UNITED STATES HOUSE COMMITTEE ON
FINANCIAL SERVICES
CHAIRMAN FRENCH HILL

Section-by-Section: Main Street Capital Access ("Main Street") Act

TITLE I – NEW BANK FORMATION AND LOCAL COMMUNITY ACCESS

Sec. 101. Promoting New Bank Formation. Section 101 amends the *21st Century ROAD to Housing Act's* two-year pilot program phase-in period for de novo banks to meet federal capital requirements by making it permanent after the two years unless the Federal Reserve Board (FRB), Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC) jointly determine that the program had a significant adverse effect on the safety and soundness of qualifying banks.

Sec. 102. New Bank Application Numbers Knowledge. Section 102 requires the FRB, FDIC, OCC, and National Credit Union Administration (NCUA) to publish annual reports on applications received for federal depository institution charters, depository institution holding companies, federal deposit insurance, and State depository institution charters.

Sec. 103. CDFI Fund Transparency. Section 103 enhances oversight of the Community Development Financial Institutions (CDFI) Fund by requiring the Secretary of the Treasury to provide annual testimony to Congress on Fund operations and the streamlining of certification and reporting requirements.

Sec. 104. CDFI Bond Guarantee Program Improvement. Section 104 strengthens and extends the CDFI Bond Guarantee Program by modifying guarantee calculations, setting a $25 million minimum guarantee amount and $1 billion annual cap, providing flexibility in fee ranges, and extending the program's authorization through December 31, 2028.

TITLE II – TAILORING BANK REGULATION

Sec. 201. Taking Account of Institutions with Low Operation Risk. Section 201 requires the OCC, FDIC, FRB, NCUA, and Consumer Financial Protection Bureau (CFPB) to consider the risk profile and business model of each type or class of institution when issuing new regulations or taking supervisory actions.

Sec. 202. Small Bank Holding Company Relief. Section 202 raises the Federal Reserve's consolidated asset threshold under the Small Bank Holding Company and Savings and Loan Holding Company Policy Statement from $3 billion to $6 billion.

Sec. 203. Tailoring and Indexing Enhanced Regulations. Section 203 requires future periodic indexing of various asset-based thresholds for enhanced prudential standards under Title I of the *Dodd-Frank Wall Street Reform and Consumer Protection (Dodd-Frank) Act* either to nominal gross domestic product (GDP) or to inflation as measured by the Consumer Price Index (CPI) for banking organizations categorized as Category II, III, and IV and requires the Federal banking agencies to establish future periodic indexing of thresholds in their implementing rules to nominal GDP or the CPI.

Sec. 204. Community Bank Regulatory Tailoring. Section 204 requires future periodic indexing of various statutory asset-based thresholds applicable to banking organizations and credit unions to nominal GDP or the CPI.

TITLE III – FAIR AND TRANSPARENT BANK SUPERVISION

Sec. 301. Halting Uncertain Methods and Practices in Supervision. Section 301 requires the Federal Financial Institutions Examination Council (FFIEC) to develop formal recommendations to revise the CAMELS rating system by establishing clear, articulable, and reviewable criteria for each CAMELS component, including the Management component, and revise the factors affecting each component to better reflect the financial condition and risk profile of the institution being rated. This section also requires the OCC, FRB, FDIC, and NCUA to issue rules to implement those recommendations.

Sec. 302. Fair Audits and Inspections for Regulators' Exams. Section 302 requires the OCC, FRB, FDIC, and NCUA to complete examinations, provide a final examination report, and conduct an exit interview in a timely manner. This section also establishes a mechanism for depository institutions to obtain written advice from those agencies about certain matters. Additionally, it establishes an Office of Independent Examination Review within the FFIEC to review material supervisory determinations issued by those agencies while still maintaining such agency's right to take enforcement or other supervisory actions related to the matter being reviewed. Finally, it provides institutions the option to remove agency enforcement proceedings to federal district court.

Sec. 303. Supervisory Modifications for Appropriate Risk-Based Testing. Section 303 provides well-managed and well-capitalized financial institutions with assets under $6 billion targeted regulatory relief by instituting alternating limited-scope examinations and allowing institutions to opt in to combining their safety and soundness, information technology, cybersecurity, and consumer compliance exams to streamline oversight and reduce burdens.

Sec. 304. Financial Integrity and Regulation Management. Section 304 directs the OCC, FRB, FDIC, NCUA, and CFPB to study the use of reputational risk in the supervision of depository institutions and prohibits its use as a factor if such agencies determine that doing so would not threaten the safety and soundness of those institutions.

TITLE IV – REGULATORY ACCOUNTABILITY AND TRANSPARENCY

Sec. 401. FDIC Board Accountability. Section 401 strengthens the professional qualifications and governance of the FDIC Board of Directors.

Sec. 402. Stop Agency Fiat Enforcement of Guidance. Section 402 directs the OCC, FDIC, FRB, NCUA, CFPB, Department of the Treasury, Department of Housing and Urban Development, Federal Housing Finance Agency, and Securities and Exchange Commission each to issue a guidance clarity statement on the front page of any guidance issued by the agency that expresses how the guidance is not legally binding.

Sec. 403. Regulatory Efficiency, Verification, Itemization, and Enhanced Workflow. Section 403 amends the *Economic Growth and Regulatory Paperwork Reduction Act of 1996* to build on the existing regulatory review process by increasing the frequency from every ten years to every eight years and requiring the FRB, FDIC, OCC, and NCUA to conduct an internal review of the cumulative impact of their regulations.

TITLE V – STRENGTHENING LOCAL BANK FUNDING

Sec. 501. Bringing the Discount Window into the 21st Century. Section 501 directs the FRB to review its discount window program, identify deficiencies, develop a remediation plan in consultation with the Federal Reserve Banks, and submit a report to Congress within one year of enactment that outlines the findings and proposed improvements.

Sec. 502. Keeping Deposits Local. Section 502 modifies the amount of reciprocal deposits of an insured depository institution that are not considered to be brokered deposits under a graduated scale based on an institution’s total liabilities. The institution is required to be well-capitalized and receive strong supervisory ratings from their regulators.

TITLE VI – PROMOTING BANK COMPETITION AND MERGER CLARITY

Sec. 601. Bank Competition Modernization. Section 601 allows the Federal banking agencies not to request a competitive factors report from the Attorney General for bank merger applications where the resulting institution would have less than $10 billion in assets, unless the merger would result in there being only one institution with a physical presence in the relevant metropolitan statistical area. The bill also would remove competition as a consideration from applications for those mergers.

Sec. 602. Merger Agreement Approvals Clarity and Predictability. Section 602 requires the Comptroller General of the United States to study and issue a report on the use of commitments, conditions, and other aspects of bank merger review procedures by Federal prudential regulators.

Sec. 603. Merger Process Review. Section 603 requires the Inspector General of the OCC, FRB, FDIC, and NCUA to carry out a review every three years of its merger procedures, submit a report to Congress containing the review findings and recommendations, and submit a plan to Congress to implement those recommendations to the appropriate extent.

Sec. 604. Bank Failure Prevention. Section 604 requires the FRB, FDIC, and OCC to notify applicants within 30 days of submission whether their applications for mergers or acquisitions are complete, and it mandates final agency action—approval or denial—within 120 days of the initial submission. For complex transactions, the agency may extend the deadline to notify applicants whether their application is complete by up to 60 days.

TITLE VII – STRENGTHENING TRANSPARENCY AND INVOLVEMENT IN BANK RESOLUTIONS

Sec. 701. Least Cost Exception. Section 701 amends the *Federal Deposit Insurance Act* to modify the least cost resolution mandate to provide the FDIC with the discretion to approve a bid for a failed or failing bank other than the absolute least cost bid, provided certain conditions and guardrails are met, including that any additional cost to the Deposit Insurance Fund above the least-cost bid is offset by the acquiring institution.

Sec. 702. Enhancing Bank Resolution Participation. Section 702 directs the Federal banking agencies to jointly study and report to Congress on the OCC's historical use of "shelf charters" and the FDIC's use of the modified bidder qualification processes.

Sec. 703. Failing Bank Acquisition Fairness. Section 703 tightens the use of concentration-limit exceptions in failed bank acquisitions by requiring regulators to meet a "clear and convincing evidence" standard that a waiver is necessary to prevent significant economic disruption or adverse financial stability effects and that no qualified, well-capitalized alternative bid is available. It also mandates congressional notification and public reporting of such waivers and prevents regulators from considering bids that would violate statutory concentration limits when making least-cost resolution determinations.

TITLE VIII – FACILITATING INNOVATION AND BANK PARTNERSHIPS

Sec. 801. Merchant Banking Modernization. Section 801 amends the *Bank Holding Company Act* to permit the holding of merchant banking investments for up to 15 years and requires the FRB to study how merchant banking investments support infrastructure projects and housing development and construction, as well as other matters.

Sec. 802. Bank-Fintech Partnership Enhancement. Section 802 directs the FRB, FDIC, and OCC to conduct a study on the impact of bank-fintech partnerships on the banking sector, competition, innovation, consumer protection, and the availability of financial products and services.

Sec. 803. Discretionary Surplus Fund. Section 803 amends the *Federal Reserve Act* to reduce the total amount of discretionary surplus funds that may be held at Federal Reserve banks.