executory contract, an unexpired  
10 lease, qualified financial contract, or an agreement under  
11 which the affiliate issued or is obligated for debt) and any  
12 right or obligation under such agreement may not be ac-  
13 celerated, terminated, or modified, solely because of a con-  
14 dition described in section 1187(c)(1), other than a condi-  
15 tion of the kind specified in section 1187(b) that occurs  
16 after the bridge company is no longer a direct or indirect  
17 beneficial holder of more than 50 percent of the equity  
18 securities of the affiliate, at any time after the commence-  
19 ment of the case if—

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

24 “(2) the bridge company assumes—

1           “(A) any guarantee or other credit en-  
2           hancement issued by the debtor relating to the  
3           agreement of the affiliate; and

4           “(B) any obligations in respect of rights of  
5           setoff, netting arrangement, or debt of the debt-  
6           or that directly arises out of or directly relates  
7           to the guarantee or credit enhancement; and

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

11   **“§ 1189. Licenses, permits, and registrations**

12          “(a) Notwithstanding any otherwise applicable non-  
13          bankruptcy law, if a request is made under section 1185  
14          for a transfer of property of the estate, any Federal, State,  
15          or local license, permit, or registration that the debtor or  
16          an affiliate had immediately before the commencement of  
17          the case and that is proposed to be transferred under sec-  
18          tion 1185 may not be accelerated, terminated, or modified  
19          at any time after the request solely on account of—

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

22               “(2) the commencement of a case under this  
23               title concerning the debtor;

24               “(3) the appointment of or taking possession by  
25               a trustee in a case under this title concerning the

1 debtor or by a custodian before the commencement  
2 of the case; or

3 “(4) a transfer under section 1185.

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

10 **“§ 1190. Exemption from securities laws**

11 “For purposes of section 1145, a security of the  
12 bridge company shall be deemed to be a security of a suc-  
13 cessor to the debtor under a plan if the court approves  
14 the disclosure statement for the plan as providing ade-  
15 quate information (as defined in section 1125(a)) about  
16 the bridge company and the security.

17 **“§ 1191. Inapplicability of certain avoiding powers**

18 “A transfer made or an obligation incurred by the  
19 debtor to an affiliate prior to or after the commencement  
20 of the case, including any obligation released by the debtor  
21 or the estate to or for the benefit of an affiliate, in con-  
22 templation of or in connection with a transfer under sec-  
23 tion 1185 is not avoidable under section 544, 547,  
24 548(a)(1)(B), or 549, or under any similar nonbankruptcy  
25 law.

1 **“§ 1192. Consideration of financial stability**

2 “The court may consider the effect that any decision  
3 in connection with this subchapter may have on financial  
4 stability in the United States.”.

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

6 **CODE.**

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

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

12 “(a)(1) Notwithstanding section 295, the Chief Jus-  
13 tice of the United States shall designate not fewer than  
14 10 bankruptcy judges to be available to hear a case under  
15 subchapter V of chapter 11 of title 11. Bankruptcy judges  
16 may request to be considered by the Chief Justice of the  
17 United States for such designation.

18 “(2) Notwithstanding section 155, a case under sub-  
19 chapter V of chapter 11 of title 11 shall be heard under  
20 section 157 by a bankruptcy judge designated under para-  
21 graph (1), who shall be randomly assigned to hear such  
22 case by the chief judge of the court of appeals for the cir-  
23 cuit embracing the district in which the case is pending.  
24 To the greatest extent practicable, the approvals required  
25 under section 155 should be obtained.

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

5           “(b) A case under subchapter V of chapter 11 of title  
6 11, and all proceedings in the case, shall take place in  
7 the district in which the case is pending.

8           “(c) In this section, the term ‘covered financial cor-  
9 poration’ has the meaning given that term in section  
10 101(9A) of title 11.”.

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

14           “(f) This section does not grant jurisdiction to the  
15 district court after a transfer pursuant to an order under  
16 section 1185 of title 11 of any proceeding related to a spe-  
17 cial trustee appointed, or to a bridge company formed, in  
18 connection with a case under subchapter V of chapter 11  
19 of title 11.”.

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

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

1       **Subtitle D—Ending Government**  
2                                   **Guarantees**

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

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

7               (1) Section 1104.

8               (2) Section 1105.

9               (3) Section 1106.

10          (b) CLERICAL AMENDMENT.—The table of contents  
11 under section 1(b) of the Dodd-Frank Wall Street Reform  
12 and Consumer Protection Act is amended by striking the  
13 items relating to sections 1104, 1105, and 1106.

14       **SEC. 242. REPEAL OF SYSTEMIC RISK DETERMINATION IN**  
15                                   **RESOLUTIONS.**

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

18       **SEC. 243. RESTRICTIONS ON USE OF THE EXCHANGE STA-**  
19                                   **BILIZATION FUND.**

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

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

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

6 **Subtitle E—Eliminating Financial**  
7 **Market Utility Designations**

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

9 (a) REPEAL.—Title VIII of the Dodd-Frank Wall  
10 Street Reform and Consumer Protection Act (12 U.S.C.  
11 5461 et seq.) is repealed, and provisions of law amended  
12 by such title are restored and revived as if such title had  
13 never been enacted.

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



1 **TITLE III—EMPOWERING AMERI-**  
2 **CANS TO ACHIEVE FINANCIAL**  
3 **INDEPENDENCE**

4 **Subtitle A—Separation of Powers**  
5 **and Liberty Enhancements**

6 **SEC. 311. CONSUMER FINANCIAL OPPORTUNITY COMMIS-**  
7 **SION.**

8 (a) MAKING THE BUREAU AN INDEPENDENT CON-  
9 SUMER FINANCIAL OPPORTUNITY COMMISSION.—The  
10 Consumer Financial Protection Act of 2010 (12 U.S.C.  
11 5481 et seq.) is amended—

12 (1) in section 1011—

13 (A) in subsection (a)—

14 (i) by striking “in the Federal Reserve  
15 System,”;

16 (ii) by striking “independent bureau”  
17 and inserting “independent commission”;

18 (iii) by striking “Bureau of Consumer  
19 Financial Protection” and inserting “Con-  
20 sumer Financial Opportunity Commission  
21 (hereinafter in this section referred to as  
22 the ‘Commission’)”; and

23 (iv) by striking “Bureau” each place  
24 such term appears and inserting “Commis-  
25 sion”;

1 (B) by striking subsections (b), (c), and  
2 (d);

3 (C) by redesignating subsection (e) as sub-  
4 section (h);

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

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

9 (ii) by striking “Bureau” each place  
10 such term appears and inserting “Commis-  
11 sion”; and

12 (E) by inserting after subsection (a) the  
13 following new subsections:

14 “(b) COMPOSITION OF THE COMMISSION.—

15 “(1) IN GENERAL.—The Commission shall be  
16 composed of 5 members who shall be appointed by  
17 the President, by and with the advice and consent  
18 of the Senate, from among individuals who—

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

20 “(B) have strong competencies and experi-  
21 ences related to consumer financial products  
22 and services.

23 “(2) STAGGERING.—The members of the Com-  
24 mission shall serve staggered terms, which initially

1 shall be established by the President for terms of 1,  
2 2, 3, 4, and 5 years, respectively.

3 “(3) TERMS.—

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

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

10 “(C) VACANCIES.—Any member of the  
11 Commission appointed to fill a vacancy occur-  
12 ring before the expiration of the term to which  
13 that member’s predecessor was appointed (in-  
14 cluding the Chair) shall be appointed only for  
15 the remainder of the term.

16 “(D) CONTINUATION OF SERVICE.—Each  
17 member of the Commission may continue to  
18 serve after the expiration of the term of office  
19 to which that member was appointed until a  
20 successor has been appointed by the President  
21 and confirmed by the Senate, except that a  
22 member may not continue to serve more than 1  
23 year after the date on which that member’s  
24 term would otherwise expire.

1                   “(E) OTHER EMPLOYMENT PROHIBITED.—

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

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

6                   “(d) CHAIR OF THE COMMISSION.—

7                   “(1) APPOINTMENT.—The Chair of the Com-  
8 mission shall be appointed by the President from  
9 among the members of the Commission.

10                   “(2) AUTHORITY.—The Chair shall be the prin-  
11 cipal executive officer of the Commission, and shall  
12 exercise all of the executive and administrative func-  
13 tions of the Commission, including with respect to—

14                   “(A) the appointment and supervision of  
15 personnel employed under the Commission  
16 (other than personnel employed regularly and  
17 full time in the immediate offices of members of  
18 the Commission other than the Chair);

19                   “(B) the distribution of business among  
20 personnel appointed and supervised by the  
21 Chair and among administrative units of the  
22 Commission; and

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

24                   “(3) LIMITATION.—In carrying out any of the  
25 Chair’s functions under the provisions of this sub-

1 section the Chair shall be governed by general poli-  
2 cies of the Commission and by such regulatory deci-  
3 sions, findings, and determinations as the Commis-  
4 sion may by law be authorized to make.

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

11 “(e) NO IMPAIRMENT BY REASON OF VACANCIES.—  
12 No vacancy in the members of the Commission shall im-  
13 pair the right of the remaining members of the Commis-  
14 sion to exercise all the powers of the Commission. Three  
15 members of the Commission shall constitute a quorum for  
16 the transaction of business, except that if there are only  
17 3 members serving on the Commission because of vacan-  
18 cies in the Commission, 2 members of the Commission  
19 shall constitute a quorum for the transaction of business.  
20 If there are only 2 members serving on the Commission  
21 because of vacancies in the Commission, 2 members shall  
22 constitute a quorum for the 6-month period beginning on  
23 the date of the vacancy which caused the number of Com-  
24 mission members to decline to 2.

1 “(f) SEAL.—The Commission shall have an official  
2 seal.

3 “(g) COMPENSATION.—

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

8 “(2) OTHER MEMBERS OF THE COMMISSION.—

9 The 4 other members of the Commission shall each  
10 receive compensation at the rate prescribed for level  
11 II of the Executive Schedule under section 5314 of  
12 title 5, United States Code.”;

13 (2) in section 1012(c), by striking paragraphs  
14 (2), (3), (4), and (5); and

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

19 (b) DEEMING OF NAME.—Any reference in a law,  
20 regulation, document, paper, or other record of the United  
21 States to the Bureau of Consumer Financial Protection  
22 shall be deemed a reference to the Consumer Financial  
23 Opportunity Commission.

24 (c) CONFORMING AMENDMENTS.—

1           (1) CONSUMER FINANCIAL PROTECTION ACT OF  
2           2010.—

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

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

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

21                  (iii) in section 1002, by striking para-  
22                  graph (10).

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

1 (i) in section 1013(e)(3)—

2 (I) by striking “Assistant Direc-  
3 tor of the Bureau for” and inserting  
4 “Head of the Office of”; and

5 (II) in subparagraph (B), by  
6 striking “Assistant Director” and in-  
7 serting “Head of the Office”;

8 (ii) in section 1013(g)(2)—

9 (I) by striking “ASSISTANT DI-  
10 RECTOR” and inserting “HEAD OF  
11 THE OFFICE”; and

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

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

20 (iv) in section 1066(a), by striking  
21 “Director of the Bureau is” and inserting  
22 “first member of the Commission is”.

23 (2) DODD-FRANK WALL STREET REFORM AND  
24 CONSUMER PROTECTION ACT.—Section 1447 of the  
25 Dodd-Frank Wall Street Reform and Consumer Pro-



1        tection Act (12 U.S.C. 1701p-2) is amended by  
2        striking “Director of the Bureau” each place such  
3        term appears and inserting “Consumer Financial  
4        Opportunity Commission”.

5            (3) EXPEDITED FUNDS AVAILABILITY ACT.—  
6        The Expedited Funds Availability Act (12 U.S.C.  
7        4001 et seq.), as amended by section 1086 of the  
8        Consumer Financial Protection Act of 2010, is  
9        amended by striking “Director of the Bureau” each  
10       place such term appears and inserting “Consumer  
11       Financial Opportunity Commission”.

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

20           (5) FEDERAL FINANCIAL INSTITUTIONS EXAM-  
21       INATION COUNCIL ACT OF 1978.—Section 1004(a)(4)  
22       of the Federal Financial Institutions Examination  
23       Council Act of 1978 (12 U.S.C. 3303(a)(4)), as  
24       amended by section 1091 of the Consumer Financial  
25       Protection Act of 2010, is amended by striking “Di-

1        rector of the Consumer Financial Protection Bu-  
2        reau” and inserting “Chair of the Consumer Finan-  
3        cial Opportunity Commission”.

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

12           (7) HOME MORTGAGE DISCLOSURE ACT OF  
13        1975.—Section 307 of the Home Mortgage Disclo-  
14        sure Act of 1975, as amended by section 1094(6) of  
15        the Consumer Financial Protection Act of 2010, is  
16        amended by striking “Director of the Bureau of  
17        Consumer Financial Protection” each place such  
18        term appears and inserting “Consumer Financial  
19        Opportunity Commission”.

20           (8) INTERSTATE LAND SALES FULL DISCLO-  
21        SURE ACT.—The Interstate Land Sales Full Disclo-  
22        sure Act, as amended by section 1098A of the Con-  
23        sumer Financial Protection Act of 2010, is amend-  
24        ed—

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

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

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

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

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

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

22 (10) S.A.F.E. MORTGAGE LICENSING ACT OF  
23 2008.—The S.A.F.E. Mortgage Licensing Act of  
24 2008 (12 U.S.C. 5101 et seq.), as amended by sec-

1 tion 1100 of the Consumer Financial Protection Act  
2 of 2010, is amended—

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

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

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

17 **SEC. 312. BRINGING THE COMMISSION INTO THE REGULAR**  
18 **APPROPRIATIONS PROCESS.**

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

21 (1) in subsection (a)—

22 (A) by amending the heading of such sub-  
23 section to read as follows: “BUDGET, FINAN-  
24 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 **PEALED 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 igned 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. INTERNAL RISK CONTROLS.**

5           The Securities Exchange Act of 1934 (15 U.S.C. 78a  
6 et seq.) is amended—

7           (1) by inserting after section 4G, as added by  
8           this Act, the following:

9 **“SEC. 4H. INTERNAL RISK CONTROLS.**

10           “The Commission, in consultation with the Chief  
11 Economist, shall develop comprehensive internal risk con-  
12 trol mechanisms to safeguard and govern the storage of  
13 all market data by the Commission, all market data shar-  
14 ing agreements of the Commission, and all academic re-  
15 search performed at the Commission using market data.”;  
16 and

17           (2) in section 3(a), by adding at the end the  
18 following:

19           “(81) CHIEF ECONOMIST.—The term ‘Chief  
20 Economist’ means the Director of the Division of  
21 Economic and Risk Analysis, or an employee of the  
22 Commission with comparable authority, as deter-  
23 mined by the Commission.”.

1 **SEC. 412. APPLICABILITY OF NOTICE AND COMMENT RE-**  
2 **QUIREMENTS OF THE ADMINISTRATIVE PRO-**  
3 **CEDURE ACT TO GUIDANCE VOTED ON BY**  
4 **THE COMMISSION.**

5 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
6 et seq.) is amended by inserting after section 4H, as added  
7 by this Act, the following:

8 **“SEC. 4I. APPLICABILITY OF NOTICE AND COMMENT RE-**  
9 **QUIREMENTS OF THE ADMINISTRATIVE PRO-**  
10 **CEDURE ACT TO GUIDANCE VOTED ON BY**  
11 **THE COMMISSION.**

12 “The notice and comment requirements of section  
13 553 of title 5, United States Code, shall also apply with  
14 respect to any Commission statement or guidance, includ-  
15 ing interpretive rules, general statements of policy, or  
16 rules of Commission organization, procedure, or practice,  
17 that has the effect of implementing, interpreting, or pre-  
18 scribing law or policy and that is voted on by the Commis-  
19 sion.”.

20 **SEC. 413. PROCESS FOR CLOSING INVESTIGATIONS.**

21 (a) **IN GENERAL.**—Not later than 180 days after the  
22 date of the enactment of this Act, the Securities and Ex-  
23 change Commission shall establish a process for closing  
24 investigations (including preliminary or informal inves-  
25 tigation) that is designed to ensure that the Commission,  
26 in a timely manner—

1           (1) makes a determination of whether or not to  
2           institute an administrative or judicial action in a  
3           matter or refer the matter to the Attorney General  
4           for potential criminal prosecution; and

5           (2) if the Commission determines not to insti-  
6           tute such an action or refer the matter to the Attor-  
7           ney General, informs the persons who are the sub-  
8           ject of the investigation that the investigation is  
9           closed.

10          (b) **RULE OF CONSTRUCTION.**—Nothing in this sec-  
11          tion shall be construed to affect the authority of the Com-  
12          mission to re-open an investigation if the Commission ob-  
13          tains new evidence after the investigation is closed, subject  
14          to any applicable statute of limitations.

15          **SEC. 414. ENFORCEMENT OMBUDSMAN.**

16          (a) **IN GENERAL.**—Section 4 of the Securities Ex-  
17          change Act of 1934 (15 U.S.C. 78d), as amended by this  
18          Act, is further amended by adding at the end the fol-  
19          lowing:

20               “(i) **ENFORCEMENT OMBUDSMAN.**—

21                       “(1) **ESTABLISHMENT.**—The Commission shall  
22                       have an Enforcement Ombudsman, who shall be ap-  
23                       pointed by and report directly to the Commission.

24                       “(2) **DUTIES.**—The Enforcement Ombudsman  
25                       shall—



1           “(A) act as a liaison between the Commis-  
2           sion and any person who is the subject of an in-  
3           vestigation (including a preliminary or informal  
4           investigation) by the Commission or an admin-  
5           istrative or judicial action brought by the Com-  
6           mission in resolving problems that such persons  
7           may have with the Commission or the conduct  
8           of Commission staff; and

9           “(B) establish safeguards to maintain the  
10          confidentiality of communications between the  
11          persons described in subparagraph (A) and the  
12          Enforcement Ombudsman.

13          “(3) LIMITATION.—In carrying out the duties  
14          of the Enforcement Ombudsman under paragraph  
15          (2), the Enforcement Ombudsman shall utilize per-  
16          sonnel of the Commission to the extent practicable.  
17          Nothing in this subsection shall be construed as re-  
18          placing, altering, or diminishing the activities of any  
19          ombudsman or similar office of any other agency.

20          “(4) REPORT.—The Enforcement Ombudsman  
21          shall submit to the Commission and to the Com-  
22          mittee on Financial Services of the House of Rep-  
23          resentatives and the Committee on Banking, Hous-  
24          ing, and Urban Affairs of the Senate an annual re-  
25          port that describes the activities and evaluates the

1 effectiveness of the Enforcement Ombudsman during  
2 the preceding year.”.

3 (b) DEADLINE FOR INITIAL APPOINTMENT.—The  
4 Securities and Exchange Commission shall appoint the ini-  
5 tial Enforcement Ombudsman under subsection (i) of sec-  
6 tion 4 of the Securities Exchange Act of 1934, as added  
7 by subsection (a), not later than 180 days after the date  
8 of the enactment of this Act.

9 **SEC. 415. PROCESS TO ENSURE ENFORCEMENT ACTIONS**  
10 **ARE WITHIN AUTHORITY OF COMMISSION.**

11 Not later than 180 days after the date of the enact-  
12 ment of this Act, the Securities and Exchange Commission  
13 shall establish a process to ensure that administrative and  
14 judicial actions brought by the Commission under the se-  
15 curities laws (as defined in section 3(a) of the Securities  
16 Exchange Act of 1934 (15 U.S.C. 78c(a))) do not exceed  
17 the authority of the Commission under such laws and, in  
18 the case of administrative actions, are conducted consist-  
19 ently with subchapter II of chapter 5 of title 5, United  
20 States Code (commonly referred to as the “Administrative  
21 Procedure Act”).

1 **SEC. 416. PROCESS TO PERMIT RECIPIENT OF WELLS NOTI-**  
2 **FICATION TO APPEAR BEFORE COMMISSION**  
3 **STAFF IN-PERSON.**

4 (a) IN GENERAL.—Not later than 180 days after the  
5 date of the enactment of this Act, the Securities and Ex-  
6 change Commission shall establish a process under which,  
7 in any instance in which the Commission staff provides  
8 a written Wells notification to an individual informing the  
9 individual that the Commission staff has made a prelimi-  
10 nary determination to recommend that the Commission  
11 bring an administrative or judicial action against the indi-  
12 vidual, the individual shall have the right to make an in-  
13 person presentation before the Commission staff con-  
14 cerning such recommendation and to be represented by  
15 counsel at such presentation, at the individual's own ex-  
16 pense.

17 (b) ATTENDANCE BY COMMISSIONERS.—Such proc-  
18 ess shall provide that each Commissioner of the Commis-  
19 sion, or a designee of the Commissioner, may attend any  
20 such presentation.

21 (c) REPORT BY COMMISSION STAFF.—Such process  
22 shall provide that, before any Commission vote on whether  
23 to bring the administrative or judicial action against the  
24 individual, the Commission staff shall provide to each  
25 Commissioner a written report on any such presentation,  
26 including any factual or legal arguments made by the indi-

1 vidual and any supporting documents provided by the indi-  
2 vidual.

3 **SEC. 417. PUBLICATION OF ENFORCEMENT MANUAL.**

4 (a) IN GENERAL.—Not later than 1 year after the  
5 date of the enactment of this Act, the Securities and Ex-  
6 change Commission shall approve, by vote of the Commis-  
7 sion, and publish an updated manual that sets forth the  
8 policies and practices that the Commission will follow in  
9 the enforcement of the securities laws (as defined in sec-  
10 tion 3(a) of the Securities Exchange Act of 1934 (15  
11 U.S.C. 78c(a))). Such manual shall include policies and  
12 practices required by this Act, and by the amendments  
13 made by this Act, and shall be developed so as to ensure  
14 transparency in such enforcement and uniform application  
15 of such laws by the Commission.

16 (b) ENFORCEMENT PLAN AND REPORT.—Beginning  
17 on the date that is one year after the date of enactment  
18 of this Act, and each year thereafter, and the Securities  
19 and Exchange Commission shall transmit to Congress and  
20 publish on its Internet website an annual enforcement  
21 plan and report that shall—

22 (1) detail the priorities of the Commission with  
23 regard to enforcement and examination activities for  
24 the forthcoming year;

1           (2) report on the Commission’s enforcement  
2           and examination activities for the previous year, in-  
3           cluding an assessment of how such activities com-  
4           ported with the priorities identified for that year  
5           pursuant to paragraph (1); and

6           (3) provide an opportunity and mechanism for  
7           public comment.

8   **SEC. 418. PRIVATE PARTIES AUTHORIZED TO COMPEL THE**  
9                                   **SECURITIES AND EXCHANGE COMMISSION TO**  
10                                  **SEEK SANCTIONS BY FILING CIVIL ACTIONS.**

11           Title I of the Securities Exchange Act of 1934 (15  
12   U.S.C. 78a et seq.) is amended by adding at the end the  
13   following:

14   **“SEC. 41. PRIVATE PARTIES AUTHORIZED TO COMPEL THE**  
15                                   **COMMISSION TO SEEK SANCTIONS BY FILING**  
16                                  **CIVIL ACTIONS.**

17           “(a) TERMINATION OF ADMINISTRATIVE PRO-  
18   CEEDING.—In the case of any person who is a party to  
19   a proceeding brought by the Commission under a securi-  
20   ties law, to which section 554 of title 5, United States  
21   Code, applies, and against whom an order imposing a  
22   cease and desist order and a penalty may be issued at  
23   the conclusion of the proceeding, that person may, not  
24   later than 20 days after receiving notice of such pro-

1 ceeding, and at that person’s discretion, require the Com-  
2 mission to terminate the proceeding.

3 “(b) CIVIL ACTION AUTHORIZED.—If a person re-  
4 quires the Commission to terminate a proceeding pursuant  
5 to subsection (a), the Commission may bring a civil action  
6 against that person for the same remedy that might be  
7 imposed.

8 “(c) STANDARD OF PROOF IN ADMINISTRATIVE PRO-  
9 CEEDING.—Notwithstanding any other provision of law, in  
10 the case of a proceeding brought by the Commission under  
11 a securities law, to which section 554 of title 5, United  
12 States Code, applies, a legal or equitable remedy may be  
13 imposed on the person against whom the proceeding was  
14 brought only on a showing by the Commission of clear and  
15 convincing evidence that the person has violated the rel-  
16 evant provision of law.”.

17 **SEC. 419. CERTAIN FINDINGS REQUIRED TO APPROVE**  
18 **CIVIL MONEY PENALTIES AGAINST ISSUERS.**

19 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
20 et seq.) is amended by inserting after section 4E the fol-  
21 lowing:

22 **“SEC. 4F. CERTAIN FINDINGS REQUIRED TO APPROVE**  
23 **CIVIL MONEY PENALTIES AGAINST ISSUERS.**

24 “The Commission may not seek against or impose on  
25 an issuer a civil money penalty for violation of the securi-

1 ties laws unless the publicly available text of the order ap-  
2 proving the seeking or imposition of such penalty contains  
3 findings, supported by an analysis by the Division of Eco-  
4 nomic and Risk Analysis and certified by the Chief Econo-  
5 mist, of whether—

6           “(1) the alleged violation resulted in direct eco-  
7           nomic benefit to the issuer; and

8           “(2) the penalty will harm the shareholders of  
9           the issuer.”.

10 **SEC. 420. REPEAL OF AUTHORITY OF THE COMMISSION TO**  
11                           **PROHIBIT PERSONS FROM SERVING AS OFFI-**  
12                           **CERS OR DIRECTORS.**

13           (a) UNDER SECURITIES ACT OF 1933.—Subsection  
14 (f) of section 8A of the Securities Act of 1933 (15 U.S.C.  
15 77h–1) is repealed.

16           (b) UNDER SECURITIES EXCHANGE ACT OF 1934.—  
17 Subsection (f) of section 21C of the Securities Exchange  
18 Act of 1934 (15 U.S.C. 78u–3) is repealed.

19 **SEC. 421. SUBPOENA DURATION AND RENEWAL.**

20           Section 21(b) of the Securities Exchange Act of 1934  
21 (15 U.S.C. 78u(b)) is amended—

22           (1) by inserting “SUBPOENA.—” after the enu-  
23           merator;

24           (2) by striking “For the purpose of” and insert-  
25           ing the following:

1 “(1) IN GENERAL.—For the purpose of”; and  
2 (3) by adding at the end the following:

3 “(2) OMNIBUS ORDERS OF INVESTIGATION.—

4 “(A) DURATION AND RENEWAL.—An om-  
5 nibus order of investigation shall not be for an  
6 indefinite duration and may be renewed only by  
7 Commission action.

8 “(B) DEFINITION.—In paragraph (A), the  
9 term ‘omnibus order of investigation’ means an  
10 order of the Commission authorizing 1 or more  
11 members of the Commission or its staff to issue  
12 subpoenas under paragraph (1) to multiple per-  
13 sons in relation to a particular subject matter  
14 area.”.

15 **SEC. 422. ELIMINATION OF AUTOMATIC DISQUALIFICA-**  
16 **TIONS.**

17 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
18 et seq.), as amended by this Act, is further amended by  
19 inserting after section 4F the following:

20 **“SEC. 4G. ELIMINATION OF AUTOMATIC DISQUALIFICA-**  
21 **TIONS.**

22 “(a) IN GENERAL.—Notwithstanding any other pro-  
23 vision of law, a non-natural person may not be disqualified  
24 or otherwise made ineligible to use an exemption or reg-  
25 istration provision, engage in an activity, or qualify for



1 any similar treatment under a provision of the securities  
2 laws or the rules issued by the Commission under the se-  
3 curities laws by reason of having, or a person described  
4 in subsection (b) having, been convicted of any felony or  
5 misdemeanor or made the subject of any judicial or admin-  
6 istrative order, judgment, or decree arising out of a gov-  
7 ernmental action (including an order, judgment, or decree  
8 agreed to in a settlement), or having, or a person de-  
9 scribed in subsection (b) having, been suspended or ex-  
10 pelled from membership in, or suspended or barred from  
11 association with a member of, a registered national securi-  
12 ties exchange or a registered national or affiliated securi-  
13 ties association for any act or omission to act constituting  
14 conduct inconsistent with just and equitable principles of  
15 trade, unless the Commission, by order, on the record  
16 after notice and an opportunity for hearing, makes a de-  
17 termination that such non-natural person should be so dis-  
18 qualified or otherwise made ineligible for purposes of such  
19 provision.

20 “(b) PERSON DESCRIBED.—A person is described in  
21 this subsection if the person is—

22 “(1) a natural person who is a director, officer,  
23 employee, partner, member, or shareholder of the  
24 non-natural person referred to in subsection (a) or

1 is otherwise associated or affiliated with such non-  
2 natural person in any way; or

3 “(2) a non-natural person who is associated or  
4 affiliated with the non-natural person referred to in  
5 subsection (a) in any way.

6 “(c) **RULE OF CONSTRUCTION.**—Nothing in this sec-  
7 tion shall be construed to limit any authority of the Com-  
8 mission, by order, on the record after notice and an oppor-  
9 tunity for hearing, to prohibit a person from using an ex-  
10 emption or registration provision, engaging in an activity,  
11 or qualifying for any similar treatment under a provision  
12 of the securities laws, or the rules issued by the Commis-  
13 sion under the securities laws, by reason of a circumstance  
14 referred to in subsection (a) or any similar circumstance.”.

15 **SEC. 423. CONFIDENTIALITY OF RECORDS OBTAINED FROM**  
16 **FOREIGN SECURITIES AND LAW ENFORCE-**  
17 **MENT AUTHORITIES.**

18 Section 24(d) of the Securities Exchange Act of 1934  
19 (15 U.S.C. 78x(d)) is amended to read as follows:

20 “(d) **RECORDS OBTAINED FROM FOREIGN SECURI-**  
21 **TIES AND LAW ENFORCEMENT AUTHORITIES.**—Except as  
22 provided in subsection (g), the Commission shall not be  
23 compelled to disclose records obtained from a foreign secu-  
24 rities authority, or from a foreign law enforcement author-  
25 ity as defined in subsection (f)(4), if—

1           “(1) the foreign securities authority or foreign  
2 law enforcement authority has in good faith deter-  
3 mined and represented to the Commission that the  
4 records are confidential under the laws of the coun-  
5 try of such authority; and

6           “(2) the Commission obtains such records pur-  
7 suant to—

8           “(A) such procedure as the Commission  
9 may authorize for use in connection with the  
10 administration or enforcement of the securities  
11 laws; or

12           “(B) a memorandum of understanding.

13 For purposes of section 552 of title 5, United States Code,  
14 this subsection shall be considered a statute described in  
15 subsection (b)(3)(B) of such section 552.”.

16 **SEC. 424. CLARIFICATION OF AUTHORITY TO IMPOSE SANC-**  
17 **TIONS ON PERSONS ASSOCIATED WITH A**  
18 **BROKER OR DEALER.**

19 Section 15(b)(6)(A)(i) of the Securities Exchange Act  
20 of 1934 (15 U.S.C. 78o(b)(6)(A)(i)) is amended by strik-  
21 ing “enumerated” and all that follows and inserting “enu-  
22 merated in subparagraph (A), (D), (E), (G), or (H) of  
23 paragraph (4) of this subsection;”.

1 **SEC. 425. CONGRESSIONAL ACCESS TO INFORMATION**  
2 **HELD BY THE PUBLIC COMPANY ACCOUNT-**  
3 **ING OVERSIGHT BOARD.**

4 Section 105(b)(5) of the Sarbanes-Oxley Act of 2002  
5 (15 U.S.C. 7215(b)(5)) is amended—

6 (1) in subparagraph (A), by striking “subpara-  
7 graphs (B) and (C)” and inserting “subparagraphs  
8 (B), (C) and (D)”; and

9 (2) by adding at the end the following:

10 “(D) AVAILABILITY TO THE CONGRES-  
11 SIONAL COMMITTEES.—The Board shall make  
12 available to the Committees specified under sec-  
13 tion 101(h)—

14 “(i) such information as the Commit-  
15 tees shall request; and

16 “(ii) with respect to any confidential  
17 or privileged information provided in re-  
18 sponse to a request under clause (i), in-  
19 cluding any information subject to section  
20 104(g) and subparagraph (A), or any con-  
21 fidential or privileged information provided  
22 orally in response to such a request, such  
23 information shall maintain the protections  
24 provided in subparagraph (A), and shall  
25 retain its confidential and privileged status

1 in the hands of the Board and the Com-  
2 mittees.”.

3 **SEC. 426. REPEAL OF REQUIREMENT FOR PUBLIC COM-**  
4 **PANY ACCOUNTING OVERSIGHT BOARD TO**  
5 **USE CERTAIN FUNDS FOR MERIT SCHOLAR-**  
6 **SHIP PROGRAM.**

7 (a) IN GENERAL.—Section 109(c) of the Sarbanes-  
8 Oxley Act of 2002 (15 U.S.C. 7219(c)) is amended by  
9 striking paragraph (2).

10 (b) CONFORMING AMENDMENTS.—Section 109 of the  
11 Sarbanes-Oxley Act of 2002 (15 U.S.C. 7219) is amend-  
12 ed—

13 (1) in subsection (c), by striking “USES OF  
14 FUNDS” and all that follows through “The budget”  
15 and inserting “USES OF FUNDS.—The budget”; and

16 (2) in subsection (f), by striking “subsection  
17 (c)(1)” and inserting “subsection (c)”.

18 **SEC. 427. REALLOCATION OF FINES FOR VIOLATIONS OF**  
19 **RULES OF MUNICIPAL SECURITIES RULE-**  
20 **MAKING BOARD.**

21 (a) IN GENERAL.—Section 15B(c)(9) of the Securi-  
22 ties Exchange Act of 1934 (15 U.S.C. 78o–4(c)(9)) is  
23 amended to read as follows:

24 “(9) Fines collected for violations of the rules of the  
25 Board shall be deposited and credited as general revenue

1 of the Treasury, except as otherwise provided in section  
2 308 of the Sarbanes-Oxley Act of 2002 or section 21F  
3 of this title.”.

4 (b) EFFECTIVE DATE.—The amendment made by  
5 subsection (a) shall apply to fines collected after the date  
6 of enactment of this Act.

7 **Subtitle B—Eliminating Excessive**  
8 **Government Intrusion in the**  
9 **Capital Markets**

10 **SEC. 441. REPEAL OF DEPARTMENT OF LABOR FIDUCIARY**  
11 **RULE AND REQUIREMENTS PRIOR TO RULE-**  
12 **MAKING RELATING TO STANDARDS OF CON-**  
13 **DUCT FOR BROKERS AND DEALERS.**

14 (a) REPEAL OF DEPARTMENT OF LABOR FIDUCIARY  
15 RULE.—The final rule of the Department of Labor titled  
16 “Definition of the Term ‘Fiduciary’; Conflict of Interest  
17 Rule—Retirement Investment Advice” and related prohib-  
18 ited transaction exemptions published April 8, 2016 (81  
19 Fed. Reg. 20946) shall have no force or effect.

20 (b) STAY ON RULES DEFINING CERTAIN FIDU-  
21 CIARIES.—After the date of enactment of this Act, the  
22 Secretary of Labor shall not prescribe any regulation  
23 under the Employee Retirement Income Security Act of  
24 1974 (29 U.S.C. 1001 et seq.) defining the circumstances  
25 under which an individual is considered a fiduciary until

1 the date that is 60 days after the Securities and Exchange  
2 Commission issues a final rule relating to standards of  
3 conduct for brokers and dealers pursuant to the second  
4 subsection (k) of section 15 of the Securities Exchange  
5 Act of 1934 (15 U.S.C. 78o(k))

6 (c) REQUIREMENTS PRIOR TO RULEMAKING RELAT-  
7 ING TO STANDARDS OF CONDUCT FOR BROKERS AND  
8 DEALERS.—The second subsection (k) of section 15 of the  
9 Securities Exchange Act of 1934 (15 U.S.C. 78o(k)), as  
10 added by section 913(g)(1) of the Dodd-Frank Wall Street  
11 Reform and Consumer Protection Act (12 U.S.C. 5301  
12 et seq.), is amended by adding at the end the following:

13 “(3) REQUIREMENTS PRIOR TO RULEMAKING.—  
14 The Commission shall not promulgate a rule pursu-  
15 ant to paragraph (1) before providing a report to the  
16 Committee on Financial Services of the House of  
17 Representatives and the Committee on Banking,  
18 Housing, and Urban Affairs of the Senate describing  
19 whether—

20 “(A) retail investors (and such other cus-  
21 tomers as the Commission may provide) are  
22 being harmed due to brokers or dealers oper-  
23 ating under different standards of conduct than  
24 those that apply to investment advisors under

1 section 211 of the Investment Advisers Act of  
2 1940 (15 U.S.C. 80b–11);

3 “(B) alternative remedies will reduce any  
4 confusion or harm to retail investors due to  
5 brokers or dealers operating under different  
6 standards of conduct than those standards that  
7 apply to investment advisors under section 211  
8 of the Investment Advisers Act of 1940 (15  
9 U.S.C. 80b–11), including—

10 “(i) simplifying the titles used by bro-  
11 kers, dealers, and investment advisers; and

12 “(ii) enhancing disclosure surrounding  
13 the different standards of conduct cur-  
14 rently applicable to brokers, dealers, and  
15 investment advisers;

16 “(C) the adoption of a uniform fiduciary  
17 standard of conduct for brokers, dealers, and  
18 investment advisors would adversely impact the  
19 commissions of brokers and dealers, the avail-  
20 ability of proprietary products offered by bro-  
21 kers and dealers, and the ability of brokers and  
22 dealers to engage in principal transactions with  
23 customers; and

24 “(D) the adoption of a uniform fiduciary  
25 standard of conduct for brokers or dealers and



1 investment advisors would adversely impact re-  
2 tail investor access to personalized and cost-ef-  
3 fective investment advice, recommendations  
4 about securities, or the availability of such ad-  
5 vice and recommendations.

6 “(4) ECONOMIC ANALYSIS.—The Commission’s  
7 conclusions contained in the report described in  
8 paragraph (3) shall be supported by economic anal-  
9 ysis.

10 “(5) REQUIREMENTS FOR PROMULGATING A  
11 RULE.—The Commission shall publish in the Fed-  
12 eral Register alongside the rule promulgated pursu-  
13 ant to paragraph (1) formal findings that such rule  
14 would reduce confusion or harm to retail customers  
15 (and such other customers as the Commission may  
16 by rule provide) due to different standards of con-  
17 duct applicable to brokers, dealers, and investment  
18 advisors.

19 “(6) REQUIREMENTS UNDER INVESTMENT AD-  
20 VISERS ACT OF 1940.—In proposing rules under  
21 paragraph (1) for brokers or dealers, the Commis-  
22 sion shall consider the differences in the registration,  
23 supervision, and examination requirements applica-  
24 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–18e) 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 (a) IN GENERAL.—Section 2(a)(12) of the Com-  
17 modity Exchange Act (7 U.S.C. 2(a)(12)), as amended by  
18 section 462, is further amended by adding at the end the  
19 following:

20 “(C) INTERNAL RISK CONTROLS.—The  
21 Commission, in consultation with the Chief  
22 Economist, shall develop comprehensive internal  
23 risk control mechanisms to safeguard and gov-  
24 ern the storage of all market data by the Com-  
25 mission, all market data sharing agreements of

1 the Commission, and all academic research per-  
2 formed at the Commission using market data.”.

3 (b) DEFINITION OF CHIEF ECONOMIST.—Section 1a  
4 of the Commodity Exchange Act (7 U.S.C. 1a) is amend-  
5 ed—

6 (1) by redesignating paragraphs (8) through  
7 (51) as paragraphs (9) through (52); and

8 (2) by inserting after paragraph (7) the fol-  
9 lowing:

10 “(8) CHIEF ECONOMIST.—The term ‘Chief  
11 Economist’ means the Chief Economist of the Com-  
12 mission, or an employee of the Commission with  
13 comparable authority, as determined by the Commis-  
14 sion.”.

15 **SEC. 465. SUBPOENA DURATION AND RENEWAL.**

16 Section 6(c)(5) of the Commodity Exchange Act (7  
17 U.S.C. 9(5)) is amended—

18 (1) by striking “For the purpose of securing”  
19 and inserting the following:

20 “(A) IN GENERAL.—For the purpose of se-  
21 curing”; and

22 (2) by adding after and below the end the fol-  
23 lowing:

24 “(B) OMNIBUS ORDERS OF INVESTIGA-  
25 TION.—

1           “(i) DURATION AND RENEWAL.—An  
2 omnibus order of investigation shall not be  
3 for an indefinite duration and may be re-  
4 newed only by Commission action.

5           “(ii) DEFINITION.—In clause (i), the  
6 term ‘omnibus order of investigation’  
7 means an order of the Commission author-  
8 izing 1 of more members of the Commis-  
9 sion or its staff to issue subpoenas under  
10 subparagraph (A) to multiple persons in  
11 relation to a particular subject matter  
12 area.”.

13 **SEC. 466. APPLICABILITY OF NOTICE AND COMMENT RE-**  
14 **QUIREMENTS OF THE ADMINISTRATIVE PRO-**  
15 **CEDURE ACT TO GUIDANCE VOTED ON BY**  
16 **THE COMMISSION.**

17       Section 2(a)(12) of the Commodity Exchange Act (7  
18 U.S.C. 2(a)(12)), as amended by section 464, is further  
19 amended by adding at the end the following:

20           “(D) APPLICABILITY OF NOTICE AND COM-  
21 MENT RULES TO GUIDANCE VOTED ON BY THE  
22 COMMISSION.—The notice and comment re-  
23 quirements of section 553 of title 5, United  
24 States Code, shall also apply with respect to  
25 any Commission statement or guidance, includ-

1           ing interpretive rules, general statements of pol-  
2           icy, or rules of Commission organization, proce-  
3           dure, or practice, that has the effect of imple-  
4           menting, interpreting or prescribing law or pol-  
5           icy and that is voted on by the Commission.”.

6 **SEC. 467. JUDICIAL REVIEW OF COMMISSION RULES.**

7           The Commodity Exchange Act (7 U.S.C. 1 et seq.)  
8 is amended by adding at the end the following:

9 **“SEC. 24. JUDICIAL REVIEW OF COMMISSION RULES.**

10           “(a) A person adversely affected by a rule of the  
11 Commission promulgated under this Act may obtain re-  
12 view of the rule in the United States Court of Appeals  
13 for the District of Columbia Circuit or the United States  
14 Court of Appeals for the circuit where the party resides  
15 or has the principal place of business, by filing in the  
16 court, within 60 days after publication in the Federal Reg-  
17 ister of the entry of the rule, a written petition requesting  
18 that the rule be set aside.

19           “(b) A copy of the petition shall be transmitted forth-  
20 with by the clerk of the court to an officer designated by  
21 the Commission for that purpose. Thereupon the Commis-  
22 sion shall file in the court the record on which the rule  
23 complained of is entered, as provided in section 2112 of  
24 title 28, United States Code, and the Federal Rules of  
25 Appellate Procedure.

1           “(c) On the filing of the petition, the court has juris-  
2 diction, which becomes exclusive on the filing of the  
3 record, to affirm and enforce or to set aside the rule in  
4 whole or in part.

5           “(d) The court shall affirm and enforce the rule un-  
6 less the Commission’s action in promulgating the rule is  
7 found to be arbitrary, capricious, an abuse of discretion,  
8 or otherwise not in accordance with law; contrary to con-  
9 stitutional right, power, privilege, or immunity; in excess  
10 of statutory jurisdiction, authority, or limitations, or short  
11 of statutory right; or without observance of procedure re-  
12 quired by law.”.

13 **SEC. 468. CROSS-BORDER REGULATION OF DERIVATIVES**  
14 **TRANSACTIONS.**

15           (a) **RULEMAKING REQUIRED.**—Within 1 year after  
16 the date of the enactment of this subtitle, the Commodity  
17 Futures Trading Commission shall issue a rule that ad-  
18 dresses—

19               (1) the nature of the connections to the United  
20 States that require a non-United States person to  
21 register as a swap dealer or a major swap partici-  
22 pant under the Commodity Exchange Act and the  
23 regulations issued under such Act;

24               (2) which of the United States swaps require-  
25 ments apply to the swap activities of non-United

1 States persons and United States persons and their  
2 branches, agencies, subsidiaries, and affiliates out-  
3 side of the United States, and the extent to which  
4 the requirements apply; and

5 (3) the circumstances under which a United  
6 States person or non-United States person in com-  
7 pliance with the swaps regulatory requirements of a  
8 foreign jurisdiction shall be exempt from United  
9 States swaps requirements.

10 (b) CONTENT OF THE RULE.—

11 (1) CRITERIA.—In the rule, the Commission  
12 shall establish criteria for determining that 1 or  
13 more categories of the swaps regulatory require-  
14 ments of a foreign jurisdiction are comparable to  
15 and as comprehensive as United States swaps re-  
16 quirements. The criteria shall include—

17 (A) the scope and objectives of the swaps  
18 regulatory requirements of the foreign jurisdic-  
19 tion;

20 (B) the effectiveness of the supervisory  
21 compliance program administered;

22 (C) the enforcement authority exercised by  
23 the foreign jurisdiction; and

1 (D) such other factors as the Commission,  
2 by rule, determines to be necessary or appro-  
3 priate in the public interest.

4 (2) COMPARABILITY.—In the rule, the Commis-  
5 sion shall—

6 (A) provide that any non-United States  
7 person or any transaction between 2 non-United  
8 States persons shall be exempt from United  
9 States swaps requirements if the person or  
10 transaction is in compliance with the swaps reg-  
11 ulatory requirements of a foreign jurisdiction  
12 which the Commission has determined to be  
13 comparable to and as comprehensive as United  
14 States swaps requirements; and

15 (B) set forth the circumstances in which a  
16 United States person or a transaction between  
17 a United States person and a non-United  
18 States person 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.

1           (3) OUTCOMES-BASED COMPARISON.—In devel-  
2           oping and applying the criteria, the Commission  
3           shall emphasize the results and outcomes of, rather  
4           than the design and construction of, foreign swaps  
5           regulatory requirements.

6           (4) RISK-BASED RULEMAKING.—In the rule, the  
7           Commission shall not take into account, for the pur-  
8           poses of determining the applicability of United  
9           States swaps requirements, the location of personnel  
10          that arrange, negotiate, or execute swaps.

11          (5) PRESERVATION OF ANTIFRAUD AND  
12          ANTIMANIPULATION AUTHORITY.—No part of any  
13          rulemaking under this section shall limit the Com-  
14          mission's antifraud or antimanipulation authority.

15          (c) APPLICATION OF THE RULE.—

16          (1) ASSESSMENTS OF FOREIGN JURISDIC-  
17          TIONS.—Beginning on the date on which a final rule  
18          is issued under this section, the Commission shall  
19          begin to assess the swaps regulatory requirements of  
20          foreign jurisdictions, in the order the Commission  
21          determines appropriate, in accordance with the cri-  
22          teria established pursuant to subsection (b)(1). Fol-  
23          lowing each assessment, the Commission shall deter-  
24          mine, by rule or by order, whether the swaps regu-  
25          latory requirements of the foreign jurisdiction are



1 comparable to and as comprehensive as United  
2 States swaps requirements.

3 (2) SUBSTITUTED COMPLIANCE FOR  
4 UNASSESSED MAJOR MARKETS.—Beginning 18  
5 months after the date of enactment of this Act—

6 (A) the swaps regulatory requirements of  
7 each of the 8 foreign jurisdictions with the larg-  
8 est swaps markets, as calculated by notional  
9 value during the 12-month period ending with  
10 such date of enactment, except those with re-  
11 spect to which a determination has been made  
12 under paragraph (1), shall be considered to be  
13 comparable to and as comprehensive as United  
14 States swaps requirements; and

15 (B) a non-United States person or a trans-  
16 action between 2 non-United States persons  
17 shall be exempt from United States swaps re-  
18 quirements if the person or transaction is in  
19 compliance with the swaps regulatory require-  
20 ments of any of such unexcepted foreign juris-  
21 dictions.

22 (3) SUSPENSION OF SUBSTITUTED COMPLI-  
23 ANCE.—If the Commission determines, by rule or by  
24 order, that—

1 (A) the swaps regulatory requirements of a  
2 foreign jurisdiction are not comparable to and  
3 as comprehensive as United States swaps re-  
4 quirements, using the categories and criteria es-  
5 tablished under subsection (b)(1);

6 (B) the foreign jurisdiction does not ex-  
7 empt from its swaps regulatory requirements  
8 United States persons who are in compliance  
9 with United States swaps requirements; or

10 (C) the foreign jurisdiction is not providing  
11 equivalent recognition of, or substituted compli-  
12 ance for, registered entities (as defined in sec-  
13 tion 1a(41) of the Commodity Exchange Act)  
14 domiciled in the United States,

15 the Commission may suspend, in whole or in part,  
16 a determination made under paragraph (1) or a con-  
17 sideration granted under paragraph (2).

18 (d) PETITION FOR REVIEW OF FOREIGN JURISDIC-  
19 TION PRACTICES.—A registered entity, commercial mar-  
20 ket participant (as defined in section 1a(7) of the Com-  
21 modity Exchange Act), or Commission registrant (within  
22 the meaning of such Act) who petitions the Commission  
23 to make or change a determination under subsection  
24 (c)(1) or (c)(3) of this section shall be entitled to expedited  
25 consideration of the petition. A petition shall include any

1 evidence or other supporting materials to justify why the  
2 petitioner believes the Commission should make or change  
3 the determination. Petitions under this section shall be  
4 considered by the Commission any time following the en-  
5 actment of this Act. Within 180 days after receipt of a  
6 petition for a rulemaking under this section, the Commis-  
7 sion shall take final action on the petition. Within 90 days  
8 after receipt of a petition to issue an order or change an  
9 order issued under this section, the Commission shall take  
10 final action on the petition.

11 (e) REPORT TO CONGRESS.—If the Commission  
12 makes a determination described in this section through  
13 an order, the Commission shall articulate the basis for the  
14 determination in a written report published in the Federal  
15 Register and transmitted to the Committee on Agriculture  
16 of the House of Representatives and Committee on Agri-  
17 culture, Nutrition, and Forestry of the Senate within 15  
18 days of the determination. The determination shall not be  
19 effective until 15 days after the committees receive the re-  
20 port.

21 (f) DEFINITIONS.—As used in this section and for  
22 purposes of the rules issued pursuant to this section, the  
23 following definitions apply:

24 (1) UNITED STATES PERSON.—The term  
25 “United States person”—

1 (A) means—

2 (i) any natural person resident in the  
3 United States;

4 (ii) any partnership, corporation,  
5 trust, or other legal person organized or  
6 incorporated under the laws of the United  
7 States or having its principal place of busi-  
8 ness in the United States;

9 (iii) any account (whether discre-  
10 tionary or non-discretionary) of a United  
11 States person; and

12 (iv) any other person as the Commis-  
13 sion may further define to more effectively  
14 carry out the purposes of this section; and

15 (B) does not include the International  
16 Monetary Fund, the International Bank for Re-  
17 construction and Development, the Inter-Amer-  
18 ican Development Bank, the Asian Development  
19 Bank, the African Development Bank, the  
20 United Nations, their agencies or pension plans,  
21 or any other similar international organizations  
22 or their agencies or pension plans.

23 (2) UNITED STATES SWAPS REQUIREMENTS.—

24 The term “United States swaps requirements”  
25 means the provisions relating to swaps contained in

1 the Commodity Exchange Act (7 U.S.C. 1a et seq.)  
2 that were added by title VII of the Dodd-Frank Wall  
3 Street Reform and Consumer Protection Act (15  
4 U.S.C. 8301 et seq.) and any rules or regulations  
5 prescribed by the Commodity Futures Trading Com-  
6 mission pursuant to such provisions.

7 (3) FOREIGN JURISDICTION.—The term “for-  
8 eign jurisdiction” means any national or supra-  
9 national political entity with common rules gov-  
10 erning swaps transactions.

11 (4) SWAPS REGULATORY REQUIREMENTS.—The  
12 term “swaps regulatory requirements” means any  
13 provisions of law, and any rules or regulations pur-  
14 suant to the provisions, governing swaps trans-  
15 actions or the counterparties to swaps transactions.

16 (g) CONFORMING AMENDMENT.—Section 4(c)(1)(A)  
17 of the Commodity Exchange Act (7 U.S.C. 6(c)(1)(A)) is  
18 amended by inserting “or except as necessary to effectuate  
19 the purposes of the Commodity End-User Relief Act,”  
20 after “to grant exemptions,”.

1           **Subtitle D—Harmonization of**  
2                           **Derivatives Rules**

3   **SEC. 471. AGENCY REVIEW AND HARMONIZATION OF RULES**  
4                           **RELATING TO THE REGULATION OF OVER-**  
5                           **THE-COUNTER SWAPS MARKETS.**

6           The Securities and Exchange Commission and the  
7   Commodity Futures Trading Commission shall review  
8   each rule, order, and interpretive guidance issued by either  
9   such Commission pursuant to title VII of the Dodd-Frank  
10   Wall Street Reform and Consumer Protection Act (15  
11   U.S.C. 8301 et seq.) and, where the Commissions find in-  
12   consistencies in any such rules, orders, or interpretive  
13   guidance, shall jointly issue new rules, orders, or interpre-  
14   tive guidance to resolve such inconsistencies.

15   **TITLE V—IMPROVING INSUR-**  
16                   **ANCE COORDINATION**  
17                   **THROUGH AN INDEPENDENT**  
18                   **ADVOCATE**

19   **SEC. 501. REPEAL OF THE FEDERAL INSURANCE OFFICE;**  
20                           **CREATION OF THE OFFICE OF THE INDE-**  
21                           **PENDENT INSURANCE ADVOCATE.**

22           (a) ESTABLISHMENT.—Section 313 of title 31,  
23   United States Code, is amended to read as follows:

1 **“§ 313. Office of the Independent Insurance Advocate**

2 “(a) ESTABLISHMENT.—There is established in the  
3 Department of the Treasury a bureau to be known as the  
4 Office of the Independent Insurance Advocate (in this sec-  
5 tion referred to as the ‘Office’).

6 “(b) INDEPENDENT INSURANCE ADVOCATE.—

7 “(1) ESTABLISHMENT OF POSITION.—The chief  
8 officer of the Office of the Independent Insurance  
9 Advocate shall be known as the Independent Insur-  
10 ance Advocate. The Independent Insurance Advocate  
11 shall perform the duties of such office under the  
12 general direction of the Secretary of the Treasury.

13 “(2) APPOINTMENT.—The Independent Insur-  
14 ance Advocate shall be appointed by the President,  
15 by and with the advice and consent of the Senate,  
16 from among persons having insurance expertise.

17 “(3) TERM.—

18 “(A) IN GENERAL.—The Independent In-  
19 surance Advocate shall serve a term of 6 years,  
20 unless sooner removed by the President upon  
21 reasons which shall be communicated to the  
22 Senate.

23 “(B) SERVICE AFTER EXPIRATION.—If a  
24 successor is not nominated and confirmed by  
25 the end of the term of service of the Inde-  
26 pendent Insurance Advocate, the person serving

1 as Independent Insurance Advocate shall con-  
2 tinue to serve until such time a successor is ap-  
3 pointed and confirmed.

4 “(C) VACANCY.—An Independent Insur-  
5 ance Advocate who is appointed to serve the re-  
6 mainder of a predecessor’s uncompleted term  
7 shall be eligible thereafter to be appointed to a  
8 full 6 year term.

9 “(D) ACTING OFFICIAL ON FINANCIAL  
10 STABILITY OVERSIGHT COUNCIL.—In the event  
11 of a vacancy in the office of the Independent  
12 Insurance Advocate, and pending the appoint-  
13 ment and confirmation of a successor, or during  
14 the absence or disability of the Independent In-  
15 surance Advocate, the Independent Member  
16 shall appoint a federal official appointed by the  
17 President and confirmed by the Senate from a  
18 member agency of the Financial Stability Over-  
19 sight Council, not otherwise serving on the  
20 Council, who shall serve as a member of the  
21 Council and act in the place of the Independent  
22 Insurance Advocate until such vacancy, ab-  
23 sence, or disability concludes.

24 “(4) EMPLOYMENT.—The Independent Insur-  
25 ance Advocate shall be an employee of the Federal



1 Government within the definition of employee under  
2 section 2105 of title 5, United States Code.

3 “(c) INDEPENDENCE; OVERSIGHT.—

4 “(1) INDEPENDENCE.—The Secretary of the  
5 Treasury may not delay or prevent the issuance of  
6 any rule or the promulgation of any regulation by  
7 the Independent Insurance Advocate, and may not  
8 intervene in any matter or proceeding before the  
9 Independent Insurance Advocate, unless otherwise  
10 specifically provided by law.

11 “(2) OVERSIGHT BY INSPECTOR GENERAL.—  
12 The Office of the Independent Insurance Advocate  
13 shall be an office in the establishment of the Depart-  
14 ment of the Treasury for purposes of the Inspector  
15 General Act of 1978 (5 U.S.C. App.).

16 “(d) RETENTION OF EXISTING STATE REGULATORY  
17 AUTHORITY.—Nothing in this section or section 314 shall  
18 be construed to establish or provide the Office or the De-  
19 partment of the Treasury with general supervisory or reg-  
20 ulatory authority over the business of insurance.

21 “(e) BUDGET.—

22 “(1) ANNUAL TRANSMITTAL.—For each fiscal  
23 year, the Independent Insurance Advocate shall  
24 transmit a budget estimate and request to the Sec-  
25 retary of the Treasury, which shall specify the ag-

1        gregate amount of funds requested for such fiscal  
2        year for the operations of the Office of the Inde-  
3        pendent Insurance Advocate.

4            “(2) INCLUSIONS.—In transmitting the pro-  
5        posed budget to the President for approval, the Sec-  
6        retary of the Treasury shall include—

7            “(A) an aggregate request for the Inde-  
8        pendent Insurance Advocate; and

9            “(B) any comments of the Independent In-  
10        surance Advocate with respect to the proposal.

11           “(3) PRESIDENT’S BUDGET.—The President  
12        shall include in each budget of the United States  
13        Government submitted to the Congress—

14           “(A) a separate statement of the budget  
15        estimate prepared in accordance with paragraph  
16        (1);

17           “(B) the amount requested by the Presi-  
18        dent for the Independent Insurance Advocate;  
19        and

20           “(C) any comments of the Independent In-  
21        surance Advocate with respect to the proposal if  
22        the Independent Insurance Advocate concludes  
23        that the budget submitted by the President  
24        would substantially inhibit the Independent In-

1           surance Advocate from performing the duties of  
2           the office.

3           “(f) ASSISTANCE.—The Secretary of the Treasury  
4 shall provide the Independent Insurance Advocate such  
5 services, funds, facilities and other support services as the  
6 Independent Insurance Advocate may request and as the  
7 Secretary may approve.

8           “(g) PERSONNEL.—

9           “(1) EMPLOYEES.—The Independent Insurance  
10 Advocate may fix the number of, and appoint and  
11 direct, the employees of the Office, in accordance  
12 with the applicable provisions of title 5, United  
13 States Code. The Independent Insurance Advocate is  
14 authorized to employ attorneys, analysts, economists,  
15 and other employees as may be deemed necessary to  
16 assist the Independent Insurance Advocate to carry  
17 out the duties and functions of the Office. Unless  
18 otherwise provided expressly by law, any individual  
19 appointed under this paragraph shall be an employee  
20 as defined in section 2105 of title 5, United States  
21 Code, and subject to the provisions of such title and  
22 other laws generally applicable to the employees of  
23 the Executive Branch.

24           “(2) COMPENSATION.—Employees of the Office  
25 shall be paid in accordance with the provisions of

1 chapter 51 and subchapter III of chapter 53 of title  
2 5, United States Code, relating to classification and  
3 General Schedule pay rates.

4 “(3) PROCUREMENT OF TEMPORARY AND  
5 INTERMITTENT SERVICES.—The Independent Insur-  
6 ance Advocate may procure temporary and intermit-  
7 tent services under section 3109(b) of title 5, United  
8 States Code, at rates for individuals which do not  
9 exceed the daily equivalent of the annual rate of  
10 basic pay prescribed for Level V of the Executive  
11 Schedule under section 5316 of such title.

12 “(4) DETAILS.—Any employee of the Federal  
13 Government may be detailed to the Office with or  
14 without reimbursement, and such detail shall be  
15 without interruption or loss of civil service status or  
16 privilege. An employee of the Federal Government  
17 detailed to the Office shall report to and be subject  
18 to oversight by the Independent Insurance Advocate  
19 during the assignment to the office, and may be  
20 compensated by the branch, department, or agency  
21 from which the employee was detailed.

22 “(5) INTERGOVERNMENTAL PERSONNEL.—The  
23 Independent Insurance Advocate may enter into  
24 agreements under subchapter VI of chapter 33 of  
25 title 5, United States Code, with State and local

1 governments, institutions of higher education, Indian  
2 tribal governments, and other eligible organizations  
3 for the assignment of intermittent, part-time, and  
4 full-time personnel, on a reimbursable or non-reim-  
5 bursable basis.

6 “(h) ETHICS.—

7 “(1) DESIGNATED ETHICS OFFICIAL.—The  
8 Legal Counsel of the Financial Stability Oversight  
9 Council, or in the absence of a Legal Counsel of the  
10 Council, the designated ethics official of any Council  
11 member agency, as chosen by the Independent In-  
12 surance Advocate, shall be the ethics official for the  
13 Independent Insurance Advocate.

14 “(2) RESTRICTION ON REPRESENTATION.—In  
15 addition to any restriction under section 205(c) of  
16 title 18, United States Code, except as provided in  
17 subsections (d) through (i) of section 205 of such  
18 title, the Independent Insurance Advocate (except in  
19 the proper discharge of official duties) shall not,  
20 with or without compensation, represent anyone to  
21 or before any officer or employee of—

22 “(A) the Financial Stability Oversight  
23 Council on any matter; or

1           “(B) the Department of Justice with re-  
2           spect to litigation involving a matter described  
3           in subparagraph (A).

4           “(3) COMPENSATION FOR SERVICES PROVIDED  
5           BY ANOTHER.—For purposes of section 203 of title  
6           18, United States Code, and if a special government  
7           employee—

8           “(A) the Independent Insurance Advocate  
9           shall not be subject to the restrictions of sub-  
10          section (a)(1) of section 203, of title 18, United  
11          States Code, for sharing in compensation  
12          earned by another for representations on mat-  
13          ters covered by such section; and

14          “(B) a person shall not be subject to the  
15          restrictions of subsection (a)(2) of such section  
16          for sharing such compensation with the Inde-  
17          pendent Insurance Advocate.

18          “(i) ADVISORY, TECHNICAL, AND PROFESSIONAL  
19          COMMITTEES.—The Independent Insurance Advocate may  
20          appoint such special advisory, technical, or professional  
21          committees as may be useful in carrying out the functions  
22          of the Office and the members of such committees may  
23          be staff of the Office, or other persons, or both.

24          “(j) MISSION AND FUNCTIONS.—

1           “(1) MISSION.—In carrying out the functions  
2           under this subsection, the mission of the Office shall  
3           be to act as an independent advocate on behalf of  
4           the interests of United States policyholders on pru-  
5           dential aspects of insurance matters of importance,  
6           and to provide perspective on protecting their inter-  
7           ests, separate and apart from any other Federal  
8           agency or State insurance regulator.

9           “(2) OFFICE.—The Office shall have the au-  
10          thority—

11                 “(A) to coordinate Federal efforts on pru-  
12                 dential aspects of international insurance mat-  
13                 ters, including representing the United States,  
14                 as appropriate, in the International Association  
15                 of Insurance Supervisors (or a successor entity)  
16                 and assisting the Secretary in negotiating cov-  
17                 ered agreements (as such term is defined in  
18                 subsection (q)) in coordination with States (in-  
19                 cluding State insurance commissioners) and the  
20                 United States Trade Representative;

21                 “(B) to consult with the States (including  
22                 State insurance regulators) regarding insurance  
23                 matters of national importance and prudential  
24                 insurance matters of international importance;

1           “(C) to assist the Secretary in admin-  
2           istering the Terrorism Insurance Program es-  
3           tablished in the Department of the Treasury  
4           under the Terrorism Risk Insurance Act of  
5           2002 (15 U.S.C. 6701 note);

6           “(D) to observe all aspects of the insur-  
7           ance industry, including identifying issues or  
8           gaps in the regulation of insurers that could  
9           contribute to a systemic crisis in the insurance  
10          industry or the United States financial system;  
11          and

12          “(E) to make determinations and exercise  
13          the authority under subsection (m) with respect  
14          to covered agreements and State insurance  
15          measures.

16          “(3) MEMBERSHIP ON FINANCIAL STABILITY  
17          OVERSIGHT COUNCIL.—

18                 “(A) IN GENERAL.—The Independent In-  
19                 surance Advocate shall serve, pursuant to sec-  
20                 tion 111(b)(1)(J) of the Financial Stability Act  
21                 of 2010 (12 U.S.C. 5321(b)(1)(J)), as a mem-  
22                 ber on the Financial Stability Oversight Coun-  
23                 cil.

24                 “(B) AUTHORITY.—To assist the Financial  
25                 Stability Oversight Council with its responsibil-



1           ities to monitor international insurance develop-  
2           ments, advise the Congress, and make rec-  
3           ommendations, the Independent Insurance Ad-  
4           vocate shall have the authority—

5                   “(i) to regularly consult with inter-  
6                   national insurance supervisors and inter-  
7                   national financial stability counterparts;

8                   “(ii) to consult with the Board of  
9                   Governors of the Federal Reserve System  
10                  and the States with respect to representing  
11                  the United States, as appropriate, in the  
12                  International Association of Insurance Su-  
13                  pervisors (including to become a non-voting  
14                  member thereof), particularly on matters  
15                  of systemic risk;

16                  “(iii) to participate at the Financial  
17                  Stability Board of The Group of Twenty  
18                  and to join with other members from the  
19                  United States including on matters related  
20                  to insurance; and

21                  “(iv) to participate with the United  
22                  States delegation to the Organization for  
23                  Economic Cooperation and Development  
24                  and observe and participate at the Insur-  
25                  ance and Private Pensions Committee.

1           “(4) LIMITATIONS ON PARTICIPATION IN SU-  
2           PERVISORY COLLEGES.—The Office may not engage  
3           in any activities that it is not specifically authorized  
4           to engage in under this section or any other provi-  
5           sion of law, including participation in any super-  
6           visory college or other meetings or fora for coopera-  
7           tion and communication between the involved insur-  
8           ance supervisors established for the fundamental  
9           purpose of facilitating the effectiveness of super-  
10          vision of entities which belong to an insurance  
11          group.

12          “(k) SCOPE.—The authority of the Office as specified  
13          and limited in this section shall extend to all lines of insur-  
14          ance except—

15                 “(1) health insurance, as determined by the  
16                 Secretary in coordination with the Secretary of  
17                 Health and Human Services based on section 2791  
18                 of the Public Health Service Act (42 U.S.C. 300gg-  
19                 91);

20                 “(2) long-term care insurance, except long-term  
21                 care insurance that is included with life or annuity  
22                 insurance components, as determined by the Sec-  
23                 retary in coordination with the Secretary of Health  
24                 and Human Services, and in the case of long-term  
25                 care insurance that is included with such compo-

1       nents, the Secretary shall coordinate with the Sec-  
2       retary of Health and Human Services in performing  
3       the functions of the Office; and

4               “(3) crop insurance, as established by the Fed-  
5       eral Crop Insurance Act (7 U.S.C. 1501 et seq.).

6       “(l) ACCESS TO INFORMATION.—In carrying out the  
7       functions required under subsection (j), the Office may co-  
8       ordinate with any relevant Federal agency and any State  
9       insurance regulator (or other relevant Federal or State  
10      regulatory agency, if any, in the case of an affiliate of an  
11      insurer) and any publicly available sources for the provi-  
12      sion to the Office of publicly available information. Not-  
13      withstanding any other provision of law, each such rel-  
14      evant Federal agency and State insurance regulator or  
15      other Federal or State regulatory agency is authorized to  
16      provide to the Office such data or information.

17      “(m) PREEMPTION PURSUANT TO COVERED AGREE-  
18      MENTS.—

19               “(1) STANDARDS.—A State insurance measure  
20      shall be preempted pursuant to this section or sec-  
21      tion 314 if, and only to the extent that the Inde-  
22      pendent Insurance Advocate determines, in accord-  
23      ance with this subsection, that the measure—

24                       “(A) results in less favorable treatment of  
25      a non-United States insurer domiciled in a for-

1           eign jurisdiction that is subject to a covered  
2           agreement than a United States insurer domi-  
3           ciled, licensed, or otherwise admitted in that  
4           State; and

5           “(B) is inconsistent with a covered agree-  
6           ment.

7           “(2) DETERMINATION.—

8           “(A) NOTICE OF POTENTIAL INCONSIST-  
9           ENCY.—Before making any determination  
10          under paragraph (1), the Independent Insur-  
11          ance Advocate shall—

12           “(i) notify and consult with the appro-  
13           priate State regarding any potential incon-  
14           sistency or preemption;

15           “(ii) notify and consult with the  
16           United States Trade Representative re-  
17           garding any potential inconsistency or pre-  
18           emption;

19           “(iii) cause to be published in the  
20           Federal Register notice of the issue re-  
21           garding the potential inconsistency or pre-  
22           emption, including a description of each  
23           State insurance measure at issue and any  
24           applicable covered agreement;

1           “(iv) provide interested parties a rea-  
2           sonable opportunity to submit written com-  
3           ments to the Office; and

4           “(v) consider any comments received.

5           “(B) SCOPE OF REVIEW.—For purposes of  
6           this subsection, any determination of the Inde-  
7           pendent Insurance Advocate regarding State in-  
8           surance measures, and any preemption under  
9           paragraph (1) as a result of such determina-  
10          tion, shall be limited to the subject matter con-  
11          tained within the covered agreement involved  
12          and shall achieve a level of protection for insur-  
13          ance or reinsurance consumers that is substan-  
14          tially equivalent to the level of protection  
15          achieved under State insurance or reinsurance  
16          regulation.

17          “(C) NOTICE OF DETERMINATION OF IN-  
18          CONSISTENCY.—Upon making any determina-  
19          tion under paragraph (1), the Director shall—

20                 “(i) notify the appropriate State of  
21                 the determination and the extent of the in-  
22                 consistency;

23                 “(ii) establish a reasonable period of  
24                 time, which shall not be less than 30 days,

1 before the determination shall become ef-  
2 fective; and

3 “(iii) notify the Committees on Finan-  
4 cial Services and Ways and Means of the  
5 House of Representatives and the Commit-  
6 tees on Banking, Housing, and Urban Af-  
7 fairs and Finance of the Senate.

8 “(3) NOTICE OF EFFECTIVENESS.—Upon the  
9 conclusion of the period referred to in paragraph  
10 (2)(C)(ii), if the basis for such determination still  
11 exists, the determination shall become effective and  
12 the Independent Insurance Advocate shall—

13 “(A) cause to be published a notice in the  
14 Federal Register that the preemption has be-  
15 come effective, as well as the effective date; and

16 “(B) notify the appropriate State.

17 “(4) LIMITATION.—No State may enforce a  
18 State insurance measure to the extent that such  
19 measure has been preempted under this subsection.

20 “(5) APPLICABILITY OF ADMINISTRATIVE PRO-  
21 CEDURES ACT.—Determinations of inconsistency  
22 made pursuant to paragraph (2) shall be subject to  
23 the applicable provisions of subchapter II of chapter  
24 5 of title 5, United States Code (relating to adminis-  
25 trative procedure), and chapter 7 of such title (relat-

1       ing to judicial review), except that in any action for  
2       judicial review of a determination of inconsistency,  
3       the court shall determine the matter de novo.

4       “(n) CONSULTATION.—The Independent Insurance  
5 Advocate shall consult with State insurance regulators, in-  
6 dividually or collectively, to the extent the Independent In-  
7 surance Advocate determines appropriate, in carrying out  
8 the functions of the Office.

9       “(o) NOTICES AND REQUESTS FOR COMMENT.—In  
10 addition to the other functions and duties specified in this  
11 section, the Independent Insurance Advocate may pre-  
12 scribe such notices and requests for comment in the Fed-  
13 eral Register as are deemed necessary related to and gov-  
14 erning the manner in which the duties and authorities of  
15 the Independent Insurance Advocate are carried out;

16       “(p) SAVINGS PROVISIONS.—Nothing in this section  
17 shall—

18               “(1) preempt—

19                       “(A) any State insurance measure that  
20 governs any insurer’s rates, premiums, under-  
21 writing, or sales practices;

22                       “(B) any State coverage requirements for  
23 insurance;

24                       “(C) the application of the antitrust laws  
25 of any State to the business of insurance; or

1           “(D) any State insurance measure gov-  
2           erning the capital or solvency of an insurer, ex-  
3           cept to the extent that such State insurance  
4           measure results in less favorable treatment of a  
5           non-United State insurer than a United States  
6           insurer; or

7           “(2) affect the preemption of any State insur-  
8           ance measure otherwise inconsistent with and pre-  
9           empted by Federal law.

10          “(q) RETENTION OF AUTHORITY OF FEDERAL FI-  
11          NANCIAL REGULATORY AGENCIES.—Nothing in this sec-  
12          tion or section 314 shall be construed to limit the author-  
13          ity of any Federal financial regulatory agency, including  
14          the authority to develop and coordinate policy, negotiate,  
15          and enter into agreements with foreign governments, au-  
16          thorities, regulators, and multinational regulatory commit-  
17          tees and to preempt State measures to affect uniformity  
18          with international regulatory agreements.

19          “(r) RETENTION OF AUTHORITY OF UNITED STATES  
20          TRADE REPRESENTATIVE.—Nothing in this section or  
21          section 314 shall be construed to affect the authority of  
22          the Office of the United States Trade Representative pur-  
23          suant to section 141 of the Trade Act of 1974 (19 U.S.C.  
24          2171) or any other provision of law, including authority  
25          over the development and coordination of United States



1 international trade policy and the administration of the  
2 United States trade agreements program.

3 “(s) CONGRESSIONAL TESTIMONY.—The Inde-  
4 pendent Insurance Advocate shall appear before the Com-  
5 mittee on Financial Services of the House of Representa-  
6 tives and the Committee on Banking, Housing, and Urban  
7 Affairs at semi-annual hearings and shall provide testi-  
8 mony, which shall include submitting written testimony in  
9 advance of such appearances to such committees and to  
10 the Committee on Ways and Means of the House of Rep-  
11 resentatives and the Committee on Finance of the Senate,  
12 on the following matters:

13 “(1) OFFICE ACTIVITIES.—The efforts, activi-  
14 ties, objectives, and plans of the Office.

15 “(2) SECTION 313(L) ACTIONS.—Any actions  
16 taken by the Office pursuant to subsection (l) (re-  
17 garding preemption pursuant to covered agree-  
18 ments).

19 “(3) INSURANCE INDUSTRY.—The state of, and  
20 developments in, the insurance industry.

21 “(4) U.S. AND GLOBAL INSURANCE AND REIN-  
22 SURANCE MARKETS.—The breadth and scope of the  
23 global insurance and reinsurance markets and the  
24 critical role such markets plays in supporting insur-  
25 ance in the United States and the ongoing impacts

1 of part II of the Nonadmitted and Reinsurance Re-  
2 form Act of 2010 on the ability of State regulators  
3 to access reinsurance information for regulated com-  
4 panies in their jurisdictions.

5 “(5) OTHER.—Any other matters as deemed  
6 relevant by the Independent Insurance Advocate or  
7 requested by such Committees.

8 “(t) REPORT UPON END OF TERM OF OFFICE.—Not  
9 later than two months prior to the expiration of the term  
10 of office, or discontinuation of service, of each individual  
11 serving as the Independent Insurance Advocate, the Inde-  
12 pendent Insurance Advocate shall submit a report to the  
13 Committees on Financial Services and Ways and Means  
14 of the House of Representatives and the Committees on  
15 Banking, Housing, and Urban Affairs and Finance of the  
16 Senate setting forth recommendations regarding the Fi-  
17 nancial Stability Oversight Council and the role, duties,  
18 and functions of the Independent Insurance Advocate.

19 “(u) DEFINITIONS.—In this section and section 314,  
20 the following definitions shall apply:

21 “(1) AFFILIATE.—The term ‘affiliate’ means,  
22 with respect to an insurer, any person who controls,  
23 is controlled by, or is under common control with the  
24 insurer.

1           “(2) COVERED AGREEMENT.—The term ‘cov-  
2           ered agreement’ means a written bilateral or multi-  
3           lateral agreement regarding prudential measures  
4           with respect to the business of insurance or reinsur-  
5           ance that—

6                   “(A) is entered into between the United  
7           States and one or more foreign governments,  
8           authorities, or regulatory entities; and

9                   “(B) relates to the recognition of pruden-  
10           tial measures with respect to the business of in-  
11           surance or reinsurance that achieves a level of  
12           protection for insurance or reinsurance con-  
13           sumers that is substantially equivalent to the  
14           level of protection achieved under State insur-  
15           ance or reinsurance regulation.

16           “(3) INSURER.—The term ‘insurer’ means any  
17           person engaged in the business of insurance, includ-  
18           ing reinsurance.

19           “(4) FEDERAL FINANCIAL REGULATORY AGEN-  
20           CY.—The term ‘Federal financial regulatory agency’  
21           means the Department of the Treasury, the Board  
22           of Governors of the Federal Reserve System, the Of-  
23           fice of the Comptroller of the Currency, the Office  
24           of Thrift Supervision, the Securities and Exchange  
25           Commission, the Commodity Futures Trading Com-

1 mission, the Federal Deposit Insurance Corporation,  
2 the Federal Housing Finance Agency, or the Na-  
3 tional Credit Union Administration.

4 “(5) FINANCIAL STABILITY OVERSIGHT COUN-  
5 CIL.—The term ‘Financial Stability Oversight Coun-  
6 cil ’ means the Financial Stability Oversight Council  
7 established under section 111(a) of the Dodd-Frank  
8 Wall Street Reform and Consumer Protection Act  
9 (12 U.S.C. 5321(a)).

10 “(6) MEMBER AGENCY.—The term ‘member  
11 agency’ has the meaning given such term in section  
12 111(a) of the Dodd-Frank Wall Street Reform and  
13 Consumer Protection Act (12 U.S.C. 5321(a)).

14 “(7) NON-UNITED STATES INSURER.—The term  
15 ‘non-United States insurer’ means an insurer that is  
16 organized under the laws of a jurisdiction other than  
17 a State, but does not include any United States  
18 branch of such an insurer.

19 “(8) OFFICE.—The term ‘Office’ means the Of-  
20 fice of the Independent Insurance Advocate estab-  
21 lished by this section.

22 “(9) STATE INSURANCE MEASURE.—The term  
23 ‘State insurance measure’ means any State law, reg-  
24 ulation, administrative ruling, bulletin, guideline, or

1 practice relating to or affecting prudential measures  
2 applicable to insurance or reinsurance.

3 “(10) STATE INSURANCE REGULATOR.—The  
4 term ‘State insurance regulator’ means any State  
5 regulatory authority responsible for the supervision  
6 of insurers.

7 “(11) SUBSTANTIALLY EQUIVALENT TO THE  
8 LEVEL OF PROTECTION ACHIEVED.—The term ‘sub-  
9 stantially equivalent to the level of protection  
10 achieved’ means the prudential measures of a for-  
11 eign government, authority, or regulatory entity  
12 achieve a similar outcome in consumer protection as  
13 the outcome achieved under State insurance or rein-  
14 surance regulation.

15 “(12) UNITED STATES INSURER.—The term  
16 ‘United States insurer’ means—

17 “(A) an insurer that is organized under  
18 the laws of a State; or

19 “(B) a United States branch of a non-  
20 United States insurer.”.

21 (b) PAY AT LEVEL III OF EXECUTIVE SCHEDULE.—  
22 Section 5314 of title 5, United States Code, is amended  
23 by adding at the end the following new item:

24 “Independent Insurance Advocate, Department  
25 of the Treasury.”.

1 (c) VOTING MEMBER OF FSOC.—Paragraph (1) of  
2 section 111(b) of the Dodd-Frank Wall Street Reform and  
3 Consumer Protection Act (12 U.S.C. 5321(b)(1)) is  
4 amended by striking subparagraph (J) and inserting the  
5 following new subparagraph:

6 “(J) the Independent Insurance Advocate  
7 appointed pursuant to section 313 of title 31,  
8 United States Code.”.

9 (d) INDEPENDENCE.—Section 111 of Public Law 93–  
10 495 (12 U.S.C. 250) is amended—

11 (1) by inserting “the Independent Insurance  
12 Advocate of the Department of the Treasury,” after  
13 “Federal Housing Finance Agency,”; and

14 (2) by inserting “or official” before “submitting  
15 them”.

16 (e) TRANSFER OF EMPLOYEES.—All employees of the  
17 Department of Treasury who are performing staff func-  
18 tions for the independent member of the Financial Sta-  
19 bility Oversight Council under section 111(b)(2)(J) of the  
20 Dodd-Frank Wall Street Reform and Consumer Protec-  
21 tion Act (12 U.S.C. 5321(b)(2)(J)) on a full-time equiva-  
22 lent basis as of the date of enactment of this Act shall  
23 be eligible for transfer to the Office of the Independent  
24 Insurance Advocate established pursuant to the amend-  
25 ment made by subsection (a) of this section for appoint-

1 ment as an employee and shall be transferred at the joint  
2 discretion of the Independent Insurance Advocate and the  
3 eligible employee. Any employee eligible for transfer that  
4 is not appointed within 360 days from the date of enact-  
5 ment of this Act shall be eligible for detail under section  
6 313(f)(4) of title 31, United States Code.

7 (f) TEMPORARY SERVICE; TRANSITION.—Notwith-  
8 standing the amendment made by subsection (a) of this  
9 section, during the period beginning on the date of the  
10 enactment of this Act and ending on the date on which  
11 the Independent Insurance Advocate is appointed and con-  
12 firmed pursuant to section 313(b)(2) of title 31, United  
13 States Code, as amended by such amendment, the person  
14 serving, on such date of enactment, as the independent  
15 member of the Financial Stability Oversight Council pur-  
16 suant to section 111(b)(1)(J) of the Dodd-Frank Wall  
17 Street Reform and Consumer Protection Act (12 U.S.C.  
18 5321(b)(1)(J)) shall act for all purposes as, and with the  
19 full powers of, the Independent Insurance Advocate.

20 (g) COMPARABILITY IN COMPENSATION SCHED-  
21 ULES.—Subsection (a) of section 1206 of the Financial  
22 Institutions Reform, Recovery, and Enforcement Act of  
23 1989 (12 U.S.C. 1833b(a)) is amended by inserting “and  
24 the Office of the Independent Insurance Advocate of the

1 Department of the Treasury,” after “Farm Credit Admin-  
2 istration,”.

3 (h) SENIOR EXECUTIVES.—Subparagraph (D) of sec-  
4 tion 3132(a)(1) of title 5, United States Code, is amended  
5 by inserting “the Office of the Independent Insurance Ad-  
6 vocate of the Department of the Treasury,” after “Fi-  
7 nance Agency,”.

8 **SEC. 502. TREATMENT OF COVERED AGREEMENTS.**

9 Subsection (c) of section 314 of title 31, United  
10 States Code is amended—

11 (1) by designating paragraphs (1) and (2) as  
12 paragraphs (2) and (3), respectively; and

13 (2) by inserting before paragraph (2), as so re-  
14 designated, the following new paragraph:

15 “(1) the Secretary of the Treasury and the  
16 United States Trade Representative have caused to  
17 be published in the Federal Register, and made  
18 available for public comment for a period of not  
19 fewer than 30 days and not greater than 90 days  
20 (which period may run concurrently with the 90-day  
21 period for the covered agreement referred to in para-  
22 graph (3)), the proposed text of the covered agree-  
23 ment;”.



1 **TITLE VI—DEMANDING AC-**  
2 **COUNTABILITY FROM FINAN-**  
3 **CIAL REGULATORS AND DE-**  
4 **VOLVING POWER AWAY FROM**  
5 **WASHINGTON**

6 **Subtitle A—Cost-Benefit Analyses**

7 **SEC. 611. DEFINITIONS.**

8 As used in this subtitle—

9 (1) the term “agency” means the Board of Gov-  
10 ernors of the Federal Reserve System, the Consumer  
11 Financial Opportunity Commission, the Commodity  
12 Futures Trading Commission, the Federal Deposit  
13 Insurance Corporation, the Federal Housing Fi-  
14 nance Agency, the Office of the Comptroller of the  
15 Currency, the National Credit Union Administra-  
16 tion, and the Securities and Exchange Commission;

17 (2) the term “chief economist” means—

18 (A) with respect to the Board of Governors  
19 of the Federal Reserve System, the Director of  
20 the Division of Research and Statistics, or an  
21 employee of the agency with comparable author-  
22 ity;

23 (B) with respect to the Consumer Finan-  
24 cial Opportunity Commission, the Head of the

1 Office of Economic Analysis, or an employee of  
2 the agency with comparable authority;

3 (C) with respect to the Commodity Fu-  
4 tures Trading Commission, the Chief Econo-  
5 mist, or an employee of the agency with com-  
6 parable authority;

7 (D) with respect to the Federal Deposit  
8 Insurance Corporation, the Director of the Divi-  
9 sion of Insurance and Research, or an employee  
10 of the agency with comparable authority;

11 (E) with respect to the Federal Housing  
12 Finance Agency, the Chief Economist, or an  
13 employee of the agency with comparable author-  
14 ity;

15 (F) with respect to the Office of the Comp-  
16 troller of the Currency, the Director for Policy  
17 Analysis, or an employee of the agency with  
18 comparable authority;

19 (G) with respect to the National Credit  
20 Union Administration, the Chief Economist, or  
21 an employee of the agency with comparable au-  
22 thority; and

23 (H) with respect to the Securities and Ex-  
24 change Commission, the Director of the Divi-

1           sion of Economic and Risk Analysis, or an em-  
2           ployee of the agency with comparable authority;

3           (3) the term “Council” means the Chief Econo-  
4           mists Council established under section 618; and

5           (4) the term “regulation”—

6                   (A) means an agency statement of general  
7                   applicability and future effect that is designed  
8                   to implement, interpret, or prescribe law or pol-  
9                   icy or to describe the procedure or practice re-  
10                  quirements of an agency, including rules, orders  
11                  of general applicability, interpretive releases,  
12                  and other statements of general applicability  
13                  that the agency intends to have the force and  
14                  effect of law; and

15                  (B) does not include—

16                   (i) a regulation issued in accordance  
17                   with the formal rulemaking provisions of  
18                   section 556 or 557 of title 5, United States  
19                   Code;

20                   (ii) a regulation that is limited to  
21                   agency organization, management, or per-  
22                   sonnel matters;

23                   (iii) a regulation promulgated pursu-  
24                   ant to statutory authority that expressly  
25                   prohibits compliance with this provision;

1 (iv) a regulation that is certified by  
2 the agency to be an emergency action, if  
3 such certification is published in the Fed-  
4 eral Register;

5 (v) a regulation that is promulgated  
6 by the Board of Governors of the Federal  
7 Reserve System or the Federal Open Mar-  
8 ket Committee under section 10A, 10B,  
9 13, 13A, or 19 of the Federal Reserve Act,  
10 or any of subsections (a) through (f) of  
11 section 14 of that Act; or

12 (vi) a regulation filed with the Com-  
13 mission by a self-regulatory organization—

14 (I) that meets the criteria for im-  
15 mediate effectiveness under section  
16 240.19b-4(f) of title 17, Code of Fed-  
17 eral Regulations; or

18 (II) for which the self-regulatory  
19 organization has itself conducted the  
20 cost-benefit analysis and otherwise  
21 complied with the requirements of sec-  
22 tion 612.

23 **SEC. 612. REQUIRED REGULATORY ANALYSIS.**

24 (a) REQUIREMENTS FOR NOTICES OF PROPOSED  
25 RULEMAKING.—An agency may not issue a notice of pro-

1 posed rulemaking unless the agency includes in the notice  
2 of proposed rulemaking an analysis that contains, at a  
3 minimum, with respect to each regulation that is being  
4 proposed—

5 (1) an identification of the need for the regula-  
6 tion and the regulatory objective, including identi-  
7 fication of the nature and significance of the market  
8 failure, regulatory failure, or other problem that ne-  
9 cessitates the regulation;

10 (2) an explanation of why the private market or  
11 State, local, or tribal authorities cannot adequately  
12 address the identified market failure or other prob-  
13 lem;

14 (3) an analysis of the adverse impacts to regu-  
15 lated entities, other market participants, economic  
16 activity, or agency effectiveness that are engendered  
17 by the regulation and the magnitude of such adverse  
18 impacts;

19 (4) a quantitative and qualitative assessment of  
20 all anticipated direct and indirect costs and benefits  
21 of the regulation (as compared to a benchmark that  
22 assumes the absence of the regulation), including—

23 (A) compliance costs;

24 (B) effects on economic activity, net job  
25 creation (excluding jobs related to ensuring

1 compliance with the regulation), efficiency, com-  
2 petition, and capital formation;

3 (C) regulatory administrative costs; and

4 (D) costs imposed by the regulation on  
5 State, local, or tribal governments or other reg-  
6 ulatory authorities;

7 (5) if quantified benefits do not outweigh quan-  
8 titative costs, a justification for the regulation;

9 (6) an identification and assessment of all avail-  
10 able alternatives to the regulation, including modi-  
11 fication of an existing regulation or statute, together  
12 with—

13 (A) an explanation of why the regulation  
14 meets the objectives of the regulation more ef-  
15 fectively than the alternatives, and if the agency  
16 is proposing multiple alternatives, an expla-  
17 nation of why a notice of proposed rulemaking,  
18 rather than an advanced notice of proposed  
19 rulemaking, is appropriate; and

20 (B) if the regulation is not a pilot pro-  
21 gram, an explanation of why a pilot program is  
22 not appropriate;

23 (7) if the regulation specifies the behavior or  
24 manner of compliance, an explanation of why the

1 agency did not instead specify performance objec-  
2 tives;

3 (8) an assessment of how the burden imposed  
4 by the regulation will be distributed among market  
5 participants, including whether consumers, investors,  
6 or small businesses will be disproportionately bur-  
7 dened;

8 (9) an assessment of the extent to which the  
9 regulation is inconsistent, incompatible, or duplica-  
10 tive with the existing regulations of the agency or  
11 those of other domestic and international regulatory  
12 authorities with overlapping jurisdiction;

13 (10) a description of any studies, surveys, or  
14 other data relied upon in preparing the analysis;

15 (11) an assessment of the degree to which the  
16 key assumptions underlying the analysis are subject  
17 to uncertainty; and

18 (12) an explanation of predicted changes in  
19 market structure and infrastructure and in behavior  
20 by market participants, including consumers and in-  
21 vestors, assuming that they will pursue their eco-  
22 nomic interests.

23 (b) REQUIREMENTS FOR NOTICES OF FINAL RULE-  
24 MAKING.—

1           (1) IN GENERAL.—Notwithstanding any other  
2           provision of law, an agency may not issue a notice  
3           of final rulemaking with respect to a regulation un-  
4           less the agency—

5                   (A) has issued a notice of proposed rule-  
6                   making for the relevant regulation;

7                   (B) has conducted and includes in the no-  
8                   tice of final rulemaking an analysis that con-  
9                   tains, at a minimum, the elements required  
10                  under subsection (a); and

11                  (C) includes in the notice of final rule-  
12                  making regulatory impact metrics selected by  
13                  the chief economist to be used in preparing the  
14                  report required pursuant to section 615.

15           (2) CONSIDERATION OF COMMENTS.—The  
16           agency shall incorporate in the elements described in  
17           paragraph (1)(B) the data and analyses provided to  
18           the agency by commenters during the comment pe-  
19           riod, or explain why the data or analyses are not  
20           being incorporated.

21           (3) COMMENT PERIOD.—An agency shall not  
22           publish a notice of final rulemaking with respect to  
23           a regulation, unless the agency—

24                   (A) has allowed at least 90 days from the  
25                   date of publication in the Federal Register of



1 the notice of proposed rulemaking for the sub-  
2 mission of public comments; or

3 (B) includes in the notice of final rule-  
4 making an explanation of why the agency was  
5 not able to provide a 90-day comment period.

6 (4) PROHIBITED RULES.—

7 (A) IN GENERAL.—An agency may not  
8 publish a notice of final rulemaking if the agen-  
9 cy, in its analysis under paragraph (1)(B), de-  
10 termines that the quantified costs are greater  
11 than the quantified benefits under subsection  
12 (a)(5).

13 (B) PUBLICATION OF ANALYSIS.—If the  
14 agency is precluded by subparagraph (A) from  
15 publishing a notice of final rulemaking, the  
16 agency shall publish in the Federal Register  
17 and on the public website of the agency its  
18 analysis under paragraph (1)(B), and provide  
19 the analysis to each House of Congress.

20 (C) CONGRESSIONAL WAIVER.—If the  
21 agency is precluded by subparagraph (A) from  
22 publishing a notice of final rulemaking, Con-  
23 gress, by joint resolution pursuant to the proce-  
24 dures set forth for joint resolutions in section  
25 802 of title 5, United States Code, may direct

1 the agency to publish a notice of final rule-  
2 making notwithstanding the prohibition con-  
3 tained in subparagraph (A). In applying section  
4 802 of title 5, United States Code, for purposes  
5 of this paragraph, section 802(e)(2) shall not  
6 apply and the terms—

7 (i) “joint resolution” or “joint resolu-  
8 tion described in subsection (a)” means  
9 only a joint resolution introduced during  
10 the period beginning on the submission or  
11 publication date and ending 60 days there-  
12 after (excluding days either House of Con-  
13 gress is adjourned for more than 3 days  
14 during a session of Congress), the matter  
15 after the resolving clause of which is as fol-  
16 lows: “That Congress directs, notwith-  
17 standing the prohibition contained in sec-  
18 tion 612(b)(4)(A) of the Financial  
19 CHOICE Act of 2016, the \_\_\_\_ to publish  
20 the notice of final rulemaking for the regu-  
21 lation or regulations that were the subject  
22 of the analysis submitted by the \_\_\_\_ to  
23 Congress on \_\_\_\_.” (The blank spaces  
24 being appropriately filled in.); and

1 (ii) “submission or publication date”

2 means—

3 (I) the date on which the analysis  
4 under paragraph (1)(B) is submitted  
5 to Congress under paragraph (4)(B);  
6 or

7 (II) if the analysis is submitted  
8 to Congress less than 60 session days  
9 or 60 legislative days before the date  
10 on which the Congress adjourns a ses-  
11 sion of Congress, the date on which  
12 the same or succeeding Congress first  
13 convenes its next session.

14 **SEC. 613. RULE OF CONSTRUCTION.**

15 For purposes of the Paperwork Reduction Act (44  
16 U.S.C. 3501 et seq.), obtaining, causing to be obtained,  
17 or soliciting information for purposes of complying with  
18 section 612 with respect to a proposed rulemaking shall  
19 not be construed to be a collection of information, provided  
20 that the agency has first issued an advanced notice of pro-  
21 posed rulemaking in connection with the regulation, iden-  
22 tifies that advanced notice of proposed rulemaking in its  
23 solicitation of information, and informs the person from  
24 whom the information is obtained or solicited that the pro-  
25 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 AND ASSESSMENTS USED TO RE-**  
16 **COVER THE COST OF 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 and all amounts collected pursuant to  
22 section 11(t) that would, absent this section, be used  
23 to fund the non-monetary policy related administra-  
24 tive costs of the Board of Governors of the Federal  
25 Reserve System and each of the Federal reserve  
26 banks shall be deposited into the general fund of the



1 Treasury and credited as offsetting collections for  
2 the amounts appropriated to fund such non-mone-  
3 tary policy related administrative costs.

4 “(2) NO DEPOSITS IN EXCESS OF APPROPRIA-  
5 TIONS.—The amount deposited pursuant to para-  
6 graph (1) with respect to a fiscal year shall not ex-  
7 ceed the amount appropriated to fund the non-mone-  
8 tary policy related administrative costs of the Board  
9 of Governors of the Federal Reserve System and  
10 each of the Federal reserve banks for such fiscal  
11 year.

12 “(c) DEFINITIONS.—For purposes of this section:

13 “(1) MONETARY POLICY.—The term ‘monetary  
14 policy’ means a strategy for producing a generally  
15 acceptable exchange medium that supports the pro-  
16 ductive employment of economic resources by reli-  
17 ably serving as both a unit of account and store of  
18 value.

19 “(2) NON-MONETARY POLICY RELATED ADMIN-  
20 ISTRAIVE COSTS.—The term ‘non-monetary policy  
21 related administrative costs’ means administrative  
22 costs not related to the conduct of monetary policy,  
23 and include—

24 “(A) direct operating expenses for super-  
25 vising and regulating entities supervised and

1 regulated by the Board of Governors of the  
2 Federal Reserve System, including conducting  
3 examinations, conducting stress tests, commu-  
4 nicating with the entities regarding supervisory  
5 matters and laws, and regulations;

6 “(B) operating expenses for activities inte-  
7 gral to carrying out supervisory and regulatory  
8 responsibilities, such as training staff in the su-  
9 pervisory function, research and analysis func-  
10 tions including library subscription services, and  
11 collecting and processing regulatory reports  
12 filed by supervised institutions; and

13 “(C) support, overhead, and pension ex-  
14 penses related to the items described under sub-  
15 paragraphs (A) and (B).”.

## 16 **Subtitle F—International Processes**

### 17 **SEC. 671. REQUIREMENTS FOR INTERNATIONAL PROC-** 18 **ESSES.**

19 (a) BOARD OF GOVERNORS REQUIREMENTS.—Sec-  
20 tion 11 of the Federal Reserve Act (12 U.S.C. 248), as  
21 amended by section 706, is further amended by adding  
22 at the end the following new subsection:

23 “(w) INTERNATIONAL PROCESSES.—

24 “(1) NOTICE OF PROCESS; CONSULTATION.—At  
25 least 30 calendar days before any member or em-

1        ployee of the Board of Governors of the Federal Re-  
2        serve System participates in a process of setting fi-  
3        nancial standards as a part of any foreign or multi-  
4        national entity, the Board of Governors shall—

5                “(A) issue a notice of the process, includ-  
6                ing the subject matter, scope, and goals of the  
7                process, to the Committee on Financial Services  
8                of the House of Representatives and the Com-  
9                mittee on Banking, Housing, and Urban Affairs  
10              of the Senate;

11              “(B) make such notice available to the  
12              public, including on the website of the Board of  
13              Governors; and

14              “(C) solicit public comment, and consult  
15              with the committees described under subpara-  
16              graph (A), with respect to the subject matter,  
17              scope, and goals of the process.

18              “(2) PUBLIC REPORTS ON PROCESS.—After the  
19              end of any process described under paragraph (1),  
20              the Board of Governors shall issue a public report  
21              on the topics that were discussed during the process  
22              and any new or revised rulemakings or policy  
23              changes that the Board of Governors believes should  
24              be implemented as a result of the process.

1           “(3) NOTICE OF AGREEMENTS; CONSULTA-  
2           TION.—At least 90 calendar days before any mem-  
3           ber or employee of the Board of Governors of the  
4           Federal Reserve System participates in a process of  
5           setting financial standards as a part of any foreign  
6           or multinational entity, the Board of Governors  
7           shall—

8                   “(A) issue a notice of agreement to the  
9                   Committee on Financial Services of the House  
10                  of Representatives and the Committee on Bank-  
11                  ing, Housing, and Urban Affairs of the Senate;

12                   “(B) make such notice available to the  
13                  public, including on the website of the Board of  
14                  Governors; and

15                   “(C) consult with the committees described  
16                  under subparagraph (A) with respect to the na-  
17                  ture of the agreement and any anticipated ef-  
18                  fects such agreement will have on the economy.

19           “(4) DEFINITION.—For purposes of this sub-  
20           section, the term ‘process’ shall include any official  
21           proceeding or meeting on financial regulation of a  
22           recognized international organization with authority  
23           to set financial standards on a global or regional  
24           level, including the Financial Stability Board, the  
25           Basel Committee on Banking Supervision (or a simi-

1 lar organization), and the International Association  
2 of Insurance Supervisors (or a similar organiza-  
3 tion).”.

4 (b) FDIC REQUIREMENTS.—The Federal Deposit  
5 Insurance Act (12 U.S.C. 1811 et seq.) is amended by  
6 adding at the end the following new section:

7 **“SEC. 51. INTERNATIONAL PROCESSES.**

8 “(a) NOTICE OF PROCESS; CONSULTATION.—At least  
9 30 calendar days before the Board of Directors partici-  
10 pates in a process of setting financial standards as a part  
11 of any foreign or multinational entity, the Board of Direc-  
12 tors shall—

13 “(1) issue a notice of the process, including the  
14 subject matter, scope, and goals of the process, to  
15 the Committee on Financial Services of the House of  
16 Representatives and the Committee on Banking,  
17 Housing, and Urban Affairs of the Senate;

18 “(2) make such notice available to the public,  
19 including on the website of the Corporation; and

20 “(3) solicit public comment, and consult with  
21 the committees described under paragraph (1), with  
22 respect to the subject matter, scope, and goals of the  
23 process.

24 “(b) PUBLIC REPORTS ON PROCESS.—After the end  
25 of any process described under subsection (a), the Board

1 of Directors shall issue a public report on the topics that  
2 were discussed at the process and any new or revised  
3 rulemakings or policy changes that the Board of Directors  
4 believes should be implemented as a result of the process.

5 “(c) NOTICE OF AGREEMENTS; CONSULTATION.—At  
6 least 90 calendar days before the Board of Directors par-  
7 ticipates in a process of setting financial standards as a  
8 part of any foreign or multinational entity, the Board of  
9 Directors shall—

10 “(1) issue a notice of agreement to the Com-  
11 mittee on Financial Services of the House of Rep-  
12 resentatives and the Committee on Banking, Hous-  
13 ing, and Urban Affairs of the Senate;

14 “(2) make such notice available to the public,  
15 including on the website of the Corporation; and

16 “(3) consult with the committees described  
17 under paragraph (1) with respect to the nature of  
18 the agreement and any anticipated effects such  
19 agreement will have on the economy.

20 “(d) DEFINITION.—For purposes of this section, the  
21 term ‘process’ shall include any official proceeding or  
22 meeting on financial regulation of a recognized inter-  
23 national organization with authority to set financial stand-  
24 ards on a global or regional level, including the Financial  
25 Stability Board, the Basel Committee on Banking Super-

1 vision (or a similar organization), and the International  
2 Association of Insurance Supervisors (or a similar organi-  
3 zation).”.

4 (c) TREASURY REQUIREMENTS.—Section 325 of title  
5 31, United States Code, is amended by adding at the end  
6 the following new subsection:

7 “(d) INTERNATIONAL PROCESSES.—

8 “(1) NOTICE OF PROCESS; CONSULTATION.—At  
9 least 30 calendar days before the Secretary partici-  
10 pates in a process of setting financial standards as  
11 a part of any foreign or multinational entity, the  
12 Secretary shall—

13 “(A) issue a notice of the process, includ-  
14 ing the subject matter, scope, and goals of the  
15 process, to the Committee on Financial Services  
16 of the House of Representatives and the Com-  
17 mittee on Banking, Housing, and Urban Affairs  
18 of the Senate;

19 “(B) make such notice available to the  
20 public, including on the website of the Depart-  
21 ment of the Treasury; and

22 “(C) solicit public comment, and consult  
23 with the committees described under subpara-  
24 graph (A), with respect to the subject matter,  
25 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).”.

22          (f) COMMODITY FUTURES TRADING COMMISSION RE-  
23          QUIREMENTS.—Section 2 of the Commodity Exchange Act  
24          (7 U.S.C. 2) is amended by adding at the end the fol-  
25          lowing:

1 “(k) INTERNATIONAL PROCESSES.—

2 “(1) NOTICE OF PROCESS; CONSULTATION.—At  
3 least 30 calendar days before the Commission par-  
4 ticipates in a process of setting financial standards  
5 as a part of any foreign or multinational entity, the  
6 Commission shall—

7 “(A) issue a notice of the process, includ-  
8 ing the subject matter, scope, and goals of the  
9 process, to—

10 “(i) the Committees on Financial  
11 Services and Agriculture of the House of  
12 Representatives; and

13 “(ii) the Committees on Banking,  
14 Housing, and Urban Affairs and Agri-  
15 culture, Nutrition, and Forestry of the  
16 Senate;

17 “(B) make such notice available to the  
18 public, including on the website of the Commis-  
19 sion; and

20 “(C) solicit public comment, and consult  
21 with the committees described under subpara-  
22 graph (A), with respect to the subject matter,  
23 scope, and goals of the process.

24 “(2) PUBLIC REPORTS ON PROCESS.—After the  
25 end of any process described under paragraph (1),

1 the Commission shall issue a public report on the  
2 topics that were discussed during the process and  
3 any new or revised rulemakings or policy changes  
4 that the Commission believes should be implemented  
5 as a result of the process.

6 “(3) NOTICE OF AGREEMENTS; CONSULTA-  
7 TION.—At least 90 calendar days before the Com-  
8 mission participates in a process of setting financial  
9 standards as a part of any foreign or multinational  
10 entity, the Commission shall—

11 “(A) issue a notice of agreement to—

12 “(i) the Committees on Financial  
13 Services and Agriculture of the House of  
14 Representatives; and

15 “(ii) the Committees on Banking,  
16 Housing, and Urban Affairs and Agri-  
17 culture, Nutrition, and Forestry of the  
18 Senate;

19 “(B) make such notice available to the  
20 public, including on the website of the Commis-  
21 sion; and

22 “(C) consult with the committees described  
23 under subparagraph (A) with respect to the na-  
24 ture of the agreement and any anticipated ef-  
25 fects such agreement will have on the economy.

1           “(4) DEFINITION.—For purposes of this sub-  
2           section, the term ‘process’ shall include any official  
3           proceeding or meeting on financial regulation of a  
4           recognized international organization with authority  
5           to set financial standards on a global or regional  
6           level, including the Financial Stability Board, the  
7           Basel Committee on Banking Supervision (or a simi-  
8           lar organization), and the International Association  
9           of Insurance Supervisors (or a similar organiza-  
10          tion).”.

11           **TITLE VII—FED OVERSIGHT**  
12           **REFORM AND MODERNIZATION**

13           **SEC. 701. REQUIREMENTS FOR POLICY RULES OF THE FED-**  
14           **ERAL OPEN MARKET COMMITTEE.**

15           The Federal Reserve Act (12 U.S.C. 221 et seq.) is  
16           amended by inserting after section 2B the following new  
17           section:

18           **“SEC. 2C. DIRECTIVE POLICY RULES OF THE FEDERAL**  
19           **OPEN MARKET COMMITTEE.**

20           “(a) DEFINITIONS.—In this section the following  
21           definitions shall apply:

22           “(1) APPROPRIATE CONGRESSIONAL COMMIT-  
23           TEES.—The term ‘appropriate congressional com-  
24           mittees’ means the Committee on Financial Services  
25           of the House of Representatives and the Committee



1 on Banking, Housing, and Urban Affairs of the Sen-  
2 ate.

3 “(2) DIRECTIVE POLICY RULE.—The term ‘Di-  
4 rective Policy Rule’ means a policy rule developed by  
5 the Federal Open Market Committee that meets the  
6 requirements of subsection (c) and that provides the  
7 basis for the Open Market Operations Directive.

8 “(3) GDP.—The term ‘GDP’ means the gross  
9 domestic product of the United States as computed  
10 and published by the Department of Commerce.

11 “(4) INTERMEDIATE POLICY INPUT.—The term  
12 ‘Intermediate Policy Input’—

13 “(A) may include any variable determined  
14 by the Federal Open Market Committee as a  
15 necessary input to guide open-market oper-  
16 ations;

17 “(B) shall include an estimate of, and the  
18 method of calculation for, the current rate of  
19 inflation or current inflation expectations; and

20 “(C) shall include, specifying whether the  
21 variable or estimate is historical, current, or a  
22 forecast and the method of calculation, at least  
23 one of—

24 “(i) an estimate of real GDP, nominal  
25 GDP, or potential GDP;

1                   “(ii) an estimate of the monetary ag-  
2                   gregate compiled by the Board of Gov-  
3                   ernors of the Federal Reserve System and  
4                   Federal reserve banks; or

5                   “(iii) an interactive variable or a net  
6                   estimate composed of the estimates de-  
7                   scribed in clauses (i) and (ii).

8                   “(5) LEGISLATIVE DAY.—The term ‘legislative  
9                   day’ means a day on which either House of Congress  
10                  is in session.

11                  “(6) OPEN MARKET OPERATIONS DIRECTIVE.—  
12                  The term ‘Open Market Operations Directive’ means  
13                  an order to achieve a specified Policy Instrument  
14                  Target provided to the Federal Reserve Bank of  
15                  New York by the Federal Open Market Committee  
16                  pursuant to powers authorized under section 14 of  
17                  this Act that guide open-market operations.

18                  “(7) POLICY INSTRUMENT.—The term ‘Policy  
19                  Instrument’ means—

20                         “(A) the nominal Federal funds rate;

21                         “(B) the nominal rate of interest paid on  
22                         nonborrowed reserves; or

23                         “(C) the discount window primary credit  
24                         interest rate most recently published on the  
25                         Federal Reserve Statistical Release on selected

1 interest rates (daily or weekly), commonly re-  
2 ferred to as the H.15 release.

3 “(8) POLICY INSTRUMENT TARGET.—The term  
4 ‘Policy Instrument Target’ means the target for the  
5 Policy Instrument specified in the Open Market Op-  
6 erations Directive.

7 “(9) REFERENCE POLICY RULE.—The term  
8 ‘Reference Policy Rule’ means a calculation of the  
9 nominal Federal funds rate as equal to the sum of  
10 the following:

11 “(A) The rate of inflation over the pre-  
12 vious four quarters.

13 “(B) One-half of the percentage deviation  
14 of the real GDP from an estimate of potential  
15 GDP.

16 “(C) One-half of the difference between the  
17 rate of inflation over the previous four quarters  
18 and two percent.

19 “(D) Two percent.

20 “(b) SUBMITTING A DIRECTIVE POLICY RULE.—Not  
21 later than 48 hours after the end of a meeting of the Fed-  
22 eral Open Market Committee, the Chairman of the Fed-  
23 eral Open Market Committee shall submit to the appro-  
24 priate congressional committees and the Comptroller Gen-  
25 eral of the United States a Directive Policy Rule and a

1 statement that identifies the members of the Federal Open  
2 Market Committee who voted in favor of the Rule.

3 “(c) REQUIREMENTS FOR A DIRECTIVE POLICY  
4 RULE.—A Directive Policy Rule shall—

5 “(1) identify the Policy Instrument the Direc-  
6 tive Policy Rule is designed to target;

7 “(2) describe the strategy or rule of the Federal  
8 Open Market Committee for the systematic quan-  
9 titative adjustment of the Policy Instrument Target  
10 to respond to a change in the Intermediate Policy  
11 Inputs;

12 “(3) include a function that comprehensively  
13 models the interactive relationship between the In-  
14 termediate Policy Inputs;

15 “(4) include the coefficients of the Directive  
16 Policy Rule that generate the current Policy Instru-  
17 ment Target and a range of predicted future values  
18 for the Policy Instrument Target if changes occur in  
19 any Intermediate Policy Input;

20 “(5) describe the procedure for adjusting the  
21 supply of bank reserves to achieve the Policy Instru-  
22 ment Target;

23 “(6) include a statement as to whether the Di-  
24 rective Policy Rule substantially conforms to the  
25 Reference Policy Rule and, if applicable—

1           “(A) an explanation of the extent to which  
2           it departs from the Reference Policy Rule;

3           “(B) a detailed justification for that depart-  
4           ture; and

5           “(C) a description of the circumstances  
6           under which the Directive Policy Rule may be  
7           amended in the future;

8           “(7) include a certification that such Rule is ex-  
9           pected to support the economy in achieving stable  
10          prices and maximum natural employment over the  
11          long term;

12          “(8) include a calculation that describes with  
13          mathematical precision the expected annual inflation  
14          rate over a 5-year period; and

15          “(9) include a plan to use the most accurate  
16          data, subject to all historical revisions, for inputs  
17          into the Directive Policy Rule and the Reference  
18          Policy Rule.

19          “(d) GAO REPORT.—The Comptroller General of the  
20          United States shall compare the Directive Policy Rule sub-  
21          mitted under subsection (b) with the rule that was most  
22          recently submitted to determine whether the Directive Pol-  
23          icy Rule has materially changed. If the Directive Policy  
24          Rule has materially changed, the Comptroller General  
25          shall, not later than 7 days after each meeting of the Fed-

1 eral Open Market Committee, prepare and submit a com-  
2 pliance report to the appropriate congressional committees  
3 specifying whether the Directive Policy Rule submitted  
4 after that meeting and the Federal Open Market Com-  
5 mittee are in compliance with this section.

6 “(e) CHANGING MARKET CONDITIONS.—

7 “(1) RULE OF CONSTRUCTION.—Nothing in  
8 this Act shall be construed to require that the plans  
9 with respect to the systematic quantitative adjust-  
10 ment of the Policy Instrument Target described  
11 under subsection (c)(2) be implemented if the Fed-  
12 eral Open Market Committee determines that such  
13 plans cannot or should not be achieved due to  
14 changing market conditions.

15 “(2) GAO APPROVAL OF UPDATE.—Upon deter-  
16 mining that plans described in paragraph (1) cannot  
17 or should not be achieved, the Federal Open Market  
18 Committee shall submit an explanation for that de-  
19 termination and an updated version of the Directive  
20 Policy Rule to the Comptroller General of the  
21 United States and the appropriate congressional  
22 committees not later than 48 hours after making the  
23 determination. The Comptroller General shall, not  
24 later than 48 hours after receiving such updated  
25 version, prepare and submit to the appropriate con-

1       gressional committees a compliance report deter-  
2       mining whether such updated version and the Fed-  
3       eral Open Market Committee are in compliance with  
4       this section.

5       “(f) DIRECTIVE POLICY RULE AND FEDERAL OPEN  
6 MARKET COMMITTEE NOT IN COMPLIANCE.—

7               “(1) IN GENERAL.—If the Comptroller General  
8       of the United States determines that the Directive  
9       Policy Rule and the Federal Open Market Com-  
10      mittee are not in compliance with this section in the  
11      report submitted pursuant to subsection (d), or that  
12      the updated version of the Directive Policy Rule and  
13      the Federal Open Market Committee are not in com-  
14      pliance with this section in the report submitted pur-  
15      suant to subsection (e)(2), the Chairman of the  
16      Board of Governors of the Federal Reserve System  
17      shall, if requested by the chairman of either of the  
18      appropriate congressional committees, not later than  
19      7 legislative days after such request, testify before  
20      such committee as to why the Directive Policy Rule,  
21      the updated version, or the Federal Open Market  
22      Committee is not in compliance.

23              “(2) GAO AUDIT.—Notwithstanding subsection  
24      (b) of section 714 of title 31, United States Code,  
25      upon submitting a report of noncompliance pursuant

1 to subsection (d) or subsection (e)(2) and after the  
2 period of 7 legislative days described in paragraph  
3 (1), the Comptroller General shall audit the conduct  
4 of monetary policy by the Board of Governors of the  
5 Federal Reserve System and the Federal Open Mar-  
6 ket Committee upon request of the appropriate con-  
7 gressional committee. Such committee may specify  
8 the parameters of such audit.

9 “(g) CONGRESSIONAL HEARINGS.—The Chairman of  
10 the Board of Governors of the Federal Reserve System  
11 shall, if requested by the chairman of either of the appro-  
12 priate congressional committees and not later than 7 legis-  
13 lative days after such request, appear before such com-  
14 mittee to explain any change to the Directive Policy  
15 Rule.”.

16 **SEC. 702. FEDERAL OPEN MARKET COMMITTEE BLACKOUT**  
17 **PERIOD.**

18 Section 12A of the Federal Reserve Act (12 U.S.C.  
19 263) is amended by adding at the end the following new  
20 subsection:

21 “(d) BLACKOUT PERIOD.—

22 “(1) IN GENERAL.—During a blackout period,  
23 the only public communications that may be made  
24 by members and staff of the Committee with respect  
25 to macroeconomic or financial developments or about



1 current or prospective monetary policy issues are the  
2 following:

3 “(A) The dissemination of published data,  
4 surveys, and reports that have been cleared for  
5 publication by the Board of Governors of the  
6 Federal Reserve System.

7 “(B) Answers to technical questions spe-  
8 cific to a data release.

9 “(C) Communications with respect to the  
10 prudential or supervisory functions of the  
11 Board of Governors.

12 “(2) BLACKOUT PERIOD DEFINED.—For pur-  
13 poses of this subsection, and with respect to a meet-  
14 ing of the Committee described under subsection (a),  
15 the term ‘blackout period’ means the time period  
16 that—

17 “(A) begins immediately after midnight on  
18 the day that is one week prior to the date on  
19 which such meeting takes place; and

20 “(B) ends at midnight on the day after the  
21 date on which such meeting takes place.

22 “(3) EXEMPTION FOR CHAIRMAN OF THE  
23 BOARD OF GOVERNORS.—Nothing in this section  
24 shall prohibit the Chairman of the Board of Gov-

1 errors of the Federal Reserve System from partici-  
2 pating in or issuing public communications.”.

3 **SEC. 703. MEMBERSHIP OF FEDERAL OPEN MARKET COM-**  
4 **MITTEE.**

5 Section 12A(a) of the Federal Reserve Act (12  
6 U.S.C. 263(a)) is amended—

7 (1) in the first sentence, by striking “five” and  
8 inserting “six”;

9 (2) in the second sentence, by striking “One by  
10 the board of directors” and all that follows through  
11 the period at the end and inserting the following:  
12 “One by the boards of directors of the Federal Re-  
13 serve Banks of New York and Boston; one by the  
14 boards of directors of the Federal Reserve Banks of  
15 Philadelphia and Cleveland; one by the boards of di-  
16 rectors of the Federal Reserve Banks of Richmond  
17 and Atlanta; one by the boards of directors of the  
18 Federal Reserve Banks of Chicago and St. Louis;  
19 one by the boards of directors of the Federal Re-  
20 serve Banks of Minneapolis and Kansas City; and  
21 one by the boards of directors of the Federal Re-  
22 serve Banks of Dallas and San Francisco.”; and

23 (3) by inserting after the second sentence the  
24 following: “In odd numbered calendar years, one  
25 representative shall be elected from each of the Fed-

1       eral Reserve Banks of Boston, Philadelphia, Rich-  
2       mond, Chicago, Minneapolis, and Dallas. In even-  
3       numbered calendar years, one representative shall be  
4       elected from each of the Federal Reserve Banks of  
5       New York, Cleveland, Atlanta, St. Louis, Kansas  
6       City, and San Francisco.”.

7       **SEC. 704. FREQUENCY OF TESTIMONY OF THE CHAIRMAN**  
8                                   **OF THE BOARD OF GOVERNORS OF THE FED-**  
9                                   **ERAL RESERVE SYSTEM TO CONGRESS.**

10       (a) IN GENERAL.—Section 2B of the Federal Reserve  
11 Act (12 U.S.C. 225b) is amended—

12               (1) by striking “semi-annual” each place it ap-  
13       pears and inserting “quarterly”; and

14               (2) in subsection (a)(2)—

15                       (A) by inserting “and October 20” after  
16       “July 20” each place it appears; and

17                       (B) by inserting “and May 20” after  
18       “February 20” each place it appears.

19       (b) CONFORMING AMENDMENT.—Paragraph (12) of  
20 section 10 of the Federal Reserve Act (12 U.S.C.  
21 247b(12)) is amended by striking “semi-annual” and in-  
22       serting “quarterly”.

1 **SEC. 705. VICE CHAIRMAN FOR SUPERVISION REPORT RE-**  
2 **QUIREMENT.**

3 Paragraph (12) of section 10 of the Federal Reserve  
4 Act (12 U.S.C. 247(b)) is amended—

5 (1) by redesignating such paragraph as para-  
6 graph (11); and

7 (2) in such paragraph, by adding at the end the  
8 following: “In each such appearance, the Vice Chair-  
9 man for Supervision shall provide written testimony  
10 that includes the status of all pending and antici-  
11 pated rulemakings that are being made by the  
12 Board of Governors of the Federal Reserve System.  
13 If, at the time of any appearance described in this  
14 paragraph, the position of Vice Chairman for Super-  
15 vision is vacant, the Vice Chairman for the Board of  
16 Governors of the Federal Reserve System (who has  
17 the responsibility to serve in the absence of the  
18 Chairman) shall appear instead and provide the re-  
19 quired written testimony. If, at the time of any ap-  
20 pearance described in this paragraph, both Vice  
21 Chairman positions are vacant, the Chairman of the  
22 Board of Governors of the Federal Reserve System  
23 shall appear instead and provide the required writ-  
24 ten testimony.”.

1 **SEC. 706. SALARIES, FINANCIAL DISCLOSURES, AND OF-**  
2 ****OFFICE STAFF OF THE BOARD OF GOVERNORS****  
3 ****OF THE FEDERAL RESERVE SYSTEM.****

4 (a) IN GENERAL.—Section 11 of the Federal Reserve  
5 Act (12 U.S.C. 248) is amended—

6 (1) by redesignating the second subsection (s)  
7 (relating to “Assessments, Fees, and Other Charges  
8 for Certain Companies”) as subsection (t); and

9 (2) by adding at the end the following new sub-  
10 sections:

11 “(u) **ETHICS STANDARDS FOR MEMBERS AND EM-**  
12 **PLOYEES.**—

13 “(1) **PROHIBITED AND RESTRICTED FINANCIAL**  
14 **INTERESTS AND TRANSACTIONS.**—The members and  
15 employees of the Board of Governors of the Federal  
16 Reserve System shall be subject to the provisions  
17 under section 4401.102 of title 5, Code of Federal  
18 Regulations, to the same extent as such provisions  
19 apply to an employee of the Securities and Exchange  
20 Commission.

21 “(2) **TREATMENT OF BROKERAGE ACCOUNTS**  
22 **AND AVAILABILITY OF ACCOUNT STATEMENTS.**—The  
23 members and employees of the Board of Governors  
24 of the Federal Reserve System shall—

25 “(A) disclose all brokerage accounts that  
26 they maintain, as well as those in which they

1 control trading or have a financial interest (in-  
2 cluding managed accounts, trust accounts, in-  
3 vestment club accounts, and the accounts of  
4 spouses or minor children who live with the  
5 member or employee); and

6 “(B) with respect to any securities account  
7 that the member or employee is required to dis-  
8 close to the Board of Governors, authorize their  
9 brokers and dealers to send duplicate account  
10 statements directly to Board of Governors.

11 “(3) PROHIBITIONS RELATED TO OUTSIDE EM-  
12 PLOYMENT AND ACTIVITIES.—The members and em-  
13 ployees of the Board of Governors of the Federal  
14 Reserve System shall be subject to the prohibitions  
15 related to outside employment and activities de-  
16 scribed under section 4401.103(c) of title 5, Code of  
17 Federal Regulations, to the same extent as such pro-  
18 hibitions apply to an employee of the Securities and  
19 Exchange Commission.

20 “(4) ADDITIONAL ETHICS STANDARDS.—The  
21 members and employees of the Board of Governors  
22 of the Federal Reserve System shall be subject to—

23 “(A) the employee responsibilities and con-  
24 duct regulations of the Office of Personnel

1 Management under part 735 of title 5, Code of  
2 Federal Regulations;

3 “(B) the canons of ethics contained in sub-  
4 part C of part 200 of title 17, Code of Federal  
5 Regulations, to the same extent as such subpart  
6 applies to the employees of the Securities and  
7 Exchange Commission; and

8 “(C) the regulations concerning the con-  
9 duct of members and employees and former  
10 members and employees contained in subpart M  
11 of part 200 of title 17, Code of Federal Regula-  
12 tions, to the same extent as such subpart ap-  
13 plies to the employees of the Securities and Ex-  
14 change Commission.

15 “(v) DISCLOSURE OF STAFF SALARIES AND FINAN-  
16 CIAL INFORMATION.—The Board of Governors of the Fed-  
17 eral Reserve System shall make publicly available, on the  
18 website of the Board of Governors, a searchable database  
19 that contains the names of all members, officers, and em-  
20 ployees of the Board of Governors who receive an annual  
21 salary in excess of the annual rate of basic pay for GS-  
22 15 of the General Schedule, and—

23 “(1) the yearly salary information for such indi-  
24 viduals, along with any nonsalary compensation re-  
25 ceived by such individuals; and

1           “(2) any financial disclosures required to be  
2           made by such individuals.”.

3           (b) OFFICE STAFF FOR EACH MEMBER OF THE  
4 BOARD OF GOVERNORS.—Subsection (l) of section 11 of  
5 the Federal Reserve Act (12 U.S.C. 248) is amended by  
6 adding at the end the following: “Each member of the  
7 Board of Governors of the Federal Reserve System may  
8 employ, at a minimum, 2 individuals, with such individuals  
9 selected by such member and the salaries of such individ-  
10 uals set by such member. A member may employ addi-  
11 tional individuals as determined necessary by the Board  
12 of Governors.”.

13 **SEC. 707. AMENDMENTS TO POWERS OF THE BOARD OF**  
14 **GOVERNORS OF THE FEDERAL RESERVE SYS-**  
15 **TEM.**

16           (a) IN GENERAL.—Section 13(3) of the Federal Re-  
17 serve Act (12 U.S.C. 343(3)), as amended by section 221,  
18 is further amended—

19           (1) in subparagraph (A)—

20                   (A) by inserting “that pose a threat to the  
21 financial stability of the United States” after  
22 “unusual and exigent circumstances”; and

23                   (B) by inserting “and by the affirmative  
24 vote of not less than nine presidents of the Fed-  
25 eral reserve banks” after “five members”;



1 (2) in subparagraph (B)—

2 (A) in clause (i), by inserting at the end  
3 the following: “Federal reserve banks may not  
4 accept equity securities issued by the recipient  
5 of any loan or other financial assistance under  
6 this paragraph as collateral. Not later than 6  
7 months after the date of enactment of this sen-  
8 tence, the Board shall, by rule, establish—

9 “(I) a method for determining  
10 the sufficiency of the collateral re-  
11 quired under this paragraph;

12 “(II) acceptable classes of collat-  
13 eral;

14 “(III) the amount of any dis-  
15 count of such value that the Federal  
16 reserve banks will apply for purposes  
17 of calculating the sufficiency of collat-  
18 eral under this paragraph; and

19 “(IV) a method for obtaining  
20 independent appraisals of the value of  
21 collateral the Federal reserve banks  
22 receive.”; and

23 (B) in clause (ii)—

24 (i) by striking the second sentence;

25 and

1                   (ii) by inserting after the first sen-  
2                   tence the following: “A borrower shall not  
3                   be eligible to borrow from any emergency  
4                   lending program or facility unless the  
5                   Board and all federal banking regulators  
6                   with jurisdiction over the borrower certify  
7                   that, at the time the borrower initially bor-  
8                   rows under the program or facility, the  
9                   borrower is not insolvent.”;

10                  (3) by inserting “financial institution” before  
11                  “participant” each place such term appears;

12                  (4) in subparagraph (D)(i), by inserting “finan-  
13                  cial institution” before “participants”; and

14                  (5) by adding at the end the following new sub-  
15                  paragraphs:

16                         “(E) PENALTY RATE.—

17                                 “(i) IN GENERAL.—Not later than 6  
18                                 months after the date of enactment of this  
19                                 subparagraph, the Board shall, with re-  
20                                 spect to a recipient of any loan or other fi-  
21                                 nancial assistance under this paragraph,  
22                                 establish by rule a minimum interest rate  
23                                 on the principal amount of any loan or  
24                                 other financial assistance.

1                   “(ii) MINIMUM INTEREST RATE DE-  
2                   FINED.—In this subparagraph, the term  
3                   ‘minimum interest rate’ shall mean the  
4                   sum of—

5                               “(I) the average of the secondary  
6                               discount rate of all Federal Reserve  
7                               banks over the most recent 90-day pe-  
8                               riod; and

9                               “(II) the average of the dif-  
10                              ference between a distressed corporate  
11                              bond yield index (as defined by rule of  
12                              the Board) and a bond yield index of  
13                              debt issued by the United States (as  
14                              defined by rule of the Board) over the  
15                              most recent 90-day period.

16                             “(F) FINANCIAL INSTITUTION PARTICI-  
17                             PANT DEFINED.—For purposes of this para-  
18                             graph, the term ‘financial institution partici-  
19                             pant’—

20                               “(i) means a company that is pre-  
21                               dominantly engaged in financial activities  
22                               (as defined in section 102(a) of the Dodd-  
23                               Frank Wall Street Reform and Consumer  
24                               Protection Act (12 U.S.C. 5311(a))); and

1 “(ii) does not include an agency de-  
2 scribed in subparagraph (W) of section  
3 5312(a)(2) of title 31, United States Code,  
4 or an entity controlled or sponsored by  
5 such an agency.”.

6 (b) CONFORMING AMENDMENT.—Section  
7 11(r)(2)(A) of such Act is amended—

8 (1) in clause (ii)(IV), by striking “; and” and  
9 inserting a semicolon;

10 (2) in clause (iii), by striking the period at the  
11 end and inserting “; and”; and

12 (3) by adding at the end the following new  
13 clause:

14 “(iv) the available members secure the affirma-  
15 tive vote of not less than nine presidents of the Fed-  
16 eral reserve banks.”.

17 **SEC. 708. INTEREST RATES ON BALANCES MAINTAINED AT**  
18 **A FEDERAL RESERVE BANK BY DEPOSITORY**  
19 **INSTITUTIONS ESTABLISHED BY FEDERAL**  
20 **OPEN MARKET COMMITTEE.**

21 Subparagraph (A) of section 19(b)(12) of the Federal  
22 Reserve Act (12 U.S.C. 461(b)(12)(A)) is amended by in-  
23 serting “established by the Federal Open Market Com-  
24 mittee” after “rate or rates”.

1 **SEC. 709. AUDIT REFORM AND TRANSPARENCY FOR THE**  
2 **BOARD OF GOVERNORS OF THE FEDERAL RE-**  
3 **SERVE SYSTEM.**

4 (a) IN GENERAL.—Notwithstanding section 714 of  
5 title 31, United States Code, or any other provision of law,  
6 the Comptroller General of the United States shall annu-  
7 ally complete an audit of the Board of Governors of the  
8 Federal Reserve System and the Federal reserve banks  
9 under subsection (b) of such section 714 within 12 months  
10 after the date of the enactment of this Act.

11 (b) REPORT.—

12 (1) IN GENERAL.—Not later than 90 days after  
13 each audit required pursuant to subsection (a) is  
14 completed, the Comptroller General—

15 (A) shall submit to Congress a report on  
16 such audit; and

17 (B) shall make such report available to the  
18 Speaker of the House, the majority and minor-  
19 ity leaders of the House of Representatives, the  
20 majority and minority leaders of the Senate, the  
21 Chairman and Ranking Member of the com-  
22 mittee and each subcommittee of jurisdiction in  
23 the House of Representatives and the Senate,  
24 and any other Member of Congress who re-  
25 quests the report.

1           (2) CONTENTS.—The report under paragraph  
2           (1) shall include a detailed description of the find-  
3           ings and conclusion of the Comptroller General with  
4           respect to the audit that is the subject of the report,  
5           together with such recommendations for legislative  
6           or administrative action as the Comptroller General  
7           may determine to be appropriate.

8           (c) REPEAL OF CERTAIN LIMITATIONS.—Subsection  
9           (b) of section 714 of title 31, United States Code, is  
10          amended by striking the second sentence.

11          (d) TECHNICAL AND CONFORMING AMENDMENTS.—

12           (1) IN GENERAL.—Section 714 of title 31,  
13          United States Code, is amended—

14           (A) in subsection (d)(3), by striking “or  
15           (f)” each place such term appears;

16           (B) in subsection (e), by striking “the  
17           third undesignated paragraph of section 13”  
18           and inserting “section 13(3)”; and

19           (C) by striking subsection (f).

20          (2) FEDERAL RESERVE ACT.—Subsection (s)  
21          (relating to “Federal Reserve Transparency and Re-  
22          lease of Information”) of section 11 of the Federal  
23          Reserve Act (12 U.S.C. 248) is amended—

24           (A) in paragraph (4)(A), by striking “has  
25           the same meaning as in section 714(f)(1)(A) of

1 title 31, United States Code” and inserting  
2 “means a program or facility, including any  
3 special purpose vehicle or other entity estab-  
4 lished by or on behalf of the Board of Gov-  
5 ernors of the Federal Reserve System or a Fed-  
6 eral reserve bank, authorized by the Board of  
7 Governors under section 13(3), that is not sub-  
8 ject to audit under section 714(e) of title 31,  
9 United States Code”;

10 (B) in paragraph (6), by striking “or in  
11 section 714(f)(3)(C) of title 31, United States  
12 Code, the information described in paragraph  
13 (1) and information concerning the transactions  
14 described in section 714(f) of such title,” and  
15 inserting “the information described in para-  
16 graph (1)”;

17 (C) in paragraph (7), by striking “and sec-  
18 tion 13(3)(C), section 714(f)(3)(C) of title 31,  
19 United States Code, and” and inserting “, sec-  
20 tion 13(3)(C), and”.

21 **SEC. 710. ESTABLISHMENT OF A CENTENNIAL MONETARY**  
22 **COMMISSION.**

23 (a) FINDINGS.—Congress finds the following:

24 (1) The Constitution endows Congress with the  
25 power “to coin money, regulate the value thereof”.

1           (2) Following the financial crisis known as the  
2           Panic of 1907, Congress established the National  
3           Monetary Commission to provide recommendations  
4           for the reform of the financial and monetary systems  
5           of the United States.

6           (3) Incorporating several of the recommenda-  
7           tions of the National Monetary Commission, Con-  
8           gress created the Federal Reserve System in 1913.  
9           As currently organized, the Federal Reserve System  
10          consists of the Board of Governors in Washington,  
11          District of Columbia, and the Federal Reserve  
12          Banks organized into 12 districts around the United  
13          States. The stockholders of the 12 Federal Reserve  
14          Banks include national and certain State-chartered  
15          commercial banks, which operate on a fractional re-  
16          serve basis.

17          (4) Originally, Congress gave the Federal Re-  
18          serve System a monetary mandate to provide an  
19          elastic currency, within the context of a gold stand-  
20          ard, in response to seasonal fluctuations in the de-  
21          mand for currency.

22          (5) Congress also gave the Federal Reserve  
23          System a financial stability mandate to serve as the  
24          lender of last resort to solvent but illiquid banks  
25          during a financial crisis.



1           (6) In 1977, Congress changed the monetary  
2           mandate of the Federal Reserve System to a dual  
3           mandate for maximum employment and stable  
4           prices.

5           (7) Empirical studies and historical evidence,  
6           both within the United States and in other coun-  
7           tries, demonstrate that price stability is desirable be-  
8           cause both inflation and deflation damage the econ-  
9           omy.

10          (8) The economic challenge of recent years—  
11          most notably the bursting of the housing bubble, the  
12          financial crisis of 2008, and the ensuing anemic re-  
13          covery—have occurred at great cost in terms of lost  
14          jobs and output.

15          (9) Policymakers are reexamining the structure  
16          and functioning of financial institutions and markets  
17          to determine what, if any, changes need to be made  
18          to place the financial system on a stronger, more  
19          sustainable path going forward.

20          (10) The Federal Reserve System has taken ex-  
21          traordinary actions in response to the recent eco-  
22          nomic challenges.

23          (11) The Federal Open Market Committee has  
24          engaged in multiple rounds of quantitative easing,  
25          providing unprecedented liquidity to financial mar-

1       kets, while committing to holding short-term interest  
2       rates low for a seemingly indefinite period, and pur-  
3       suing a policy of credit allocation by purchasing  
4       Federal agency debt and mortgage-backed securities.

5           (12) In the wake of the recent extraordinary ac-  
6       tions of the Federal Reserve System, Congress—con-  
7       sistent with its constitutional responsibilities and as  
8       it has done periodically throughout the history of the  
9       United States—has once again renewed its examina-  
10      tion of monetary policy.

11          (13) Central in such examination has been a re-  
12      newed look at what is the most proper mandate for  
13      the Federal Reserve System to conduct monetary  
14      policy in the 21st century.

15          (b) ESTABLISHMENT OF A CENTENNIAL MONETARY  
16      COMMISSION.—There is established a commission to be  
17      known as the “Centennial Monetary Commission” (in this  
18      section referred to as the “Commission”).

19          (c) STUDY AND REPORT ON MONETARY POLICY.—

20              (1) STUDY.—The Commission shall—

21                  (A) examine how United States monetary  
22                  policy since the creation of the Board of Gov-  
23                  ernors of the Federal Reserve System in 1913  
24                  has affected the performance of the United

1 States economy in terms of output, employ-  
2 ment, prices, and financial stability over time;

3 (B) evaluate various operational regimes  
4 under which the Board of Governors of the  
5 Federal Reserve System and the Federal Open  
6 Market Committee may conduct monetary pol-  
7 icy in terms achieving the maximum sustainable  
8 level of output and employment and price sta-  
9 bility over the long term, including—

10 (i) discretion in determining monetary  
11 policy without an operational regime;

12 (ii) price level targeting;

13 (iii) inflation rate targeting;

14 (iv) nominal gross domestic product  
15 targeting (both level and growth rate);

16 (v) the use of monetary policy rules;

17 and

18 (vi) the gold standard;

19 (C) evaluate the use of macro-prudential  
20 supervision and regulation as a tool of mone-  
21 tary policy in terms of achieving the maximum  
22 sustainable level of output and employment and  
23 price stability over the long term;

24 (D) evaluate the use of the lender-of-last-  
25 resort function of the Board of Governors of

1 the Federal Reserve System as a tool of mone-  
2 tary policy in terms of achieving the maximum  
3 sustainable level of output and employment and  
4 price stability over the long term;

5 (E) recommend a course for United States  
6 monetary policy going forward, including—

7 (i) the legislative mandate;

8 (ii) the operational regime;

9 (iii) the securities used in open mar-  
10 ket operations; and

11 (iv) transparency issues; and

12 (F) consider the effects of the GDP output  
13 and employment targets of the “dual mandate”  
14 (both from the creation of the dual mandate in  
15 1977 until the present time and estimates of  
16 the future effect of the dual mandate ) on—

17 (i) United States economic activity;

18 (ii) Federal Reserve actions; and

19 (iii) Federal debt.

20 (2) REPORT.—Not later than December 1,  
21 2017, the Commission shall submit to Congress and  
22 make publicly available a report containing a state-  
23 ment of the findings and conclusions of the Commis-  
24 sion in carrying out the study under paragraph (1),  
25 together with the recommendations the Commission

1 considers appropriate. In making such report, the  
2 Commission shall specifically report on the consider-  
3 ations required under paragraph (1)(F).

4 (d) MEMBERSHIP.—

5 (1) NUMBER AND APPOINTMENT.—

6 (A) APPOINTED VOTING MEMBERS.—The  
7 Commission shall contain 12 voting members as  
8 follows:

9 (i) Six members appointed by the  
10 Speaker of the House of Representatives,  
11 with four members from the majority party  
12 and two members from the minority party.

13 (ii) Six members appointed by the  
14 President Pro Tempore of the Senate, with  
15 four members from the majority party and  
16 two members from the minority party.

17 (B) CHAIRMAN.—The Speaker of the  
18 House of Representatives and the majority  
19 leader of the Senate shall jointly designate one  
20 of the members of the Commission as Chair-  
21 man.

22 (C) NON-VOTING MEMBERS.—The Com-  
23 mission shall contain 2 non-voting members as  
24 follows:

1 (i) One member appointed by the Sec-  
2 retary of the Treasury.

3 (ii) One member who is the president  
4 of a district Federal reserve bank ap-  
5 pointed by the Chair of the Board of Gov-  
6 ernors of the Federal Reserve System.

7 (2) PERIOD OF APPOINTMENT.—Each member  
8 shall be appointed for the life of the Commission.

9 (3) TIMING OF APPOINTMENT.—All members of  
10 the Commission shall be appointed not later than 30  
11 days after the date of the enactment of this section.

12 (4) VACANCIES.—A vacancy in the Commission  
13 shall not affect its powers, and shall be filled in the  
14 manner in which the original appointment was  
15 made.

16 (5) MEETINGS.—

17 (A) INITIAL MEETING.—The Commission  
18 shall hold its initial meeting and begin the oper-  
19 ations of the Commission as soon as is prac-  
20 ticable.

21 (B) FURTHER MEETINGS.—The Commis-  
22 sion shall meet upon the call of the Chair or a  
23 majority of its members.

1           (6) QUORUM.—Seven voting members of the  
2           Commission shall constitute a quorum but a lesser  
3           number may hold hearings.

4           (7) MEMBER OF CONGRESS DEFINED.—In this  
5           subsection, the term “Member of Congress” means  
6           a Senator or a Representative in, or Delegate or  
7           Resident Commissioner to, the Congress.

8           (e) POWERS.—

9           (1) HEARINGS AND SESSIONS.—The Commis-  
10          sion or, on the authority of the Commission, any  
11          subcommittee or member thereof, may, for the pur-  
12          pose of carrying out this section, hold hearings, sit  
13          and act at times and places, take testimony, receive  
14          evidence, or administer oaths as the Commission or  
15          such subcommittee or member thereof considers ap-  
16          propriate.

17          (2) CONTRACT AUTHORITY.—To the extent or  
18          in the amounts provided in advance in appropriation  
19          Acts, the Commission may contract with and com-  
20          pensate government and private agencies or persons  
21          to enable the Commission to discharge its duties  
22          under this section, without regard to section 3709 of  
23          the Revised Statutes (41 U.S.C. 5).

24          (3) OBTAINING OFFICIAL DATA.—

1 (A) IN GENERAL.—The Commission is au-  
2 thorized to secure directly from any executive  
3 department, bureau, agency, board, commission,  
4 office, independent establishment, or instrumen-  
5 tality of the Government, any information, in-  
6 cluding suggestions, estimates, or statistics, for  
7 the purposes of this section.

8 (B) REQUESTING OFFICIAL DATA.—The  
9 head of such department, bureau, agency,  
10 board, commission, office, independent estab-  
11 lishment, or instrumentality of the government  
12 shall, to the extent authorized by law, furnish  
13 such information upon request made by—

14 (i) the Chair;

15 (ii) the Chair of any subcommittee  
16 created by a majority of the Commission;  
17 or

18 (iii) any member of the Commission  
19 designated by a majority of the commission  
20 to request such information.

21 (4) ASSISTANCE FROM FEDERAL AGENCIES.—

22 (A) GENERAL SERVICES ADMINISTRA-  
23 TION.—The Administrator of General Services  
24 shall provide to the Commission on a reimburs-  
25 able basis administrative support and other



1 services for the performance of the functions of  
2 the Commission.

3 (B) OTHER DEPARTMENTS AND AGEN-  
4 CIES.—In addition to the assistance prescribed  
5 in subparagraph (A), at the request of the  
6 Commission, departments and agencies of the  
7 United States shall provide such services, funds,  
8 facilities, staff, and other support services as  
9 may be authorized by law.

10 (5) POSTAL SERVICE.—The Commission may  
11 use the United States mails in the same manner and  
12 under the same conditions as other departments and  
13 agencies of the United States.

14 (f) COMMISSION PERSONNEL.—

15 (1) APPOINTMENT AND COMPENSATION OF  
16 STAFF.—

17 (A) IN GENERAL.—Subject to rules pre-  
18 scribed by the Commission, the Chair may ap-  
19 point and fix the pay of the executive director  
20 and other personnel as the Chair considers ap-  
21 propriate.

22 (B) APPLICABILITY OF CIVIL SERVICE  
23 LAWS.—The staff of the Commission may be  
24 appointed without regard to the provisions of  
25 title 5, United States Code, governing appoint-

1           ments in the competitive service, and may be  
2           paid without regard to the provisions of chapter  
3           51 and subchapter III of chapter 53 of that  
4           title relating to classification and General  
5           Schedule pay rates, except that an individual so  
6           appointed may not receive pay in excess of level  
7           V of the Executive Schedule.

8           (2) CONSULTANTS.—The Commission may pro-  
9           cure temporary and intermittent services under sec-  
10          tion 3109(b) of title 5, United States Code, but at  
11          rates for individuals not to exceed the daily equiva-  
12          lent of the rate of pay for a person occupying a posi-  
13          tion at level IV of the Executive Schedule.

14          (3) STAFF OF FEDERAL AGENCIES.—Upon re-  
15          quest of the Commission, the head of any Federal  
16          department or agency may detail, on a reimbursable  
17          basis, any of the personnel of such department or  
18          agency to the Commission to assist it in carrying out  
19          its duties under this section.

20          (g) TERMINATION OF COMMISSION.—

21                (1) IN GENERAL.—The Commission shall termi-  
22                nate on June 1, 2017.

23                (2) ADMINISTRATIVE ACTIVITIES BEFORE TER-  
24                MINATION.—The Commission may use the period be-  
25                tween the submission of its report and its termi-

1 nation for the purpose of concluding its activities,  
2 including providing testimony to the committee of  
3 Congress concerning its report.

4 (h) AUTHORIZATION OF APPROPRIATIONS.—There is  
5 authorized to be appropriated to carry out this section  
6 \$1,000,000, which shall remain available until the date on  
7 which the Commission terminates.

8 **SEC. 711. PUBLIC TRANSCRIPTS OF FOMC MEETINGS.**

9 Section 12A of the Federal Reserve Act (12 U.S.C.  
10 263), as amended by this Act, is further amended by add-  
11 ing at the end the following:

12 “(e) PUBLIC TRANSCRIPTS OF MEETINGS.—The  
13 Committee shall—

14 “(1) record all meetings of the Committee; and

15 “(2) make the full transcript of such meetings  
16 available to the public.”.

17 **TITLE VIII—DEMANDING AC-**  
18 **COUNTABILITY FROM WALL**  
19 **STREET**

20 **Subtitle A—SEC Penalties**  
21 **Modernization**

22 **SEC. 801. ENHANCEMENT OF CIVIL PENALTIES FOR SECU-**  
23 **RITIES LAWS VIOLATIONS.**

24 (a) UPDATED CIVIL MONEY PENALTIES.—

25 (1) SECURITIES ACT OF 1933.—

1 (A) MONEY PENALTIES IN ADMINISTRA-  
2 TIVE ACTIONS.—Section 8A(g)(2) of the Securi-  
3 ties Act of 1933 (15 U.S.C. 77h–1(g)(2)) is  
4 amended—

5 (i) in subparagraph (A)—

6 (I) by striking “\$7,500” and in-  
7 serting “\$10,000”; and

8 (II) by striking “\$75,000” and  
9 inserting “\$100,000”;

10 (ii) in subparagraph (B)—

11 (I) by striking “\$75,000” and in-  
12 serting “\$100,000”; and

13 (II) by striking “\$375,000” and  
14 inserting “\$500,000”; and

15 (iii) by striking subparagraph (C) and  
16 inserting the following:

17 “(C) THIRD TIER.—

18 “(i) IN GENERAL.—Notwithstanding  
19 subparagraphs (A) and (B), the amount of  
20 penalty for each such act or omission shall  
21 not exceed the amount specified in clause

22 (ii) if—

23 “(I) the act or omission described  
24 in paragraph (1) involved fraud, de-  
25 ceit, manipulation, or deliberate or

1 reckless disregard of a regulatory re-  
2 quirement; and

3 “(II) such act or omission di-  
4 rectly or indirectly resulted in—

5 “(aa) substantial losses or  
6 created a significant risk of sub-  
7 stantial losses to other persons;  
8 or

9 “(bb) substantial pecuniary  
10 gain to the person who com-  
11 mitted the act or omission.

12 “(ii) MAXIMUM AMOUNT OF PEN-  
13 ALTY.—The amount referred to in clause  
14 (i) is the greatest of—

15 “(I) \$300,000 for a natural per-  
16 son or \$1,450,000 for any other per-  
17 son;

18 “(II) 3 times the gross amount of  
19 pecuniary gain to the person who  
20 committed the act or omission; or

21 “(III) the amount of losses in-  
22 curred by victims as a result of the  
23 act or omission.”.

1 (B) MONEY PENALTIES IN CIVIL AC-  
2 TIONS.—Section 20(d)(2) of the Securities Act  
3 of 1933 (15 U.S.C. 77t(d)(2)) is amended—

4 (i) in subparagraph (A)—

5 (I) by striking “\$5,000” and in-  
6 serting “\$10,000”; and

7 (II) by striking “\$50,000” and  
8 inserting “\$100,000”;

9 (ii) in subparagraph (B)—

10 (I) by striking “\$50,000” and in-  
11 serting “\$100,000”; and

12 (II) by striking “\$250,000” and  
13 inserting “\$500,000”; and

14 (iii) by striking subparagraph (C) and  
15 inserting the following:

16 “(C) THIRD TIER.—

17 “(i) IN GENERAL.—Notwithstanding  
18 subparagraphs (A) and (B), the amount of  
19 penalty for each such violation shall not  
20 exceed the amount specified in clause (ii)  
21 if—

22 “(I) the violation described in  
23 paragraph (1) involved fraud, deceit,  
24 manipulation, or deliberate or reckless

1 disregard of a regulatory requirement;  
2 and

3 “(II) such violation directly or in-  
4 directly resulted in substantial losses  
5 or created a significant risk of sub-  
6 stantial losses to other persons.

7 “(ii) MAXIMUM AMOUNT OF PEN-  
8 ALTY.—The amount referred to in clause  
9 (i) is the greatest of—

10 “(I) \$300,000 for a natural per-  
11 son or \$1,450,000 for any other per-  
12 son;

13 “(II) 3 times the gross amount of  
14 pecuniary gain to such defendant as a  
15 result of the violation; or

16 “(III) the amount of losses in-  
17 curred by victims as a result of the  
18 violation.”.

19 (2) SECURITIES EXCHANGE ACT OF 1934.—

20 (A) MONEY PENALTIES IN CIVIL AC-  
21 TIONS.—Section 21(d)(3)(B) of the Securities  
22 Exchange Act of 1934 (15 U.S.C.  
23 78u(d)(3)(B)) is amended—

24 (i) in clause (i)—

1 (I) by striking “\$5,000” and in-  
2 serting “\$10,000”; and

3 (II) by striking “\$50,000” and  
4 inserting “\$100,000”;

5 (ii) in clause (ii)—

6 (I) by striking “\$50,000” and in-  
7 serting “\$100,000”; and

8 (II) by striking “\$250,000” and  
9 inserting “\$500,000”; and

10 (iii) by striking clause (iii) and insert-  
11 ing the following:

12 “(iii) THIRD TIER.—

13 “(I) IN GENERAL.—Notwithstanding  
14 clauses (i) and (ii), the amount of penalty  
15 for each such violation shall not exceed the  
16 amount specified in subclause (II) if—

17 “(aa) the violation described in  
18 subparagraph (A) involved fraud, de-  
19 ceit, manipulation, or deliberate or  
20 reckless disregard of a regulatory re-  
21 quirement; and

22 “(bb) such violation directly or  
23 indirectly resulted in substantial  
24 losses or created a significant risk of  
25 substantial losses to other persons.



1                   “(II) MAXIMUM AMOUNT OF PEN-  
2                   ALTY.—The amount referred to in sub-  
3                   clause (I) is the greatest of—

4                               “(aa) \$300,000 for a natural  
5                               person or \$1,450,000 for any other  
6                               person;

7                               “(bb) 3 times the gross amount  
8                               of pecuniary gain to such defendant  
9                               as a result of the violation; or

10                              “(cc) the amount of losses in-  
11                              curred by victims as a result of the  
12                              violation.”.

13                              (B) MONEY PENALTIES IN ADMINISTRA-  
14                              TIVE ACTIONS.—Section 21B(b) of the Securi-  
15                              ties Exchange Act of 1934 (15 U.S.C. 78u-  
16                              2(b)) is amended—

17                                      (i) in paragraph (1)—

18    (I) by striking “\$5,000” and in-  
19    serting “\$10,000”; and

20    (II) by striking “\$50,000” and  
21    inserting “\$100,000”;

22                                      (ii) in paragraph (2)—

23    (I) by striking “\$50,000” and in-  
24    serting “\$100,000”; and

1 (II) by striking “\$250,000” and  
2 inserting “\$500,000”; and

3 (iii) by striking paragraph (3) and in-  
4 serting the following:

5 “(3) THIRD TIER.—

6 “(A) IN GENERAL.—Notwithstanding  
7 paragraphs (1) and (2), the amount of penalty  
8 for each such act or omission shall not exceed  
9 the amount specified in subparagraph (B) if—

10 “(i) the act or omission described in  
11 subsection (a) involved fraud, deceit, ma-  
12 nipulation, or deliberate or reckless dis-  
13 regard of a regulatory requirement; and

14 “(ii) such act or omission directly or  
15 indirectly resulted in substantial losses or  
16 created a significant risk of substantial  
17 losses to other persons or resulted in sub-  
18 stantial pecuniary gain to the person who  
19 committed the act or omission.

20 “(B) MAXIMUM AMOUNT OF PENALTY.—

21 The amount referred to in subparagraph (A) is  
22 the greatest of—

23 “(i) \$300,000 for a natural person or  
24 \$1,450,000 for any other person;

1           “(ii) 3 times the gross amount of pe-  
2           cuniary gain to the person who committed  
3           the act or omission; or

4           “(iii) the amount of losses incurred by  
5           victims as a result of the act or omission.”.

6           (3) INVESTMENT COMPANY ACT OF 1940.—

7           (A) MONEY PENALTIES IN ADMINISTRA-  
8           TIVE ACTIONS.—Section 9(d)(2) of the Invest-  
9           ment Company Act of 1940 (15 U.S.C. 80a-  
10          9(d)(2)) is amended—

11           (i) in subparagraph (A)—

12                   (I) by striking “\$5,000” and in-  
13                   serting “\$10,000”; and

14                   (II) by striking “\$50,000” and  
15                   inserting “\$100,000”;

16           (ii) in subparagraph (B)—

17                   (I) by striking “\$50,000” and in-  
18                   serting “\$100,000”; and

19                   (II) by striking “\$250,000” and  
20                   inserting “\$500,000”; and

21           (iii) by striking subparagraph (C) and  
22           inserting the following:

23           “(C) THIRD TIER.—

24                   “(i) IN GENERAL.—Notwithstanding  
25                   subparagraphs (A) and (B), the amount of

1 penalty for each such act or omission shall  
2 not exceed the amount specified in clause  
3 (ii) if—

4 “(I) the act or omission described  
5 in paragraph (1) involved fraud, de-  
6 ceit, manipulation, or deliberate or  
7 reckless disregard of a regulatory re-  
8 quirement; and

9 “(II) such act or omission di-  
10 rectly or indirectly resulted in sub-  
11 stantial losses or created a significant  
12 risk of substantial losses to other per-  
13 sons or resulted in substantial pecu-  
14 niary gain to the person who com-  
15 mitted the act or omission.

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 the person who  
24 committed the act or omission; or

1                   “(III) the amount of losses in-  
2                   curred by victims as a result of the  
3                   act or omission.”.

4                   (B) MONEY PENALTIES IN CIVIL AC-  
5                   TIONS.—Section 42(e)(2) of the Investment  
6                   Company Act of 1940 (15 U.S.C. 80a-  
7                   41(e)(2)) is amended—

8                   (i) in subparagraph (A)—

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 subparagraph (B)—

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 subparagraph (C) and  
19                  inserting the following:

20                  “(C) THIRD TIER.—

21                  “(i) IN GENERAL.—Notwithstanding  
22                  subparagraphs (A) and (B), the amount of  
23                  penalty for each such violation shall not  
24                  exceed the amount specified in clause (ii)  
25                  if—

1           “(I) the violation described in  
2 paragraph (1) involved fraud, deceit,  
3 manipulation, or deliberate or reckless  
4 disregard of a regulatory requirement;  
5 and

6           “(II) such violation directly or in-  
7 directly resulted in substantial losses  
8 or created a significant risk of sub-  
9 stantial losses to other persons.

10           “(ii) MAXIMUM AMOUNT OF PEN-  
11 ALTY.—The amount referred to in clause  
12 (i) is the greatest of—

13           “(I) \$300,000 for a natural per-  
14 son or \$1,450,000 for any other per-  
15 son;

16           “(II) 3 times the gross amount of  
17 pecuniary gain to such defendant as a  
18 result of the violation; or

19           “(III) the amount of losses in-  
20 curred by victims as a result of the  
21 violation.”.

22           (4) INVESTMENT ADVISERS ACT OF 1940.—

23           (A) MONEY PENALTIES IN ADMINISTRA-  
24 TIVE ACTIONS.—Section 203(i)(2) of the Invest-

1           ment Advisers Act of 1940 (15 U.S.C. 80b–  
2           3(i)(2)) is amended—

3                   (i) in subparagraph (A)—

4                           (I) by striking “\$5,000” and in-  
5                           serting “\$10,000”; and

6                           (II) by striking “\$50,000” and  
7                           inserting “\$100,000”;

8                   (ii) in subparagraph (B)—

9                           (I) by striking “\$50,000” and in-  
10                           serting “\$100,000”; and

11                           (II) by striking “\$250,000” and  
12                           inserting “\$500,000”; and

13                   (iii) by striking subparagraph (C) and  
14                   inserting the following:

15                   “(C) THIRD TIER.—

16                           “(i) IN GENERAL.—Notwithstanding  
17                           subparagraphs (A) and (B), the amount of  
18                           penalty for each such act or omission shall  
19                           not exceed the amount specified in clause  
20                           (ii) if—

21                                   “(I) the act or omission described  
22                                   in paragraph (1) involved fraud, de-  
23                                   ceit, manipulation, or deliberate or  
24                                   reckless disregard of a regulatory re-  
25                                   quirement; and

1                   “(II) such act or omission di-  
2                   rectly or indirectly resulted in sub-  
3                   stantial losses or created a significant  
4                   risk of substantial losses to other per-  
5                   sons or resulted in substantial pecu-  
6                   niary gain to the person who com-  
7                   mitted the act or omission.

8                   “(ii) MAXIMUM AMOUNT OF PEN-  
9                   ALTY.—The amount referred to in clause  
10                  (i) is the greatest of—

11                   “(I) \$300,000 for a natural per-  
12                   son or \$1,450,000 for any other per-  
13                   son;

14                   “(II) 3 times the gross amount of  
15                   pecuniary gain to the person who  
16                   committed the act or omission; or

17                   “(III) the amount of losses in-  
18                   curred by victims as a result of the  
19                   act or omission.”.

20                   (B) MONEY PENALTIES IN CIVIL AC-  
21                   TIONS.—Section 209(e)(2) of the Investment  
22                   Advisers Act of 1940 (15 U.S.C. 80b–9(e)(2))  
23                   is amended—

24                   (i) in subparagraph (A)—



1 (I) by striking “\$5,000” and in-  
2 serting “\$10,000”; and

3 (II) by striking “\$50,000” and  
4 inserting “\$100,000”;

5 (ii) in subparagraph (B)—

6 (I) by striking “\$50,000” and in-  
7 serting “\$100,000”; and

8 (II) by striking “\$250,000” and  
9 inserting “\$500,000”; and

10 (iii) by striking subparagraph (C) and  
11 inserting the following:

12 “(C) THIRD TIER.—

13 “(i) IN GENERAL.—Notwithstanding  
14 subparagraphs (A) and (B), the amount of  
15 penalty for each such violation shall not  
16 exceed the amount specified in clause (ii)  
17 if—

18 “(I) the violation described in  
19 paragraph (1) involved fraud, deceit,  
20 manipulation, or deliberate or reckless  
21 disregard of a regulatory requirement;  
22 and

23 “(II) such violation directly or in-  
24 directly resulted in substantial losses

1 or created a significant risk of sub-  
2 stantial losses to other persons.

3 “(ii) MAXIMUM AMOUNT OF PEN-  
4 ALTY.—The amount referred to in clause  
5 (i) is the greatest of—

6 “(I) \$300,000 for a natural per-  
7 son or \$1,450,000 for any other per-  
8 son;

9 “(II) 3 times the gross amount of  
10 pecuniary gain to such defendant as a  
11 result of the violation; or

12 “(III) the amount of losses in-  
13 curred by victims as a result of the  
14 violation.”.

15 (b) PENALTIES FOR RECIDIVISTS.—

16 (1) SECURITIES ACT OF 1933.—

17 (A) MONEY PENALTIES IN ADMINISTRA-  
18 TIVE ACTIONS.—Section 8A(g)(2) of the Securi-  
19 ties Act of 1933 (15 U.S.C. 77h–1(g)(2)) is  
20 amended by adding at the end the following:

21 “(D) FOURTH TIER.—Notwithstanding  
22 subparagraphs (A), (B), and (C), the maximum  
23 amount of penalty for each such act or omission  
24 shall be 3 times the otherwise applicable  
25 amount in such subparagraphs if, within the 5-

1           year period preceding such act or omission, the  
2           person who committed the act or omission was  
3           criminally convicted for securities fraud or be-  
4           came subject to a judgment or order imposing  
5           monetary, equitable, or administrative relief in  
6           any Commission action alleging fraud by that  
7           person.”.

8                   (B) MONEY PENALTIES IN CIVIL AC-  
9           TIONS.—Section 20(d)(2) of the Securities Act  
10          of 1933 (15 U.S.C. 77t(d)(2)) is amended by  
11          adding at the end the following:

12                   “(D) FOURTH TIER.—Notwithstanding  
13          subparagraphs (A), (B), and (C), the maximum  
14          amount of penalty for each such violation shall  
15          be 3 times the otherwise applicable amount in  
16          such subparagraphs if, within the 5-year period  
17          preceding such violation, the defendant was  
18          criminally convicted for securities fraud or be-  
19          came subject to a judgment or order imposing  
20          monetary, equitable, or administrative relief in  
21          any Commission action alleging fraud by that  
22          defendant.”.

23                   (2) SECURITIES EXCHANGE ACT OF 1934.—

24                   (A) MONEY PENALTIES IN CIVIL AC-  
25          TIONS.—Section 21(d)(3)(B) of the Securities

1 Exchange Act of 1934 (15 U.S.C.  
2 78u(d)(3)(B)) is amended by adding at the end  
3 the following:

4 “(iv) FOURTH TIER.—Notwith-  
5 standing clauses (i), (ii), and (iii), the  
6 maximum amount of penalty for each such  
7 violation shall be 3 times the otherwise ap-  
8 plicable amount in such clauses if, within  
9 the 5-year period preceding such violation,  
10 the defendant was criminally convicted for  
11 securities fraud or became subject to a  
12 judgment or order imposing monetary, eq-  
13 uitable, or administrative relief in any  
14 Commission action alleging fraud by that  
15 defendant.”.

16 (B) MONEY PENALTIES IN ADMINISTRA-  
17 TIVE ACTIONS.—Section 21B(b) of the Securi-  
18 ties Exchange Act of 1934 (15 U.S.C. 78u-  
19 2(b)) is amended by adding at the end the fol-  
20 lowing:

21 “(4) FOURTH TIER.—Notwithstanding para-  
22 graphs (1), (2), and (3), the maximum amount of  
23 penalty for each such act or omission shall be 3  
24 times the otherwise applicable amount in such para-  
25 graphs if, within the 5-year period preceding such

1 act or omission, the person who committed the act  
2 or omission was criminally convicted for securities  
3 fraud or became subject to a judgment or order im-  
4 posing monetary, equitable, or administrative relief  
5 in any Commission action alleging fraud by that per-  
6 son.”.

7 (3) INVESTMENT COMPANY ACT OF 1940.—

8 (A) MONEY PENALTIES IN ADMINISTRA-  
9 TIVE ACTIONS.—Section 9(d)(2) of the Invest-  
10 ment Company Act of 1940 (15 U.S.C. 80a-  
11 9(d)(2)) is amended by adding at the end the  
12 following:

13 “(D) FOURTH TIER.—Notwithstanding  
14 subparagraphs (A), (B), and (C), the maximum  
15 amount of penalty for each such act or omission  
16 shall be 3 times the otherwise applicable  
17 amount in such subparagraphs if, within the 5-  
18 year period preceding such act or omission, the  
19 person who committed the act or omission was  
20 criminally convicted for securities fraud or be-  
21 came subject to a judgment or order imposing  
22 monetary, equitable, or administrative relief in  
23 any Commission action alleging fraud by that  
24 person.”.

1 (B) MONEY PENALTIES IN CIVIL AC-  
2 TIONS.—Section 42(e)(2) of the Investment  
3 Company Act of 1940 (15 U.S.C. 80a-  
4 41(e)(2)) is amended by adding at the end the  
5 following:

6 “(D) FOURTH TIER.—Notwithstanding  
7 subparagraphs (A), (B), and (C), the maximum  
8 amount of penalty for each such violation shall  
9 be 3 times the otherwise applicable amount in  
10 such subparagraphs if, within the 5-year period  
11 preceding such violation, the defendant was  
12 criminally convicted for securities fraud or be-  
13 came subject to a judgment or order imposing  
14 monetary, equitable, or administrative relief in  
15 any Commission action alleging fraud by that  
16 defendant.”.

17 (4) INVESTMENT ADVISERS ACT OF 1940.—

18 (A) MONEY PENALTIES IN ADMINISTRA-  
19 TIVE ACTIONS.—Section 203(i)(2) of the Invest-  
20 ment Advisers Act of 1940 (15 U.S.C. 80b-  
21 3(i)(2)) is amended by adding at the end the  
22 following:

23 “(D) FOURTH TIER.—Notwithstanding  
24 subparagraphs (A), (B), and (C), the maximum  
25 amount of penalty for each such act or omission

1 shall be 3 times the otherwise applicable  
2 amount in such subparagraphs if, within the 5-  
3 year period preceding such act or omission, the  
4 person who committed the act or omission was  
5 criminally convicted for securities fraud or be-  
6 came subject to a judgment or order imposing  
7 monetary, equitable, or administrative relief in  
8 any Commission action alleging fraud by that  
9 person.”.

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 by adding at the end the following:

14 “(D) FOURTH TIER.—Notwithstanding  
15 subparagraphs (A), (B), and (C), the maximum  
16 amount of penalty for each such violation shall  
17 be 3 times the otherwise applicable amount in  
18 such subparagraphs if, within the 5-year period  
19 preceding such violation, the defendant was  
20 criminally convicted for securities fraud or be-  
21 came subject to a judgment or order imposing  
22 monetary, equitable, or administrative relief in  
23 any Commission action alleging fraud by that  
24 defendant.”.

25 (c) VIOLATIONS OF INJUNCTIONS AND BARS.—

1           (1) SECURITIES ACT OF 1933.—Section 20(d) of  
2           the Securities Act of 1933 (15 U.S.C. 77t(d)) is  
3           amended—

4           (A) in paragraph (1), 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 paragraph (4) and insert-  
10          ing the following:

11          “(4) SPECIAL PROVISIONS RELATING TO A VIO-  
12          LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

13           “(A) IN GENERAL.—Each separate viola-  
14           tion of an injunction or order described in sub-  
15           paragraph (B) shall be a separate offense, ex-  
16           cept that in the case of a violation through a  
17           continuing failure to comply with such injunc-  
18           tion or order, each day of the failure to comply  
19           with the injunction or order shall be deemed a  
20           separate offense.

21           “(B) INJUNCTIONS AND ORDERS.—Sub-  
22           paragraph (A) shall apply with respect to any  
23           action to enforce—

24           “(i) a Federal court injunction ob-  
25           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           8A.”.

9           (2) SECURITIES EXCHANGE ACT OF 1934.—Sec-  
10          tion 21(d)(3) of the Securities Exchange Act of  
11          1934 (15 U.S.C. 78u(d)(3)) is amended—

12           (A) in subparagraph (A), 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 subparagraph (D) and in-  
18           serting the following:

19           “(D) SPECIAL PROVISIONS RELATING TO A VIO-  
20          LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

21           “(i) IN GENERAL.—Each separate violation  
22           of an injunction or order described in clause (ii)  
23           shall be a separate offense, except that in the  
24           case of a violation through a continuing failure  
25           to comply with such injunction or order, each

1 day of the failure to comply with the injunction  
2 or order shall be deemed a separate offense.

3 “(ii) INJUNCTIONS AND ORDERS.—Clause  
4 (i) shall apply with respect to an action to en-  
5 force—

6 “(I) a Federal court injunction ob-  
7 tained pursuant to this title;

8 “(II) an order entered or obtained by  
9 the Commission pursuant to this title that  
10 bars, suspends, places limitations on the  
11 activities or functions of, or prohibits the  
12 activities of, a person; or

13 “(III) a cease-and-desist order entered  
14 by the Commission pursuant to section  
15 21C.”.

16 (3) INVESTMENT COMPANY ACT OF 1940.—Sec-  
17 tion 42(e) of the Investment Company Act of 1940  
18 (15 U.S.C. 80a–41(e)) is amended—

19 (A) in paragraph (1), by inserting after  
20 “the rules or regulations thereunder,” the fol-  
21 lowing: “a Federal court injunction or a bar ob-  
22 tained or entered by the Commission under this  
23 title,”; and

24 (B) by striking paragraph (4) and insert-  
25 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                 9(f).”.

1           (4) INVESTMENT ADVISERS ACT OF 1940.—Sec-  
2           tion 209(e) of the Investment Advisers Act of 1940  
3           (15 U.S.C. 80b–9(e)) is amended—

4           (A) in paragraph (1), 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 paragraph (4) and insert-  
10          ing the following:

11          “(4) SPECIAL PROVISIONS RELATING TO A VIO-  
12          LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

13           “(A) IN GENERAL.—Each separate viola-  
14           tion of an injunction or order described in sub-  
15           paragraph (B) shall be a separate offense, ex-  
16           cept that in the case of a violation through a  
17           continuing failure to comply with such injunc-  
18           tion or order, each day of the failure to comply  
19           with the injunction or order shall be deemed a  
20           separate offense.

21           “(B) INJUNCTIONS AND ORDERS.—Sub-  
22           paragraph (A) shall apply with respect to any  
23           action to enforce—

24           “(i) a Federal court injunction ob-  
25           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                   203(k).”.

9           (d) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply with respect to conduct that occurs  
11 after the date of the enactment of this Act.

12 **SEC. 802. UPDATED CIVIL MONEY PENALTIES OF PUBLIC**  
13 **COMPANY ACCOUNTING OVERSIGHT BOARD.**

14           (a) IN GENERAL.—Section 105(c)(4)(D) of the Sar-  
15 banes-Oxley Act of 2002 (15 U.S.C. 7215(c)(4)(D)) is  
16 amended—

17                   (1) in clause (i)—

18                           (A) by striking “\$100,000” and inserting  
19                           “\$200,000”; and

20                           (B) by striking “\$2,000,000” and insert-  
21                           ing “\$4,000,000”; and

22                   (2) in clause (ii)—

23                           (A) by striking “\$750,000” and inserting  
24                           “\$1,000,000”; and

1 (B) by striking “\$15,000,000” and insert-  
2 ing “\$20,000,000”.

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. 803. UPDATED CIVIL MONEY PENALTY FOR CONTROL-**  
7 **LING PERSONS IN CONNECTION WITH IN-**  
8 **SIDER TRADING.**

9 (a) IN GENERAL.—Section 21A(a)(3) of the Securi-  
10 ties Exchange Act of 1934 (15 U.S.C. 78u–1(a)(3)) is  
11 amended by striking “\$1,000,000” and inserting  
12 “\$2,000,000”.

13 (b) EFFECTIVE DATE.—The amendment made by  
14 this section shall apply with respect to conduct that occurs  
15 after the date of the enactment of this Act.

16 **SEC. 804. UPDATE OF CERTAIN OTHER PENALTIES.**

17 (a) IN GENERAL.—Section 32 of the Securities Ex-  
18 change Act of 1934 (15 U.S.C. 78ff) is amended—

19 (1) in subsection (a), by striking “\$5,000,000”  
20 and inserting “\$7,000,000”; and

21 (2) in subsection (c)—

22 (A) in paragraph (1)—

23 (i) in subparagraph (A), by striking  
24 “\$2,000,000” and inserting “\$4,000,000”;

25 and

1 (ii) in subparagraph (B), by striking  
2 “\$10,000” and inserting “\$50,000”; and  
3 (B) in paragraph (2)—

4 (i) in subparagraph (A), by striking  
5 “\$100,000” and inserting “\$250,000”;  
6 and

7 (ii) in subparagraph (B), by striking  
8 “\$10,000” and inserting “\$50,000”.

9 (b) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply with respect to conduct that occurs  
11 after the date of the enactment of this Act.

12 **SEC. 805. MONETARY SANCTIONS TO BE USED FOR THE RE-**  
13 **LIEF OF VICTIMS.**

14 (a) IN GENERAL.—Section 308(a) of the Sarbanes-  
15 Oxley Act of 2002 (15 U.S.C. 7246(a)) is amended to read  
16 as follows:

17 “(a) MONETARY SANCTIONS TO BE USED FOR THE  
18 RELIEF OF VICTIMS.—If, in any judicial or administrative  
19 action brought by the Commission under the securities  
20 laws, the Commission obtains a monetary sanction (as de-  
21 fined in section 21F(a) of the Securities Exchange Act of  
22 1934) against any person for a violation of such laws, or  
23 such person agrees, in settlement of any such action, to  
24 such monetary sanction, the amount of such monetary  
25 sanction shall, on the motion or at the direction of the

1 Commission, be added to and become part of a  
2 disgorgement fund or other fund established for the ben-  
3 efit of the victims of such violation.”.

4 (b) MONETARY SANCTION DEFINED.—Section  
5 21F(a)(4)(A) of the Securities Exchange Act of 1934 (15  
6 U.S.C. 78u–6(a)(4)(A)) is amended by striking “ordered”  
7 and inserting “required”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section apply with respect to any monetary sanction  
10 ordered or required to be paid before or after the date  
11 of enactment of this Act.

12 **SEC. 806. GAO REPORT ON USE OF CIVIL MONEY PENALTY**  
13 **AUTHORITY BY COMMISSION.**

14 (a) IN GENERAL.—Not later than 2 years after the  
15 date of the enactment of this Act, the Comptroller General  
16 of the United States shall submit to the Committee on  
17 Financial Services of the House of Representatives and  
18 the Committee on Banking, Housing, and Urban Affairs  
19 of the Senate a report on the use by the Commission of  
20 the authority to impose or obtain civil money penalties for  
21 violations of the securities laws during the period begin-  
22 ning on June 1, 2010, and ending on the date of the en-  
23 actment of this Act.



1 (b) MATTERS REQUIRED TO BE INCLUDED.—The  
2 matters covered by the report required by subsection (a)  
3 shall include the following:

4 (1) The types of violations for which civil  
5 money penalties were imposed or obtained.

6 (2) The types of persons on whom civil money  
7 penalties were imposed or from whom such penalties  
8 were obtained.

9 (3) The number and dollar amount of civil  
10 money penalties imposed or obtained, disaggregated  
11 as follows:

12 (A) Penalties imposed in administrative ac-  
13 tions and penalties obtained in judicial actions.

14 (B) Penalties imposed on or obtained from  
15 issuers (individual and aggregate filers) and  
16 penalties imposed on or obtained from other  
17 persons.

18 (C) Penalties permitted to be retained for  
19 use by the Commission and penalties deposited  
20 in the general fund of the Treasury of the  
21 United States.

22 (4) For penalties imposed on or obtained from  
23 issuers:

24 (A) Whether the violations involved re-  
25 sulted in direct economic benefit to the issuers.

1 (B) The impact of the penalties on the  
2 shareholders of the issuers.

3 (c) DEFINITIONS.—In this section, the terms “Com-  
4 mission”, “issuer”, and “securities laws” have the mean-  
5 ings given such terms in section 3(a) of the Securities Ex-  
6 change Act of 1934 (15 U.S.C. 78c(a)).

## 7 **Subtitle B—FIRREA Penalties** 8 **Modernization**

### 9 **SECTION 811. INCREASE OF CIVIL AND CRIMINAL PEN-** 10 **ALTIES ORIGINALLY ESTABLISHED IN THE FI-** 11 **NANCIAL INSTITUTIONS REFORM, RECOV-** 12 **ERY, AND ENFORCEMENT ACT OF 1989.**

13 (a) AMENDMENTS TO FIRREA.— Section 951(b) of  
14 the Financial Institutions Reform, Recovery, and Enforce-  
15 ment Act of 1989 (12 U.S.C. 1833a(b)) is amended—

16 (1) in paragraph (1), by striking “\$1,000,000”  
17 and inserting “\$1,500,000”; and

18 (2) in paragraph (2), by striking “\$1,000,000  
19 per day or \$5,000,000” and inserting “\$1,500,000  
20 per day or \$7,500,000”.

21 (b) AMENDMENTS TO THE HOME OWNERS’ LOAN  
22 ACT.—The Home Owners’ Loan Act (12 U.S.C. 1461 et  
23 seq.) is amended—

24 (1) in section 5(v)(6), by striking “\$1,000,000”  
25 and inserting “\$1,500,000”; and

1 (2) in section 10—

2 (A) in subsection (r)(3), by striking  
3 “\$1,000,000” and inserting “\$1,500,000”; and

4 (B) in subsection (i)(1)(B), by striking  
5 “\$1,000,000” and inserting “\$1,500,000”.

6 (c) AMENDMENTS TO THE FEDERAL DEPOSIT IN-  
7 SURANCE ACT.—The Federal Deposit Insurance Act (12  
8 U.S.C. 1811 et seq.) is amended—

9 (1) in section 7—

10 (A) in subsection (a)(1), by striking  
11 “\$1,000,000” and inserting “\$1,500,000”; and

12 (B) in subsection (j)(16)(D), by striking  
13 “\$1,000,000” each place such term appears  
14 and inserting “\$1,500,000”;

15 (2) in section 8—

16 (A) in subsection (i)(2)(D), by striking  
17 “\$1,000,000” each place such term appears  
18 and inserting “\$1,500,000”; and

19 (B) in subsection (j), by striking  
20 “\$1,000,000” and inserting “\$1,500,000”; and

21 (3) in section 19(b), by striking “\$1,000,000”  
22 and inserting “\$1,500,000”.

23 (d) AMENDMENTS TO THE FEDERAL CREDIT UNION  
24 ACT.—The Federal Credit Union Act (12 U.S.C. 1751 et  
25 seq.) is amended—

1           (1) in section 202(a)(3), by striking  
2           “\$1,000,000” and inserting “\$1,500,000”;

3           (2) in section 205(d)(3), by striking  
4           “\$1,000,000” and inserting “\$1,500,000”; and

5           (3) in section 206—

6                 (A) in subsection (k)(2)(D), by striking  
7                 “\$1,000,000” each place such term appears  
8                 and inserting “\$1,500,000”; and

9                 (B) in subsection (l), by striking  
10                “\$1,000,000” and inserting “\$1,500,000”.

11           (e) AMENDMENTS TO THE REVISED STATUTES OF  
12 THE UNITED STATES.—Title LXII of the Revised Stat-  
13 utes of the United States is amended—

14           (1) in section 5213(c), by striking  
15           “\$1,000,000” and inserting “\$1,500,000”; and

16           (2) in section 5239(b)(4), by striking  
17           “\$1,000,000” each place such term appears and in-  
18           serting “\$1,500,000”.

19           (f) AMENDMENTS TO THE FEDERAL RESERVE  
20 ACT.—The Federal Reserve Act (12 U.S.C. 221 et seq.)  
21 is amended—

22           (1) in the 6th undesignated paragraph of sec-  
23           tion 9, by striking “\$1,000,000” and inserting  
24           “\$1,500,000”;

1           (2) in section 19(l)(4), by striking  
2           “\$1,000,000” each place such term appears and in-  
3           serting “\$1,500,000”; and

4           (3) in section 29(d), by striking “\$1,000,000”  
5           each place such term appears and inserting  
6           “\$1,500,000”.

7           (g) AMENDMENTS TO THE BANK HOLDING COMPANY  
8           ACT AMENDMENTS OF 1970.—Section 106(b)(2)(F)(iv) of  
9           the Bank Holding Company Act Amendments of 1970 (12  
10          U.S.C. 1978(b)(2)(F)(iv)) is amended by striking  
11          “\$1,000,000” each place such term appears and inserting  
12          “\$1,500,000”.

13          (h) AMENDMENTS TO THE BANK HOLDING COMPANY  
14          ACT OF 1956.—Section 8 of the Bank Holding Company  
15          Act of 1956 (12 U.S.C. 1847) is amended—

16                 (1) in subsection (a)(2), by striking  
17                 “\$1,000,000” and inserting “\$1,500,000”; and

18                 (2) in subsection (d)(3), by striking  
19                 “\$1,000,000” and inserting “\$1,500,000”.

20          (i) AMENDMENTS TO TITLE 18, UNITED STATES  
21          CODE.—Title 18, United States Code, is amended—

22                 (1) in section 215(a) of chapter 11, by striking  
23                 “\$1,000,000” and inserting “\$1,500,000”;

24                 (2) in chapter 31—

1 (A) in section 656, by striking  
2 “\$1,000,000” and inserting “\$1,500,000”; and

3 (B) in section 657, by striking  
4 “\$1,000,000” and inserting “\$1,500,000”;

5 (3) in chapter 47—

6 (A) in section 1005, by striking  
7 “\$1,000,000” and inserting “\$1,500,000”;

8 (B) in section 1006, by striking  
9 “\$1,000,000” and inserting “\$1,500,000”;

10 (C) in section 1007, by striking  
11 “\$1,000,000” and inserting “\$1,500,000”; and

12 (D) in section 1014, by striking  
13 “\$1,000,000” and inserting “\$1,500,000”; and

14 (4) in chapter 63—

15 (A) in section 1341, by striking  
16 “\$1,000,000” and inserting “\$1,500,000”;

17 (B) in section 1343, by striking  
18 “\$1,000,000” and inserting “\$1,500,000”; and

19 (C) in section 1344, by striking  
20 “\$1,000,000” and inserting “\$1,500,000”.

1 **TITLE IX—REPEAL OF THE**  
2 **VOLCKER RULE AND OTHER**  
3 **PROVISIONS**

4 **SEC. 901. REPEALS.**

5 (a) IN GENERAL.—The following sections of title VI  
6 of the Dodd-Frank Wall Street Reform and Consumer  
7 Protection Act are repealed, and the provisions of law  
8 amended or repealed by such sections are restored or re-  
9 vived as if such sections had not been enacted:

10 (1) Section 603.

11 (2) Section 618.

12 (3) Section 619.

13 (4) Section 620.

14 (5) Section 621.

15 (b) CLERICAL AMENDMENT.—The table of contents  
16 under section 1(b) of the Dodd-Frank Wall Street Reform  
17 and Consumer Protection Act is amended by striking the  
18 items relating to sections 603, 618, 619, 620, and 621.

1 **TITLE X—UNLEASHING OPPOR-**  
2 **TUNITIES FOR SMALL BUSI-**  
3 **NESSES, INNOVATORS, AND**  
4 **JOB CREATORS BY FACILI-**  
5 **TATING CAPITAL FORMATION**  
6 **Subtitle A—Small Business Merg-**  
7 **ers, Acquisitions, Sales, and**  
8 **Brokerage Simplification**

9 **SEC. 1001. REGISTRATION EXEMPTION FOR MERGER AND**  
10 **ACQUISITION BROKERS.**

11 Section 15(b) of the Securities Exchange Act of 1934  
12 (15 U.S.C. 78o(b)) is amended by adding at the end the  
13 following:

14 “(13) REGISTRATION EXEMPTION FOR MERGER  
15 AND ACQUISITION BROKERS.—

16 “(A) IN GENERAL.—Except as provided in  
17 subparagraph (B), an M&A broker shall be ex-  
18 empt from registration under this section.

19 “(B) EXCLUDED ACTIVITIES.—An M&A  
20 broker is not exempt from registration under  
21 this paragraph if such broker does any of the  
22 following:

23 “(i) Directly or indirectly, in connec-  
24 tion with the transfer of ownership of an  
25 eligible privately held company, receives,



1 holds, transmits, or has custody of the  
2 funds or securities to be exchanged by the  
3 parties to the transaction.

4 “(ii) Engages on behalf of an issuer in  
5 a public offering of any class of securities  
6 that is registered, or is required to be reg-  
7 istered, with the Commission under section  
8 12 or with respect to which the issuer files,  
9 or is required to file, periodic information,  
10 documents, and reports under subsection  
11 (d).

12 “(iii) Engages on behalf of any party  
13 in a transaction involving a public shell  
14 company.

15 “(C) DISQUALIFICATIONS.—An M&A  
16 broker is not exempt from registration under  
17 this paragraph if such broker is subject to—

18 “(i) suspension or revocation of reg-  
19 istration under paragraph (4);

20 “(ii) a statutory disqualification de-  
21 scribed in section 3(a)(39);

22 “(iii) a disqualification under the  
23 rules adopted by the Commission under  
24 section 926 of the Investor Protection and

1 Securities Reform Act of 2010 (15 U.S.C.  
2 77d note); or

3 “(iv) a final order described in para-  
4 graph (4)(H).

5 “(D) RULE OF CONSTRUCTION.—Nothing  
6 in this paragraph shall be construed to limit  
7 any other authority of the Commission to ex-  
8 empt any person, or any class of persons, from  
9 any provision of this title, or from any provision  
10 of any rule or regulation thereunder.

11 “(E) DEFINITIONS.—In this paragraph:

12 “(i) CONTROL.—The term ‘control’  
13 means the power, directly or indirectly, to  
14 direct the management or policies of a  
15 company, whether through ownership of  
16 securities, by contract, or otherwise. There  
17 is a presumption of control for any person  
18 who—

19 “(I) is a director, general part-  
20 ner, member or manager of a limited  
21 liability company, or officer exercising  
22 executive responsibility (or has similar  
23 status or functions);

24 “(II) has the right to vote 20  
25 percent or more of a class of voting

1 securities or the power to sell or direct  
2 the sale of 20 percent or more of a  
3 class of voting securities; or

4 “(III) in the case of a partner-  
5 ship or limited liability company, has  
6 the right to receive upon dissolution,  
7 or has contributed, 20 percent or  
8 more of the capital.

9 “(ii) ELIGIBLE PRIVATELY HELD  
10 COMPANY.—The term ‘eligible privately  
11 held company’ means a privately held com-  
12 pany that meets both of the following con-  
13 ditions:

14 “(I) The company does not have  
15 any class of securities registered, or  
16 required to be registered, with the  
17 Commission under section 12 or with  
18 respect to which the company files, or  
19 is required to file, periodic informa-  
20 tion, documents, and reports under  
21 subsection (d).

22 “(II) In the fiscal year ending  
23 immediately before the fiscal year in  
24 which the services of the M&A broker  
25 are initially engaged with respect to

1 the securities transaction, the com-  
2 pany meets either or both of the fol-  
3 lowing conditions (determined in ac-  
4 cordance with the historical financial  
5 accounting records of the company):

6 “(aa) The earnings of the  
7 company before interest, taxes,  
8 depreciation, and amortization  
9 are less than \$25,000,000.

10 “(bb) The gross revenues of  
11 the company are less than  
12 \$250,000,000.

13 “(iii) M&A BROKER.—The term ‘M&A  
14 broker’ means a broker, and any person  
15 associated with a broker, engaged in the  
16 business of effecting securities transactions  
17 solely in connection with the transfer of  
18 ownership of an eligible privately held com-  
19 pany, regardless of whether the broker acts  
20 on behalf of a seller or buyer, through the  
21 purchase, sale, exchange, issuance, repur-  
22 chase, or redemption of, or a business com-  
23 bination involving, securities or assets of  
24 the eligible privately held company, if the  
25 broker reasonably believes that—

1           “(I) upon consummation of the  
2 transaction, any person acquiring se-  
3 curities or assets of the eligible pri-  
4 vately held company, acting alone or  
5 in concert, will control and, directly or  
6 indirectly, will be active in the man-  
7 agement of the eligible privately held  
8 company or the business conducted  
9 with the assets of the eligible privately  
10 held company; and

11           “(II) if any person is offered se-  
12 curities in exchange for securities or  
13 assets of the eligible privately held  
14 company, such person will, prior to  
15 becoming legally bound to consum-  
16 mate the transaction, receive or have  
17 reasonable access to the most recent  
18 fiscal year-end financial statements of  
19 the issuer of the securities as custom-  
20 arily prepared by the management of  
21 the issuer in the normal course of op-  
22 erations and, if the financial state-  
23 ments of the issuer are audited, re-  
24 viewed, or compiled, any related state-  
25 ment by the independent accountant,

1 a balance sheet dated not more than  
2 120 days before the date of the offer,  
3 and information pertaining to the  
4 management, business, results of op-  
5 erations for the period covered by the  
6 foregoing financial statements, and  
7 material loss contingencies of the  
8 issuer.

9 “(iv) PUBLIC SHELL COMPANY.—The  
10 term ‘public shell company’ is a company  
11 that at the time of a transaction with an  
12 eligible privately held company—

13 “(I) has any class of securities  
14 registered, or required to be reg-  
15 istered, with the Commission under  
16 section 12 or that is required to file  
17 reports pursuant to subsection (d);

18 “(II) has no or nominal oper-  
19 ations; and

20 “(III) has—

21 “(aa) no or nominal assets;

22 “(bb) assets consisting solely  
23 of cash and cash equivalents; or

24 “(cc) assets consisting of  
25 any amount of cash and cash

1                   equivalents and nominal other as-  
2                   sets.

3                   “(F) INFLATION ADJUSTMENT.—

4                    “(i) IN GENERAL.—On the date that  
5                    is 5 years after the date of the enactment  
6                    of this paragraph, and every 5 years there-  
7                    after, each dollar amount in subparagraph  
8                    (E)(ii)(II) shall be adjusted by—

9                    “(I) dividing the annual value of  
10                    the Employment Cost Index For  
11                    Wages and Salaries, Private Industry  
12                    Workers (or any successor index), as  
13                    published by the Bureau of Labor  
14                    Statistics, for the calendar year pre-  
15                    ceding the calendar year in which the  
16                    adjustment is being made by the an-  
17                    nual value of such index (or suc-  
18                    cessor) for the calendar year ending  
19                    December 31, 2012; and

20                    “(II) multiplying such dollar  
21                    amount by the quotient obtained  
22                    under subclause (I).

23                    “(ii) ROUNDING.—Each dollar  
24                    amount determined under clause (i) shall

1                   be rounded to the nearest multiple of  
2                   \$100,000.”.

3 **SEC. 1002. EFFECTIVE DATE.**

4           This subtitle and any amendment made by this sub-  
5 title shall take effect on the date that is 90 days after  
6 the date of the enactment of this Act.

7 **Subtitle B—Encouraging Employee**  
8 **Ownership**

9 **SEC. 1006. INCREASED THRESHOLD FOR DISCLOSURES RE-**  
10 **LATING TO COMPENSATORY BENEFIT PLANS.**

11           Not later than 60 days after the date of the enact-  
12 ment of this Act, the Securities and Exchange Commission  
13 shall revise section 230.701(e) of title 17, Code of Federal  
14 Regulations, so as to increase from \$5,000,000 to  
15 \$10,000,000 the aggregate sales price or amount of secu-  
16 rities sold during any consecutive 12-month period in ex-  
17 cess of which the issuer is required under such section to  
18 deliver an additional disclosure to investors. The Commis-  
19 sion shall index for inflation such aggregate sales price  
20 or amount every 5 years to reflect the change in the Con-  
21 sumer Price Index for All Urban Consumers published by  
22 the Bureau of Labor Statistics, rounding to the nearest  
23 \$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       **Subtitle M—Micro Offering Safe**  
2                                   **Harbor**

3       **SEC. 1061. EXEMPTIONS FOR MICRO-OFFERINGS.**

4           (a) IN GENERAL.—Section 4 of the Securities Act of  
5 1933 (15 U.S.C. 77d) is amended—

6               (1) in subsection (a), by adding at the end the  
7 following:

8                   “(8) transactions meeting the requirements of  
9 subsection (f).”; and

10               (2) by adding at the end the following:

11                   “(f) CERTAIN MICRO-OFFERINGS.—The transactions  
12 referred to in subsection (a)(8) are transactions involving  
13 the sale of securities by an issuer (including all entities  
14 controlled by or under common control with the issuer)  
15 that meet all of the following requirements:

16                       “(1) PRE-EXISTING RELATIONSHIP.—Each pur-  
17 chaser has a substantive pre-existing relationship  
18 with an officer of the issuer, a director of the issuer,  
19 or a shareholder holding 10 percent or more of the  
20 shares of the issuer.

21                       “(2) 35 OR FEWER PURCHASERS.—There are  
22 no more than, or the issuer reasonably believes that  
23 there are no more than, 35 purchasers of securities  
24 from the issuer that are sold in reliance on the ex-

1        exemption 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-  
25 half of an investment adviser registered under

1 the Investment Advisers Act of 1940 or reg-  
2 istered as an investment adviser in the State in  
3 which the investment adviser maintains its prin-  
4 cipal office and place of business;

5 “(E) the securities of which have been  
6 issued in a transaction made pursuant to sec-  
7 tion 4(a)(6) of the Securities Act of 1933,  
8 where both the crowdfunding vehicle and the  
9 company whose securities it holds are co-  
10 issuers;

11 “(F) which is current in its ongoing disclo-  
12 sure obligations under Rule 202 of Regulation  
13 Crowdfunding (17 C.F.R. 227.202);

14 “(G) the company whose securities it holds  
15 is current in its ongoing disclosure obligations  
16 under Rule 202 of Regulation Crowdfunding  
17 (17 C.F.R. 227.202); and

18 “(H) is advised by an investment adviser  
19 registered under the Investment Advisers Act of  
20 1940 or registered as an investment adviser in  
21 the State in which the investment adviser main-  
22 tains its principal office and place of business.”;  
23 and

24 (2) in section 3(c), by adding at the end the fol-  
25 lowing:

1 “(15) Any crowdfunding vehicle.”.

2 **SEC. 1077. CROWDFUNDING EXEMPTION FROM REGISTRA-**  
3 **TION.**

4 Section 12(g)(6) of the Securities Exchange Act of  
5 1934 (15 U.S.C. 78l(g)(6)) is amended—

6 (1) by striking “The Commission” and insert-  
7 ing the following:

8 “(A) IN GENERAL.—The Commission”;

9 (2) by striking “section 4(6)” and inserting  
10 “section 4(a)(6)”; and

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

12 “(B) TREATMENT OF SECURITIES ISSUED  
13 BY CERTAIN ISSUERS.—An exemption under  
14 subparagraph (A) shall be unconditional for se-  
15 curities offered by an issuer that had a public  
16 float of less than \$75,000,000 as of the last  
17 business day of the issuer’s most recently com-  
18 pleted semiannual period, computed by multi-  
19 plying the aggregate worldwide number of  
20 shares of the issuer’s common equity securities  
21 held by non-affiliates by the price at which such  
22 securities were last sold (or the average bid and  
23 asked prices of such securities) in the principal  
24 market for such securities or, in the event the  
25 result of such public float calculation is zero,

1           had annual revenues of less than \$50,000,000  
2           as of the issuer’s most recently completed fiscal  
3           year.”.

## 4   **Subtitle Q—Corporate Governance** 5           **Reform and Transparency**

### 6   **SEC. 1081. DEFINITIONS.**

7           (a) SECURITIES EXCHANGE ACT OF 1934.—Section  
8   3(a) of the Securities Exchange Act of 1934 (15 U.S.C.  
9   78c(a)) is amended by adding at the end the following new  
10 paragraphs:

11           “(81) PROXY ADVISORY FIRM.—The term  
12   ‘proxy advisory firm’ means any person who is pri-  
13   marily engaged in the business of providing proxy  
14   voting research, analysis, or recommendations to cli-  
15   ents, which conduct constitutes a solicitation within  
16   the meaning of section 14 and the Commission’s  
17   rules and regulations thereunder, except to the ex-  
18   tent that the person is exempted by such rules and  
19   regulations from requirements otherwise applicable  
20   to persons engaged in a solicitation.

21           “(82) PERSON ASSOCIATED WITH A PROXY AD-  
22   VISORY FIRM.—The term ‘person associated with’ a  
23   proxy advisory firm means any partner, officer, or  
24   director of a proxy advisory firm (or any person oc-  
25   cupying a similar status or performing similar func-

1 tions), any person directly or indirectly controlling,  
2 controlled by, or under common control with a proxy  
3 advisory firm, or any employee of a proxy advisory  
4 firm, except that persons associated with a proxy ad-  
5 visory firm whose functions are clerical or ministe-  
6 rial shall not be included in the meaning of such  
7 term. The Commission may by rules and regulations  
8 classify, for purposes or any portion or portions of  
9 this Act, persons, including employees controlled by  
10 a proxy advisory firm.”.

11 (b) APPLICABLE DEFINITIONS.—As used in this sub-  
12 title—

13 (1) the term “Commission” means the Securi-  
14 ties and Exchange Commission; and

15 (2) the term “proxy advisory firm” has the  
16 same meaning as in section 3(a)(81) of the Securi-  
17 ties Exchange Act of 1934, as added by this subtitle.

18 **SEC. 1082. REGISTRATION OF PROXY ADVISORY FIRMS.**

19 (a) AMENDMENT.—The Securities Exchange Act of  
20 1934 is amended by inserting after section 15G the fol-  
21 lowing new section:

22 **“SEC. 15H. REGISTRATION OF PROXY ADVISORY FIRMS.**

23 “(a) CONDUCT PROHIBITED.—It shall be unlawful  
24 for a proxy advisory firm to make use of the mails or any  
25 means or instrumentality of interstate commerce to pro-

1 vide proxy voting research, analysis, or recommendations  
2 to any client, unless such proxy advisory firm is registered  
3 under this section.

4 “(b) REGISTRATION PROCEDURES.—

5 “(1) APPLICATION FOR REGISTRATION.—

6 “(A) IN GENERAL.—A proxy advisory firm  
7 must file with the Commission an application  
8 for registration, in such form as the Commis-  
9 sion shall require, by rule or regulation, and  
10 containing the information described in sub-  
11 paragraph (B).

12 “(B) REQUIRED INFORMATION.—An appli-  
13 cation for registration under this section shall  
14 contain information regarding—

15 “(i) a certification that the applicant  
16 has adequate financial and managerial re-  
17 sources to consistently provide proxy advice  
18 based on accurate information;

19 “(ii) the procedures and methodolo-  
20 gies that the applicant uses in developing  
21 proxy voting recommendations, including  
22 whether and how the applicant considers  
23 the size of a company when making proxy  
24 voting recommendations;



1           “(iii) the organizational structure of  
2           the applicant;

3           “(iv) whether or not the applicant has  
4           in effect a code of ethics, and if not, the  
5           reasons therefor;

6           “(v) any potential or actual conflict of  
7           interest relating to the ownership structure  
8           of the applicant or the provision of proxy  
9           advisory services by the applicant, includ-  
10          ing whether the proxy advisory firm en-  
11          gages in services ancillary to the provision  
12          of proxy advisory services such as con-  
13          sulting services for corporate issuers, and  
14          if so the revenues derived therefrom;

15          “(vi) the policies and procedures in  
16          place to manage conflicts of interest under  
17          subsection (f); and

18          “(vii) any other information and docu-  
19          ments concerning the applicant and any  
20          person associated with such applicant as  
21          the Commission, by rule, may prescribe as  
22          necessary or appropriate in the public in-  
23          terest or for the protection of investors.

24          “(2) REVIEW OF APPLICATION.—

1           “(A) INITIAL DETERMINATION.—Not later  
2 than 90 days after the date on which the appli-  
3 cation for registration is filed with the Commis-  
4 sion under paragraph (1) (or within such longer  
5 period as to which the applicant consents) the  
6 Commission shall—

7                   “(i) by order, grant registration; or

8                   “(ii) institute proceedings to deter-  
9 mine whether registration should be de-  
10 nied.

11           “(B) CONDUCT OF PROCEEDINGS.—

12                   “(i) CONTENT.—Proceedings referred  
13 to in subparagraph (A)(ii) shall—

14                           “(I) include notice of the grounds  
15 for denial under consideration and an  
16 opportunity for hearing; and

17                           “(II) be concluded not later than  
18 120 days after the date on which the  
19 application for registration is filed  
20 with the Commission under paragraph  
21 (1).

22                   “(ii) DETERMINATION.—At the con-  
23 clusion of such proceedings, the Commis-  
24 sion, by order, shall grant or deny such ap-  
25 plication for registration.

1           “(iii) EXTENSION AUTHORIZED.—The  
2           Commission may extend the time for con-  
3           clusion of such proceedings for not longer  
4           than 90 days, if it finds good cause for  
5           such extension and publishes its reasons  
6           for so finding, or for such longer period as  
7           to which the applicant consents.

8           “(C) GROUNDS FOR DECISION.—The Com-  
9           mission shall grant registration under this sub-  
10          section—

11           “(i) if the Commission finds that the  
12           requirements of this section are satisfied;  
13           and

14           “(ii) unless the Commission finds (in  
15           which case the Commission shall deny such  
16           registration) that—

17           “(I) the applicant has failed to  
18           certify to the Commission’s satisfac-  
19           tion that it has adequate financial and  
20           managerial resources to consistently  
21           provide proxy advice based on accu-  
22           rate information and to materially  
23           comply with the procedures and meth-  
24           odologies disclosed under paragraph

1 (1)(B) and with subsections (f) and  
2 (g); or

3 “(II) if the applicant were so reg-  
4 istered, its registration would be sub-  
5 ject to suspension or revocation under  
6 subsection (e).

7 “(3) PUBLIC AVAILABILITY OF INFORMATION.—  
8 Subject to section 24, the Commission shall make  
9 the information and documents submitted to the  
10 Commission by a proxy advisory firm in its com-  
11 pleted application for registration, or in any amend-  
12 ment submitted under paragraph (1) or (2) of sub-  
13 section (e), publicly available on the Commission’s  
14 website, or through another comparable, readily ac-  
15 cessible means.

16 “(c) UPDATE OF REGISTRATION.—

17 “(1) UPDATE.—Each registered proxy advisory  
18 firm shall promptly amend and update its applica-  
19 tion for registration under this section if any infor-  
20 mation or document provided therein becomes mate-  
21 rially inaccurate, except that a registered proxy advi-  
22 sory firm is not required to amend the information  
23 required to be filed under subsection (b)(1)(B)(i) by  
24 filing information under this paragraph, but shall  
25 amend such information in the annual submission of

1 the organization under paragraph (2) of this sub-  
2 section.

3 “(2) CERTIFICATION.—Not later than 90 cal-  
4 endar days after the end of each calendar year, each  
5 registered proxy advisory firm shall file with the  
6 Commission an amendment to its registration, in  
7 such form as the Commission, by rule, may prescribe  
8 as necessary or appropriate in the public interest or  
9 for the protection of investors—

10 “(A) certifying that the information and  
11 documents in the application for registration of  
12 such registered proxy advisory firm continue to  
13 be accurate in all material respects; and

14 “(B) listing any material change that oc-  
15 curred to such information or documents during  
16 the previous calendar year.

17 “(d) CENSURE, DENIAL, OR SUSPENSION OF REG-  
18 ISTRATION; NOTICE AND HEARING.—The Commission, by  
19 order, shall censure, place limitations on the activities,  
20 functions, or operations of, suspend for a period not ex-  
21 ceeding 12 months, or revoke the registration of any reg-  
22 istered proxy advisory firm if the Commission finds, on  
23 the record after notice and opportunity for hearing, that  
24 such censure, placing of limitations, suspension, or revoca-  
25 tion is necessary for the protection of investors and in the

1 public interest and that such registered proxy advisory  
2 firm, or any person associated with such an organization,  
3 whether prior to or subsequent to becoming so associ-  
4 ated—

5           “(1) has committed or omitted any act, or is  
6           subject to an order or finding, enumerated in sub-  
7           paragraph (A), (D), (E), (H), or (G) of section  
8           15(b)(4), has been convicted of any offense specified  
9           in section 15(b)(4)(B), or is enjoined from any ac-  
10          tion, conduct, or practice specified in subparagraph  
11          (C) of section 15(b)(4), during the 10-year period  
12          preceding the date of commencement of the pro-  
13          ceedings under this subsection, or at any time there-  
14          after;

15           “(2) has been convicted during the 10-year pe-  
16          riod preceding the date on which an application for  
17          registration is filed with the Commission under this  
18          section, or at any time thereafter, of—

19                   “(A) any crime that is punishable by im-  
20                   prisonment for one or more years, and that is  
21                   not described in section 15(b)(4)(B); or

22                   “(B) a substantially equivalent crime by a  
23                   foreign court of competent jurisdiction;

1           “(3) is subject to any order of the Commission  
2           barring or suspending the right of the person to be  
3           associated with a registered proxy advisory firm;

4           “(4) fails to furnish the certifications required  
5           under subsections (b)(2)(C)(ii)(I) and (c)(2);

6           “(5) has engaged in one or more prohibited acts  
7           enumerated in paragraph (1); or

8           “(6) fails to maintain adequate financial and  
9           managerial resources to consistently offer advisory  
10          services with integrity, including by failing to comply  
11          with subsections (f) or (g).

12          “(e) TERMINATION OF REGISTRATION.—

13                 “(1) VOLUNTARY WITHDRAWAL.—A registered  
14                 proxy advisory firm may, upon such terms and con-  
15                 ditions as the Commission may establish as nec-  
16                 essary in the public interest or for the protection of  
17                 investors, which terms and conditions shall include  
18                 at a minimum that the registered proxy advisory  
19                 firm will no longer conduct such activities as to  
20                 bring it within the definition of proxy advisory firm  
21                 in section 3(a)(81) of the Securities Exchange Act  
22                 of 1934, withdraw from registration by filing a writ-  
23                 ten notice of withdrawal to the Commission.

24                 “(2) COMMISSION AUTHORITY.—In addition to  
25                 any other authority of the Commission under this

1 title, if the Commission finds that a registered proxy  
2 advisory firm is no longer in existence or has ceased  
3 to do business as a proxy advisory firm, the Com-  
4 mission, by order, shall cancel the registration under  
5 this section of such registered proxy advisory firm.

6 “(f) MANAGEMENT OF CONFLICTS OF INTEREST.—

7 “(1) ORGANIZATION POLICIES AND PROCE-  
8 DURES.—Each registered proxy advisory firm shall  
9 establish, maintain, and enforce written policies and  
10 procedures reasonably designed, taking into consid-  
11 eration the nature of the business of such registered  
12 proxy advisory firm and associated persons, to ad-  
13 dress and manage any conflicts of interest that can  
14 arise from such business.

15 “(2) COMMISSION AUTHORITY.—The Commis-  
16 sion shall issue final rules to prohibit, or require the  
17 management and disclosure of, any conflicts of inter-  
18 est relating to the offering of proxy advisory services  
19 by a registered proxy advisory firm, including, with-  
20 out limitation, conflicts of interest relating to—

21 “(A) the manner in which a registered  
22 proxy advisory firm is compensated by the cli-  
23 ent, or any affiliate of the client, for providing  
24 proxy advisory services;



1           “(B) the provision of consulting, advisory,  
2           or other services by a registered proxy advisory  
3           firm, or any person associated with such reg-  
4           istered proxy advisory firm, to the client;

5           “(C) business relationships, ownership in-  
6           terests, or any other financial or personal inter-  
7           ests between a registered proxy advisory firm,  
8           or any person associated with such registered  
9           proxy advisory firm, and any client, or any af-  
10          filiate of such client;

11          “(D) transparency around the formulation  
12          of proxy voting policies;

13          “(E) the execution of proxy votes if such  
14          votes are based upon recommendations made by  
15          the proxy advisory firm in which someone other  
16          than the issuer is a proponent;

17          “(F) issuing recommendations where proxy  
18          advisory firms provide advisory services to a  
19          company; and

20          “(G) any other potential conflict of inter-  
21          est, as the Commission deems necessary or ap-  
22          propriate in the public interest or for the pro-  
23          tection of investors.

24          “(g) RELIABILITY OF PROXY ADVISORY FIRM SERV-  
25          ICES.—

1           “(1) IN GENERAL.—Each registered proxy advi-  
2           sory firm shall have staff sufficient to produce proxy  
3           voting recommendations that are based on accurate  
4           and current information. Each registered proxy advi-  
5           sory firm shall detail procedures sufficient to permit  
6           companies receiving proxy advisory firm rec-  
7           ommendations access in a reasonable time to the  
8           draft recommendations, with an opportunity to pro-  
9           vide meaningful comment thereon, including the op-  
10          portunity to present details to the person responsible  
11          for developing the recommendation in person or tele-  
12          phonically. Each registered proxy advisory firm shall  
13          employ an ombudsman to receive complaints about  
14          the accuracy of voting information used in making  
15          recommendations from the subjects of the proxy ad-  
16          visory firm’s voting recommendations, and shall re-  
17          solve those complaints in a timely fashion and in any  
18          event prior to voting on the matter to which the rec-  
19          ommendation relates.

20           “(2) DRAFT RECOMMENDATIONS DEFINED.—  
21          For purposes of this subsection, the term ‘draft rec-  
22          ommendations’—

23           “(A) means the overall conclusions of  
24          proxy voting recommendations prepared for the  
25          clients of a proxy advisory firm, including any

1 public data cited therein, any company informa-  
2 tion or substantive analysis impacting the rec-  
3 ommendation, and the specific voting rec-  
4 ommendations on individual proxy ballot issues;  
5 and

6 “(B) does not include the entirety of the  
7 proxy advisory firm’s final report to its clients.

8 “(h) DESIGNATION OF COMPLIANCE OFFICER.—  
9 Each registered proxy advisory firm shall designate an in-  
10 dividual responsible for administering the policies and pro-  
11 cedures that are required to be established pursuant to  
12 subsections (f) and (g), and for ensuring compliance with  
13 the securities laws and the rules and regulations there-  
14 under, including those promulgated by the Commission  
15 pursuant to this section.

16 “(i) PROHIBITED CONDUCT.—

17 “(1) PROHIBITED ACTS AND PRACTICES.—The  
18 Commission shall issue final rules to prohibit any  
19 act or practice relating to the offering of proxy advi-  
20 sory services by a registered proxy advisory firm  
21 that the Commission determines to be unfair or co-  
22 ercive, including any act or practice relating to—

23 “(A) conditioning a voting recommendation  
24 or other proxy advisory firm recommendation  
25 on the purchase by an issuer or an affiliate

1           thereof of other services or products, of the reg-  
2           istered proxy advisory firm or any person asso-  
3           ciated with such registered proxy advisory firm;  
4           and

5           “(B) modifying a voting recommendation  
6           or otherwise departing from its adopted system-  
7           atic procedures and methodologies in the provi-  
8           sion of proxy advisory services, based on wheth-  
9           er an issuer, or affiliate thereof, subscribes or  
10          will subscribe to other services or product of the  
11          registered proxy advisory firm or any person as-  
12          sociated with such organization.

13          “(2) RULE OF CONSTRUCTION.—Nothing in  
14          paragraph (1), or in any rules or regulations adopt-  
15          ed thereunder, may be construed to modify, impair,  
16          or supersede the operation of any of the antitrust  
17          laws (as defined in the first section of the Clayton  
18          Act, except that such term includes section 5 of the  
19          Federal Trade Commission Act, to the extent that  
20          such section 5 applies to unfair methods of competi-  
21          tion).

22          “(j) STATEMENTS OF FINANCIAL CONDITION.—Each  
23          registered proxy advisory firm shall, on a confidential  
24          basis, file with the Commission, at intervals determined  
25          by the Commission, such financial statements, certified (if

1 required by the rules or regulations of the Commission)  
2 by an independent public auditor, and information con-  
3 cerning its financial condition, as the Commission, by rule,  
4 may prescribe as necessary or appropriate in the public  
5 interest or for the protection of investors.

6       “(k) ANNUAL REPORT.—Each registered proxy advi-  
7 sory firm shall, at the beginning of each fiscal year of such  
8 firm, report to the Commission on the number of share-  
9 holder proposals its staff reviewed in the prior fiscal year,  
10 the number of recommendations made in the prior fiscal  
11 year, the number of staff who reviewed and made rec-  
12 ommendations on such proposals in the prior fiscal year,  
13 and the number of recommendations made in the prior  
14 fiscal year where the proponent of such recommendation  
15 was a client of or received services from the proxy advisory  
16 firm.

17       “(l) TRANSPARENT POLICIES.—Each registered  
18 proxy advisory firm shall file with the Commission and  
19 make publicly available its methodology for the formula-  
20 tion of proxy voting policies and voting recommendations.

21       “(m) RULES OF CONSTRUCTION.—

22               “(1) NO WAIVER OF RIGHTS, PRIVILEGES, OR  
23 DEFENSES.—Registration under and compliance  
24 with this section does not constitute a waiver of, or  
25 otherwise diminish, any right, privilege, or defense

1 that a registered proxy advisory firm may otherwise  
2 have under any provision of State or Federal law,  
3 including any rule, regulation, or order thereunder.

4 “(2) NO PRIVATE RIGHT OF ACTION.—Nothing  
5 in this section may be construed as creating any pri-  
6 vate right of action, and no report filed by a reg-  
7 istered proxy advisory firm in accordance with this  
8 section or section 17 shall create a private right of  
9 action under section 18 or any other provision of  
10 law.

11 “(n) REGULATIONS.—

12 “(1) NEW PROVISIONS.—Such rules and regula-  
13 tions as are required by this section or are otherwise  
14 necessary to carry out this section, including the ap-  
15 plication form required under subsection (a)—

16 “(A) shall be issued by the Commission,  
17 not later than 180 days after the date of enact-  
18 ment of this section; and

19 “(B) shall become effective not later than  
20 1 year after the date of enactment of this sec-  
21 tion.

22 “(2) REVIEW OF EXISTING REGULATIONS.—Not  
23 later than 270 days after the date of enactment of  
24 this section, the Commission shall—

1           “(A) review its existing rules and regula-  
2           tions which affect the operations of proxy advi-  
3           sory firms;

4           “(B) amend or revise such rules and regu-  
5           lations in accordance with the purposes of this  
6           section, and issue such guidance, as the Com-  
7           mission may prescribe as necessary or appro-  
8           priate in the public interest or for the protec-  
9           tion of investors; and

10           “(C) direct Commission staff to withdraw  
11           the Egan Jones Proxy Services (May 27, 2004)  
12           and Institutional Shareholder Services, Inc.  
13           (September 15, 2004) no-action letters.

14           “(o) APPLICABILITY.—This section, other than sub-  
15           section (n), which shall apply on the date of enactment  
16           of this section, shall apply on the earlier of—

17           “(1) the date on which regulations are issued in  
18           final form under subsection (n)(1); or

19           “(2) 270 days after the date of enactment of  
20           this section.”.

21           (b) CONFORMING AMENDMENT.—Section 17(a)(1) of  
22           the Securities Exchange Act of 1934 (15 U.S.C.  
23           78q(a)(1)) is amended by inserting “proxy advisory firm,”  
24           after “nationally recognized statistical rating organiza-  
25           tion,”.

1 **SEC. 1083. COMMISSION ANNUAL REPORT.**

2 The Commission shall make an annual report publicly  
3 available on the Commission's Internet website. Such re-  
4 port shall, with respect to the year to which the report  
5 relates—

6 (1) identify applicants for registration under  
7 section 15H of the Securities Exchange Act of 1934,  
8 as added by this subtitle;

9 (2) specify the number of and actions taken on  
10 such applications;

11 (3) specify the views of the Commission on the  
12 state of competition, transparency, policies and  
13 methodologies, and conflicts of interest among proxy  
14 advisory firms;

15 (4) include the determination of the Commis-  
16 sion with regard to—

17 (A) the quality of proxy advisory services  
18 issued by proxy advisory firms;

19 (B) the financial markets;

20 (C) competition among proxy advisory  
21 firms;

22 (D) the incidence of undisclosed conflicts  
23 of interest by proxy advisory firms;

24 (E) the process for registering as a proxy  
25 advisory firm; and



1 (F) such other matters relevant to the im-  
2 plementation of this subtitle and the amend-  
3 ments made by this subtitle, as the Commission  
4 determines necessary to bring to the attention  
5 of the Congress;

6 (5) identify problems, if any, that have resulted  
7 from the implementation of this subtitle and the  
8 amendments made by this subtitle; and

9 (6) recommend solutions, including any legisla-  
10 tive or regulatory solutions, to any problems identi-  
11 fied under paragraphs (4) and (5).

## 12 **Subtitle R—Senior Safe**

### 13 **SEC. 1091. IMMUNITY.**

14 (a) DEFINITIONS.—In this subtitle—

15 (1) the term “Bank Secrecy Act Officer” means  
16 an individual responsible for ensuring compliance  
17 with the requirements mandated by subchapter II of  
18 chapter 53 of title 31, United States Code;

19 (2) the term “broker-dealer” means a broker or  
20 dealer, as those terms are defined, respectively, in  
21 section 3(a) of the Securities Exchange Act of 1934  
22 (15 U.S.C. 78c(a));

23 (3) the term “covered agency” means—

1 (A) a State financial regulatory agency, in-  
2 cluding a State securities or law enforcement  
3 authority and a State insurance regulator;

4 (B) each of the Federal financial institu-  
5 tions regulatory agencies;

6 (C) the Securities and Exchange Commis-  
7 sion;

8 (D) a law enforcement agency;

9 (E) and State or local agency responsible  
10 for administering adult protective service laws;  
11 and

12 (F) a State attorney general.

13 (4) the term “covered financial institution”  
14 means—

15 (A) a credit union;

16 (B) a depository institution;

17 (C) an investment advisor;

18 (D) a broker-dealer;

19 (E) an insurance company; and

20 (F) a State attorney general.

21 (5) the term “credit union” means a Federal  
22 credit union, State credit union, or State-chartered  
23 credit union, as those terms are defined in section  
24 101 of the Federal Credit Union Act (12 U.S.C.  
25 1752);

1           (6) the term “depository institution” has the  
2 meaning given the term in section 3(c) of the Fed-  
3 eral Deposit Insurance Act (12 U.S.C. 1813(c));

4           (7) the term “exploitation” means the fraudu-  
5 lent or otherwise illegal, unauthorized, or improper  
6 act or process of an individual, including a caregiver  
7 or fiduciary, that—

8                   (A) uses the resources of a senior citizen  
9 for monetary personal benefit, profit, or gain;  
10 or

11                   (B) results in depriving a senior citizen of  
12 rightful access to or use of benefits, resources,  
13 belongings or assets;

14           (8) the term “Federal financial institutions reg-  
15 ulatory agencies” has the meaning given the term in  
16 section 1003 of the Federal Financial Institutions  
17 Examination Council Act of 1978 (12 U.S.C. 3302);

18           (9) the term “investment adviser” has the  
19 meaning given the term in section 202 of the Invest-  
20 ment Advisers Act of 1940 (15 U.S.C. 80b–2);

21           (10) the term “insurance company” has the  
22 meaning given the term in section 2(a) of the Invest-  
23 ment Company Act of 1940 (15 U.S.C. 80a–2(a));

24           (11) the term “registered representative”  
25 means an individual who represents a broker-dealer

1 in effecting or attempting to affect a purchase or  
2 sale of securities;

3 (12) the term “senior citizen” means an indi-  
4 vidual who is not less than 65 years of age;

5 (13) the term “State insurance regulator” has  
6 the meaning given such term in section 315 of the  
7 Gramm-Leach-Bliley Act (15 U.S.C. 6735); and

8 (14) the term “State securities or law enforce-  
9 ment authority” has the meaning given the term in  
10 section 24(f)(4) of the Securities Exchange Act of  
11 1934 (15 U.S.C. 78x(f)(4)).

12 (b) IMMUNITY FROM SUIT.—

13 (1) IMMUNITY FOR INDIVIDUALS.—An indi-  
14 vidual who has received the training described in  
15 section 1092 shall not be liable, including in any  
16 civil or administrative proceeding, for disclosing the  
17 possible exploitation of a senior citizen to a covered  
18 agency if the individual, at the time of the disclo-  
19 sure—

20 (A) served as a supervisor, compliance offi-  
21 cer (including a Bank Secrecy Act Officer), or  
22 registered representative for a covered financial  
23 institution; and

1 (B) made the disclosure with reasonable  
2 care including reasonable efforts to avoid disclo-  
3 sure other than to a covered agency.

4 (2) IMMUNITY FOR COVERED FINANCIAL INSTI-  
5 TUTIONS.—A covered financial institution shall not  
6 be liable, including in any civil or administrative pro-  
7 ceeding, for a disclosure made by an individual de-  
8 scribed in paragraph (1) if—

9 (A) the individual was employed by, or, in  
10 the case of a registered representative, affiliated  
11 or associated with, the covered financial institu-  
12 tion at the time of the disclosure; and

13 (B) before the time of the disclosure, the  
14 covered financial institution provided the train-  
15 ing described in section 1092 to each individual  
16 described in section 1092(a).

17 **SEC. 1092. TRAINING REQUIRED.**

18 (a) IN GENERAL.—A covered financial institution  
19 may provide training described in subsection (b)(1) to  
20 each officer or employee of, or registered representative  
21 affiliated or associated with, the covered financial institu-  
22 tion who—

23 (1) is described in section 1091(b)(1)(A);

1           (2) may come into contact with a senior citizen  
2           as a regular part of the duties of the officer, em-  
3           ployee, or registered representative; or

4           (3) may review or approve the financial docu-  
5           ments, records, or transactions of a senior citizen in  
6           connection with providing financial services to a sen-  
7           ior citizen.

8           (b) TRAINING.—

9           (1) IN GENERAL.—The training described in  
10          this paragraph shall—

11           (A) instruct any individual attending the  
12           training on how to identify and report the sus-  
13           pected exploitation of a senior citizen;

14           (B) discuss the need to protect the privacy  
15           and respect the integrity of each individual cus-  
16           tomer of a covered financial institution; and

17           (C) be appropriate to the job responsibil-  
18           ities of the individual attending the training.

19          (2) TIMING.—The training required under sub-  
20          section (a) shall be provided as soon as reasonably  
21          practicable but not later than 1 year after the date  
22          on which an officer, employee, or registered rep-  
23          resentative begins employment with or becomes af-  
24          filiated or associated with the covered financial insti-  
25          tution.

1           (3) **BANK SECRECY ACT OFFICER.**—An indi-  
2           vidual who is designated as a compliance officer  
3           under an anti-money laundering program established  
4           pursuant to section 5318(h) of title 31, United  
5           States Code, shall be deemed to have received the  
6           training described under this subsection.

7 **SEC. 1093. RELATIONSHIP TO STATE LAW.**

8           Nothing in this Act shall be construed to preempt or  
9           limit any provision of State law, except only to the extent  
10          that section 1091 provides a greater level of protection  
11          against liability to an individual described in section  
12          1091(b)(1) or to a covered financial institution described  
13          in section 1091(b)(2) than is provided under State law.

14                   **Subtitle S—National Securities**  
15                   **Exchange Regulatory Parity**

16 **SEC. 1096. APPLICATION OF EXEMPTION.**

17          Section 18(b)(1) of the Securities Act of 1933 (15  
18          U.S.C. 77r(b)(1)) is amended—

19                   (1) by striking subparagraph (A);

20                   (2) in subparagraph (B), by striking “that the  
21          Commission determines by rule (on its own initiative  
22          or on the basis of a petition) are substantially simi-  
23          lar to the listing standards applicable to securities  
24          described in subparagraph (A)” and inserting “that  
25          have been approved by the Commission”;

1 (3) in subparagraph (C), by striking “or (B)”;

2 and

3 (4) by redesignating subparagraphs (B) and

4 (C) as subparagraphs (A) and (B), respectively.

5 **TITLE XI—REGULATORY RELIEF**  
6 **FOR MAIN STREET AND COM-**  
7 **MUNITY FINANCIAL INSTITU-**  
8 **TIONS**

9 **Subtitle A—Preserving Access to**  
10 **Manufactured Housing**

11 **SEC. 1101. MORTGAGE ORIGINATOR DEFINITION.**

12 Section 103 of the Truth in Lending Act (15 U.S.C.  
13 1602) is amended—

14 (1) by redesignating the second subsection (cc)  
15 and subsection (dd) as subsections (dd) and (ee), re-  
16 spectively; and

17 (2) in paragraph (2)(C) of subsection (dd), as  
18 so redesignated, by striking “an employee of a re-  
19 tailer of manufactured homes who is not described  
20 in clause (i) or (iii) of subparagraph (A) and who  
21 does not advise a consumer on loan terms (including  
22 rates, fees, and other costs)” and inserting “a re-  
23 tailer of manufactured or modular homes or its em-  
24 ployees unless such retailer or its employees receive  
25 compensation or gain for engaging in activities de-



1 scribed in subparagraph (A) that is in excess of any  
2 compensation or gain received in a comparable cash  
3 transaction”.

4 **SEC. 1102. HIGH-COST MORTGAGE DEFINITION.**

5 Section 103 of the Truth in Lending Act (15 U.S.C.  
6 1602), as amended by section 1101, is further amended—

7 (1) by redesignating subsection (aa) (relating to  
8 disclosure of greater amount or percentage), as so  
9 designated by section 1100A of the Consumer Fi-  
10 nancial Protection Act of 2010, as subsection (bb);

11 (2) by redesignating subsection (bb) (relating to  
12 high cost mortgages), as so designated by section  
13 1100A of the Consumer Financial Protection Act of  
14 2010, as subsection (aa), and moving such sub-  
15 section to immediately follow subsection (z); and

16 (3) in subsection (aa)(1)(A), as so redesign-  
17 ated—

18 (A) in clause (i)(I), by striking “(8.5 per-  
19 centage points, if the dwelling is personal prop-  
20 erty and the transaction is for less than  
21 \$50,000)” and inserting “(10 percentage points  
22 if the dwelling is personal property or is a  
23 transaction that does not include the purchase  
24 of real property on which a dwelling is to be  
25 placed, and the transaction is for less than

1           \$75,000 (as such amount is adjusted by the  
2           Consumer Financial Opportunity Commission  
3           to reflect the change in the Consumer Price  
4           Index))”; and

5           (B) in clause (ii)—

6           (i) in subclause (I), by striking “or”  
7           at the end; and

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

10                   “(III) in the case of a trans-  
11                   action for less than \$75,000 (as such  
12                   amount is adjusted by the Consumer  
13                   Financial Opportunity Commission to  
14                   reflect the change in the Consumer  
15                   Price Index) in which the dwelling is  
16                   personal property (or is a consumer  
17                   credit transaction that does not in-  
18                   clude the purchase of real property on  
19                   which a dwelling is to be placed) the  
20                   greater of 5 percent of the total trans-  
21                   action amount or \$3,000 (as such  
22                   amount is adjusted by the Consumer  
23                   Financial Opportunity Commission to  
24                   reflect the change in the Consumer  
25                   Price Index); or”.

1           **Subtitle B—Mortgage Choice**

2   **SEC. 1106. DEFINITION OF POINTS AND FEES.**

3           (a) AMENDMENT TO SECTION 103 OF TILA.—Para-  
4 graph (4) of section 103(aa) of the Truth in Lending Act,  
5 as redesignated by section 1102, is amended—

6           (1) by striking “paragraph (1)(B)” and insert-  
7 ing “paragraph (1)(A) and section 129C”;

8           (2) in subparagraph (C)—

9           (A) by inserting “and insurance” after  
10 “taxes”;

11           (B) in clause (ii), by inserting “, except as  
12 retained by a creditor or its affiliate as a result  
13 of their participation in an affiliated business  
14 arrangement (as defined in section 3(7) of the  
15 Real Estate Settlement Procedures Act of 1974  
16 (12 U.S.C. 2602(7))” after “compensation”;  
17 and

18           (C) by striking clause (iii) and inserting  
19 the following:

20           “(iii) the charge is—

21           “(I) a bona fide third-party charge  
22 not retained by the mortgage originator,  
23 creditor, or an affiliate of the creditor or  
24 mortgage originator; or

1 “(II) a charge set forth in section  
2 106(e)(1);” and  
3 (3) in subparagraph (D)—  
4 (A) by striking “accident,”; and  
5 (B) by striking “or any payments” and in-  
6 serting “and any payments”.

7 (b) AMENDMENT TO SECTION 129C OF TILA.—Sec-  
8 tion 129C of the Truth in Lending Act (15 U.S.C. 1639c)  
9 is amended—

10 (1) in subsection (a)(5)(C), by striking “103”  
11 and all that follows through “or mortgage origi-  
12 nator” and inserting “103(aa)(4)”; and

13 (2) in subsection (b)(2)(C)(i), by striking “103”  
14 and all that follows through “or mortgage origi-  
15 nator)” and inserting “103(aa)(4)”.

## 16 **Subtitle C—Financial Institution** 17 **Customer Protection**

### 18 **SEC. 1111. REQUIREMENTS FOR DEPOSIT ACCOUNT TERMI-** 19 **NATION REQUESTS AND ORDERS.**

20 (a) TERMINATION REQUESTS OR ORDERS MUST BE  
21 MATERIAL.—

22 (1) IN GENERAL.—An appropriate Federal  
23 banking agency may not formally or informally re-  
24 quest or order a depository institution to terminate  
25 a specific customer account or group of customer ac-

1 counts or to otherwise restrict or discourage a de-  
2 pository institution from entering into or maintain-  
3 ing a banking relationship with a specific customer  
4 or group of customers unless—

5 (A) the agency has a material reason for  
6 such request or order; and

7 (B) such reason is not based solely on rep-  
8 utation risk.

9 (2) TREATMENT OF NATIONAL SECURITY  
10 THREATS.—If an appropriate Federal banking agen-  
11 cy believes a specific customer or group of customers  
12 is, or is acting as a conduit for, an entity which—

13 (A) poses a threat to national security;

14 (B) is involved in terrorist financing;

15 (C) is an agency of the government of  
16 Iran, North Korea, Syria, or any country listed  
17 from time to time on the State Sponsors of  
18 Terrorism list;

19 (D) is located in, or is subject to the juris-  
20 diction of, any country specified in subpara-  
21 graph (C); or

22 (E) does business with any entity described  
23 in subparagraph (C) or (D), unless the appro-  
24 priate Federal banking agency determines that  
25 the customer or group of customers has used

1           due diligence to avoid doing business with any  
2           entity described in subparagraph (C) or (D),  
3           such belief shall satisfy the requirement under para-  
4           graph (1).

5           (b) NOTICE REQUIREMENT.—

6           (1) IN GENERAL.—If an appropriate Federal  
7           banking agency formally or informally requests or  
8           orders a depository institution to terminate a spe-  
9           cific customer account or a group of customer ac-  
10          counts, the agency shall—

11           (A) provide such request or order to the  
12           institution in writing; and

13           (B) accompany such request or order with  
14           a written justification for why such termination  
15           is needed, including any specific laws or regula-  
16           tions the agency believes are being violated by  
17           the customer or group of customers, if any.

18           (2) JUSTIFICATION REQUIREMENT.—A jus-  
19           tification described under paragraph (1)(B) may not  
20           be based solely on the reputation risk to the deposi-  
21           tory institution.

22           (c) CUSTOMER NOTICE.—

23           (1) NOTICE REQUIRED.—Except as provided  
24           under paragraph (2), if an appropriate Federal  
25           banking agency orders a depository institution to

1 terminate a specific customer account or a group of  
2 customer accounts, the depository institution shall  
3 inform the customer or customers of the justification  
4 for the customer's account termination described  
5 under subsection (b).

6 (2) NOTICE PROHIBITED IN CASES OF NA-  
7 TIONAL SECURITY.—If an appropriate Federal bank-  
8 ing agency requests or orders a depository institu-  
9 tion to terminate a specific customer account or a  
10 group of customer accounts based on a belief that  
11 the customer or customers pose a threat to national  
12 security, or are otherwise described under subsection  
13 (a)(2), neither the depository institution nor the ap-  
14 propriate Federal banking agency may inform the  
15 customer or customers of the justification for the  
16 customer's account termination.

17 (d) REPORTING REQUIREMENT.—Each appropriate  
18 Federal banking agency shall issue an annual report to  
19 the Congress stating—

20 (1) the aggregate number of specific customer  
21 accounts that the agency requested or ordered a de-  
22 pository institution to terminate during the previous  
23 year; and

24 (2) the legal authority on which the agency re-  
25 lied in making such requests and orders and the fre-

1       quency on which the agency relied on each such au-  
2       thority.

3       (e) DEFINITIONS.—For purposes of this section:

4           (1) APPROPRIATE FEDERAL BANKING AGEN-  
5       CY.—The term “appropriate Federal banking agen-  
6       cy” means—

7           (A) the appropriate Federal banking agen-  
8       cy, as defined under section 3 of the Federal  
9       Deposit Insurance Act (12 U.S.C. 1813); and

10          (B) the National Credit Union Administra-  
11       tion, in the case of an insured credit union.

12          (2) DEPOSITORY INSTITUTION.—The term “de-  
13       pository institution” means—

14           (A) a depository institution, as defined  
15       under section 3 of the Federal Deposit Insur-  
16       ance Act (12 U.S.C. 1813); and

17           (B) an insured credit union.

18       **SEC. 1112. AMENDMENTS TO THE FINANCIAL INSTITUTIONS**  
19                           **REFORM, RECOVERY, AND ENFORCEMENT**  
20                           **ACT OF 1989.**

21       Section 951 of the Financial Institutions Reform, Re-  
22       covery, and Enforcement Act of 1989 (12 U.S.C. 1833a)  
23       is amended—

24           (1) in subsection (c)(2), by striking “affecting  
25       a federally insured financial institution” and insert-



1       ing “against a federally insured financial institution  
2       or by a federally insured financial institution against  
3       an unaffiliated third person”; and

4               (2) in subsection (g)—

5                       (A) in the header, by striking “SUB-  
6                       POENAS” and inserting “INVESTIGATIONS”; and

7                       (B) by amending paragraph (1)(C) to read  
8                       as follows:

9                       “(C) summon witnesses and require the  
10                       production of any books, papers, correspond-  
11                       ence, memoranda, or other records which the  
12                       Attorney General deems relevant or material to  
13                       the inquiry, if the Attorney General—

14                       “(i) requests a court order from a  
15                       court of competent jurisdiction for such ac-  
16                       tions and offers specific and articulable  
17                       facts showing that there are reasonable  
18                       grounds to believe that the information or  
19                       testimony sought is relevant and material  
20                       for conducting an investigation under this  
21                       section; or

22                       “(ii) either personally or through dele-  
23                       gation no lower than the Deputy Attorney  
24                       General, issues and signs a subpoena for  
25                       such actions and such subpoena is sup-

1           ported by specific and articulable facts  
2           showing that there are reasonable grounds  
3           to believe that the information or testi-  
4           mony sought is relevant for conducting an  
5           investigation under this section.”.

6       **Subtitle D—Portfolio Lending and**  
7               **Mortgage Access**

8       **SEC. 1116. SAFE HARBOR FOR CERTAIN LOANS HELD ON**  
9               **PORTFOLIO.**

10       (a) IN GENERAL.—Section 129C of the Truth in  
11       Lending Act (15 U.S.C. 1639c) is amended by adding at  
12       the end the following:

13           “(j) SAFE HARBOR FOR CERTAIN LOANS HELD ON  
14       PORTFOLIO.—

15               “(1) SAFE HARBOR FOR CREDITORS THAT ARE  
16       DEPOSITORY INSTITUTIONS.—

17                   “(A) IN GENERAL.—A creditor that is a  
18       depository institution shall not be subject to  
19       suit for failure to comply with subsection (a),  
20       (c)(1), or (f)(2) of this section or section 129H  
21       with respect to a residential mortgage loan, and  
22       the banking regulators shall treat such loan as  
23       a qualified mortgage, if—

1           “(i) the creditor has, since the origi-  
2           nation of the loan, held the loan on the  
3           balance sheet of the creditor; and

4           “(ii) all prepayment penalties with re-  
5           spect to the loan comply with the limita-  
6           tions described under subsection (c)(3).

7           “(B) EXCEPTION FOR CERTAIN TRANS-  
8           FERS.—In the case of a depository institution  
9           that transfers a loan originated by that institu-  
10          tion to another depository institution by reason  
11          of the bankruptcy or failure of the originating  
12          depository institution or the purchase of the  
13          originating depository institution, the depository  
14          institution transferring such loan shall be  
15          deemed to have complied with the requirement  
16          under subparagraph (A)(i).

17          “(2) SAFE HARBOR FOR MORTGAGE ORIGINA-  
18          TORS.—A mortgage originator shall not be subject  
19          to suit for a violation of section 129B(c)(3)(B) for  
20          steering a consumer to a residential mortgage loan  
21          if—

22                 “(A) the creditor of such loan is a depository  
23                 institution and has informed the mortgage  
24                 originator that the creditor intends to hold the

1 loan on the balance sheet of the creditor for the  
2 life of the loan; and

3 “(B) the mortgage originator informs the  
4 consumer that the creditor intends to hold the  
5 loan on the balance sheet of the creditor for the  
6 life of the loan.

7 “(3) DEFINITIONS.—For purposes of this sub-  
8 section:

9 “(A) BANKING REGULATORS.—The term  
10 ‘banking regulators’ means the Federal banking  
11 agencies, the Consumer Financial Opportunity  
12 Commission, and the National Credit Union  
13 Administration.

14 “(B) DEPOSITORY INSTITUTION.—The  
15 term ‘depository institution’ has the meaning  
16 given that term under section 19(b)(1) of the  
17 Federal Reserve Act (12 U.S.C. 505(b)(1)).

18 “(C) FEDERAL BANKING AGENCIES.—The  
19 term ‘Federal banking agencies’ has the mean-  
20 ing given that term under section 3 of the Fed-  
21 eral Deposit Insurance Act.”.

22 (b) RULE OF CONSTRUCTION.—Nothing in the  
23 amendment made by this section may be construed as pre-  
24 venting a balloon loan from qualifying for the safe harbor  
25 provided under section 129C(j) of the Truth in Lending

1 Act if the balloon loan otherwise meets all of the require-  
2 ments under such subsection (j), regardless of whether the  
3 balloon loan meets the requirements described under  
4 clauses (i) through (iv) of section 129C(b)(2)(E) of such  
5 Act.

6 **Subtitle E—Application of the**  
7 **Expedited Funds Availability Act**

8 **SEC. 1121. APPLICATION OF THE EXPEDITED FUNDS AVAIL-**  
9 **ABILITY ACT.**

10 (a) IN GENERAL.—The Expedited Funds Availability  
11 Act (12 U.S.C. 4001 et seq.) is amended—

12 (1) in section 602(20) (12 U.S.C. 4001(20)) by  
13 inserting “, located in the United States,” after  
14 “ATM”;

15 (2) in section 602(21) (12 U.S.C. 4001(21)) by  
16 inserting “American Samoa, the Commonwealth of  
17 the Northern Mariana Islands,” after “Puerto  
18 Rico,”;

19 (3) in section 602(23) (12 U.S.C. 4001(23)) by  
20 inserting “American Samoa, the Commonwealth of  
21 the Northern Mariana Islands,” after “Puerto  
22 Rico,”; and

23 (4) in section 603(d)(2)(A) (12 U.S.C.  
24 4002(d)(2)(A)), by inserting “American Samoa, the

1 Commonwealth of the Northern Mariana Islands,”  
2 after “Puerto Rico,”.

3 (b) EFFECTIVE DATE.—This section shall take effect  
4 on January 1, 2017.

5 **Subtitle F—Small Bank Holding**  
6 **Company Policy Statement**

7 **SEC. 1126. CHANGES REQUIRED TO SMALL BANK HOLDING**  
8 **COMPANY POLICY STATEMENT ON ASSESS-**  
9 **MENT OF FINANCIAL AND MANAGERIAL FAC-**  
10 **TORS.**

11 (a) IN GENERAL.—Before the end of the 6-month pe-  
12 riod beginning on the date of the enactment of this Act,  
13 the Board of Governors of the Federal Reserve System  
14 shall revise the Small Bank Holding Company Policy  
15 Statement on Assessment of Financial and Managerial  
16 Factors (12 C.F.R. part 225—appendix C) to raise the  
17 consolidated asset threshold under such policy statement  
18 from \$1,000,000,000 (as adjusted by Public Law 113–  
19 250) to \$5,000,000,000.

20 (b) CONFORMING AMENDMENT.—Subparagraph (C)  
21 of section 171(b)(5) of the Dodd-Frank Wall Street Re-  
22 form and Consumer Protection Act (12 U.S.C.  
23 5371(b)(5)) is amended to read as follows:

24 “(C) any bank holding company or savings  
25 and loan holding company that is subject to the

1 application of the Small Bank Holding Com-  
2 pany Policy Statement on Assessment of Finan-  
3 cial and Managerial Factors of the Board of  
4 Governors (12 C.F.R. part 225—appendix C).”.

5 **Subtitle G—Community Institution**  
6 **Mortgage Relief**

7 **SEC. 1131. COMMUNITY FINANCIAL INSTITUTION MORT-**  
8 **GAGE RELIEF.**

9 (a) EXEMPTION FROM ESCROW REQUIREMENTS FOR  
10 LOANS HELD BY SMALLER CREDITORS.—Section 129D  
11 of the Truth in Lending Act (15 U.S.C. 1639d) is amend-  
12 ed—

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

14 “(k) SAFE HARBOR FOR LOANS HELD BY SMALLER  
15 CREDITORS.—

16 “(1) IN GENERAL.—A creditor shall not be in  
17 violation of subsection (a) with respect to a loan if—

18 “(A) the creditor has consolidated assets of  
19 \$10,000,000,000 or less; and

20 “(B) the creditor holds the loan on the bal-  
21 ance sheet of the creditor for the 3-year period  
22 beginning on the date of the origination of the  
23 loan.

24 “(2) EXCEPTION FOR CERTAIN TRANSFERS.—

25 In the case of a creditor that transfers a loan to an-

1 other person by reason of the bankruptcy or failure  
2 of the creditor, the purchase of the creditor, or a su-  
3 pervisory act or recommendation from a State or  
4 Federal regulator, the creditor shall be deemed to  
5 have complied with the requirement under para-  
6 graph (1)(B).”; and

7 (2) by striking the term “Board” each place  
8 such term appears and inserting “Consumer Finan-  
9 cial Opportunity Commission”.

10 (b) MODIFICATION TO EXEMPTION FOR SMALL  
11 SERVICERS OF MORTGAGE LOANS.—Section 6 of the Real  
12 Estate Settlement Procedures Act of 1974 (12 U.S.C.  
13 2605) is amended by adding at the end the following:

14 “(n) SMALL SERVICER EXEMPTION.—The Consumer  
15 Financial Opportunity Commission shall, by regulation,  
16 provide exemptions to, or adjustments for, the provisions  
17 of this section for a servicer that annually services 20,000  
18 or fewer mortgage loans, in order to reduce regulatory  
19 burdens while appropriately balancing consumer protec-  
20 tions.”.



1    **Subtitle H—Financial Institutions**  
2    **Examination Fairness and Reform**

3    **SEC. 1136. TIMELINESS OF EXAMINATION REPORTS.**

4       (a) IN GENERAL.—The Federal Financial Institu-  
5    tions Examination Council Act of 1978 (12 U.S.C. 3301  
6    et seq.) is amended by adding at the end the following:

7    **“SEC. 1012. TIMELINESS OF EXAMINATION REPORTS.**

8       “(a) IN GENERAL.—

9           “(1) FINAL EXAMINATION REPORT.—A Federal  
10    financial institutions regulatory agency shall provide  
11    a final examination report to a financial institution  
12    not later than 60 days after the later of—

13           “(A) the exit interview for an examination  
14           of the institution; or

15           “(B) the provision of additional informa-  
16           tion by the institution relating to the examina-  
17           tion.

18           “(2) EXIT INTERVIEW.—If a financial institu-  
19    tion is not subject to a resident examiner program,  
20    the exit interview shall occur not later than the end  
21    of the 9-month period beginning on the commence-  
22    ment of the examination, except that such period  
23    may be extended by the Federal financial institu-  
24    tions regulatory agency by providing written notice  
25    to the institution and the Independent Examination

1 Review Director describing with particularity the  
2 reasons that a longer period is needed to complete  
3 the examination.

4 “(b) EXAMINATION MATERIALS.—Upon the request  
5 of a financial institution, the Federal financial institutions  
6 regulatory agency shall include with the final report an  
7 appendix listing all examination or other factual informa-  
8 tion relied upon by the agency in support of a material  
9 supervisory determination.

10 **“SEC. 1013. EXAMINATION STANDARDS.**

11 “(a) IN GENERAL.—In the examination of a financial  
12 institution—

13 “(1) a commercial loan shall not be placed in  
14 non-accrual status solely because the collateral for  
15 such loan has deteriorated in value;

16 “(2) a modified or restructured commercial loan  
17 shall be removed from non-accrual status if the bor-  
18 rower demonstrates the ability to perform on such  
19 loan over a maximum period of 6 months, except  
20 that with respect to loans on a quarterly, semi-  
21 annual, or longer repayment schedule such period  
22 shall be a maximum of 3 consecutive repayment pe-  
23 riods;

1           “(3) a new appraisal on a performing commer-  
 2           cial loan shall not be required unless an advance of  
 3           new funds is involved; and

4           “(4) in classifying a commercial loan in which  
 5           there has been deterioration in collateral value, the  
 6           amount to be classified shall be the portion of the  
 7           deficiency relating to the decline in collateral value  
 8           and repayment capacity of the borrower.

9           “(b) WELL CAPITALIZED INSTITUTIONS.—The Fed-  
 10          eral financial institutions regulatory agencies may not re-  
 11          quire a financial institution that is well capitalized to raise  
 12          additional capital in lieu of an action prohibited under  
 13          subsection (a).

14          “(c) CONSISTENT LOAN CLASSIFICATIONS.—The  
 15          Federal financial institutions regulatory agencies shall de-  
 16          velop and apply identical definitions and reporting require-  
 17          ments for non-accrual loans.

18          **“SEC. 1014. OFFICE OF INDEPENDENT EXAMINATION RE-  
 19    VIEW.**

20          “(a) ESTABLISHMENT.—There is established in the  
 21          Council an Office of Independent Examination Review  
 22          (the ‘Office’).

23          “(b) HEAD OF OFFICE.—There is established the po-  
 24          sition of the Independent Examination Review Director  
 25          (the ‘Director’), as the head of the Office. The Director

1 shall be appointed by the Council and shall be independent  
2 from any member agency of the Council.

3 “(c) STAFFING.—The Director is authorized to hire  
4 staff to support the activities of the Office.

5 “(d) DUTIES.—The Director shall—

6 “(1) receive and, at the Director’s discretion,  
7 investigate complaints from financial institutions,  
8 their representatives, or another entity acting on be-  
9 half of such institutions, concerning examinations,  
10 examination practices, or examination reports;

11 “(2) hold meetings, at least once every three  
12 months and in locations designed to encourage par-  
13 ticipation from all sections of the United States,  
14 with financial institutions, their representatives, or  
15 another entity acting on behalf of such institutions,  
16 to discuss examination procedures, examination  
17 practices, or examination policies;

18 “(3) review examination procedures of the Fed-  
19 eral financial institutions regulatory agencies to en-  
20 sure that the written examination policies of those  
21 agencies are being followed in practice and adhere to  
22 the standards for consistency established by the  
23 Council;

24 “(4) conduct a continuing and regular review of  
25 examination quality assurance for all examination

1 types conducted by the Federal financial institutions  
2 regulatory agencies;

3 “(5) adjudicate any supervisory appeal initiated  
4 under section 1015; and

5 “(6) report annually to the Committee on Fi-  
6 nancial Services of the House of Representatives, the  
7 Committee on Banking, Housing, and Urban Affairs  
8 of the Senate, and the Council, on the reviews car-  
9 ried out pursuant to paragraphs (3) and (4), includ-  
10 ing compliance with the requirements set forth in  
11 section 1012 regarding timeliness of examination re-  
12 ports, and the Council’s recommendations for im-  
13 provements in examination procedures, practices,  
14 and policies.

15 “(e) CONFIDENTIALITY.—The Director shall keep  
16 confidential all meetings with, discussions with, and infor-  
17 mation provided by financial institutions.

18 **“SEC. 1015. RIGHT TO INDEPENDENT REVIEW OF MATERIAL**  
19 **SUPERVISORY DETERMINATIONS.**

20 “(a) IN GENERAL.—A financial institution shall have  
21 the right to obtain an independent review of a material  
22 supervisory determination contained in a final report of  
23 examination.

24 “(b) NOTICE.—

1           “(1) TIMING.—A financial institution seeking  
2 review of a material supervisory determination under  
3 this section shall file a written notice with the Inde-  
4 pendent Examination Review Director (the ‘Direc-  
5 tor’) within 60 days after receiving the final report  
6 of examination that is the subject of such review.

7           “(2) IDENTIFICATION OF DETERMINATION.—  
8 The written notice shall identify the material super-  
9 visory determination that is the subject of the inde-  
10 pendent examination review, and a statement of the  
11 reasons why the institution believes that the deter-  
12 mination is incorrect or should otherwise be modi-  
13 fied.

14           “(3) INFORMATION TO BE PROVIDED TO INSTI-  
15 TUTION.—Any information relied upon by the agen-  
16 cy in the final report that is not in the possession  
17 of the financial institution may be requested by the  
18 financial institution and shall be delivered promptly  
19 by the agency to the financial institution.

20           “(c) RIGHT TO HEARING.—

21           “(1) IN GENERAL.—The Director shall deter-  
22 mine the merits of the appeal on the record or, at  
23 the financial institution’s election, shall refer the ap-  
24 peal to an Administrative Law Judge to conduct a  
25 confidential hearing pursuant to the procedures set

1       forth under sections 556 and 557 of title 5, United  
2       States Code, which hearing shall take place not later  
3       than 60 days after the petition for review was re-  
4       ceived by the Director, and to issue a proposed deci-  
5       sion to the Director based upon the record estab-  
6       lished at such hearing.

7               “(2) STANDARD OF REVIEW.—In rendering a  
8       determination or recommendation under this sub-  
9       section, neither the Administrative Law Judge nor  
10      the Director shall defer to the opinions of the exam-  
11      iner or agency, but shall conduct a de novo review  
12      to independently determine the appropriateness of  
13      the agency’s decision based upon the relevant stat-  
14      utes, regulations, and other appropriate guidance, as  
15      well as evidence adduced at any hearing.

16      “(d) FINAL DECISION.—A decision by the Director  
17      on an independent review under this section shall—

18               “(1) be made not later than 60 days after the  
19      record has been closed; and

20               “(2) be deemed final agency action and shall  
21      bind the agency whose supervisory determination  
22      was the subject of the review and the financial insti-  
23      tution requesting the review.

24      “(e) RIGHT TO JUDICIAL REVIEW.—A financial insti-  
25      tution shall have the right to petition for review of final

1 agency action under this section by filing a Petition for  
2 Review within 60 days of the Director's decision in the  
3 United States Court of Appeals for the District of Colum-  
4 bia Circuit or the Circuit in which the financial institution  
5 is located.

6       “(f) REPORT.—The Director shall report annually to  
7 the Committee on Financial Services of the House of Rep-  
8 resentatives and the Committee on Banking, Housing, and  
9 Urban Affairs of the Senate on actions taken under this  
10 section, including the types of issues that the Director has  
11 reviewed and the results of those reviews. In no case shall  
12 such a report contain information about individual finan-  
13 cial institutions or any confidential or privileged informa-  
14 tion shared by financial institutions.

15       “(g) RETALIATION PROHIBITED.—A Federal finan-  
16 cial institutions regulatory agency may not—

17               “(1) retaliate against a financial institution, in-  
18 cluding service providers, or any institution-affiliated  
19 party (as defined under section 3 of the Federal De-  
20 posit Insurance Act), for exercising appellate rights  
21 under this section; or

22               “(2) delay or deny any agency action that  
23 would benefit a financial institution or any institu-  
24 tion-affiliated party on the basis that an appeal  
25 under this section is pending under this section.



1       “(h) RULE OF CONSTRUCTION.—Nothing in this sec-  
2 tion may be construed—

3           “(1) to affect the right of a Federal financial  
4 institutions regulatory agency to take enforcement  
5 or other supervisory actions related to a material su-  
6 pervisory determination under review under this sec-  
7 tion; or

8           “(2) to prohibit the review under this section of  
9 a material supervisory determination with respect to  
10 which there is an ongoing enforcement or other su-  
11 pervisory action.”.

12       (b) ADDITIONAL AMENDMENTS.—

13           (1) RIEGLE COMMUNITY DEVELOPMENT AND  
14 REGULATORY IMPROVEMENT ACT OF 1994.—Section  
15 309 of the Riegle Community Development and Reg-  
16 ulatory Improvement Act of 1994 (12 U.S.C. 4806)  
17 is amended—

18           (A) in subsection (a), by inserting after  
19 “appropriate Federal banking agency” the fol-  
20 lowing: “, the Consumer Financial Opportunity  
21 Commission,”;

22           (B) in subsection (b)—

23           (i) in paragraph (2), by striking “the  
24 appellant from retaliation by agency exam-  
25 iners” and inserting “the insured deposi-

1 tory institution or insured credit union  
2 from retaliation by the agencies referred to  
3 in subsection (a)”; and

4 (ii) by adding at the end the following  
5 flush-left text:

6 “For purposes of this subsection and subsection (e), retal-  
7 iation includes delaying consideration of, or withholding  
8 approval of, any request, notice, or application that other-  
9 wise would have been approved, but for the exercise of the  
10 institution’s or credit union’s rights under this section.”;

11 (C) in subsection (e)(2)—

12 (i) in subparagraph (B), by striking  
13 “and” at the end;

14 (ii) in subparagraph (C), by striking  
15 the period and inserting “; and”; and

16 (iii) by adding at the end the fol-  
17 lowing:

18 “(D) ensure that appropriate safeguards  
19 exist for protecting the insured depository insti-  
20 tution or insured credit union from retaliation  
21 by any agency referred to in subsection (a) for  
22 exercising its rights under this subsection.”;  
23 and

24 (D) in subsection (f)(1)(A)—

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

3 (ii) in clause (iii), by striking “and”  
4 at the end; and

5 (iii) by adding at the end the fol-  
6 lowing:

7 “(iv) any issue specifically listed in an  
8 exam report as a matter requiring atten-  
9 tion by the institution’s management or  
10 board of directors; and

11 “(v) any suspension or removal of an  
12 institution’s status as eligible for expedited  
13 processing of applications, requests, no-  
14 tices, or filings on the grounds of a super-  
15 visory or compliance concern, regardless of  
16 whether that concern has been cited as a  
17 basis for another material supervisory de-  
18 termination or matter requiring attention  
19 in an examination report, provided that the  
20 conduct at issue did not involve violation of  
21 any criminal law; and”.

22 (2) FEDERAL CREDIT UNION ACT.—Section  
23 205(j) of the Federal Credit Union Act (12 U.S.C.  
24 1785(j)) is amended by inserting “the Consumer Fi-

1 nancial Opportunity Commission,” before “the Ad-  
2 ministration” each place such term appears.

3 (3) FEDERAL FINANCIAL INSTITUTIONS EXAM-  
4 INATION COUNCIL ACT OF 1978.—The Federal Fi-  
5 nancial Institutions Examination Council Act of  
6 1978 (12 U.S.C. 3301 et seq.) is amended—

7 (A) in section 1003, by amending para-  
8 graph (1) to read as follows:

9 “(1) the term ‘Federal financial institutions  
10 regulatory agencies’—

11 “(A) means the Office of the Comptroller  
12 of the Currency, the Board of Governors of the  
13 Federal Reserve System, the Federal Deposit  
14 Insurance Corporation, and the National Credit  
15 Union Administration; and

16 “(B) for purposes of sections 1012, 1013,  
17 1014, and 1015, includes the Consumer Finan-  
18 cial Opportunity Commission;”; and

19 (B) in section 1005, by striking “One-  
20 fifth” and inserting “One-fourth”.

1 **Subtitle I—National Credit Union**  
2 **Administration Budget Trans-**  
3 **parency**

4 **SEC. 1141. BUDGET TRANSPARENCY FOR THE NCUA.**

5 Section 209(b) of the Federal Credit Union Act (12  
6 U.S.C. 1789) is amended—

7 (1) by redesignating paragraphs (1) and (2) as  
8 paragraphs (2) and (3), respectively;

9 (2) by inserting before paragraph (2), as so re-  
10 designated, the following:

11 “(1) on an annual basis and prior to the sub-  
12 mission of the detailed business-type budget required  
13 under paragraph (2)—

14 “(A) make publicly available and cause to  
15 be printed in the Federal Register a draft of  
16 such detailed business-type budget; and

17 “(B) hold a public hearing, with public no-  
18 tice provided of such hearing, wherein the pub-  
19 lic can submit comments on the draft of such  
20 detailed business-type budget;” and

21 (3) in paragraph (2), as so redesignated—

22 (A) by inserting “detailed” after “submit  
23 a”; and

24 (B) by inserting “, and where such budget  
25 shall address any comments submitted by the

1 public pursuant to paragraph (1)(B)” after  
2 “Control Act”.

3 **Subtitle J—Taking Account of In-**  
4 **stitutions With Low Operation**  
5 **Risk**

6 **SEC. 1146. REGULATIONS APPROPRIATE TO BUSINESS**  
7 **MODELS.**

8 (a) IN GENERAL.—For any regulatory action occur-  
9 ring subsequent to enactment of this section, and notwith-  
10 standing any other provision of law, the Federal financial  
11 institutions regulatory agencies shall—

12 (1) take into consideration the risk profile and  
13 business models of the various institutions or classes  
14 of institutions subject to the regulatory action;

15 (2) determine the necessity, appropriateness,  
16 and impact of applying such regulatory action to  
17 such institutions or classes of institutions; and

18 (3) tailor such regulatory action applicable to  
19 such institutions or class of institutions in a manner  
20 that limits the regulatory compliance impact, cost, li-  
21 ability risk, and other burdens as is appropriate for  
22 the risk profile and business model involved.

23 (b) OTHER CONSIDERATIONS.—In satisfying the re-  
24 quirements of subsection (a) and when implementing such

1 regulatory action, the Federal financial institutions regu-  
2 latory agencies shall also consider—

3 (1) the impact that such regulatory action, both  
4 by itself and in conjunction with the aggregate effect  
5 of other regulations, has on the ability of the institu-  
6 tion or class of institutions to flexibly serve evolving  
7 and diverse customer needs;

8 (2) the potential unintended impact of examina-  
9 tion manuals or other regulatory directives that  
10 work in conflict with the tailoring of such regulatory  
11 action described in subsection (a)(3); and

12 (3) the underlying policy objectives of the regu-  
13 latory action and statutory scheme involved.

14 (c) NOTICE OF PROPOSED AND FINAL RULE-  
15 MAKING.—The Federal financial institutions regulatory  
16 agencies shall disclose in every notice of proposed rule-  
17 making and in any final rulemaking for a regulatory ac-  
18 tion how the agency has applied subsections (a) and (b).

19 (d) REPORTS TO CONGRESS.—

20 (1) INDIVIDUAL AGENCY REPORTS.—

21 (A) IN GENERAL.—The Federal financial  
22 institutions regulatory agencies shall individ-  
23 ually report to the Committee on Financial  
24 Services of the House of Representatives and  
25 the Committee on Banking, Housing, and

1           Urban Affairs of the Senate, within twelve  
2           months of enactment of this section and annu-  
3           ally thereafter, on the specific actions taken to  
4           tailor the agency's regulatory actions pursuant  
5           to the requirements of this section.

6                   (B) APPEARANCE BEFORE THE COMMIT-  
7           TEES.—The head of each Federal financial in-  
8           stitution regulatory agency shall appear before  
9           the Committee on Financial Services of the  
10          House of Representatives and the Committee  
11          on Banking, Housing, and Urban Affairs of the  
12          Senate after each report is made pursuant to  
13          subparagraph (A), to testify on the contents of  
14          such report.

15          (2) FIEC REPORTS.—

16                   (A) IN GENERAL.—The Financial Institu-  
17          tions Examination Council shall report to the  
18          Committee on Financial Services of the House  
19          of Representatives and the Committee on Bank-  
20          ing, Housing, and Urban Affairs of the Senate,  
21          within three months after the reports required  
22          under paragraph (1)—

23                           (i) on the extent to which regulatory  
24                           actions tailored pursuant to this section re-  
25                           sult in differential regulation of similarly-



1           situated institutions of diverse charter  
2           types with respect to comparable regula-  
3           tions; and

4                   (ii) the reasons for such differential  
5           treatment.

6           (B) APPEARANCE BEFORE THE COMMIT-  
7           TEES.—The Chairman of the Financial Institu-  
8           tions Examination Council shall appear before  
9           the Committee on Financial Services of the  
10          House of Representatives and the Committee  
11          on Banking, Housing, and Urban Affairs of the  
12          Senate after each report is made pursuant to  
13          subparagraph (A), to testify on the contents of  
14          such report.

15          (e) LIMITED LOOK-BACK APPLICATION.—The Fed-  
16          eral financial institutions regulatory agencies shall con-  
17          duct a review of all regulations adopted during the period  
18          beginning on the date that is five years before the date  
19          of the introduction of this Act in the House of Representa-  
20          tives and ending on the date of the enactment of this Act  
21          and apply the requirements of this section to such regula-  
22          tions. If the application of the requirements of this section  
23          to any such regulation requires such regulation to be re-  
24          vised, the agency shall revise such regulation within three  
25          years of the enactment of this section.

1 (f) DEFINITIONS.—For purposes of this section, the  
2 following definitions shall apply:

3 (1) FEDERAL FINANCIAL INSTITUTIONS REGU-  
4 LATORY AGENCIES.—The term “Federal financial in-  
5 stitutions regulatory agencies” means the Office of  
6 the Comptroller of the Currency, the Board of Gov-  
7 ernors of the Federal Reserve System, the Federal  
8 Deposit Insurance Corporation, the National Credit  
9 Union Administration, and the Consumer Financial  
10 Opportunity Commission.

11 (2) REGULATORY ACTION.—The term “regu-  
12 latory action” means any proposed, interim, or final  
13 rule or regulation, guidance, or published interpreta-  
14 tion.

15 **Subtitle K—Federal Savings**  
16 **Association Charter Flexibility**

17 **SEC. 1151. OPTION FOR FEDERAL SAVINGS ASSOCIATIONS**  
18 **TO OPERATE AS A COVERED SAVINGS ASSO-**  
19 **CIATION.**

20 The Home Owners’ Loan Act is amended by inserting  
21 after section 5 (12 U.S.C. 1464) the following:

1 **“SEC. 5A. ELECTION TO OPERATE AS A COVERED SAVINGS**  
2 **ASSOCIATION.**

3 “(a) DEFINITION.—In this section, the term ‘covered  
4 savings association’ means a Federal savings association  
5 that makes an election approved under subsection (b).

6 “(b) ELECTION.—

7 “(1) IN GENERAL.—Upon issuance of the rules  
8 described in subsection (f), a Federal savings asso-  
9 ciation may elect to operate as a covered savings as-  
10 sociation by submitting a notice to the Comptroller  
11 of such election.

12 “(2) APPROVAL.—A Federal savings association  
13 shall be deemed to be approved to operate as a cov-  
14 ered savings association on the date that is 60 days  
15 after the date on which the Comptroller receives the  
16 notice under paragraph (1), unless the Comptroller  
17 notifies the Federal savings association otherwise.

18 “(c) RIGHTS AND DUTIES.—Notwithstanding any  
19 other provision of law and except as otherwise provided  
20 in this section, a covered savings association shall—

21 “(1) have the same rights and privileges as a  
22 national bank that has its main office situated in the  
23 same location as the home office of the covered sav-  
24 ings association; and

1           “(2) be subject to the same duties, restrictions,  
2           penalties, liabilities, conditions, and limitations that  
3           would apply to such a national bank.

4           “(d) TREATMENT OF COVERED SAVINGS ASSOCIA-  
5 TIONS.—A covered savings association shall be treated as  
6 a Federal savings association for the purposes—

7           “(1) of governance of the covered savings asso-  
8           ciation, including incorporation, bylaws, boards of  
9           directors, shareholders, and distribution of divi-  
10          dends;

11          “(2) of consolidation, merger, dissolution, con-  
12          version (including conversion to a stock bank or to  
13          another charter), conservatorship, and receivership;  
14          and

15          “(3) determined by regulation of the Comp-  
16          troller.

17          “(e) EXISTING BRANCHES.—A covered savings asso-  
18          ciation may continue to operate any branch or agency the  
19          covered savings association operated on the date on which  
20          an election under subsection (b) is approved.

21          “(f) RULEMAKING.—The Comptroller shall issue  
22          rules to carry out this section—

23          “(1) that establish streamlined standards and  
24          procedures that clearly identify required documenta-

1       tion or timelines for an election under subsection  
2       (b);

3             “(2) that require a Federal savings association  
4       that makes an election under subsection (b) to iden-  
5       tify specific assets and subsidiaries—

6             “(A) that do not conform to the require-  
7       ments for assets and subsidiaries of a national  
8       bank; and

9             “(B) that are held by the Federal savings  
10       association on the date on which the Federal  
11       savings association submits a notice of such  
12       election;

13            “(3) that establish—

14            “(A) a transition process for bringing such  
15       assets and subsidiaries into conformance with  
16       the requirements for a national bank; and

17            “(B) procedures for allowing the Federal  
18       savings association to provide a justification for  
19       grandfathering such assets and subsidiaries  
20       after electing to operate as a covered savings  
21       association;

22            “(4) that establish standards and procedures to  
23       allow a covered savings association to terminate an  
24       election under subsection (b) after an appropriate  
25       period of time or to make a subsequent election;

1           “(5) that clarify requirements for the treatment  
2           of covered savings associations, including the provi-  
3           sions of law that apply to covered savings associa-  
4           tions; and

5           “(6) as the Comptroller deems necessary and in  
6           the interests of safety and soundness.”.

7           **Subtitle L—SAFE Transitional**  
8           **Licensing**

9           **SEC. 1156. ELIMINATING BARRIERS TO JOBS FOR LOAN**  
10           **ORIGINATORS.**

11           (a) IN GENERAL.—The S.A.F.E. Mortgage Licensing  
12           Act of 2008 (12 U.S.C. 5101 et seq.) is amended by add-  
13           ing at the end the following:

14           **“SEC. 1518. EMPLOYMENT TRANSITION OF LOAN ORIGINA-**  
15           **TORS.**

16           “(a) TEMPORARY AUTHORITY TO ORIGINATE LOANS  
17           FOR LOAN ORIGINATORS MOVING FROM A DEPOSITORY  
18           INSTITUTION TO A NON-DEPOSITORY INSTITUTION.—

19           “(1) IN GENERAL.—Upon employment by a  
20           State-licensed mortgage company, an individual who  
21           is a registered loan originator shall be deemed to  
22           have temporary authority to act as a loan originator  
23           in an application State for the period described in  
24           paragraph (2) if the individual—

1           “(A) has not had an application for a loan  
2           originator license denied, or had such a license  
3           revoked or suspended in any governmental ju-  
4           risdiction;

5           “(B) has not been subject to or served  
6           with a cease and desist order in any govern-  
7           mental jurisdiction or as described in section  
8           1514(c);

9           “(C) has not been convicted of a felony  
10          that would preclude licensure under the law of  
11          the application State;

12          “(D) has submitted an application to be a  
13          State-licensed loan originator in the application  
14          State; and

15          “(E) was registered in the Nationwide  
16          Mortgage Licensing System and Registry as a  
17          loan originator during the 12-month period pre-  
18          ceding the date of submission of the informa-  
19          tion required under section 1505(a).

20          “(2) PERIOD.—The period described in para-  
21          graph (1) shall begin on the date that the individual  
22          submits the information required under section  
23          1505(a) and shall end on the earliest of—

1           “(A) the date that the individual with-  
2           draws the application to be a State-licensed  
3           loan originator in the application State;

4           “(B) the date that the application State  
5           denies, or issues a notice of intent to deny, the  
6           application;

7           “(C) the date that the application State  
8           grants a State license; or

9           “(D) the date that is 120 days after the  
10          date on which the individual submits the appli-  
11          cation, if the application is listed on the Nation-  
12          wide Mortgage Licensing System and Registry  
13          as incomplete.

14          “(b) TEMPORARY AUTHORITY TO ORIGINATE LOANS  
15          FOR STATE-LICENSED LOAN ORIGINATORS MOVING  
16          INTERSTATE.—

17                 “(1) IN GENERAL.—A State-licensed loan origi-  
18                 nator shall be deemed to have temporary authority  
19                 to act as a loan originator in an application State  
20                 for the period described in paragraph (2) if the  
21                 State-licensed loan originator—

22                         “(A) meets the requirements of subpara-  
23                         graphs (A), (B), (C), and (D) of subsection  
24                         (a)(1);



1           “(B) is employed by a State-licensed mort-  
2           gage company in the application State; and

3           “(C) was licensed in a State that is not the  
4           application State during the 30-day period pre-  
5           ceding the date of submission of the informa-  
6           tion required under section 1505(a) in connec-  
7           tion with the application submitted to the appli-  
8           cation State.

9           “(2) PERIOD.—The period described in para-  
10          graph (1) shall begin on the date that the State-li-  
11          censed loan originator submits the information re-  
12          quired under section 1505(a) in connection with the  
13          application submitted to the application State and  
14          end on the earliest of—

15                 “(A) the date that the State-licensed loan  
16                 originator withdraws the application to be a  
17                 State-licensed loan originator in the application  
18                 State;

19                 “(B) the date that the application State  
20                 denies, or issues a notice of intent to deny, the  
21                 application;

22                 “(C) the date that the application State  
23                 grants a State license; or

24                 “(D) the date that is 120 days after the  
25                 date on which the State-licensed loan originator

1 submits the application, if the application is  
2 listed on the Nationwide Mortgage Licensing  
3 System and Registry as incomplete.

4 “(c) APPLICABILITY.—

5 “(1) Any person employing an individual who is  
6 deemed to have temporary authority to act as a loan  
7 originator in an application State pursuant to this  
8 section shall be subject to the requirements of this  
9 title and to applicable State law to the same extent  
10 as if such individual was a State-licensed loan origi-  
11 nator licensed by the application State.

12 “(2) Any individual who is deemed to have tem-  
13 porary authority to act as a loan originator in an ap-  
14 plication State pursuant to this section and who en-  
15 engages in residential mortgage loan origination activi-  
16 ties shall be subject to the requirements of this title  
17 and to applicable State law to the same extent as if  
18 such individual was a State-licensed loan originator  
19 licensed by the application State.

20 “(d) DEFINITIONS.—In this section, the following  
21 definitions shall apply:

22 “(1) STATE-LICENSED MORTGAGE COMPANY.—  
23 The term ‘State-licensed mortgage company’ means  
24 an entity licensed or registered under the law of any

1 State to engage in residential mortgage loan origina-  
2 tion and processing activities.

3 “(2) APPLICATION STATE.—The term ‘applica-  
4 tion State’ means a State in which a registered loan  
5 originator or a State-licensed loan originator seeks  
6 to be licensed.”.

7 (b) TABLE OF CONTENTS AMENDMENT.—The table  
8 of contents in section 1(b) of the Housing and Economic  
9 Recovery Act of 2008 (42 U.S.C. 4501 note) is amended  
10 by inserting after the item relating to section 1517 the  
11 following:

“Sec. 1518. Employment transition of loan originators.”.

12 (c) AMENDMENT TO CIVIL LIABILITY OF THE CON-  
13 SUMER FINANCIAL OPPORTUNITY COMMISSION AND  
14 OTHER OFFICIALS.—Section 1513 of the S.A.F.E. Mort-  
15 gage Licensing Act of 2008 (12 U.S.C. 5112) is amended  
16 by striking “are loan originators or are applying for licens-  
17 ing or registration as loan originators” and inserting “are  
18 applying for licensing or registration using the Nationwide  
19 Mortgage Licensing System and Registry”.

## 20 **Subtitle M—Right to Lend**

### 21 **SEC. 1161. SMALL BUSINESS LOAN DATA COLLECTION RE-** 22 **QUIREMENT.**

23 (a) REPEAL.—Section 704B of the Equal Credit Op-  
24 portunity Act (15 U.S.C. 1691c–2) is repealed.

1 (b) CONFORMING AMENDMENTS.—Section 701(b) of  
2 the Equal Credit Opportunity Act (15 U.S.C. 1691(b)) is  
3 amended—

4 (1) in paragraph (3), by inserting “or” at the  
5 end;

6 (2) in paragraph (4), by striking “; or” and in-  
7 serting a period; and

8 (3) by striking paragraph (5).

9 (c) CLERICAL AMENDMENT.—The table of sections  
10 for title VII of the Consumer Credit Protection Act is  
11 amended by striking the item relating to section 704B.

12 **Subtitle N—Community Bank**  
13 **Reporting Relief**

14 **SEC. 1166. SHORT FORM CALL REPORT.**

15 (a) IN GENERAL.—Section 7(a) of the Federal De-  
16 posit Insurance Act (12 U.S.C. 1817(a)) is amended by  
17 adding at the end the following:

18 “(12) SHORT FORM REPORTING.—

19 “(A) IN GENERAL.—The appropriate Fed-  
20 eral banking agencies shall issue regulations al-  
21 lowing for a reduced reporting requirement for  
22 covered depository institutions when making the  
23 first and third report of condition for a year, as  
24 required pursuant to paragraph (3).

1                   “(B) COVERED DEPOSITORY INSTITUTION  
2                   DEFINED.—For purposes of this paragraph, the  
3                   term ‘covered depository institution’ means an  
4                   insured depository institution that—

5                   “(i) is highly rated and well capital-  
6                   ized (as defined under section 38(b)); and

7                   “(ii) satisfies such other criteria as  
8                   the appropriate Federal banking agencies  
9                   determine appropriate.”.

10           (b) REPORT TO CONGRESS.—Not later than 180 days  
11 after the date of the enactment of this Act, and every 365  
12 days thereafter until the appropriate Federal banking  
13 agencies (as defined under section 3 of the Federal De-  
14 posit Insurance Act) have issued the regulations required  
15 under section 7(a)(12)(A) of the Federal Deposit Insur-  
16 ance Act, such agencies shall submit to the Committee on  
17 Financial Services of the House of Representatives and  
18 the Committee on Banking, Housing, and Urban Affairs  
19 of the Senate a report describing the progress made in  
20 issuing such regulations.

1                   **Subtitle O—Homeowner**  
2                   **Information Privacy Protection**

3   **SEC. 1171. STUDY REGARDING PRIVACY OF INFORMATION**  
4                   **COLLECTED UNDER THE HOME MORTGAGE**  
5                   **DISCLOSURE ACT OF 1975.**

6           (a) STUDY.—The Comptroller General of the United  
7 States shall conduct a study to determine whether the  
8 data required to be published, made available, or disclosed  
9 under the final rule, in connection with other publicly  
10 available data sources, including data made publicly avail-  
11 able under Regulation C (12 C.F.R. 1003) before the ef-  
12 fective date of the final rule, could allow for or increase  
13 the probability of—

14                   (1) exposure of the identity of mortgage appli-  
15 cants or mortgagors through reverse engineering;

16                   (2) exposure of mortgage applicants or mortga-  
17 gors to identity theft or the loss of sensitive personal  
18 financial information;

19                   (3) the marketing or sale of unfair or deceptive  
20 financial products to mortgage applicants or mortga-  
21 gors based on such data;

22                   (4) personal financial loss or emotional distress  
23 resulting from the exposure of mortgage applicants  
24 or mortgagors to identify theft or the loss of sen-  
25 sitive personal financial information; and

1           (5) the potential legal liability facing the Con-  
2           sumer Financial Opportunity Commission and mar-  
3           ket participants in the event the data required to be  
4           published, made available, or disclosed under the  
5           final rule leads or contributes to identity theft or the  
6           capture of sensitive personal financial information.

7           (b) REPORT.—The Comptroller General of the  
8           United States shall submit to the Committee on Financial  
9           Services of the House of Representatives and the Com-  
10          mittee on Banking, Housing, and Urban Affairs of the  
11          Senate a report that includes—

12           (1) the findings and conclusions of the Comp-  
13          troller General with respect to the study required  
14          under subsection (a); and

15           (2) any recommendations for legislative or regu-  
16          latory actions that—

17           (A) would enhance the privacy of a con-  
18          sumer when accessing mortgage credit; and

19           (B) are consistent with consumer protec-  
20          tions and safe and sound banking operations.

21          (c) SUSPENSION OF DATA SHARING REQUIRE-  
22          MENTS.—Notwithstanding any other provision of law, in-  
23          cluding the final rule—

24           (1) depository institutions shall not be required  
25          to publish, disclose, or otherwise make available to

1 the public, pursuant to the Home Mortgage Dislo-  
2 sure Act of 1975 (or regulations issued under such  
3 Act) any data that was not required to be published,  
4 disclosed, or otherwise made available pursuant to  
5 such Act (or regulations issued under such Act) on  
6 the day before the date of the enactment of the  
7 Dodd-Frank Wall Street Reform and Consumer Pro-  
8 tection Act; and

9 (2) the Consumer Financial Opportunity Com-  
10 mission and the Financial Institutions Examination  
11 Council shall not publish, disclose, or otherwise  
12 make available to the public any such information  
13 received from a depository institution pursuant to  
14 the final rule.

15 (d) DEFINITIONS.—For purposes of this section:

16 (1) DEPOSITORY INSTITUTION.—The term “de-  
17 pository institution” has the meaning given that  
18 term under section 303 of the Home Mortgage Dis-  
19 closure Act of 1975 (12 U.S.C. 2802).

20 (2) FINAL RULE.—The term “final rule” means  
21 the final rule issued by the Bureau of Consumer Fi-  
22 nancial Protection titled “Home Mortgage Dislo-  
23 sure (Regulation C)” (October 28, 2015; 80 Fed.  
24 Reg. 66128).



1                   **Subtitle P—Home Mortgage**  
2                   **Disclosure Adjustment**

3   **SEC. 1176. DEPOSITORY INSTITUTIONS SUBJECT TO MAIN-**  
4                   **TENANCE OF RECORDS AND DISCLOSURE RE-**  
5                   **QUIREMENTS.**

6           (a) IN GENERAL.—Section 304 of the Home Mort-  
7   gage Disclosure Act of 1975 (12 U.S.C. 2803) is amend-  
8   ed—

9                   (1) by redesignating subsection (i) as paragraph  
10                   (2) and adjusting the margin appropriately; and

11                   (2) by inserting before such paragraph (2) the  
12   following:

13           “(i) EXEMPTIONS.—

14                   “(1) IN GENERAL.—With respect to a depository  
15   institution, the requirements of subsections (a)  
16   and (b) shall not apply—

17                   “(A) with respect to closed-end mortgage  
18   loans, if such depository institution originated  
19   less than 100 closed-end mortgage loans in each  
20   of the two preceding calendar years; and

21                   “(B) with respect to open-end lines of  
22   credit, if such depository institution originated  
23   less than 200 open-end lines of credit in each  
24   of the two preceding calendar years.”.

1 (b) TECHNICAL CORRECTION.—Section 304(i)(2) of  
2 such Act, as redesignated by subsection (a), is amended  
3 by striking “section 303(2)(A)” and inserting “section  
4 303(3)(A)”.

5 **Subtitle Q—National Credit Union**  
6 **Administration Advisory Council**

7 **SEC. 1181. CREDIT UNION ADVISORY COUNCIL.**

8 Section 102 of the Federal Credit Union Act (12  
9 U.S.C. 1752a) is amended by adding at the end the fol-  
10 lowing:

11 “(g) CREDIT UNION ADVISORY COUNCIL.—

12 “(1) ESTABLISHMENT.—The Board shall estab-  
13 lish the Credit Union Advisory Council to advise and  
14 consult with the Board in the exercise of the Board’s  
15 functions and to provide information on emerging  
16 credit union practices, including regional trends,  
17 concerns, and other relevant information.

18 “(2) MEMBERSHIP.—The Board shall appoint  
19 no fewer than 15 and no more than 20 members to  
20 the Credit Union Advisory Council. In appointing  
21 such members, the Board shall include members rep-  
22 resenting credit unions predominantly serving tradi-  
23 tionally underserved communities and populations  
24 and their interests, without regard to party affili-  
25 ation.

1           “(3) MEETINGS.—The Credit Union Advisory  
2 Council—

3           “(A) shall meet from time to time at the  
4 call of the Board; and

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

6           “(4) COMPENSATION AND TRAVEL EX-  
7 PENSES.—Members of the Credit Union Advisory  
8 Council who are not full-time employees of the  
9 United States shall—

10           “(A) be entitled to receive compensation at  
11 a rate fixed by the Board, while attending  
12 meetings of the Credit Union Advisory Council;  
13 and

14           “(B) be allowed travel expenses, including  
15 transportation and subsistence, while away  
16 from their homes or regular places of busi-  
17 ness.”.

## 18           **Subtitle R—Credit Union**

### 19           **Examination Reform**

20   **SEC. 1186. EXTENSION OF EXAMINATION CYCLE OF THE NA-**  
21           **TIONAL CREDIT UNION ADMINISTRATION TO**  
22           **18 MONTHS OR LONGER.**

23           (a) FEDERAL CREDIT UNION EXAMINATIONS.—Sec-  
24 tion 106 of the Federal Credit Union Act (12 U.S.C.  
25 1756) is amended—

1 (1) by striking “Federal credit unions” and in-  
2 serting the following:

3 “(a) IN GENERAL.—Federal credit unions”; and

4 (2) by adding at the end the following:

5 “(b) 18-MONTH OR LONGER EXAMINATION CYCLE  
6 FOR CERTAIN CREDIT UNIONS.—

7 “(1) IN GENERAL.—An examination of a Fed-  
8 eral credit union described under subsection (a) may  
9 only be carried out once during each 18-month pe-  
10 riod with respect to a Federal credit union that—

11 “(A) has total assets of less than  
12 \$1,000,000,000;

13 “(B) is well capitalized, as such term is de-  
14 fined under section 216(c)(1);

15 “(C) was found in its most recent exam-  
16 ination to be well managed, and its composite  
17 rating (under the Uniform Financial Institu-  
18 tions Rating System or an equivalent rating  
19 under a comparable rating system)—

20 “(i) was a 1, in the case of a Federal  
21 credit union that has total assets of more  
22 than \$200,000,000; or

23 “(ii) was a 1 or a 2, in the case of a  
24 Federal credit union that has total assets  
25 of not more than \$200,000,000; and

1           “(D) is not currently subject to a formal  
2 enforcement proceeding or order by the Admin-  
3 istration.

4           “(2) SAFETY AND SOUNDNESS EXCEPTION.—  
5 Paragraph (1) shall not apply to a Federal credit  
6 union if the Administration determines—

7           “(A) that such credit union should be ex-  
8 amined more often than every 18 months be-  
9 cause of safety and soundness concerns; or

10           “(B) that such credit union has violated  
11 the law.”.

12           (b) INSURED CREDIT UNION EXAMINATIONS.—Sec-  
13 tion 204 of the Federal Credit Union Act (12 U.S.C.  
14 1784) is amended by adding at the end the following:

15           “(h) 18-MONTH OR LONGER EXAMINATION CYCLE  
16 FOR CERTAIN CREDIT UNIONS.—

17           “(1) IN GENERAL.—An examination of an in-  
18 sured credit union described under subsection (a)  
19 may only be carried out once during each 18-month  
20 period with respect to an insured credit union that—

21           “(A) has total assets of less than  
22 \$1,000,000,000;

23           “(B) is well capitalized or adequately cap-  
24 italized, as such terms are defined, respectively,  
25 under section 216(c)(1);

1           “(C) was found in its most recent exam-  
2           ination to be well managed, and its composite  
3           rating (under the Uniform Financial Institu-  
4           tions Rating System or an equivalent rating  
5           under a comparable rating system)—

6                   “(i) was a 1, in the case of an insured  
7                   credit union that has total assets of more  
8                   than \$200,000,000; or

9                   “(ii) was a 1 or a 2, in the case of an  
10                  insured credit union that has total assets  
11                  of not more than \$200,000,000; and

12                  “(D) is not currently subject to a formal  
13                  enforcement proceeding or order by the Admin-  
14                  istration.

15                  “(2) SAFETY AND SOUNDNESS EXCEPTION.—  
16                  Paragraph (1) shall not apply to an insured credit  
17                  union if the Administration determines—

18                   “(A) that such credit union should be ex-  
19                   amined more often than every 18 months be-  
20                   cause of safety and soundness concerns; or

21                   “(B) that such credit union has violated  
22                   the law.”.

23                  (c) BUDGET SAVINGS REPORT.—Not later than the  
24                  end of the 180-day period beginning on the date of the  
25                  enactment of this Act, the National Credit Union Adminis-

1 tration shall issue a report to the Congress analyzing how  
2 the amendments made by this section affect the budget  
3 of the Administration.

4 (d) RULEMAKING.—Not later than the end of the  
5 100-day period beginning on the date of the enactment  
6 of this Act, the National Credit Union Administration  
7 shall issue regulations to carry out the amendments made  
8 by this section.

## 9 **Subtitle S—NCUA Overhead**

### 10 **Transparency**

#### 11 **SEC. 1191. FUND TRANSPARENCY.**

12 Section 203 of the Federal Credit Union Act (12  
13 U.S.C. 1783) is amended by adding at the end the fol-  
14 lowing:

15 “(g) FUND TRANSPARENCY.—

16 “(1) IN GENERAL.—The Board shall accom-  
17 pany each annual budget submitted pursuant to sec-  
18 tion 209(b) with a report containing—

19 “(A) a detailed analysis of how the ex-  
20 penses of the Administration are assigned be-  
21 tween prudential activities and insurance-re-  
22 lated activities and the extent to which those  
23 expenses are paid from the fees collected pursu-  
24 ant to section 105 or from the Fund; and

1           “(B) the Board’s supporting rationale for  
2           any proposed use of amounts in the Fund con-  
3           tained in such budget, including detailed break-  
4           downs and supporting rationales for any such  
5           proposed use related to titles of this Act other  
6           than this title.

7           “(2) PUBLIC DISCLOSURE.—The Board shall  
8           make each report described under paragraph (1)  
9           available to the public.”.

