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(Original Signature of Member)

119TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To make improvements to the Federal banking laws, and for other purposes.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mr. HILL of Arkansas introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_  
\_\_\_\_\_

**A BILL**

To make improvements to the Federal banking laws, and  
for other purposes.

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

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

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Main Street Capital Access Act” or the “Main Street  
6       Act”.

7       (b) TABLE OF CONTENTS.—The table of contents for  
8       this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—NEW BANK FORMATION AND LOCAL COMMUNITY  
ACCESS

- Sec. 101. Promoting New Bank Formation.
- Sec. 102. New Bank Application Numbers Knowledge.
- Sec. 103. Bank Failure Prevention.
- Sec. 104. Rural Depositories Revitalization Study.

TITLE II—TAILORING BANK REGULATION

- Sec. 201. Taking Account of Institutions with Low Operation Risk.
- Sec. 202. Small Bank Holding Company Relief.
- Sec. 203. Community Bank Leverage Improvement and Flexibility for Transparency.
- Sec. 204. Tailoring and Indexing Enhanced Regulations.

TITLE III—FAIR AND TRANSPARENT BANK SUPERVISION

- Sec. 301. Halting Uncertain Methods and Practices in Supervision.
- Sec. 302. Fair Audits and Inspections for Regulators' Exams.
- Sec. 303. Supervisory Modifications for Appropriate Risk-based Testing.
- Sec. 304. Tailored Regulatory Updates for Supervisory Testing.
- Sec. 305. Stress Testing Accountability and Transparency.
- Sec. 306. Community Bank Representation.
- Sec. 307. Financial Integrity and Regulation Management.

TITLE IV—REGULATORY ACCOUNTABILITY AND TRANSPARENCY

- Sec. 401. FDIC Board Accountability.
- Sec. 402. Stop Agency Fiat Enforcement of Guidance.
- Sec. 403. Regulatory Efficiency, Verification, Itemization, and Enhanced Workflow.
- Sec. 404. American Financial Institution Regulatory Sovereignty and Transparency.

TITLE V—STRENGTHENING LOCAL BANK FUNDING

- Sec. 501. Bringing the Discount Window into the 21st Century.
- Sec. 502. Keeping Deposits Local.
- Sec. 503. Community Bank Deposit Access.

TITLE VI—PROMOTING BANK COMPETITION AND MERGER  
CLARITY

- Sec. 601. Bank Competition Modernization.
- Sec. 602. Merger Agreement Approvals Clarity and Predictability.
- Sec. 603. Merger Process Review.

TITLE VII—STRENGTHENING TRANSPARENCY AND  
INVOLVEMENT IN BANK RESOLUTIONS

- Sec. 701. Least Cost Exception.
- Sec. 702. Enhancing Bank Resolution Participation.

TITLE VIII—FACILITATING INNOVATION AND BANK  
PARTNERSHIPS

- Sec. 801. Merchant Banking Modernization.
- Sec. 802. Bank-Fintech Partnership Enhancement.

1 **TITLE I—NEW BANK FORMATION**  
2 **AND LOCAL COMMUNITY AC-**  
3 **CESS**

4 **SEC. 101. PROMOTING NEW BANK FORMATION.**

5 (a) PHASE-IN OF CAPITAL STANDARDS.—Notwith-  
6 standing any other provision of law, the Federal banking  
7 agencies shall issue rules that provide for a 3-year phase-  
8 in period for a depository institution or depository institu-  
9 tion holding company to meet any Federal capital require-  
10 ments that would otherwise be applicable to the depository  
11 institution or depository institution holding company, be-  
12 ginning on—

13 (1) the date on which the depository institution  
14 became an insured depository institution; or

15 (2) in the case of a depository institution hold-  
16 ing company, the date on which the depository insti-  
17 tution subsidiary of the depository institution hold-  
18 ing company became an insured depository institu-  
19 tion.

20 (b) CHANGES TO BUSINESS PLANS.—

21 (1) IN GENERAL.—During the 3-year period be-  
22 ginning on the date on which a depository institution  
23 became an insured depository institution, if, as a  
24 condition of approval, the appropriate Federal bank-  
25 ing agency imposes a requirement to obtain prior

1 approval before deviating from a business plan, the  
2 insured depository institution or its depository insti-  
3 tution holding company may request to deviate ma-  
4 terially from a business plan that has been approved  
5 by the appropriate Federal banking agency by sub-  
6 mitting a request to such agency pursuant to this  
7 section.

8 (2) REVIEW OF CHANGES.—The appropriate  
9 Federal banking agency shall, not later than the end  
10 of the 30-day period beginning on the receipt of a  
11 request under paragraph (1)—

12 (A) approve, conditionally approve, or deny  
13 such request; and

14 (B) notify the applicant of such decision  
15 and, if the agency denies the request—

16 (i) provide the applicant with the rea-  
17 son for such denial; and

18 (ii) suggest changes to the request  
19 that, if adopted, would allow the agency to  
20 approve such request.

21 (3) RESULT OF FAILURE TO ACT.—If an appro-  
22 priate Federal banking agency fails to approve or  
23 deny a request within the 30-day period required  
24 under paragraph (2), such request shall be deemed  
25 to be approved.

1 (c) RURAL COMMUNITY DEPOSITORY INSTITUTION  
2 LEVERAGE RATIO.—

3 (1) IN GENERAL.—During the 3-year period be-  
4 ginning on the date on which a rural depository in-  
5 stitution became an insured depository institution,  
6 the Community Bank Leverage Ratio for the rural  
7 community bank shall be the lesser of—

8 (A) the Community Bank Leverage Ratio  
9 adopted by the Federal banking agencies pursu-  
10 ant to section 201(b)(1) of the Economic  
11 Growth, Regulatory Relief, and Consumer Pro-  
12 tection Act (12 U.S.C. 5371 note); or

13 (B) 7.5 percent.

14 (2) PHASE-IN AUTHORITY.—The Federal bank-  
15 ing agencies shall issue rules to phase-in the Com-  
16 munity Bank Leverage Ratio described under para-  
17 graph (1) with respect to a rural depository institu-  
18 tion by setting lower Community Bank Leverage  
19 Ratio percentages during the first 2 years of the 3-  
20 year period described under paragraph (1).

21 (3) DEFINITIONS.—In this subsection:

22 (A) COMMUNITY BANK LEVERAGE  
23 RATIO.—The term “Community Bank Leverage  
24 Ratio” has the meaning given that term under  
25 section 201(a) of the Economic Growth, Regu-

1 latory Relief, and Consumer Protection Act (12  
2 U.S.C. 5371 note).

3 (B) RURAL AREA.—The term “rural area”  
4 means—

5 (i) a county that is neither in a met-  
6 ropolitan statistical area nor in a  
7 micropolitan statistical area that is adja-  
8 cent to a metropolitan statistical area, as  
9 those terms are defined by the Office of  
10 Management and Budget and as they are  
11 applied under applicable Urban Influence  
12 Codes, established by the Department of  
13 Agriculture’s Economic Research Service;  
14 or

15 (ii) a census block that is not in an  
16 urban area, as defined by the Bureau of  
17 the Census using the latest decennial cen-  
18 sus of the United States.

19 (C) RURAL DEPOSITORY INSTITUTION.—  
20 The term “rural depository institution” means  
21 a depository institution—

22 (i) with total consolidated assets of  
23 less than \$10,000,000,000; and

24 (ii) located in a rural area.

1 (d) AGRICULTURAL LOAN AUTHORITY FOR FEDERAL  
2 SAVINGS ASSOCIATIONS.—Section 5(c) of the Home Own-  
3 ers’ Loan Act (12 U.S.C. 1464(c)) is amended—

4 (1) in paragraph (1), by adding at the end the  
5 following:

6 “(V) AGRICULTURAL LOANS.—Secured or  
7 unsecured loans for agricultural purposes.”; and

8 (2) in paragraph (2)(A), by striking “business,  
9 or agricultural” and inserting “or business”.

10 (e) STUDY ON DE NOVO INSURED DEPOSITORY IN-  
11 STITUTIONS.—

12 (1) STUDY.—The Federal banking agencies  
13 shall, jointly, carry out a study on—

14 (A) the principal causes for the low num-  
15 ber of de novo insured depository institutions in  
16 the 10-year period ending on the date of enact-  
17 ment of this Act; and

18 (B) ways to promote more de novo insured  
19 depository institutions in areas currently under-  
20 served by insured depository institutions.

21 (2) REPORT TO CONGRESS.—Not later than the  
22 end of the 1-year period beginning on the date of en-  
23 actment of this Act, the Federal banking agencies  
24 shall, jointly, issue a report to Congress containing

1 all findings and determinations made in carrying out  
2 the study required under paragraph (1).

3 (f) DEFINITIONS.—In this section, the terms “appro-  
4 priate Federal banking agency”, “depository institution”,  
5 “depository institution holding company”, “Federal bank-  
6 ing agency”, and “insured depository institution” have the  
7 meaning given those terms, respectively, under section 3  
8 of the Federal Deposit Insurance Act.

9 **SEC. 102. NEW BANK APPLICATION NUMBERS KNOWLEDGE.**

10 (a) ANNUAL REPORT ON NATIONAL BANK AND FED-  
11 ERAL SAVINGS ASSOCIATION CHARTER APPLICATIONS.—  
12 The Comptroller of the Currency shall publish an annual  
13 report that includes the following, or with respect to any  
14 equivalent procedure used by the Office of the Comptroller  
15 of the Currency includes the following:

16 (1) The number of applications for a national  
17 bank or Federal savings association charter received,  
18 approved on a preliminary basis, approved on a final  
19 basis, denied, withdrawn, inactive, expired, mooted,  
20 returned, returned pending resubmission, or other-  
21 wise dispositioned.

22 (2) The mean and median times for preliminary  
23 approval of such applications.

24 (3) The mean and median times for final ap-  
25 proval of such applications.



1           (4) To the extent practicable, common reasons  
2       leading to the denial, withdrawal, or expiration of  
3       preliminary approval of such applications.

4       (b) ANNUAL REPORT ON FEDERAL CREDIT UNION  
5       CHARTER APPLICATIONS.—The National Credit Union  
6       Administration shall publish an annual report that in-  
7       cludes the following, or with respect to any equivalent pro-  
8       cedure used by the Board includes the following:

9           (1) The number of Federal credit union charter  
10       applications received, approved on a final basis, de-  
11       nied, withdrawn, inactive, or returned pending re-  
12       submission.

13          (2) The mean and median times for final ap-  
14       proval of such applications.

15          (3) To the extent practicable, common reasons  
16       leading to application denial, withdrawal, inactivity,  
17       or to applications being returned for resubmission.

18       (c) ANNUAL REPORT ON DEPOSITORY INSTITUTION  
19       HOLDING COMPANY APPLICATIONS.—

20          (1) IN GENERAL.—The Board of Governors of  
21       the Federal Reserve System shall publish an annual  
22       report that includes the following, or with respect to  
23       any equivalent procedure used by the Board of Gov-  
24       ernors includes the following:

1 (A) The number of applications to become  
2 a top-tier depository institution holding com-  
3 pany received, approved on a preliminary basis,  
4 approved on a final basis, denied, withdrawn,  
5 inactive, expired, mooted, returned, returned  
6 pending resubmission, or otherwise  
7 dispositioned.

8 (B) The mean and median times to ap-  
9 prove such applications.

10 (C) To the extent practicable, common rea-  
11 sons leading to denial or withdrawal of such ap-  
12 plications.

13 (2) TOP-TIER DEPOSITORY INSTITUTION HOLD-  
14 ING COMPANY DEFINED.—The term “top-tier deposi-  
15 tory institution holding company” means a deposi-  
16 tory institution holding company (as defined in sec-  
17 tion 3 of the Federal Deposit Insurance Act (12  
18 U.S.C. 1813)) that is not controlled by any other de-  
19 pository institution holding company.

20 (d) ANNUAL REPORT ON FEDERAL DEPOSIT INSUR-  
21 ANCE APPLICATIONS.—The Federal Deposit Insurance  
22 Corporation shall publish an annual report that includes  
23 the following, or with respect to any equivalent procedure  
24 used by the Corporation includes the following:

1           (1) The number of applications for deposit in-  
2           surance received, approved on a preliminary basis,  
3           approved on a final basis, denied, withdrawn, inac-  
4           tive, expired, mooted, returned, returned pending re-  
5           submission, or otherwise dispositioned.

6           (2) The mean and median times to approve  
7           such applications.

8           (3) To the extent practicable, common reasons  
9           leading to denial or withdrawal of such applications.

10          (e) ANNUAL REPORT ON STATE DEPOSITORY INSTI-  
11          TUTION AND STATE CREDIT UNION CHARTER APPLICA-  
12          TIONS.—

13           (1) IN GENERAL.—The Board of Governors of  
14          the Federal Reserve System, the Federal Deposit In-  
15          surance Corporation, and the National Credit Union  
16          Administration Board shall, jointly, and in consulta-  
17          tion with State banking regulators and State credit  
18          union regulators, publish an annual report that in-  
19          cludes the following, or with respect to any equiva-  
20          lent procedure used by such agencies includes the  
21          following:

22                   (A) The number of applications for a State  
23                   depository institution charter received, approved  
24                   on a preliminary basis, approved on a final  
25                   basis, denied, withdrawn, inactive, expired,

1           mooted, returned, returned pending resubmis-  
2           sion, or otherwise dispositioned.

3           (B) The mean and median times to ap-  
4           prove such applications, with times for each  
5           State shown separately.

6           (C) To the extent practicable, common rea-  
7           sons leading to denial or withdrawal of such ap-  
8           plications.

9           (2) DEFINITIONS.—In this subsection:

10           (A) STATE.—The term “State” means any  
11           State of the United States, the District of Co-  
12           lumbia, and any territory of the United States.

13           (B) STATE BANK.—The term “State  
14           bank” has the meaning given such term in sec-  
15           tion 3 of the Federal Deposit Insurance Act (12  
16           U.S.C. 1813).

17           (C) STATE DEPOSITORY INSTITUTION.—  
18           The term “State depository institution”  
19           means—

20           (i) a State depository institution, as  
21           defined in section 3 of the Federal Deposit  
22           Insurance Act (12 U.S.C. 1813); and

23           (ii) a State credit union, as defined in  
24           section 101 of the Federal Credit Union  
25           Act (12 U.S.C. 1752).

1 (D) STATE SAVINGS ASSOCIATION.—The  
2 term “State savings association” has the mean-  
3 ing given such term in section 3 of the Federal  
4 Deposit Insurance Act (12 U.S.C. 1813).

5 **SEC. 103. BANK FAILURE PREVENTION.**

6 (a) BANK HOLDING COMPANIES.—Section 3(b)(1) of  
7 the Bank Holding Company Act of 1956 (12 U.S.C.  
8 1842(b)(1)) is amended—

9 (1) by striking “Upon receiving” and inserting  
10 the following:

11 “(A) IN GENERAL.—Upon receiving”;

12 (2) by striking “required” and inserting “ac-  
13 quired”;

14 (3) by striking “In the event of the failure of  
15 the Board to act on any application for approval  
16 under this section within the ninety-one-day period  
17 which begins on the date of submission to the Board  
18 of the complete record on that application, the appli-  
19 cation shall be deemed to have been granted.”; and

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

21 “(B) COMPLETE RECORD ON AN APPLICA-  
22 TION.—

23 “(i) NOTICE TO APPLICANT.—Not later  
24 than 30 days after the date on which the Board  
25 receives an application for approval under this

1 section, the Board shall transmit to the appli-  
2 cant a letter that either—

3 “(I) confirms the record on the appli-  
4 cation is complete; or

5 “(II) details all additional information  
6 that is required for the record on that ap-  
7 plication to be complete.

8 “(ii) EXTENSION OF NOTICE.—Notwith-  
9 standing clause (i), the Board may, if an appli-  
10 cation is complex, extend the 30-day period de-  
11 scribed under clause (i) for an additional 30  
12 days.

13 “(iii) RECEIPT OF RESPONSE; DEEMING OF  
14 COMPLETE RECORD.—Upon receipt of a re-  
15 sponse from an applicant to a notice requesting  
16 additional information described under clause  
17 (i)(II), the record on the application shall be  
18 deemed complete unless the Board—

19 “(I) determines that the applicant’s  
20 response was materially deficient; and

21 “(II) not later than 30 days after the  
22 date on which the Board received the re-  
23 sponse, provides the applicant a detailed  
24 notice describing the deficiencies.

1           “(iv) TREATMENT OF THIRD-PARTY INFOR-  
2           MATION.—In determining whether the record on  
3           an application is complete, the Board may take  
4           into account only information provided by the  
5           applicant, and may not base the determination  
6           of completeness on any information (including  
7           reports, views, or recommendations) provided by  
8           third parties.

9           “(C) DEADLINE FOR DETERMINATION.—

10           “(i) IN GENERAL.—Notwithstanding sub-  
11           paragraphs (A) and (B), the Board shall grant  
12           or deny an application submitted under this  
13           section not later than 90 days after the date on  
14           which the application was initially submitted to  
15           the Board, regardless of whether the record on  
16           such initial application was complete.

17           “(ii) FAILURE TO MAKE A DETERMINA-  
18           TION.—If the Board does not grant or deny an  
19           application within the time period described  
20           under clause (i), such application shall be  
21           deemed to have been granted.

22           “(iii) TOLLING OF PERIOD.—The Board  
23           may at any time extend the deadline described  
24           under clause (i) at the request of the applicant,  
25           but may not extend the deadline more than 30

1           days past the deadline described under clause  
2           (i).”.

3           (b) SAVINGS AND LOAN HOLDING COMPANIES.—Sec-  
4   tion 10(e) of the Home Owners’ Loan Act (12 U.S.C.  
5   1467a(e)) is amended—

6           (1) in paragraph (2), by striking “, and shall  
7   render a decision within 90 days after submission to  
8   the Board of the complete record on the applica-  
9   tion”;

10          (2) by redesignating paragraph (7) as para-  
11   graph (9); and

12          (3) by inserting after paragraph (6) the fol-  
13   lowing:

14           “(7) COMPLETE RECORD ON AN APPLICA-  
15   TION.—

16           “(A) NOTICE TO APPLICANT.—Not later  
17   than 30 days after the date on which the Board  
18   receives an application for approval under this  
19   subsection, the Board shall transmit to the ap-  
20   plicant a letter that either—

21           “(i) confirms the record on the appli-  
22   cation is complete; or

23           “(ii) details all additional information  
24   that is required for the record on that ap-  
25   plication to be complete.



1           “(B) EXTENSION OF NOTICE.—Notwith-  
2           standing subparagraph (A), the Board may, if  
3           an application is complex, extend the 30-day pe-  
4           riod described under subparagraph (A) for an  
5           additional 30 days.

6           “(C) RECEIPT OF RESPONSE; DEEMING OF  
7           COMPLETE RECORD.—Upon receipt of a re-  
8           sponse from an applicant to a notice requesting  
9           additional information described under subpara-  
10          graph (A)(ii), the record on the application  
11          shall be deemed complete unless the Board—

12                   “(i) determines that the applicant’s  
13                   response was materially deficient; and

14                   “(ii) not later than 30 days after the  
15                   date on which the Board received the re-  
16                   sponse, provides the applicant a detailed  
17                   notice describing the deficiencies.

18          “(D) TREATMENT OF THIRD-PARTY IN-  
19          FORMATION.—In determining whether the  
20          record on an application is complete, the Board  
21          may take into account only information pro-  
22          vided by the applicant, and may not base the  
23          determination of completeness on any informa-  
24          tion (including reports, views, or recommenda-  
25          tions) provided by third parties.

1 “(8) DEADLINE FOR DETERMINATION.—

2 “(A) IN GENERAL.—Notwithstanding any  
3 other provision of this subsection, the Board  
4 shall grant or deny an application submitted  
5 under this subsection not later than 90 days  
6 after the date on which the application was ini-  
7 tially submitted to the Board, regardless of  
8 whether the record on such initial application  
9 was complete.

10 “(B) FAILURE TO MAKE A DETERMINA-  
11 TION.—If the Board does not grant or deny an  
12 application within the time period described  
13 under subparagraph (A), such application shall  
14 be deemed to have been granted.

15 “(C) TOLLING OF PERIOD.—The Board  
16 may at any time extend the deadline described  
17 under subparagraph (A) at the request of the  
18 applicant, but may not extend the deadline  
19 more than 30 days past the deadline described  
20 under subparagraph (A).”.

21 (c) INSURED DEPOSITORY INSTITUTIONS.—Section  
22 18(c) of the Federal Deposit Insurance Act (12 U.S.C.  
23 1828(c)) is amended by adding at the end the following:

24 “(14) COMPLETE RECORD ON AN APPLICATION.—

1           “(A) NOTICE TO APPLICANT.—Not later than  
2           30 days after the date on which the responsible  
3           agency receives a merger application for approval  
4           under this subsection, the responsible agency shall  
5           transmit to the applicant a letter that either—

6                   “(i) confirms the record on the application  
7                   is complete; or

8                   “(ii) details all additional information that  
9                   is required for the record on that application to  
10                  be complete.

11           “(B) EXTENSION OF NOTICE.—Notwith-  
12           standing subparagraph (A), the responsible agency  
13           may, if an application is unusually complex, extend  
14           the 30-day period described under subparagraph (A)  
15           for an additional 30 days.

16           “(C) RECEIPT OF RESPONSE; DEEMING OF  
17           COMPLETE RECORD.—Upon receipt of a response  
18           from an applicant to a notice requesting additional  
19           information described under subparagraph (A)(ii),  
20           the record on the application shall be deemed com-  
21           plete unless the responsible agency—

22                   “(i) determines that the applicant’s re-  
23                   sponse was materially deficient; and

24                   “(ii) not later than 30 days after the date  
25                   on which the responsible agency received the re-

1            sponse, provides the applicant a detailed notice  
2            describing the deficiencies.

3            “(D) TREATMENT OF THIRD-PARTY INFORMA-  
4            TION.—In determining whether the record on an ap-  
5            plication is complete, the responsible agency may  
6            take into account only information provided by the  
7            applicant, and may not base the determination of  
8            completeness on any information (including reports,  
9            views, or recommendations) provided by third par-  
10          ties.

11          “(15) DEADLINE FOR DETERMINATION.—

12            “(A) IN GENERAL.—Notwithstanding any other  
13            provision of this subsection, the responsible agency  
14            shall grant or deny a merger application submitted  
15            under this subsection not later than 90 days after  
16            the date on which the application was initially sub-  
17            mitted to the responsible agency, regardless of  
18            whether the record on such initial application was  
19            complete.

20            “(B) FAILURE TO MAKE A DETERMINATION.—

21            If the responsible agency does not grant or deny an  
22            application within the time period described under  
23            subparagraph (A), such application shall be deemed  
24            to have been granted.

1           “(C) TOLLING OF PERIOD.—The responsible  
2       agency may at any time extend the deadline de-  
3       scribed under subparagraph (A) at the request of  
4       the applicant, but may not extend the deadline more  
5       than 30 days past the deadline described under sub-  
6       paragraph (A).”.

7       **SEC. 104. RURAL DEPOSITORIES REVITALIZATION STUDY.**

8       (a) STUDY.—The Federal banking agencies shall,  
9       jointly, carry out a study—

10           (1) to identify methods to improve the growth,  
11       capital adequacy, and profitability of depository in-  
12       stitutions in the United States that primarily serve  
13       rural areas; and

14           (2) to identify Federal statutes (other than ap-  
15       propriations Acts) or regulations of the Federal  
16       banking agencies that limit—

17           (A) the methods identified under para-  
18       graph (1); or

19           (B) the establishment of de novo deposi-  
20       tory institutions in rural areas.

21       (b) REPORT.—Not later than 1 year after the date  
22       of enactment of this Act, the Federal banking agencies  
23       shall, jointly, issue a report to Congress containing all  
24       findings and determinations made in carrying out the  
25       study required under subsection (a).

1 (c) DEFINITIONS.—In this section:

2 (1) DEPOSITORY INSTITUTION.—The term “de-  
3 pository institution” has the meaning given that  
4 term in section 3 of the Federal Deposit Insurance  
5 Act (12 U.S.C. 1813).

6 (2) FEDERAL BANKING AGENCIES.—The term  
7 “Federal banking agencies” means the Board of  
8 Governors of the Federal Reserve System, the  
9 Comptroller of the Currency, and the Federal De-  
10 posit Insurance Corporation.

11 (3) RURAL.—With respect to an area, the term  
12 “rural” has the meaning given that term in section  
13 1026.35(b)(2)(iv)(A) of title 12, Code of Federal  
14 Regulations.

## 15 **TITLE II—TAILORING BANK** 16 **REGULATION**

### 17 **SEC. 201. TAKING ACCOUNT OF INSTITUTIONS WITH LOW** 18 **OPERATION RISK.**

19 (a) TAILORING REGULATION TO BUSINESS MODEL  
20 AND RISK.—

21 (1) DEFINITIONS.—In this subsection—

22 (A) the term “Federal financial institu-  
23 tions regulatory agency” means the Office of  
24 the Comptroller of the Currency, the Board of  
25 Governors of the Federal Reserve System, the

1 Federal Deposit Insurance Corporation, the Na-  
2 tional Credit Union Administration, and the  
3 Bureau of Consumer Financial Protection; and

4 (B) the term “regulatory action”—

5 (i) means any proposed, interim, or  
6 final rule or regulation; and

7 (ii) does not include any action taken  
8 by a Federal financial institutions regu-  
9 latory agency that is solely applicable to an  
10 individual institution, including an enforce-  
11 ment action, adjudication, or order.

12 (2) CONSIDERATION AND TAILORING.—For any  
13 regulatory action occurring after the date of enact-  
14 ment of this Act, each Federal financial institutions  
15 regulatory agency shall—

16 (A) take into consideration the risk profile  
17 and business models of each type of institution  
18 or class of institutions subject to the regulatory  
19 action; and

20 (B) tailor the regulatory action applicable  
21 to an institution, or type of institution, in a  
22 manner that limits the regulatory impact, in-  
23 cluding cost, human resource allocation, and  
24 other burdens, on the institution or type of in-

1           stitution as is appropriate for the risk profile  
2           and business model involved.

3           (3) FACTORS TO CONSIDER.—In carrying out  
4           the requirements of paragraph (2) with respect to a  
5           regulatory action, each Federal financial institutions  
6           regulatory agency shall consider—

7                   (A) the aggregate effect of all applicable  
8                   regulatory actions on the ability of institutions  
9                   to flexibly serve customers of the institutions  
10                  and local markets on and after the date of en-  
11                  actment of this Act;

12                  (B) the potential that efforts to implement  
13                  the regulatory action and third-party service  
14                  provider actions may work to undercut efforts  
15                  to tailor the regulatory action, as described in  
16                  paragraph (2)(B); and

17                  (C) the statutory provision authorizing the  
18                  regulatory action, the congressional intent with  
19                  respect to the statutory provision, and the un-  
20                  derlying policy objectives of the regulatory ac-  
21                  tion.

22           (4) NOTICE OF PROPOSED AND FINAL RULE-  
23           MAKING.—Each Federal financial institutions regu-  
24           latory agency shall disclose and document in every  
25           notice of proposed rulemaking and in any final rule-



1 making for a regulatory action how the agency has  
2 applied paragraphs (2) and (3).

3 (5) REPORTS TO CONGRESS.—Not later than 1  
4 year after the date of enactment of this Act and an-  
5 nually thereafter, each Federal financial institutions  
6 regulatory agency shall submit to the Committee on  
7 Banking, Housing, and Urban Affairs of the Senate  
8 and the Committee on Financial Services of the  
9 House of Representatives a report on the specific ac-  
10 tions taken to tailor the regulatory actions of the  
11 Federal financial institutions regulatory agency pur-  
12 suant to the requirements of this section.

13 (6) LIMITED LOOK-BACK APPLICATION.—

14 (A) IN GENERAL.—Each Federal financial  
15 institutions regulatory agency shall—

16 (i) conduct a review of all final regula-  
17 tions issued pursuant to statutes enacted  
18 during the period beginning on the date  
19 that is 15 years before the date on which  
20 this Act is introduced and ending on the  
21 date of enactment of this Act; and

22 (ii) apply the requirements of this sec-  
23 tion to the regulations described in clause  
24 (i).

1 (B) REVISION.—Any regulation revised  
2 under subparagraph (A) shall be revised not  
3 later than 3 years after the date of enactment  
4 of this Act.

5 (b) SHORT-FORM CALL REPORTS FOR ALL BANKS  
6 ELIGIBLE FOR THE COMMUNITY BANK LEVERAGE  
7 RATIO.—The appropriate Federal banking agencies, as  
8 defined in section 3 of the Federal Deposit Insurance Act  
9 (12 U.S.C. 1813), shall promulgate regulations estab-  
10 lishing a reduced reporting requirement for all banks eligi-  
11 ble for the Community Bank Leverage Ratio, as defined  
12 in section 201(a) of the Economic Growth, Regulatory Re-  
13 lief, and Consumer Protection Act (12 U.S.C. 5371 note),  
14 when making the first and third report of condition of a  
15 year as required by section 7(a) of the Federal Deposit  
16 Insurance Act (12 U.S.C. 1817(a)).

17 (c) REPORT TO CONGRESS ON MODERNIZATION OF  
18 SUPERVISION.—Not later than 18 months after the date  
19 of enactment of this Act, the appropriate Federal banking  
20 agencies, as defined in section 3 of the Federal Deposit  
21 Insurance Act (12 U.S.C. 1813), in consultation with  
22 State bank supervisors, shall submit to the Committee on  
23 Banking, Housing, and Urban Affairs of the Senate and  
24 the Committee on Financial Services of the House of Rep-

1 representatives a report on the modernization of bank super-  
2 vision, including the following factors:

3 (1) Changing bank business models.

4 (2) Examiner workforce and training.

5 (3) The structure of supervisory activities with-  
6 in banking agencies.

7 (4) Improving bank-supervisor communication  
8 and collaboration.

9 (5) The use of supervisory technology.

10 (6) Supervisory factors uniquely applicable to  
11 community banks.

12 (7) Changes in statutes necessary to achieve  
13 more effective supervision.

14 **SEC. 202. SMALL BANK HOLDING COMPANY RELIEF.**

15 Not later than 180 days after the date of the enact-  
16 ment of this Act, the Board of Governors of the Federal  
17 Reserve System shall revise appendix C to part 225 of title  
18 12, Code of Federal Regulations (commonly known as the  
19 “Small Bank Holding Company and Savings and Loan  
20 Holding Company Policy Statement”), to raise the consoli-  
21 dated asset threshold under that appendix to  
22 \$25,000,000,000 for any bank holding company or savings  
23 and loan holding company.

1 **SEC. 203. COMMUNITY BANK LEVERAGE IMPROVEMENT**  
2 **AND FLEXIBILITY FOR TRANSPARENCY.**

3 (a) COMMUNITY BANK LEVERAGE RATIO.—

4 (1) IN GENERAL.—Section 201 of the Economic  
5 Growth, Regulatory Relief, and Consumer Protection  
6 Act (12 U.S.C. 5371 note) is amended—

7 (A) in subsection (a)(3)(A), by striking  
8 “\$10,000,000,000” and inserting  
9 “\$15,000,000,000”; and

10 (B) in subsection (b)(1), by striking “not  
11 less than 8 percent and not more than 10 per-  
12 cent” and inserting “not less than 6 percent  
13 and not more than 8 percent”.

14 (2) RULEMAKING DEADLINE.—Not later than  
15 the end of the 180-day period beginning on the date  
16 of enactment of this Act, and after reviewing the re-  
17 port issued pursuant to subsection (b)(2), the Board  
18 of Governors of the Federal Reserve System, the  
19 Comptroller of the Currency, and the Federal De-  
20 posit Insurance Corporation shall propose and, not  
21 later than 1 year after the date of the enactment of  
22 this Act, such agencies shall finalize rules to carry  
23 out the amendments made by paragraph (1) and the  
24 recommended modifications contained in such re-  
25 port.

1 (b) REVIEW OF THE COMMUNITY BANK LEVERAGE  
2 RATIO.—

3 (1) IN GENERAL.—The Board of Governors of  
4 the Federal Reserve System, the Comptroller of the  
5 Currency, and the Federal Deposit Insurance Cor-  
6 poration shall commence a review of the Community  
7 Bank Leverage Ratio (“CBLR”) developed under  
8 section 201 of the Economic Growth, Regulatory Re-  
9 lief, and Consumer Protection Act (12 U.S.C. 5371  
10 note), and rules issued thereunder, which shall in-  
11 clude a consideration of how to modify and calibrate  
12 the CBLR to encourage more qualifying community  
13 banks to opt-in to the CBLR framework, with an  
14 additional focus on—

15 (A) those qualifying community banks with  
16 fewer assets; and

17 (B) providing regulatory compliance bur-  
18 den relief so that the CBLR is simple to apply.

19 (2) REPORT.—Not later than the end of the  
20 150-day period beginning on the date of enactment  
21 of this Act, the Board of Governors of the Federal  
22 Reserve System, the Comptroller of the Currency,  
23 and the Federal Deposit Insurance Corporation shall  
24 issue a report to the Committee on Financial Serv-  
25 ices of the House of Representatives and the Com-

1        mittee on Banking, Housing, and Urban Affairs of  
2        the Senate containing—

3                (A) all findings and determinations made  
4                in carrying out the review under paragraph (1);  
5                and

6                (B) specific recommendations on modifica-  
7                tions, if any, to—

8                        (i) the calculation of the numerator  
9                        and denominator of the CBLR;

10                       (ii) the treatment of specific asset  
11                       classes or exposures to better reflect the  
12                       risk profiles of community banks;

13                       (iii) the definition of and qualifying  
14                       criteria for a qualifying community bank;

15                       (iv) enhancements to the procedures  
16                       for opting into or out of the CBLR frame-  
17                       work, including streamlined reporting and  
18                       transition mechanisms;

19                       (v) the grace period to facilitate the  
20                       transition to and from a modified CBLR  
21                       regime; and

22                       (vi) any statutory changes that may  
23                       be needed to address such recommenda-  
24                       tions.

1 (3) QUALIFYING COMMUNITY BANK DEFINED.—

2 In this subsection, the term “qualifying community  
3 bank” has the meaning given that term in section  
4 201(a)(3)(A) of the Economic Growth, Regulatory  
5 Relief, and Consumer Protection Act (12 U.S.C.  
6 5371 note).

7 **SEC. 204. TAILORING AND INDEXING ENHANCED REGULA-**  
8 **TIONS.**

9 (a) THRESHOLD ADJUSTMENTS TO ACCOUNT FOR  
10 HISTORICAL INCREASES IN CURRENT-DOLLAR UNITED  
11 STATES GROSS DOMESTIC PRODUCT.—

12 (1) FEDERAL RESERVE ACT.—The second sub-  
13 section (s) (relating to assessments) of section 11 of  
14 the Federal Reserve Act (12 U.S.C. 248(s)) is  
15 amended—

16 (A) in paragraph (2), by striking  
17 “\$100,000,000,000” each place that term ap-  
18 pears and inserting “\$150,000,000,000”; and

19 (B) in paragraph (3), by striking “between  
20 \$100,000,000,000 and \$250,000,000,000” and  
21 inserting “between \$150,000,000,000 and  
22 \$370,000,000,000”.

23 (2) BANK HOLDING COMPANY ACT OF 1956.—  
24 Section 4(k)(6)(B)(ii) of the Bank Holding Com-  
25 pany Act of 1956 (12 U.S.C. 1843(k)(6)(B)(ii)) is

1       amended, by striking “\$10,000,000,000” and insert-  
2       ing “\$15,000,000,000”.

3           (3) FINANCIAL STABILITY ACT OF 2010.—The  
4       Financial Stability Act of 2010 (12 U.S.C. 5311 et  
5       seq.) is amended—

6           (A) in section 116(a) (12 U.S.C. 5326(a)),  
7       by striking “\$250,000,000,000” and inserting  
8       “\$370,000,000,000”;

9           (B) in section 121(a) (12 U.S.C. 5331(a)),  
10      by striking “\$250,000,000,000” and inserting  
11      “\$370,000,000,000”;

12          (C) in section 163(b) (12 U.S.C.  
13      5363(b))—

14           (i) by striking “\$250,000,000,000”  
15      each place that term appears and inserting  
16      “\$370,000,000,000”; and

17           (ii) by striking “\$10,000,000,000”  
18      and inserting “\$15,000,000,000”;

19          (D) in section 164 (12 U.S.C. 5364), by  
20      striking “\$250,000,000,000” and inserting  
21      “\$370,000,000,000”; and

22          (E) in section 165 (12 U.S.C. 5365)—

23           (i) in subsection (a)—



1 (I) in paragraph (1), by striking  
2 “\$250,000,000,000” and inserting  
3 “\$370,000,000,000”; and

4 (II) in paragraph (2)(C), by  
5 striking “\$100,000,000,000” and in-  
6 serting “\$150,000,000,000”;

7 (ii) in subsection (h)(2), by striking  
8 “\$50,000,000,000” each place that term  
9 appears and inserting “\$75,000,000,000”;

10 (iii) in subsection (i)(2)(A), by strik-  
11 ing “\$250,000,000,000” and inserting  
12 “\$370,000,000,000”; and

13 (iv) in subsection (j)(1), by striking  
14 “\$250,000,000,000” and inserting  
15 “\$370,000,000,000”.

16 (4) ECONOMIC GROWTH, REGULATORY RELIEF,  
17 AND CONSUMER PROTECTION ACT.—Section 401(f)  
18 of the Economic Growth, Regulatory Relief, and  
19 Consumer Protection Act (12 U.S.C. 5365 note) is  
20 amended by striking “\$250,000,000,000” and in-  
21 serting “\$370,000,000,000”.

22 (b) PERIODIC ADJUSTMENTS TO THRESHOLDS TO  
23 ACCOUNT FOR FUTURE INCREASES IN CURRENT-DOLLAR  
24 UNITED STATES GROSS DOMESTIC PRODUCT.—

1           (1) IN GENERAL.—The Financial Stability Act  
2           of 2010 (12 U.S.C. 5311 et seq.) is further amended  
3           by adding at the end the following:

4   **“SEC. 177. PERIODIC ADJUSTMENTS TO THRESHOLDS TO**  
5                   **ACCOUNT FOR INCREASES IN CURRENT-DOL-**  
6                   **LAR UNITED STATES GROSS DOMESTIC**  
7                   **PRODUCT.**

8           “(a) IN GENERAL.—By April 1, 2031, and the 1st  
9           day of each subsequent 5-year period, the Board of Gov-  
10          ernors shall increase the thresholds described in sub-  
11          section (b) by the ratio, if greater than 1, of the annual  
12          value of current-dollar United States gross domestic prod-  
13          uct, published by the Department of Commerce, for the  
14          calendar year preceding the year in which the adjustment  
15          is calculated under this section, to the published annual  
16          value of such index for the calendar year preceding April  
17          1, 2026.

18          “(b) COVERED THRESHOLDS.—The thresholds de-  
19          scribed in this subsection are the following:

20               “(1) Each bank holding company or savings  
21               and loan holding company total consolidated asset  
22               amount in the second subsection (s) (relating to as-  
23               sessments) of section 11 of the Federal Reserve Act.

24               “(2) Each bank holding company total consoli-  
25               dated asset amount in—

1                   “(A) sections 116(a), 121(a), 163(b), 164,  
2                   165(a)(1), 165(h)(2), 165(j)(1) of this Act; and

3                   “(B) section 401(f) of the Economic  
4                   Growth, Regulatory Relief, and Consumer Pro-  
5                   tection Act.

6                   “(3) Each financial company total consolidated  
7                   asset amount in section 165(i)(2)(A) of this Act.

8                   “(c) CURRENCY OF INFORMATION.—The values used  
9                   in the calculation under subsection (a) shall be, as of the  
10                  date of the calculation, the values most recently published  
11                  by the Department of Commerce.

12                  “(d) ROUNDING.—

13                  “(1) If any amount equal to or greater than  
14                  \$100,000,000,000 determined under subsection (a)  
15                  for any period is not a multiple of \$50,000,000,000,  
16                  the amount shall be rounded up to the nearest  
17                  \$50,000,000,000.

18                  “(2) If any amount less than \$100,000,000,000  
19                  determined under subsection (a) for any period is  
20                  not a multiple of \$5,000,000,000, the amount shall  
21                  be rounded up to the nearest \$5,000,000,000.

22                  “(e) PUBLICATION.—Not later than April 5 of any  
23                  calendar year in which an adjustment is required to be  
24                  calculated under subsection (a), the Board of Governors

1 shall publish in the Federal Register the amounts as so  
2 calculated.

3 “(f) IMPLEMENTATION PERIOD.—Any increase in  
4 amounts determined under subsection (a) shall take effect  
5 on January 1 of the year immediately succeeding the cal-  
6 endar year in which the increase is required to be cal-  
7 culated under subsection (a).

8 **“SEC. 178. ADJUSTMENTS TO THRESHOLDS ESTABLISHED**  
9 **BY RULE TO ACCOUNT FOR INCREASES IN**  
10 **CURRENT-DOLLAR UNITED STATES GROSS**  
11 **DOMESTIC PRODUCT.**

12 “(a) AGENCY REVIEW.—Not later than June 30,  
13 2026, and the 1st day of each subsequent 5-year period,  
14 the Board of Governors, the Comptroller of the Currency,  
15 and the Corporation shall, to the extent applicable, re-  
16 view—

17 “(1) any regulation—

18 “(A) implementing section 165 of this Act;

19 or

20 “(B) making specific cross-reference to any  
21 regulation of the Board of Governors imple-  
22 menting section 165 of this Act; and

23 “(2) any asset threshold or other quantitative  
24 threshold in such regulations implementing section  
25 165 of this Act, or in such regulations making spe-

1        cific cross-reference to any regulation of the Board  
2        of Governors implementing section 165 of this Act,  
3        the amount of which is not prescribed by statute.

4        “(b) MODIFICATIONS REQUIRED.—The Board of  
5        Governors, the Comptroller of the Currency, and the Cor-  
6        poration shall modify any such thresholds identified by  
7        each review conducted under subsection (a) by the ratio,  
8        if greater than 1, of the annual value of current-dollar  
9        United States gross domestic product, published by the  
10       Department of Commerce, for the calendar year preceding  
11       the year in which the modification is calculated under this  
12       section, to the published annual value of such index for  
13       the calendar year preceding the effective date of such  
14       threshold, as each respective agency shall determine as ap-  
15       propriate for such regulations. In making such determina-  
16       tion, the Board of Governors, the Comptroller of the Cur-  
17       rency, and the Corporation shall—

18                “(1) use the values for current-dollar United  
19        States gross domestic product most recently pub-  
20        lished by the Department of Commerce as of the  
21        date of commencement of the review;

22                “(2) seek to establish, to the extent feasible,  
23        uniform thresholds for use by each such agency, tak-  
24        ing into account the entities regulated by each such

1 agency and the purposes for which such threshold  
2 was established; and

3 “(3) seek to adjust such thresholds, to the ex-  
4 tent feasible, with rounding consistent with section  
5 177(d) of this Act.

6 “(c) REPORT.—Upon conclusion of each review re-  
7 quired under subsection (a), each of the Board of Gov-  
8 ernors, the Comptroller of the Currency, and the Corpora-  
9 tion shall transmit a report to Congress containing a de-  
10 scription of any modification of any regulation such agen-  
11 cy made pursuant to subsection (b).”.

12 (2) CLERICAL AMENDMENT.—The table of con-  
13 tents in section 1(b) of the Dodd-Frank Wall Street  
14 Reform and Consumer Protection Act is amended by  
15 inserting after the item relating to section 176 the  
16 following:

“Sec. 177. Periodic adjustments to thresholds to account for increases in cur-  
rent-dollar United States gross domestic product.

“Sec. 178. Adjustments to thresholds established by rule to account for in-  
creases in current-dollar United States gross domestic prod-  
uct.”.

## 17 **TITLE III—FAIR AND TRANS-** 18 **PARENT BANK SUPERVISION**

### 19 **SEC. 301. HALTING UNCERTAIN METHODS AND PRACTICES** 20 **IN SUPERVISION.**

21 (a) FINDINGS.—Congress finds that—

22 (1) CAMELS ratings (Capital adequacy, Asset  
23 quality, Management, Earnings, Liquidity, and Sen-

1       sitivity to market risk) are a critical tool for evalu-  
2       ating the safety and soundness of financial institu-  
3       tions, and the basis for determining significant regu-  
4       latory matters such as the evaluation for mergers  
5       and acquisitions and a bank's deposit insurance pre-  
6       miums;

7               (2) the CAMELS rating system relies heavily  
8       on examiner judgment, which can lead to subjective  
9       and inconsistent ratings across similar institutions;

10              (3) establishing clear, objective measures for  
11       each CAMELS component and their relative  
12       weighting in determining composite ratings will pro-  
13       mote fairness, consistency, and accountability in su-  
14       pervisory assessments; and

15              (4) examination and supervision, as well as the  
16       CAMELS rating system, should focus on a financial  
17       institution's material financial condition or solvency.

18       (b) AMENDMENTS TO THE CAMELS RATING SYS-  
19       TEM.—

20              (1) IN GENERAL.—The Federal Financial Insti-  
21       tutions Examination Council Act of 1978 (12 U.S.C.  
22       3301 et seq.) is amended by adding at the end the  
23       following:

1 **“SEC. 1012. AMENDMENTS TO THE CAMELS RATING SYS-**  
2 **TEM.**

3 “(a) IN GENERAL.—The Council shall make rec-  
4 ommendations to amend the Uniform Financial Institu-  
5 tions Rating System, and the CAMELS components there-  
6 under, to—

7 “(1) establish clear and objective criteria for as-  
8 sessing each CAMELS component;

9 “(2) revise the factors affecting each CAMELS  
10 component to derive a composite rating that more  
11 accurately reflects the material financial condition  
12 and risk profile of the financial institutions being  
13 rated;

14 “(3) either—

15 “(A) eliminate the management component  
16 of the CAMELS rating system; or

17 “(B) revise the management component of  
18 the CAMELS rating system to limit the assess-  
19 ment under such component to objective meas-  
20 ures of the governance and controls used to  
21 manage an institution’s risk profile;

22 “(4) ensure that composite ratings consider the  
23 financial institution’s compliance with—

24 “(A) section 21 of the Federal Deposit In-  
25 surance Act (12 U.S.C. 1829b);



1 “(B) chapter 2 of title I of Public Law 91–  
2 508 (12 U.S.C. 1951 et seq.);

3 “(C) subchapter II of chapter 53 of title  
4 31, United States Code; and

5 “(D) any other applicable requirements  
6 and implementing regulations relating to the  
7 prevention of money laundering and terrorist fi-  
8 nancing; and

9 “(5) ensure that composite ratings are deter-  
10 mined based on a transparent methodology that is  
11 limited to the objective criteria established for each  
12 CAMELS component.

13 “(b) RULEMAKING.—Not later than 12 months after  
14 the Council makes the recommendations required under  
15 subsection (a), the Federal financial institutions regu-  
16 latory agencies shall, jointly, issue rules to carry out the  
17 recommendations described under subsection (a).

18 “(c) PUBLIC COMMENT PERIOD.—In issuing the  
19 rules required under subsection (b), the Federal financial  
20 institutions regulatory agencies shall—

21 “(1) publish a notice of proposed rulemaking  
22 with respect to such rules; and

23 “(2) provide for a public comment period of not  
24 less than 90 days.

1       “(d) RULE OF CONSTRUCTION.—Nothing in this sec-  
2       tion may be construed to limit the authority of the Federal  
3       financial institutions regulatory agencies to take super-  
4       visory, adjudicatory, or enforcement actions to ensure the  
5       safety and soundness of financial institutions.”.

6               (2) WELL MANAGED DEFINITION.—Section  
7       2(o)(9)(A) of the Bank Holding Company Act of  
8       1956 (12 U.S.C. 1841(o)(9)(A)) is amended—

9               (A) by striking “achievement of” and all  
10              that follows through “a CAMEL” and inserting  
11              “achievement of a CAMEL”;

12              (B) by striking “; and” and inserting a pe-  
13              riod; and

14              (C) by striking clause (ii).

15 **SEC. 302. FAIR AUDITS AND INSPECTIONS FOR REGU-**  
16 **LATORS’ EXAMS.**

17       (a) TIMELINESS OF EXAMINATIONS AND EXAMINA-  
18       TION REPORTS.—The Federal Financial Institutions Ex-  
19       amination Council Act of 1978 (12 U.S.C. 3301 et seq.),  
20       as amended by section 301, is further amended by adding  
21       at the end the following:

22 **“SEC. 1013. TIMELINESS OF EXAMINATIONS AND EXAMINA-**  
23 **TION REPORTS.**

24       “(a) TIMELINESS OF EXAMINATIONS.—A Federal fi-  
25       nancial institutions regulatory agency shall complete any

1 examination of a financial institution within 270 days of  
2 commencing the examination, except that such period may  
3 be extended by the Federal financial institutions regu-  
4 latory agency by providing written notice to the financial  
5 institution describing with particularity the reasons that  
6 a longer period is needed.

7 “(b) FINAL EXAMINATION REPORT.—A Federal fi-  
8 nancial institutions regulatory agency shall provide a final  
9 examination report to a financial institution not later than  
10 90 days after the later of—

11 “(1) the exit interview for an examination of  
12 the institution; or

13 “(2) the provision of additional material infor-  
14 mation by the institution relating to the examina-  
15 tion.

16 “(c) EXIT INTERVIEW REQUIREMENT.—Within 30  
17 days of completing an examination, a Federal financial in-  
18 stitutions regulatory agency shall conduct an exit inter-  
19 view with the financial institution’s senior management,  
20 except that such period may be extended by the Federal  
21 financial institutions regulatory agency by providing writ-  
22 ten notice to the institution and the Board describing with  
23 particularity the reasons that a longer period is needed  
24 to complete the exit interview.

1       “(d) EXAMINATION MATERIALS.—Upon the request  
2 of a financial institution, the Federal financial institutions  
3 regulatory agency shall include with the final report an  
4 appendix listing all examination or other factual informa-  
5 tion relied upon by the agency in support of a material  
6 supervisory determination.”.

7       (b) TIMELINESS OF REQUIRED PERMISSION, REGU-  
8 LATORY, AND REPORTING GUIDANCE.—The Federal Fi-  
9 nancial Institutions Examination Council Act of 1978 (12  
10 U.S.C. 3301 et seq.), as amended by subsection (a), is  
11 further amended by adding at the end the following:

12       **“SEC. 1014. TIMELINESS OF REQUIRED PERMISSION, REGU-**  
13                   **LATORY, AND REPORTING GUIDANCE.**

14       “(a) REQUEST FOR PERMISSION OR GUIDANCE.—  
15 With respect to an action that a financial institution is  
16 taking or is intending to take, the financial institution  
17 may request a written determination by the applicable  
18 Federal financial institutions regulatory agency of—

19               “(1) the agency’s non-objection to the financial  
20 institution conducting a particular activity;

21               “(2) the agency’s interpretation of a law or reg-  
22 ulation; and

23               “(3) the agency’s interpretation of generally ac-  
24 cepted accounting principles or accounting objec-  
25 tives, standards, and requirements.

1       “(b) CONTENTS OF REQUEST.—A request made  
2 under subsection (a) shall be in writing and contain—

3               “(1) the nature of the request;

4               “(2) applicable facts relating to the matter;

5               “(3) applicable law, regulation, or generally ac-  
6 cepted accounting principles relating to the matter;  
7 and

8               “(4) a summary of the request.

9       “(c) RESPONSE TO REQUEST.—A Federal financial  
10 institutions regulatory agency receiving a request under  
11 subsection (a) shall, not later than 30 days after receiving  
12 the request—

13               “(1) provide the financial institution making  
14 the request with written notification that the agency  
15 received the request and stating whether the request  
16 contains all of the information required under sub-  
17 section (b); and

18               “(2) if the request does not contain all of the  
19 information required under subsection (b), provide  
20 the financial institution with an explanation of what  
21 information is missing.

22       “(d) PROVIDING MISSING INFORMATION.—If a Fed-  
23 eral financial institutions regulatory agency informs the  
24 financial institution under subsection (c) that the request  
25 does not contain all the information required under sub-

1 section (b), the financial institution may provide the miss-  
2 ing information to the Federal financial institutions regu-  
3 latory agency during the 30-day period beginning on the  
4 date the financial institution receives the explanation of  
5 the missing information under subsection (c).

6 “(e) DETERMINATION.—A Federal financial institu-  
7 tions regulatory agency receiving a request under sub-  
8 section (a) shall make a determination on the request and  
9 provide the financial institution with a written notice of  
10 such determination—

11 “(1) if the initial request contains the informa-  
12 tion required under subsection (b), not later than  
13 the end of the 60-day period beginning on the date  
14 the Federal financial institutions regulatory agency  
15 notifies the financial institution of the receipt of the  
16 request under subsection (c); or

17 “(2) if the initial request does not contain the  
18 information required under subsection (b), but the  
19 financial institution provides the missing information  
20 during the 30-day period described under subsection  
21 (d), not later than the end of the 60-day period be-  
22 ginning on the date such missing information is pro-  
23 vided; or

24 “(3) if the initial request does not contain the  
25 information required under subsection (b), and the

1 financial institution does not provide the missing in-  
2 formation during the 30-day period described under  
3 subsection (d), not later than the end of the 60-day  
4 period beginning on the end of such 30-day period.

5 “(f) REPORTS AND PUBLICATION.—Each Federal fi-  
6 nancial institutions regulatory agency shall, within 120  
7 days after making a determination under paragraph (5),  
8 publish a summary of the determination on the public  
9 website of the Federal financial institutions regulatory  
10 agency. Each Federal financial institutions regulatory  
11 agency shall redact any confidential supervisory informa-  
12 tion about the financial institution, any identifying facts  
13 about the financial institution, and any sensitive person-  
14 ally identifiable information, and anonymize any un-re-  
15 dacted information that could, individually or in the aggre-  
16 gate, identify the financial institution.”.

17 (c) OFFICE OF INDEPENDENT EXAMINATION RE-  
18 VIEW.—

19 (1) IN GENERAL.—The Federal Financial Insti-  
20 tutions Examination Council Act of 1978 (12 U.S.C.  
21 3301 et seq.), as amended by subsection (b), is fur-  
22 ther amended by adding at the end the following:

1   **“SEC. 1015. OFFICE OF INDEPENDENT EXAMINATION RE-**  
2                           **VIEW.**

3           “(a) ESTABLISHMENT.—There is established in the  
4 Council an Office of Independent Examination Review  
5 (the ‘Office’).

6           “(b) BOARD OF INDEPENDENT EXAMINATION RE-  
7 VIEW.—

8                   “(1) IN GENERAL.—The head of the Office  
9 shall be the Board of Independent Examination Re-  
10 view, which shall be comprised of 3 members, ap-  
11 pointed by the President, by and with the advice and  
12 consent of the Senate.

13                   “(2) QUALIFICATIONS.—The President shall  
14 appoint the 1 member of the Board from each of the  
15 following classes of individuals:

16                           “(A) Individuals who have been employed  
17 by a Federal financial institutions regulatory  
18 agency.

19                           “(B) Individuals who—

20                                   “(i) are a licensed attorney or a cer-  
21 tified public accountant authorized to prac-  
22 tice under the laws of a State, the District  
23 of Columbia, or a territory of the United  
24 States;

25                                   “(ii) have either academic or private  
26 sector experience;



1 “(iii) have relevant work-related expe-  
2 rience in consumer affairs or compliance  
3 with consumer protection laws with respect  
4 to financial institutions; and

5 “(iv) are not, and were not during the  
6 previous 10-year period, employed by a  
7 Federal banking agency, a Federal reserve  
8 bank, or the National Credit Union Ad-  
9 ministration.

10 “(C) Individuals—

11 “(i) with at least 10 years private sec-  
12 tor financial services senior management-  
13 level experience; and

14 “(ii) recommended by—

15 “(I) an insured depository insti-  
16 tution;

17 “(II) an insured credit union; or

18 “(III) a trade association for  
19 such institutions or credit unions.

20 “(3) PROHIBITION ON CERTAIN INDIVIDUALS  
21 SERVING AS A BOARD MEMBER.—The President may  
22 not appoint an individual as a member of the Board  
23 if the individual—

24 “(A) is, or was during the previous 2-year  
25 period, employed by a Federal financial institu-

1           tions regulatory agency or a Federal reserve  
2           bank;

3           “(B) is, or was during the previous 2-year  
4           period, employed by a financial institution; or

5           “(C) is reporting, or was reporting in the  
6           past 5 years, directly or indirectly to a Federal  
7           financial institutions regulatory agency official  
8           who makes material supervisory determinations.

9           “(4) CONSULTATION.—In appointing members  
10          of the Board, the President shall consult with the  
11          Federal financial institutions regulatory agencies  
12          and financial institutions.

13          “(5) TERM.—

14                 “(A) IN GENERAL.—Each member of the  
15                 Board shall serve for a term of 3 years.

16                 “(B) TERM LIMITATION.—No individual  
17                 may serve more than 2 full terms on the Board.

18           “(6) POLITICAL AFFILIATION.—Not more than  
19          2 members of the Board shall be members of the  
20          same political party.

21          “(7) QUORUM.—

22                 “(A) IN GENERAL.—3 members of the  
23                 Board shall constitute a quorum.

24                 “(B) INITIAL QUORUM.—During the 6-  
25                 month period beginning on the date of enact-

1           ment of this section, 1 member of the Board  
2           shall constitute a quorum until the Board has  
3           3 members.

4       “(c) STAFFING.—The Board is authorized to hire  
5 staff to support the activities of the Office of Independent  
6 Examination Review. One-fifth of the costs and expenses  
7 of the Office, including the salaries of its employees, shall  
8 be paid by each of the Federal financial institutions regu-  
9 latory agencies. Annual assessments for such share shall  
10 be levied by the Council based upon its projected budget  
11 for the year, and additional assessments may be made dur-  
12 ing the year if necessary.

13       “(d) DUTIES.—The Board shall—

14           “(1) receive and, at the discretion of the Board,  
15 investigate complaints from financial institutions,  
16 their representatives, or another entity acting on be-  
17 half of such institutions, concerning examinations,  
18 examination practices, or examination reports;

19           “(2) hold meetings, at least once every three  
20 months and in locations designed to encourage par-  
21 ticipation from all sections of the United States,  
22 with financial institutions, their representatives, or  
23 another entity acting on behalf of such institutions,  
24 to discuss examination procedures, examination  
25 practices, or examination policies;

1           “(3) review examination procedures of the Fed-  
2       eral financial institutions regulatory agencies to en-  
3       sure that the written examination policies of those  
4       agencies are being followed in practice and adhere to  
5       the standards for consistency;

6           “(4) conduct a continuing and regular program  
7       of examination quality assurance for all examination  
8       types conducted by the Federal financial institutions  
9       regulatory agencies;

10          “(5) carry out an independent review of any su-  
11       pervisory appeal initiated under section 1016; and

12          “(6) report annually to the Committee on Fi-  
13       nancial Services of the House of Representatives, the  
14       Committee on Banking, Housing, and Urban Affairs  
15       of the Senate, and the Council, on the reviews car-  
16       ried out pursuant to paragraphs (3) and (5), includ-  
17       ing compliance with the requirements set forth in  
18       section 1014 regarding timeliness of examination re-  
19       ports, and the Board’s recommendations for im-  
20       provements in examination procedures, practices,  
21       and policies.

22          “(e) CONFIDENTIALITY.—The Board and the Council  
23       shall keep confidential—

24           “(1) all meetings, discussions, and information  
25       provided by financial institutions and Federal finan-

1        cial institutions regulator agencies that involve con-  
2        fidential supervisory information or privileged infor-  
3        mation;

4            “(2) all information and communications ex-  
5        changed between a financial institution and the Of-  
6        fice of Independent Examination Review; and

7            “(3) all information and communications ex-  
8        changed between a Federal financial institutions reg-  
9        ulator agency and the Office of Independent Exam-  
10       ination Review.”.

11           (2) DEFINITIONS.—Section 1003 of the Federal  
12       Financial Institutions Examination Council Act of  
13       1978 (12 U.S.C. 3302) is amended—

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

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

17           “(4) the term ‘Board’ means the Board of Inde-  
18       pendent Examination Review established under sec-  
19       tion 1015(b);

20           “(5) the term ‘material supervisory determina-  
21       tion’ has the meaning given such term in section  
22       309(c) of the Riegle Community Development and  
23       Regulatory Improvement Act of 1994;

1 “(6) the term ‘insured depository institution’  
2 has the meaning given that term in section 3 of the  
3 Federal Deposit Insurance Act; and

4 “(7) the term ‘insured credit union’ has the  
5 meaning given that term in section 101 of the Fed-  
6 eral Credit Union Act.”.

7 (d) RIGHT TO INDEPENDENT REVIEW OF MATERIAL  
8 SUPERVISORY DETERMINATIONS.—The Federal Financial  
9 Institutions Examination Council Act of 1978 (12 U.S.C.  
10 3301 et seq.), as amended by subsection (c), is further  
11 amended by adding at the end the following:

12 **“SEC. 1016. RIGHT TO INDEPENDENT REVIEW OF MATERIAL**  
13 **SUPERVISORY DETERMINATIONS.**

14 “(a) IN GENERAL.—A financial institution shall have  
15 the right to obtain an independent review, as described  
16 in this section, of a material supervisory determination  
17 contained in a final report of examination.

18 “(b) NOTICE.—

19 “(1) TIMING.—A financial institution seeking  
20 review of a material supervisory determination under  
21 this section shall file a written notice with the Board  
22 within 60 days after receiving the final report of ex-  
23 amination that is the subject of such review.

24 “(2) EXTENSION.—The institution may file a  
25 written request with the Board for an extension of

1 the 60-day time period described under paragraph  
2 (1), which shall state good cause for granting the ex-  
3 tension. Such request shall be granted in the sole  
4 discretion of the Board.

5 “(3) IDENTIFICATION OF DETERMINATION.—

6 The written notice shall—

7 “(A) identify the material supervisory de-  
8 termination that is the subject of the requested  
9 independent examination review;

10 “(B) state the reasons why the institution  
11 believes that the material supervisory deter-  
12 mination is incorrect or should otherwise be  
13 modified; and

14 “(C) include—

15 “(i) a clear and complete statement of  
16 all relevant facts and issues;

17 “(ii) all arguments that the institution  
18 wishes to present; and

19 “(iii) all relevant and material docu-  
20 ments in the possession of the institution  
21 that the institution wishes to be consid-  
22 ered.

23 “(4) INFORMATION MADE AVAILABLE TO INSTI-  
24 TUTION.—An institution seeking an appeal of a ma-  
25 terial supervisory determination may, not later than

1       7 days after receiving the final examination report,  
2       request that the Federal financial institutions regu-  
3       latory agency that made the material supervisory de-  
4       termination provide the institution with all examina-  
5       tion and factual information relied upon by the  
6       agency in making the material supervisory deter-  
7       mination. The agency shall provide that information  
8       to the institution not later than 14 days after receiv-  
9       ing the request.

10      “(c) DETERMINATION; RIGHT TO HEARING.—

11          “(1) IN GENERAL.—The Board shall—

12              “(A) determine the merits of the appeal on  
13              the record, including whether the material su-  
14              pervisory determination being appealed should  
15              be upheld, canceled, or modified; or

16              “(B) at the election of the financial institu-  
17              tion, conduct a hearing, which shall take place  
18              not later than 60 days after the petition for re-  
19              view is received by the Board.

20          “(2) RIGHT TO OBTAIN TESTIMONY.—A finan-  
21          cial institution electing for a hearing under para-  
22          graph (1)(B) shall have the right the obtain testi-  
23          mony under oath from agency employees and obtain  
24          documents and other evidence at the hearing, or in  
25          advance of the hearing, according to procedures in-



1       stituted by the Board consistent with those set forth  
2       under sections 556 and 557 of title 5, United States  
3       Code.

4           “(3) BASIS OF DECISION.—The Board shall  
5       issue a written decision based upon the record of the  
6       examination, supplemented by the record established  
7       at any hearing.

8           “(4) STANDARD OF REVIEW.—The Board’s re-  
9       view of a material supervisory determination being  
10      appealed under this subsection shall be de novo, and  
11      the Board shall not defer to the opinions of the ex-  
12      aminer or agency, but shall independently determine  
13      the appropriateness of the agency’s material super-  
14      visory determination based upon the relevant stat-  
15      utes, regulations, other appropriate guidance, and  
16      the evidentiary record.

17      “(d) FINAL DECISION.—A decision by the Board on  
18      an independent review under this section shall—

19           “(1) be made not later than 60 days after the  
20      record has been closed; and

21           “(2) be deemed final agency action and shall  
22      bind the agency whose supervisory determination  
23      was the subject of the review and the financial insti-  
24      tution requesting the review.

1       “(e) RIGHT TO JUDICIAL REVIEW.—A financial insti-  
2       tution shall have the right to petition for review of a Board  
3       determination made under subsection (d) by filing a peti-  
4       tion for review not later than 60 days after the date on  
5       which the decision is made in the United States Court of  
6       Appeals for the District of Columbia Circuit or the Circuit  
7       in which the financial institution is located.

8       “(f) REFERRAL OF VIOLATIONS.—If the Board, in  
9       carrying out this section, determines that a financial insti-  
10      tution has violated a law or regulation, the Board shall  
11      refer such determination to the applicable Federal finan-  
12      cial institutions regulatory agency.

13      “(g) ANNUAL REPORT.—

14           “(1) IN GENERAL.—The Board shall report an-  
15      nually to the Committee on Financial Services of the  
16      House of Representatives, the Committee on Bank-  
17      ing, Housing, and Urban Affairs of the Senate, and  
18      the Council on actions taken under this section, in-  
19      cluding the types of issues that the Board has re-  
20      viewed and the results of those reviews, including in-  
21      formation on each final determination with respect  
22      to a material supervisory determination.

23           “(2) CONFIDENTIALITY.—In reporting under  
24      paragraph (1), the Board shall redact information  
25      about individual financial institutions and any con-

1        fidential supervisory information or privileged infor-  
2        mation shared by financial institutions, and shall  
3        anonymize any un-redacted information that could,  
4        in the aggregate, identify a financial institution.

5        “(h) RETALIATION PROHIBITED.—

6                “(1) IN GENERAL.—A Federal financial institu-  
7        tions regulatory agency may not—

8                “(A) retaliate against a financial institu-  
9        tion, including service providers, or any institu-  
10       tion-affiliated party, for exercising appellate  
11       rights under this section; or

12               “(B) delay or deny any agency action that  
13       would benefit a financial institution or any in-  
14       stitution-affiliated party on the basis that an  
15       appeal under this section is pending under this  
16       section.

17               “(2) RETALIATION.—For purposes of this sub-  
18       section, retaliation includes delaying consideration  
19       of, or withholding approval of, any request, notice,  
20       or application that otherwise would have been ap-  
21       proved, but for the exercise of a financial institu-  
22       tion’s rights under this section.

23               “(i) RULEMAKING.—The Board shall issue rules to  
24       establish procedures for hearings described under this sec-  
25       tion, including that—

1           “(1) a financial institution may appear at the  
2           hearing personally or through counsel;

3           “(2) a financial institution may provide an oral  
4           and written presentation at the hearing;

5           “(3) the Board may ask questions of any per-  
6           son participating in the hearing;

7           “(4) the hearing may not involve—

8                   “(A) a cross-examination; or

9                   “(B) discovery;

10           “(5) the hearing shall not be governed by the  
11           Federal Rules of Evidence; and

12           “(6) the Board shall have a verbatim transcript  
13           of the hearing prepared.

14           “(j) SAFETY AND SOUNDNESS EXCEPTION.—The ap-  
15           peal of a material supervisory determination by a financial  
16           institution under this section shall not affect the authority  
17           of a Federal financial institutions regulatory agency dur-  
18           ing the pendency of such appeal to enforce the material  
19           supervisory determination or to take an action based on  
20           such material supervisory determination, if the Federal fi-  
21           nancial institutions regulatory agency determines that  
22           such enforcement or action is necessary to ensure the im-  
23           mediate safety and soundness of the financial institu-  
24           tion.”.

25           (e) ADDITIONAL AMENDMENTS.—

1           (1) REGULATOR APPEALS PROCESS, OMBUDS-  
2           MAN, AND ALTERNATIVE DISPUTE RESOLUTION.—

3           (A) IN GENERAL.—Section 309 of the Rie-  
4           gle Community Development and Regulatory  
5           Improvement Act of 1994 (12 U.S.C. 4806) is  
6           amended—

7                   (i) in the heading, by striking “**REG-**  
8                   **ULATORY APPEALS PROCESS, OM-**  
9                   **BUDSMAN,**” and inserting “**OMBUDS-**  
10                  **MAN**” (and by conforming the item relat-  
11                  ing to such section in the table of contents  
12                  accordingly);

13                  (ii) by striking subsections (a), (b),  
14                  and (c);

15                  (iii) by redesignating subsections (d),  
16                  (e), (f), and (g) as subsections (a), (b), (c),  
17                  and (d), respectively;

18                  (iv) in subsection (b), as so redesign-  
19                  ated—

20                   (I) in paragraph (2)—

21                           (aa) in subparagraph (B),  
22                           by striking “and” at the end;

23                           (bb) in subparagraph (C),  
24                           by striking the period and insert-  
25                           ing “; and”; and

1 (cc) by adding at the end  
2 the following:

3 “(D) ensure that appropriate safeguards  
4 exist for protecting any party from retaliation  
5 by any agency for exercising rights under this  
6 subsection.”; and

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

9 “(6) RETALIATION.—For purposes of this sub-  
10 section, retaliation includes delaying consideration  
11 of, or withholding approval of, any request, notice,  
12 or application that otherwise would have been ap-  
13 proved, but for the exercise of a financial institu-  
14 tion’s rights under this section.”; and

15 (v) in paragraph (1)(A) of subsection  
16 (c), as so redesignated—

17 (I) in clause (ii), by striking “;  
18 and” and inserting a semicolon;

19 (II) in clause (iii), by striking “;  
20 and” and inserting a semicolon; and

21 (III) by adding at the end the  
22 following:

23 “(iv) any issue specifically listed in an  
24 exam report as a matter requiring atten-

1                   tion by the institution’s management or  
2                   board of directors; and

3                   “(v) any suspension or removal of an  
4                   institution’s status as eligible for expedited  
5                   processing of applications, requests, no-  
6                   tices, or filings on the grounds of a super-  
7                   visory or compliance concern, regardless of  
8                   whether that concern has been cited as a  
9                   basis for a material supervisory determina-  
10                  tion or matter requiring attention in an ex-  
11                  amination report, provided that the con-  
12                  duct at issue did not involve violation of  
13                  any criminal law; and”.

14                  (B) EFFECT.—Nothing in this subsection  
15                  affects the authority of an appropriate Federal  
16                  banking agency or the National Credit Union  
17                  Administration Board to take enforcement or  
18                  other supervisory action.

19                  (2) FEDERAL CREDIT UNION ACT.—Section  
20                  205(j) of the Federal Credit Union Act (12 U.S.C.  
21                  1785(j)) is amended by inserting “the Bureau of  
22                  Consumer Financial Protection,” before “the Ad-  
23                  ministration” each place that term appears.

24                  (3) FEDERAL FINANCIAL INSTITUTIONS EXAM-  
25                  INATION COUNCIL ACT.—The Federal Financial In-

1       stitutions Examination Council Act of 1978 (12  
2       U.S.C. 3301 et seq.) is amended—

3               (A) in section 1003 (12 U.S.C. 3302)—

4                       (i) by striking paragraph (1) and in-  
5       serting the following:

6               “(1) the term ‘Federal financial institutions  
7       regulatory agencies’—

8                       “(A) means the Office of the Comptroller  
9       of the Currency, the Board of Governors of the  
10       Federal Reserve System, the Federal Deposit  
11       Insurance Corporation, and the National Credit  
12       Union Administration; and

13                      “(B) includes the Bureau of Consumer Fi-  
14       nancial Protection for purposes of sections  
15       1012 through 1015;”; and

16                      (ii) in paragraph (3), by striking the  
17       semicolon at the end and inserting “, ex-  
18       cept that for purposes of sections 1013  
19       through 1016, the term ‘financial institu-  
20       tion’ does not include a credit union that  
21       is not an insured credit union;”;

22               (B) in section 1004(a)(4) (12 U.S.C.  
23       3303), by striking “Consumer Financial Protec-  
24       tion Bureau” and inserting “Bureau of Con-  
25       sumer Financial Protection”; and



1 (C) in section 1005 (12 U.S.C. 3304)—

2 (i) by striking “One-fifth” and insert-  
3 ing “One-fourth”; and

4 (ii) by inserting “described under sec-  
5 tion 1003(1)(A)” after “agencies”.

6 **SEC. 303. SUPERVISORY MODIFICATIONS FOR APPRO-**  
7 **PRIATE RISK-BASED TESTING.**

8 (a) EXAMINATION RELIEF FOR CERTAIN WELL  
9 MANAGED AND WELL CAPITALIZED FINANCIAL INSTITU-  
10 TIONS.—

11 (1) INSURED DEPOSITORY INSTITUTIONS.—Sec-  
12 tion 10(d) of the Federal Deposit Insurance Act (12  
13 U.S.C. 1820(d)) is amended by adding at the end  
14 the following:

15 “(11) EXAMINATION RELIEF FOR CERTAIN  
16 WELL MANAGED AND WELL CAPITALIZED INSURED  
17 DEPOSITORY INSTITUTIONS.—

18 “(A) IN GENERAL.—The following shall  
19 apply to a well managed and well capitalized in-  
20 sured depository institution with  
21 \$6,000,000,000 or less in consolidated assets:

22 “(i) ALTERNATING LIMITED-SCOPE  
23 EXAMINATIONS.—After an insured depository  
24 institution receives a full-scope, on-  
25 site examination from the appropriate Fed-

1           eral banking agency, the next examination  
2           of the insured depository institution by the  
3           appropriate Federal banking agency shall  
4           be a limited-scope examination, as deter-  
5           mined by the appropriate Federal banking  
6           agency.

7           “(ii) COMBINED EXAMINATIONS.—If  
8           an insured depository institution is other-  
9           wise subject to separate safety and sound-  
10          ness examinations, consumer compliance  
11          examinations, and information technology  
12          and cybersecurity examinations, the appro-  
13          priate Federal banking agency shall, upon  
14          request of the insured depository institu-  
15          tion, combine two or three such examina-  
16          tions, as specified by the insured deposi-  
17          tory institution, and carry them out at the  
18          same time.

19          “(B) EXCEPTION.—Subparagraph (A)  
20          shall not apply to an insured depository institu-  
21          tion if—

22                 “(i) the insured depository institution  
23                 is currently subject to a formal enforce-  
24                 ment proceeding or order by the Corpora-

1                   tion or the appropriate Federal banking  
2                   agency; or

3                   “(ii) a person acquired control of the  
4                   insured depository institution since the  
5                   most recent full-scope, on-site examination  
6                   of the insured depository institution from  
7                   the appropriate Federal banking agency.

8                   “(C) RULEMAKING.—Not later than 12  
9                   months after the date of enactment of this  
10                  paragraph, the Federal banking agencies shall  
11                  issue rules to carry out subparagraph (A), in-  
12                  cluding, with respect to an insured depository  
13                  institution described under subparagraph (A),  
14                  to—

15                  “(i) establish procedures for the lim-  
16                  ited-scope examinations described in sub-  
17                  paragraph (A)(i);

18                  “(ii) establish procedures for review-  
19                  ing insured depository institutions de-  
20                  scribed under subparagraph (A), that—

21                  “(I) experience material changes  
22                  in financial condition or operational  
23                  risk profile between scheduled exami-  
24                  nations; or

1 “(II) have failed to comply with  
2 Federal or State banking laws and  
3 regulations; and

4 “(iii) balance the goals of streamlining  
5 the examination cycle for individual in-  
6 sured depository institutions and reducing  
7 unnecessary regulatory burdens while  
8 maintaining sufficient oversight to ensure  
9 the continued safety and soundness of the  
10 insured depository institutions and compli-  
11 ance with all applicable laws and regula-  
12 tions.

13 “(D) RULE OF CONSTRUCTION.—Nothing  
14 in this paragraph may be construed to limit the  
15 authority of a Federal banking agency to con-  
16 duct off-site monitoring, targeted reviews, or  
17 additional full-scope, on-site examinations of an  
18 insured depository institution if the Federal  
19 banking agency determines such monitoring, re-  
20 views, or examinations are necessary to ensure  
21 safety and soundness or compliance with appli-  
22 cable laws.

23 “(E) DEFINITIONS.—In this paragraph:

24 “(i) CONSUMER COMPLIANCE EXAM-  
25 INATION.—The term ‘consumer compliance

1 examination’ means an examination to as-  
2 sess compliance with the requirements of  
3 Federal consumer financial law (as such  
4 term is defined in section 1002 of the Con-  
5 sumer Financial Protection Act of 2010).

6 “(ii) WELL CAPITALIZED.—The term  
7 ‘well capitalized’ has the meaning given  
8 that term in section 38(b).

9 “(iii) WELL MANAGED.—With respect  
10 to an insured depository institution, the  
11 term ‘well managed’ means that, when the  
12 institution was most recently examined by  
13 the appropriate Federal banking agency,  
14 the institution was found to be well man-  
15 aged, and the institution’s composite condi-  
16 tion was found to be satisfactory or out-  
17 standing.”.

18 (2) INSURED CREDIT UNIONS.—Section 204 of  
19 the Federal Credit Union Act (12 U.S.C. 1784) is  
20 amended by adding at the end the following:

21 “(h) EXAMINATION RELIEF FOR CERTAIN WELL  
22 MANAGED AND WELL CAPITALIZED INSURED CREDIT  
23 UNIONS.—

24 “(1) IN GENERAL.—The following shall apply to  
25 a well managed and well capitalized insured credit

1 union with \$6,000,000,000 or less in consolidated  
2 assets:

3 “(A) ALTERNATING LIMITED-SCOPE EX-  
4 AMINATIONS.—After an insured credit union re-  
5 ceives a full-scope, on-site examination from the  
6 National Credit Union Administration, the next  
7 examination of the insured credit union by the  
8 National Credit Union Administration shall be  
9 a limited-scope examination, as determined by  
10 the National Credit Union Administration.

11 “(B) COMBINED EXAMINATIONS.—If an  
12 insured credit union is otherwise subject to sep-  
13 arate safety and soundness examinations, con-  
14 sumer compliance examinations, and informa-  
15 tion technology and cybersecurity examinations,  
16 the National Credit Union Administration shall,  
17 upon request of the insured credit union, com-  
18 bine two or three such examinations, as speci-  
19 fied by the insured credit union, and carry them  
20 out at the same time.

21 “(2) EXCEPTION.—Paragraph (1) shall not  
22 apply to an insured credit union if the insured credit  
23 union is currently subject to a formal enforcement  
24 proceeding or order by the National Credit Union  
25 Administration.

1           “(3) RULEMAKING.—Not later than 12 months  
2           after the date of enactment of this subsection, the  
3           National Credit Union Administration shall issue  
4           rules to carry out paragraph (1), including, with re-  
5           spect to an insured credit union described under  
6           paragraph (1), to—

7                   “(A) establish procedures for the limited-  
8                   scope examinations described in paragraph  
9                   (1)(A);

10                   “(B) establish procedures for reviewing in-  
11                   sured credit unions that—

12                           “(i) experience material changes in fi-  
13                           nancial condition or operational risk profile  
14                           between scheduled examinations; or

15                           “(ii) have failed to comply with Fed-  
16                           eral or State banking laws and regulations;  
17                           and

18                   “(C) balance the goals of streamlining the  
19                   examination cycle for individual insured credit  
20                   unions and reducing unnecessary regulatory  
21                   burdens while maintaining sufficient oversight  
22                   to ensure the continued safety and soundness of  
23                   the insured credit unions and compliance with  
24                   all applicable laws and regulations.

1           “(4) RULE OF CONSTRUCTION.—Nothing in  
2           this subsection may be construed to limit the author-  
3           ity of the National Credit Union Administration to  
4           conduct off-site monitoring, targeted reviews, or ad-  
5           ditional full-scope, on-site examinations of an in-  
6           sured credit union if the National Credit Union Ad-  
7           ministration determines such monitoring, reviews, or  
8           examinations are necessary to ensure safety and  
9           soundness or compliance with applicable laws.

10           “(5) DEFINITIONS.—In this paragraph:

11                   “(A) CONSUMER COMPLIANCE EXAMINA-  
12                   TION.—The term ‘consumer compliance exam-  
13                   ination’ means an examination to assess compli-  
14                   ance with the requirements of Federal con-  
15                   sumer financial law (as such term is defined in  
16                   section 1002 of the Consumer Financial Protec-  
17                   tion Act of 2010).

18                   “(B) WELL CAPITALIZED.—The term ‘well  
19                   capitalized’ has the meaning given that term in  
20                   section 216(c).

21                   “(C) WELL MANAGED.—With respect to  
22                   an insured credit union, the term ‘well man-  
23                   aged’ means that, when the credit union was  
24                   most recently examined by the National Credit  
25                   Union Administration, the credit union was



1 found to be well managed, and the credit  
2 union's composite condition was found to be  
3 satisfactory or outstanding.”.

4 (b) EXAMINATION PRACTICES.—

5 (1) INSURED DEPOSITORY INSTITUTIONS.—Sec-  
6 tion 10(d) of the Federal Deposit Insurance Act (12  
7 U.S.C. 1820(d)), as amended by subsection (a)(1),  
8 is further amended by adding at the end the fol-  
9 lowing:

10 “(12) EXAMINATION PRACTICES.—With respect  
11 to on-site examination of an insured depository insti-  
12 tution with less than \$6,000,000,000 in total assets,  
13 the appropriate Federal banking agency shall—

14 “(A) ensure the examination is led by, to  
15 the maximum extent practicable, an examiner  
16 with significant experience as an examiner;

17 “(B) make every effort, to the maximum  
18 extent practicable, to minimize the number of  
19 examiners utilized and the amount of time  
20 spent at the institution to carry out the exam-  
21 ination;

22 “(C) make every effort, to the maximum  
23 extent practicable, to schedule the examination  
24 at a time that is convenient for the institution;  
25 and

1 “(D) to the maximum extent practicable,  
2 give the institution advance notice of issues ex-  
3 pected to be covered in the examination.

4 “(13) REPORT.—In its annual report to Con-  
5 gress, each Federal banking agency shall include—

6 “(A) information on how the agency is  
7 complying with paragraphs (11) and (12); and

8 “(B) aggregate data summarizing the  
9 agency’s examination practices with respect to  
10 insured depository institutions with less than  
11 \$6,000,000,000 in total assets, including—

12 “(i) the average experience of exam-  
13 iners, including the average number of  
14 years of examiner experience of those who  
15 lead on-site examinations;

16 “(ii) the average number of examiners  
17 utilized; and

18 “(iii) the average amount of time the  
19 agency spends visiting such institutions for  
20 on-site examinations.”.

21 (2) INSURED CREDIT UNIONS.—Section 204 of  
22 the Federal Credit Union Act (12 U.S.C. 1784), as  
23 amended by subsection (a)(2), is further amended by  
24 adding at the end the following:

1       “(i) EXAMINATION PRACTICES.—With respect to on-  
2 site examination of an insured credit union with less than  
3 \$6,000,000,000 in total assets, the National Credit Union  
4 Administration shall—

5           “(1) ensure the examination is led by, to the  
6 maximum extent practicable, an examiner with sig-  
7 nificant experience as an examiner;

8           “(2) make every effort, to the maximum extent  
9 practicable, to minimize the number of examiners  
10 utilized and the amount of time spent at the credit  
11 union to carry out the examination;

12           “(3) make every effort, to the maximum extent  
13 practicable, to schedule the examination at a time  
14 that is convenient for the credit union; and

15           “(4) to the maximum extent practicable, give  
16 the credit union advance notice of issues expected to  
17 be covered in the examination.

18       “(j) REPORT.—In its annual report to Congress, the  
19 National Credit Union Administration shall include—

20           “(1) information on how the Administration is  
21 complying with subsections (h) and (i); and

22           “(2) aggregate data summarizing the Adminis-  
23 tration’s examination practices with respect to in-  
24 sured credit unions with less than \$6,000,000,000 in  
25 total assets, including—

1 “(A) the average experience of examiners,  
2 including the average number of years of exam-  
3 iner experience of those who lead on-site exami-  
4 nations;

5 “(B) the average number of examiners uti-  
6 lized; and

7 “(C) the average amount of time the Ad-  
8 ministration spends visiting such credit unions  
9 for on-site examinations.”.

10 **SEC. 304. TAILORED REGULATORY UPDATES FOR SUPER-**  
11 **VISORY TESTING.**

12 Section 10(d) of the Federal Deposit Insurance Act  
13 (12 U.S.C. 1820(d)) is amended—

14 (1) in paragraph (4)(A), by striking  
15 “\$3,000,000,000” and inserting “\$6,000,000,000”;  
16 and

17 (2) in paragraph (10), by striking  
18 “\$3,000,000,000” and inserting “\$6,000,000,000”.

19 **SEC. 305. STRESS TESTING ACCOUNTABILITY AND TRANS-**  
20 **PARENCY.**

21 (a) RULEMAKING RELATED TO STRESS CAPITAL  
22 BUFFER REQUIREMENTS.—

23 (1) IN GENERAL.—Not later than 90 days after  
24 the date of the enactment of this section, the Board  
25 of Governors of the Federal Reserve System (in this

1 section referred to as the “Board”) shall issue a  
2 rule—

3 (A) establishing the models, assumptions,  
4 formulas, and other decisional methodologies  
5 that are used to conduct any stress test pursu-  
6 ant to section 165(i) of the Financial Stability  
7 Act of 2010 (12 U.S.C. 5365(i)), including any  
8 such test that is used to determine any compo-  
9 nent or subcomponent of the stress capital buff-  
10 er requirement for a covered company; and

11 (B) to determine, where the Board has su-  
12 pervisory stress test results from two or more  
13 periodic analyses of a covered company, the cov-  
14 ered company’s stress capital buffer require-  
15 ment on the basis of supervisory stress test re-  
16 sults from two or more periodic analyses of that  
17 covered company.

18 (2) CHANGES.—The Board may only make ma-  
19 terial changes to the methodologies established in  
20 the rule issued under paragraph (1)(A) through no-  
21 tice and comment rulemaking.

22 (3) NO DOUBLE-COUNT.—The Board shall en-  
23 sure no double-count of capital requirements for the  
24 same risks in the stress capital buffer requirement  
25 and the risk-based capital requirements.

1 (4) DEFINITIONS.—In this subsection:

2 (A) COVERED COMPANY.—The term “cov-  
3 ered company” means a company to which sec-  
4 tion 225.8 of title 12, Code of Federal Regula-  
5 tions, or section 238.170 of title 12, Code of  
6 Federal Regulations, applies.

7 (B) STRESS CAPITAL BUFFER REQUIRE-  
8 MENT.—The term “stress capital buffer re-  
9 quirement” has the meaning given that term  
10 under—

11 (i) section 225.8(d) of title 12, Code  
12 of Federal Regulations; and

13 (ii) section 238.170(d) of title 12,  
14 Code of Federal Regulations.

15 (5) RULE OF CONSTRUCTION.—Nothing in this  
16 subsection may be construed to imply that the  
17 Board is required to establish a stress capital buffer  
18 requirement for any bank holding company or any  
19 other company regulated by the Board.

20 (b) RULEMAKING RELATING TO STRESS TESTING.—

21 (1) IN GENERAL.—Beginning in the first cal-  
22 endar year beginning after the date of the enactment  
23 of this section, the Board shall, not less than 60  
24 days before conducting a stress test pursuant to sec-  
25 tion 165(i) of the Financial Stability Act of 2010,

1 publicly disclose each scenario to be used in such  
2 stress test.

3 (2) PROHIBITION.—The Board may not, by rule  
4 or otherwise, subject any nonbank financial company  
5 or bank holding company to a climate-related stress  
6 test using the authority provided in section 165(i) of  
7 the Financial Stability Act of 2010.

8 (c) GAO REPORT.—

9 (1) IN GENERAL.—The Comptroller General of  
10 the United States shall, every 3 years, conduct a  
11 study and submit a report to the Congress with re-  
12 spect to the stress tests conducted by the Board  
13 under section 165(i) of the Financial Stability Act of  
14 2010 in the 3 most recent calendar years.

15 (2) CONTENTS.—The report submitted to the  
16 Congress under paragraph (1) shall consider the ef-  
17 fectiveness of the stress tests in evaluating—

18 (A) the safety and soundness of the  
19 nonbank financial companies and bank holding  
20 companies subjected to stress tests; and

21 (B) the stability of the United States fi-  
22 nancial system.

23 **SEC. 306. COMMUNITY BANK REPRESENTATION.**

24 (a) FEDERAL RESERVE ACT.—Section 10 of the Fed-  
25 eral Reserve Act is amended—

1           (1) in the first undesignated paragraph (12  
2       U.S.C. 241), by striking “having less than  
3       \$10,000,000,000 in total assets”;

4           (2) in the second undesignated paragraph (12  
5       U.S.C. 242), by inserting after “regulation of such  
6       firms.” the following: “The Chairman shall select  
7       one member of the Board with demonstrated pri-  
8       mary experience working in or supervising commu-  
9       nity banks to, in consultation with the Vice Chair-  
10      man for Supervision and any other member of the  
11      Board with demonstrated primary experience work-  
12      ing in or supervising community banks, develop pol-  
13      icy recommendations for the Board regarding super-  
14      vision and regulation of banking organizations su-  
15      pervised by the Board having less than  
16      \$17,000,000,000 in total assets, and to oversee the  
17      supervision and regulation of such banking organiza-  
18      tions in consultation with the Vice Chairman for Su-  
19      pervision and any other member of the Board with  
20      demonstrated primary experience working in or su-  
21      pervising community banks.”;

22           (3) in paragraph (12) (12 U.S.C. 247b)—

23           (A) by striking “The Vice Chairman for  
24      Supervision” and inserting the following:



1           “(A) VICE CHAIRMAN FOR SUPERVISION.—  
2           The Vice Chairman for Supervision”;

3           (B) by striking “and at” and inserting  
4           “at”; and

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

6           “(B) COMMUNITY BANK MEMBER.—The  
7           member of the Board with demonstrated pri-  
8           mary experience working in or supervising com-  
9           munity banks selected by the Chairman to de-  
10          velop policy recommendations for the Board re-  
11          garding supervision and regulation of banking  
12          organizations supervised by the Board having  
13          less than \$17,000,000,000 in total assets, and  
14          to oversee the supervision and regulation of  
15          such banking organizations, if different than  
16          the Vice Chairman for Supervision, shall appear  
17          before the Committee on Banking, Housing,  
18          and Urban Affairs of the Senate and the Com-  
19          mittee on Financial Services of the House of  
20          Representatives at semi-annual hearings re-  
21          garding the efforts, activities, objectives, and  
22          plans of the Board with respect to the conduct  
23          of supervision and regulation of banking organi-  
24          zations supervised by the Board having less  
25          than \$17,000,000,000 in total assets.”; and

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

2 “(13) MEMBER OF THE BOARD FOR COMMU-  
3 NITY BANKS ANNUAL THRESHOLD ADJUSTMENT.—

4 “(A) IN GENERAL.—At the end of each  
5 year for which the nominal gross domestic prod-  
6 uct of the United States increases (a ‘covered  
7 year’), the Board shall adjust each dollar figure  
8 described in the second undesignated paragraph  
9 of this section, paragraph (12)(B) of this sec-  
10 tion, and section 1004(a)(3) of the Federal Fi-  
11 nancial Institutions Examination Council Act of  
12 1978 by a percentage equal to the percentage  
13 increase (if any) between—

14 “(i) the nominal gross domestic prod-  
15 uct of the United States for the year, dur-  
16 ing the preceding 5 years, with respect to  
17 which the nominal gross domestic product  
18 of the United States was the highest; and

19 “(ii) the nominal gross domestic prod-  
20 uct of the United States for the covered  
21 year.

22 “(B) DETERMINATION OF GDP.—In this  
23 paragraph, the Board shall use nominal gross  
24 domestic product statistics determined by the  
25 Bureau of Economic Analysis.”.

1 (b) FEDERAL FINANCIAL INSTITUTIONS EXAMINA-  
2 TION COUNCIL ACT OF 1978.—Section 1004(a)(3) of the  
3 Federal Financial Institutions Examination Council Act of  
4 1978 (12 U.S.C. 3303(a)(3)) is amended by adding at the  
5 end the following: “and such Governor shall consult with  
6 the Governor with demonstrated primary experience work-  
7 ing in or supervising community banks selected by the  
8 Chairman of the Board to develop policy recommendations  
9 for the Board regarding supervision and regulation of  
10 banking organizations supervised by the Board having less  
11 than \$17,000,000,000 in total assets, and to oversee the  
12 supervision and regulation of such banking organiza-  
13 tions,”.

14 **SEC. 307. FINANCIAL INTEGRITY AND REGULATION MAN-**  
15 **AGEMENT.**

16 (a) FINDINGS.—Congress finds that—

17 (1) the primary objective of financial regulation  
18 and supervision by the Federal banking agencies is  
19 to promote safety and soundness of depository insti-  
20 tutions;

21 (2) all federally legal businesses and law-abid-  
22 ing citizens regardless of political ideology should  
23 have equal opportunity to obtain financial services  
24 and should not face unlawful discrimination in ob-  
25 taining such services;

1           (3) financial service providers are private enti-  
2           ties entitled to provide services to whichever cus-  
3           tomers they so choose, provided that those decisions  
4           do not violate the law;

5           (4) financial service providers should strive to  
6           ensure that all business decisions are based on fac-  
7           tors free from unlawful prejudice or political influ-  
8           ence;

9           (5) the use of reputational risk in supervisory  
10          frameworks encourages Federal banking agencies to  
11          regulate depository institutions based on the subjec-  
12          tive view of negative publicity and provides cover for  
13          the agencies to implement their own political agenda  
14          unrelated to the safety and soundness of a deposi-  
15          tory institution;

16          (6) Federal banking agencies have in fact used  
17          reputational risk to limit access of federally legal  
18          businesses and law-abiding citizens to financial serv-  
19          ices in 2018 when the Federal Deposit Insurance  
20          Corporation acknowledged that the agency used  
21          reputational risk reviews to limit access to financial  
22          services by certain industries, commonly known as  
23          “Operation Choke Point”; and

24          (7) reputational risk does not appear in any  
25          statute and is an unnecessary and improper use of

1 supervisory authority that does not contribute to the  
2 safety and soundness of the financial system.

3 (b) DEFINITIONS.—In this section:

4 (1) DEPOSITORY INSTITUTION.—The term “de-  
5 pository institution”—

6 (A) has the meaning given the term in sec-  
7 tion 3 of the Federal Deposit Insurance Act (12  
8 U.S.C. 1813);

9 (B) includes a depository institution hold-  
10 ing company, as such term is defined in section  
11 3 of the Federal Deposit Insurance Act (12  
12 U.S.C. 1813); and

13 (C) includes an insured credit union, as  
14 such term is defined in section 101 of the Fed-  
15 eral Credit Union Act (12 U.S.C. 1752).

16 (2) FEDERAL BANKING AGENCY.—The term  
17 “Federal banking agency”—

18 (A) has the meaning given the term in sec-  
19 tion 3 of the Federal Deposit Insurance Act (12  
20 U.S.C. 1813); and

21 (B) includes—

22 (i) the National Credit Union Admin-  
23 istration; and

24 (ii) the Bureau of Consumer Financial  
25 Protection.

1           (3) FOREIGN TERRORIST ORGANIZATION.—The  
2       term “foreign terrorist organization” means a for-  
3       eign organization that is designated by the Secretary  
4       of State in accordance with section 219 of the Immi-  
5       gration and Nationality Act (8 U.S.C. 1189).

6           (4) REPUTATIONAL RISK.—The term  
7       “reputational risk” means the potential that nega-  
8       tive publicity or negative public opinion regarding a  
9       depository institution’s business practices, whether  
10      true or not, will cause a decline in confidence in the  
11      institution or a decline in the customer base, costly  
12      litigation, or revenue reductions or otherwise ad-  
13      versely impact the depository institution. The pre-  
14      vious sentence does not apply to negative publicity  
15      or negative public opinion regarding an institution’s  
16      business practices where such practices involve un-  
17      lawful transactions in connection with state sponsors  
18      of terrorism or foreign terrorist organizations.

19          (5) STATE SPONSORS OF TERRORISM.—The  
20      term “state sponsors of terrorism” means a country,  
21      the government of which has been determined by the  
22      Secretary of State to have repeatedly provided sup-  
23      port for acts of international terrorism, for purposes  
24      of—

1 (A) section 1754(c)(1)(A)(i) of the Export  
2 Control Reform Act of 2018 (50 U.S.C.  
3 4813(c)(1)(A)(i));

4 (B) section 620A of the Foreign Assistance  
5 Act of 1961 (22 U.S.C. 2371);

6 (C) section 40(d) of the Arms Export Con-  
7 trol Act (22 U.S.C. 2780(d)); or

8 (D) any other provision of law.

9 (c) REMOVAL OF REPUTATIONAL RISK AS A CONSID-  
10 ERATION IN THE SUPERVISION OF DEPOSITORY INSTITU-  
11 TIONS.—Each Federal banking agency shall remove from  
12 any guidance, rule, examination manual, or similar docu-  
13 ment established by the agency any reference to  
14 reputational risk, or any term substantially similar, re-  
15 garding the supervision of depository institutions such  
16 that reputational risk, or any term substantially similar,  
17 is no longer taken into consideration by the Federal bank-  
18 ing agency when examining and supervising a depository  
19 institution.

20 (d) PROHIBITION.—No Federal banking agency may  
21 engage in any activity concerning or related to the regula-  
22 tion, supervision, or examination of the reputational risk,  
23 or any term substantially similar, or the management  
24 thereof, of a depository institution, including—

1           (1) establishing any rule, regulation, require-  
2           ment, standard, or supervisory expectation con-  
3           cerning or related to the reputational risk, or any  
4           term substantially similar, or the management there-  
5           of, of a depository institution whether binding or  
6           not;

7           (2) conducting any examination, assessment,  
8           data collection, or other supervisory exercise con-  
9           cerning or related to reputational risk, or any term  
10          substantially similar, or the management thereof, of  
11          a depository institution;

12          (3) issuing any examination finding, supervisory  
13          criticism, or other supervisory or examination com-  
14          munication concerning or related to reputational  
15          risk, or any term substantially similar, or the man-  
16          agement thereof, of a depository institution;

17          (4) making any supervisory ratings decision or  
18          determination that is based, in whole or in part, on  
19          any matter concerning or related to reputational  
20          risk, or any term substantially similar, or the man-  
21          agement thereof, of a depository institution; and

22          (5) taking any formal or informal enforcement  
23          action that is based, in whole or in part, on any  
24          matter concerning or related to reputational risk, or



1 any term substantially similar, or the management  
2 thereof, of a depository institution.

3 (e) REPORTS.—Not later than 180 days after the  
4 date of enactment of this Act, each Federal banking agen-  
5 cy shall submit to the Committee on Banking, Housing,  
6 and Urban Affairs of the Senate and the Committee on  
7 Financial Services of the House of Representatives a re-  
8 port that—

9 (1) confirms implementation of this section; and

10 (2) describes any changes made to internal poli-  
11 cies as a result of this section.

12 **TITLE IV—REGULATORY AC-**  
13 **COUNTABILITY AND TRANS-**  
14 **PARENCY**

15 **SEC. 401. FDIC BOARD ACCOUNTABILITY.**

16 Section 2 of the Federal Deposit Insurance Act (12  
17 U.S.C. 1812) is amended—

18 (1) in subsection (a)—

19 (A) in paragraph (1)—

20 (i) in subparagraph (A), by adding  
21 “and” at the end; and

22 (ii) by striking subparagraphs (B) and  
23 (C) and inserting the following:

24 “(B) 4 of whom shall be appointed by the  
25 President, by and with the advice and consent

1 of the Senate, from among individuals who are  
2 citizens of the United States, 1 of whom shall  
3 have State bank supervisory experience, and  
4 separately 1 of whom shall have demonstrated  
5 primary experience working in or supervising  
6 depository institutions having less than  
7 \$17,000,000,000 in total assets.”; and

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

9 “(3) NON-VOTING STATUS OF THE DIRECTOR  
10 OF THE BUREAU OF CONSUMER FINANCIAL PROTEC-  
11 TION.—The Director of the Bureau of Consumer Fi-  
12 nancial Protection shall serve as a non-voting ob-  
13 server to the Board of Directors of the Corpora-  
14 tion.”;

15 (2) in subsection (c)—

16 (A) in paragraph (1), by adding at the end  
17 the following: “No individual may be appointed  
18 as a member for more than two terms.”; and

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

20 “(4) MAXIMUM LENGTH OF SERVICE.—Not-  
21 withstanding any other provision of this Act, no per-  
22 son shall serve as a member for more than twelve  
23 years in total.”;

24 (3) in subsection (d)(2)—

1 (A) by striking “Consumer Financial Pro-  
2 tection Bureau” each place such term appears  
3 and inserting “Bureau of Consumer Financial  
4 Protection”; and

5 (B) by inserting “or observer, as the case  
6 may be,” after “member”; and

7 (4) in subsection (f)(2), by striking “or of the  
8 Consumer Financial Protection Bureau”.

9 **SEC. 402. STOP AGENCY FIAT ENFORCEMENT OF GUID-**  
10 **ANCE.**

11 (a) IN GENERAL.—The head of each financial agency  
12 shall include a guidance clarity statement as described in  
13 subsection (b) on any guidance issued by that financial  
14 agency on and after the date of the enactment of this Act.

15 (b) GUIDANCE CLARITY STATEMENT.—A guidance  
16 clarity statement required under subsection (a) shall be  
17 displayed prominently on the first page of the document  
18 and shall include the following: “This guidance does not  
19 have the force and effect of law and therefore does not  
20 establish any rights or obligations for any person and is  
21 not binding on the agency or the public. If this guidance  
22 suggests how regulated entities may comply with applica-  
23 ble statutes or regulations, noncompliance with this guid-  
24 ance does not conclusively establish a violation of applica-  
25 ble law.”.

1 (c) DEFINITIONS.—In this section:

2 (1) FINANCIAL AGENCY.—The term “financial  
3 agency” means the following:

4 (A) The Bureau of Consumer Financial  
5 Protection.

6 (B) The Department of Housing and  
7 Urban Development.

8 (C) The Department of the Treasury.

9 (D) The Federal Deposit Insurance Cor-  
10 poration.

11 (E) The Federal Housing Finance Agency.

12 (F) The Board of Governors of the Federal  
13 Reserve System.

14 (G) The National Credit Union Adminis-  
15 tration.

16 (H) The Office of the Comptroller of the  
17 Currency.

18 (I) The Securities and Exchange Commis-  
19 sion.

20 (2) GUIDANCE.—The term “guidance” means a  
21 financial agency statement of general applicability,  
22 intended to have a future effect on the behavior of  
23 regulated parties, that sets forth a policy on a statu-  
24 tory, regulatory, or technical issue, or an interpreta-

1       tion of a statute or regulation, but does not in-  
2       clude—

3               (A) a rule promulgated pursuant to notice  
4               and comment under section 553 of title 5,  
5               United States Code;

6               (B) a rule exempt from rulemaking re-  
7               quirements under section 553(a) of title 5,  
8               United States Code;

9               (C) a rule of financial agency organization,  
10              procedure, or practice under section 553(b)(A)  
11              of title 5, United States Code;

12              (D) a decision of a financial agency adju-  
13              dication under section 554 of title 5, United  
14              States Code, or any similar statutory provision;

15              (E) internal guidance directed to the  
16              issuing financial agency or other agency that is  
17              not intended to have a substantial future effect  
18              on the behavior of regulated parties; or

19              (F) internal executive branch legal advice  
20              or legal opinions addressed to executive branch  
21              officials.

1 **SEC. 403. REGULATORY EFFICIENCY, VERIFICATION,**  
2 **ITEMIZATION, AND ENHANCED WORKFLOW.**

3 Section 2222 of the Economic Growth and Regu-  
4 latory Paperwork Reduction Act of 1996 (12 U.S.C. 3311)  
5 is amended—

6 (1) by striking “appropriate Federal banking  
7 agency” each place such term appears and inserting  
8 “Federal financial institutions regulatory agency”;

9 (2) by striking “appropriate Federal banking  
10 agencies” each place such term appears and insert-  
11 ing “Federal financial institutions regulatory agen-  
12 cies”;

13 (3) in subsection (a)—

14 (A) by striking “represented on the Coun-  
15 cil”; and

16 (B) by striking “once every 10 years” and  
17 inserting “once every 7 years”;

18 (4) in subsection (b)—

19 (A) by redesignating paragraphs (1) and  
20 (2) as subparagraphs (A) and (B), respectively  
21 (and adjusting the margins accordingly);

22 (B) by striking “In conducting” and in-  
23 serting the following:

24 “(1) SOLICITATION OF PUBLIC COMMENT.—In  
25 conducting”; and

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

1           “(2) INTERNAL REVIEW OF CUMULATIVE IM-  
2           PACT.—Each Federal financial institutions regu-  
3           latory agency shall conduct an internal review of the  
4           cumulative impact of regulations issued by the Fed-  
5           eral financial institutions regulatory agency that—

6                   “(A) assesses the effects of such regula-  
7                   tions on consumers’ access to financial products  
8                   and services;

9                   “(B) assesses the effects of such regula-  
10                  tions on the availability of financial products  
11                  and services to financial and nonfinancial firms;

12                  “(C) assesses the impact of such regula-  
13                  tions on credit availability and financial market  
14                  liquidity in United States financial markets;

15                  “(D) assesses the balance of benefits and  
16                  costs of such regulations with respect to the  
17                  safety and soundness of the United States fi-  
18                  nancial system and overall economic activity in  
19                  the United States;

20                  “(E) to the extent practicable, quantifies  
21                  the direct and indirect economic costs imposed  
22                  by such regulations; and

23                  “(F) includes recommendations to stream-  
24                  line, simplify, or eliminate duplicative, outdated,  
25                  and unnecessarily burdensome regulations.”;

1 (5) in subsection (c)—

2 (A) by striking “subsection (b)(2)” and in-  
3 serting “subsection (b)(1)(B), and the internal  
4 review under subsection (b)(2),”; and

5 (B) by striking “once every 10 years” and  
6 inserting “once every 7 years”;

7 (6) in subsection (e)—

8 (A) in paragraph (1), by striking “and” at  
9 the end;

10 (B) by redesignating paragraph (2) as  
11 paragraph (3);

12 (C) by inserting after paragraph (1) the  
13 following:

14 “(2) a summary of the findings and determina-  
15 tions of each Federal financial institutions regu-  
16 latory agency of the internal review conducted by the  
17 Federal financial institutions regulatory agency  
18 under subsection (b)(2); and”; and

19 (D) in paragraph (3), as so redesignated,  
20 by striking “the regulatory burdens associated  
21 with such issues by regulation” and inserting  
22 “the regulatory burdens associated with the  
23 issues identified by public comments received by  
24 the Council and the Federal financial institu-  
25 tions regulatory agencies, as well as the regu-



latory burdens identified by each Federal financial institutions regulatory agency through the internal reviews conducted under subsection (b)(2), by regulation”; and  
(7) by adding at the end the following:

“(f) FEDERAL FINANCIAL INSTITUTIONS REGULATORY AGENCY DEFINED.—The term ‘Federal financial institutions regulatory agency’ has the meaning given that term in section 1003 of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3302).”.

**SEC. 404. AMERICAN FINANCIAL INSTITUTION REGULATORY SOVEREIGNTY AND TRANSPARENCY.**

(a) ANNUAL REPORTING ON INTERACTIONS BETWEEN FEDERAL BANKING SUPERVISORY AGENCIES AND GLOBAL FINANCIAL REGULATORY OR SUPERVISORY FORUMS.—

(1) BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.—The seventh undesignated paragraph of section 10 of the Federal Reserve Act (12 U.S.C. 247) is amended—

(A) by striking “The Board” and inserting the following:

“(7) ANNUAL REPORT.—

“(A) IN GENERAL.—The Board”;

(B) by striking the second sentence; and

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

2 “(B) INTERACTIONS WITH GLOBAL FINAN-  
3 CIAL REGULATORY OR SUPERVISORY FORUMS.—

4 The report required under subparagraph (A)  
5 shall include a description of the Board’s inter-  
6 actions with global financial regulatory or su-  
7 pervisory forums, including—

8 “(i) a list of the global financial regu-  
9 latory or supervisory forums in which the  
10 Board maintained membership during the  
11 period covered by the report; and

12 “(ii) for each such global financial  
13 regulatory or supervisory forum in the list  
14 provided pursuant to clause (i)—

15 “(I) a description of the general  
16 purposes of the global financial regu-  
17 latory or supervisory forum, including  
18 a list of the current members and ob-  
19 servers of the global financial regu-  
20 latory or supervisory forum;

21 “(II) a discussion of how the  
22 general purposes of the global finan-  
23 cial regulatory or supervisory forum  
24 align with the purposes of this Act

1 and the other Acts that the Board im-  
2 plements;

3 “(III) an identification of the  
4 sources that provided a material  
5 amount of funding for the operations  
6 of the global financial regulatory or  
7 supervisory forum during the period  
8 covered by the report;

9 “(IV) a description of the organi-  
10 zation the Board maintained during  
11 the period covered by the report to  
12 conduct interactions with the global  
13 financial regulatory or supervisory  
14 forum, including an organizational  
15 chart and an identification of the offi-  
16 cial staff of the Board with oversight  
17 responsibility for interactions with the  
18 global financial regulatory or super-  
19 visory forum;

20 “(V) a discussion of the financial  
21 regulatory or supervisory standard-  
22 setting issues under discussion at the  
23 global financial regulatory or super-  
24 visory forum during the period cov-  
25 ered by the report;

1 “(VI) a description of the posi-  
2 tions taken by representatives of the  
3 Board at the global financial regu-  
4 latory or supervisory forum during the  
5 period covered by the report, including  
6 the rationale, objectives, and potential  
7 impacts of such positions;

8 “(VII) a summary of the meet-  
9 ings attended by representatives of  
10 the Board at the global financial regu-  
11 latory or supervisory forum during the  
12 period covered by the report, including  
13 a discussion of the key outcomes from  
14 such meetings;

15 “(VIII) the text of any final poli-  
16 cies, standards, or recommendations  
17 adopted by the global financial super-  
18 visory or regulatory forum during the  
19 period covered by the report, including  
20 any implementing material, annex, ap-  
21 pendix, side letter, or similar docu-  
22 ment entered into contemporaneously  
23 or in conjunction with the underlying  
24 policy, standard, or recommendation,  
25 or an identification of a publicly avail-

1           able source for the text of such policy,  
2           standard, recommendation, or imple-  
3           menting material;

4                   “(IX) a description of any  
5           amendments to Federal statutes, reg-  
6           ulations of the Board, guidance of the  
7           Board, or changes to the Board’s su-  
8           pervisory practices the Board antici-  
9           pates will be necessary to implement  
10          any final policies, standards, or rec-  
11          ommendations adopted by the global  
12          financial supervisory or regulatory  
13          forum during the period covered by  
14          the report;

15                   “(X) a discussion of rules pro-  
16          posed, rules under consideration, final  
17          rules adopted, guidance proposed,  
18          guidance under consideration, final  
19          guidance adopted, or any other similar  
20          actions taken by the Board during the  
21          period covered by the report to imple-  
22          ment agreements of the global finan-  
23          cial regulatory or supervisory forum,  
24          including an economic impact analysis  
25          and a justification for why the ex-

1           pected costs of implementing actions  
2           are at least offset by the expected  
3           benefits related to economic, national  
4           security, financial stability, or other  
5           national interests; and

6                   “(XI) such other information re-  
7           lating to interactions with the global  
8           financial regulatory or supervisory  
9           forum during the period covered by  
10          the report separately requested in  
11          writing by the Committee on Banking,  
12          Housing, and Urban Affairs of the  
13          Senate or the Committee on Financial  
14          Services of the House of Representa-  
15          tives.

16                   “(C) GLOBAL FINANCIAL REGULATORY OR  
17          SUPERVISORY FORUM DEFINED.—

18                   “(i) IN GENERAL.—In this paragraph,  
19          the term ‘global financial regulatory or su-  
20          pervisory forum’ means any association or  
21          union of nations through or by which two  
22          or more foreign authorities engage in some  
23          aspect of their conduct of international af-  
24          fairs regarding financial supervision and  
25          regulation, including—

1 “(I) the Bank for International  
2 Settlements;

3 “(II) the Basel Committee on  
4 Banking Supervision;

5 “(III) the Financial Stability  
6 Board;

7 “(IV) the International Associa-  
8 tion of Insurance Supervisors; and

9 “(V) the Network of Central  
10 Banks and Supervisors for Greening  
11 the Financial System.

12 “(ii) EXCEPTION.—The term ‘global  
13 financial regulatory or supervisory forum’  
14 does not include—

15 “(I) international financial insti-  
16 tutions, as defined in section  
17 1701(c)(2) of the International Finan-  
18 cial Institutions Act (22 U.S.C.  
19 262r(c)(2)); or

20 “(II) any international organiza-  
21 tion with respect to which the Board  
22 participates pursuant to a treaty to  
23 which the United States is a party.”.

24 (2) OFFICE OF THE COMPTROLLER OF THE  
25 CURRENCY.—

1 (A) IN GENERAL.—The second section 333  
2 of the Revised Statutes of the United States  
3 (12 U.S.C. 14; relating to an annual report) is  
4 amended to read as follows:

5 **“SEC. 333. REPORT OF COMPTROLLER.**

6 “(a) IN GENERAL.—The Comptroller of the Currency  
7 shall make an annual report to Congress.

8 “(b) INTERACTIONS WITH GLOBAL FINANCIAL REG-  
9 ULATORY OR SUPERVISORY FORUMS.—The report re-  
10 quired under subsection (a) shall include a description of  
11 the Comptroller’s interactions with global financial regu-  
12 latory or supervisory forums, including—

13 “(1) a list of the global financial regulatory or  
14 supervisory forums in which the Comptroller main-  
15 tained membership during the period covered by the  
16 report; and

17 “(2) for each such global financial regulatory or  
18 supervisory forum in the list provided pursuant to  
19 paragraph (1)—

20 “(A) a description of the general purposes  
21 of the global financial regulatory or supervisory  
22 forum, including a list of the current members  
23 and observers of the global financial regulatory  
24 or supervisory forum;



1           “(B) a discussion of how the general pur-  
2           poses of the global financial regulatory or su-  
3           pervisory forum align with the purposes of this  
4           chapter, title LXII, and the other Acts that the  
5           Comptroller implements;

6           “(C) an identification of the sources that  
7           provided a material amount of funding for the  
8           operations of the global financial regulatory or  
9           supervisory forum during the period covered by  
10          the report;

11          “(D) a description of the organization the  
12          Comptroller maintained during the period cov-  
13          ered by the report to conduct interactions with  
14          the global financial regulatory or supervisory  
15          forum, including an organizational chart and an  
16          identification of the official staff of the Office  
17          of the Comptroller of the Currency with over-  
18          sight responsibility for interactions with the  
19          global financial regulatory or supervisory forum;

20          “(E) a discussion of the financial regu-  
21          latory or supervisory standard-setting issues  
22          under discussion at the global financial regu-  
23          latory or supervisory forum during the period  
24          covered by the report;

1           “(F) a description of the positions taken  
2           by representatives of the Comptroller at the  
3           global financial regulatory or supervisory forum  
4           during the period covered by the report, includ-  
5           ing the rationale, objectives, and potential im-  
6           pacts of such positions;

7           “(G) a summary of the meetings attended  
8           by representatives of the Comptroller at the  
9           global financial regulatory or supervisory forum  
10          during the period covered by the report, includ-  
11          ing a discussion of the key outcomes from such  
12          meetings;

13          “(H) the text of any final policies, stand-  
14          ards, or recommendations adopted by the global  
15          financial supervisory or regulatory forum dur-  
16          ing the period covered by the report, including  
17          any implementing material, annex, appendix,  
18          side letter, or similar document entered into  
19          contemporaneously or in conjunction with the  
20          underlying policy, standard, or recommenda-  
21          tion, or an identification of a publicly available  
22          source for the text of such policy, standard, rec-  
23          ommendation, or implementing material;

24          “(I) a description of any amendments to  
25          Federal statutes, regulations of the Comp-

1 troller, guidance of the Comptroller, or changes  
2 to the Comptroller's supervisory practices the  
3 Comptroller anticipates will be necessary to im-  
4 plement any final policies, standards, or rec-  
5 ommendations adopted by the global financial  
6 supervisory or regulatory forum during the pe-  
7 riod covered by the report;

8 “(J) a discussion of rules proposed, rules  
9 under consideration, final rules adopted, guid-  
10 ance proposed, guidance under consideration,  
11 final guidance adopted, or any other similar ac-  
12 tions taken by the Comptroller during the pe-  
13 riod covered by the report to implement agree-  
14 ments of the global financial regulatory or su-  
15 pervisory forum, including an economic impact  
16 analysis and a justification for why the expected  
17 costs of implementing actions are at least offset  
18 by the expected benefits related to economic,  
19 national security, financial stability, or other  
20 national interests; and

21 “(K) such other information relating to  
22 interactions with the global financial regulatory  
23 or supervisory forum during the period covered  
24 by the report separately requested in writing by  
25 the Committee on Banking, Housing, and

1           Urban Affairs of the Senate or the Committee  
2           on Financial Services of the House of Rep-  
3           resentatives.

4           “(c) GLOBAL FINANCIAL REGULATORY OR SUPER-  
5 VISORY FORUM DEFINED.—

6           “(1) IN GENERAL.—In this section, the term  
7           ‘global financial regulatory or supervisory forum’  
8           means any association or union of nations through  
9           or by which two or more foreign authorities engage  
10          in some aspect of their conduct of international af-  
11          fairs regarding financial supervision and regulation,  
12          including—

13                  “(A) the Bank for International Settle-  
14                  ments;

15                  “(B) the Basel Committee on Banking Su-  
16                  pervision;

17                  “(C) the Financial Stability Board;

18                  “(D) the International Association of In-  
19                  surance Supervisors; and

20                  “(E) the Network of Central Banks and  
21                  Supervisors for Greening the Financial System.

22           “(2) EXCEPTION.—The term ‘global financial  
23           regulatory or supervisory forum’ does not include—

24                  “(A) international financial institutions, as  
25                  defined in section 1701(c)(2) of the Inter-

1 national Financial Institutions Act (22 U.S.C.  
2 262r(c)(2)); or

3 “(B) any international organization with  
4 respect to which the Comptroller participates  
5 pursuant to a treaty to which the United States  
6 is a party.”.

7 (B) TECHNICAL CORRECTION.—Chapter  
8 nine of title VII of the Revised Statutes of the  
9 United States is amended—

10 (i) by redesignating the first section  
11 333 (12 U.S.C. 14a; relating to data  
12 standards) as section 332;

13 (ii) by moving such section so as to  
14 appear after section 331; and

15 (iii) in the table of contents of such  
16 chapter, by amending the item relating to  
17 section 332 to read as follows:

“332. Data standards; open data publication.”.

18 (3) FEDERAL DEPOSIT INSURANCE CORPORA-  
19 TION.—Section 17(a) of the Federal Deposit Insur-  
20 ance Act (12 U.S.C. 1827(a)) is amended by strik-  
21 ing paragraph (3) and inserting the following:

22 “(3) INTERACTIONS WITH GLOBAL FINANCIAL  
23 REGULATORY OR SUPERVISORY FORUMS.—The re-  
24 port required under paragraph (1) shall include a  
25 description of the Corporation’s interactions with

1 global financial regulatory or supervisory forums, in-  
2 cluding—

3 “(A) a list of the global financial regu-  
4 latory or supervisory forums in which the Cor-  
5 poration maintained membership during the pe-  
6 riod covered by the report; and

7 “(B) for each such global financial regu-  
8 latory or supervisory forum in the list provided  
9 pursuant to subparagraph (A)—

10 “(i) a description of the general pur-  
11 poses of the global financial regulatory or  
12 supervisory forum, including a list of the  
13 current members and observers of the  
14 global financial regulatory or supervisory  
15 forum;

16 “(ii) a discussion of how the general  
17 purposes of the global financial regulatory  
18 or supervisory forum align with the pur-  
19 poses of this Act and the other Acts that  
20 the Corporation implements;

21 “(iii) an identification of the sources  
22 that provided a material amount of fund-  
23 ing for the operations of the global finan-  
24 cial regulatory or supervisory forum during  
25 the period covered by the report;

1 “(iv) a description of the organization  
2 the Corporation maintained during the pe-  
3 riod covered by the report to conduct inter-  
4 actions with the global financial regulatory  
5 or supervisory forum, including an organi-  
6 zational chart and an identification of the  
7 official staff of the Corporation with over-  
8 sight responsibility for interactions with  
9 the global financial regulatory or super-  
10 visory forum;

11 “(v) a discussion of the financial regu-  
12 latory or supervisory standard-setting  
13 issues under discussion at the global finan-  
14 cial regulatory or supervisory forum during  
15 the period covered by the report;

16 “(vi) a description of the positions  
17 taken by representatives of the Corporation  
18 at the global financial regulatory or super-  
19 visory forum during the period covered by  
20 the report, including the rationale, objec-  
21 tives, and potential impacts of such posi-  
22 tions;

23 “(vii) a summary of the meetings at-  
24 tended by representatives of the Corpora-  
25 tion at the global financial regulatory or

1 supervisory forum during the period cov-  
2 ered by the report, including a discussion  
3 of the key outcomes from such meetings;

4 “(viii) the text of any final policies,  
5 standards, or recommendations adopted by  
6 the global financial supervisory or regu-  
7 latory forum during the period covered by  
8 the report, including any implementing  
9 material, annex, appendix, side letter, or  
10 similar document entered into contempora-  
11 neously or in conjunction with the under-  
12 lying policy, standard, or recommendation,  
13 or an identification of a publicly available  
14 source for the text of such policy, stand-  
15 ard, recommendation, or implementing ma-  
16 terial;

17 “(ix) a description of any amendments  
18 to Federal statutes, regulations of the Cor-  
19 poration, guidance of the Corporation, or  
20 changes to the Corporation’s supervisory  
21 practices the Corporation anticipates will  
22 be necessary to implement any final poli-  
23 cies, standards, or recommendations adopt-  
24 ed by the global financial supervisory or



1 regulatory forum during the period covered  
2 by the report;

3 “(x) a discussion of rules proposed,  
4 rules under consideration, final rules  
5 adopted, guidance proposed, guidance  
6 under consideration, final guidance adopt-  
7 ed, or any other similar actions taken by  
8 the Corporation during the period covered  
9 by the report to implement agreements of  
10 the global financial regulatory or super-  
11 visory forum, including an economic im-  
12 pact analysis and a justification for why  
13 the expected costs of implementing actions  
14 are at least offset by the expected benefits  
15 related to economic, national security, fi-  
16 nancial stability, or other national inter-  
17 ests; and

18 “(xi) such other information relating  
19 to interactions with the global financial  
20 regulatory or supervisory forum during the  
21 period covered by the report separately re-  
22 quested in writing by the Committee on  
23 Banking, Housing, and Urban Affairs of  
24 the Senate or the Committee on Financial  
25 Services of the House of Representatives.

1           “(4) GLOBAL FINANCIAL REGULATORY OR SU-  
2       PERVISORY FORUM DEFINED.—

3           “(A) IN GENERAL.—In this subsection, the  
4       term ‘global financial regulatory or supervisory  
5       forum’ means any association or union of na-  
6       tions through or by which two or more foreign  
7       authorities engage in some aspect of their con-  
8       duct of international affairs regarding financial  
9       supervision and regulation, including—

10           “(i) the Bank for International Settle-  
11       ments;

12           “(ii) the Basel Committee on Banking  
13       Supervision;

14           “(iii) the Financial Stability Board;

15           “(iv) the International Association of  
16       Insurance Supervisors; and

17           “(v) the Network of Central Banks  
18       and Supervisors for Greening the Financial  
19       System.

20           “(B) EXCEPTION.—The term ‘global finan-  
21       cial regulatory or supervisory forum’ does not  
22       include—

23           “(i) international financial institu-  
24       tions, as defined in section 1701(c)(2) of

1 the International Financial Institutions  
2 Act (22 U.S.C. 262r(c)(2)); or  
3 “(ii) any international organization  
4 with respect to which the Corporation par-  
5 ticipates pursuant to a treaty to which the  
6 United States is a party.”.

7 (b) BIENNIAL CONGRESSIONAL TESTIMONY ON  
8 INTERACTIONS WITH GLOBAL FINANCIAL REGULATORY  
9 OR SUPERVISORY FORUMS.—Paragraph (12) of section 10  
10 of the Federal Reserve Act (12 U.S.C. 247b) is amended  
11 by inserting before the period at the end the following:  
12 “and with respect to the conduct of interactions at global  
13 financial regulatory or supervisory forums (as defined in  
14 paragraph (7)(C))”.

15 **TITLE V—STRENGTHENING**  
16 **LOCAL BANK FUNDING**

17 **SEC. 501. BRINGING THE DISCOUNT WINDOW INTO THE**  
18 **21ST CENTURY.**

19 Section 10 of the Federal Reserve Act (12 U.S.C. 241  
20 et seq.) is amended by inserting after paragraph (10) the  
21 following:

22 “(11) REVIEW OF DISCOUNT WINDOW OPER-  
23 ATIONS.—

24 “(A) IN GENERAL.—Not later than 60  
25 days after the date of enactment of this para-

1 graph, the Board of Governors shall commence  
2 a review of the discount window lending pro-  
3 grams of the Federal reserve banks (the ‘dis-  
4 count window’), and shall complete such review  
5 not later than 240 days after the date of enact-  
6 ment of this paragraph.

7 “(B) CONTENTS.—The review required by  
8 subparagraph (A) shall include a consideration  
9 of—

10 “(i) the effectiveness of the discount  
11 window in providing liquidity to financial  
12 institutions, including in times of financial  
13 stress;

14 “(ii) whether the technology infra-  
15 structure, including means of communica-  
16 tions, are sufficient to support the timely  
17 provision of liquidity, including in times of  
18 financial stress;

19 “(iii) the effectiveness of cybersecurity  
20 measures implemented with respect to dis-  
21 count window operations;

22 “(iv) the effectiveness of communica-  
23 tions between Federal reserve banks, fi-  
24 nancial institutions, the Board of Gov-  
25 ernors, the Federal Deposit Insurance Cor-

1                   poration, the Comptroller of the Currency,  
2                   and the Secretary of the Treasury regard-  
3                   ing discount window operations;

4                   “(v) the effectiveness of the Board of  
5                   Governors in providing oversight of the  
6                   discount window and in ensuring con-  
7                   sistent access to the discount window  
8                   across the Federal Reserve System;

9                   “(vi) how the discount window inter-  
10                  acts with other providers of liquidity, in-  
11                  cluding the Federal Home Loan Banks,  
12                  during both normal operations and times  
13                  of financial distress;

14                  “(vii) the effectiveness of existing dis-  
15                  count window operating hours and whether  
16                  such hours should be expanded, taking into  
17                  account the interaction between discount  
18                  window operating hours and the operating  
19                  hours of payment systems of the Federal  
20                  reserve banks, such as the Fedwire Funds  
21                  Service and FedNow Service;

22                  “(viii) the impact of mobile banking  
23                  and instant communications technology on  
24                  depositor behavior and liquidity risk posed

1 to financial institutions, including how the  
2 discount window can—

3 “(I) help financial institutions  
4 better respond to rapid liquidity short-  
5 falls; and

6 “(II) prevent broader financial  
7 instability; and

8 “(ix) the effectiveness of the discount  
9 window in light of the stigma associated  
10 with its usage, ways to reduce such stigma,  
11 and ways to improve access, operational ef-  
12 ficiency, transparency, and timeliness of  
13 the process for financial institutions seek-  
14 ing advances, including on the pricing and  
15 other terms of such advances.

16 “(C) REMEDIATION PLAN.—After the  
17 Board of Governors completes the review re-  
18 quired by subparagraph (A), the Board of Gov-  
19 ernors, in consultation with the Federal reserve  
20 banks, shall—

21 “(i) identify deficiencies with the dis-  
22 count window and areas for enhancing dis-  
23 count window effectiveness; and

24 “(ii) develop a written plan to reme-  
25 diate the identified deficiencies and imple-

1                   ment the identified enhancements, which  
2                   shall include—

3                               “(I) an identification of actions  
4                               that will be taken to enhance discount  
5                               window effectiveness and remediate  
6                               identified deficiencies;

7                               “(II) timelines and milestones for  
8                               implementing the plan and measures  
9                               to demonstrate how the implemented  
10                              improvements will be maintained on  
11                              an ongoing basis; and

12                             “(III) measures of managing and  
13                             controlling any deficiencies and cur-  
14                             rent operations until the plan is im-  
15                             plemented in full.

16                           “(D) REPORT TO CONGRESS ON REVIEW  
17                   AND PLAN.—

18                               “(i) IN GENERAL.—Not later than  
19                               365 days after the date of enactment of  
20                               this paragraph, the Board of Governors  
21                               shall submit a report to the Committee on  
22                               Financial Services of the House of Rep-  
23                               resentatives and the Committee on Bank-  
24                               ing, Housing, and Urban Affairs of the  
25                               Senate containing—

1 “(I) the findings of the review re-  
2 quired by subparagraph (A); and

3 “(II) the remediation plan re-  
4 quired by subparagraph (C).

5 “(ii) CONSULTATION.—Before submit-  
6 ting the report required by clause (i), the  
7 Board of Governors shall—

8 “(I) provide a copy of the pro-  
9 posed report to the Comptroller of the  
10 Currency, the Federal Deposit Insur-  
11 ance Corporation, and the Secretary  
12 of the Treasury; and

13 “(II) provide the Comptroller of  
14 the Currency, the Federal Deposit In-  
15 surance Corporation, and the Sec-  
16 retary of the Treasury with an oppor-  
17 tunity to provide feedback on the re-  
18 port.

19 “(iii) TESTIMONY.—The Chairman of  
20 the Board of Governors shall, at the semi-  
21 annual hearing required under section 2B,  
22 testify with respect to the contents of the  
23 report required under this subparagraph.

24 “(E) ANNUAL REPORTS TO CONGRESS.—



1                   “(i) REPORTS BY THE BOARD.—The  
2                   Board of Governors shall submit an annual  
3                   report to the Committee on Financial Serv-  
4                   ices of the House of Representatives and  
5                   the Committee on Banking, Housing, and  
6                   Urban Affairs of the Senate containing a  
7                   review of the effectiveness of discount win-  
8                   dow operations and a progress report on  
9                   the actions taken to implement the identi-  
10                  fied enhancements described in subpara-  
11                  graph (C).

12                  “(ii) REPORTS BY THE INSPECTOR  
13                  GENERAL.—The Inspector General of the  
14                  Board of Governors of the Federal Reserve  
15                  System and the Bureau of Consumer Fi-  
16                  nancial Protection shall submit an annual  
17                  report to the Committee on Financial Serv-  
18                  ices of the House of Representatives and  
19                  the Committee on Banking, Housing, and  
20                  Urban Affairs of the Senate containing a  
21                  report on the progress of the Board of  
22                  Governors in implementing the remediation  
23                  plan required by subparagraph (C).

24                  “(F) CONFIDENTIAL REPORT INFORMA-  
25                  TION.—Any report required under this para-

1 graph may contain a confidential annex con-  
2 taining information that, if made public,  
3 could—

4 “(i) impact monetary policy, financial  
5 stability, or cybersecurity; or

6 “(ii) significantly endanger the safety  
7 and soundness of any financial institution.

8 “(G) REPEAL.—This paragraph shall be  
9 repealed on the date on which the Board of  
10 Governors notifies the Congress and publishes  
11 on a public website of the Board of Governors  
12 that the remediation plan required under sub-  
13 paragraph (C) has been fully implemented.”.

14 **SEC. 502. KEEPING DEPOSITS LOCAL.**

15 (a) AMOUNT OF RECIPROCAL DEPOSITS THAT ARE  
16 NOT CONSIDERED TO BE FUNDS OBTAINED BY OR  
17 THROUGH A DEPOSIT BROKER.—Section 29(i) of the  
18 Federal Deposit Insurance Act (12 U.S.C. 1831f(i)) is  
19 amended by striking paragraph (1) and inserting the fol-  
20 lowing:

21 “(1) IN GENERAL.—The sum of the following  
22 amounts of reciprocal deposits of an agent institu-  
23 tion shall not be considered to be funds obtained, di-  
24 rectly or indirectly, by or through a deposit broker:

1           “(A) An amount equal to 50 percent of the  
2           portion of the total liabilities of the agent insti-  
3           tution that is less than or equal to  
4           \$1,000,000,000.

5           “(B) An amount equal to 40 percent of the  
6           portion, if any, of the total liabilities of the  
7           agent institution that is greater than  
8           \$1,000,000,000, but less than or equal to  
9           \$10,000,000,000.

10          “(C) An amount equal to 30 percent of the  
11          portion, if any, of the total liabilities of the  
12          agent institution that is greater than  
13          \$10,000,000,000, but less than or equal to  
14          \$250,000,000,000.”.

15          (b) DEFINITION OF AGENT INSTITUTION.—Section  
16          29(i)(2)(A)(i) of the Federal Deposit Insurance Act (12  
17          U.S.C. 1831f(i)(2)(A)(i)) is amended by striking sub-  
18          clause (I) and inserting the following:

19                       “(I) when most recently exam-  
20                       ined under section 10(d) was assigned  
21                       a CAMELS rating of 1, 2, or 3 under  
22                       the Uniform Financial Institutions  
23                       Rating System (or an equivalent rat-  
24                       ing under a comparable rating sys-  
25                       tem); and”.

1 (c) RECIPROCAL DEPOSITS STUDY.—

2 (1) IN GENERAL.—The Federal Deposit Insur-  
3 ance Corporation, in consultation with the Board of  
4 Governors of the Federal Reserve System, shall  
5 carry out a study on reciprocal deposits.

6 (2) CONTENTS.—The study required under  
7 paragraph (1) shall include—

8 (A) an analysis of how reciprocal deposits  
9 have performed since 2018, which shall in-  
10 clude—

11 (i) the use of quantitative and quali-  
12 tative data;

13 (ii) a breakdown of the usage of recip-  
14 rocal deposits by size of insured depository  
15 institution;

16 (iii) the usage of reciprocal deposits  
17 during periods of stress; and

18 (iv) an analysis, to the extent prac-  
19 ticable, of end-user depositors, such as mu-  
20 nicipalities, businesses, and non-profit or-  
21 ganizations, that drive demand for recip-  
22 rocal products;

23 (B) an analysis, to the extent practicable,  
24 of how reciprocal deposits compare to other de-  
25 posit arrangements; and

1 (C) an analysis of the benefits and poten-  
2 tial risks of reciprocal deposits.

3 (3) REPORT.—Not later than 6 months after  
4 the date of enactment of this Act, the Federal De-  
5 posit Insurance Corporation shall issue a report to  
6 the Committee on Financial Services of the House of  
7 Representatives and the Committee on Banking,  
8 Housing, and Urban Affairs of the Senate con-  
9 taining all findings and determinations made in car-  
10 rying out the report required under paragraph (1).

11 **SEC. 503. COMMUNITY BANK DEPOSIT ACCESS.**

12 (a) IN GENERAL.—Section 29 of the Federal Deposit  
13 Insurance Act (12 U.S.C. 1831f) is amended by adding  
14 at the end the following:

15 “(j) LIMITED EXCEPTION FOR CUSTODIAL DEPOS-  
16 ITS.—

17 “(1) IN GENERAL.—Custodial deposits of an el-  
18 igible institution shall not be considered to be funds  
19 obtained, directly or indirectly, by or through a de-  
20 posit broker to the extent that the total amount of  
21 such custodial deposits does not exceed an amount  
22 equal to 20 percent of the total liabilities of the eligi-  
23 ble institution.

24 “(2) DEFINITIONS.—In this subsection:

1           “(A) CUSTODIAL DEPOSIT.—The term  
2           ‘custodial deposit’ means a deposit that is not  
3           deposited at an insured depository institution in  
4           return for fees paid by the insured depository  
5           institution pursuant to an agreement with a  
6           third party and that would otherwise be consid-  
7           ered to be obtained, directly or indirectly, by or  
8           through a deposit broker, if the deposit is de-  
9           posited at 1 or more insured depository institu-  
10          tions, for the purpose of providing or maintain-  
11          ing deposit insurance for the benefit of a third  
12          party, by or through any of the following, each  
13          acting in a formal custodial or fiduciary capac-  
14          ity for the benefit of a third party:

15               “(i) An insured depository institution  
16               serving as agent, trustee, or custodian.

17               “(ii) A trust entity controlled by an  
18               insured depository institution serving as  
19               agent, trustee, or custodian.

20               “(iii) A State-chartered trust company  
21               serving as agent, trustee, or custodian.

22               “(iv) A plan administrator or invest-  
23               ment advisor, acting in a formal custodial  
24               or fiduciary capacity for the benefit of a  
25               plan.

1           “(B) ELIGIBLE INSTITUTION.—The term  
2           ‘eligible institution’ means an insured deposi-  
3           tory institution that accepts custodial deposits,  
4           if the insured depository institution has less  
5           than \$10,000,000,000 in total assets as re-  
6           ported on the consolidated report of condition  
7           and income as reported quarterly to the appro-  
8           priate Federal banking agency and—

9           “(i)(I) when most recently examined  
10          under section 10(d) was assigned a com-  
11          posite rating of 1, 2, or 3 under the Uni-  
12          form Financial Institutions Rating System  
13          (or an equivalent rating under a com-  
14          parable rating system); and

15          “(II) is well capitalized; or

16          “(ii) has obtained a waiver pursuant  
17          to subsection (c).

18          “(C) PLAN.—The term ‘plan’ has the  
19          meaning given the term in section 3 of the Em-  
20          ployee Retirement Income Security Act of 1974  
21          (29 U.S.C. 1002).

22          “(D) PLAN ADMINISTRATOR.—The term  
23          ‘plan administrator’ has the meaning given the  
24          term ‘administrator’ in section 3 of the Em-

1            ployee Retirement Income Security Act of 1974  
2            (29 U.S.C. 1002).

3            “(E) WELL CAPITALIZED.—The term ‘well  
4            capitalized’ has the meaning given the term in  
5            section 38(b).”.

6            (b) INTEREST RATE RESTRICTION.—Section 29 of  
7            the Federal Deposit Insurance Act (12 U.S.C. 1831f), as  
8            amended by subsection (a), is further amended by adding  
9            at the end the following:

10          “(k) RESTRICTION ON INTEREST RATE PAID ON  
11          CERTAIN CUSTODIAL DEPOSITS.—

12            “(1) DEFINITIONS.—In this subsection—

13            “(A) the terms ‘custodial deposit’, ‘eligible  
14            institution’, and ‘well capitalized’ have the  
15            meanings given those terms in subsection (j);  
16            and

17            “(B) the term ‘covered insured depository  
18            institution’ means an insured depository institu-  
19            tion that while acting as an eligible institution  
20            under subsection (j), accepts custodial deposits  
21            while not well capitalized.

22            “(2) PROHIBITION.—A covered insured deposi-  
23            tory institution may not pay a rate of interest on  
24            custodial deposits that are accepted while not well  
25            capitalized that, at the time the funds or custodial



1 deposits are accepted, significantly exceeds the limit  
2 set forth in paragraph (3).

3 “(3) LIMIT ON INTEREST RATES.—The limit on  
4 the rate of interest referred to in paragraph (2) shall  
5 be not greater than—

6 “(A) the rate paid on deposits of similar  
7 maturity in the normal market area of the cov-  
8 ered insured depository institution for deposits  
9 accepted in the normal market area of the cov-  
10 ered insured depository institution; or

11 “(B) the national rate paid on deposits of  
12 comparable maturity, as established by the Cor-  
13 poration, for deposits accepted outside the nor-  
14 mal market area of the covered insured depository  
15 institution.”.

## 16 **TITLE VI—PROMOTING BANK** 17 **COMPETITION AND MERGER** 18 **CLARITY**

### 19 **SEC. 601. BANK COMPETITION MODERNIZATION.**

20 (a) IN GENERAL.—Section 18(c) of the Federal De-  
21 posit Insurance Act (12 U.S.C. 1828(c)), as amended by  
22 section 103(c), is further amended—

23 (1) in paragraph (4)(C)—

24 (A) in clause (i), by striking “or” at the  
25 end;

1 (B) in clause (ii), by striking the period at  
2 the end and inserting “; or”; and

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

4 “(iii) the proposed merger transaction  
5 would result in an entity with less than  
6 \$10,000,000,000 in assets.”; and

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

8 “(16) FOR MERGER TRANSACTIONS RESULTING IN  
9 INSTITUTIONS WITH LESS THAN \$10,000,000,000 IN AS-  
10 SETS.—

11 “(A) IN GENERAL.—Notwithstanding para-  
12 graph (5), if a proposed merger transaction would  
13 result in an institution with less than  
14 \$10,000,000,000 in assets, then the responsible  
15 agency shall not consider whether such merger  
16 transaction would—

17 “(i) result in a monopoly, or would be in  
18 furtherance of any combination or conspiracy to  
19 monopolize or to attempt to monopolize the  
20 business of banking in any part of the United  
21 States; and

22 “(ii) have the effect in any section of the  
23 country of substantially lessening competition,  
24 tending to create a monopoly, or in any other  
25 manner restraining trade.

1 “(B) THRESHOLD ADJUSTMENT.—

2 “(i) IN GENERAL.—At the end of each  
3 year for which the nominal gross domestic prod-  
4 uct of the United States increases (a ‘covered  
5 year’), the Corporation shall adjust the dollar  
6 figures described in subparagraph (A) and  
7 paragraph (4)(C)(iii) by a percentage equal to  
8 the percentage increase (if any) between—

9 “(I) the nominal gross domestic prod-  
10 uct of the United States for the year, dur-  
11 ing the preceding 5 years, with respect to  
12 which the nominal gross domestic product  
13 of the United States was the highest; and

14 “(II) the nominal gross domestic  
15 product of the United States for the cov-  
16 ered year.

17 “(ii) DETERMINATION OF GDP.—In this  
18 paragraph, the Corporation shall use nominal  
19 gross domestic product statistics determined by  
20 the Bureau of Economic Analysis.”.

21 (b) FOR BANK HOLDING COMPANIES.—Section 3(c)  
22 of the Bank Holding Company Act of 1956 (12 U.S.C.  
23 1842(c)) is amended by adding at the end the following:

1           “(8) FOR PROPOSED TRANSACTIONS RESULT-  
2           ING IN COMPANIES WITH LESS THAN \$10,000,000,000  
3           IN ASSETS.—

4           “(A) IN GENERAL.—Notwithstanding para-  
5           graph (1), if a proposed acquisition, merger, or  
6           consolidation under this section would result in  
7           a company with less than \$10,000,000,000 in  
8           assets, then the Board shall not consider wheth-  
9           er such acquisition, merger, or consolidation  
10          would—

11           “(i) result in a monopoly, or would be  
12           in furtherance of any combination or con-  
13           spiracy to monopolize or to attempt to mo-  
14           nopolize the business of banking in any  
15           part of the United States; and

16           “(ii) have the effect in any section of  
17           the country of substantially lessening com-  
18           petition, tending to create a monopoly, or  
19           in any other manner restraining trade.

20          “(B) THRESHOLD ADJUSTMENT.—

21           “(i) IN GENERAL.—At the end of each  
22           year for which the nominal gross domestic  
23           product of the United States increases (a  
24           ‘covered year’), the Board shall adjust the  
25           dollar figure described in subparagraph

1 (A) by a percentage equal to the percent-  
2 age increase (if any) between—

3 “(I) the nominal gross domestic  
4 product of the United States for the  
5 year, during the preceding 5 years,  
6 with respect to which the nominal  
7 gross domestic product of the United  
8 States was the highest; and

9 “(II) the nominal gross domestic  
10 product of the United States for the  
11 covered year.

12 “(ii) DETERMINATION OF GDP.—In  
13 this paragraph, the Board shall use nomi-  
14 nal gross domestic product statistics deter-  
15 mined by the Bureau of Economic Anal-  
16 ysis.”.

17 (c) FOR SAVINGS AND LOAN HOLDING COMPA-  
18 NIES.—Section 10(e) of the Home Owners’ Loan Act (12  
19 U.S.C. 1467a(e)), as amended by section 103(b), is fur-  
20 ther amended by adding at the end the following:

21 “(10) FOR PROPOSED TRANSACTIONS RESULT-  
22 ING IN COMPANIES WITH LESS THAN \$10,000,000,000  
23 IN ASSETS.—

24 “(A) IN GENERAL.—Notwithstanding sub-  
25 paragraphs (A) and (B) of paragraph (2), if a

1 proposed transaction under this section would  
2 result in a company with less than  
3 \$10,000,000,000 in assets, then the Board shall  
4 not consider whether the transaction would—

5 “(i) result in a monopoly, or would be  
6 in furtherance of any combination or con-  
7 spiracy to monopolize or to attempt to mo-  
8 nopolize the savings and loan business in  
9 any part of the United States; and

10 “(ii) have the effect in any section of  
11 the country of substantially lessening com-  
12 petition, tending to create a monopoly, or  
13 in any other manner restraining trade.

14 “(B) THRESHOLD ADJUSTMENT.—

15 “(i) IN GENERAL.—At the end of each  
16 year for which the nominal gross domestic  
17 product of the United States increases (a  
18 ‘covered year’), the Board shall adjust the  
19 dollar figure described in subparagraph  
20 (A) by a percentage equal to the percent-  
21 age increase (if any) between—

22 “(I) the nominal gross domestic  
23 product of the United States for the  
24 year, during the preceding 5 years,  
25 with respect to which the nominal

1 gross domestic product of the United  
2 States was the highest; and

3 “(II) the nominal gross domestic  
4 product of the United States for the  
5 covered year.

6 “(ii) DETERMINATION OF GDP.—In  
7 this paragraph, the Board shall use nomi-  
8 nal gross domestic product statistics deter-  
9 mined by the Bureau of Economic Anal-  
10 ysis.”.

11 **SEC. 602. MERGER AGREEMENT APPROVALS CLARITY AND**  
12 **PREDICTABILITY.**

13 (a) STUDY.—The Comptroller General of the United  
14 States shall carry out a study on the use of commitments,  
15 conditions, and other aspects of merger review procedures  
16 by Federal depository institution regulatory agencies in  
17 connection with insured depository institution merger ap-  
18 plications. The study shall—

19 (1) include an evaluation of relevant quantifi-  
20 able metrics;

21 (2) review the extent to which the use of com-  
22 mitments and conditions has aligned with statutory  
23 requirements, including a review of whether the use  
24 of commitments and conditions has been influenced  
25 by extrastatutory issues or considerations;

1           (3) consider the benefits and risks of utilizing  
2           different merger review approaches and procedures  
3           in compliance with the law; and

4           (4) include an evaluation of the impact of such  
5           merger review procedures and resulting approved  
6           mergers on safety and soundness, financial stability,  
7           competition, and the availability of financial prod-  
8           ucts and services offered by insured depository insti-  
9           tutions.

10          (b) REPORT.—Not later than 1 year after the date  
11          of enactment of this Act, the Comptroller General shall  
12          issue a report to Congress containing all findings and de-  
13          terminations made in carrying out the study required  
14          under subsection (a).

15          (c) DEFINITIONS.—In this section:

16                (1) APPLICATION.—The term “application”  
17                means an application, notice, or other similar re-  
18                quest for permission submitted to a Federal deposi-  
19                tory institution regulatory agency.

20                (2) FEDERAL DEPOSITORY INSTITUTION REGU-  
21                LATORY AGENCY.—The term “Federal depository in-  
22                stitution regulatory agency” means the Board of  
23                Governors of the Federal Reserve System, the  
24                Comptroller of the Currency, the Federal Deposit



1 Insurance Corporation, and the National Credit  
2 Union Administration Board.

3 (3) INSURED DEPOSITORY INSTITUTION.—The  
4 term “insured depository institution”—

5 (A) has the meaning given that term in  
6 section 3 of the Federal Deposit Insurance Act  
7 (12 U.S.C. 1813); and

8 (B) means an insured credit union, as de-  
9 fined in section 101 of the Federal Credit  
10 Union Act (12 U.S.C. 1752).

11 (4) INSURED DEPOSITORY INSTITUTION MERG-  
12 ER APPLICATION.—The term “insured depository in-  
13 stitution merger application” means an application  
14 with respect to the acquisition of an insured deposi-  
15 tory institution, its equity interests, its assets, or its  
16 deposits under—

17 (A) section 10(e) of the Home Owners’  
18 Loan Act (12 U.S.C. 1467a(e));

19 (B) section 205(b) of the Federal Credit  
20 Union Act (12 U.S.C. 1785(b));

21 (C) section 7(j) of the Federal Deposit In-  
22 surance Act (12 U.S.C. 1817(j));

23 (D) section 18(c)(2) of the Federal De-  
24 posit Insurance Act (12 U.S.C. 1828(c)(2));

1 (E) section 3 of the Bank Holding Com-  
2 pany Act of 1956 (12 U.S.C. 1842); and

3 (F) section 4 of the Bank Holding Com-  
4 pany Act of 1956 (12 U.S.C. 1843).

5 **SEC. 603. MERGER PROCESS REVIEW.**

6 (a) REVIEW.—Not later than 1 year after the date  
7 of enactment of this Act, and every 3 years thereafter,  
8 the Inspector General of each Federal depository institu-  
9 tion regulatory agency shall review the Federal depository  
10 institution regulatory agency’s merger review procedures,  
11 including record of timeliness and efficiency in reviewing  
12 and acting upon insured depository institution merger ap-  
13 plications. The review shall—

14 (1) include an evaluation of relevant quantifi-  
15 able metrics, including mean and median application  
16 processing times;

17 (2) identify sources of delay that may hinder  
18 the timely consummation of proposals that meet the  
19 relevant statutory factors;

20 (3) consider the benefits and risks of utilizing  
21 different merger review approaches and procedures  
22 in compliance with the law;

23 (4) include an evaluation of the impact of such  
24 merger review procedures and resulting approved  
25 mergers on safety and soundness, financial stability,

1 competition, and the availability of financial prod-  
2 ucts and services offered by insured depository insti-  
3 tutions; and

4 (5) include specific recommendations to improve  
5 the merger review process, including timeliness and  
6 efficiency of application processing, consistent with  
7 the Federal depository institution regulatory agen-  
8 cy's statutory responsibilities.

9 (b) REPORT.—Each Inspector General described  
10 under subsection (a) shall, at the conclusion of each review  
11 required under subsection (a), issue a report to Congress  
12 containing all findings and determinations made in car-  
13 rying out the review, and publish such report online.

14 (c) AGENCY RESPONSE.—In response to each report  
15 issued to Congress under subsection (a), the appropriate  
16 Federal depository institution regulatory agency shall sub-  
17 mit to Congress and publish online a written response, in-  
18 cluding a plan to implement the recommendations in the  
19 report, to the extent such implementation is appropriate.

20 (d) DEFINITIONS.—In this section:

21 (1) APPLICATION.—The term “application”  
22 means an application, notice, or other similar re-  
23 quest for permission submitted to a Federal deposi-  
24 tory institution regulatory agency.

1           (2) FEDERAL DEPOSITORY INSTITUTION REGU-  
2       LATORY AGENCY.—The term “Federal depository in-  
3       stitution regulatory agency” means the Board of  
4       Governors of the Federal Reserve System, the  
5       Comptroller of the Currency, the Federal Deposit  
6       Insurance Corporation, and the National Credit  
7       Union Administration Board.

8           (3) INSURED DEPOSITORY INSTITUTION.—The  
9       term “insured depository institution”—

10           (A) has the meaning given that term in  
11       section 3 of the Federal Deposit Insurance Act  
12       (12 U.S.C. 1813); and

13           (B) means an insured credit union, as de-  
14       fined in section 101 of the Federal Credit  
15       Union Act (12 U.S.C. 1752).

16           (4) INSURED DEPOSITORY INSTITUTION MERG-  
17       ER APPLICATION.—The term “insured depository in-  
18       stitution merger application” means an application  
19       with respect to the acquisition of an insured deposi-  
20       tory institution, its equity interests, its assets, or its  
21       deposits under—

22           (A) section 10(e) of the Home Owners’  
23       Loan Act (12 U.S.C. 1467a(e));

24           (B) section 205(b) of the Federal Credit  
25       Union Act (12 U.S.C. 1785(b));

1 (C) section 7(j) of the Federal Deposit In-  
2 surance Act (12 U.S.C. 1817(j));

3 (D) section 18(c)(2) of the Federal De-  
4 posit Insurance Act (12 U.S.C. 1828(c)(2));

5 (E) section 3 of the Bank Holding Com-  
6 pany Act of 1956 (12 U.S.C. 1842); and

7 (F) section 4 of the Bank Holding Com-  
8 pany Act of 1956 (12 U.S.C. 1843).

9 **TITLE VII—STRENGTHENING**  
10 **TRANSPARENCY AND IN-**  
11 **VOVEMENT IN BANK RESO-**  
12 **LUTIONS**

13 **SEC. 701. LEAST COST EXCEPTION.**

14 (a) IN GENERAL.—Section 13(c)(4) of the Federal  
15 Deposit Insurance Act (12 U.S.C. 1823(c)(4)) is amend-  
16 ed—

17 (1) in subparagraph (A)(ii), by inserting “ex-  
18 cept as provided in subparagraph (I),” before “the  
19 total amount”;

20 (2) in subparagraph (E)(i), by inserting “and  
21 except as provided in subparagraph (I),” after “ap-  
22 propriate,”; and

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

24 “(I) LEAST COST RESOLUTION EXCEPTION.—

1           “(i) IN GENERAL.—With respect to an ex-  
2           ercise of authority by the Corporation described  
3           in subparagraph (A), the Corporation may, at  
4           the discretion of the Corporation, select an al-  
5           ternative method of exercising such authority  
6           that is not the least costly to the Deposit Insur-  
7           ance Fund, if—

8                   “(I) the Corporation determines that  
9                   the selected alternative complies with the  
10                  requirements of clause (iii); and

11                  “(II) the Corporation and the Board  
12                  of Governors of the Federal Reserve Sys-  
13                  tem, after consultation with the Secretary  
14                  of the Treasury, determine that the poten-  
15                  tial additional risks to the Deposit Insur-  
16                  ance Fund of the selected alternative are  
17                  outweighed by the reasonably expected  
18                  benefits of limiting further concentration  
19                  of the United States banking system in  
20                  global systemically important banking or-  
21                  ganizations.

22                  “(ii) MAXIMUM COST TO THE DEPOSIT IN-  
23                  SURANCE FUND.—Not later than 1 year after  
24                  the date of enactment of this subparagraph, the  
25                  Corporation, by rule, shall establish criteria for

1 determining on a case-by-case basis the max-  
2 imum allowable cost against the net worth of  
3 the Deposit Insurance Fund that may be uti-  
4 lized to account for any determination under  
5 clause (i).

6 “(iii) REQUIREMENTS DESCRIBED.—The  
7 requirements for the selected alternative de-  
8 scribed in clause (i) are as follows:

9 “(I) The selected alternative is least  
10 costly to the Deposit Insurance Fund of all  
11 alternatives that do not involve a trans-  
12 action with a global systemically important  
13 banking organization and that do not ex-  
14 ceed the cost of liquidating the insured de-  
15 pository institution.

16 “(II) The difference between the cost  
17 of the selected alternative and the cost of  
18 a covered alternative is less than or equal  
19 to the maximum cost to the Deposit Insur-  
20 ance Fund specified pursuant to the rule  
21 adopted under clause (ii).

22 “(III) In the case of a selected alter-  
23 native that involves another person pur-  
24 chasing assets of the insured depository in-  
25 stitution or assuming deposit liabilities of

1 the insured depository institution, such  
2 person agrees to pay an assessment to the  
3 Corporation comprised of payments—

4 “(aa) made over a period to be  
5 determined by the Corporation, but  
6 which may not be less than 5 years;  
7 and

8 “(bb) in an amount that takes  
9 into account, on a case-by-case basis,  
10 criteria the Corporation, by rule, shall  
11 establish, including a realistic dis-  
12 count rate, the aggregate amount  
13 equal to the difference calculated in  
14 subclause (II), and any bid incon-  
15 sistent with the purposes of this Act,  
16 with such rule to be established by the  
17 Corporation not later than 1 year  
18 after the date of enactment of this  
19 subparagraph.

20 “(iv) REPORT TO CONGRESS.—Not later  
21 than 30 days after selecting an alternative de-  
22 scribed in clause (i), the Corporation shall issue  
23 a report to the Committee on Financial Services  
24 of the House of Representatives and the Com-  
25 mittee on Banking, Housing, and Urban Affairs



1 of the Senate containing an analysis of the eco-  
2 nomic difference between the cost to the De-  
3 posit Insurance Fund of the selected alternative  
4 and the cost to the Deposit Insurance Fund of  
5 the least costly alternative that would have been  
6 selected absent the application of this subpara-  
7 graph.

8 “(v) COST DETERMINATIONS.—All cost de-  
9 terminations required under this subparagraph  
10 shall be made in accordance with subpara-  
11 graphs (B) and (C).

12 “(vi) DEFINITIONS.—In this subpara-  
13 graph:

14 “(I) COVERED ALTERNATIVE.—The  
15 term ‘covered alternative’ means a method  
16 of exercising authority described in sub-  
17 paragraph (A) that is the least costly to  
18 the Deposit Insurance Fund of all such  
19 methods that involve a sale of all or sub-  
20 stantially all assets of the insured deposi-  
21 tory institution to, and assumption of all  
22 or substantially all deposit liabilities of the  
23 insured depository institution by, a global  
24 systemically important banking organiza-  
25 tion.

1 “(II) GLOBAL SYSTEMICALLY IMPOR-  
2 TANT BANKING ORGANIZATION.—The term  
3 ‘global systemically important banking or-  
4 ganization’ means a global systemically im-  
5 portant BHC (as such term is defined in  
6 section 217.402 of title 12, Code of Fed-  
7 eral Regulations, or any successor thereto)  
8 and any affiliate thereof.”.

9 (b) RULE OF CONSTRUCTION.—Section 13(c)(4)(H)  
10 of the Federal Deposit Insurance Act (12 U.S.C.  
11 1823(c)(4)(H)) does not apply to the amendments made  
12 by subsection (a).

13 **SEC. 702. ENHANCING BANK RESOLUTION PARTICIPATION.**

14 (a) STUDY.—The Comptroller of the Currency, the  
15 Federal Deposit Insurance Corporation, and the Board of  
16 the Governors of the Federal Reserve System shall, jointly,  
17 carry out a study of—

18 (1) the use by the Comptroller of the Currency  
19 of shelf charters, including all conditional or prelimi-  
20 nary shelf charter approvals granted between Janu-  
21 ary 1, 2008, and the date of enactment of this Act;

22 (2) the use by the Federal Deposit Insurance  
23 Corporation of the modified bidder qualification  
24 process;

1           (3) the application of the Bank Holding Com-  
2       pany Act of 1956 (12 U.S.C. 1841 et seq.) and sec-  
3       tion 10 of the Home Owners' Loan Act (12 U.S.C.  
4       1467a) to shelf charter proposals;

5           (4) whether shelf charters and modified bidder  
6       qualification processes were considered or used in  
7       connection with the receivership of any insured de-  
8       pository institution for which the Federal Deposit  
9       Insurance Corporation was appointed receiver in  
10      2023;

11          (5) with respect to such receiverships, the ex-  
12      tent to which greater use of shelf charters and modi-  
13      fied bidder qualification processes could have—

14            (A) expanded the pool of participants in  
15      the acquisition of the assets or liabilities of such  
16      failed insured depository institutions;

17            (B) resulted in greater competition and di-  
18      versity in market outcomes;

19            (C) protected the Deposit Insurance Fund;  
20      or

21            (D) strengthened financial stability and re-  
22      duced the need for any emergency determina-  
23      tion by the Secretary of the Treasury under  
24      section 13(c)(4)(G) of the Federal Deposit In-

1 insurance Act (12 U.S.C. 1823(c)(4)(G)) with re-  
2 spect to any such receivership;

3 (6) the impact of the use of shelf charters and  
4 modified bidder qualification processes since Janu-  
5 ary 1, 2008, including on financial stability, the  
6 safety and soundness of affected insured depository  
7 institutions, and the availability of financial products  
8 and services provided to consumers by such institu-  
9 tions; and

10 (7) any benefits and risks of private equity  
11 ownership of banks through the use of shelf charters  
12 and modified bidder qualification processes.

13 (b) REPORT.—Not later than 1 year after the date  
14 of enactment of this Act, the Comptroller of the Currency,  
15 the Federal Deposit Insurance Corporation, and the  
16 Board of the Governors of the Federal Reserve System  
17 shall, jointly, submit a report to the Committee on Finan-  
18 cial Services of the House of Representatives and the  
19 Committee on Banking, Housing, and Urban Affairs of  
20 the Senate containing—

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

24 (2) an identification of statutory or regulatory  
25 barriers to the use and effectiveness of shelf charters

1 and modified bidder qualification processes in the  
2 resolution of failed insured depository institutions,  
3 including recommendations for legislative and regu-  
4 latory changes.

5 (c) DEFINITIONS.—In this section:

6 (1) INSURED DEPOSITORY INSTITUTION.—The  
7 term “insured depository institution” has the mean-  
8 ing given the term in section 3 of the Federal De-  
9 posit Insurance Act (12 U.S.C. 1813).

10 (2) MODIFIED BIDDER QUALIFICATION PROC-  
11 ESS.—The term “modified bidder qualification proc-  
12 ess” has the meaning given such term in the press  
13 release of the Federal Deposit Insurance Corpora-  
14 tion titled “FDIC Expands Bidder List for Troubled  
15 Institutions Plan Allows Those Without a Bank  
16 Charter to Participate in the Process” published No-  
17 vember 26, 2008.

18 (3) SHELF CHARTER.—The term “shelf char-  
19 ter” has the meaning given such term in the report  
20 issued by the Comptroller of the Currency titled  
21 “Activities Permissible for National Banks and Fed-  
22 eral Savings Associations, Cumulative” published  
23 October 2017.

1 **TITLE VIII—FACILITATING INNO-**  
2 **VATION AND BANK PARTNER-**  
3 **SHIPS**

4 **SEC. 801. MERCHANT BANKING MODERNIZATION.**

5 Section 4(k)(7)(A) of the Bank Holding Company  
6 Act of 1956 (12 U.S.C. 1843(k)(7)(A)) is amended by in-  
7 serting “Under such regulations, the period of time gen-  
8 erally permitted for holding merchant banking invest-  
9 ments shall not be less than 15 years. For any merchant  
10 banking investment held on the date of enactment of the  
11 Merchant Banking Modernization Act, the holding period  
12 of time permitted shall not be less than 15 years from  
13 the initial date of the investment.” after the period at the  
14 end.

15 **SEC. 802. BANK-FINTECH PARTNERSHIP ENHANCEMENT.**

16 (a) STUDY ON BANK-FINTECH PARTNERSHIPS.—

17 (1) STUDY.—The Board of Governors of the  
18 Federal Reserve System, the Comptroller of the Cur-  
19 rency, and the Federal Deposit Insurance Corpora-  
20 tion shall carry out a study of—

21 (A) the impact of partnerships between  
22 banking organizations, on the one hand, and fi-  
23 nancial technology companies, on the other  
24 hand, on the banking sector, competition, inno-  
25 vation, consumer protection, and the availability

1 of financial products and services, including the  
2 extent to which these partnerships support the  
3 formation of new banking organizations, reduce  
4 time to market for products and services, lower  
5 compliance burdens, boost customer acquisition,  
6 improve technological capabilities, and provide  
7 access to more diverse funding sources; and

8 (B) what changes to Federal laws gov-  
9 erning banking organizations, or to rules or  
10 guidance adopted by the Board of Governors of  
11 the Federal Reserve System, the Comptroller of  
12 the Currency, or the Federal Deposit Insurance  
13 Corporation, may help promote effective part-  
14 nerships between banking organizations, on the  
15 one hand, and financial technology companies,  
16 on the other hand.

17 (2) REPORT.—Not later than 1 year after the  
18 date of enactment of this Act, the Board of Gov-  
19 ernors of the Federal Reserve System, the Comp-  
20 troller of the Currency, and the Federal Deposit In-  
21 surance Corporation shall issue a report to Congress  
22 containing all findings and determinations made in  
23 carrying out the study required under paragraph  
24 (1).

1           (3) BANKING ORGANIZATION DEFINED.—In this  
2       subsection, the term “banking organization” means  
3       a depository institution holding company or an in-  
4       sured depository institution, as such terms are de-  
5       fined, respectively, under section 3 of the Federal  
6       Deposit Insurance Act (12 U.S.C. 1813).

7       (b) STUDY ON CREDIT UNION-FINTECH PARTNER-  
8       SHIPS.—

9           (1) STUDY.—The National Credit Union Ad-  
10      ministration shall carry out a study of—

11           (A) the impact of partnerships between  
12      credit unions, on the one hand, and financial  
13      technology companies, on the other hand, on  
14      the credit union sector, competition, innovation,  
15      consumer protection, and the availability of fi-  
16      nancial products and services, including the ex-  
17      tent to which these partnerships support the  
18      formation of new credit unions, reduce time to  
19      market for products and services, lower compli-  
20      ance burdens, boost customer acquisition, im-  
21      prove technological capabilities, and provide ac-  
22      cess to more diverse funding sources; and

23           (B) what changes to Federal laws gov-  
24      erning credit unions, or to rules or guidance  
25      adopted by the National Credit Union Adminis-



1           tration, may help promote effective partnerships  
2           between credit unions, on the one hand, and fi-  
3           nancial technology companies, on the other  
4           hand.

5           (2) REPORT.—Not later than 1 year after the  
6           date of enactment of this Act, the National Credit  
7           Union Administration shall issue a report to Con-  
8           gress containing all findings and determinations  
9           made in carrying out the study required under sub-  
10          section (a).