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

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

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

1. SHORT TITLE; TABLE OF CONTENTS.

1. SHORT TITLE; TABLE OF CONTENTS.

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Sec. 102. Regulatory relief.
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TITLE I—REGULATORY RELIEF FOR STRONGLY CAPITALIZED, WELL MANAGED BANKING ORGANIZATIONS

SEC. 101. CAPITAL ELECTION.

(a) In General.—A banking organization may make an election under this section to be treated as a qualifying banking organization for purposes of the regulatory relief described under section 102.

(b) Requirements.—A banking organization may qualify to be treated as a qualifying banking organization if—

(1) the banking organization has an average leverage ratio of at least 10 percent;

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

(3) with respect to a depository institution holding company, each insured depository institution subsidiary of the holding company simultaneously makes the election described under subsection (a); and

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

(e) Election Process.—To make an election under this section, a banking organization shall submit an election to the appropriate Federal banking agency (and any applicable State bank supervisor that regulates the banking organization) containing—

(1) a notice of such election;

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

(3) if the banking organization is a depository institution holding company, the information de-
scribed under paragraph (2) for each of the organization’s insured depository institution subsidiaries; and

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

(d) EFFECTIVE DATE OF ELECTION.—

(1) IN GENERAL.—An election made under this section shall take effect at the end of the 30-day period beginning on the date that the appropriate Federal banking agency receives the application described under subsection (c), unless the appropriate Federal banking agency determines that the banking organization has not met the requirements described under subsection (b).

(2) NOTICE OF FAILURE TO MEET REQUIREMENTS.—If the appropriate Federal banking agency determines that a banking organization submitting an election notice under subsection (c) does not meet the requirements described under subsection (b), the agency shall—

(A) notify the banking organization (and any applicable State bank supervisor that regulates the banking organization), in writing, of
such determination as soon as possible after such determination is made, but in no case later than the end of the 30-day period beginning on the date that the appropriate Federal banking agency receives the election; and

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

(e) Treatment of Certain New Banking Organizations.—In the case of a banking organization that is a newly-chartered insured depository institution or a banking organization that becomes a banking organization because it controls a newly-chartered insured depository institution, such banking organization may be treated as a qualifying banking organization immediately upon becoming a banking organization, if—

(1) an election to be treated as a qualifying banking organization was included in the application filed with the appropriateFederal banking agency in connection with becoming a banking organization; and

(2) as of the date the banking organization becomes a banking organization, the banking organization’s tangible equity divided by the banking organi-
zation’s leverage exposure, expressed as a percentage, is at least 10 percent.

(f) **Failure to Maintain Quarterly Leverage Ratio and Loss of Election.**—

(1) **Effect of Failure to Maintain Quarterly Leverage Ratio.**—

(A) **In General.**—If, with respect to the most recently completed calendar quarter, the appropriate Federal banking agency determines that a qualifying banking organization’s quarterly leverage ratio is below 10 percent—

(i) the appropriate Federal banking agency shall notify the qualifying banking organization and any applicable State bank supervisor that regulates the banking organization of such determination;

(ii) the appropriate Federal banking agency may prohibit the banking organization from making a capital distribution; and

(iii) the banking organization shall, within 3 months of the first such determination, submit a capital restoration plan to the appropriate Federal banking agency.
(B) Loss of election after one-year remediation period.—If a banking organization described under subparagraph (A) does not, within the 1-year period beginning on the date of such determination, raise the organization’s quarterly leverage ratio for a calendar quarter ending in such 1-year period to at least 10 percent, the banking organization’s election under this section shall be terminated, and the appropriate Federal banking agency shall notify any applicable State bank supervisor that regulates the banking organization of such termination.

(C) Effect of subsidiary on parent organization.—With respect to a qualifying banking organization described under subparagraph (A) that is an insured depository institution, any parent depository institution holding company of the qualifying banking organization shall—

(i) if the appropriate Federal banking agency determines it appropriate, be prohibited from making a capital distribution (other than a capital contribution to such
qualifying banking organization described under subparagraph (A)); and

(ii) if the qualifying banking organization has an election terminated under subparagraph (B), any such parent depository institution holding company shall also have its election under this section terminated.

(2) **Immediate Loss of Election If the Quarterly Leverage Ratio Falls Below 6 Percent.**—

(A) In General.—If, with respect to the most recently completed calendar quarter, the appropriate Federal banking agency determines that a qualifying banking organization’s quarterly leverage ratio is below 6 percent, the banking organization’s election under this section shall be terminated, and the appropriate Federal banking agency shall notify any applicable State bank supervisor that regulates the banking organization of such termination.

(B) Effect of Subsidiary on Parent Organization.—With respect to a qualifying banking organization described under subparagraph (A) that is an insured depository institution, any parent depository institution holding
company of the qualifying banking organization shall also have its election under this section terminated.

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

SEC. 102. REGULATORY RELIEF.

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

(1) Any Federal law, rule, or regulation addressing capital or liquidity requirements or standards.

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

(3) Any consideration by an appropriate Federal banking agency of the following:

(A) Any risk the qualifying banking organization may pose to “the stability of the financial system of the United States”, under section
5(c)(2) of the Bank Holding Company Act of 1956.

(B) The “extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system”, under section 3(c)(7) of the Bank Holding Company Act of 1956, so long as the banking organization, after such proposed acquisition, merger, or consolidation, would maintain a quarterly leverage ratio of at least 10 percent.

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

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

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

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

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

(5) Section 18(e)(13) of the Federal Deposit
Insurance Act.

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

(7) Section 10(e)(2)(E) of the Home Owners’
Loan Act.
(8) Any Federal law, rule, or regulation implementing standards of the type provided for in subsections (b), (c), (d), (e), (g), (h), (i), and (j) of section 165 of the Financial Stability Act of 2010.

(9) Any Federal law, rule, or regulation providing limitations on mergers, consolidations, or acquisitions of assets or control, to the extent such limitations relate to capital or liquidity standards or concentrations of deposits or assets, so long as the banking organization, after such proposed merger, consolidation, or acquisition, would maintain a quarterly leverage ratio of at least 10 percent.

(b) STRESS TEST EXCEPTION.—Notwithstanding subsection (a), other than paragraph (2) of subsection (a), the appropriate Federal banking agencies may conduct stress tests of qualifying banking organizations. A qualifying banking organization with total consolidated assets of more than $10,000,000,000 and less than $50,000,000,000 shall not be required to conduct annual stress tests required under section 165(i)(2)(A) of the Financial Stability Act of 2010.

(c) QUALIFYING BANKING ORGANIZATIONS TREATED AS WELL CAPITALIZED.—A qualifying banking organization shall be deemed to be “well capitalized” for purposes of—
(1) section 216 of the Federal Credit Union Act; and

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

(d) Treatment of Certain Risk-Weighted Asset Requirements for Qualifying Banking Organizations.—

(1) Acquisition Size Criteria Treatment.—

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

(2) Use of Leverage Exposure.—With respect to a qualifying banking organization, in determining whether a proposal qualifies with the criteria described under subparagraphs (A)(iii) and (B)(i) of section 4(j)(4) of the Bank Holding Company Act of 1956, the Board of Governors of the Federal Reserve System shall consider the leverage exposure of an insured depository institution instead of the total risk-weighted assets of such institution.
SEC. 103. CONTINGENT CAPITAL STUDY.

(a) STUDY.—The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency shall each carry out a study, which shall include holding public hearings, on how to design a requirement that banking organizations issue contingent capital with a market-based conversion trigger.

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

(1) all findings and determinations made by the agency in carrying out the study required under subsection (a); and

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

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

(a) STUDY.—The Comptroller General of the United States shall conduct a study to assess the benefits and feasibility of altering the current prompt corrective action rules and replacing the Basel-based capital ratios with the nonperforming asset coverage ratio or NACR as the trig-
The Comptroller General shall ensure that such study includes the following:

(1) An assessment of the performance of an NACR forward-looking measure of a banking organization’s solvency condition relative to the regulatory capital ratios currently used by prompt corrective action rules.

(2) An analysis of the performance of alternative definitions of nonperforming assets.

(3) An assessment of the impact of two alternative intervention thresholds:

   (A) An initial (high) intervention threshold, below which appropriate Federal banking agency examiners are required to intervene and assess a banking organization’s condition and prescribe remedial measures.

   (B) A lower threshold, below which banking organizations must increase their capital, seek an acquirer, or face mandatory resolution within 90 days.

(b) REPORT.—Not later than the end of the 1-year period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Congress containing—
(1) all findings and determinations made in carrying out the study required under subsection (a); and

(2) recommendations on the most suitable definition of nonperforming assets, as well as the two numerical thresholds that trigger specific required supervisory interventions.

SEC. 105. DEFINITIONS.

For purposes of this title:

(1) APPROPRIATE FEDERAL BANKING AGENCY.—The term “appropriate Federal banking agency”—

(A) has the meaning given such term under section 3 of the Federal Deposit Insurance Act; and

(B) means the National Credit Union Administration, in the case of an insured credit union.

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

(A) an insured depository institution;

(B) an insured credit union;

(C) a depository institution holding company;
(D) a company that is treated as a bank holding company for purposes of section 8 of the International Banking Act; and

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

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

(4) INSURED CREDIT UNION.—The term “insured credit union” has the meaning given that term under section 101 of the Federal Credit Union Act.

(5) LEVERAGE EXPOSURE.—The term “leverage exposure”—

(A) with respect to a banking organization other than an insured credit union or a traditional banking organization, has the meaning given the term “total leverage exposure” under section 3.10(c)(4)(ii), 217.10(c)(4), or 324.10(c)(4) of title 12, Code of Federal Regulations, as applicable, as in effect on January 1, 2015;
(B) with respect to a traditional banking organization other than an insured credit union, means total assets (minus any items deducted from common equity tier 1 capital) as calculated in accordance with generally accepted accounting principles and as reported on the traditional banking organization’s applicable regulatory filing with the banking organization’s appropriate Federal banking agency; and

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

(6) LEVERAGE RATIO DEFINITIONS.—

(A) AVERAGE LEVERAGE RATIO.—With respect to a banking organization, the term “average leverage ratio” means the average of the banking organization’s quarterly leverage ratios for each of the most recently completed four calendar quarters.

(B) QUARTERLY LEVERAGE RATIO.—With respect to a banking organization and a calendar quarter, the term “quarterly leverage ratio” means the organization’s tangible equity
divided by the organization’s leverage exposure, expressed as a percentage, on the last day of such quarter.

(7) NACR.—The term “NACR” means—

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

(B) total banking organization assets.

(8) NONPERFORMING ASSETS.—The term “nonperforming assets” means—

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

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

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

(9) QUALIFYING BANKING ORGANIZATION.—The term “qualifying banking organization” means a banking organization that has made an election under section 101 and with respect to which such election is in effect.

(10) SECURITY-BASED SWAP .—The term “security-based swap” has the meaning given that term under section 3 of the Securities Exchange Act of 1934.
(11) **Swap.**—The term “swap” has the meaning given that term under section 1a of the Commodity Exchange Act.

(12) **Tangible equity.**—The term “tangible equity”—

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

(i) common equity tier 1 capital;

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

(iii) with respect to a depository institution holding company that had less than $15,000,000,000 in total consolidated assets as of December 31, 2009, or March 31, 2010, or a banking organization that was a mutual holding company as of May 19, 2010, trust preferred securities issued prior to May 19, 2010, to the extent such organization was permitted, as of the date of the enactment of this Act, to consider such securities as tier 1 capital under existing regulations of the appropriate Federal banking agency; and
(B) with respect to a banking organization that is a credit union, has the meaning given the term “net worth” under section 702.2 of title 12, Code of Federal Regulations, as in effect on January 1, 2015.

(13) **TRADITIONAL BANKING ORGANIZATION.**—

The term “traditional banking organization” means a banking organization that—

(A) has zero trading assets and zero trading liabilities;

(B) does not engage in swaps or security-based swaps, other than swaps or security-based swaps referencing interest rates or foreign exchange swaps; and

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

(14) **OTHER BANKING TERMS.**—The terms “insured depository institution” and “depository institution holding company” have the meaning given those terms, respectively, under section 3 of the Federal Deposit Insurance Act.

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

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

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

(a) Repeals.—The following provisions of the Financial Stability Act of 2010 are repealed, and the provisions of law amended or repealed by such provisions are restored or revived as if such provisions had not been enacted:

(1) Subtitle B.
(2) Section 113.
(3) Section 114.
(4) Section 115.
(5) Section 116.
(6) Section 117.
(7) Section 119.
(8) Section 120.
(9) Section 121.
(10) Section 161.
(b) ADDITIONAL MODIFICATIONS.—The Financial Stability Act of 2010 (12 U.S.C. 5311 et seq.) is amend-
ed—

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

(2) in section 111—

(A) in subsection (b)—

(i) in paragraph (1)—

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

(II) by amending subparagraphs (B) through (I) to read as follows:

“(B) each member of the Board of Gov-
ernors, who shall collectively have 1 vote on the Council;
“(C) each member of the Board of Directors of the Office of the Comptroller of the Currency, who shall collectively have 1 vote on the Council;

“(D) each member of the Consumer Financial Opportunity Commission, who shall collectively have 1 vote on the Council;

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

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

“(G) each member of the Commodity Futures Trading Commission, who shall collectively have 1 vote on the Council;

“(H) each member of the Board of Directors of the Federal Housing Finance Agency, who shall collectively have 1 vote on the Council;

“(I) each member of the National Credit Union Administration Board, who shall collectively have 1 vote on the Council;”;

(ii) in paragraph (2)—

(I) by striking subparagraph (A);

and

(II) by redesignating subparagraphs (B), (C), (D), and (E) as sub-
paragraphs (A), (B), (C), and (D), respectively; and

(iii) by adding at the end the following:

“(4) VOTING BY MULTI-PERSON ENTITY.—

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

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

(B) in subsection (c), by striking “subparagraphs (C), (D), and (E)” and inserting “subparagraphs (B), (C), and (D)”; (C) in subsection (e), by adding at the end the following:

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

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

“(5) Member agency meetings.—Any meet-
ing of representatives of the member agencies other
than the members themselves shall be open to at-
tendance by staff of the Committee on Financial
Services of the House of Representatives and the
Committee on Banking, Housing, and Urban Affairs
of the Senate.”;

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

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

“(g) Open meeting requirement.—The Council
shall be an agency for purposes of section 552b of title
5, United States Code (commonly referred to as the ‘Gov-
ernment in the Sunshine Act’).
“(h) CONFIDENTIAL CONGRESSIONAL BRIEFINGS.—

At the request of the Chairman of the Committee on Financial Services of the House of Representatives or the Chairman of the Committee on Banking, Housing, and Urban Affairs of the Senate, the Chairperson shall appear before Congress to provide a confidential briefing.”;

(3) in section 112—

(A) in subsection (a)(2)—

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

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

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

(iv) in subparagraph (J), as so redesignated—

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

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

(B) in subsection (d)—
(i) in paragraph (1), by striking “the Office of Financial Research, member agencies, and” and inserting “member agencies and”;

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

(iii) in paragraph (3)—

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

(II) in subparagraph (B), by striking “the Office of Financial Research or”; and

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

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

“SEC. 118. COUNCIL FUNDING.

“There is authorized to be appropriated to the Council $4,000,000 for fiscal year 2017 and each fiscal year thereafter to carry out the duties of the Council.”;

(5) in section 163(b)(4)—

(A) by striking “In addition” and inserting the following:
“(A) IN GENERAL.—In addition”; and

(B) by adding at the end the following:

“(B) EXCEPTION FOR QUALIFYING BANKING ORGANIZATION.—Subparagraph (A) shall not apply to a proposed acquisition by a qualifying banking organization, as defined under section 105 of the Financial CHOICE Act of 2016.”; and

(6) in section 165—

(A) by striking “nonbank financial companies supervised by the Board of Governors and” each place such term appears;

(B) by striking “nonbank financial company supervised by the Board of Governors and” each place such term appears;

(C) in subsection (a), by amending paragraph (2) to read as follows:

“(2) TAILORED APPLICATION.—In prescribing more stringent prudential standards under this section, the Board of Governors may differentiate among companies on an individual basis or by category, taking into consideration their capital structure, riskiness, complexity, financial activities (including the financial activities of their subsidiaries),
size, and any other risk-related factors that the Board of Governors deems appropriate.”;

(D) in subsection (b)—

(i) in paragraph (1)(B)(iv), by striking “, on its own or pursuant to a recommendation made by the Council in accordance with section 115,”;

(ii) in paragraph (2)—

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

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

(III) in subparagraph (A), by striking “; and” and inserting a period; and

(IV) by striking subparagraph (B);

(iii) in paragraph (3)—

(I) in subparagraph (A)—

(aa) by striking clause (i);

(bb) by redesignating clauses (ii), (iii), and (iv) as...
clauses (i), (ii), and (iii), respectively; and

(ec) in clause (iii), as so redesignated, by adding “and” at the end;

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

(III) by redesignating subparagraph (D) as subparagraph (B); and

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

(E) in subsection (c)—

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

(ii) in paragraph (2)—

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

“(A) any recommendations of the Council;”; and

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

(F) in subsection (d)—
(i) by striking “a nonbank financial company supervised by the Board of Governors or” each place such term appears;

(ii) in paragraph (1), by striking “periodically” and inserting “not more often than every 2 years”;

(iii) in paragraph (3)—

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

“(A) IN GENERAL.—The Board’’;

(II) by striking “shall review” and inserting the following: “shall—

“(i) review’’;

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

(IV) by adding at the end the following:

“(ii) not later than the end of the 6-month period beginning on the date the bank holding company submits the resolution plan, provide feedback to the bank holding company on such plan.

“(B) DISCLOSURE OF ASSESSMENT FRAMEWORK.—The Board of Governors and the Corporation shall each publicly disclose the
assessment framework that is used to review inform-
information under this paragraph and shall pro-
vide the public with a notice and comment pe-
riod before finalizing such assessment frame-
work.”.

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

(G) in subsection (e)—

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

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

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

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

(I) in subsection (h)—

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

(iii) in paragraph (1), as so redesignated, by striking “paragraph (3)” each place such term appears and inserting “paragraph (2)”;

(iv) in paragraph (2), as so redesignated, by striking “nonbank financial company supervised by the Board of Governors or” each place such term appears;

(J) in subsection (i)—

(i) in paragraph (1)—

(I) in subparagraph (B)—

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

“(i) shall—

“(I) issue regulations, after providing for public notice and comment, that provide for at least 3 different sets of conditions under which the evaluation required by this subsection shall be conducted, including baseline, adverse, and severely adverse, and methodologies, including models used
to estimate losses on certain assets;
and

“(II) provide copies of such regulations to the Comptroller General of the United States and the Panel of Economic Advisors of the Congressional Budget Office before publishing such regulations;”;

(bb) in clause (ii), by striking “and nonbank financial companies”; and

(cc) in clause (v), by inserting before the period the following: “, including any results of a resubmitted test”; and

(II) by adding at the end the following:

“(C) APPLICATION TO CCAR.—The requirements of subparagraph (B) shall apply to all stress tests performed under the Comprehensive Capital Analysis and Review exercise established by the Board of Governors.”; and

(ii) in paragraph (2)(A)—
(I) by striking “a bank holding company” and inserting “bank holding company”; and

(II) by striking “All other financial companies” and inserting “All other bank holding companies”;

(K) in subsection (j)—

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

(ii) in paragraph (2), by striking “the factors described in subsections (a) and (b) of section 113 and any other” and inserting “any”;

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

(M) by adding at the end the following:

“(l) EXEMPTION FOR QUALIFYING BANKING ORGANIZATIONS.—This section shall not apply to a proposed acquisition by a qualifying banking organization, as defined under section 105 of the Financial CHOICE Act of 2016.”.
(c) Actions to Create a Bank Holding Company.—Section 3(b)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(b)(1)) is amended—

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

“(A) IN GENERAL.—Upon receiving”;

(2) by striking “Notwithstanding any other provision” and inserting the following:

“(B) IMMEDIATE ACTION.—

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

(3) by adding at the end the following:

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

(d) Concentration Limits Applied Only to Banking Organizations.—Section 14 of the Bank Holding Company Act of 1956 (12 U.S.C. 1852) is amended—
(1) by striking “financial company” each place such term appears and inserting “banking organization”;

(2) in subsection (a)—

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

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

“(A) an insured depository institution;

“(B) a bank holding company;

“(C) a savings and loan holding company;

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

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

(B) in paragraph (3)—

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

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

(iii) by striking subparagraph (C);

and

(3) in subsection (b), by striking “financial companies” and inserting “banking organizations”.
(e) **CONFORMING AMENDMENT.**—Section 3502(5) of title 44, United States Code, is amended by striking “the Office of Financial Research,”.

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

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

**SEC. 221. REPEAL OF THE ORDERLY LIQUIDATION AUTHORITY.**

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

(b) **CONFORMING AMENDMENTS.**—

(1) **DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT.**—The Dodd-Frank Wall Street Reform and Consumer Protection Act is amended—
(A) in the table of contents for such Act,
by striking all items relating to title II;

(B) in section 151, by amending paragraph
(2) to read as follows:
“(2) the term ‘financial company’ means—
“(A) any company that is incorporated or
organized under any provision of Federal law or
the laws of any State;
“(B) any company that is—
““(i) a bank holding company, as de-
defined in section 2(a) of the Bank Holding
Company Act of 1956 (12 U.S.C.
1841(a));
“(ii) a nonbank financial company su-
pervised by the Board of Governors;
“(iii) any company that is predomi-
nantly engaged in activities that the Board
of Governors has determined are financial
in nature or incidental thereto for purposes
of section 4(k) of the Bank Holding Com-
pany Act of 1956 (12 U.S.C. 1843(k))
other than a company described in clause
(i) or (ii); or
“(iv) any subsidiary of any company
described in any of clauses (i) through (iii)
that is predominantly engaged in activities
that the Board of Governors has deter-
mined are financial in nature or incidental
thereto for purposes of section 4(k) of the
Bank Holding Company Act of 1956 (12
U.S.C. 1843(k)) (other than a subsidiary
that is an insured depository institution or
an insurance company);

“(C) any company that is not a Farm
Credit System institution chartered under and
subject to the provisions of the Farm Credit
seq.), a governmental entity, or a regulated en-
tity, as defined under section 1303(20) of the
Federal Housing Enterprises Financial Safety
4502(20)); and

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

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

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

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

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

(A) in subparagraph (B)—

(i) in clause (ii), by striking ‘‘, resolu-
tion under title II of the Dodd-Frank Wall
Street Reform and Consumer Protection
Act, or’’ and inserting ‘‘or is subject to
resolution under’’; and

(ii) in clause (iii), by striking ‘‘, reso-
lution under title II of the Dodd-Frank
Wall Street Reform and Consumer Protec-
tion Act, or’’ and inserting ‘‘or resolution
under’’; and

(B) by striking subparagraph (E).
Subtitle C—Financial Institution

Bankruptcy

SEC. 231. GENERAL PROVISIONS RELATING TO COVERED FINANCIAL CORPORATIONS.

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

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

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

“(B) a corporation that exists for the primary purpose of owning, controlling and financing its subsidiaries, that has total consolidated assets of $50,000,000,000 or greater, and for which, in its most recently completed fiscal year—

“(i) annual gross revenues derived by the corporation and all of its subsidiaries from activities that are financial in nature
(as defined in section 4(k) of the Bank Holding Company Act of 1956) and, if applicable, from the ownership or control of one or more insured depository institutions, represents 85 percent or more of the consolidated annual gross revenues of the corporation; or

“(ii) the consolidated assets of the corporation and all of its subsidiaries related to activities that are financial in nature (as defined in section 4(k) of the Bank Holding Company Act of 1956) and, if applicable, related to the ownership or control of one or more insured depository institutions, represents 85 percent or more of the consolidated assets of the corporation.”.

(b) Applicability of Chapters.—Section 103 of title 11, United States Code, is amended by adding at the end the following:

“(l) Subchapter V of chapter 11 of this title applies only in a case under chapter 11 concerning a covered financial corporation.”.

(c) Who May Be a Debtor.—Section 109 of title 11, United States Code, is amended—
(1) in subsection (b)—

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

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

(C) by adding at the end the following:

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

(2) in subsection (d)—

(A) by striking “and” before “an uninsured State member bank”;

(B) by striking “or” before “a corporation”; and

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

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

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

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

“(2) the court has ordered the appointment of a special trustee under section 1186; and
“(3) the court finds, after notice and a hearing, that conversion is in the best interest of the creditors and the estate.”.

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

(2) Section 1129(a) of title 11, United States Code, is amended by inserting after paragraph (16) the following:

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

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

(f) Section 322(b)(2) of title 11, United States Code, is amended by striking “The” and inserting “In cases under subchapter V, the United States trustee shall recommend to the court, and in all other cases, the”.
SEC. 232. LIQUIDATION, REORGANIZATION, OR RECAPITALIZATION OF A COVERED FINANCIAL CORPORATION.

Chapter 11 of title 11, United States Code, is amended by adding at the end the following:

"SUBCHAPTER V—LIQUIDATION, REORGANIZATION, OR RECAPITALIZATION OF A COVERED FINANCIAL CORPORATION

§ 1181. Inapplicability of other sections

Sections 303 and 321(e) do not apply in a case under this subchapter concerning a covered financial corporation. Section 365 does not apply to a transfer under section 1185, 1187, or 1188.

§ 1182. Definitions for this subchapter

In this subchapter, the following definitions shall apply:

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

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

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

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

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

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

§ 1183. Commencement of a case concerning a covered financial corporation

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

“(b) The commencement of a case under subsection (a) constitutes an order for relief under this subchapter.
“(c) The members of the board of directors (or body performing similar functions) of a covered financial company shall have no liability to shareholders, creditors, or other parties in interest for a good faith filing of a petition to commence a case under this subchapter, or for any reasonable action taken in good faith in contemplation of or in connection with such a petition or a transfer under section 1185 or section 1186, whether prior to or after commencement of the case.

“(d) Counsel to the debtor shall provide, to the greatest extent practicable without disclosing the identity of the potential debtor, sufficient confidential notice to the chief judge of the court of appeals for the circuit embracing the district in which such counsel intends to file a petition to commence a case under this subchapter regarding the potential commencement of such case. The chief judge of such court shall randomly assign to preside over such case a bankruptcy judge selected from among the bankruptcy judges designated by the Chief Justice of the United States under section 298 of title 28.

“§ 1184. Regulators

“The Board, the Securities Exchange Commission, the Office of the Comptroller of the Currency of the Department of the Treasury, the Commodity Futures Trading Commission, and the Federal Deposit Insurance Cor-
§ 1185. Special transfer of property of the estate

(a) On request of the trustee, and after notice and a hearing that shall occur not less than 24 hours after the order for relief, the court may order a transfer under this section of property of the estate, and the assignment of executory contracts, unexpired leases, and qualified financial contracts of the debtor, to a bridge company. Upon the entry of an order approving such transfer, any property transferred, and any executory contracts, unexpired leases, and qualified financial contracts assigned under such order shall no longer be property of the estate.

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

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

(1) the debtor;

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

(3) the holders of the 20 largest unsecured claims against the debtor;
“(4) counterparties to any debt, executory contract, unexpired lease, and qualified financial contract requested to be transferred under this section;

“(5) the Board;

“(6) the Federal Deposit Insurance Corporation;

“(7) the Secretary of the Treasury and the Office of the Comptroller of the Currency of the Treasury;

“(8) the Commodity Futures Trading Commission;

“(9) the Securities and Exchange Commission;

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

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

“(c) The court may not order a transfer under this section unless the court determines, based upon a preponderance of the evidence, that—

“(1) the transfer under this section is necessary to prevent serious adverse effects on financial stability in the United States;
“(2) the transfer does not provide for the assumption of any capital structure debt by the bridge company;

“(3) the transfer does not provide for the transfer to the bridge company of any property of the estate that is subject to a lien securing a debt, executory contract, unexpired lease or agreement (including a qualified financial contract) of the debtor unless—

“(A)(i) the bridge company assumes such debt, executory contract, unexpired lease or agreement (including a qualified financial contract), including any claims arising in respect thereof that would not be allowed secured claims under section 506(a)(1) and after giving effect to such transfer, such property remains subject to the lien securing such debt, executory contract, unexpired lease or agreement (including a qualified financial contract); and

“(ii) the court has determined that assumption of such debt, executory contract, unexpired lease or agreement (including a qualified financial contract) by the bridge company is in the best interests of the estate; or
“(B) such property is being transferred to the bridge company in accordance with the provisions of section 363;

“(4) the transfer does not provide for the assumption by the bridge company of any debt, executory contract, unexpired lease or agreement (including a qualified financial contract) of the debtor secured by a lien on property of the estate unless the transfer provides for such property to be transferred to the bridge company in accordance with paragraph (3)(A) of this subsection;

“(5) the transfer does not provide for the transfer of the equity of the debtor;

“(6) the trustee has demonstrated that the bridge company is not likely to fail to meet the obligations of any debt, executory contract, qualified financial contract, or unexpired lease assumed and assigned to the bridge company;

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

“(8) after giving effect to the transfer, adequate provision has been made for the fees, costs, and expenses of the estate and special trustee; and
“(9) the bridge company will have governing
documents, and initial directors and senior officers,
that are in the best interest of creditors and the es-
tate.
“(d) Immediately before a transfer under this section,
the bridge company that is the recipient of the transfer
shall—
“(1) not have any property, executory con-
tracts, unexpired leases, qualified financial contracts,
or debts, other than any property acquired or execut-
tory contracts, unexpired leases, or debts assumed
when acting as a transferee of a transfer under this
section; and
“(2) have equity securities that are property of
the estate, which may be sold or distributed in ac-
cordance with this title.

§ 1186. Special trustee
“(a)(1) An order approving a transfer under section
1185 shall require the trustee to transfer to a qualified
and independent special trustee, who is appointed by the
court, all of the equity securities in the bridge company
that is the recipient of a transfer under section 1185 to
hold in trust for the sole benefit of the estate, subject to
satisfaction of the special trustee’s fees, costs, and ex-
penses. The trust of which the special trustee is the trust-
ee shall be a newly formed trust governed by a trust agreement approved by the court as in the best interests of the estate, and shall exist for the sole purpose of holding and administering, and shall be permitted to dispose of, the equity securities of the bridge company in accordance with the trust agreement.

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

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

“(1) for the payment of the fees, costs, expenses, and indemnities of the special trustee from the assets of the debtor’s estate;

“(2) that the special trustee provide—

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

“(B) information about the bridge company reasonably requested by a party in interest to prepare a disclosure statement for a plan providing for distribution of any securities of the bridge company if such information is necessary to prepare such disclosure statement;
“(3) that for as long as the equity securities of the bridge company are held by the trust, the special trustee shall file a notice with the court in connection with—

“(A) any change in a director or senior officer of the bridge company;

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

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

“(i) recapitalization;

“(ii) a material borrowing;

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

“(iv) a transfer of a substantial portion of the assets of the bridge company; or

“(v) the issuance or sale of any securities of the bridge company;

“(4) that any sale of any equity securities of the bridge company shall not be consummated until the special trustee consults with the Federal Deposit Insurance Corporation and the Board regarding such sale and discloses the results of such consultation with the court;
“(5) that, subject to reserves for payments permitted under paragraph (1) provided for in the trust agreement, the proceeds of the sale of any equity securities of the bridge company by the special trustee be held in trust for the benefit of or transferred to the estate;

“(6) the process and guidelines for the replacement of the special trustee; and

“(7) that the property held in trust by the special trustee is subject to distribution in accordance with subsection (c).

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

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

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

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

“(d) After a transfer to the special trustee under this section, the special trustee shall be subject only to applicable nonbankruptcy law, and the actions and conduct of
the special trustee shall no longer be subject to approval by the court in the case under this subchapter.

§ 1187. Temporary and supplemental automatic stay; assumed debt

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

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

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

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

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

“(iii) the appointment of or taking possession by a trustee in a case under this title concerning the debtor or by a custodian before the commencement of the case; or
“(iv) a credit rating agency rating, or absence or withdrawal of a credit rating agency rating—

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

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

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

“(aa) the bridge company; or

“(bb) the affiliate, if all of the direct or indirect interests in the affiliate that are property of the estate are transferred under section 1185; or

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

“(aa) the bridge company; or

“(bb) the affiliate, if all of the direct or indirect interests in the affil-
iate that are property of the estate are transferred under section 1185.

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

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

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

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

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

“(3) The stay under this subsection terminates—

“(A) for the benefit of the debtor, upon the earliest of—

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

“(ii) assumption of the debt, contract, lease, or agreement by the bridge company under an order authorizing a transfer under section 1185;
“(iii) a final order of the court denying the request for a transfer under section 1185; or
“(iv) the time the case is dismissed; and
“(B) for the benefit of an affiliate, upon the earliest of—
“(i) the entry of an order authorizing a transfer under section 1185 in which the direct or indirect interests in the affiliate that are property of the estate are not transferred under section 1185;
“(ii) a final order by the court denying the request for a transfer under section 1185;
“(iii) 48 hours after the commencement of the case if the court has not ordered a transfer under section 1185; or
“(iv) the time the case is dismissed.
“(4) Subsections (d), (e), (f), and (g) of section 362 apply to a stay under this subsection.
“(b) A debt, executory contract (other than a qualified financial contract), or unexpired lease of the debtor, or an agreement under which the debtor has issued or is obligated for any debt, may be assumed by a bridge company in a transfer under section 1185 notwithstanding any provision in an agreement or in applicable nonbankruptcy law that—
“(1) prohibits, restricts, or conditions the assignment of the debt, contract, lease, or agreement; or

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

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

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

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

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

“(B) that prohibits, restricts, or conditions the assignment of the debt, contract, lease, or agreement; or
“(C) that accelerates, terminates, or modifies, or permits a party other than the debtor to terminate or modify, the debt, contract, lease or agreement on account of—

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

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

“(2) If there is a default by the debtor under a provision other than the kind described in paragraph (1) in a debt, contract, lease or agreement of the kind described in subparagraph (A) or (B) of subsection (a)(2), the bridge company may assume such debt, contract, lease, or agreement only if the bridge company—

“(A) shall cure the default;

“(B) compensates, or provides adequate assurance in connection with a transfer under section 1185 that the bridge company will promptly compensate, a party other than the debtor to the debt, contract, lease, or agreement, for any actual pecuniary loss to the party resulting from the default; and

“(C) provides adequate assurance in connection with a transfer under section 1185 of future performance under the debt, contract, lease, or agree-
ment, as determined by the court under section 1185(c)(4).

§ 1188. Treatment of qualified financial contracts and affiliate contracts

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

“(1) to cause the modification, liquidation, termination, or acceleration of a qualified financial contract of the debtor or an affiliate;

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

“(3) under any security agreement or arrangement or other credit enhancement forming a part of or related to a qualified financial contract of the debtor or an affiliate.

“(b)(1) During the period specified in section 1187(a)(3)(A), the trustee or the affiliate shall perform all payment and delivery obligations under such qualified financial contract of the debtor or the affiliate, as the case
may be, that become due after the commencement of the case. The stay provided under subsection (a) terminates as to a qualified financial contract of the debtor or an affiliate immediately upon the failure of the trustee or the affiliate, as the case may be, to perform any such obligation during such period.

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

“(c) Subject to the court’s approval, a qualified financial contract between an entity and the debtor may be assigned to or assumed by the bridge company in a transfer under, and in accordance with, section 1185 if and only if—

“(1) all qualified financial contracts between the entity and the debtor are assigned to and assumed by the bridge company in the transfer under section 1185;

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

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

“(4) all property securing or any other credit enhancement furnished by the debtor for any qualified financial contract described in paragraph (1) or any claim described in paragraph (2) or (3) under any qualified financial contract between the entity and the debtor is assigned to and assumed by the bridge company.

“(d) Notwithstanding any provision of a qualified financial contract or of applicable nonbankruptcy law, a qualified financial contract of the debtor that is assumed or assigned in a transfer under section 1185 may not be accelerated, terminated, or modified, after the entry of the order approving a transfer under section 1185, and any right or obligation under the qualified financial contract may not be accelerated, terminated, or modified, after the entry of the order approving a transfer under section 1185 solely because of a condition described in section
1 1187(c)(1), other than a condition of the kind specified
2 in section 1187(b) that occurs after property of the estate
3 no longer includes a direct beneficial interest or an indi-
4 rect beneficial interest through the special trustee, in more
5 than 50 percent of the equity securities of the bridge com-
6 pany.
7 “(e) Notwithstanding any provision of any agreement
8 or in applicable nonbankruptcy law, an agreement of an
9 affiliate (including an executory contract, an unexpired
10 lease, qualified financial contract, or an agreement under
11 which the affiliate issued or is obligated for debt) and any
12 right or obligation under such agreement may not be ac-
13 celerated, terminated, or modified, solely because of a con-
14 dition described in section 1187(c)(1), other than a condi-
15 tion of the kind specified in section 1187(b) that occurs
16 after the bridge company is no longer a direct or indirect
17 beneficial holder of more than 50 percent of the equity
18 securities of the affiliate, at any time after the commence-
19 ment of the case if—
20 “(1) all direct or indirect interests in the affil-
21 iate that are property of the estate are transferred
22 under section 1185 to the bridge company within the
23 period specified in subsection (a);
24 “(2) the bridge company assumes—
“(A) any guarantee or other credit enhancement issued by the debtor relating to the agreement of the affiliate; and

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

“(3) any property of the estate that directly serves as collateral for the guarantee or credit enhancement is transferred to the bridge company.

§ 1189. Licenses, permits, and registrations

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

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

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

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

“(4) a transfer under section 1185.

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

“§ 1190. Exemption from securities laws

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

“§ 1191. Inapplicability of certain avoiding powers

“A transfer made or an obligation incurred by the
debtor to an affiliate prior to or after the commencement
of the case, including any obligation released by the debtor
or the estate to or for the benefit of an affiliate, in con-
templation of or in connection with a transfer under sec-
tion 1185 is not avoidable under section 544, 547,
548(a)(1)(B), or 549, or under any similar nonbankruptcy
law.
“§ 1192. Consideration of financial stability

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

SEC. 233. AMENDMENTS TO TITLE 28, UNITED STATES CODE.

(a) Amendment to Chapter 13.—Chapter 13 of title 28, United States Code, is amended by adding at the end the following:

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

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

“(2) Notwithstanding section 155, a case under subchapter V of chapter 11 of title 11 shall be heard under section 157 by a bankruptcy judge designated under paragraph (1), who shall be randomly assigned to hear such case by the chief judge of the court of appeals for the circuit embracing the district in which the case is pending. To the greatest extent practicable, the approvals required under section 155 should be obtained.
“(3) If the bankruptcy judge assigned to hear a case
under paragraph (2) is not assigned to the district in
which the case is pending, the bankruptcy judge shall be
temporarily assigned to the district.

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

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

(b) Amendment to Section 1334 of Title 28.—
Section 1334 of title 28, United States Code, is amended
by adding at the end the following:

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

(c) Technical and Conforming Amendment.—
The table of sections for chapter 13 of title 28, United
States Code, is amended by adding at the end the fol-
lowing:

“298. Judge for a case under subchapter V of chapter 11 of title 11.”.
Subtitle D—Ending Government Guarantees

SEC. 241. REPEAL OF OBLIGATION GUARANTEE PROGRAM.

(a) In General.—The following sections of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301 et seq.) are repealed:

(1) Section 1104.

(2) Section 1105.

(3) Section 1106.

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

SEC. 242. REPEAL OF SYSTEMIC RISK DETERMINATION IN RESOLUTIONS.

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

SEC. 243. RESTRICTIONS ON USE OF THE EXCHANGE STABILIZATION FUND.

(a) In General.—Section 5302 of title 31, United States Code, is amended by adding at the end the following:

“(e) Amounts in the fund may not be used for the establishment of a guaranty program for any nongovernmental entity.”.
(b) CONFORMING AMENDMENT.—Section 131(b) of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5236(b)) is amended by inserting “, or for the purposes of preventing the liquidation or insolvency of any entity” before the period.

Subtitle E—Eliminating Financial Market Utility Designations

SEC. 251. REPEAL OF TITLE VIII.

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

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the items relating to title VIII.
TITLE III—EMPOWERING AMERICANS TO ACHIEVE FINANCIAL INDEPENDENCE

Subtitle A—Separation of Powers and Liberty Enhancements

SEC. 311. CONSUMER FINANCIAL OPPORTUNITY COMMISSION.

(a) MAKING THE BUREAU AN INDEPENDENT CONSUMER FINANCIAL OPPORTUNITY COMMISSION.—The Consumer Financial Protection Act of 2010 (12 U.S.C. 5481 et seq.) is amended—

(1) in section 1011—

(A) in subsection (a)—

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

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

(iii) by striking “Bureau of Consumer Financial Protection” and inserting “Consumer Financial Opportunity Commission (hereinafter in this section referred to as the ‘Commission’)”; and

(iv) by striking “Bureau” each place such term appears and inserting “Commission”;
(B) by striking subsections (b), (c), and (d);

(C) by redesignating subsection (e) as subsection (h);

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

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

(ii) by striking “Bureau” each place such term appears and inserting “Commission”; and

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

“(b) COMPOSITION OF THE COMMISSION.—

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

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

“(B) have strong competencies and experiences related to consumer financial products and services.

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

“(3) TERMS.—

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

“(B) REMOVAL.—The President may remove any member of the Commission for inefficiency, neglect of duty, or malfeasance in office.

“(C) VACANCIES.—Any member of the Commission appointed to fill a vacancy occurring before the expiration of the term to which that member’s predecessor was appointed (including the Chair) shall be appointed only for the remainder of the term.

“(D) CONTINUATION OF SERVICE.—Each member of the Commission may continue to serve after the expiration of the term of office to which that member was appointed until a successor has been appointed by the President and confirmed by the Senate, except that a member may not continue to serve more than 1 year after the date on which that member’s term would otherwise expire.
“(E) Other employment prohibited.—No member of the Commission shall engage in any other business, vocation, or employment.

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

“(d) Chair of the Commission.—

“(1) Appointment.—The Chair of the Commission shall be appointed by the President from among the members of the Commission.

“(2) Authority.—The Chair shall be the principal executive officer of the Commission, and shall exercise all of the executive and administrative functions of the Commission, including with respect to—

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

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

“(C) the use and expenditure of funds.

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

“(4) REQUESTS OR ESTIMATES RELATED TO
APPROPRIATIONS.—Requests or estimates for reg-
ular, supplemental, or deficiency appropriations on
behalf of the Commission may not be submitted by
the Chair without the prior approval of the Commiss-
ion.

“(e) NO IMPAIRMENT BY REASON OF VACANCIES.—
No vacancy in the members of the Commission shall im-
pair the right of the remaining members of the Commiss-
ion to exercise all the powers of the Commission. Three
members of the Commission shall constitute a quorum for
the transaction of business, except that if there are only
3 members serving on the Commission because of vacan-
cies in the Commission, 2 members of the Commission
shall constitute a quorum for the transaction of business.
If there are only 2 members serving on the Commission
because of vacancies in the Commission, 2 members shall
constitute a quorum for the 6-month period beginning on
the date of the vacancy which caused the number of Com-
mission members to decline to 2.
(f) Seal.—The Commission shall have an official seal.

(g) Compensation.—

(1) Chair.—The Chair shall receive compensation at the rate prescribed for level I of the Executive Schedule under section 5313 of title 5, United States Code.

(2) Other members of the Commission.—The 4 other members of the Commission shall each receive compensation at the rate prescribed for level II of the Executive Schedule under section 5314 of title 5, United States Code.”;

(b) Deeming of Name.—Any reference in a law, regulation, document, paper, or other record of the United States to the Bureau of Consumer Financial Protection shall be deemed a reference to the Consumer Financial Opportunity Commission.

(c) Conforming Amendments.—
(1) **CONSUMER FINANCIAL PROTECTION ACT OF 2010.**—

(A) **IN GENERAL.**—Except as provided under subparagraph (B), the Consumer Financial Protection Act of 2010 (12 U.S.C. 5481 et seq.) is amended—

(i) by striking "Director of the Bureau" each place such term appears, other than where such term is used to refer to a Director other than the Director of the Bureau of Consumer Financial Protection, and inserting "Consumer Financial Opportunity Commission";

(ii) by striking "Director" each place such term appears and inserting "Consumer Financial Opportunity Commission", other than where such term is used to refer to a Director other than the Director of the Bureau of Consumer Financial Protection; and

(iii) in section 1002, by striking paragraph (10).

(B) **EXCEPTIONS.**—The Consumer Financial Protection Act of 2010 (12 U.S.C. 5481 et seq.) is amended—
(i) in section 1013(c)(3)—

(I) by striking “Assistant Director of the Bureau for” and inserting “Head of the Office of”; and

(II) in subparagraph (B), by striking “Assistant Director” and inserting “Head of the Office”; (ii) in section 1013(g)(2)—

(I) by striking “ASSISTANT DIRECTOR” and inserting “HEAD OF THE OFFICE”; and

(II) by striking “an assistant director” and inserting “a Head of the Office of Financial Protection for Older Americans”; (iii) in section 1016(a), by striking “Director of the Bureau” and inserting “Chair of the Consumer Financial Opportunity Commission”; and

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

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

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

(4) FEDERAL DEPOSIT INSURANCE ACT.—Section 2 of the Federal Deposit Insurance Act (12 U.S.C. 1812), as amended by section 336(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, is amended by striking “Director of the Consumer Financial Protection Bureau” each place such term appears and inserting “Chair of the Consumer Financial Opportunity Commission”.

rector of the Consumer Financial Protection Bu-
reau’’ and inserting ‘‘Chair of the Consumer Finan-
cial Opportunity Commission’’.

(6) **FINANCIAL LITERACY AND EDUCATION IMPROVEMENT ACT.**—Section 513 of the Financial Liter-
acy and Education Improvement Act (20 U.S.C. 9702), as amended by section 1013(d)(5) of the Consumer Financial Protection Act of 2010, is amended by striking ‘‘Director’’ each place such term appears and inserting ‘‘Chair of the Consumer Financial Opportunity Commission’’.

(7) **HOME MORTGAGE DISCLOSURE ACT OF 1975.**—Section 307 of the Home Mortgage Disclosure Act of 1975, as amended by section 1094(6) of the Consumer Financial Protection Act of 2010, is amended by striking ‘‘Director of the Bureau of Consumer Financial Protection’’ each place such term appears and inserting ‘‘Consumer Financial Opportunity Commission’’.

(8) **INTERSTATE LAND SALES FULL DISCLOSURE ACT.**—The Interstate Land Sales Full Disclosure Act, as amended by section 1098A of the Consumer Financial Protection Act of 2010, is amended—
(A) by amending section 1402(1) to read as follows:

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

(B) in section 1416(a), by striking “Director of the Bureau of Consumer Financial Protection” and inserting “Chair”.


(A) by striking “The Director of the Bureau of Consumer Financial Protection (hereafter in this section referred to as the ‘Director’)” and inserting “The Consumer Financial Opportunity Commission”; and

(B) by striking “Director” each place such term appears and inserting “Consumer Financial Opportunity Commission”.

(10) S.A.F.E. MORTGAGE LICENSING ACT OF 2008.—The S.A.F.E. Mortgage Licensing Act of 2008 (12 U.S.C. 5101 et seq.), as amended by sec-
tion 1100 of the Consumer Financial Protection Act of 2010, is amended—

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

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

(11) TITLE 44, UNITED STATES CODE.—Section 3513(c) of title 44, United States Code, as amended by section 1100D(b) of the Consumer Financial Protection Act of 2010, is amended by striking “Director of the Bureau” and inserting “Consumer Financial Opportunity Commission”.

SEC. 312. BRINGING THE COMMISSION INTO THE REGULAR APPROPRIATIONS PROCESS.

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

(1) in subsection (a)—

(A) by amending the heading of such subsection to read as follows: “BUDGET, FINANCIAL MANAGEMENT, AND AUDIT.—”;

(12)
(B) by striking paragraphs (1), (2), and (3); (C) by redesignating paragraphs (4) and (5) as paragraphs (1) and (2), respectively; and (D) by striking subparagraphs (E) and (F) of paragraph (1), as so redesignated; (2) by striking subsections (b) and (c); (3) by redesignating subsections (d) and (e) as subsections (b) and (e), respectively; and (4) in subsection (e), as so redesignated—

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

"(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Commission for fiscal year 2017 an amount equal to the aggregate amount of funds transferred by the Board of Governors to the Bureau of Consumer Financial Protection during fiscal year 2015."; and

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

SEC. 313. CONSUMER FINANCIAL OPPORTUNITY COMMISSION INSPECTOR GENERAL REFORM.

(a) APPOINTMENT OF INSPECTOR GENERAL.—The Inspector General Act of 1978 (5 U.S.C. App.) is amended—
(1) in section 8G—

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

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

and

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

and

(2) in section 12—

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

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

(b) REQUIREMENTS FOR THE INSPECTOR GENERAL FOR THE CONSUMER FINANCIAL OPPORTUNITY COMMISSION.—

(1) ESTABLISHMENT.—Section 1011 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5491), as amended by section 311, is further amended—
(A) by adding at the end the following:

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

and

(B) in subsection (d), by striking “or Deputy Director” each place such term appears and inserting “, Deputy Director, or Inspector General”.

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

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

(3) PARTICIPATION IN THE COUNCIL OF INSPECTORS GENERAL ON FINANCIAL OVERSIGHT.—
Section 989E(a)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by adding at the end the following:


(4) DEADLINE FOR APPOINTMENT.—Not later than 60 days after the date of the enactment of this Act, the President shall appoint an Inspector General for the Consumer Financial Opportunity Commission in accordance with section 3 of the Inspector General Act of 1978 (5 U.S.C. App.).

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

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

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

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

“(2) CIVIL ACTION AUTHORIZED.—If a person
requires the Commission to terminate a proceeding
pursuant to paragraph (1), the Commission may
bring a civil action against that person for the same
remedy that might be imposed.
“(g) ADJUDICATIONS DEEMED ACTIONS.—Any administrative adjudication commenced under this section shall be deemed an ‘action’ for purposes of section 1054(g).”.

SEC. 315. CIVIL INVESTIGATIVE DEMANDS TO BE APPEALED TO COURTS.

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

(1) in subsection (c)—

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

and

(B) by adding at the end the following:

“(14) MEETING REQUIREMENT.—The recipient of a civil investigative demand shall meet and confer with a Commission investigator within 30 calendar days after receipt of the demand to discuss and attempt to resolve all issues regarding compliance with the civil investigative demand, unless the Commission grants an extension requested by such recipient.”;

(2) in subsection (f)—

(A) by amending paragraph (1) to read as follows:
“(1) IN GENERAL.—Not later than 45 days after the service of any civil investigative demand upon any person under subsection (c), or at any time before the return date specified in the demand, whichever period is shorter, or within such period exceeding 45 days after service or in excess of such return date as may be prescribed in writing, subsequent to service, by any Commission investigator named in the demand, such person may file, in the district court of the United States for any judicial district in which such person resides, is found, or transacts business, a petition for an order modifying or setting aside the demand.”; and

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

(3) in subsection (h)—

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

(B) by striking paragraph (2).

SEC. 316. COMMISSION DUAL MANDATE AND ECONOMIC ANALYSIS.

(a) PURPOSE.—Section 1021(a) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5511(a)) is amended—

(1) by striking “fair, transparent, and competitive” and inserting: “fair and transparent”; and
(2) by adding at the end the following: “In addition, the Commission shall seek to implement and, where applicable, enforce Federal consumer financial law consistently for the purpose of strengthening participation in markets by covered persons, without Government interference or subsidies, to increase competition and enhance consumer choice.”; and

(b) Office of Economic Analysis.—

(1) In general.—Section 1013 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5493) is amended by adding at the end the following:

“(h) Office of Economic Analysis.—

“(1) Establishment.—The Chair shall establish an Office of Economic Analysis.

“(2) Review and Assessment of Proposed Rules and Regulations.—The Office of Economic Analysis shall—

“(A) review all proposed rules and regulations of the Commission;

“(B) assess the impact of such rules and regulations on consumer choice, price, and access to credit products; and

“(C) publish a report on such reviews and assessments in the Federal Register.
“(3) MEASURING EXISTING RULES AND REGULATIONS.—The Office of Economic Analysis shall—

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

“(B) measure the rule or regulation’s success in solving the problem that the rule or regulation was intended to solve when issued; and

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

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

“(5) CONSIDERATION OF REVIEW AND ASSESSMENT BY THE OFFICE OF ECONOMIC ANALYSIS.—

“(A) IN GENERAL.—Before issuing any rule or regulation, the Chair shall consider the review and assessment of such rule or regulation carried out by the Office of Economic Analysis.

“(B) NOTICE OF DISAGREEMENT.—If a member of the Commission disagrees with any part of a review and assessment described
under subparagraph (A) with respect to any rule or regulation, the member shall accompany any such rule or regulation with a statement explaining why the member so disagrees.

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

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

“(i) identify the problem that the particular rule or regulations is seeking to solve; and

“(ii) specify the metrics by which the Commission will measure the success of the rule or regulation in solving such problem.

“(B) REQUIRED METRICS.—The metrics specified under subparagraph (A)(ii) shall include a measurement of changes to consumer access to, and cost of, consumer financial products and services.”.

(c) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY ANALYSES.—The Commission may perform any of the analyses required by this section in conjunction with, or as part of, any other agenda or analysis required by any
other provision of law, if such other agenda or analysis satisfies the provisions of this section.

SEC. 317. NO DEFERENCE TO COMMISSION INTERPRETATION.

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

(1) in section 1022(b)(4)—

(A) by striking “(A) In general.—”; and

(B) by striking subparagraph (B); and

(2) in section 1061(b)(5)(E)—

(A) by striking “affords to the—” and all that follows through “(i) Federal Trade Commission” and inserting “affords to the Federal Trade Commission”;

(B) by striking “; or” and inserting a period; and

(C) by striking clause (ii).

Subtitle B—Administrative Enhancements

SEC. 321. COMMISSION ADVISORY BOARDS.

(a) In general.—The Consumer Financial Protection Act of 2010 is amended by inserting after section 1014 (12 U.S.C. 5494) the following new section:

“SEC. 1014A. ADVISORY BOARDS.

“(a) SMALL BUSINESS ADVISORY BOARD.—
“(1) Establishment.—The Commission shall establish a Small Business Advisory Board—

“(A) to advise and consult with the Commission in the exercise of the Commission’s functions under the Federal consumer financial laws applicable to eligible financial products or services; and

“(B) to provide information on emerging practices of small business concerns that provide eligible financial products or services, including regional trends, concerns, and other relevant information.

“(2) Membership.—

“(A) Number.—The Commission shall appoint no fewer than 15 and no more than 20 members to the Small Business Advisory Board.

“(B) Qualification.—Members appointed pursuant to subparagraph (A) shall be representatives of small business concerns that—

“(i) provide eligible financial products or services;

“(ii) are service providers to covered persons; and
“(iii) use consumer financial products or services in financing the business activities of such concern.

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

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

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

“(b) CREDIT UNION ADVISORY COUNCIL.—

“(1) ESTABLISHMENT.—The Commission shall establish a Credit Union Advisory Council to advise and consult with the Commission on consumer financial products or services that impact credit unions.

“(2) MEMBERSHIP.—The Commission shall appoint no fewer than 15 and no more than 20 members to the Credit Union Advisory Council.

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

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

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

“(c) COMMUNITY BANK ADVISORY COUNCIL.—

“(1) ESTABLISHMENT.—The Commission shall establish a Community Bank Advisory Council to
advise and consult with the Commission on consumer financial products or services that impact community banks.

“(2) MEMBERSHIP.—The Commission shall appoint no fewer than 15 and no more than 20 members to the Community Bank Advisory Council.

“(3) MEETINGS.—The Community Bank Advisory Council—

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

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

“(d) COMPENSATION AND TRAVEL EXPENSES.—Members of the Small Business Advisory Board, the Credit Union Advisory Council, or the Community Bank Advisory Council who are not full-time employees of the United States shall—

“(1) be entitled to receive compensation at a rate fixed by the Commission while attending meetings of the Small Business Advisory Board, the Credit Union Advisory Council, or the Community Bank Advisory Council, including travel time; and

“(2) be allowed travel expenses, including transportation and subsistence, while away from their homes or regular places of business.

“(e) DEFINITIONS.—In this section—
“(1) the term ‘eligible financial product or service’ means a financial product or service that is offered or provided for use by consumers primarily for personal, family, or household purposes as described in clause (i), (iii), (v), (vi), or (ix) of section 1002(15)(A); and

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

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

“Sec. 1014A. Advisory Boards.”.

SEC. 322. ADVISORY OPINIONS.

Section 1022(b) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5512(b)), as amended by section 316, is further amended by adding at the end the following:

“(7) ADVISORY OPINIONS.—

“(A) ESTABLISHING PROCEDURES.—

“(i) IN GENERAL.—The Chair shall establish a procedure and, as necessary, promulgate rules to provide written opinions in response to inquiries concerning the
conformance of specific conduct with Federal consumer financial law. In establishing the procedure the Chair shall consult with the prudential regulators and such other Federal departments and agencies as the Chair determines appropriate, and obtain the views of all interested persons through a public notice and comment period.

“(ii) **Scope of Request.**—A request for an opinion under this paragraph must relate to specific proposed or prospective conduct by a covered person contemplating the proposed or prospective conduct.

“(iii) **Submission.**—A request for an opinion under this paragraph may be submitted to the Chair either by or on behalf of a covered person.

“(iv) **Right to Withdraw Inquiry.**—Any inquiry under this paragraph may be withdrawn at any time prior to the Chair issuing an opinion in response to such inquiry, and any opinion based on an inquiry that has been withdrawn shall have no force or effect.

“(B) **Issuance of Opinions.**—
“(i) IN GENERAL.—The Chair shall, within 90 days of receiving the request for an opinion under this paragraph, either—

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

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

“(III) explain why it is not feasible to issue an opinion.

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

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

“(I) asks a general question of interpretation;

“(II) asks about a hypothetical situation;
“(III) asks about the conduct of someone other than the covered person on whose behalf the request is made;

“(IV) asks about past conduct that the covered person on whose behalf the request is made does not plan to continue in the future; or

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

“(iv) Amendment and Revocation.—An advisory opinion issued under this paragraph may be amended or revoked at any time.

“(v) Public Disclosure.—An opinion rendered pursuant to this paragraph shall be placed in the Commission’s public record 90 days after the requesting party has received the advice, subject to any limitations on public disclosure arising from statutory restrictions, Commission regulations, or the public interest. The Commission shall redact any personal, confidential,
or identifying information about the covered person or any other persons mentioned in the advisory opinion, unless the covered person consents to such disclosure.

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

“(C) **RELIANCE ON OPINION.**—Any person may rely on an opinion issued by the Chair pursuant to this paragraph that has not been amended or withdrawn. No liability under Federal consumer financial law shall attach to conduct consistent with an advisory opinion that had not been amended or withdrawn at the time the conduct was undertaken.

“(D) **CONFIDENTIALITY.**—Any document or other material that is received by the Commission or any other Federal department or agency in connection with an inquiry under this
paragraph shall be exempt from disclosure under section 552 of title 5, United States Code (commonly referred to as the ‘Freedom of Information Act’) and may not, except with the consent of the covered person making such inquiry, be made publicly available, regardless of whether the Chair responds to such inquiry or the covered person withdraws such inquiry before receiving an opinion.

“(E) ASSISTANCE FOR SMALL BUSINESSES.—

“(i) IN GENERAL.—The Commission shall assist, to the maximum extent practicable, small businesses in preparing inquiries under this paragraph.

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

“(F) INQUIRY FEE.—

“(i) IN GENERAL.—The Chair shall develop a system to charge a fee for each inquiry made under this paragraph in an
amount sufficient, in the aggregate, to pay for the cost of carrying out this paragraph.

“(ii) NOTICE AND COMMENT.—Not later than 45 days after the date of the enactment of this paragraph, the Chair shall publish a description of the fee system described in clause (i) in the Federal Register and shall solicit comments from the public for a period of 60 days after publication.

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

SEC. 323. REFORM OF CONSUMER FINANCIAL CIVIL PENALTY FUND.

(a) SEGREGATED ACCOUNTS.—Section 1017(b) of the Consumer Financial Protection Act of 2010, as redesignated by section 312, is amended by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following new paragraph:

“(2) SEGREGATED ACCOUNTS IN CIVIL PENALTY FUND.—
“(A) IN GENERAL.—The Commission shall establish and maintain a segregated account in the Civil Penalty Fund each time the Commission obtains a civil penalty against any person in any judicial or administrative action under Federal consumer financial laws.

“(B) DEPOSITS IN SEGREGATED ACCOUNTS.—The Commission shall deposit each civil penalty collected into the segregated account established for such penalty under subparagraph (A).”.

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

“(3) PAYMENT TO VICTIMS.—

“(A) IN GENERAL.—

“(i) IDENTIFICATION OF CLASS.—Not later than 60 days after the date of deposit of amounts in a segregated account in the Civil Penalty Fund, the Commission shall identify the class of victims of the violation of Federal consumer financial laws for which such amounts were collected and deposited under paragraph (2).
“(ii) PAYMENTS.—The Commission, within 2 years after the date on which such class of victims is identified, shall locate and make payments from such amounts to each victim.

“(B) FUNDS DEPOSITED IN TREASURY.—

“(i) IN GENERAL.—The Commission shall deposit into the general fund of the Treasury any amounts remaining in a segregated account in the Civil Penalty Fund at the end of the 2-year period for payments to victims under subparagraph (A).

“(ii) IMPOSSIBLE OR IMPRACTICAL PAYMENTS.—If the Commission determines before the end of the 2-year period for payments to victims under subparagraph (A) that such victims cannot be located or payments to such victims are otherwise not practicable, the Commission shall deposit into the general fund of the Treasury the amounts in the segregated account in the Civil Penalty Fund.”.

(e) CONFORMING AMENDMENT.—Paragraph (1) of such section 1017(b) of the Consumer Financial Protec-
tion Act of 2010 (12 U.S.C. 5497(d)(1)) is amended by striking the last sentence.

(d) EFFECTIVE DATE.—

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

(2) AMOUNTS IN CONSUMER FINANCIAL CIVIL PENALTY FUND ON DATE OF ENACTMENT.—With respect to amounts in the Consumer Financial Civil Penalty Fund on the date of enactment of this Act that were not allocated for consumer education and financial literacy programs on or before September 30, 2015, the Consumer Financial Opportunity Commission shall separate such amounts into segregated accounts in accordance with, and for purposes of, section 1017(d) of the Consumer Financial Protection Act of 2010, as amended by this section. The date of deposit of such amounts shall be deemed to be the date of enactment of this Act.

SEC. 324. COMMISSION RESEARCH PAPER TRANSPARENCY.

Section 1013 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5493), as amended by section 316, is further amended by adding at the end the following: “(i) RESEARCH PAPER TRANSPARENCY.—Any time the Commission, either through the research unit estab-
lished by the Chair under subsection (b)(1) or otherwise, issues a research paper that is available to the public, the Commission shall accompany such paper with all studies, data, and other analyses on which the paper was based.”.

SEC. 325. COMMISSION PAY FAIRNESS.

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

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

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

SEC. 326. SEPARATION OF MARKET MONITORING FUNCTIONS AND SUPERVISORY FUNCTIONS.

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

(1) in section 1022(e)—
(A) in paragraph (1), by striking “In order to support its rulemaking and other functions, the” and inserting “The”; and

(B) in paragraph (4)—

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

(ii) in subparagraph (B)—

(I) in clause (i), by striking “a variety of sources, including examination reports concerning covered persons or service providers”; and

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

(iii) in subparagraph (C), by inserting before the period the following: “or for purposes of assessing such covered persons’ or service providers’ compliance with the requirements of Federal consumer financial law”;

(2) in section 1024(b)(1)—

(A) in subparagraph (A), by adding “and” at the end;
(B) in subparagraph (B), by striking “;
and” and inserting a period; and
(C) by striking subparagraph (C);
(3) in section 1025(b)(1)—
(A) in subparagraph (A), by adding “and”
at the end;
(B) in subparagraph (B), by striking “;
and” and inserting a period; and
(C) by striking subparagraph (C); and
(4) in section 1026(b), by striking “, and to as-

sess and detect risks to consumers and consumer fi-
nancial markets”.

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

Section 1013(b)(3)(A) of the Consumer Financial
Protection Act of 2010 (12 U.S.C. 5493(b)(3)(A)) is
amended by adding at the end the following: “The Chair
may not make any information about a consumer com-
plaint in such database available to the public without first
verifying the accuracy of all facts alleged in such com-
plaint.”.
SEC. 328. COMMISSION SUPERVISION LIMITED TO BANKS, THRIFTS, AND CREDIT UNIONS WITH GREATER THAN $50 BILLION IN ASSETS.

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

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

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

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

Not later than 180 days after the date of enactment of this Act, the Chair of the Board of Directors of the Office of the Comptroller of the Currency shall transfer administrative jurisdiction over the Federal property located at 1700 G Street, Northwest, in the District of Columbia to the Administrator of General Services.

Subtitle C—Policy Enhancements

SEC. 331. CONSUMER RIGHT TO FINANCIAL PRIVACY.

(a) Requirement of the Commission to Obtain Permission Before Collecting Nonpublic Personal Information.—

(1) Required notification and permission.—Section 1022(c)(9)(A) of the Consumer Fi-
(A) by striking “may not obtain from a covered person or service provider” and inserting “may not request, obtain, access, collect, use, retain, or disclose”;

(B) by striking “personally identifiable financial” and inserting “nonpublic personal”; and

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

“(i) the Commission clearly and conspicuously discloses to the consumer, in writing or in an electronic form, what information will be requested, obtained, accessed, collected, used, retained, or disclosed; and

“(ii) before such information is requested, obtained, accessed, collected, used, retained, or disclosed, the consumer informs the Commission that such information may be requested, obtained, accessed, collected, used, retained, or disclosed.”.
(2) APPLICATION OF REQUIREMENT TO CONTRACTORS OF THE COMMISSION.—Section 1022(c)(9)(B) of such Act (12 U.S.C. 5512(c)(9)(B)) is amended to read as follows:

“(B) APPLICATION OF REQUIREMENT TO CONTRACTORS OF THE COMMISSION.—Subparagraph (A) shall apply to any person directed or engaged by the Commission to collect information to the extent such information is being collected on behalf of the Commission.”.

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

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

(b) REMOVAL OF EXEMPTION FOR THE COMMISSION FROM THE RIGHT TO FINANCIAL PRIVACY ACT.—Section 1113 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3413) is amended by striking subsection (r).
SEC. 332. REPEAL OF COUNCIL AUTHORITY TO SET ASIDE BUREAU RULES AND REQUIREMENT OF SAFETY AND SOUNDNESS CONSIDERATIONS WHEN ISSUING RULES.

(a) REPEAL OF AUTHORITY.—

(1) IN GENERAL.—Section 1023 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5513) is hereby repealed.

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

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

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

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

and

(3) by adding at the end the following:

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

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

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

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

“(1) IN GENERAL.—With respect to a final rule or regulation issued by the Bureau of Consumer Financial Protection to regulate payday loans, vehicle title loans, or other similar loans, if a State or a federally recognized Indian tribe requests, in writing, for the Commission to provide the State or tribe with a waiver from such rule or regulation, the Commission shall grant a 5-year waiver to such State or tribe, during which such rule or regulation shall not apply within such State or land held in trust for the benefit of such federally recognized Indian tribe.
“(2) Extension of waiver.—A State or a federally recognized Indian tribe receiving a waiver under paragraph (1) shall have the right to an unlimited number of 5-year extensions of such waiver, which shall be granted upon the request, in writing, for such waiver by the State or tribe.”.

SEC. 334. REFORMING INDIRECT AUTO FINANCING GUIDANCE.

(a) Nullification of Auto Lending Guidance.—Bulletin 2013–02 of the Bureau of Consumer Financial Protection (published March 21, 2013) shall have no force or effect.

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

“(8) Guidance on indirect auto financing.—In proposing and issuing guidance primarily related to indirect auto financing, the Commission shall—

“(A) provide for a public notice and comment period before issuing the guidance in final form;

“(B) make available to the public, including on the website of the Commission, all stud-
ies, data, methodologies, analyses, and other information relied on by the Commission in preparing such guidance;

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

“(D) consult with the Board of Governors of the Federal Reserve System, the Federal Trade Commission, and the Department of Justice; and

“(E) conduct a study on the costs and impacts of such guidance to consumers and women-owned, minority-owned, veteran-owned, and small businesses, including consumers and small businesses in rural areas.”.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to apply to guidance issued by the Consumer Financial Opportunity Commission that is not primarily related to indirect auto financing.

SEC. 335. PROHIBITION OF GOVERNMENT PRICE CONTROL FOR PAYMENT CARD TRANSACTIONS.

(a) IN GENERAL.—Section 1075 of the Consumer Financial Protection Act of 2010 is hereby repealed and the
provisions of law amended by such section are revived or restored as if such section had not been enacted.

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

SEC. 336. ANNUAL STUDIES ON ENDING THE CONSERVATORSHIP OF FANNIE MAE, FREDDIE MAC, AND REFORMING THE HOUSING FINANCE SYSTEM.

Section 1074 of the Consumer Financial Protection Act of 2010 is amended—

(1) in subsection (a)—

(A) in paragraph (1), by inserting after “Secretary of the Treasury shall” the following: “, on an annual basis,”; and

(B) in paragraph (2), by striking “The study” and inserting “Each study”;  

(2) by amending subsection (b) to read as follows:

“(b) REPORT AND RECOMMENDATIONS.—The Secretary of the Treasury shall submit a report on each study required under subsection (a), along with recommendations developed in such study, to the President, the Committee on Banking, Housing, and Urban Affairs of the
Senate, and the Committee on Financial Services of the House of Representatives.”; and

(3) by adding at the end the following:

“(c) APPEARANCES BEFORE CONGRESS.—The Secretary of the Treasury shall appear before the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives at annual hearings regarding each report required under subsection (b).”.

SEC. 337. REMOVAL OF “ABUSIVE” AUTHORITY.

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

(1) in section 1013(g)—

(A) by striking “, deceptive, and abusive” each place such term appears and inserting “and deceptive”; and

(B) by striking “, deceptive, or abusive” each place such term appears and inserting “or deceptive”;

(2) in section 1021(b)(2), by striking “, deceptive, or abusive” and inserting “or deceptive”;

(3) in section 1031—

(A) in the heading of such section, by striking “, DECEPTIVE, OR ABUSIVE” and inserting “OR DECEPTIVE”;
(B) by striking “, deceptive, or abusive” each place such term appears and inserting “or deceptive”; 
(C) by striking subsection (d); and 
(D) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively; 
(4) in section 1036(a)(1)(B), by striking “, deceptive, or abusive” and inserting “or deceptive”; and 
(5) in section 1076(b)(2)(A), by striking “, deceptive, or abusive” and inserting “or deceptive”.

SEC. 338. REPEAL OF AUTHORITY TO RESTRICT ARBITRATION.

(a) In General.—Section 1028 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5518) is hereby repealed. 
(b) Clerical Amendment.—The table of contents under section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the item relating to section 1028.
TITLE IV—CAPITAL MARKETS
IMPROVEMENTS
Subtitle A—SEC Reform,
Restructuring, and Accountability

SEC. 401. AUTHORIZATION OF APPROPRIATIONS.

Section 35 of the Securities Exchange Act of 1934 (15 U.S.C. 78kk) is amended by striking paragraphs (1) through (5) and inserting the following:

“(1) for fiscal year 2017, $1,555,000,000;
“(2) for fiscal year 2018, $1,605,000,000;
“(3) for fiscal year 2019, $1,655,000,000;
“(4) for fiscal year 2020, $1,705,000,000; and
“(5) for fiscal year 2021, $1,755,000,000.”.

SEC. 402. REPORT ON UNOBLIGATED APPROPRIATIONS.

Section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w) is amended by adding at the end the following:

“(e) REPORT ON UNOBLIGATED APPROPRIATIONS.—

If, at the end of any fiscal year, there remain unobligated any funds that were appropriated to the Commission for such fiscal year, the Commission shall, not later than 30 days after the last day of such fiscal year, submit to the Committee on Financial Services and the Committee on Appropriations of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and
the Committee on Appropriations of the Senate a report stating the amount of such unobligated funds. If there is any material change in the amount stated in the report, the Commission shall, not later than 7 days after determining the amount of the change, submit to such committees a supplementary report stating the amount of and reason for the change.”.

SEC. 403. SEC RESERVE FUND ABOLISHED.

SEC. 404. FEES TO OFFSET APPROPRIATIONS.

(1) by striking subsection (a) and inserting the following:
“(a) COLLECTION.—The Commission shall, in accordance with this section, collect transaction fees and assessments.”;

(2) in subsection (i)—

(A) in paragraph (1)(A), by inserting “except as provided in paragraph (2),” before “shall”; and

(B) by striking paragraph (2) and inserting the following:
“(2) GENERAL REVENUE.—Any fees collected for a fiscal year pursuant to this section, sections 13(e) and 14(g) of this title, and section 6(b) of the Securities Act of 1933 in excess of the amount provided in appropriation Acts for collection for such fiscal year pursuant to such sections shall be deposited and credited as general revenue of the Treasury.”;

(3) in subsection (j)—

(A) by striking “the regular appropriation to the Commission by Congress for such fiscal year” each place it appears and inserting “the target offsetting collection amount for such fiscal year”; and

(B) in paragraph (2), by striking “subsection (l)” and inserting “subsection (l)(2)”;

and

(4) by striking subsection (l) and inserting the following:

“(l) DEFINITIONS.—For purposes of this section:

“(1) TARGET OFFSETTING COLLECTION AMOUNT.—The target offsetting collection amount for a fiscal year is—

“(A) for fiscal year 2017, $1,400,000,000; and
“(B) for each succeeding fiscal year, the
target offsetting collection amount for the prior
fiscal year, adjusted by the rate of inflation.
“(2) BASELINE ESTIMATE OF THE AGGREGATE
DOLLAR AMOUNT OF SALES.—The baseline estimate
of the aggregate dollar amount of sales for any fiscal
year is the baseline estimate of the aggregate dollar
amount of sales of securities (other than bonds, de-
bentures, other evidences of indebtedness, security
futures products, and options on securities indexes
(excluding a narrow-based security index)) to be
transacted on each national securities exchange and
by or through any member of each national securi-
ties association (otherwise than on a national securi-
ties exchange) during such fiscal year as determined
by the Commission, after consultation with the Con-
gressional Budget Office and the Office of Manage-
ment and Budget, using the methodology required
for making projections pursuant to section 257 of
the Balanced Budget and Emergency Deficit Control
Act of 1985.”.

(b) SECTION 6(b) OF THE SECURITIES ACT OF
1933.—Section 6(b) of the Securities Act of 1933 (15
U.S.C. 77f(b)) is amended—
(1) by striking “target fee collection amount” each place it appears and inserting “target offsetting collection amount”;

(2) in paragraph (4), by striking the last sentence and inserting the following: “Subject to paragraphs (6)(B) and (7), an adjusted rate prescribed under paragraph (2) shall take effect on the later of—

“(A) the first day of the fiscal year to which such rate applies; or

“(B) five days after the date on which a regular appropriation to the Commission for such fiscal year is enacted.”;

(3) in paragraph (5), by inserting “of the Securities Exchange Act of 1934” after “sections 13(e) and 14(g)”;

(4) by redesignating paragraph (6) as paragraph (8);

(5) by inserting after paragraph (5) the following:

“(6) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year—

“(A) except as provided in section 31(i)(2) of the Securities Exchange Act of 1934, shall
be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

“(B) except as provided in paragraph (7), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

“(7) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 5 days after the date such a regular appropriation is enacted.”;

and

(6) in paragraph (8) (as so redesignated), by striking the heading of subparagraph (A) and inserting “TARGET OFFSETTING COLLECTION AMOUNT.—”.

(c) SECTION 13(e) OF THE SECURITIES EXCHANGE ACT OF 1934.—Section 13(e) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(e)) is amended—

(1) by striking paragraph (5) and inserting the following:
“(5) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year—

“(A) except as provided in section 31(i)(2), shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

“(B) except as provided in paragraph (8), shall not be collected for any fiscal year except to the extent provided in advance in appropriations Acts.”; and

(2) by adding at the end the following:

“(8) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 5 days after the date such a regular appropriation is enacted.”.

(d) SECTION 14(g) OF THE SECURITIES EXCHANGE ACT OF 1934.—Section 14(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78n(g)) is amended—

(1) by striking paragraph (5) and inserting the following:
“(5) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year—

“(A) except as provided in section 31(i)(2),
shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

“(B) except as provided in paragraph (8),
shall not be collected for any fiscal year except to the extent provided in advance in appropriations Acts.”;

(2) by redesignating paragraph (8) as paragraph (9); and

(3) by inserting after paragraph (7) the following:

“(8) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 5 days after the date such a regular appropriation is enacted.”.

(e) EFFECTIVE DATE.—The amendments made by this section—
(1) shall apply beginning on October 1, 2016, except that for fiscal year 2017, the Securities and Exchange Commission shall publish—

(A) the rates established under section 31 of the Securities Exchange Act of 1934, as amended by this section, not later than 30 days after the date on which an Act making a regular appropriation to the Commission for fiscal year 2017 is enacted; and

(B) the rate established under section 6(b) of the Securities Act of 1933, as amended by this section, not later than August 31, 2016; and

(2) shall not apply with respect to fees for any fiscal year before fiscal year 2017.

SEC. 405. IMPLEMENTATION OF RECOMMENDATIONS.

Section 967 of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by adding at the end the following:

“(d) IMPLEMENTATION OF RECOMMENDATIONS.—

Not later than 6 months after the date of enactment of this subsection, the Securities and Exchange Commission shall complete an implementation of the recommendations contained in the report of the independent consultant issued under subsection (b) on March 10, 2011. To the
extent that implementation of certain recommendations requires legislation, the Commission shall submit a report to Congress containing a request for legislation granting the Commission such authority it needs to fully implement such recommendations.”.

SEC. 406. OFFICE OF CREDIT RATINGS TO REPORT TO THE DIVISION OF TRADING AND MARKETS.


(1) in subparagraph (A), by striking “within the Commission” and inserting “within the Division of Trading and Markets”; and

(2) in subparagraph (B), by striking “report to the Chairman” and inserting “report to the head of the Division of Trading and Markets”.

SEC. 407. OFFICE OF MUNICIPAL SECURITIES TO REPORT TO THE DIVISION OF TRADING AND MARKETS.

Section 979 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 78o–4a) is amended—

(1) in subsection (a), by inserting “, within the Division of Trading and Markets,” after “There shall be in the Commission”; and
(2) in subsection (b), by striking “report to the Chairman” and inserting “report to the head of the Division of Trading and Markets”.

SEC. 408. INDEPENDENCE OF COMMISSION OMBUDSMAN.

Section 4(g)(8) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(g)(8)) is amended—

(1) in subparagraph (A), by striking “the Investor Advocate shall appoint” and all that follows through “Investor Advocate” and inserting “the Chairman shall appoint an Ombudsman, who shall report to the Commission”; and

(2) in subparagraph (D)—

(A) by striking “report to the Investor Advocate” and inserting “report to the Commission”; and

(B) by striking the last sentence.

SEC. 409. COORDINATION WITH THE INVESTOR ADVISORY COMMITTEE.


(1) in subsection (a)(2)(B), by striking “submit” and inserting, “in consultation with the Small Business Capital Formation Advisory Committee established under section 40, submit”; and

(2) in subsection (b)(1)—
(A) in subparagraph (C), by striking “and”;

(B) in subparagraph (D)(iv), by striking the period at the end and inserting “; and”;

and

(C) by adding at the end the following:

“(E) a member of the Small Business Capital Formation Advisory Committee who shall be a nonvoting member.”; and

(3) by striking subsections (i) and (j).

SEC. 410. DUTIES OF INVESTOR ADVOCATE.

Section 4(g)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(g)(4)) is amended—

(1) in subparagraph (D)(ii), by striking “and”;

(2) in subparagraph (E), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

“(F) not take a position on any legislation pending before Congress other than a legislative change proposed by the Investor Advocate pursuant to subparagraph (E);

“(G) consult with the Advocate for Small Business Capital Formation on proposed recommendations made under subparagraph (E); and
“(H) advise the Advocate for Small Business Capital Formation on issues related to small business investors.”

SEC. 411. INTERNAL RISK CONTROLS.


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

“SEC. 4H. INTERNAL RISK CONTROLS.

“The Commission, in consultation with the Chief Economist, shall develop comprehensive internal risk control mechanisms to safeguard and govern the storage of all market data by the Commission, all market data sharing agreements of the Commission, and all academic research performed at the Commission using market data.”;

and

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

“(81) CHIEF ECONOMIST.—The term ‘Chief Economist’ means the Director of the Division of Economic and Risk Analysis, or an employee of the Commission with comparable authority, as determined by the Commission.”.
SEC. 412. APPLICABILITY OF NOTICE AND COMMENT REQUIREMENTS OF THE ADMINISTRATIVE PROCEDURE ACT TO GUIDANCE VOTED ON BY THE COMMISSION.

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

“SEC. 4I. APPLICABILITY OF NOTICE AND COMMENT REQUIREMENTS OF THE ADMINISTRATIVE PROCEDURE ACT TO GUIDANCE VOTED ON BY THE COMMISSION.

“The notice and comment requirements of section 553 of title 5, United States Code, shall also apply with respect to any Commission statement or guidance, including interpretive rules, general statements of policy, or rules of Commission organization, procedure, or practice, that has the effect of implementing, interpreting, or prescribing law or policy and that is voted on by the Commission.”.

SEC. 413. PROCESS FOR CLOSING INVESTIGATIONS.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Securities and Exchange Commission shall establish a process for closing investigations (including preliminary or informal investigations) that is designed to ensure that the Commission, in a timely manner—
(1) makes a determination of whether or not to institute an administrative or judicial action in a matter or refer the matter to the Attorney General for potential criminal prosecution; and

(2) if the Commission determines not to institute such an action or refer the matter to the Attorney General, informs the persons who are the subject of the investigation that the investigation is closed.

(b) Rule of Construction.—Nothing in this section shall be construed to affect the authority of the Commission to re-open an investigation if the Commission obtains new evidence after the investigation is closed, subject to any applicable statute of limitations.

SEC. 414. ENFORCEMENT OMBUDSMAN.

(a) In General.—Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d), as amended by this Act, is further amended by adding at the end the following:

“(i) Enforcement Ombudsman.—

“(1) Establishment.—The Commission shall have an Enforcement Ombudsman, who shall be appointed by and report directly to the Commission.

“(2) Duties.—The Enforcement Ombudsman shall—
“(A) act as a liaison between the Commission and any person who is the subject of an investigation (including a preliminary or informal investigation) by the Commission or an administrative or judicial action brought by the Commission in resolving problems that such persons may have with the Commission or the conduct of Commission staff; and

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

“(3) LIMITATION.—In carrying out the duties of the Enforcement Ombudsman under paragraph (2), the Enforcement Ombudsman shall utilize personnel of the Commission to the extent practicable. Nothing in this subsection shall be construed as replacing, altering, or diminishing the activities of any ombudsman or similar office of any other agency.

“(4) REPORT.—The Enforcement Ombudsman shall submit to the Commission and to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate an annual report that describes the activities and evaluates the
effectiveness of the Enforcement Ombudsman during the preceding year.”

(b) DEADLINE FOR INITIAL APPOINTMENT.—The Securities and Exchange Commission shall appoint the initial Enforcement Ombudsman under subsection (i) of section 4 of the Securities Exchange Act of 1934, as added by subsection (a), not later than 180 days after the date of the enactment of this Act.

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

Not later than 180 days after the date of the enactment of this Act, the Securities and Exchange Commission shall establish a process to ensure that administrative and judicial actions brought by the Commission under the securities laws (as defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))) do not exceed the authority of the Commission under such laws and, in the case of administrative actions, are conducted consistently with subchapter II of chapter 5 of title 5, United States Code (commonly referred to as the “Administrative Procedure Act”).
SEC. 416. PROCESS TO PERMIT RECIPIENT OF WELLS NOTIFICATION TO APPEAR BEFORE COMMISSION STAFF IN-PERSON.

(a) In General.—Not later than 180 days after the date of the enactment of this Act, the Securities and Exchange Commission shall establish a process under which, in any instance in which the Commission staff provides a written Wells notification to an individual informing the individual that the Commission staff has made a preliminary determination to recommend that the Commission bring an administrative or judicial action against the individual, the individual shall have the right to make an in-person presentation before the Commission staff concerning such recommendation and to be represented by counsel at such presentation, at the individual’s own expense.

(b) Attendance by Commissioners.—Such process shall provide that each Commissioner of the Commission, or a designee of the Commissioner, may attend any such presentation.

(c) Report by Commission Staff.—Such process shall provide that, before any Commission vote on whether to bring the administrative or judicial action against the individual, the Commission staff shall provide to each Commissioner a written report on any such presentation, including any factual or legal arguments made by the indi-
individual and any supporting documents provided by the individual.

SEC. 417. PUBLICATION OF ENFORCEMENT MANUAL.

(a) In General.—Not later than 1 year after the date of the enactment of this Act, the Securities and Exchange Commission shall approve, by vote of the Commission, and publish an updated manual that sets forth the policies and practices that the Commission will follow in the enforcement of the securities laws (as defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))). Such manual shall include policies and practices required by this Act, and by the amendments made by this Act, and shall be developed so as to ensure transparency in such enforcement and uniform application of such laws by the Commission.

(b) Enforcement Plan and Report.—Beginning on the date that is one year after the date of enactment of this Act, and each year thereafter, and the Securities and Exchange Commission shall transmit to Congress and publish on its Internet website an annual enforcement plan and report that shall—

(1) detail the priorities of the Commission with regard to enforcement and examination activities for the forthcoming year;
(2) report on the Commission’s enforcement and examination activities for the previous year, including an assessment of how such activities comport with the priorities identified for that year pursuant to paragraph (1); and

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

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

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

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

“(a) Termination of Administrative Proceeding.—In the case of any person who is a party to a proceeding brought by the Commission under a securities law, to which section 554 of title 5, United States Code, applies, and against whom an order imposing a cease and desist order and a penalty may be issued at the conclusion of the proceeding, that person may, not later than 20 days after receiving notice of such pro-
ceeding, and at that person’s discretion, require the Com-
mission to terminate the proceeding.

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

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

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

et seq.) is amended by inserting after section 4E the fol-
lowing:

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

“The Commission may not seek against or impose on
an issuer a civil money penalty for violation of the securi-
ties laws unless the publicly available text of the order ap-
proving the seeking or imposition of such penalty contains
findings, supported by an analysis by the Division of Eco-
nomic and Risk Analysis and certified by the Chief Econo-
mist, of whether—
“(1) the alleged violation resulted in direct eco-
nomic benefit to the issuer; and
“(2) the penalty will harm the shareholders of
the issuer.”.

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

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

(b) UNDER SECURITIES EXCHANGE ACT OF 1934.—
Subsection (f) of section 21C of the Securities Exchange

SEC. 421. SUBPOENA DURATION AND RENEWAL.

Section 21(b) of the Securities Exchange Act of 1934
(15 U.S.C. 78u(b)) is amended—
(1) by inserting “SUBPOENA.—” after the enu-
merator;
(2) by striking “For the purpose of” and insert-
ing the following:
“(1) IN GENERAL.—For the purpose of”; and

(3) by adding at the end the following:

“(2) OMNIBUS ORDERS OF INVESTIGATION.—

“(A) DURATION AND RENEWAL.—An om-

nibus order of investigation shall not be for an

indefinite duration and may be renewed only by

Commission action.

“(B) DEFINITION.—In paragraph (A), the

term ‘omnibus order of investigation’ means an

order of the Commission authorizing 1 of more

members of the Commission or its staff to issue

subpoenas under paragraph (1) to multiple per-

sons in relation to a particular subject matter

area.”.

SEC. 422. ELIMINATION OF AUTOMATIC DISQUALIFICA-

TIONS.


et seq.), as amended by this Act, is further amended by

inserting after section 4F the following:

SEC. 4G. ELIMINATION OF AUTOMATIC DISQUALIFICA-

TIONS.

“(a) IN GENERAL.—Notwithstanding any other pro-

vision of law, a non-natural person may not be disqualified

or otherwise made ineligible to use an exemption or reg-

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

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

“(1) a natural person who is a director, officer,
employee, partner, member, or shareholder of the
non-natural person referred to in subsection (a) or
is otherwise associated or affiliated with such non-
natural person in any way; or

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

“(e) Rule of Construction.—Nothing in this sec-
tion shall be construed to limit any authority of the Com-
mission, by order, on the record after notice and an oppor-
tunity for hearing, to prohibit a person from using an ex-
emption or registration provision, engaging in an activity,
or qualifying for any similar treatment under a provision
of the securities laws, or the rules issued by the Commis-
sion under the securities laws, by reason of a circumstance
referred to in subsection (a) or any similar circumstance.”

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

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

“(d) Records Obtained From Foreign Securi-
ties and Law Enforcement Authorities.—Except as
provided in subsection (g), the Commission shall not be
compelled to disclose records obtained from a foreign secu-
rities authority, or from a foreign law enforcement author-
ity as defined in subsection (f)(4), if—
“(1) the foreign securities authority or foreign law enforcement authority has in good faith determined and represented to the Commission that the records are confidential under the laws of the country of such authority; and

“(2) the Commission obtains such records pursuant to—

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

“(B) a memorandum of understanding.

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

SEC. 424. CLARIFICATION OF AUTHORITY TO IMPOSE SANCTIONS ON PERSONS ASSOCIATED WITH A BROKER OR DEALER.

Section 15(b)(6)(A)(i) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b)(6)(A)(i)) is amended by striking “enumerated” and all that follows and inserting “enumerated in subparagraph (A), (D), (E), (G), or (H) of paragraph (4) of this subsection;”.
Section 105(b)(5) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7215(b)(5)) is amended—

(1) in subparagraph (A), by striking “subparagraphs (B) and (C)” and inserting “subparagraphs (B), (C) and (D)”; and

(2) by adding at the end the following:

“(D) Availability to the Congressional Committees.—The Board shall make available to the Committees specified under section 101(h)—

“(i) such information as the Committees shall request; and

“(ii) with respect to any confidential or privileged information provided in response to a request under clause (i), including any information subject to section 104(g) and subparagraph (A), or any confidential or privileged information provided orally in response to such a request, such information shall maintain the protections provided in subparagraph (A), and shall retain its confidential and privileged status
in the hands of the Board and the Committees.’’.

SEC. 426. REPEAL OF REQUIREMENT FOR PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD TO USE CERTAIN FUNDS FOR MERIT SCHOLARSHIP PROGRAM.

(a) In General.—Section 109(c) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7219(c)) is amended by striking paragraph (2).

(b) Conforming Amendments.—Section 109 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7219) is amended—

(1) in subsection (c), by striking “Uses of Funds” and all that follows through “The budget”; and

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

SEC. 427. REALLOCATION OF FINES FOR VIOLATIONS OF RULES OF MUNICIPAL SECURITIES RULE-MAKING BOARD.

(a) In General.—Section 15B(c)(9) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–4(c)(9)) is amended to read as follows:

“(9) Fines collected for violations of the rules of the Board shall be deposited and credited as general revenue
of the Treasury, except as otherwise provided in section 308 of the Sarbanes-Oxley Act of 2002 or section 21F of this title.”.

(b) Effective Date.—The amendment made by subsection (a) shall apply to fines collected after the date of enactment of this Act.

Subtitle B—Eliminating Excessive Government Intrusion in the Capital Markets

SEC. 441. REPEAL OF DEPARTMENT OF LABOR FIDUCIARY RULE AND REQUIREMENTS PRIOR TO RULE-MAKING RELATING TO STANDARDS OF CONDUCT FOR BROKERS AND DEALERS.

(a) Repeal of Department of Labor Fiduciary Rule.—The final rule of the Department of Labor titled “Definition of the Term ‘Fiduciary’; Conflict of Interest Rule—Retirement Investment Advice” and related prohibited transaction exemptions published April 8, 2016 (81 Fed. Reg. 20946) shall have no force or effect.

(b) Stay on Rules Defining Certain Fiduciaries.—After the date of enactment of this Act, the Secretary of Labor shall not prescribe any regulation under the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.) defining the circumstances under which an individual is considered a fiduciary until
the date that is 60 days after the Securities and Exchange Commission issues a final rule relating to standards of conduct for brokers and dealers pursuant to the second subsection (k) of section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o(k))

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

“(3) REQUIREMENTS PRIOR TO RULEMAKING.—
The Commission shall not promulgate a rule pursuant to paragraph (1) before providing a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate describing whether—

“(A) retail investors (and such other customers as the Commission may provide) are being harmed due to brokers or dealers operating under different standards of conduct than those that apply to investment advisors under
section 211 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–11);

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

“(i) simplifying the titles used by brokers, dealers, and investment advisers; and

“(ii) enhancing disclosure surrounding the different standards of conduct currently applicable to brokers, dealers, and investment advisers;

“(C) the adoption of a uniform fiduciary standard of conduct for brokers, dealers, and investment advisors would adversely impact the commissions of brokers and dealers, the availability of proprietary products offered by brokers and dealers, and the ability of brokers and dealers to engage in principal transactions with customers; and

“(D) the adoption of a uniform fiduciary standard of conduct for brokers or dealers and
investment advisors would adversely impact retail investor access to personalized and cost-effective investment advice, recommendations about securities, or the availability of such advice and recommendations.

“(4) ECONOMIC ANALYSIS.—The Commission’s conclusions contained in the report described in paragraph (3) shall be supported by economic analysis.

“(5) REQUIREMENTS FOR PROMULGATING A RULE.—The Commission shall publish in the Federal Register alongside the rule promulgated pursuant to paragraph (1) formal findings that such rule would reduce confusion or harm to retail customers (and such other customers as the Commission may by rule provide) due to different standards of conduct applicable to brokers, dealers, and investment advisors.

“(6) REQUIREMENTS UNDER INVESTMENT ADVISERS ACT OF 1940.—In proposing rules under paragraph (1) for brokers or dealers, the Commission shall consider the differences in the registration, supervision, and examination requirements applicable to brokers, dealers, and investment advisors.”.
SEC. 442. EXEMPTION FROM RISK RETENTION REQUIREMENTS FOR NONRESIDENTIAL MORTGAGE.


(1) in subsection (a)—

(A) in paragraph (3)(B), by striking “and” at the end;

(B) in paragraph (4)(B), by striking the period and inserting “; and”; and

(C) by adding at the end the following:

“(5) the term ‘asset-backed security’ refers only to an asset-backed security that is comprised wholly of residential mortgages.”;

(2) in subsection (b)—

(A) by striking paragraph (1); and

(B) by striking “(2) RESIDENTIAL MORTGAGES’’;

(3) by striking subsection (h) and redesignating subsection (i) as subsection (h); and

(4) in subsection (h) (as so redesignated)—

(A) by striking “effective—” and all that follows through “(1) with respect to” and inserting “effective with respect to”;

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

(C) by striking paragraph (2).
(b) CONFORMING AMENDMENT.—Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking subsection (c).”.

SEC. 443. FREQUENCY OF SHAREHOLDER APPROVAL OF EXECUTIVE COMPENSATION.

Section 14A(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78n–1(a)) is amended—

(1) in paragraph (1), by striking “Not less frequently than once every 3 years” and inserting “Each year in which there has been a material change to the compensation of executives of an issuer from the previous year”; and

(2) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

SEC. 444. REQUIREMENT FOR MUNICIPAL ADVISOR FOR ISSUERS OF MUNICIPAL SECURITIES.

Section 15B(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–4(d)) is amended by adding at the end the following:

“(3) An issuer of municipal securities shall not be required to retain a municipal advisor prior to issuing any such securities.”.
SEC. 445. SMALL ISSUER EXEMPTION FROM INTERNAL CONTROL EVALUATION.

Section 404(c) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262(c)) is amended to read as follows:

“(c) EXEMPTION FOR SMALLER ISSUERS.—Subsection (b) shall not apply with respect to any audit report prepared for an issuer that has total market capitalization of less than $250,000,000, nor to any issuer that is a depository institution with assets of less than $1,000,000,000.”.

SEC. 446. EXEMPTIVE AUTHORITY FOR CERTAIN PROVISIONS RELATING TO REGISTRATION OF NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS.

Section 15E of the Securities Exchange Act of 1934 (15 U.S.C. 78o–7) is amended by adding at the end the following:

“(w) COMMISSION EXEMPTIVE AUTHORITY.—The Commission, by rules and regulations upon its own motion, or by order upon application, may conditionally or unconditionally exempt any person from any provision or provisions of this title or of any rule or regulation thereunder, if and to the extent it determines that such rule, regulation, or requirement is creating a barrier to entry into the market for nationally recognized statistical rating organizations or impeding competition among such organi-
zations, or that such an exemption is necessary or appro-
priate in the public interest and is consistent with the pro-
tection of investors.”.

SEC. 447. RESTRICTION ON RECOVERY OF ERRONEOUSLY
AWARDED COMPENSATION.

Section 10D(b)(2) of the Securities Exchange Act of
1934 (15 U.S.C. 78j–4(b)(2)) is amended by inserting be-
fore the period the following: “, where such executive offi-
cer had control or authority over the financial reporting
that resulted in the accounting restatement”.

SEC. 448. RISK-BASED EXAMINATIONS OF NATIONALLY
RECOGNIZED STATISTICAL RATING ORGANI-
ZATIONS.

Section 15E(p)(3)(B) of the Securities Exchange Act
of 1934 (15 U.S.C. 78o–7(p)(3)(B)) is amended in the
matter preceding clause (i), by inserting “, as appro-
priate,” after “Each examination under subparagraph (A)
shall include”.

SEC. 449. REPEALS.

(a) REPEALS.—The following provisions of title IX
of the Dodd-Frank Wall Street Reform and Consumer
Protection Act are repealed, and the provisions of law
amended or repealed by such sections are restored or re-
vived as if such sections had not been enacted:

(1) Section 912.
(2) Section 914.
(3) Section 917.
(4) Section 918.
(5) Section 919A.
(6) Section 919B.
(7) Section 919C.
(8) Section 921.
(9) Section 929T.
(10) Section 929X.
(11) Section 929Y.
(12) Section 929Z.
(13) Section 931.
(14) Section 933.
(15) Section 937.
(16) Section 939B.
(17) Section 939C.
(18) Section 939D.
(19) Section 939E.
(20) Section 939F.
(21) Section 939G.
(22) Section 939H.
(23) Section 946.
(24) Subsection (b) of section 953.
(25) Section 955.
(26) Section 956.
(b) CONFORMING AMENDMENTS.—The Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301) is amended—

(1) in the table of contents in section 1(b), by striking the items relating to the sections described under paragraphs (1) through (23), (25) through (38), and (40) of subsection (a);

(2) in section 953, by striking ``(a) DISCLOSURE OF PAY VERSUS PERFORMANCE.—''; and

(3) in section 989G, by striking ``(a) EXEMPTION.—''.
SEC. 450. EXEMPTION OF AND REPORTING BY PRIVATE EQUITY FUND ADVISERS.

Section 203 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3) is amended by adding at the end the following:

“(o) EXEMPTION OF AND REPORTING BY PRIVATE EQUITY FUND ADVISERS.—

“(1) IN GENERAL.—Except as provided in this subsection, no investment adviser shall be subject to the registration or reporting requirements of this title with respect to the provision of investment advice relating to a private equity fund.

“(2) MAINTENANCE OF RECORDS AND ACCESS BY COMMISSION.—Not later than 6 months after the date of enactment of this subsection, the Commission shall issue final rules—

“(A) to require investment advisers described in paragraph (1) to maintain such records and provide to the Commission such annual or other reports as the Commission, taking into account fund size, governance, investment strategy, risk, and other factors, determines necessary and appropriate in the public interest and for the protection of investors; and

“(B) to define the term ‘private equity fund’ for purposes of this subsection.”.
SEC. 451. RECORDS AND REPORTS OF PRIVATE FUNDS.

The Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) is amended—

(1) in section 204(b)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking “investors,” and all that follows and inserting “investors.”;

(ii) by striking subparagraph (B); and

(iii) by striking “this title—” and all that follows through “to maintain” and inserting “this title to maintain”;

(B) in paragraph (3)(H)—

(i) by striking “, in consultation with the Council,”; and

(ii) by striking “or for the assessment of systemic risk”;

(C) in paragraph (4), by striking “, or for the assessment of systemic risk”;

(D) in paragraph (5), by striking “or for the assessment of systemic risk”;

(E) in paragraph (6)(A)(ii), by striking “, or for the assessment of systemic risk”;

(F) by striking paragraph (7) and redesignating paragraphs (8) through (11) as paragraphs (7) through (10), respectively; and
(G) in paragraph (8) (as so redesignated),
by striking “paragraph (8)” and inserting
“paragraph (7)”; and
(2) in section 211(e)—
(A) by striking “after consultation with the
Council but”; and
(B) by striking “subsection 204(b)” and
inserting “section 204(b)”.

SEC. 452. DEFINITION OF ACCREDITED INVESTOR.
(a) IN GENERAL.—Section 2(a)(15) of the Securities
Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—
(1) by redesignating clauses (i) and (ii) as sub-
paragraphs (A) and (F), respectively; and
(2) in subparagraph (A) (as so redesignated),
by striking “; or” and inserting a semicolon, and in-
serting after such subparagraph the following:
“(B) any natural person whose individual
net worth, or joint net worth with that person’s
spouse, exceeds $1,000,000 (which amount,
along with the amounts set forth in subpara-
graph (C), shall be adjusted for inflation by the
Commission every 5 years to the nearest
$10,000 to reflect the change in the Consumer
Price Index for All Urban Consumers published
by the Bureau of Labor Statistics) where, for
purposes of calculating net worth under this
paragraph—

“(i) the person’s primary residence
shall not be included as an asset;

“(ii) indebtedness that is secured by
the person’s primary residence, up to the
estimated fair market value of the primary
residence at the time of the sale of securi-
ties, shall not be included as a liability (ex-
cept that if the amount of such indebted-
ness outstanding at the time of sale of se-
curities exceeds the amount outstanding 60
days before such time, other than as a re-
sult of the acquisition of the primary resi-
dence, the amount of such excess shall be
included as a liability); and

“(iii) indebtedness that is secured by
the person’s primary residence in excess of
the estimated fair market value of the pri-
mary residence at the time of the sale of
securities shall be included as a liability;

“(C) any natural person who had an indi-
vidual income in excess of $200,000 in each of
the 2 most recent years or joint income with
that person’s spouse in excess of $300,000 in
each of those years and has a reasonable expectation of reaching the same income level in the current year;

“(D) any natural person who is currently licensed or registered as a broker or investment adviser by the Commission, the Financial Industry Regulatory Authority, or an equivalent self-regulatory organization (as defined in section 3(a)(26) of the Securities Exchange Act of 1934), or the securities division of a State or the equivalent State division responsible for licensing or registration of individuals in connection with securities activities;

“(E) any natural person the Commission determines, by regulation, to have demonstrable education or job experience to qualify such person as having professional knowledge of a subject related to a particular investment, and whose education or job experience is verified by the Financial Industry Regulatory Authority or an equivalent self-regulatory organization (as defined in section 3(a)(26) of the Securities Exchange Act of 1934); or”.

(b) **REPEAL.**—
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(1) IN GENERAL.—Section 413 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203) is hereby repealed.

(2) CLERICAL AMENDMENT.—The table of contents in section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the items relating to section 413.

SEC. 453. REPEAL OF CERTAIN PROVISIONS REQUIRING A STUDY AND REPORT TO CONGRESS.

(a) REPEAL.—The following provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act are repealed:

(1) Section 412.

(2) Section 415.

(3) Section 416.

(4) Section 417.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the items relating to sections 412, 415, 416, and 417.

SEC. 454. TECHNICAL CORRECTION.

Section 224 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–18c) is amended by striking “COMMODITIES” and inserting “COMMODITY”.

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September 12, 2016 (12:44 p.m.)
SEC. 455. REPEAL.

(a) REPEAL.—The following sections of title XV of the Dodd-Frank Wall Street Reform and Consumer Protection Act are repealed, and the provisions of law amended or repealed by such sections are restored or revived as if such sections had not been enacted:

(1) Section 1502.

(2) Section 1503.

(3) Section 1504.

(4) Section 1505.

(5) Section 1506.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the items relating to sections 1502, 1503, 1504, 1505, and 1506.

Subtitle C—Commodity Futures

Trading Commission Reforms

SEC. 461. DIVISION DIRECTORS.

Section 2(a)(6)(C) of the Commodity Exchange Act (7 U.S.C. 2(a)(6)(C)) is amended by inserting “, and the heads of the units shall serve at the pleasure of the Commission” before the period.

SEC. 462. PROCEDURES GOVERNING ACTIONS TAKEN BY COMMISSION STAFF.

Section 2(a)(12) of the Commodity Exchange Act (7 U.S.C. 2(a)(12)) is amended—
(1) by striking ‘‘(12) The’’ and inserting the following:

‘‘(12) RULES AND REGULATIONS.—

‘‘(A) IN GENERAL.—Subject to the other provisions of this paragraph, the’’; and

(2) by adding after and below the end the following new subparagraph:

‘‘(B) NOTICE TO COMMISSIONERS.—The Commission shall develop and publish internal procedures governing the issuance by any division or office of the Commission of any response to a formal, written request or petition from any member of the public for an exemptive, a no-action, or an interpretive letter and such procedures shall provide that the commissioners be provided with the final version of the matter to be issued with sufficient notice to review the matter prior to its issuance.”.

SEC. 463. STRATEGIC TECHNOLOGY PLAN.

Section 2(a) of the Commodity Exchange Act (7 U.S.C. 2(a)), is amended by adding at the end the following:

‘‘(16) STRATEGIC TECHNOLOGY PLAN.—

‘‘(A) IN GENERAL.—Every 5 years, the Commission shall develop and submit to the
Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a detailed plan focused on the acquisition and use of technology by the Commission.

“(B) CONTENTS.—The plan shall—

“(i) include for each related division or office a detailed technology strategy focused on market surveillance and risk detection, market data collection, aggregation, interpretation, standardization, harmonization, normalization, validation, streamlining or other data analytic processes, and internal management and protection of data collected by the Commission, including a detailed accounting of how the funds provided for technology will be used and the priorities that will apply in the use of the funds;

“(ii) set forth annual goals to be accomplished and annual budgets needed to accomplish the goals; and

“(iii) include a summary of any plan of action and milestones to address any known information security vulnerability,
as identified pursuant to a widely accepted industry or Government standard, includ-
ing—

“(I) specific information about the industry or Government standard used to identify the known information security vulnerability;

“(II) a detailed time line with specific deadlines for addressing the known information security vulnerability; and

“(III) an update of any such time line and the rationale for any devi-

SEC. 464. INTERNAL RISK CONTROLS.

(a) IN GENERAL.—Section 2(a)(12) of the Com-
modity Exchange Act (7 U.S.C. 2(a)(12)), as amended by section 462, is further amended by adding at the end the following:

“(C) INTERNAL RISK CONTROLS.—The Commission, in consultation with the Chief Economist, shall develop comprehensive internal risk control mechanisms to safeguard and gov-
ern the storage of all market data by the Com-
mission, all market data sharing agreements of
the Commission, and all academic research performed at the Commission using market data.”.

(b) Definition of Chief Economist.—Section 1a of the Commodity Exchange Act (7 U.S.C. 1a) is amended—

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

(2) by inserting after paragraph (7) the following:

“(8) Chief Economist.—The term ‘Chief Economist’ means the Chief Economist of the Commission, or an employee of the Commission with comparable authority, as determined by the Commission.”.

SEC. 465. SUBPOENA DURATION AND RENEWAL.

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

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

“(A) In general.—For the purpose of securing”; and

(2) by adding after and below the end the following:

“(B) Omnibus orders of investigation.—
“(i) DURATION AND RENEWAL.—An omnibus order of investigation shall not be for an indefinite duration and may be renewed only by Commission action.

“(ii) DEFINITION.—In clause (i), the term ‘omnibus order of investigation’ means an order of the Commission authorizing 1 of more members of the Commission or its staff to issue subpoenas under subparagraph (A) to multiple persons in relation to a particular subject matter area.”.

SEC. 466. APPLICABILITY OF NOTICE AND COMMENT REQUIREMENTS OF THE ADMINISTRATIVE PROCEDURE ACT TO GUIDANCE VOTED ON BY THE COMMISSION.

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

“(D) APPLICABILITY OF NOTICE AND COMMENT RULES TO GUIDANCE VOTED ON BY THE COMMISSION.—The notice and comment requirements of section 553 of title 5, United States Code, shall also apply with respect to any Commission statement or guidance, includ-
ing interpretive rules, general statements of policy, or rules of Commission organization, procedure, or practice, that has the effect of implementing, interpreting or prescribing law or policy and that is voted on by the Commission.”

SEC. 467. JUDICIAL REVIEW OF COMMISSION RULES.

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

“SEC. 24. JUDICIAL REVIEW OF COMMISSION RULES.

“(a) A person adversely affected by a rule of the Commission promulgated under this Act may obtain review of the rule in the United States Court of Appeals for the District of Columbia Circuit or the United States Court of Appeals for the circuit where the party resides or has the principal place of business, by filing in the court, within 60 days after publication in the Federal Register of the entry of the rule, a written petition requesting that the rule be set aside.

“(b) A copy of the petition shall be transmitted forthwith by the clerk of the court to an officer designated by the Commission for that purpose. Thereupon the Commission shall file in the court the record on which the rule complained of is entered, as provided in section 2112 of title 28, United States Code, and the Federal Rules of Appellate Procedure.
“(c) On the filing of the petition, the court has jurisdiction, which becomes exclusive on the filing of the record, to affirm and enforce or to set aside the rule in whole or in part.

“(d) The court shall affirm and enforce the rule unless the Commission’s action in promulgating the rule is found to be arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law; contrary to constitutional right, power, privilege, or immunity; in excess of statutory jurisdiction, authority, or limitations, or short of statutory right; or without observance of procedure required by law.”.

SEC. 468. CROSS-BORDER REGULATION OF DERIVATIVES TRANSACTIONS.

(a) RULEMAKING REQUIRED.—Within 1 year after the date of the enactment of this subtitle, the Commodity Futures Trading Commission shall issue a rule that addresses—

(1) the nature of the connections to the United States that require a non-United States person to register as a swap dealer or a major swap participant under the Commodity Exchange Act and the regulations issued under such Act;

(2) which of the United States swaps requirements apply to the swap activities of non-United
States persons and United States persons and their branches, agencies, subsidiaries, and affiliates outside of the United States, and the extent to which the requirements apply; and

(3) the circumstances under which a United States person or non-United States person in compliance with the swaps regulatory requirements of a foreign jurisdiction shall be exempt from United States swaps requirements.

(b) CONTENT OF THE RULE.—

(1) CRITERIA.—In the rule, the Commission shall establish criteria for determining that 1 or more categories of the swaps regulatory requirements of a foreign jurisdiction are comparable to and as comprehensive as United States swaps requirements. The criteria shall include—

(A) the scope and objectives of the swaps regulatory requirements of the foreign jurisdiction;

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

(C) the enforcement authority exercised by the foreign jurisdiction; and
(D) such other factors as the Commission, by rule, determines to be necessary or appropriate in the public interest.

(2) COMPARABILITY.—In the rule, the Commission shall—

(A) provide that any non-United States person or any transaction between 2 non-United States persons shall be exempt from United States swaps requirements if the person or transaction is in compliance with the swaps regulatory requirements of a foreign jurisdiction which the Commission has determined to be comparable to and as comprehensive as United States swaps requirements; and

(B) set forth the circumstances in which a United States person or a transaction between a United States person and a non-United States person shall be exempt from United States swaps requirements if the person or transaction is in compliance with the swaps regulatory requirements of a foreign jurisdiction which the Commission has determined to be comparable to and as comprehensive as United States swaps requirements.
(3) **Outcomes-based comparison.**—In developing and applying the criteria, the Commission shall emphasize the results and outcomes of, rather than the design and construction of, foreign swaps regulatory requirements.

(4) **Risk-based rulemaking.**—In the rule, the Commission shall not take into account, for the purposes of determining the applicability of United States swaps requirements, the location of personnel that arrange, negotiate, or execute swaps.

(5) **Preservation of antifraud and antimanipulation authority.**—No part of any rulemaking under this section shall limit the Commission’s antifraud or antimanipulation authority.

(c) **Application of the Rule.**—

(1) **Assessments of foreign jurisdictions.**—Beginning on the date on which a final rule is issued under this section, the Commission shall begin to assess the swaps regulatory requirements of foreign jurisdictions, in the order the Commission determines appropriate, in accordance with the criteria established pursuant to subsection (b)(1). Following each assessment, the Commission shall determine, by rule or by order, whether the swaps regulatory requirements of the foreign jurisdiction are...
comparable to and as comprehensive as United States swaps requirements.

(2) Substituted Compliance for Unassessed Major Markets.—Beginning 18 months after the date of enactment of this Act—

(A) the swaps regulatory requirements of each of the 8 foreign jurisdictions with the largest swaps markets, as calculated by notional value during the 12-month period ending with such date of enactment, except those with respect to which a determination has been made under paragraph (1), shall be considered to be comparable to and as comprehensive as United States swaps requirements; and

(B) a non-United States person or a transaction between 2 non-United States persons shall be exempt from United States swaps requirements if the person or transaction is in compliance with the swaps regulatory requirements of any of such unexcepted foreign jurisdictions.

(3) Suspension of Substituted Compliance.—If the Commission determines, by rule or by order, that—
(A) the swaps regulatory requirements of a foreign jurisdiction are not comparable to and as comprehensive as United States swaps requirements, using the categories and criteria established under subsection (b)(1);

(B) the foreign jurisdiction does not exempt from its swaps regulatory requirements United States persons who are in compliance with United States swaps requirements; or

(C) the foreign jurisdiction is not providing equivalent recognition of, or substituted compliance for, registered entities (as defined in section 1a(41) of the Commodity Exchange Act) domiciled in the United States, the Commission may suspend, in whole or in part, a determination made under paragraph (1) or a consideration granted under paragraph (2).

(d) Petition for Review of Foreign Jurisdiction Practices.—A registered entity, commercial market participant (as defined in section 1a(7) of the Commodity Exchange Act), or Commission registrant (within the meaning of such Act) who petitions the Commission to make or change a determination under subsection (c)(1) or (c)(3) of this section shall be entitled to expedited consideration of the petition. A petition shall include any
evidence or other supporting materials to justify why the
petitioner believes the Commission should make or change
the determination. Petitions under this section shall be
considered by the Commission any time following the en-
actment of this Act. Within 180 days after receipt of a
petition for a rulemaking under this section, the Commis-
sion shall take final action on the petition. Within 90 days
after receipt of a petition to issue an order or change an
order issued under this section, the Commission shall take
final action on the petition.

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

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

(1) UNITED STATES PERSON.—The term
“United States person”—
(A) means—

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

(ii) any partnership, corporation, trust, or other legal person organized or incorporated under the laws of the United States or having its principal place of business in the United States;

(iii) any account (whether discretionary or non-discretionary) of a United States person; and

(iv) any other person as the Commission may further define to more effectively carry out the purposes of this section; and

(B) does not include the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, their agencies or pension plans, or any other similar international organizations or their agencies or pension plans.

(2) UNITED STATES SWAPS REQUIREMENTS.—

The term “United States swaps requirements” means the provisions relating to swaps contained in
the Commodity Exchange Act (7 U.S.C. 1a et seq.) that were added by title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 8301 et seq.) and any rules or regulations prescribed by the Commodity Futures Trading Commission pursuant to such provisions.

(3) FOREIGN JURISDICTION.—The term “foreign jurisdiction” means any national or supranational political entity with common rules governing swaps transactions.

(4) SWAPS REGULATORY REQUIREMENTS.—The term “swaps regulatory requirements” means any provisions of law, and any rules or regulations pursuant to the provisions, governing swaps transactions or the counterparties to swaps transactions.

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

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

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

TITLE V—IMPROVING INSURANCE COORDINATION THROUGH AN INDEPENDENT ADVOCATE

SEC. 501. REPEAL OF THE FEDERAL INSURANCE OFFICE; CREATION OF THE OFFICE OF THE INDEPENDENT INSURANCE ADVOCATE.

(a) Establishment.—Section 313 of title 31, United States Code, is amended to read as follows:
§ 313. Office of the Independent Insurance Advocate

“(a) Establishment.—There is established in the Department of the Treasury a bureau to be known as the Office of the Independent Insurance Advocate (in this section referred to as the ‘Office’).

“(b) Independent Insurance Advocate.—

“(1) Establishment of position.—The chief officer of the Office of the Independent Insurance Advocate shall be known as the Independent Insurance Advocate. The Independent Insurance Advocate shall perform the duties of such office under the general direction of the Secretary of the Treasury.

“(2) Appointment.—The Independent Insurance Advocate shall be appointed by the President, by and with the advice and consent of the Senate, from among persons having insurance expertise.

“(3) Term.—

“(A) In general.—The Independent Insurance Advocate shall serve a term of 6 years, unless sooner removed by the President upon reasons which shall be communicated to the Senate.

“(B) Service after expiration.—If a successor is not nominated and confirmed by the end of the term of service of the Independent Insurance Advocate, the person serving
as Independent Insurance Advocate shall con-
tinue to serve until such time a successor is ap-
pointed and confirmed.

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

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

“(4) EMPLOYMENT.—The Independent Insur-
ance Advocate shall be an employee of the Federal
Government within the definition of employee under section 2105 of title 5, United States Code.

“(c) INDEPENDENCE; OVERSIGHT.—

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

“(2) OVERSIGHT BY INSPECTOR GENERAL.—

“(d) RETENTION OF EXISTING STATE REGULATORY AUTHORITY.—Nothing in this section or section 314 shall be construed to establish or provide the Office or the Department of the Treasury with general supervisory or regulatory authority over the business of insurance.

“(e) BUDGET.—

“(1) ANNUAL TRANSMITTAL.—For each fiscal year, the Independent Insurance Advocate shall transmit a budget estimate and request to the Secretary of the Treasury, which shall specify the ag-
aggregate amount of funds requested for such fiscal
year for the operations of the Office of the Inde-
pendent Insurance Advocate.

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

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

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

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

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

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

“(C) any comments of the Independent In-
surance Advocate with respect to the proposal if
the Independent Insurance Advocate concludes
that the budget submitted by the President
would substantially inhibit the Independent In-
surance Advocate from performing the duties of
the office.

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

“(g) PERSONNEL.—

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

“(2) COMPENSATION.—Employees of the Office
shall be paid in accordance with the provisions of
chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates.

“(3) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Independent Insurance Advocate may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for Level V of the Executive Schedule under section 5316 of such title.

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

“(5) INTERGOVERNMENTAL PERSONNEL.—The Independent Insurance Advocate may enter into agreements under subchapter VI of chapter 33 of title 5, United States Code, with State and local
governments, institutions of higher education, Indian tribal governments, and other eligible organizations for the assignment of intermittent, part-time, and full-time personnel, on a reimbursable or non-reimbursable basis.

“(h) ETHICS.—

“(1) Designated Ethics Official.—The Legal Counsel of the Financial Stability Oversight Council, or in the absence of a Legal Counsel of the Council, the designated ethics official of any Council member agency, as chosen by the Independent Insurance Advocate, shall be the ethics official for the Independent Insurance Advocate.

“(2) Restriction on Representation.—In addition to any restriction under section 205(c) of title 18, United States Code, except as provided in subsections (d) through (i) of section 205 of such title, the Independent Insurance Advocate (except in the proper discharge of official duties) shall not, with or without compensation, represent anyone to or before any officer or employee of—

“(A) the Financial Stability Oversight Council on any matter; or
“(B) the Department of Justice with respect to litigation involving a matter described in subparagraph (A).

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

“(A) the Independent Insurance Advocate shall not be subject to the restrictions of subsection (a)(1) of section 203, of title 18, United States Code, for sharing in compensation earned by another for representations on matters covered by such section; and

“(B) a person shall not be subject to the restrictions of subsection (a)(2) of such section for sharing such compensation with the Independent Insurance Advocate.

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

“(j) MISSION AND FUNCTIONS.—
“(1) MISSION.—In carrying out the functions under this subsection, the mission of the Office shall be to act as an independent advocate on behalf of the interests of United States policyholders on prudential aspects of insurance matters of importance, and to provide perspective on protecting their interests, separate and apart from any other Federal agency or State insurance regulator.

“(2) OFFICE.—The Office shall have the authority—

“(A) to coordinate Federal efforts on prudential aspects of international insurance matters, including representing the United States, as appropriate, in the International Association of Insurance Supervisors (or a successor entity) and assisting the Secretary in negotiating covered agreements (as such term is defined in subsection (q)) in coordination with States (including State insurance commissioners) and the United States Trade Representative;

“(B) to consult with the States (including State insurance regulators) regarding insurance matters of national importance and prudential insurance matters of international importance;
“(C) to assist the Secretary in administering the Terrorism Insurance Program established in the Department of the Treasury under the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note);

“(D) to observe all aspects of the insurance industry, including identifying issues or gaps in the regulation of insurers that could contribute to a systemic crisis in the insurance industry or the United States financial system; and

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

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


“(B) AUTHORITY.—To assist the Financial Stability Oversight Council with its responsibil-
ities to monitor international insurance developments, advise the Congress, and make recommendations, the Independent Insurance Advocate shall have the authority—

“(i) to regularly consult with international insurance supervisors and international financial stability counterparts;

“(ii) to consult with the Board of Governors of the Federal Reserve System and the States with respect to representing the United States, as appropriate, in the International Association of Insurance Supervisors (including to become a non-voting member thereof), particularly on matters of systemic risk;

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

“(iv) to participate with the United States delegation to the Organization for Economic Cooperation and Development and observe and participate at the Insurance and Private Pensions Committee.
“(4) LIMITATIONS ON PARTICIPATION IN SUPERVISORY COLLEGES.—The Office may not engage in any activities that it is not specifically authorized to engage in under this section or any other provision of law, including participation in any supervisory college or other meetings or fora for cooperation and communication between the involved insurance supervisors established for the fundamental purpose of facilitating the effectiveness of supervision of entities which belong to an insurance group.

“(k) SCOPE.—The authority of the Office as specified and limited in this section shall extend to all lines of insurance except—

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

“(2) long-term care insurance, except long-term care insurance that is included with life or annuity insurance components, as determined by the Secretary in coordination with the Secretary of Health and Human Services, and in the case of long-term care insurance that is included with such compo-
nents, the Secretary shall coordinate with the Secretary of Health and Human Services in performing the functions of the Office; and

“(3) crop insurance, as established by the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

“(l) ACCESS TO INFORMATION.—In carrying out the functions required under subsection (j), the Office may coordinate with any relevant Federal agency and any State insurance regulator (or other relevant Federal or State regulatory agency, if any, in the case of an affiliate of an insurer) and any publicly available sources for the provision to the Office of publicly available information. Notwithstanding any other provision of law, each such relevant Federal agency and State insurance regulator or other Federal or State regulatory agency is authorized to provide to the Office such data or information.

“(m) PREEMPTION PURSUANT TO COVERED AGREEMENTS.—

“(1) STANDARDS.—A State insurance measure shall be preempted pursuant to this section or section 314 if, and only to the extent that the Independent Insurance Advocate determines, in accordance with this subsection, that the measure—

“(A) results in less favorable treatment of a non-United States insurer domiciled in a for-
eign jurisdiction that is subject to a covered agreement than a United States insurer domiciled, licensed, or otherwise admitted in that State; and

“(B) is inconsistent with a covered agreement.

“(2) DETERMINATION.—

“(A) NOTICE OF POTENTIAL INCONSISTENCY.—Before making any determination under paragraph (1), the Independent Insurance Advocate shall—

“(i) notify and consult with the appropriate State regarding any potential inconsistency or preemption;

“(ii) notify and consult with the United States Trade Representative regarding any potential inconsistency or preemption;

“(iii) cause to be published in the Federal Register notice of the issue regarding the potential inconsistency or preemption, including a description of each State insurance measure at issue and any applicable covered agreement;
“(iv) provide interested parties a reasonable opportunity to submit written comments to the Office; and

“(v) consider any comments received.

“(B) Scope of Review.—For purposes of this subsection, any determination of the Independent Insurance Advocate regarding State insurance measures, and any preemption under paragraph (1) as a result of such determination, shall be limited to the subject matter contained within the covered agreement involved and shall achieve a level of protection for insurance or reinsurance consumers that is substantially equivalent to the level of protection achieved under State insurance or reinsurance regulation.

“(C) Notice of Determination of Inconsistency.—Upon making any determination under paragraph (1), the Director shall—

“(i) notify the appropriate State of the determination and the extent of the inconsistency;

“(ii) establish a reasonable period of time, which shall not be less than 30 days,
before the determination shall become effective; and

“(iii) notify the Committees on Financial Services and Ways and Means of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Finance of the Senate.

“(3) NOTICE OF EFFECTIVENESS.—Upon the conclusion of the period referred to in paragraph (2)(C)(ii), if the basis for such determination still exists, the determination shall become effective and the Independent Insurance Advocate shall—

“(A) cause to be published a notice in the Federal Register that the preemption has become effective, as well as the effective date; and

“(B) notify the appropriate State.

“(4) LIMITATION.—No State may enforce a State insurance measure to the extent that such measure has been preempted under this subsection.

“(5) APPLICABILITY OF ADMINISTRATIVE PROCEDURES ACT.—Determinations of inconsistency made pursuant to paragraph (2) shall be subject to the applicable provisions of subchapter II of chapter 5 of title 5, United States Code (relating to administrative procedure), and chapter 7 of such title (relat-
ing to judicial review), except that in any action for judicial review of a determination of inconsistency, the court shall determine the matter de novo.

“(n) CONSULTATION.—The Independent Insurance
Advocate shall consult with State insurance regulators, individu-ally or collectively, to the extent the Independent In-
surance Advocate determines appropriate, in carrying out the functions of the Office.

“(o) NOTICES AND REQUESTS FOR COMMENT.—In addition to the other functions and duties specified in this section, the Independent Insurance Advocate may pre-
scribe such notices and requests for comment in the Fed-
eral Register as are deemed necessary related to and gov-
erning the manner in which the duties and authorities of the Independent Insurance Advocate are carried out;

“(p) SAVINGS PROVISIONS.—Nothing in this section shall—

“(1) preempt—

“(A) any State insurance measure that governs any insurer’s rates, premiums, under-
writing, or sales practices;

“(B) any State coverage requirements for insurance;

“(C) the application of the antitrust laws of any State to the business of insurance; or
“(D) any State insurance measure governing the capital or solvency of an insurer, except to the extent that such State insurance measure results in less favorable treatment of a non-United State insurer than a United States insurer; or

“(2) affect the preemption of any State insurance measure otherwise inconsistent with and preempted by Federal law.

“(q) RETENTION OF AUTHORITY OF FEDERAL FINANCIAL REGULATORY AGENCIES.—Nothing in this section or section 314 shall be construed to limit the authority of any Federal financial regulatory agency, including the authority to develop and coordinate policy, negotiate, and enter into agreements with foreign governments, authorities, regulators, and multinational regulatory committees and to preempt State measures to affect uniformity with international regulatory agreements.

“(r) RETENTION OF AUTHORITY OF UNITED STATES TRADE REPRESENTATIVE.—Nothing in this section or section 314 shall be construed to affect the authority of the Office of the United States Trade Representative pursuant to section 141 of the Trade Act of 1974 (19 U.S.C. 2171) or any other provision of law, including authority over the development and coordination of United States
international trade policy and the administration of the
United States trade agreements program.

“(s) CONGRESSIONAL TESTIMONY.—The Independent Insurance Advocate shall appear before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs at semi-annual hearings and shall provide testimony, which shall include submitting written testimony in advance of such appearances to such committees and to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, on the following matters:

“(1) OFFICE ACTIVITIES.—The efforts, activities, objectives, and plans of the Office.

“(2) SECTION 313(L) ACTIONS.—Any actions taken by the Office pursuant to subsection (l) (regarding preemption pursuant to covered agreements).

“(3) INSURANCE INDUSTRY.—The state of, and developments in, the insurance industry.

“(4) U.S. AND GLOBAL INSURANCE AND REINSURANCE MARKETS.—The breadth and scope of the global insurance and reinsurance markets and the critical role such markets plays in supporting insurance in the United States and the ongoing impacts
of part II of the Nonadmitted and Reinsurance Reform Act of 2010 on the ability of State regulators to access reinsurance information for regulated companies in their jurisdictions.

“(5) OTHER.—Any other matters as deemed relevant by the Independent Insurance Advocate or requested by such Committees.

“(t) REPORT UPON END OF TERM OF OFFICE.—Not later than two months prior to the expiration of the term of office, or discontinuation of service, of each individual serving as the Independent Insurance Advocate, the Independent Insurance Advocate shall submit a report to the Committees on Financial Services and Ways and Means of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Finance of the Senate setting forth recommendations regarding the Financial Stability Oversight Council and the role, duties, and functions of the Independent Insurance Advocate.

“(u) DEFINITIONS.—In this section and section 314, the following definitions shall apply:

“(1) AFFILIATE.—The term ‘affiliate’ means, with respect to an insurer, any person who controls, is controlled by, or is under common control with the insurer.
"(2) COVERED AGREEMENT.—The term ‘covered agreement’ means a written bilateral or multi-
lateral agreement regarding prudential measures
with respect to the business of insurance or reinsur-
ance that—

“(A) is entered into between the United
States and one or more foreign governments, 
authorities, or regulatory entities; and

“(B) relates to the recognition of pruden-
tial measures with respect to the business of in-
surance or reinsurance that achieves a level of 
protection for insurance or reinsurance con-
sumers that is substantially equivalent to the 
level of protection achieved under State insur-
ance or reinsurance regulation.

“(3) INSURER.—The term ‘insurer’ means any 
person engaged in the business of insurance, includ-
ing reinsurance.

“(4) FEDERAL FINANCIAL REGULATORY AGEN-
CY.—The term ‘Federal financial regulatory agency’
means the Department of the Treasury, the Board 
of Governors of the Federal Reserve System, the Of-
office of the Comptroller of the Currency, the Office 
of Thrift Supervision, the Securities and Exchange 
Commission, the Commodity Futures Trading Com-
mission, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, or the National Credit Union Administration.

“(5) Financial Stability Oversight Council.—The term ‘Financial Stability Oversight Council’ means the Financial Stability Oversight Council established under section 111(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5321(a)).

“(6) Member Agency.—The term ‘member agency’ has the meaning given such term in section 111(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5321(a)).

“(7) Non-United States Insurer.—The term ‘non-United States insurer’ means an insurer that is organized under the laws of a jurisdiction other than a State, but does not include any United States branch of such an insurer.

“(8) Office.—The term ‘Office’ means the Office of the Independent Insurance Advocate established by this section.

“(9) State Insurance Measure.—The term ‘State insurance measure’ means any State law, regulation, administrative ruling, bulletin, guideline, or
practice relating to or affecting prudential measures applicable to insurance or reinsurance.

“(10) State insurance regulator.—The term ‘State insurance regulator’ means any State regulatory authority responsible for the supervision of insurers.

“(11) Substantially equivalent to the level of protection achieved.—The term ‘substantially equivalent to the level of protection achieved’ means the prudential measures of a foreign government, authority, or regulatory entity achieve a similar outcome in consumer protection as the outcome achieved under State insurance or reinsurance regulation.

“(12) United States insurer.—The term ‘United States insurer’ means—

“(A) an insurer that is organized under the laws of a State; or

“(B) a United States branch of a non-United States insurer.”.

(b) Pay at Level III of Executive Schedule.—Section 5314 of title 5, United States Code, is amended by adding at the end the following new item:

“Independent Insurance Advocate, Department of the Treasury.”.
Paragraph (1) of section 111(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5321(b)(1)) is amended by striking subparagraph (J) and inserting the following new subparagraph:

“(J) the Independent Insurance Advocate appointed pursuant to section 313 of title 31, United States Code.”

Section 111 of Public Law 93–495 (12 U.S.C. 250) is amended—

(1) by inserting “the Independent Insurance Advocate of the Department of the Treasury,” after “Federal Housing Finance Agency,”; and

(2) by inserting “or official” before “submitting them”.

All employees of the Department of Treasury who are performing staff functions for the independent member of the Financial Stability Oversight Council under section 111(b)(2)(J) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5321(b)(2)(J)) on a full-time equivalent basis as of the date of enactment of this Act shall be eligible for transfer to the Office of the Independent Insurance Advocate established pursuant to the amendment made by subsection (a) of this section for appoint-
ment as an employee and shall be transferred at the joint
discretion of the Independent Insurance Advocate and the
eligible employee. Any employee eligible for transfer that
is not appointed within 360 days from the date of enact-
ment of this Act shall be eligible for detail under section
313(f)(4) of title 31, United States Code.

(f) Temporary Service; Transition.—Notwith-
standing the amendment made by subsection (a) of this
section, during the period beginning on the date of the
enactment of this Act and ending on the date on which
the Independent Insurance Advocate is appointed and con-
firmed pursuant to section 313(b)(2) of title 31, United
States Code, as amended by such amendment, the person
serving, on such date of enactment, as the independent
member of the Financial Stability Oversight Council pur-
suant to section 111(b)(1)(J) of the Dodd-Frank Wall
Street Reform and Consumer Protection Act (12 U.S.C.
5321(b)(1)(J)) shall act for all purposes as, and with the
full powers of, the Independent Insurance Advocate.

(g) Comparability in Compensation Sched-
ules.—Subsection (a) of section 1206 of the Financial
Institutions Reform, Recovery, and Enforcement Act of
1989 (12 U.S.C. 1833b(a)) is amended by inserting “and
the Office of the Independent Insurance Advocate of the
Department of the Treasury,” after “Farm Credit Admin-
istration,”.

(h) SENIOR EXECUTIVES.—Subparagraph (D) of sec-
tion 3132(a)(1) of title 5, United States Code, is amended
by inserting “the Office of the Independent Insurance Ad-
vocate of the Department of the Treasury,” after “Fi-
ance Agency,”.

SEC. 502. TREATMENT OF COVERED AGREEMENTS.

Subsection (e) of section 314 of title 31, United
States Code is amended—

(1) by designating paragraphs (1) and (2) as
paragraphs (2) and (3), respectively; and

(2) by inserting before paragraph (2), as so re-
designated, the following new paragraph:

“(1) the Secretary of the Treasury and the
United States Trade Representative have caused to
be published in the Federal Register, and made
available for public comment for a period of not
fewer than 30 days and not greater than 90 days
(which period may run concurrently with the 90-day
period for the covered agreement referred to in para-
graph (3)), the proposed text of the covered agree-
ment;”.
TITLE VI—DEMANDING ACCOUNTABILITY FROM FINANCIAL REGULATORS AND DEVolVING POWER AWAY FROM WASHINGTON

Subtitle A—Cost-Benefit Analyses

SEC. 611. DEFINITIONS.

As used in this subtitle—

(1) the term “agency” means the Board of Governors of the Federal Reserve System, the Consumer Financial Opportunity Commission, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Securities and Exchange Commission;

(2) the term “chief economist” means—

(A) with respect to the Board of Governors of the Federal Reserve System, the Director of the Division of Research and Statistics, or an employee of the agency with comparable authority;

(B) with respect to the Consumer Financial Opportunity Commission, the Head of the
Office of Economic Analysis, or an employee of
the agency with comparable authority;

(C) with respect to the Commodity Fu-
tures Trading Commission, the Chief Eco-
nomist, or an employee of the agency with com-
parable authority;

(D) with respect to the Federal Deposit
Insurance Corporation, the Director of the Divi-

(For) with respect to the Federal Housing
Finance Agency, the Chief Economist, or an
employee of the agency with comparable author-

(E) with respect to the Office of the Com-
troller of the Currency, the Director for Policy
Analysis, or an employee of the agency with comparable authority;

(G) with respect to the National Credit
Union Administration, the Chief Economist, or
an employee of the agency with comparable au-

(H) with respect to the Securities and Ex-
change Commission, the Director of the Divi-
sion of Economic and Risk Analysis, or an em-
ployee of the agency with comparable authority;
(3) the term “Council” means the Chief Eco-
mists Council established under section 618; and
(4) the term “regulation”—
(A) means an agency statement of general
applicability and future effect that is designed
to implement, interpret, or prescribe law or pol-
icy or to describe the procedure or practice re-
quirements of an agency, including rules, orders
of general applicability, interpretive releases,
and other statements of general applicability
that the agency intends to have the force and
effect of law; and
(B) does not include—
(i) a regulation issued in accordance
with the formal rulemaking provisions of
section 556 or 557 of title 5, United States
Code;
(ii) a regulation that is limited to
agency organization, management, or per-
sonnel matters;
(iii) a regulation promulgated pursu-
ant to statutory authority that expressly
prohibits compliance with this provision;
(iv) a regulation that is certified by the agency to be an emergency action, if such certification is published in the Federal Register;

(v) a regulation that is promulgated by the Board of Governors of the Federal Reserve System or the Federal Open Market Committee under section 10A, 10B, 13, 13A, or 19 of the Federal Reserve Act, or any of subsections (a) through (f) of section 14 of that Act; or

(vi) a regulation filed with the Commission by a self-regulatory organization—

(I) that meets the criteria for immediate effectiveness under section 240.19b-4(f) of title 17, Code of Federal Regulations; or

(II) for which the self-regulatory organization has itself conducted the cost-benefit analysis and otherwise complied with the requirements of section 612.

SEC. 612. REQUIRED REGULATORY ANALYSIS.

(a) REQUIREMENTS FOR NOTICES OF PROPOSED RULEMAKING.—An agency may not issue a notice of pro-
posed rulemaking unless the agency includes in the notice of proposed rulemaking an analysis that contains, at a minimum, with respect to each regulation that is being proposed—

(1) an identification of the need for the regulation and the regulatory objective, including identification of the nature and significance of the market failure, regulatory failure, or other problem that necessitates the regulation;

(2) an explanation of why the private market or State, local, or tribal authorities cannot adequately address the identified market failure or other problem;

(3) an analysis of the adverse impacts to regulated entities, other market participants, economic activity, or agency effectiveness that are engendered by the regulation and the magnitude of such adverse impacts;

(4) a quantitative and qualitative assessment of all anticipated direct and indirect costs and benefits of the regulation (as compared to a benchmark that assumes the absence of the regulation), including—

(A) compliance costs;

(B) effects on economic activity, net job creation (excluding jobs related to ensuring
compliance with the regulation), efficiency, competition, and capital formation;
(C) regulatory administrative costs; and
(D) costs imposed by the regulation on State, local, or tribal governments or other regulatory authorities;
(5) if quantified benefits do not outweigh quantitative costs, a justification for the regulation;
(6) an identification and assessment of all available alternatives to the regulation, including modification of an existing regulation or statute, together with—
(A) an explanation of why the regulation meets the objectives of the regulation more effectively than the alternatives, and if the agency is proposing multiple alternatives, an explanation of why a notice of proposed rulemaking, rather than an advanced notice of proposed rulemaking, is appropriate; and
(B) if the regulation is not a pilot program, an explanation of why a pilot program is not appropriate;
(7) if the regulation specifies the behavior or manner of compliance, an explanation of why the
agency did not instead specify performance objectives;

(8) an assessment of how the burden imposed by the regulation will be distributed among market participants, including whether consumers, investors, or small businesses will be disproportionately burdened;

(9) an assessment of the extent to which the regulation is inconsistent, incompatible, or duplicative with the existing regulations of the agency or those of other domestic and international regulatory authorities with overlapping jurisdiction;

(10) a description of any studies, surveys, or other data relied upon in preparing the analysis;

(11) an assessment of the degree to which the key assumptions underlying the analysis are subject to uncertainty; and

(12) an explanation of predicted changes in market structure and infrastructure and in behavior by market participants, including consumers and investors, assuming that they will pursue their economic interests.

(b) REQUIREMENTS FOR NOTICES OF FINAL RULE-MAKING.—
(1) **IN GENERAL.**—Notwithstanding any other provision of law, an agency may not issue a notice of final rulemaking with respect to a regulation unless the agency—

(A) has issued a notice of proposed rulemaking for the relevant regulation;

(B) has conducted and includes in the notice of final rulemaking an analysis that contains, at a minimum, the elements required under subsection (a); and

(C) includes in the notice of final rulemaking regulatory impact metrics selected by the chief economist to be used in preparing the report required pursuant to section 615.

(2) **CONSIDERATION OF COMMENTS.**—The agency shall incorporate in the elements described in paragraph (1)(B) the data and analyses provided to the agency by commenters during the comment period, or explain why the data or analyses are not being incorporated.

(3) **COMMENT PERIOD.**—An agency shall not publish a notice of final rulemaking with respect to a regulation, unless the agency—

(A) has allowed at least 90 days from the date of publication in the Federal Register of
the notice of proposed rulemaking for the submission of public comments; or

(B) includes in the notice of final rulemaking an explanation of why the agency was not able to provide a 90-day comment period.

(4) PROHIBITED RULES.—

(A) IN GENERAL.—An agency may not publish a notice of final rulemaking if the agency, in its analysis under paragraph (1)(B), determines that the quantified costs are greater than the quantified benefits under subsection (a)(5).

(B) PUBLICATION OF ANALYSIS.—If the agency is precluded by subparagraph (A) from publishing a notice of final rulemaking, the agency shall publish in the Federal Register and on the public website of the agency its analysis under paragraph (1)(B), and provide the analysis to each House of Congress.

(C) CONGRESSIONAL WAIVER.—If the agency is precluded by subparagraph (A) from publishing a notice of final rulemaking, Congress, by joint resolution pursuant to the procedures set forth for joint resolutions in section 802 of title 5, United States Code, may direct
the agency to publish a notice of final rule-
making notwithstanding the prohibition con-
tained in subparagraph (A). In applying section
802 of title 5, United States Code, for purposes
of this paragraph, section 802(e)(2) shall not
apply and the terms—

(i) “joint resolution” or “joint resolu-
tion described in subsection (a)” means
only a joint resolution introduced during
the period beginning on the submission or
publication date and ending 60 days there-
after (excluding days either House of Con-
gress is adjourned for more than 3 days
during a session of Congress), the matter
after the resolving clause of which is as fol-
lows: “That Congress directs, notwith-
standing the prohibition contained in sec-
tion 612(b)(4)(A) of the Financial
CHOICE Act of 2016, the ____ to publish
the notice of final rulemaking for the regu-
lation or regulations that were the subject
of the analysis submitted by the ____ to
Congress on ____.” (The blank spaces
being appropriately filled in.); and
(ii) “submission or publication date” means—

(I) the date on which the analysis under paragraph (1)(B) is submitted to Congress under paragraph (4)(B); or

(II) if the analysis is submitted to Congress less than 60 session days or 60 legislative days before the date on which the Congress adjourns a session of Congress, the date on which the same or succeeding Congress first convenes its next session.

SEC. 613. RULE OF CONSTRUCTION.

For purposes of the Paperwork Reduction Act (44 U.S.C. 3501 et seq.), obtaining, causing to be obtained, or soliciting information for purposes of complying with section 612 with respect to a proposed rulemaking shall not be construed to be a collection of information, provided that the agency has first issued an advanced notice of proposed rulemaking in connection with the regulation, identifies that advanced notice of proposed rulemaking in its solicitation of information, and informs the person from whom the information is obtained or solicited that the provision of information is voluntary.
SEC. 614. PUBLIC AVAILABILITY OF DATA AND REGULATORY ANALYSIS.

(a) In General.—At or before the commencement of the public comment period with respect to a regulation, the agency shall make available on its public website sufficient information about the data, methodologies, and assumptions underlying the analyses performed pursuant to section 612 so that the analytical results of the agency are capable of being substantially reproduced, subject to an acceptable degree of imprecision or error.

(b) Confidentiality.—The agency shall comply with subsection (a) in a manner that preserves the confidentiality of nonpublic information, including confidential trade secrets, confidential commercial or financial information, and confidential information about positions, transactions, or business practices.

SEC. 615. FIVE-YEAR REGULATORY IMPACT ANALYSIS.

(a) In General.—Not later than 5 years after the date of publication in the Federal Register of a notice of final rulemaking, the chief economist of the agency shall issue a report that examines the economic impact of the subject regulation, including the direct and indirect costs and benefits of the regulation.

(b) Regulatory Impact Metrics.—In preparing the report required by subsection (a), the chief economist shall employ the regulatory impact metrics included in the
notice of final rulemaking pursuant to section 612(b)(1)(C).

(c) REPRODUCIBILITY.—The report shall include the data, methodologies, and assumptions underlying the evaluation so that the agency’s analytical results are capable of being substantially reproduced, subject to an acceptable degree of imprecision or error.

(d) CONFIDENTIALITY.—The agency shall comply with subsection (c) in a manner that preserves the confidentiality of nonpublic information, including confidential trade secrets, confidential commercial or financial information, and confidential information about positions, transactions, or business practices.

(e) REPORT.—The agency shall submit the report required by subsection (a) to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives and post it on the public website of the agency. The Commodity Futures Trading Commission shall also submit its report to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives.

SEC. 616. RETROSPECTIVE REVIEW OF EXISTING RULES.

(a) REGULATORY IMPROVEMENT PLAN.—Not later than 1 year after the date of enactment of this Act and
every 5 years thereafter, each agency shall develop, submit
to the Committee on Banking, Housing, and Urban Af-
fairs of the Senate and the Committee on Financial Serv-
ices of the House of Representatives, and post on the pub-
lic website of the agency a plan, consistent with law and
its resources and regulatory priorities, under which the
agency will modify, streamline, expand, or repeal existing
regulations so as to make the regulatory program of the
agency more effective or less burdensome in achieving the
regulatory objectives. The Commodity Futures Trading
Commission shall also submit its plan to the Committee
on Agriculture, Nutrition, and Forestry of the Senate and
the Committee on Agriculture of the House of Representa-
tives.

(b) IMPLEMENTATION PROGRESS REPORT.—Two
years after the date of submission of each plan required
under subsection (a), each agency shall develop, submit
to the Committee on Banking, Housing, and Urban Af-
fairs of the Senate and the Committee on Financial Serv-
ices of the House of Representatives, and post on the pub-
lic website of the agency a report of the steps that it has
taken to implement the plan, steps that remain to be taken
to implement the plan, and, if any parts of the plan will
not be implemented, reasons for not implementing those
parts of the plan. The Commodity Futures Trading Com-
mission shall also submit its plan to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives.

SEC. 617. JUDICIAL REVIEW.

(a) IN GENERAL.—Notwithstanding any other provision of law, during the period beginning on the date on which a notice of final rulemaking for a regulation is published in the Federal Register and ending 1 year later, a person that is adversely affected or aggrieved by the regulation is entitled to bring an action in the United States Court of Appeals for the District of Columbia Circuit for judicial review of agency compliance with the requirements of section 612.

(b) STAY.—The court may stay the effective date of the regulation or any provision thereof.

(c) RELIEF.—If the court finds that an agency has not complied with the requirements of section 612, the court shall vacate the subject regulation, unless the agency shows by clear and convincing evidence that vacating the regulation would result in irreparable harm. Nothing in this section affects other limitations on judicial review or the power or duty of the court to dismiss any action or deny relief on any other appropriate legal or equitable ground.
SEC. 618. CHIEF ECONOMISTS COUNCIL.

(a) ESTABLISHMENT.—There is established the Chief Economists Council.

(b) MEMBERSHIP.—The Council shall consist of the chief economist of each agency. The members of the Council shall select the first chairperson of the Council. Thereafter the position of Chairperson shall rotate annually among the members of the Council.

(c) MEETINGS.—The Council shall meet at the call of the Chairperson, but not less frequently than quarterly.

(d) REPORT.—One year after the effective date of this Act and annually thereafter, the Council shall prepare and submit to the Committee on Banking, Housing, and Urban Affairs and the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Financial Services and the Committee on Agriculture of the House of Representatives a report on—

(1) the benefits and costs of regulations adopted by the agencies during the past 12 months;

(2) the regulatory actions planned by the agencies for the upcoming 12 months;

(3) the cumulative effect of the existing regulations of the agencies on economic activity, innovation, international competitiveness of entities regulated by the agencies, and net job creation (excluding...
ing jobs related to ensuring compliance with the reg-
ulation); 

(4) the training and qualifications of the per-
sons who prepared the cost-benefit analyses of each
agency during the past 12 months;

(5) the sufficiency of the resources available to
the chief economists during the past 12 months for
the conduct of the activities required by this subtitle;
and

(6) recommendations for legislative or regu-
laratory action to enhance the efficiency and effective-
ness of financial regulation in the United States.

SEC. 619. CONFORMING AMENDMENTS.

Section 15(a) of the Commodity Exchange Act (7
U.S.C. 19(a)) is amended—

(1) by striking paragraph (1); 

(2) in paragraph (2), by striking “(2)” and all
that follows through “light of—” and inserting the
following:

“(1) CONSIDERATIONS.—Before promulgating a
regulation under this chapter or issuing an order
(except as provided in paragraph (2)), the Commiss-
ion shall take into consideration—”;

(3) in paragraph (1), as so redesignated—
(A) in subparagraph (B), by striking “futures” and inserting “the relevant”; (B) in subparagraph (C), by adding “and” at the end; (C) in subparagraph (D), by striking “; and” and inserting a period; and (D) by striking subparagraph (E); and (4) by redesignating paragraph (3) as paragraph (2).

SEC. 620. OTHER REGULATORY ENTITIES.

(a) Securities and Exchange Commission.—Not later than 1 year after the date of enactment of this Act, the Securities and Exchange Commission shall provide to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report setting forth a plan for subjecting the Public Company Accounting Oversight Board, the Municipal Securities Rulemaking Board, and any national securities association registered under section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o–4(a)) to the requirements of this subtitle, other than direct representation on the Council.

(b) Commodity Futures Trading Commission.—Not later than 1 year after the date of enactment of this Act, the Commodity Futures Trading Commission shall
provide to the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Financial Services of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Committee on Agriculture of the House of Representa-
tives a report setting forth a plan for subjecting any fu-
tures association registered under section 17 of the Com-
modity Exchange Act (7 U.S.C. 21) to the requirements of this subtitle, other than direct representation on the Council.

SEC. 621. AVOIDANCE OF DUPLICATIVE OR UNNECESSARY ANALYSES.

An agency may perform the analyses required by this subtitle in conjunction with, or as a part of, any other agenda or analysis required by any other provision of law, if such other analysis satisfies the provisions of this sub-
title.

Subtitle B—Congressional Review of Federal Financial Agency Rulemaking

SEC. 631. CONGRESSIONAL REVIEW.

(a)(1)(A) Before a rule may take effect, a Federal financial agency shall publish in the Federal Register a list of information on which the rule is based, including data, scientific and economic studies, and cost-benefit
analyses, and identify how the public can access such in-
formation online, and shall submit to each House of the
Congress and to the Comptroller General a report con-
taining—

(i) a copy of the rule;

(ii) a concise general statement relating to the
rule;

(iii) a classification of the rule as a major or
nonmajor rule, including an explanation of the clas-
sification specifically addressing each criteria for a
major rule contained within subparagraphs (A)
through (C) of section 634(2);

(iv) a list of any other related regulatory ac-
tions intended to implement the same statutory pro-
vision or regulatory objective as well as the indi-
vidual and aggregate economic effects of those ac-
tions; and

(v) the proposed effective date of the rule.

(B) On the date of the submission of the report under
subsection (A), the Federal financial agency shall sub-
mit to the Comptroller General and make available to each
House of Congress—

(i) a complete copy of the cost-benefit analysis
of the rule, if any, including an analysis of any jobs
added or lost, differentiating between public and private sector jobs;

(ii) the Federal financial agency’s actions pursuant to sections 603, 604, 605, 607, and 609 of title 5, United States Code;

(iii) the Federal financial agency’s actions pursuant to sections 202, 203, 204, and 205 of the Unfunded Mandates Reform Act of 1995; and

(iv) any other relevant information or requirements under any other Act and any relevant Executive orders.

(C) Upon receipt of a report submitted under subparagraph (A), each House shall provide copies of the report to the chairman and ranking member of each standing committee with jurisdiction under the rules of the House of Representatives or the Senate to report a bill to amend the provision of law under which the rule is issued.

(2)(A) The Comptroller General shall provide a report on each major rule to the committees of jurisdiction by the end of 15 calendar days after the submission or publication date. The report of the Comptroller General shall include an assessment of the Federal financial agency’s compliance with procedural steps required by paragraph (1)(B) and an assessment of whether the major rule
imposes any new limits or mandates on private-sector activity.

(B) Federal financial agencies shall cooperate with the Comptroller General by providing information relevant to the Comptroller General’s report under subparagraph (A).

(3) A major rule relating to a report submitted under paragraph (1) shall take effect upon enactment of a joint resolution of approval described in section 632 or as provided for in the rule following enactment of a joint resolution of approval described in section 632, whichever is later.

(4) A nonmajor rule shall take effect as provided by section 633 after submission to Congress under paragraph (1).

(5) If a joint resolution of approval relating to a major rule is not enacted within the period provided in subsection (b)(2), then a joint resolution of approval relating to the same rule may not be considered under this subtitle in the same Congress by either the House of Representatives or the Senate.

(b)(1) A major rule shall not take effect unless the Congress enacts a joint resolution of approval described under section 632.
(2) If a joint resolution described in subsection (a) is not enacted into law by the end of 70 session days or legislative days, as applicable, beginning on the date on which the report referred to in subsection (a)(1)(A) is received by Congress (excluding days either House of Congress is adjourned for more than 3 days during a session of Congress), then the rule described in that resolution shall be deemed not to be approved and such rule shall not take effect.

(c)(1) Notwithstanding any other provision of this section (except subject to paragraph (3)), a major rule may take effect for one 90-calendar-day period if the President makes a determination under paragraph (2) and submits written notice of such determination to the Congress.

(2) Paragraph (1) applies to a determination made by the President by Executive order that the major rule should take effect because such rule is—

(A) necessary because of an imminent threat to health or safety or other emergency;

(B) necessary for the enforcement of criminal laws;

(C) necessary for national security; or

(D) issued pursuant to any statute implementing an international trade agreement.
An exercise by the President of the authority under this subsection shall have no effect on the procedures under section 632.

(d)(1) In addition to the opportunity for review otherwise provided under this subtitle, in the case of any rule for which a report was submitted in accordance with subsection (a)(1)(A) during the period beginning on the date occurring—

(A) in the case of the Senate, 60 session days;
or
(B) in the case of the House of Representatives, 60 legislative days,

before the date the Congress is scheduled to adjourn a session of Congress through the date on which the same or succeeding Congress first convenes its next session, sections 632 and 633 shall apply to such rule in the succeeding session of Congress.

(2)(A) In applying sections 632 and 633 for purposes of such additional review, a rule described under paragraph (1) shall be treated as though—

(i) such rule were published in the Federal Register on—

(I) in the case of the Senate, the 15th session day; or
(II) in the case of the House of Representa-
tives, the 15th legislative day,

after the succeeding session of Congress first con-
venes; and

(ii) a report on such rule were submitted to
Congress under subsection (a)(1) on such date.

(B) Nothing in this paragraph shall be construed to
affect the requirement under subsection (a)(1) that a re-
port shall be submitted to Congress before a rule can take
effect.

(3) A rule described under paragraph (1) shall take
effect as otherwise provided by law (including other sub-
sections of this section).

SEC. 632. CONGRESSIONAL APPROVAL PROCEDURE FOR
MAJOR RULES.

(a)(1) For purposes of this section, the term “joint
resolution” means only a joint resolution addressing a re-
port classifying a rule as major pursuant to section
631(a)(1)(A)(iii) that—

(A) bears no preamble;

(B) bears the following title (with blanks filled
as appropriate): “Approving the rule submitted by
_____ relating to _____.”;

(C) includes after its resolving clause only the
following (with blanks filled as appropriate): “That
Congress approves the rule submitted by _____ relating to _____.”; and

(D) is introduced pursuant to paragraph (2).

(2) After a House of Congress receives a report classifying a rule as major pursuant to section 631(a)(1)(A)(iii), the majority leader of that House (or his or her respective designee) shall introduce (by request, if appropriate) a joint resolution described in paragraph (1)—

(A) in the case of the House of Representatives, within 3 legislative days; and

(B) in the case of the Senate, within 3 session days.

(3) A joint resolution described in paragraph (1) shall not be subject to amendment at any stage of proceeding.

(b) A joint resolution described in subsection (a) shall be referred in each House of Congress to the committees having jurisdiction over the provision of law under which the rule is issued.

(c) In the Senate, if the committee or committees to which a joint resolution described in subsection (a) has been referred have not reported it at the end of 15 session days after its introduction, such committee or committees shall be automatically discharged from further consideration of the resolution and it shall be placed on the cal-
endar. A vote on final passage of the resolution shall be taken on or before the close of the 15th session day after the resolution is reported by the committee or committees to which it was referred, or after such committee or committees have been discharged from further consideration of the resolution.

(d)(1) In the Senate, when the committee or committees to which a joint resolution is referred have reported, or when a committee or committees are discharged (under subsection (c)) from further consideration of a joint resolution described in subsection (a), it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for a motion to proceed to the consideration of the joint resolution, and all points of order against the joint resolution (and against consideration of the joint resolution) are waived. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the joint resolution is agreed to, the joint resolution shall remain the unfinished business of the Senate until disposed of.

(2) In the Senate, debate on the joint resolution, and on all debatable motions and appeals in connection there-
with, shall be limited to not more than 2 hours, which
shall be divided equally between those favoring and those
opposing the joint resolution. A motion to further limit
debate is in order and not debatable. An amendment to,
or a motion to postpone, or a motion to proceed to the
consideration of other business, or a motion to recommit
the joint resolution is not in order.

(3) In the Senate, immediately following the conclu-
sion of the debate on a joint resolution described in sub-
section (a), and a single quorum call at the conclusion of
the debate if requested in accordance with the rules of the
Senate, the vote on final passage of the joint resolution
shall occur.

(4) Appeals from the decisions of the Chair relating
to the application of the rules of the Senate to the proce-
dure relating to a joint resolution described in subsection
(a) shall be decided without debate.

(e) In the House of Representatives, if any committee
to which a joint resolution described in subsection (a) has
been referred has not reported it to the House at the end
of 15 legislative days after its introduction, such com-
mittee shall be discharged from further consideration of
the joint resolution, and it shall be placed on the appro-
priate calendar. On the second and fourth Thursdays of
each month it shall be in order at any time for the Speaker
to recognize a Member who favors passage of a joint resolution that has appeared on the calendar for at least 5 legislative days to call up that joint resolution for immediate consideration in the House without intervention of any point of order. When so called up a joint resolution shall be considered as read and shall be debatable for 1 hour equally divided and controlled by the proponent and an opponent, and the previous question shall be considered as ordered to its passage without intervening motion. It shall not be in order to reconsider the vote on passage. If a vote on final passage of the joint resolution has not been taken by the third Thursday on which the Speaker may recognize a Member under this subsection, such vote shall be taken on that day.

(f)(1) If, before passing a joint resolution described in subsection (a), one House receives from the other a joint resolution having the same text, then—

(A) the joint resolution of the other House shall not be referred to a committee; and

(B) the procedure in the receiving House shall be the same as if no joint resolution had been received from the other House until the vote on passage, when the joint resolution received from the other House shall supplant the joint resolution of the receiving House.
(2) This subsection shall not apply to the House of Representatives if the joint resolution received from the Senate is a revenue measure.

(g) If either House has not taken a vote on final passage of the joint resolution by the last day of the period described in section 631(b)(2), then such vote shall be taken on that day.

(h) This section and section 633 are enacted by Congress—

(1) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such is deemed to be part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a joint resolution described in subsection (a) and superseding other rules only where explicitly so; and

(2) with full recognition of the Constitutional right of either House to change the rules (so far as they relate to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.
SEC. 633. CONGRESSIONAL DISAPPROVAL PROCEDURE FOR NONMAJOR RULES.

(a) For purposes of this section, the term “joint resolution” means only a joint resolution introduced in the period beginning on the date on which the report referred to in section 631(a)(1)(A) is received by Congress and ending 60 days thereafter (excluding days either House of Congress is adjourned for more than 3 days during a session of Congress), the matter after the resolving clause of which is as follows: “That Congress disapproves the nonmajor rule submitted by the _____ relating to _____, and such rule shall have no force or effect.” (The blank spaces being appropriately filled in).

(b) A joint resolution described in subsection (a) shall be referred to the committees in each House of Congress with jurisdiction.

(c) In the Senate, if the committee to which is referred a joint resolution described in subsection (a) has not reported such joint resolution (or an identical joint resolution) at the end of 15 session days after the date of introduction of the joint resolution, such committee may be discharged from further consideration of such joint resolution upon a petition supported in writing by 30 Members of the Senate, and such joint resolution shall be placed on the calendar.
(d)(1) In the Senate, when the committee to which a joint resolution is referred has reported, or when a committee is discharged (under subsection (c)) from further consideration of a joint resolution described in subsection (a), it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for a motion to proceed to the consideration of the joint resolution, and all points of order against the joint resolution (and against consideration of the joint resolution) are waived. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the joint resolution is agreed to, the joint resolution shall remain the unfinished business of the Senate until disposed of.

(2) In the Senate, debate on the joint resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the joint resolution. A motion to further limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the
consideration of other business, or a motion to recommit
the joint resolution is not in order.

(3) In the Senate, immediately following the conclu-
sion of the debate on a joint resolution described in sub-
section (a), and a single quorum call at the conclusion of
the debate if requested in accordance with the rules of the
Senate, the vote on final passage of the joint resolution
shall occur.

(4) Appeals from the decisions of the Chair relating
to the application of the rules of the Senate to the proce-
dure relating to a joint resolution described in subsection
(a) shall be decided without debate.

(e) In the Senate, the procedure specified in sub-
section (c) or (d) shall not apply to the consideration of
a joint resolution respecting a nonmajor rule—

(1) after the expiration of the 60 session days
beginning with the applicable submission or publica-
tion date; or

(2) if the report under section 631(a)(1)(A) was
submitted during the period referred to in section
631(d)(1), after the expiration of the 60 session
days beginning on the 15th session day after the
succeeding session of Congress first convenes.

(f) If, before the passage by one House of a joint res-
olution of that House described in subsection (a), that
House receives from the other House a joint resolution described in subsection (a), then the following procedures shall apply:

(1) The joint resolution of the other House shall not be referred to a committee.

(2) With respect to a joint resolution described in subsection (a) of the House receiving the joint resolution—

(A) the procedure in that House shall be the same as if no joint resolution had been received from the other House; but

(B) the vote on final passage shall be on the joint resolution of the other House.

**SEC. 634. DEFINITIONS.**

For purposes of this subtitle:

(1) The term “Federal financial agency” means the Consumer Financial Opportunity Commission, the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Securities and Exchange Commission.
(2) The term “major rule” means any rule, including an interim final rule, that the Administrator of the Office of Information and Regulatory Affairs of the Office of Management and Budget finds has resulted in or is likely to result in—

   (A) an annual effect on the economy of $100 million or more;

   (B) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or

   (C) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.

(3) The term “nonmajor rule” means any rule that is not a major rule.

(4) The term “rule” has the meaning given such term in section 551 of title 5, United States Code, except that such term does not include—

   (A) any rule of particular applicability, including a rule that approves or prescribes for the future rates, wages, prices, services, or allowances therefore, corporate or financial struc-
tures, reorganizations, mergers, or acquisitions thereof, or accounting practices or disclosures bearing on any of the foregoing;

(B) any rule relating to agency management or personnel; or

(C) any rule of agency organization, procedure, or practice that does not substantially affect the rights or obligations of non-agency parties.

(5) The term “submission date or publication date”, except as otherwise provided in this subtitle, means—

(A) in the case of a major rule, the date on which the Congress receives the report submitted under section 631(a)(1)(A); and

(B) in the case of a nonmajor rule, the later of—

(i) the date on which the Congress receives the report submitted under section 631(a)(1)(A); and

(ii) the date on which the nonmajor rule is published in the Federal Register, if so published.
SEC. 635. JUDICIAL REVIEW.

(a) No determination, finding, action, or omission under this subtitle shall be subject to judicial review.

(b) Notwithstanding subsection (a), a court may determine whether a Federal financial agency has completed the necessary requirements under this subtitle for a rule to take effect.

(c) The enactment of a joint resolution of approval under section 632 shall not be interpreted to serve as a grant or modification of statutory authority by Congress for the promulgation of a rule, shall not extinguish or affect any claim, whether substantive or procedural, against any alleged defect in a rule, and shall not form part of the record before the court in any judicial proceeding concerning a rule except for purposes of determining whether or not the rule is in effect.

SEC. 636. EFFECTIVE DATE OF CERTAIN RULES.

Notwithstanding section 631—

(1) any rule that establishes, modifies, opens, closes, or conducts a regulatory program for a commercial, recreational, or subsistence activity related to hunting, fishing, or camping; or

(2) any rule other than a major rule which the Federal financial agency for good cause finds (and incorporates the finding and a brief statement of reasons therefore in the rule issued) that notice and
public procedure thereon are impracticable, unneces-
sary, or contrary to the public interest,
shall take effect at such time as the Federal financial
agency promulgating the rule determines.

SEC. 637. BUDGETARY EFFECTS OF RULES SUBJECT TO
SECTION 632 OF THE FINANCIAL CHOICE ACT
OF 2016.

Section 257(b)(2) of the Balanced Budget and Emer-
dency Deficit Control Act of 1985 is amended by adding
at the end the following new subparagraph:

“(E) BUDGETARY EFFECTS OF RULES SUBJECT
TO SECTION 632 OF THE FINANCIAL CHOICE ACT OF
2016.—Any rules subject to the congressional ap-
proval procedure set forth in section 632 of the Fi-
nancial CHOICE Act of 2016 affecting budget au-
thority, outlays, or receipts shall be assumed to be
effective unless it is not approved in accordance with
such section.”.

Subtitle C—Judicial Review of
Agency Actions

SEC. 641. SCOPE OF JUDICIAL REVIEW OF AGENCY AC-
TIONS.

(a) In General.—Notwithstanding any other provi-
sion of law, in any judicial review of an agency action pur-
suant to chapter 7 of title 5, United States Code, to the
extent necessary to decision and when presented, the reviewing court shall determine the meaning or applicability of the terms of an agency action and decide de novo all relevant questions of law, including the interpretation of constitutional and statutory provisions, and rules made by an agency. Notwithstanding any other provision of law, this section shall apply in any action for judicial review of agency action authorized under any provision of law. No law may exempt any such civil action from the application of this section except by specific reference to this section.

(b) AGENCY DEFINED.—For purposes of this section, the term “agency” means the Consumer Financial Opportunity Commission, the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Securities and Exchange Commission.

Subtitle D—Leadership of Financial Regulators

SEC. 651. FEDERAL DEPOSIT INSURANCE CORPORATION.

Section 2 of the Federal Deposit Insurance Act (12 U.S.C. 1812) is amended—
(1) in subsection (a)(1), by striking “5 members” and all that follows through “3 of whom” and inserting the following: “5 members, who”;

(2) by amending subsection (d) to read as follows:

“(d) VACANCY.—Any vacancy on the Board of Directors shall be filled in the manner in which the original appointment was made.”; and

(3) in subsection (f)—

(A) by striking paragraph (2); and

(B) by redesignating paragraph (3) as paragraph (2).

SEC. 652. FEDERAL HOUSING FINANCE AGENCY.

(a) ESTABLISHMENT OF BOARD.—Section 1312 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4512) is amended—

(1) in the heading of such section, by striking “DIRECTOR” and inserting “BOARD OF DIRECTORS”; and

(2) by striking subsections (a) and (b) and inserting the following:

“(a) ESTABLISHMENT.—There is established the Board of Directors of the Agency, which shall serve as the head of the Agency.

“(b) BOARD OF DIRECTORS.—
“(1) COMPOSITION OF THE BOARD.—

“(A) IN GENERAL.—The Board shall be composed of 5 members who shall be appointed by the President, by and with the advice and consent of the Senate, from among individuals who—

“(i) are citizens of the United States; and

“(ii) have a demonstrated understanding of financial management or oversight, and have a demonstrated understanding of capital markets, including the mortgage securities markets and housing finance.

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

“(C) TERMS.—

“(i) IN GENERAL.—Each member of the Board, including the Chair, shall serve for a term of 5 years.

“(ii) REMOVAL.—The President may remove any member of the Board for ineff-
ficiency, neglect of duty, or malfeasance in office.

“(iii) **Vacancies.**—Any member of the Board appointed to fill a vacancy occurring before the expiration of the term to which that member’s predecessor was appointed (including the Chair) shall be appointed only for the remainder of the term.

“(iv) **Continuation of Service.**—Each member of the Board may continue to serve after the expiration of the term of office to which that member was appointed until a successor has been appointed by the President and confirmed by the Senate, except that a member may not continue to serve more than 1 year after the date on which that member’s term would otherwise expire.

“(v) **Other Employment Prohibited.**—No member of the Board shall engage in any other business, vocation, or employment.

“(2) **Affiliation.**—Not more than 3 members of the Board shall be members of any one political party.
“(3) Chair of the Board.—

“(A) Appointment.—The Chair of the Board shall be appointed by the President.

“(B) Authority.—The Chair shall be the principal executive officer of the Agency, and shall exercise all of the executive and administrative functions of the Agency, including with respect to—

“(i) the appointment and supervision of personnel employed under the Agency (other than personnel employed regularly and full time in the immediate offices of members of the Board other than the Chair);

“(ii) the distribution of business among personnel appointed and supervised by the Chair and among administrative units of the Agency; and

“(iii) the use and expenditure of funds.

“(C) Limitation.—In carrying out any of the Chair’s functions under the provisions of this paragraph the Chair shall be governed by general policies of the Agency and by such regulatory decisions, findings, and determinations
as the Agency may by law be authorized to make.

“(4) NO IMPAIRMENT BY REASON OF VACANCIES.—No vacancy in the members of the Board shall impair the right of the remaining members of the Board to exercise all the powers of the Board. Three members of the Board shall constitute a quorum for the transaction of business, except that if there are only 3 members serving on the Board because of vacancies in the Board, 2 members of the Board shall constitute a quorum for the transaction of business. If there are only 2 members serving on the Board because of vacancies in the Board, 2 members shall constitute a quorum for the 6-month period beginning on the date of the vacancy which caused the number of Board members to decline to 2.

“(5) COMPENSATION.—

“(A) CHAIR.—The Chair shall receive compensation at the rate prescribed for level I of the Executive Schedule under section 5313 of title 5, United States Code.

“(B) OTHER MEMBERS OF THE BOARD.—The 4 other members of the Board shall each receive compensation at the rate prescribed for
level II of the Executive Schedule under section 5314 of title 5, United States Code.

“(6) INITIAL QUORUM ESTABLISHED.—During any time period prior to the confirmation of at least two members of the Board, one member of the Board shall constitute a quorum for the transaction of business. Following the confirmation of at least 2 additional members of the Board, the quorum requirements of paragraph (4) shall apply.”.

(b) CONFORMING AMENDMENT.—Section 5313 of title 5, United States Code, is amended by striking “Director of the Federal Housing Finance Agency.”.

(c) DEEMING.—Any reference in a law, regulation, document, paper, or other record of the United States to the position of the Director of the Federal Housing Finance Agency shall be deemed a reference to the Board of Directors of the Federal Housing Finance Agency.

SEC. 653. NATIONAL CREDIT UNION ADMINISTRATION.

Section 102 of the Federal Credit Union Act (12 U.S.C. 1752a) is amended—

(1) in subsection (b)(1)—

(A) by striking “three” and inserting “five”; and

(B) by striking “two” and inserting “three”; and
(2) by amending subsection (c) to read as follows:

“(c) TERMS.—The term of office of each member of the Board shall be five years, and the members shall serve staggered terms. Board members shall not be appointed to succeed themselves. Any Board member may continue to serve as such after the expiration of said member’s term until a successor has qualified.”.

SEC. 654. OFFICE OF THE COMPTROLLER OF THE CURRENCY.

(a) Establishment of Board.—Subsection (b) of section 324 of the Revised Statutes of the United States (12 U.S.C. 1) is amended to read as follows:

“(b) Board of Directors.—

“(1) Establishment.—There is established the Board of Directors of the Office of the Comptroller of the Currency (hereinafter referred to as the ‘Board’), which shall serve as the head of the Office.

“(2) Composition of the board.—

“(A) In general.—The Board shall be composed of 5 members who shall be appointed by the President, by and with the advice and consent of the Senate, from among individuals who—
“(i) are citizens of the United States;

and

“(ii) have strong competencies and experiences related to the banking industry.

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

“(C) TERMS.—

“(i) IN GENERAL.—Each member of the Board, including the Chair, shall serve for a term of 5 years.

“(ii) REMOVAL.—The President may remove any member of the Board for inefficiency, neglect of duty, or malfeasance in office.

“(iii) VACANCIES.—Any member of the Board appointed to fill a vacancy occurring before the expiration of the term to which that member’s predecessor was appointed (including the Chair) shall be appointed only for the remainder of the term.

“(iv) CONTINUATION OF SERVICE.—Each member of the Board may continue to serve after the expiration of the term of
office to which that member was appointed
until a successor has been appointed by the
President and confirmed by the Senate, ex-
cept that a member may not continue to
serve more than 1 year after the date on
which that member’s term would otherwise expire.

“(v) OTHER EMPLOYMENT PROHIB-
ITED.—No member of the Board shall en-
gage in any other business, vocation, or
employment.

“(3) AFFILIATION.—Not more than 3 members
of the Board shall be members of any one political
party.

“(4) CHAIR OF THE BOARD.—

“(A) APPOINTMENT.—The Chair of the
Board shall be appointed by the President.

“(B) AUTHORITY.—The Chair shall be the
principal executive officer of the Office, and
shall exercise all of the executive and adminis-
trative functions of the Office, including with
respect to—

“(i) the appointment and supervision
of personnel employed under the Office
(other than personnel employed regularly
and full time in the immediate offices of
members of the Board other than the
Chair);

“(ii) the distribution of business
among personnel appointed and supervised
by the Chair and among administrative
units of the Office; and

“(iii) the use and expenditure of
funds.

“(C) LIMITATION.—In carrying out any of
the Chair’s functions under the provisions of
this paragraph the Chair shall be governed by
general policies of the Office and by such regu-
latory decisions, findings, and determinations as
the Office may by law be authorized to make.

“(5) NO IMPAIRMENT BY REASON OF VACAN-
cies.—No vacancy in the members of the Board
shall impair the right of the remaining members of
the Board to exercise all the powers of the Board.

Three members of the Board shall constitute a
quorum for the transaction of business, except that
if there are only 3 members serving on the Board
because of vacancies in the Board, 2 members of the
Board shall constitute a quorum for the transaction
of business. If there are only 2 members serving on
the Board because of vacancies in the Board, 2
members shall constitute a quorum for the 6-month
period beginning on the date of the vacancy which
caused the number of Board members to decline to
2.

“(6) COMPENSATION.—

“(A) CHAIR.—The Chair shall receive com-

pensation at the rate prescribed for level I of
the Executive Schedule under section 5313 of
title 5, United States Code.

“(B) OTHER MEMBERS OF THE BOARD.—
The 4 other members of the Board shall each
receive compensation at the rate prescribed for
level II of the Executive Schedule under section
5314 of title 5, United States Code.

“(7) INITIAL QUORUM ESTABLISHED.—During
any time period prior to the confirmation of at least
two members of the Board, one member of the
Board shall constitute a quorum for the transaction
of business. Following the confirmation of at least 2
additional members of the Board, the quorum re-
quirements of paragraph (5) shall apply.”.

(b) CONFORMING AMENDMENT.—Section 5314 of
title 5, United States Code, is amended by striking
“Comptroller of the Currency.”.
(c) DEEMING.—Any reference in a law, regulation, document, paper, or other record of the United States to the position of the Comptroller of the Currency shall be deemed a reference to the Board of Directors of the Office of the Comptroller of the Currency.

Subtitle E—Congressional Oversight of Appropriations

SEC. 661. BRINGING THE FEDERAL DEPOSIT INSURANCE CORPORATION INTO THE REGULAR APPROPRIATIONS PROCESS.

(a) In General.—Section 10 of the Federal Deposit Insurance Act (12 U.S.C. 1820) is amended—

(1) in subsection (a)—

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

“(a) POWERS.—

“(1) IN GENERAL.—The”;

(B) by inserting “, subject to paragraph (2) and subsection (l),” after “The Board of Directors of the Corporation”; and

(C) by adding at the end the following new paragraph:

“(2) APPROPRIATIONS REQUIREMENT.—The Corporation may only incur obligations or allow and pay expenses pursuant to an appropriations Act,
other than with respect to obligations or expenses paid for with funds from the Deposit Insurance Fund or incurred, allowed, or paid for the purpose of carrying out the insurance function of the Corporation.”; and

(2) by adding at the end the following new subsection:

“(l) NON-INSURANCE FEES AS OFFSETTING COLLECTIONS.—Any fees collected by the Corporation, except pursuant to section 5(d), shall be deposited and credited as offsetting collections to the account providing appropriations to the Corporation.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to expenses paid and fees collected on or after the date that is 90 days after the date of the enactment of the first appropriation Act that provides for appropriations to the Federal Deposit Insurance Corporation and that is enacted after the date of the enactment of this Act.

SEC. 662. BRINGING THE FEDERAL HOUSING FINANCE AGENCY INTO THE REGULAR APPROPRIATIONS PROCESS.

(a) IN GENERAL.—Section 1316(f) of the Housing and Community Development Act of 1992 (12 U.S.C. 4516(f)) is amended to read as follows:
“(f) Appropriations Requirement; Assessments Deposited asOffsettingCollections.—

“(1) Appropriations Requirement.—The Agency may only incur obligations or allow and pay expenses pursuant to an appropriations Act.

“(2) Offsettings Collections.—Any assessments or other fees collected by the Agency shall be deposited and credited as offsetting collections to the account providing appropriations to the Agency.”.

(b) Effective Date.—The amendments made by this section shall apply with respect to expenses paid and fees collected on or after the date that is 90 days after the date of the enactment of the first appropriation Act that provides for appropriations to the Federal Housing Finance Agency and that is enacted after the date of the enactment of this Act.

SEC. 663. BRINGING THE NATIONAL CREDIT UNION ADMINISTRATION INTO THE REGULAR APPROPRIATIONS PROCESS.

(a) In General.—Section 105 of the Federal Credit Union Act (12 U.S.C. 1755) is amended by striking subsections (d) and (e) and inserting the following:

“(d) Appropriations Requirement.—The Administration may only incur obligations or allow and pay expenses pursuant to an appropriations Act, other than with
respect to obligations or expenses paid for with funds from
the National Credit Union Share Insurance Fund or in-
curred, allowed, or paid for the purpose of carrying out
the insurance function of the Administration.

“(e) Non-insurance Fees as Offsetting Col-
lections.—Any fees collected by the Administration, ex-
cept for insurance fees collected under title II, shall be
deposited and credited as offsetting collections to the ac-
count providing appropriations to the Administration.”.

(b) Effective Date.—The amendments made by
this section shall apply with respect to expenses paid and
fees collected on or after the date that is 90 days after
the date of the enactment of the first appropriation Act
that provides for appropriations to the National Credit
Union Administration and that is enacted after the date
of the enactment of this Act.

SEC. 664. BRINGING THE OFFICE OF THE COMPTROLLER
OF THE CURRENCY INTO THE REGULAR AP-
PROPRIATIONS PROCESS.

(a) In General.—Section 5240A of the Revised
Statutes of the United States is amended—

(1) by striking “Sec. 5240A. The Comptroller
of the Currency may” and inserting the following:
“SEC. 5240A. Appropriations Requirement; Assessments Deposited as Offsetting Collections.

(a) In General.—The Board of Directors of the Office of the Comptroller of the Currency may;

(2) by striking “Funds derived” and all that follows through the end of the section; and

(3) by adding at the end the following:

“(b) Appropriations Requirement.—The Chair of the Board of Directors of the Office of the Comptroller of the Currency may only incur obligations or allow and pay expenses pursuant to an appropriations Act.

(c) Offsetting Collections.—Any assessments or other fees collected by the Chair shall be deposited and credited as offsetting collections to the account providing appropriations to the Board of Directors of the Office of the Comptroller of the Currency.”.

(b) Effective Date.—The amendments made by this section shall apply with respect to expenses paid and fees collected on or after the date that is 90 days after the date of the enactment of the first appropriation Act that provides for appropriations to the Board of Directors of the Office of the Comptroller of the Currency and that is enacted after the date of the enactment of this Act.
SEC. 665. BRINGING THE NON-MONETARY POLICY RELATED
FUNCTIONS OF THE BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM INTO
THE REGULAR APPROPRIATIONS PROCESS.

The Federal Reserve Act is amended by inserting
after section 11B the following:

“SEC. 11C. APPROPRIATIONS REQUIREMENT FOR NON-
MONETARY POLICY RELATED ADMINISTRATIVE COSTS.

“(a) Appropriations Requirement.—The Board
of Governors of the Federal Reserve System and the Fed-
eral reserve banks may only incur obligations or allow and
pay expenses with respect to non-monetary policy related
administrative costs pursuant to an appropriations Act.

“(b) Earnings and Assessments Used to Re-
cover the Cost of Appropriations.—

“(1) In general.—Except as provided under
paragraph (2) and notwithstanding any other provi-
sion of law, all earnings of the Board of Governors
of the Federal Reserve System and the Federal re-
serve banks and all amounts collected pursuant to
section 11(t) that would, absent this section, be used
to fund the non-monetary policy related administra-
tive costs of the Board of Governors of the Federal
Reserve System and each of the Federal reserve
banks shall be deposited into the general fund of the
Treasury and credited as offsetting collections for
the amounts appropriated to fund such non-mone-
tary policy related administrative costs.

“(2) NO DEPOSITS IN EXCESS OF APPROPRIA-
tIONS.—The amount deposited pursuant to para-
graph (1) with respect to a fiscal year shall not ex-
ceed the amount appropriated to fund the non-mone-
tary policy related administrative costs of the Board
of Governors of the Federal Reserve System and
each of the Federal reserve banks for such fiscal
year.

“(c) DEFINITIONS.—For purposes of this section:

“(1) MONETARY POLICY.—The term ‘monetary
policy’ means a strategy for producing a generally
acceptable exchange medium that supports the pro-
ductive employment of economic resources by reli-
ably serving as both a unit of account and store of
value.

“(2) NON-MONETARY POLICY RELATED ADMIN-
ISTRATIVE COSTS.—The term ‘non-monetary policy
related administrative costs’ means administrative
costs not related to the conduct of monetary policy,
and include—

“(A) direct operating expenses for superv-
ising and regulating entities supervised and
regulated by the Board of Governors of the Federal Reserve System, including conducting examinations, conducting stress tests, communicating with the entities regarding supervisory matters and laws, and regulations;

“(B) operating expenses for activities integral to carrying out supervisory and regulatory responsibilities, such as training staff in the supervisory function, research and analysis functions including library subscription services, and collecting and processing regulatory reports filed by supervised institutions; and

“(C) support, overhead, and pension expenses related to the items described under subparagraphs (A) and (B).”.

Subtitle F—International Processes

SEC. 671. REQUIREMENTS FOR INTERNATIONAL PROCESSES.

(a) Board of Governors Requirements.—Section 11 of the Federal Reserve Act (12 U.S.C. 248), as amended by section 706, is further amended by adding at the end the following new subsection:

“(w) INTERNATIONAL PROCESSES.—

“(1) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before any member or em...
ployee of the Board of Governors of the Federal Reserve System participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Governors shall—

“(A) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(B) make such notice available to the public, including on the website of the Board of Governors; and

“(C) solicit public comment, and consult with the committees described under subparagraph (A), with respect to the subject matter, scope, and goals of the process.

“(2) PUBLIC REPORTS ON PROCESS.—After the end of any process described under paragraph (1), the Board of Governors shall issue a public report on the topics that were discussed during the process and any new or revised rulemakings or policy changes that the Board of Governors believes should be implemented as a result of the process.
“(3) NOTICE OF AGREEMENTS; CONSULTATION.—At least 90 calendar days before any member or employee of the Board of Governors of the Federal Reserve System participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Governors shall—

“(A) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate; 

“(B) make such notice available to the public, including on the website of the Board of Governors; and

“(C) consult with the committees described under subparagraph (A) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.

“(4) DEFINITION.—For purposes of this subsection, the term ‘process’ shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a simi-
lar organization), and the International Association of Insurance Supervisors (or a similar organization).”.

(b) FDIC REQUIREMENTS.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

“SEC. 51. INTERNATIONAL PROCESSES.

“(a) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Board of Directors participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Directors shall—

“(1) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(2) make such notice available to the public, including on the website of the Corporation; and

“(3) solicit public comment, and consult with the committees described under paragraph (1), with respect to the subject matter, scope, and goals of the process.

“(b) PUBLIC REPORTS ON PROCESS.—After the end of any process described under subsection (a), the Board
of Directors shall issue a public report on the topics that were discussed at the process and any new or revised rulemakings or policy changes that the Board of Directors believes should be implemented as a result of the process.

“(c) NOTICE OF AGREEMENTS; CONSULTATION.—At least 90 calendar days before the Board of Directors participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Directors shall—

“(1) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(2) make such notice available to the public, including on the website of the Corporation; and

“(3) consult with the committees described under paragraph (1) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.

“(d) DEFINITION.—For purposes of this section, the term ‘process’ shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Super-
vision (or a similar organization), and the International
Association of Insurance Supervisors (or a similar organi-
zation).”.

(c) TREASURY REQUIREMENTS.—Section 325 of title
31, United States Code, is amended by adding at the end
the following new subsection:

“(d) INTERNATIONAL PROCESSES.—

“(1) NOTICE OF PROCESS; CONSULTATION.—At
least 30 calendar days before the Secretary partici-
pates in a process of setting financial standards as
a part of any foreign or multinational entity, the
Secretary shall—

“(A) issue a notice of the process, includ-
ing the subject matter, scope, and goals of the
process, to the Committee on Financial Services
of the House of Representatives and the Com-
mittee on Banking, Housing, and Urban Affairs
of the Senate;

“(B) make such notice available to the
public, including on the website of the Depart-
ment of the Treasury; and

“(C) solicit public comment, and consult
with the committees described under subpara-
graph (A), with respect to the subject matter,
scope, and goals of the process.
“(2) Public reports on process.—After the end of any process described under paragraph (1), the Secretary shall issue a public report on the topics that were discussed at the process and any new or revised rulemakings or policy changes that the Secretary believes should be implemented as a result of the process.

“(3) Notice of agreements; consultation.—At least 90 calendar days before the Secretary participates in a process of setting financial standards as a part of any foreign or multinational entity, the Secretary shall—

“(A) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(B) make such notice available to the public, including on the website of the Department of the Treasury; and

“(C) consult with the committees described under subparagraph (A) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.

“(4) Definition.—For purposes of this subsection, the term ‘process’ shall include any official
proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organization).”.

(d) OCC REQUIREMENTS.—Chapter one of title LXII of the Revised Statutes of the United States (12 U.S.C. 21 et seq.) is amended—

(1) by adding at the end the following new section:

“SEC. 5156B. INTERNATIONAL PROCESSES.

“(a) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Board of Directors of the Office of the Comptroller of the Currency participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Directors shall—

“(1) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;
“(2) make such notice available to the public, including on the website of the Office of the Comptroller of the Currency; and

“(3) solicit public comment, and consult with the committees described under paragraph (1), with respect to the subject matter, scope, and goals of the process.

“(b) Public Reports on Process.—After the end of any process described under subsection (a), the Board of Directors shall issue a public report on the topics that were discussed at the process and any new or revised rulemakings or policy changes that the Board of Directors believes should be implemented as a result of the process.

“(c) Notice of Agreements; Consultation.—At least 90 calendar days before the Board of Directors participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Directors shall—

“(1) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(2) make such notice available to the public, including on the website of the Office of the Comptroller of the Currency; and
“(3) consult with the committees described under paragraph (1) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.

“(d) DEFINITION.—For purposes of this section, the term ‘process’ shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organization).”; and

(2) in the table of contents for such chapter, by adding at the end the following new item:

“5156B. International processes.”.

(e) SECURITIES AND EXCHANGE COMMISSION REQUIREMENTS.—Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d) is amended by adding at the end the following new subsection:

“(j) INTERNATIONAL PROCESSES.—

“(1) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Commission participates in a process of setting financial standards as a part of any foreign or multinational entity, the Commission shall—
“(A) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(B) make such notice available to the public, including on the website of the Commission; and

“(C) solicit public comment, and consult with the committees described under subparagraph (A), with respect to the subject matter, scope, and goals of the process.

“(2) Public reports on process.—After the end of any process described under paragraph (1), the Commission shall issue a public report on the topics that were discussed at the process and any new or revised rulemakings or policy changes that the Commission believes should be implemented as a result of the process.

“(3) Notice of agreements; consultation.—At least 90 calendar days before the Commission participates in a process of setting financial standards as a part of any foreign or multinational entity, the Commission shall—
“(A) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate; “

“(B) make such notice available to the public, including on the website of the Commission; and

“(C) consult with the committees described under subparagraph (A) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.

“(4) DEFINITION.—For purposes of this subsection, the term ‘process’ shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organization).”.

(f) COMMODITY FUTURES TRADING COMMISSION REQUIREMENTS.—Section 2 of the Commodity Exchange Act (7 U.S.C. 2) is amended by adding at the end the following:
“(k) INTERNATIONAL PROCESSES.—

“(1) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Commission participates in a process of setting financial standards as a part of any foreign or multinational entity, the Commission shall—

“(A) issue a notice of the process, including the subject matter, scope, and goals of the process, to—

“(i) the Committees on Financial Services and Agriculture of the House of Representatives; and

“(ii) the Committees on Banking, Housing, and Urban Affairs and Agriculture, Nutrition, and Forestry of the Senate;

“(B) make such notice available to the public, including on the website of the Commission; and

“(C) solicit public comment, and consult with the committees described under subparagraph (A), with respect to the subject matter, scope, and goals of the process.

“(2) PUBLIC REPORTS ON PROCESS.—After the end of any process described under paragraph (1),
the Commission shall issue a public report on the
topics that were discussed during the process and
any new or revised rulemakings or policy changes
that the Commission believes should be implemented
as a result of the process.

“(3) NOTICE OF AGREEMENTS; CONSULTATION.—At least 90 calendar days before the Com-
mission participates in a process of setting financial
standards as a part of any foreign or multinational
entity, the Commission shall—

“(A) issue a notice of agreement to—

“(i) the Committees on Financial
Services and Agriculture of the House of
Representatives; and

“(ii) the Committees on Banking,
Housing, and Urban Affairs and Agri-
culture, Nutrition, and Forestry of the
Senate;

“(B) make such notice available to the
public, including on the website of the Commiss-
ion; and

“(C) consult with the committees described
under subparagraph (A) with respect to the na-
ture of the agreement and any anticipated ef-
feets such agreement will have on the economy.
“(4) DEFINITION.—For purposes of this sub-
section, the term ‘process’ shall include any official
proceeding or meeting on financial regulation of a
recognized international organization with authority
to set financial standards on a global or regional
level, including the Financial Stability Board, the
Basel Committee on Banking Supervision (or a simi-
lar organization), and the International Association
of Insurance Supervisors (or a similar organiza-
tion).”.

TITLE VII—FED OVERSIGHT
REFORM AND MODERNIZATION

SEC. 701. REQUIREMENTS FOR POLICY RULES OF THE FED-
ERAL OPEN MARKET COMMITTEE.

The Federal Reserve Act (12 U.S.C. 221 et seq.) is
amended by inserting after section 2B the following new
section:

“SEC. 2C. DIRECTIVE POLICY RULES OF THE FEDERAL
OPEN MARKET COMMITTEE.

“(a) DEFINITIONS.—In this section the following
definitions shall apply:

“(1) APPROPRIATE CONGRESSIONAL COM MIT-
TEES.—The term ‘appropriate congressional com-
nittees’ means the Committee on Financial Services
of the House of Representatives and the Committee
on Banking, Housing, and Urban Affairs of the Senate.

“(2) Directive Policy Rule.—The term ‘Directive Policy Rule’ means a policy rule developed by the Federal Open Market Committee that meets the requirements of subsection (c) and that provides the basis for the Open Market Operations Directive.

“(3) GDP.—The term ‘GDP’ means the gross domestic product of the United States as computed and published by the Department of Commerce.

“(4) Intermediate Policy Input.—The term ‘Intermediate Policy Input’—

“(A) may include any variable determined by the Federal Open Market Committee as a necessary input to guide open-market operations;

“(B) shall include an estimate of, and the method of calculation for, the current rate of inflation or current inflation expectations; and

“(C) shall include, specifying whether the variable or estimate is historical, current, or a forecast and the method of calculation, at least one of—

“(i) an estimate of real GDP, nominal GDP, or potential GDP;
“(ii) an estimate of the monetary aggregate compiled by the Board of Governors of the Federal Reserve System and Federal reserve banks; or

“(iii) an interactive variable or a net estimate composed of the estimates described in clauses (i) and (ii).

“(5) LEGISLATIVE DAY.—The term ‘legislative day’ means a day on which either House of Congress is in session.

“(6) OPEN MARKET OPERATIONS DIRECTIVE.—The term ‘Open Market Operations Directive’ means an order to achieve a specified Policy Instrument Target provided to the Federal Reserve Bank of New York by the Federal Open Market Committee pursuant to powers authorized under section 14 of this Act that guide open-market operations.

“(7) POLICY INSTRUMENT.—The term ‘Policy Instrument’ means—

“(A) the nominal Federal funds rate;

“(B) the nominal rate of interest paid on nonborrowed reserves; or

“(C) the discount window primary credit interest rate most recently published on the Federal Reserve Statistical Release on selected
interest rates (daily or weekly), commonly re-
ferred to as the H.15 release.

“(8) POLICY INSTRUMENT TARGET.—The term
‘Policy Instrument Target’ means the target for the
Policy Instrument specified in the Open Market Op-
erations Directive.

“(9) REFERENCE POLICY RULE.—The term
‘Reference Policy Rule’ means a calculation of the
nominal Federal funds rate as equal to the sum of
the following:

“(A) The rate of inflation over the pre-
vious four quarters.

“(B) One-half of the percentage deviation
of the real GDP from an estimate of potential
GDP.

“(C) One-half of the difference between the
rate of inflation over the previous four quarters
and two percent.

“(D) Two percent.

“(b) SUBMITTING A DIRECTIVE POLICY RULE.—Not
later than 48 hours after the end of a meeting of the Fed-
eral Open Market Committee, the Chairman of the Fed-
eral Open Market Committee shall submit to the appro-
priate congressional committees and the Comptroller Gen-
eral of the United States a Directive Policy Rule and a
statement that identifies the members of the Federal Open
Market Committee who voted in favor of the Rule.

“(c) REQUIREMENTS FOR A DIRECTIVE POLICY
RULE.—A Directive Policy Rule shall—

“(1) identify the Policy Instrument the Directive Policy Rule is designed to target;

“(2) describe the strategy or rule of the Federal
Open Market Committee for the systematic quanti-
tative adjustment of the Policy Instrument Target
to respond to a change in the Intermediate Policy
Inputs;

“(3) include a function that comprehensively
models the interactive relationship between the In-
termediate Policy Inputs;

“(4) include the coefficients of the Directive
Policy Rule that generate the current Policy Instru-
ment Target and a range of predicted future values
for the Policy Instrument Target if changes occur in
any Intermediate Policy Input;

“(5) describe the procedure for adjusting the
supply of bank reserves to achieve the Policy Instru-
ment Target;

“(6) include a statement as to whether the Di-
rective Policy Rule substantially conforms to the
Reference Policy Rule and, if applicable—
“(A) an explanation of the extent to which
it departs from the Reference Policy Rule;
“(B) a detailed justification for that depar-
ture; and
“(C) a description of the circumstances
under which the Directive Policy Rule may be
amended in the future;
“(7) include a certification that such Rule is ex-
pected to support the economy in achieving stable
prices and maximum natural employment over the
long term;
“(8) include a calculation that describes with
mathematical precision the expected annual inflation
rate over a 5-year period; and
“(9) include a plan to use the most accurate
data, subject to all historical revisions, for inputs
into the Directive Policy Rule and the Reference
Policy Rule.
“(d) GAO REPORT.—The Comptroller General of the
United States shall compare the Directive Policy Rule sub-
mitted under subsection (b) with the rule that was most
recently submitted to determine whether the Directive Pol-
icy Rule has materially changed. If the Directive Policy
Rule has materially changed, the Comptroller General
shall, not later than 7 days after each meeting of the Fed-
eral Open Market Committee, prepare and submit a compliance report to the appropriate congressional committees specifying whether the Directive Policy Rule submitted after that meeting and the Federal Open Market Committee are in compliance with this section.

“(e) Changing Market Conditions.—

“(1) Rule of Construction.—Nothing in this Act shall be construed to require that the plans with respect to the systematic quantitative adjustment of the Policy Instrument Target described under subsection (c)(2) be implemented if the Federal Open Market Committee determines that such plans cannot or should not be achieved due to changing market conditions.

“(2) GAO Approval of Update.—Upon determining that plans described in paragraph (1) cannot or should not be achieved, the Federal Open Market Committee shall submit an explanation for that determination and an updated version of the Directive Policy Rule to the Comptroller General of the United States and the appropriate congressional committees not later than 48 hours after making the determination. The Comptroller General shall, not later than 48 hours after receiving such updated version, prepare and submit to the appropriate con-
gressional committees a compliance report determining whether such updated version and the Federal Open Market Committee are in compliance with this section.

"(f) Directive Policy Rule and Federal Open Market Committee Not in Compliance.—

“(1) In General.—If the Comptroller General of the United States determines that the Directive Policy Rule and the Federal Open Market Committee are not in compliance with this section in the report submitted pursuant to subsection (d), or that the updated version of the Directive Policy Rule and the Federal Open Market Committee are not in compliance with this section in the report submitted pursuant to subsection (e)(2), the Chairman of the Board of Governors of the Federal Reserve System shall, if requested by the chairman of either of the appropriate congressional committees, not later than 7 legislative days after such request, testify before such committee as to why the Directive Policy Rule, the updated version, or the Federal Open Market Committee is not in compliance.

“(2) GAO Audit.—Notwithstanding subsection (b) of section 714 of title 31, United States Code, upon submitting a report of noncompliance pursuant
to subsection (d) or subsection (e)(2) and after the period of 7 legislative days described in paragraph (1), the Comptroller General shall audit the conduct of monetary policy by the Board of Governors of the Federal Reserve System and the Federal Open Market Committee upon request of the appropriate congressional committee. Such committee may specify the parameters of such audit.

“(g) CONGRESSIONAL HEARINGS.—The Chairman of the Board of Governors of the Federal Reserve System shall, if requested by the chairman of either of the appropriate congressional committees and not later than 7 legislative days after such request, appear before such committee to explain any change to the Directive Policy Rule.”

SEC. 702. FEDERAL OPEN MARKET COMMITTEE BLACKOUT PERIOD.

Section 12A of the Federal Reserve Act (12 U.S.C. 263) is amended by adding at the end the following new subsection:

“(d) BLACKOUT PERIOD.—

“(1) IN GENERAL.—During a blackout period, the only public communications that may be made by members and staff of the Committee with respect to macroeconomic or financial developments or about
current or prospective monetary policy issues are the following:

“(A) The dissemination of published data, surveys, and reports that have been cleared for publication by the Board of Governors of the Federal Reserve System.

“(B) Answers to technical questions specific to a data release.

“(C) Communications with respect to the prudential or supervisory functions of the Board of Governors.

“(2) BLACKOUT PERIOD DEFINED.—For purposes of this subsection, and with respect to a meeting of the Committee described under subsection (a), the term ‘blackout period’ means the time period that—

“(A) begins immediately after midnight on the day that is one week prior to the date on which such meeting takes place; and

“(B) ends at midnight on the day after the date on which such meeting takes place.

“(3) EXEMPTION FOR CHAIRMAN OF THE BOARD OF GOVERNORS.—Nothing in this section shall prohibit the Chairman of the Board of Gov-
errors of the Federal Reserve System from participating in or issuing public communications.”.

SEC. 703. MEMBERSHIP OF FEDERAL OPEN MARKET COMMITTEE.

Section 12A(a) of the Federal Reserve Act (12 U.S.C. 263(a)) is amended—

(1) in the first sentence, by striking “five” and inserting “six”;

(2) in the second sentence, by striking “One by the board of directors” and all that follows through the period at the end and inserting the following: “One by the boards of directors of the Federal Reserve Banks of New York and Boston; one by the boards of directors of the Federal Reserve Banks of Philadelphia and Cleveland; one by the boards of directors of the Federal Reserve Banks of Richmond and Atlanta; one by the boards of directors of the Federal Reserve Banks of Chicago and St. Louis; one by the boards of directors of the Federal Reserve Banks of Minneapolis and Kansas City; and one by the boards of directors of the Federal Reserve Banks of Dallas and San Francisco.”; and

(3) by inserting after the second sentence the following: “In odd numbered calendar years, one representative shall be elected from each of the Fed-
eral Reserve Banks of Boston, Philadelphia, Richmond, Chicago, Minneapolis, and Dallas. In even-numbered calendar years, one representative shall be elected from each of the Federal Reserve Banks of New York, Cleveland, Atlanta, St. Louis, Kansas City, and San Francisco.”.

SEC. 704. FREQUENCY OF TESTIMONY OF THE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM TO CONGRESS.

(a) In General.—Section 2B of the Federal Reserve Act (12 U.S.C. 225b) is amended—

(1) by striking “semi-annual” each place it appears and inserting “quarterly”; and

(2) in subsection (a)(2)—

(A) by inserting “and October 20” after “July 20” each place it appears; and

(B) by inserting “and May 20” after “February 20” each place it appears.

(b) Conforming Amendment.—Paragraph (12) of section 10 of the Federal Reserve Act (12 U.S.C. 247b(12)) is amended by striking “semi-annual” and inserting “quarterly”.

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SEC. 705. VICE CHAIRMAN FOR SUPERVISION REPORT REQUIREMENT.

Paragraph (12) of section 10 of the Federal Reserve Act (12 U.S.C. 247(b)) is amended—

(1) by redesignating such paragraph as paragraph (11); and

(2) in such paragraph, by adding at the end the following: “In each such appearance, the Vice Chairman for Supervision shall provide written testimony that includes the status of all pending and anticipated rulemakings that are being made by the Board of Governors of the Federal Reserve System. If, at the time of any appearance described in this paragraph, the position of Vice Chairman for Supervision is vacant, the Vice Chairman for the Board of Governors of the Federal Reserve System (who has the responsibility to serve in the absence of the Chairman) shall appear instead and provide the required written testimony. If, at the time of any appearance described in this paragraph, both Vice Chairman positions are vacant, the Chairman of the Board of Governors of the Federal Reserve System shall appear instead and provide the required written testimony.”.
SEC. 706. SALARIES, FINANCIAL DISCLOSURES, AND OFFICE STAFF OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

(a) In General.—Section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended—

(1) by redesignating the second subsection (s) (relating to “Assessments, Fees, and Other Charges for Certain Companies”) as subsection (t); and

(2) by adding at the end the following new subsections:

“(u) Ethics Standards for Members and Employees.—

“(1) Prohibited and Restricted Financial Interests and Transactions.—The members and employees of the Board of Governors of the Federal Reserve System shall be subject to the provisions under section 4401.102 of title 5, Code of Federal Regulations, to the same extent as such provisions apply to an employee of the Securities and Exchange Commission.

“(2) Treatment of Brokerage Accounts and Availability of Account Statements.—The members and employees of the Board of Governors of the Federal Reserve System shall—

“(A) disclose all brokerage accounts that they maintain, as well as those in which they
control trading or have a financial interest (includ-
ing managed accounts, trust accounts, in-
vestment club accounts, and the accounts of
spouses or minor children who live with the
member or employee); and

“(B) with respect to any securities account
that the member or employee is required to dis-
close to the Board of Governors, authorize their
brokers and dealers to send duplicate account
statements directly to Board of Governors.

“(3) Prohibitions related to outside em-
ployment and activities.—The members and em-
ployees of the Board of Governors of the Federal
Reserve System shall be subject to the prohibitions
related to outside employment and activities de-
scribed under section 4401.103(c) of title 5, Code of
Federal Regulations, to the same extent as such pro-
hibitions apply to an employee of the Securities and
Exchange Commission.

“(4) Additional ethics standards.—The
members and employees of the Board of Governors
of the Federal Reserve System shall be subject to—

“(A) the employee responsibilities and con-
duct regulations of the Office of Personnel
Management under part 735 of title 5, Code of Federal Regulations;

“(B) the canons of ethics contained in subpart C of part 200 of title 17, Code of Federal Regulations, to the same extent as such subpart applies to the employees of the Securities and Exchange Commission; and

“(C) the regulations concerning the conduct of members and employees and former members and employees contained in subpart M of part 200 of title 17, Code of Federal Regulations, to the same extent as such subpart applies to the employees of the Securities and Exchange Commission.

“(v) DISCLOSURE OF STAFF SALARIES AND FINANCIAL INFORMATION.—The Board of Governors of the Federal Reserve System shall make publicly available, on the website of the Board of Governors, a searchable database that contains the names of all members, officers, and employees of the Board of Governors who receive an annual salary in excess of the annual rate of basic pay for GS–15 of the General Schedule, and—

“(1) the yearly salary information for such individuals, along with any nonsalary compensation received by such individuals; and
“(2) any financial disclosures required to be made by such individuals.”.

(b) Office Staff for Each Member of the Board of Governors.—Subsection (l) of section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended by adding at the end the following: “Each member of the Board of Governors of the Federal Reserve System may employ, at a minimum, 2 individuals, with such individuals selected by such member and the salaries of such individuals set by such member. A member may employ additional individuals as determined necessary by the Board of Governors.”.

SEC. 707. AMENDMENTS TO POWERS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

(a) In General.—Section 13(3) of the Federal Reserve Act (12 U.S.C. 343(3)), as amended by section 221, is further amended—

(1) in subparagraph (A)—

(A) by inserting “that pose a threat to the financial stability of the United States” after “unusual and exigent circumstances”; and

(B) by inserting “and by the affirmative vote of not less than nine presidents of the Federal reserve banks” after “five members”;

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(2) in subparagraph (B)—

(A) in clause (i), by inserting at the end the following: “Federal reserve banks may not accept equity securities issued by the recipient of any loan or other financial assistance under this paragraph as collateral. Not later than 6 months after the date of enactment of this sentence, the Board shall, by rule, establish—

“(I) a method for determining the sufficiency of the collateral required under this paragraph;

“(II) acceptable classes of collateral;

“(III) the amount of any discount of such value that the Federal reserve banks will apply for purposes of calculating the sufficiency of collateral under this paragraph; and

“(IV) a method for obtaining independent appraisals of the value of collateral the Federal reserve banks receive.”; and

(B) in clause (ii)—

(i) by striking the second sentence; and
(ii) by inserting after the first sentence the following: “A borrower shall not be eligible to borrow from any emergency lending program or facility unless the Board and all federal banking regulators with jurisdiction over the borrower certify that, at the time the borrower initially borrows under the program or facility, the borrower is not insolvent.”;

(3) by inserting “financial institution” before “participant” each place such term appears;

(4) in subparagraph (D)(i), by inserting “financial institution” before “participants”; and

(5) by adding at the end the following new subparagraphs:

“(E) PENALTY RATE.—

“(i) IN GENERAL.—Not later than 6 months after the date of enactment of this subparagraph, the Board shall, with respect to a recipient of any loan or other financial assistance under this paragraph, establish by rule a minimum interest rate on the principal amount of any loan or other financial assistance.
“(ii) MINIMUM INTEREST RATE DEFINED.—In this subparagraph, the term ‘minimum interest rate’ shall mean the sum of—

“(I) the average of the secondary discount rate of all Federal Reserve banks over the most recent 90-day period; and

“(II) the average of the difference between a distressed corporate bond yield index (as defined by rule of the Board) and a bond yield index of debt issued by the United States (as defined by rule of the Board) over the most recent 90-day period.

“(F) FINANCIAL INSTITUTION PARTICIPANT DEFINED.—For purposes of this paragraph, the term ‘financial institution participant’—

“(i) means a company that is predominantly engaged in financial activities (as defined in section 102(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5311(a))); and
“(ii) does not include an agency described in subparagraph (W) of section 5312(a)(2) of title 31, United States Code, or an entity controlled or sponsored by such an agency.”.

(b) CONFORMING AMENDMENT.—Section 11(r)(2)(A) of such Act is amended—

(1) in clause (ii)(IV), by striking “; and” and inserting a semicolon;

(2) in clause (iii), by striking the period at the end and inserting “; and”; and

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

“(iv) the available members secure the affirmative vote of not less than nine presidents of the Federal reserve banks.”.

SEC. 708. INTEREST RATES ON BALANCES MAINTAINED AT A FEDERAL RESERVE BANK BY DEPOSITORY INSTITUTIONS ESTABLISHED BY FEDERAL OPEN MARKET COMMITTEE.

Subparagraph (A) of section 19(b)(12) of the Federal Reserve Act (12 U.S.C. 461(b)(12)(A)) is amended by inserting “established by the Federal Open Market Committee” after “rate or rates”.
SEC. 709. AUDIT REFORM AND TRANSPARENCY FOR THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

(a) IN GENERAL.—Notwithstanding section 714 of title 31, United States Code, or any other provision of law, the Comptroller General of the United States shall annually complete an audit of the Board of Governors of the Federal Reserve System and the Federal reserve banks under subsection (b) of such section 714 within 12 months after the date of the enactment of this Act.

(b) REPORT.—

(1) IN GENERAL.—Not later than 90 days after each audit required pursuant to subsection (a) is completed, the Comptroller General—

(A) shall submit to Congress a report on such audit; and

(B) shall make such report available to the Speaker of the House, the majority and minority leaders of the House of Representatives, the majority and minority leaders of the Senate, the Chairman and Ranking Member of the committee and each subcommittee of jurisdiction in the House of Representatives and the Senate, and any other Member of Congress who requests the report.
(2) CONTENTS.—The report under paragraph (1) shall include a detailed description of the findings and conclusion of the Comptroller General with respect to the audit that is the subject of the report, together with such recommendations for legislative or administrative action as the Comptroller General may determine to be appropriate.

(c) REPEAL OF CERTAIN LIMITATIONS.—Subsection (b) of section 714 of title 31, United States Code, is amended by striking the second sentence.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Section 714 of title 31, United States Code, is amended—

(A) in subsection (d)(3), by striking “or (f)” each place such term appears;

(B) in subsection (e), by striking “the third undesignated paragraph of section 13” and inserting “section 13(3)”; and

(C) by striking subsection (f).

(2) FEDERAL RESERVE ACT.—Subsection (s) (relating to “Federal Reserve Transparency and Release of Information”) of section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended—

(A) in paragraph (4)(A), by striking “has the same meaning as in section 714(f)(1)(A) of
title 31, United States Code” and inserting
“means a program or facility, including any
special purpose vehicle or other entity estab-
lished by or on behalf of the Board of Gov-
ernors of the Federal Reserve System or a Fed-
eral reserve bank, authorized by the Board of
Governors under section 13(3), that is not sub-
ject to audit under section 714(e) of title 31,
United States Code’’;

(B) in paragraph (6), by striking “or in
section 714(f)(3)(C) of title 31, United States
Code, the information described in paragraph
(1) and information concerning the transactions
described in section 714(f) of such title,” and
inserting “the information described in para-
graph (1)”;

(C) in paragraph (7), by striking “and sec-
tion 13(3)(C), section 714(f)(3)(C) of title 31,
United States Code, and” and inserting “, sec-
tion 13(3)(C), and”.

SEC. 710. ESTABLISHMENT OF A CENTENNIAL MONETARY
COMMISSION.

(a) FINDINGS.—Congress finds the following:

(1) The Constitution endows Congress with the
power “to coin money, regulate the value thereof”.

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(2) Following the financial crisis known as the Panic of 1907, Congress established the National Monetary Commission to provide recommendations for the reform of the financial and monetary systems of the United States.

(3) Incorporating several of the recommendations of the National Monetary Commission, Congress created the Federal Reserve System in 1913. As currently organized, the Federal Reserve System consists of the Board of Governors in Washington, District of Columbia, and the Federal Reserve Banks organized into 12 districts around the United States. The stockholders of the 12 Federal Reserve Banks include national and certain State-chartered commercial banks, which operate on a fractional reserve basis.

(4) Originally, Congress gave the Federal Reserve System a monetary mandate to provide an elastic currency, within the context of a gold standard, in response to seasonal fluctuations in the demand for currency.

(5) Congress also gave the Federal Reserve System a financial stability mandate to serve as the lender of last resort to solvent but illiquid banks during a financial crisis.
In 1977, Congress changed the monetary mandate of the Federal Reserve System to a dual mandate for maximum employment and stable prices.

Empirical studies and historical evidence, both within the United States and in other countries, demonstrate that price stability is desirable because both inflation and deflation damage the economy.

The economic challenge of recent years—most notably the bursting of the housing bubble, the financial crisis of 2008, and the ensuing anemic recovery—have occurred at great cost in terms of lost jobs and output.

Policymakers are reexamining the structure and functioning of financial institutions and markets to determine what, if any, changes need to be made to place the financial system on a stronger, more sustainable path going forward.

The Federal Reserve System has taken extraordinary actions in response to the recent economic challenges.

The Federal Open Market Committee has engaged in multiple rounds of quantitative easing, providing unprecedented liquidity to financial mar-
kets, while committing to holding short-term interest rates low for a seemingly indefinite period, and pursuing a policy of credit allocation by purchasing Federal agency debt and mortgage-backed securities.

(12) In the wake of the recent extraordinary actions of the Federal Reserve System, Congress—consistent with its constitutional responsibilities and as it has done periodically throughout the history of the United States—has once again renewed its examination of monetary policy.

(13) Central in such examination has been a renewed look at what is the most proper mandate for the Federal Reserve System to conduct monetary policy in the 21st century.

(b) Establishment of a Centennial Monetary Commission.—There is established a commission to be known as the “Centennial Monetary Commission” (in this section referred to as the “Commission”).

(c) Study and Report on Monetary Policy.—

(1) Study.—The Commission shall—

(A) examine how United States monetary policy since the creation of the Board of Governors of the Federal Reserve System in 1913 has affected the performance of the United
States economy in terms of output, employment, prices, and financial stability over time;

(B) evaluate various operational regimes under which the Board of Governors of the Federal Reserve System and the Federal Open Market Committee may conduct monetary policy in terms achieving the maximum sustainable level of output and employment and price stability over the long term, including—

(i) discretion in determining monetary policy without an operational regime;

(ii) price level targeting;

(iii) inflation rate targeting;

(iv) nominal gross domestic product targeting (both level and growth rate);

(v) the use of monetary policy rules;

and

(vi) the gold standard;

(C) evaluate the use of macro-prudential supervision and regulation as a tool of monetary policy in terms of achieving the maximum sustainable level of output and employment and price stability over the long term;

(D) evaluate the use of the lender-of-last-resort function of the Board of Governors of
the Federal Reserve System as a tool of monetary policy in terms of achieving the maximum sustainable level of output and employment and price stability over the long term;

(E) recommend a course for United States monetary policy going forward, including—

(i) the legislative mandate;

(ii) the operational regime;

(iii) the securities used in open market operations; and

(iv) transparency issues; and

(F) consider the effects of the GDP output and employment targets of the “dual mandate” (both from the creation of the dual mandate in 1977 until the present time and estimates of the future effect of the dual mandate ) on—

(i) United States economic activity;

(ii) Federal Reserve actions; and

(iii) Federal debt.

(2) REPORT.—Not later than December 1, 2017, the Commission shall submit to Congress and make publicly available a report containing a statement of the findings and conclusions of the Commission in carrying out the study under paragraph (1), together with the recommendations the Commission
considers appropriate. In making such report, the Commission shall specifically report on the considerations required under paragraph (1)(F).

(d) MEMBERSHIP.—

(1) NUMBER AND APPOINTMENT.—

(A) APPOINTED VOTING MEMBERS.—The Commission shall contain 12 voting members as follows:

(i) Six members appointed by the Speaker of the House of Representatives, with four members from the majority party and two members from the minority party.

(ii) Six members appointed by the President Pro Tempore of the Senate, with four members from the majority party and two members from the minority party.

(B) CHAIRMAN.—The Speaker of the House of Representatives and the majority leader of the Senate shall jointly designate one of the members of the Commission as Chairman.

(C) NON-VOTING MEMBERS.—The Commission shall contain 2 non-voting members as follows:
(i) One member appointed by the Secretary of the Treasury.

(ii) One member who is the president of a district Federal reserve bank appointed by the Chair of the Board of Governors of the Federal Reserve System.

(2) Period of Appointment.—Each member shall be appointed for the life of the Commission.

(3) Timing of Appointment.—All members of the Commission shall be appointed not later than 30 days after the date of the enactment of this section.

(4) Vacancies.—A vacancy in the Commission shall not affect its powers, and shall be filled in the manner in which the original appointment was made.

(5) Meetings.—

(A) Initial Meeting.—The Commission shall hold its initial meeting and begin the operations of the Commission as soon as is practicable.

(B) Further Meetings.—The Commission shall meet upon the call of the Chair or a majority of its members.
(6) QUORUM.—Seven voting members of the Commission shall constitute a quorum but a lesser number may hold hearings.

(7) MEMBER OF CONGRESS DEFINED.—In this subsection, the term “Member of Congress” means a Senator or a Representative in, or Delegate or Resident Commissioner to, the Congress.

(e) POWERS.—

(1) HEARINGS AND SESSIONS.—The Commission or, on the authority of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out this section, hold hearings, sit and act at times and places, take testimony, receive evidence, or administer oaths as the Commission or such subcommittee or member thereof considers appropriate.

(2) CONTRACT AUTHORITY.—To the extent or in the amounts provided in advance in appropriation Acts, the Commission may contract with and compensate government and private agencies or persons to enable the Commission to discharge its duties under this section, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(3) OBTAINING OFFICIAL DATA.—
(A) IN GENERAL.—The Commission is au-

thorized to secure directly from any executive
department, bureau, agency, board, commission,
office, independent establishment, or instrument-
tality of the Government, any information, in-
cluding suggestions, estimates, or statistics, for
the purposes of this section.

(B) REQUESTING OFFICIAL DATA.—The
head of such department, bureau, agency,
board, commission, office, independent estab-
ishment, or instrumentality of the government
shall, to the extent authorized by law, furnish
such information upon request made by—

(i) the Chair;

(ii) the Chair of any subcommittee
created by a majority of the Commission;

or

(iii) any member of the Commission
designated by a majority of the commission
to request such information.

(4) ASSISTANCE FROM FEDERAL AGENCIES.—

(A) GENERAL SERVICES ADMINIS-
TRATION.—The Administrator of General Services
shall provide to the Commission on a reimburs-
able basis administrative support and other
services for the performance of the functions of
the Commission.

(B) OTHER DEPARTMENTS AND AGEN-
cies.—In addition to the assistance prescribed
in subparagraph (A), at the request of the
Commission, departments and agencies of the
United States shall provide such services, funds,
facilities, staff, and other support services as
may be authorized by law.

(5) POSTAL SERVICE.—The Commission may
use the United States mails in the same manner and
under the same conditions as other departments and
agencies of the United States.

(f) COMMISSION PERSONNEL.—

(1) APPOINTMENT AND COMPENSATION OF
STAFF.—

(A) IN GENERAL.—Subject to rules pre-
scribed by the Commission, the Chair may ap-
point and fix the pay of the executive director
and other personnel as the Chair considers ap-
propriate.

(B) APPLICABILITY OF CIVIL SERVICE
LAWS.—The staff of the Commission may be
appointed without regard to the provisions of
title 5, United States Code, governing appoint-
ments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of level V of the Executive Schedule.

(2) CONSULTANTS.—The Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the rate of pay for a person occupying a position at level IV of the Executive Schedule.

(3) STAFF OF FEDERAL AGENCIES.—Upon request of the Commission, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of such department or agency to the Commission to assist it in carrying out its duties under this section.

(g) TERMINATION OF COMMISSION.—

(1) IN GENERAL.—The Commission shall terminate on June 1, 2017.

(2) ADMINISTRATIVE ACTIVITIES BEFORE TERMINATION.—The Commission may use the period between the submission of its report and its termin-
nation for the purpose of concluding its activities, including providing testimony to the committee of Congress concerning its report.

(h) Authorization of Appropriations.—There is authorized to be appropriated to carry out this section $1,000,000, which shall remain available until the date on which the Commission terminates.

SEC. 711. PUBLIC TRANSCRIPTS OF FOMC MEETINGS.

Section 12A of the Federal Reserve Act (12 U.S.C. 263), as amended by this Act, is further amended by adding at the end the following:

“(e) Public Transcripts of Meetings.—The Committee shall—

“(1) record all meetings of the Committee; and

“(2) make the full transcript of such meetings available to the public.”.

TITLE VIII—DEMANDING ACCOUNTABILITY FROM WALL STREET

Subtitle A—SEC Penalties Modernization

SEC. 801. ENHANCEMENT OF CIVIL PENALTIES FOR SECURITIES LAWS VIOLATIONS.

(a) Updated Civil Money Penalties.—

(1) Securities Act of 1933.—
(A) MONEY PENALTIES IN ADMINISTRATIVE ACTIONS.—Section 8A(g)(2) of the Securities Act of 1933 (15 U.S.C. 77h–1(g)(2)) is amended—

(i) in subparagraph (A)—

(I) by striking “$7,500” and inserting “$10,000”; and

(II) by striking “$75,000” and inserting “$100,000”; 

(ii) in subparagraph (B)—

(I) by striking “$75,000” and inserting “$100,000”; and

(II) by striking “$375,000” and inserting “$500,000”; and

(iii) by striking subparagraph (C) and inserting the following:

“(C) THIRD TIER.—

“(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), the amount of penalty for each such act or omission shall not exceed the amount specified in clause (ii) if—

“(I) the act or omission described in paragraph (1) involved fraud, deceit, manipulation, or deliberate or
reckless disregard of a regulatory requirement; and

“(II) such act or omission directly or indirectly resulted in—

“(aa) substantial losses or created a significant risk of substantial losses to other persons;

or

“(bb) substantial pecuniary gain to the person who committed the act or omission.

“(ii) MAXIMUM AMOUNT OF PENALTY.—The amount referred to in clause (i) is the greatest of—

“(I) $300,000 for a natural person or $1,450,000 for any other person;

“(II) 3 times the gross amount of pecuniary gain to the person who committed the act or omission; or

“(III) the amount of losses incurred by victims as a result of the act or omission.”.
(B) MONEY PENALTIES IN CIVIL ACTIONS.—Section 20(d)(2) of the Securities Act of 1933 (15 U.S.C. 77t(d)(2)) is amended—

(i) in subparagraph (A)—

(I) by striking “$5,000” and inserting “$10,000”; and

(II) by striking “$50,000” and inserting “$100,000”; and

(ii) in subparagraph (B)—

(I) by striking “$50,000” and inserting “$100,000”; and

(II) by striking “$250,000” and inserting “$500,000”; and

(iii) by striking subparagraph (C) and inserting the following:

“(C) THIRD TIER.—

“(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), the amount of penalty for each such violation shall not exceed the amount specified in clause (ii) if—

“(I) the violation described in paragraph (1) involved fraud, deceit, manipulation, or deliberate or reckless
327 disregard of a regulatory requirement;

and

“(II) such violation directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons.

“(ii) MAXIMUM AMOUNT OF PENALTY.—The amount referred to in clause (i) is the greatest of—

“(I) $300,000 for a natural person or $1,450,000 for any other person;

“(II) 3 times the gross amount of pecuniary gain to such defendant as a result of the violation; or

“(III) the amount of losses incurred by victims as a result of the violation.”.

(2) SECURITIES EXCHANGE ACT OF 1934.—


(i) in clause (i)—
(I) by striking “$5,000” and inserting “$10,000”; and

(II) by striking “$50,000” and inserting “$100,000”; (ii) in clause (ii)—

(I) by striking “$50,000” and inserting “$100,000”; and

(II) by striking “$250,000” and inserting “$500,000”; and

(iii) by striking clause (iii) and inserting the following:

“(iii) THIRD TIER.—

“(I) IN GENERAL.—Notwithstanding clauses (i) and (ii), the amount of penalty for each such violation shall not exceed the amount specified in subclause (II) if—

“(aa) the violation described in subparagraph (A) involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; and

“(bb) such violation directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons.
“(II) MAXIMUM AMOUNT OF PENALTY.—The amount referred to in subclause (I) is the greatest of—

“(aa) $300,000 for a natural person or $1,450,000 for any other person;

“(bb) 3 times the gross amount of pecuniary gain to such defendant as a result of the violation; or

“(cc) the amount of losses incurred by victims as a result of the violation.”.

(B) MONEY PENALTIES IN ADMINISTRATIVE ACTIONS.—Section 21B(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78u–2(b)) is amended—

(i) in paragraph (1)—

(I) by striking “$5,000” and inserting “$10,000”; and

(II) by striking “$50,000” and inserting “$100,000”;

(ii) in paragraph (2)—

(I) by striking “$50,000” and inserting “$100,000”; and
(II) by striking “$250,000” and inserting “$500,000”; and

(iii) by striking paragraph (3) and inserting the following:

“(3) THIRD TIER.—

“(A) IN GENERAL.—Notwithstanding paragraphs (1) and (2), the amount of penalty for each such act or omission shall not exceed the amount specified in subparagraph (B) if—

“(i) the act or omission described in subsection (a) involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; and

“(ii) such act or omission directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons or resulted in substantial pecuniary gain to the person who committed the act or omission.

“(B) MAXIMUM AMOUNT OF PENALTY.—

The amount referred to in subparagraph (A) is the greatest of—

“(i) $300,000 for a natural person or $1,450,000 for any other person;
“(ii) 3 times the gross amount of pecuniary gain to the person who committed the act or omission; or

“(iii) the amount of losses incurred by victims as a result of the act or omission.”.

(3) INVESTMENT COMPANY ACT OF 1940.—

(A) MONEY PENALTIES IN ADMINISTRATIVE ACTIONS.—Section 9(d)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a–9(d)(2)) is amended—

(i) in subparagraph (A)—

(I) by striking “$5,000” and inserting “$10,000”; and

(II) by striking “$50,000” and inserting “$100,000”;

(ii) in subparagraph (B)—

(I) by striking “$50,000” and inserting “$100,000”; and

(II) by striking “$250,000” and inserting “$500,000”; and

(iii) by striking subparagraph (C) and inserting the following:

“(C) THIRD TIER.—

“(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), the amount of
penalty for each such act or omission shall not exceed the amount specified in clause (ii) if—

“(I) the act or omission described in paragraph (1) involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; and

“(II) such act or omission directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons or resulted in substantial pecuniary gain to the person who committed the act or omission.

“(ii) **MAXIMUM AMOUNT OF PENALTY.**—The amount referred to in clause (i) is the greatest of—

“(I) $300,000 for a natural person or $1,450,000 for any other person;

“(II) 3 times the gross amount of pecuniary gain to the person who committed the act or omission; or
“(III) the amount of losses incurred by victims as a result of the act or omission.”.

(B) MONEY PENALTIES IN CIVIL ACTIONS.—Section 42(e)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a–41(e)(2)) is amended—

(i) in subparagraph (A)—

(I) by striking “$5,000” and inserting “$10,000”; and

(II) by striking “$50,000” and inserting “$100,000”;

(ii) in subparagraph (B)—

(I) by striking “$50,000” and inserting “$100,000”; and

(II) by striking “$250,000” and inserting “$500,000”; and

(iii) by striking subparagraph (C) and inserting the following:

“(C) THIRD TIER.—

“(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), the amount of penalty for each such violation shall not exceed the amount specified in clause (ii) if—
“(I) the violation described in paragraph (1) involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; and

“(II) such violation directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons.

“(ii) Maximum amount of penalty.—The amount referred to in clause (i) is the greatest of—

“(I) $300,000 for a natural person or $1,450,000 for any other person;

“(II) 3 times the gross amount of pecuniary gain to such defendant as a result of the violation; or

“(III) the amount of losses incurred by victims as a result of the violation.”.

(4) Investment Advisers Act of 1940.—

(A) Money penalties in administrative actions.—Section 203(i)(2) of the Invest-
ment Advisers Act of 1940 (15 U.S.C. 80b–3(i)(2)) is amended—

(i) in subparagraph (A)—

(I) by striking “$5,000” and inserting “$10,000”; and

(II) by striking “$50,000” and inserting “$100,000”;

(ii) in subparagraph (B)—

(I) by striking “$50,000” and inserting “$100,000”; and

(II) by striking “$250,000” and inserting “$500,000”; and

(iii) by striking subparagraph (C) and inserting the following:

“(C) THIRD TIER.—

“(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), the amount of penalty for each such act or omission shall not exceed the amount specified in clause (ii) if—

“(I) the act or omission described in paragraph (1) involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; and
“(II) such act or omission directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons or resulted in substantial pecuniary gain to the person who committed the act or omission.

“(ii) MAXIMUM AMOUNT OF PENALTY.—The amount referred to in clause (i) is the greatest of—

“(I) $300,000 for a natural person or $1,450,000 for any other person;

“(II) 3 times the gross amount of pecuniary gain to the person who committed the act or omission; or

“(III) the amount of losses incurred by victims as a result of the act or omission.”.

(B) MONEY PENALTIES IN CIVIL ACTIONS.—Section 209(e)(2) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–9(e)(2)) is amended—

(i) in subparagraph (A)—
(I) by striking “$5,000” and inserting “$10,000”; and

(II) by striking “$50,000” and inserting “$100,000”;

(ii) in subparagraph (B)—

(I) by striking “$50,000” and inserting “$100,000”; and

(II) by striking “$250,000” and inserting “$500,000”; and

(iii) by striking subparagraph (C) and inserting the following:

“(C) THIRD TIER.—

“(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), the amount of penalty for each such violation shall not exceed the amount specified in clause (ii) if—

“(I) the violation described in paragraph (1) involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; and

“(II) such violation directly or indirectly resulted in substantial losses
or created a significant risk of substantial losses to other persons.

“(ii) MAXIMUM AMOUNT OF PENALTY.—The amount referred to in clause (i) is the greatest of—

“(I) $300,000 for a natural person or $1,450,000 for any other person;

“(II) 3 times the gross amount of pecuniary gain to such defendant as a result of the violation; or

“(III) the amount of losses incurred by victims as a result of the violation.”.

(b) PENALTIES FOR RECIDIVISTS.—

(1) SECURITIES ACT OF 1933.—

(A) MONEY PENALTIES IN ADMINISTRATIVE ACTIONS.—Section 8A(g)(2) of the Securities Act of 1933 (15 U.S.C. 77h–1(g)(2)) is amended by adding at the end the following:

“(D) FOURTH TIER.—Notwithstanding subparagraphs (A), (B), and (C), the maximum amount of penalty for each such act or omission shall be 3 times the otherwise applicable amount in such subparagraphs if, within the 5-
year period preceding such act or omission, the
person who committed the act or omission was
criminally convicted for securities fraud or be-
came subject to a judgment or order imposing
monetary, equitable, or administrative relief in
any Commission action alleging fraud by that
person.”.

(B) MONEY PENALTIES IN CIVIL AC-
TIONS.—Section 20(d)(2) of the Securities Act
of 1933 (15 U.S.C. 77t(d)(2)) is amended by
adding at the end the following:

“(D) FOURTH TIER.—Notwithstanding
subparagraphs (A), (B), and (C), the maximum
amount of penalty for each such violation shall
be 3 times the otherwise applicable amount in
such subparagraphs if, within the 5-year period
preceding such violation, the defendant was
criminally convicted for securities fraud or be-
came subject to a judgment or order imposing
monetary, equitable, or administrative relief in
any Commission action alleging fraud by that
defendant.”.

(2) SECURITIES EXCHANGE ACT OF 1934.—

(A) MONEY PENALTIES IN CIVIL AC-
TIONS.—Section 21(d)(3)(B) of the Securities
Exchange Act of 1934 (15 U.S.C. 78u(d)(3)(B)) is amended by adding at the end the following:

“(iv) FOURTH TIER.—Notwithstanding clauses (i), (ii), and (iii), the maximum amount of penalty for each such violation shall be 3 times the otherwise applicable amount in such clauses if, within the 5-year period preceding such violation, the defendant was criminally convicted for securities fraud or became subject to a judgment or order imposing monetary, equitable, or administrative relief in any Commission action alleging fraud by that defendant.”.

(B) MONEY PENALTIES IN ADMINISTRATIVE ACTIONS.—Section 21B(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78u–2(b)) is amended by adding at the end the following:

“(4) FOURTH TIER.—Notwithstanding paragraphs (1), (2), and (3), the maximum amount of penalty for each such act or omission shall be 3 times the otherwise applicable amount in such paragraphs if, within the 5-year period preceding such
act or omission, the person who committed the act or omission was criminally convicted for securities fraud or became subject to a judgment or order imposing monetary, equitable, or administrative relief in any Commission action alleging fraud by that person.”.

(3) INVESTMENT COMPANY ACT OF 1940.—

(A) MONEY PENALTIES IN ADMINISTRATIVE ACTIONS.—Section 9(d)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a–9(d)(2)) is amended by adding at the end the following:

“(D) FOURTH TIER.—Notwithstanding subparagraphs (A), (B), and (C), the maximum amount of penalty for each such act or omission shall be 3 times the otherwise applicable amount in such subparagraphs if, within the 5-year period preceding such act or omission, the person who committed the act or omission was criminally convicted for securities fraud or became subject to a judgment or order imposing monetary, equitable, or administrative relief in any Commission action alleging fraud by that person.”.
(B) **Money Penalties in Civil Actions.**—Section 42(e)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a–41(e)(2)) is amended by adding at the end the following:

“(D) **Fourth Tier.**—Notwithstanding subparagraphs (A), (B), and (C), the maximum amount of penalty for each such violation shall be 3 times the otherwise applicable amount in such subparagraphs if, within the 5-year period preceding such violation, the defendant was criminally convicted for securities fraud or became subject to a judgment or order imposing monetary, equitable, or administrative relief in any Commission action alleging fraud by that defendant.”.

(4) **Investment Advisers Act of 1940.**—

(A) **Money Penalties in Administrative Actions.**—Section 203(i)(2) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3(i)(2)) is amended by adding at the end the following:

“(D) **Fourth Tier.**—Notwithstanding subparagraphs (A), (B), and (C), the maximum amount of penalty for each such act or omission
shall be 3 times the otherwise applicable amount in such subparagraphs if, within the 5-year period preceding such act or omission, the person who committed the act or omission was criminally convicted for securities fraud or became subject to a judgment or order imposing monetary, equitable, or administrative relief in any Commission action alleging fraud by that person.”.

(B) Money Penalties in Civil Actions.—Section 209(e)(2) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–9(e)(2)) is amended by adding at the end the following:

“(D) Fourth Tier.—Notwithstanding subparagraphs (A), (B), and (C), the maximum amount of penalty for each such violation shall be 3 times the otherwise applicable amount in such subparagraphs if, within the 5-year period preceding such violation, the defendant was criminally convicted for securities fraud or became subject to a judgment or order imposing monetary, equitable, or administrative relief in any Commission action alleging fraud by that defendant.”.

(c) Violations of Injunctions and Bars.—
(1) Securities Act of 1933.—Section 20(d) of the Securities Act of 1933 (15 U.S.C. 77t(d)) is amended—

(A) in paragraph (1), by inserting after “the rules or regulations thereunder,” the following: “a Federal court injunction or a bar obtained or entered by the Commission under this title,”; and

(B) by striking paragraph (4) and inserting the following:

“(4) Special provisions relating to a violation of an injunction or certain orders.—

“(A) In general.—Each separate violation of an injunction or order described in subparagraph (B) shall be a separate offense, except that in the case of a violation through a continuing failure to comply with such injunction or order, each day of the failure to comply with the injunction or order shall be deemed a separate offense.

“(B) Injunctions and orders.—Subparagraph (A) shall apply with respect to any action to enforce—

“(i) a Federal court injunction obtained pursuant to this title;
“(ii) an order entered or obtained by
the Commission pursuant to this title that
bars, suspends, places limitations on the
activities or functions of, or prohibits the
activities of, a person; or
“(iii) a cease-and-desist order entered
by the Commission pursuant to section 8A.”.

(2) Securities Exchange Act of 1934.—Sec-
tion 21(d)(3) of the Securities Exchange Act of
1934 (15 U.S.C. 78u(d)(3)) is amended—
(A) in subparagraph (A), by inserting after
“the rules or regulations thereunder,” the fol-
lowing: “a Federal court injunction or a bar ob-
tained or entered by the Commission under this
title,”; and
(B) by striking subparagraph (D) and in-
serting the following:
“(D) Special provisions relating to a vio-
lation of an injunction or certain orders.—
“(i) In general.—Each separate violation
of an injunction or order described in clause (ii)
shall be a separate offense, except that in the
case of a violation through a continuing failure
to comply with such injunction or order, each
day of the failure to comply with the injunction
or order shall be deemed a separate offense.

“(ii) INJUNCTIONS AND ORDERS.—Clause
(i) shall apply with respect to an action to en-
force—

“(I) a Federal court injunction ob-
tained pursuant to this title;

“(II) an order entered or obtained by
the Commission pursuant to this title that
bars, suspends, places limitations on the
activities or functions of, or prohibits the
activities of, a person; or

“(III) a cease-and-desist order entered
by the Commission pursuant to section
21C.”.

(3) INVESTMENT COMPANY ACT OF 1940.—Sec-
tion 42(e) of the Investment Company Act of 1940
(15 U.S.C. 80a–41(e)) is amended—

(A) in paragraph (1), by inserting after
“the rules or regulations thereunder,” the fol-
lowing: “a Federal court injunction or a bar ob-
tained or entered by the Commission under this
title,”; and

(B) by striking paragraph (4) and insert-
ing the following:
“(4) Special provisions relating to a violation of an injunction or certain orders.—

“(A) In general.—Each separate violation of an injunction or order described in sub-
paragraph (B) shall be a separate offense, except that in the case of a violation through a
continuing failure to comply with such injunction or order, each day of the failure to comply
with the injunction or order shall be deemed a separate offense.

“(B) Injunctions and orders.—Sub-
paragraph (A) shall apply with respect to any action to enforce—

“(i) a Federal court injunction obtained pursuant to this title;

“(ii) an order entered or obtained by the Commission pursuant to this title that bars, suspends, places limitations on the activities or functions of, or prohibits the activities of, a person; or

“(iii) a cease-and-desist order entered by the Commission pursuant to section 9(f).”.
(4) INVESTMENT ADVISERS ACT OF 1940.—Section 209(e) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–9(e)) is amended—

(A) in paragraph (1), by inserting after “the rules or regulations thereunder,” the following: “a Federal court injunction or a bar obtained or entered by the Commission under this title,”; and

(B) by striking paragraph (4) and inserting the following:

“(4) SPECIAL PROVISIONS RELATING TO A VIOLATION OF AN INJUNCTION OR CERTAIN ORDERS.—

“(A) IN GENERAL.—Each separate violation of an injunction or order described in subparagraph (B) shall be a separate offense, except that in the case of a violation through a continuing failure to comply with such injunction or order, each day of the failure to comply with the injunction or order shall be deemed a separate offense.

“(B) INJUNCTIONS AND ORDERS.—Subparagraph (A) shall apply with respect to any action to enforce—

“(i) a Federal court injunction obtained pursuant to this title;
“(ii) an order entered or obtained by
the Commission pursuant to this title that
bars, suspends, places limitations on the
activities or functions of, or prohibits the
activities of, a person; or
“(iii) a cease-and-desist order entered
by the Commission pursuant to section
203(k).”.

(d) EFFECTIVE DATE.—The amendments made by
this section shall apply with respect to conduct that occurs
after the date of the enactment of this Act.

SEC. 802. UPDATED CIVIL MONEY PENALTIES OF PUBLIC
COMPANY ACCOUNTING OVERSIGHT BOARD.

(a) IN GENERAL.—Section 105(c)(4)(D) of the Sar-
banes-Oxley Act of 2002 (15 U.S.C. 7215(c)(4)(D)) is
amended—
(1) in clause (i)—
(A) by striking “$100,000” and inserting
“$200,000”; and
(B) by striking “$2,000,000” and insert-
ing “$4,000,000”; and
(2) in clause (ii)—
(A) by striking “$750,000” and inserting
“$1,000,000”; and
(B) by striking “$15,000,000” and inserting “$20,000,000”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to conduct that occurs after the date of the enactment of this Act.

SEC. 803. UPDATED CIVIL MONEY PENALTY FOR CONTROLLING PERSONS IN CONNECTION WITH INSIDER TRADING.

(a) IN GENERAL.—Section 21A(a)(3) of the Securities Exchange Act of 1934 (15 U.S.C. 78u–1(a)(3)) is amended by striking “$1,000,000” and inserting “$2,000,000”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to conduct that occurs after the date of the enactment of this Act.

SEC. 804. UPDATE OF CERTAIN OTHER PENALTIES.

(a) IN GENERAL.—Section 32 of the Securities Exchange Act of 1934 (15 U.S.C. 78ff) is amended—

(1) in subsection (a), by striking “$5,000,000” and inserting “$7,000,000”; and

(2) in subsection (c)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking “$2,000,000” and inserting “$4,000,000”; and
(ii) in subparagraph (B), by striking “$10,000” and inserting “$50,000”; and

(B) in paragraph (2)—

(i) in subparagraph (A), by striking “$100,000” and inserting “$250,000”;

and

(ii) in subparagraph (B), by striking “$10,000” and inserting “$50,000”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to conduct that occurs after the date of the enactment of this Act.

SEC. 805. MONETARY SANCTIONS TO BE USED FOR THE RELIEF OF VICTIMS.

(a) IN GENERAL.—Section 308(a) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7246(a)) is amended to read as follows:

“(a) MONETARY SANCTIONS TO BE USED FOR THE RELIEF OF VICTIMS.—If, in any judicial or administrative action brought by the Commission under the securities laws, the Commission obtains a monetary sanction (as defined in section 21F(a) of the Securities Exchange Act of 1934) against any person for a violation of such laws, or such person agrees, in settlement of any such action, to such monetary sanction, the amount of such monetary sanction shall, on the motion or at the direction of the
Commission, be added to and become part of a disgorgement fund or other fund established for the benefit of the victims of such violation.’’.


(c) Effective Date.—The amendments made by this section apply with respect to any monetary sanction ordered or required to be paid before or after the date of enactment of this Act.

SEC. 806. GAO REPORT ON USE OF CIVIL MONEY PENALTY AUTHORITY BY COMMISSION.

(a) In General.—Not later than 2 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on the use by the Commission of the authority to impose or obtain civil money penalties for violations of the securities laws during the period beginning on June 1, 2010, and ending on the date of the enactment of this Act.
(b) Matters Required to Be Included.—The matters covered by the report required by subsection (a) shall include the following:

1. The types of violations for which civil money penalties were imposed or obtained.
2. The types of persons on whom civil money penalties were imposed or from whom such penalties were obtained.
3. The number and dollar amount of civil money penalties imposed or obtained, disaggregated as follows:
   - (A) Penalties imposed in administrative actions and penalties obtained in judicial actions.
   - (B) Penalties imposed on or obtained from issuers (individual and aggregate filers) and penalties imposed on or obtained from other persons.
   - (C) Penalties permitted to be retained for use by the Commission and penalties deposited in the general fund of the Treasury of the United States.
4. For penalties imposed on or obtained from issuers:
   - (A) Whether the violations involved resulted in direct economic benefit to the issuers.
(B) The impact of the penalties on the shareholders of the issuers.

(c) DEFINITIONS.—In this section, the terms “Commission”, “issuer”, and “securities laws” have the meanings given such terms in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

Subtitle B—FIRREA Penalties Modernization


(a) Amendments to FIRREA.—Section 951(b) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833a(b)) is amended—

(1) in paragraph (1), by striking “$1,000,000” and inserting “$1,500,000”; and

(2) in paragraph (2), by striking “$1,000,000 per day or $5,000,000” and inserting “$1,500,000 per day or $7,500,000”.

(b) Amendments to the Home Owners’ Loan Act.—The Home Owners’ Loan Act (12 U.S.C. 1461 et seq.) is amended—

(1) in section 5(v)(6), by striking “$1,000,000” and inserting “$1,500,000”; and
(2) in section 10—

(A) in subsection (r)(3), by striking “$1,000,000” and inserting “$1,500,000”; and

(B) in subsection (i)(1)(B), by striking “$1,000,000” and inserting “$1,500,000”.

(c) Amendments to the Federal Deposit Insurance Act.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended—

(1) in section 7—

(A) in subsection (a)(1), by striking “$1,000,000” and inserting “$1,500,000”; and

(B) in subsection (j)(16)(D), by striking “$1,000,000” each place such term appears and inserting “$1,500,000”;

(2) in section 8—

(A) in subsection (i)(2)(D), by striking “$1,000,000” each place such term appears and inserting “$1,500,000”; and

(B) in subsection (j), by striking “$1,000,000” and inserting “$1,500,000”; and

(3) in section 19(b), by striking “$1,000,000” and inserting “$1,500,000”.

(d) Amendments to the Federal Credit Union Act.—The Federal Credit Union Act (12 U.S.C. 1751 et seq.) is amended—
(1) in section 202(a)(3), by striking “$1,000,000” and inserting “$1,500,000”; 
(2) in section 205(d)(3), by striking “$1,000,000” and inserting “$1,500,000”; and 
(3) in section 206—
   (A) in subsection (k)(2)(D), by striking “$1,000,000” each place such term appears and inserting “$1,500,000”; and 
   (B) in subsection (l), by striking “$1,000,000” and inserting “$1,500,000”.
(e) Amendments to the Revised Statutes of the United States.—Title LXII of the Revised Statutes of the United States is amended—
(1) in section 5213(c), by striking “$1,000,000” and inserting “$1,500,000”; and 
(2) in section 5239(b)(4), by striking “$1,000,000” each place such term appears and inserting “$1,500,000”.
(f) Amendments to the Federal Reserve Act.—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended—
(1) in the 6th undesignated paragraph of section 9, by striking “$1,000,000” and inserting “$1,500,000”;
(2) in section 19(l)(4), by striking “$1,000,000” each place such term appears and inserting “$1,500,000”; and
(3) in section 29(d), by striking “$1,000,000” each place such term appears and inserting “$1,500,000”.

(g) AMENDMENTS TO THE BANK HOLDING COMPANY ACT AMENDMENTS OF 1970.—Section 106(b)(2)(F)(iv) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1978(b)(2)(F)(iv)) is amended by striking “$1,000,000” each place such term appears and inserting “$1,500,000”.

(h) AMENDMENTS TO THE BANK HOLDING COMPANY ACT OF 1956.—Section 8 of the Bank Holding Company Act of 1956 (12 U.S.C. 1847) is amended—
(1) in subsection (a)(2), by striking “$1,000,000” and inserting “$1,500,000”; and
(2) in subsection (d)(3), by striking “$1,000,000” and inserting “$1,500,000”.

(i) AMENDMENTS TO TITLE 18, UNITED STATES CODE.—Title 18, United States Code, is amended—
(1) in section 215(a) of chapter 11, by striking “$1,000,000” and inserting “$1,500,000”; and
(2) in chapter 31—
(A) in section 656, by striking “$1,000,000” and inserting “$1,500,000”; and

(B) in section 657, by striking “$1,000,000” and inserting “$1,500,000”;

(3) in chapter 47—

(A) in section 1005, by striking “$1,000,000” and inserting “$1,500,000”;

(B) in section 1006, by striking “$1,000,000” and inserting “$1,500,000”;

(C) in section 1007, by striking “$1,000,000” and inserting “$1,500,000”; and

(D) in section 1014, by striking “$1,000,000” and inserting “$1,500,000”; and

(4) in chapter 63—

(A) in section 1341, by striking “$1,000,000” and inserting “$1,500,000”; and

(B) in section 1343, by striking “$1,000,000” and inserting “$1,500,000”; and

(C) in section 1344, by striking “$1,000,000” and inserting “$1,500,000”.

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TITLE IX—REPEAL OF THE VOLCKER RULE AND OTHER PROVISIONS

SEC. 901. REPEALS.

(a) IN GENERAL.—The following sections of title VI of the Dodd-Frank Wall Street Reform and Consumer Protection Act are repealed, and the provisions of law amended or repealed by such sections are restored or revived as if such sections had not been enacted:

   (1) Section 603.
   (2) Section 618.
   (3) Section 619.
   (4) Section 620.
   (5) Section 621.

(b) CLERICAL AMENDMENT.—The table of contents under section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the items relating to sections 603, 618, 619, 620, and 621.
TITLE X—UNLEASHING OPPORTUNITIES FOR SMALL BUSINESSES, INNOVATORS, AND JOB CREATORS BY FACILITATING CAPITAL FORMATION

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

SEC. 1001. REGISTRATION EXEMPTION FOR MERGER AND ACQUISITION BROKERS.

Section 15(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b)) is amended by adding at the end the following:

“(13) Registration exemption for merger and acquisition brokers.—

“(A) In general.—Except as provided in subparagraph (B), an M&A broker shall be exempt from registration under this section.

“(B) Excluded activities.—An M&A broker is not exempt from registration under this paragraph if such broker does any of the following:

“(i) Directly or indirectly, in connection with the transfer of ownership of an eligible privately held company, receives,
holds, transmits, or has custody of the funds or securities to be exchanged by the parties to the transaction.

“(ii) Engages on behalf of an issuer in a public offering of any class of securities that is registered, or is required to be registered, with the Commission under section 12 or with respect to which the issuer files, or is required to file, periodic information, documents, and reports under subsection (d).

“(iii) Engages on behalf of any party in a transaction involving a public shell company.

“(C) DISQUALIFICATIONS.—An M&A broker is not exempt from registration under this paragraph if such broker is subject to—

“(i) suspension or revocation of registration under paragraph (4);

“(ii) a statutory disqualification described in section 3(a)(39);

“(iii) a disqualification under the rules adopted by the Commission under section 926 of the Investor Protection and
Securities Reform Act of 2010 (15 U.S.C. 77d note); or

“(iv) a final order described in paragraph (4)(H).

“(D) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to limit any other authority of the Commission to exempt any person, or any class of persons, from any provision of this title, or from any provision of any rule or regulation thereunder.

“(E) DEFINITIONS.—In this paragraph:

“(i) CONTROL.—The term ‘control’ means the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract, or otherwise. There is a presumption of control for any person who—

“(I) is a director, general partner, member or manager of a limited liability company, or officer exercising executive responsibility (or has similar status or functions);

“(II) has the right to vote 20 percent or more of a class of voting
securities or the power to sell or direct
the sale of 20 percent or more of a
class of voting securities; or

“(III) in the case of a partner-
ship or limited liability company, has
the right to receive upon dissolution,
or has contributed, 20 percent or
more of the capital.

“(ii) ELIGIBLE PRIVATELY HELD
COMPANY.—The term ‘eligible privately
held company’ means a privately held com-
pany that meets both of the following con-
ditions:

“(I) The company does not have
any class of securities registered, or
required to be registered, with the
Commission under section 12 or with
respect to which the company files, or
is required to file, periodic informa-
tion, documents, and reports under
subsection (d).

“(II) In the fiscal year ending
immediately before the fiscal year in
which the services of the M&A broker
are initially engaged with respect to
the securities transaction, the company meets either or both of the following conditions (determined in accordance with the historical financial accounting records of the company):

“(aa) The earnings of the company before interest, taxes, depreciation, and amortization are less than $25,000,000.

“(bb) The gross revenues of the company are less than $250,000,000.

“(iii) M&A BROKER.—The term ‘M&A broker’ means a broker, and any person associated with a broker, engaged in the business of effecting securities transactions solely in connection with the transfer of ownership of an eligible privately held company, regardless of whether the broker acts on behalf of a seller or buyer, through the purchase, sale, exchange, issuance, repurchase, or redemption of, or a business combination involving, securities or assets of the eligible privately held company, if the broker reasonably believes that—
“(I) upon consummation of the transaction, any person acquiring securities or assets of the eligible privately held company, acting alone or in concert, will control and, directly or indirectly, will be active in the management of the eligible privately held company or the business conducted with the assets of the eligible privately held company; and

“(II) if any person is offered securities in exchange for securities or assets of the eligible privately held company, such person will, prior to becoming legally bound to consummate the transaction, receive or have reasonable access to the most recent fiscal year-end financial statements of the issuer of the securities as customarily prepared by the management of the issuer in the normal course of operations and, if the financial statements of the issuer are audited, reviewed, or compiled, any related statement by the independent accountant,
a balance sheet dated not more than
120 days before the date of the offer,
and information pertaining to the
management, business, results of op-
erations for the period covered by the
foregoing financial statements, and
material loss contingencies of the
issuer.

“(iv) PUBLIC SHELL COMPANY.—The
term ‘public shell company’ is a company
that at the time of a transaction with an
eligible privately held company—

“(I) has any class of securities
registered, or required to be reg-
eristered, with the Commission under
section 12 or that is required to file
reports pursuant to subsection (d);

“(II) has no or nominal oper-
ations; and

“(III) has—

“(aa) no or nominal assets;

“(bb) assets consisting solely
of cash and cash equivalents; or

“(cc) assets consisting of
any amount of cash and cash
equivalents and nominal other assets.

“(F) Inflation Adjustment.—

“(i) In general.—On the date that is 5 years after the date of the enactment of this paragraph, and every 5 years thereafter, each dollar amount in subparagraph (E)(ii)(II) shall be adjusted by—

“(I) dividing the annual value of the Employment Cost Index For Wages and Salaries, Private Industry Workers (or any successor index), as published by the Bureau of Labor Statistics, for the calendar year preceding the calendar year in which the adjustment is being made by the annual value of such index (or successor) for the calendar year ending December 31, 2012; and

“(II) multiplying such dollar amount by the quotient obtained under subclause (I).

“(ii) Rounding.—Each dollar amount determined under clause (i) shall
be rounded to the nearest multiple of $100,000.’’

**SEC. 1002. EFFECTIVE DATE.**

This subtitle and any amendment made by this subtitle shall take effect on the date that is 90 days after the date of the enactment of this Act.

**Subtitle B—Encouraging Employee Ownership**

**SEC. 1006. INCREASED THRESHOLD FOR DISCLOSURES RELATING TO COMPENSATORY BENEFIT PLANS.**

Not later than 60 days after the date of the enactment of this Act, the Securities and Exchange Commission shall revise section 230.701(e) of title 17, Code of Federal Regulations, so as to increase from $5,000,000 to $10,000,000 the aggregate sales price or amount of securities sold during any consecutive 12-month period in excess of which the issuer is required under such section to deliver an additional disclosure to investors. The Commission shall index for inflation such aggregate sales price or amount every 5 years to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, rounding to the nearest $1,000,000.
Subtitle C—Small Company

Disclosure Simplification

SEC. 1011. EXEMPTION FROM XBRL REQUIREMENTS FOR EMERGING GROWTH COMPANIES AND OTHER SMALLER COMPANIES.

(a) Exemption for Emerging Growth Companies.—Emerging growth companies are exempted from the requirements to use Extensible Business Reporting Language (XBRL) for financial statements and other periodic reporting required to be filed with the Commission under the securities laws. Such companies may elect to use XBRL for such reporting.

(b) Exemption for Other Smaller Companies.—Issuers with total annual gross revenues of less than $250,000,000 are exempt from the requirements to use XBRL for financial statements and other periodic reporting required to be filed with the Commission under the securities laws. Such issuers may elect to use XBRL for such reporting. An exemption under this subsection shall continue in effect until—

(1) the date that is five years after the date of enactment of this Act; or

(2) the date that is two years after a determination by the Commission, by order after conducting the analysis required by section 3, that the
benefits of such requirements to such issuers outweigh the costs, but no earlier than three years after enactment of this Act.

(c) Modifications to Regulations.—Not later than 60 days after the date of enactment of this Act, the Commission shall revise its regulations under parts 229, 230, 232, 239, 240, and 249 of title 17, Code of Federal Regulations, to reflect the exemptions set forth in subsections (a) and (b).

SEC. 1012. ANALYSIS BY THE SEC.

The Commission shall conduct an analysis of the costs and benefits to issuers described in section 1011(b) of the requirements to use XBRL for financial statements and other periodic reporting required to be filed with the Commission under the securities laws. Such analysis shall include an assessment of—

(1) how such costs and benefits may differ from the costs and benefits identified by the Commission in the order relating to interactive data to improve financial reporting (dated January 30, 2009; 74 Fed. Reg. 6776) because of the size of such issuers;

(2) the effects on efficiency, competition, capital formation, and financing and on analyst coverage of such issuers (including any such effects resulting from use of XBRL by investors);
(3) the costs to such issuers of—
   (A) submitting data to the Commission in XBRL;
   (B) posting data on the website of the issuer in XBRL;
   (C) software necessary to prepare, submit, or post data in XBRL; and
   (D) any additional consulting services or filing agent services;
(4) the benefits to the Commission in terms of improved ability to monitor securities markets, assess the potential outcomes of regulatory alternatives, and enhance investor participation in corporate governance and promote capital formation; and
(5) the effectiveness of standards in the United States for interactive filing data relative to the standards of international counterparts.

SEC. 1013. REPORT TO CONGRESS.
Not later than one year after the date of enactment of this Act, the Commission shall provide the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report regarding—
(1) the progress in implementing XBRL reporting within the Commission;

(2) the use of XBRL data by Commission officials;

(3) the use of XBRL data by investors;

(4) the results of the analysis required by section 1012; and

(5) any additional information the Commission considers relevant for increasing transparency, decreasing costs, and increasing efficiency of regulatory filings with the Commission.

SEC. 1014. DEFINITIONS.

As used in this subtitle, the terms “Commission”, “emerging growth company”, “issuer”, and “securities laws” have the meanings given such terms in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

Subtitle D—Securities and Exchange Commission Overpayment Credit

SEC. 1016. REFUNDING OR CREDITING OVERPAYMENT OF SECTION 31 FEES.

(a) IN GENERAL.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is amended by adding at the end the following:
“(n) OVERPAYMENT.—If a national securities exchange or national securities association pays to the Commission an amount in excess of fees and assessments due under this section and informs the Commission of such amount paid in excess within 10 years of the date of the payment, the Commission shall offset future fees and assessments due by such exchange or association in an amount equal to such excess amount.”.

(b) APPLICABILITY.—The amendment made by this section shall apply to any fees and assessments paid before, on, or after the date of enactment of this section.

Subtitle E—Fair Access to Investment Research

SEC. 1021. SAFE HARBOR FOR INVESTMENT FUND RESEARCH.

(a) EXPANSION OF THE SAFE HARBOR.—Not later than the end of the 45-day period beginning on the date of enactment of this Act, the Securities and Exchange Commission shall propose, and not later than the end of the 180-day period beginning on such date, the Commission shall adopt, upon such terms, conditions, or requirements as the Commission may determine necessary or appropriate in the public interest, for the protection of investors, and for the promotion of capital formation, revisions to section 230.139 of title 17, Code of Federal Regula-
tions, to provide that a covered investment fund research report that is published or distributed by a broker or dealer—

(1) shall be deemed, for purposes of sections 2(a)(10) and 5(c) of the Securities Act of 1933 (15 U.S.C. 77b(a)(10), 77e(c)), not to constitute an offer for sale or an offer to sell a security that is the subject of an offering pursuant to a registration statement that is effective, even if the broker or dealer is participating or will participate in the registered offering of the covered investment fund’s securities; and

(2) shall be deemed to satisfy the conditions of subsection (a)(1) or (a)(2) of section 230.139 of title 17, Code of Federal Regulations, or any successor provisions, for purposes of the Commission’s rules and regulations under the Federal securities laws and the rules of any self-regulatory organization.

(b) IMPLEMENTATION OF SAFE HARBOR.—In implementing the safe harbor pursuant to subsection (a), the Commission shall—

(1) not, in the case of a covered investment fund with a class of securities in substantially continuous distribution, condition the safe harbor on whether the broker’s or dealer’s publication or dis-
tribution of a covered investment fund research report constitutes such broker’s or dealer’s initiation or reinitiation of research coverage on such covered investment fund or its securities;

(2) not—

(A) require the covered investment fund to have been registered as an investment company under the Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.) or subject to the reporting requirements of section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)) for any period exceeding the period of time referenced under paragraph (a)(1)(i)(A)(1) of section 230.139 of title 17, Code of Federal Regulations; or

(B) impose a minimum float provision exceeding that referenced in paragraph (a)(1)(i)(A)(1)(i) of section 230.139 of title 17, Code of Federal Regulations;

(3) provide that a self-regulatory organization may not maintain or enforce any rule that would—

(A) prohibit the ability of a member to publish or distribute a covered investment fund research report solely because the member is also participating in a registered offering or
other distribution of any securities of such covered investment fund; or

(B) prohibit the ability of a member to participate in a registered offering or other distribution of securities of a covered investment fund solely because the member has published or distributed a covered investment fund research report about such covered investment fund or its securities; and

(4) provide that a covered investment fund research report shall not be subject to section 24(b) of the Investment Company Act of 1940 (15 U.S.C. 80a–24(b)) or the rules and regulations thereunder, except that such report may still be subject to such section and the rules and regulations thereunder to the extent that it is otherwise not subject to the content standards in the rules of any self-regulatory organization related to research reports, including those contained in the rules governing communications with the public regarding investment companies or substantially similar standards.

(c) RULES OF CONSTRUCTION.—Nothing in this Act shall be construed as in any way limiting—

(1) the applicability of the antifraud or antimanipulation provisions of the Federal securities
laws and rules adopted thereunder to a covered investment fund research report, including section 17 of the Securities Act of 1933 (15 U.S.C. 77q), section 34(b) of the Investment Company Act of 1940 (15 U.S.C. 80a–33), and sections 9 and 10 of the Securities Exchange Act of 1934 (15 U.S.C. 78i, 78j); or

(2) the authority of any self-regulatory organization to examine or supervise a member’s practices in connection with such member’s publication or distribution of a covered investment fund research report for compliance with applicable provisions of the Federal securities laws or self-regulatory organization rules related to research reports, including those contained in rules governing communications with the public.

(d) INTERIM EFFECTIVENESS OF SAFE HARBOR.—

(1) IN GENERAL.—From and after the 180-day period beginning on the date of enactment of this Act, if the Commission has not adopted revisions to section 230.139 of title 17, Code of Federal Regulations, as required by subsection (a), and until such time as the Commission has done so, a broker or dealer distributing or publishing a covered investment fund research report after such date shall be
able to rely on the provisions of section 230.139 of title 17, Code of Federal Regulations, and the broker or dealer’s publication of such report shall be deemed to satisfy the conditions of subsection (a)(1) or (a)(2) of section 230.139 of title 17, Code of Federal Regulations, if the covered investment fund that is the subject of such report satisfies the reporting history requirements (without regard to Form S–3 or Form F–3 eligibility) and minimum float provisions of such subsections for purposes of the Commission’s rules and regulations under the Federal securities laws and the rules of any self-regulatory organization, as if revised and implemented in accordance with subsections (a) and (b).

(2) STATUS OF COVERED INVESTMENT FUND.—After such period and until the Commission has adopted revisions to section 230.139 and FINRA has revised rule 2210, for purposes of subsection (c)(7)(O) of such rule, a covered investment fund shall be deemed to be a security that is listed on a national securities exchange and that is not subject to section 24(b) of the Investment Company Act of 1940 (15 U.S.C. 80a–24(b)). Communications concerning only covered investment funds that fall with-
in the scope of such section shall not be required to be filed with FINRA.

(e) DEFINITIONS.—For purposes of this section:

(1) The term “covered investment fund research report” means a research report published or distributed by a broker or dealer about a covered investment fund or any securities issued by the covered investment fund, but not including a research report to the extent that it is published or distributed by the covered investment fund or any affiliate of the covered investment fund.

(2) The term “covered investment fund” means—

(A) an investment company registered under, or that has filed an election to be treated as a business development company under, the Investment Company Act of 1940 and that has filed a registration statement under the Securities Act of 1933 for the public offering of a class of its securities, which registration statement has been declared effective by the Commission; and

(B) a trust or other person—

(i) issuing securities in an offering registered under the Securities Act of 1933
and which class of securities is listed for
trading on a national securities exchange;

(ii) the assets of which consist pri-
marily of commodities, currencies, or deriv-
ative instruments that reference commod-
ities or currencies, or interests in the fore-
going; and

(iii) that provides in its registration
statement under the Securities Act of 1933
that a class of its securities are purchased
or redeemed, subject to conditions or limi-
tations, for a ratable share of its assets.

(3) The term “FINRA” means the Financial
Industry Regulatory Authority.

(4) The term “research report” has the mean-
ing given that term under section 2(a)(3) of the Se-
curities Act of 1933 (15 U.S.C. 77b(a)(3)), except
that such term shall not include an oral communica-
tion.

(5) The term “self-regulatory organization” has
the meaning given to that term under section
3(a)(26) of the Securities Exchange Act of 1934 (15
U.S.C. 78e(a)(26)).
Subtitle F—Accelerating Access to Capital

SEC. 1026. EXPANDED ELIGIBILITY FOR USE OF FORM S–3.

Not later than 45 days after the date of the enactment of this Act, the Securities and Exchange Commission shall revise Form S–3—

(1) so as to permit securities to be registered pursuant to General Instruction I.B.1. of such form provided that either—

(A) the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant is $75,000,000 or more; or

(B) the registrant has at least one class of common equity securities listed and registered on a national securities exchange; and

(2) so as to remove the requirement of paragraph (c) from General Instruction I.B.6. of such form.
Subtitle G—SEC Small Business Advocate

SEC. 1031. ESTABLISHMENT OF OFFICE OF THE ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION AND SMALL BUSINESS CAPITAL FORMATION ADVISORY COMMITTEE.

(a) Office of the Advocate for Small Business Capital Formation.—Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d), as amended by title VI, is further amended by adding at the end the following:

“(k) Office of the Advocate for Small Business Capital Formation.—

“(1) Office established.—There is established within the Commission the Office of the Advocate for Small Business Capital Formation (hereafter in this subsection referred to as the ‘Office’).

“(2) Advocate for small business capital formation.—

“(A) In general.—The head of the Office shall be the Advocate for Small Business Capital Formation, who shall—

“(i) report directly to the Commission; and
“(ii) be appointed by the Commission, from among individuals having experience in advocating for the interests of small businesses and encouraging small business capital formation.

“(B) COMPENSATION.—The annual rate of pay for the Advocate for Small Business Capital Formation shall be equal to the highest rate of annual pay for other senior executives who report directly to the Commission.

“(C) NO CURRENT EMPLOYEE OF THE COMMISSION.—An individual may not be appointed as the Advocate for Small Business Capital Formation if the individual is currently employed by the Commission.

“(3) STAFF OF OFFICE.—The Advocate for Small Business Capital Formation, after consultation with the Commission, may retain or employ independent counsel, research staff, and service staff, as the Advocate for Small Business Capital Formation determines to be necessary to carry out the functions of the Office.

“(4) FUNCTIONS OF THE ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION.—The Advocate for Small Business Capital Formation shall—
“(A) assist small businesses and small business investors in resolving significant problems such businesses and investors may have with the Commission or with self-regulatory organizations;

“(B) identify areas in which small businesses and small business investors would benefit from changes in the regulations of the Commission or the rules of self-regulatory organizations;

“(C) identify problems that small businesses have with securing access to capital, including any unique challenges to minority-owned and women-owned small businesses;

“(D) analyze the potential impact on small businesses and small business investors of—

“(i) proposed regulations of the Commission that are likely to have a significant economic impact on small businesses and small business capital formation; and

“(ii) proposed rules that are likely to have a significant economic impact on small businesses and small business capital formation of self-regulatory organizations registered under this title;
“(E) conduct outreach to small businesses and small business investors, including through regional roundtables, in order to solicit views on relevant capital formation issues;

“(F) to the extent practicable, propose to the Commission changes in the regulations or orders of the Commission and to Congress any legislative, administrative, or personnel changes that may be appropriate to mitigate problems identified under this paragraph and to promote the interests of small businesses and small business investors;

“(G) consult with the Investor Advocate on proposed recommendations made under subparagraph (F); and

“(H) advise the Investor Advocate on issues related to small businesses and small business investors.

“(5) Access to Documents.—The Commission shall ensure that the Advocate for Small Business Capital Formation has full access to the documents and information of the Commission and any self-regulatory organization, as necessary to carry out the functions of the Office.

“(6) Annual Report on Activities.—
“(A) In general.—Not later than December 31 of each year after 2015, the Advocate for Small Business Capital Formation shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on the activities of the Advocate for Small Business Capital Formation during the immediately preceding fiscal year.

“(B) Contents.—Each report required under subparagraph (A) shall include—

“(i) appropriate statistical information and full and substantive analysis;

“(ii) information on steps that the Advocate for Small Business Capital Formation has taken during the reporting period to improve small business services and the responsiveness of the Commission and self-regulatory organizations to small business and small business investor concerns;

“(iii) a summary of the most serious issues encountered by small businesses and small business investors, including any unique issues encountered by minority-owned and women-owned small businesses
and their investors, during the reporting period;

“(iv) an inventory of the items summarized under clause (iii) (including items summarized under such clause for any prior reporting period on which no action has been taken or that have not been resolved to the satisfaction of the Advocate for Small Business Capital Formation as of the beginning of the reporting period covered by the report) that includes—

“(I) identification of any action taken by the Commission or the self-regulatory organization and the result of such action;

“(II) the length of time that each item has remained on such inventory; and

“(III) for items on which no action has been taken, the reasons for inaction, and an identification of any official who is responsible for such action;

“(v) recommendations for such changes to the regulations, guidance and
orders of the Commission and such legisla-
tive actions as may be appropriate to re-
solve problems with the Commission and
self-regulatory organizations encountered
by small businesses and small business in-
vesters and to encourage small business
capital formation; and

“(vi) any other information, as deter-
mined appropriate by the Advocate for
Small Business Capital Formation.

“(C) CONFIDENTIALITY.—No report re-
quired by subparagraph (A) may contain con-
fidential information.

“(D) INDEPENDENCE.—Each report re-
quired under subparagraph (A) shall be pro-
vided directly to the committees of Congress
listed in such subparagraph without any prior
review or comment from the Commission, any
commissioner, any other officer or employee of
the Commission, or the Office of Management
and Budget.

“(7) REGULATIONS.—The Commission shall es-
tablish procedures requiring a formal response to all
recommendations submitted to the Commission by
the Advocate for Small Business Capital Formation,
not later than 3 months after the date of such sub-
mission.

“(8) GOVERNMENT-BUSINESS FORUM ON SMALL
BUSINESS CAPITAL FORMATION.—The Advocate for
Small Business Capital Formation shall be respon-
sible for planning, organizing, and executing the an-
nual Government-Business Forum on Small Busi-
ness Capital Formation described in section 503 of
the Small Business Investment Incentive Act of

“(9) RULE OF CONSTRUCTION.—Nothing in
this subsection may be construed as replacing or re-
ducing the responsibilities of the Investor Advocate
with respect to small business investors.”.

(b) SMALL BUSINESS CAPITAL FORMATION ADVI-
sory COMMITTEE.—The Securities Exchange Act of 1934
(15 U.S.C. 78a et seq.) is amended by inserting after sec-
tion 39 the following:

“SEC. 40. SMALL BUSINESS CAPITAL FORMATION ADVISORY
COMMITTEE.

“(a) ESTABLISHMENT AND PURPOSE.—
“(1) ESTABLISHMENT.—There is established
within the Commission the Small Business Capital
Formation Advisory Committee (hereafter in this
section referred to as the ‘Committee’).
“(2) FUNCTIONS.—

“(A) IN GENERAL.—The Committee shall provide the Commission with advice on the Commission’s rules, regulations, and policies with regard to the Commission’s mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation, as such rules, regulations, and policies relate to—

“(i) capital raising by emerging, privately held small businesses (‘emerging companies’) and publicly traded companies with less than $250,000,000 in public market capitalization (‘smaller public companies’) through securities offerings, including private and limited offerings and initial and other public offerings;

“(ii) trading in the securities of emerging companies and smaller public companies; and

“(iii) public reporting and corporate governance requirements of emerging companies and smaller public companies.

“(B) LIMITATION.—The Committee shall not provide any advice with respect to any poli-
cies, practices, actions, or decisions concerning
the Commission’s enforcement program.

“(b) MEMBERSHIP.—

“(1) IN GENERAL.—The members of the Com-
mittee shall be—

“(A) the Advocate for Small Business Cap-
ital Formation;

“(B) not fewer than 10, and not more than
20, members appointed by the Commission,
from among individuals—

“(i) who represent—

“(I) emerging companies engaging in private and limited securities
offerings or considering initial public
offerings (‘IPO’) (including the com-
panies’ officers and directors);

“(II) the professional advisors of
such companies (including attorneys,
accountants, investment bankers, and
financial advisors); and

“(III) the investors in such com-
panies (including angel investors, ven-
ture capital funds, and family offices);
“(ii) who are officers or directors of minority-owned small businesses and women-owned small businesses;

“(iii) who represent—

“(I) smaller public companies (including the companies’ officers and directors);

“(II) the professional advisors of such companies (including attorneys, auditors, underwriters, and financial advisors); and

“(III) the pre-IPO and post-IPO investors in such companies (both institutional, such as venture capital funds, and individual, such as angel investors); and

“(iv) who represent participants in the marketplace for the securities of emerging companies and smaller public companies, such as securities exchanges, alternative trading systems, analysts, information processors, and transfer agents; and

“(C) 3 non-voting members—

“(i) 1 of whom shall be appointed by the Investor Advocate;
“(ii) 1 of whom shall be appointed by the North American Securities Administrators Association; and

“(iii) 1 of whom shall be appointed by the Administrator of the Small Business Administration.

“(2) TERM.—Each member of the Committee appointed under subparagraph (B), (C)(ii), or (C)(iii) of paragraph (1) shall serve for a term of 4 years.

“(3) MEMBERS NOT COMMISSION EMPLOYEES.—Members appointed under subparagraph (B), (C)(ii), or (C)(iii) of paragraph (1) shall not be treated as employees or agents of the Commission solely because of membership on the Committee.

“(c) CHAIRMAN; VICE CHAIRMAN; SECRETARY; ASSISTANT SECRETARY.—

“(1) IN GENERAL.—The members of the Committee shall elect, from among the members of the Committee—

“(A) a chairman;

“(B) a vice chairman;

“(C) a secretary; and

“(D) an assistant secretary.
“(2) TERM.—Each member elected under paragraph (1) shall serve for a term of 3 years in the capacity for which the member was elected under paragraph (1).

“(d) MEETINGS.—

“(1) FREQUENCY OF MEETINGS.—The Committee shall meet—

“(A) not less frequently than four times annually, at the call of the chairman of the Committee; and

“(B) from time to time, at the call of the Commission.

“(2) NOTICE.—The chairman of the Committee shall give the members of the Committee written notice of each meeting, not later than 2 weeks before the date of the meeting.

“(e) COMPENSATION AND TRAVEL EXPENSES.—Each member of the Committee who is not a full-time employee of the United States shall—

“(1) be entitled to receive compensation at a rate not to exceed the daily equivalent of the annual rate of basic pay in effect for a position at level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day during which
the member is engaged in the actual performance of
the duties of the Committee; and

“(2) while away from the home or regular place
of business of the member in the performance of
services for the Committee, be allowed travel ex-
penses, including per diem in lieu of subsistence, in
the same manner as persons employed intermittently
in the Government service are allowed expenses
under section 5703 of title 5, United States Code.

“(f) STAFF.—The Commission shall make available
to the Committee such staff as the chairman of the Com-
mittee determines are necessary to carry out this section.

“(g) REVIEW BY COMMISSION.—The Commission
shall—

“(1) review the findings and recommendations
of the Committee; and

“(2) each time the Committee submits a finding
or recommendation to the Commission, promptly
issue a public statement—

“(A) assessing the finding or recommenda-
tion of the Committee; and

“(B) disclosing the action, if any, the Com-
misson intends to take with respect to the find-
ing or recommendation.”. 

Subtitle H—Small Business Credit Availability


(a) In General.—

(1) In General.—Not later than 1 year after the date of enactment of this Act, the Securities and Exchange Commission shall promulgate regulations to codify the order in Investment Company Act Release No. 30024, dated March 30, 2012. If the Commission fails to complete the regulations as required by this subsection, a business development company shall be entitled to treat such regulations as having been completed in accordance with the actions required to be taken by the Commission until such
time as such regulations are completed by the Com-
mission.

(2) Rule of Construction.—Nothing in this
subsection shall prevent the Commission from
issuing rules to address potential conflicts of interest
between business development companies and invest-
ment advisers.

(b) Permissible Assets of an Eligible Port-
folio Company.—Section 55 of the Investment Company
Act of 1940 (15 U.S.C. 80a–54) is amended by adding
at the end the following:

“(c) Securities Deemed To Be Permissible As-
sets.—Notwithstanding subsection (a), securities that
would be described in paragraphs (1) through (6) of such
subsection except that the issuer is a company described
in paragraph (2), (3), (4), (5), (6), or (9) of section 3(c)
may be deemed to be assets described in paragraphs (1)
through (6) of subsection (a) to the extent necessary for
the sum of the assets to equal 70 percent of the value
of a business development company’s total assets (other
than assets described in paragraph (7) of subsection (a)),
provided that the aggregate value of such securities count-
ing toward such 70 percent shall not exceed 20 percent
of the value of the business development company’s total
assets.”.
SEC. 1037. EXPANDING ACCESS TO CAPITAL FOR BUSINESS DEVELOPMENT COMPANIES.

(a) In General.—Section 61(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–60(a)) is amended—

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

(2) by striking paragraph (1) and inserting the following:

“(1) Except as provided in paragraph (2), the asset coverage requirements of subparagraphs (A) and (B) of section 18(a)(1) (and any related rule promulgated under this Act) applicable to business development companies shall be 200 percent.

“(2) The asset coverage requirements of subparagraphs (A) and (B) of section 18(a)(1) and of subparagraphs (A) and (B) of section 18(a)(2) (and any related rule promulgated under this Act) applicable to a business development company shall be 150 percent if—

“(A) within five business days of the approval of the adoption of the asset coverage requirements described in clause (ii), the business development company discloses such approval and the date of its effectiveness in a Form 8–K filed with the Commission and in a notice on
its website and discloses in its periodic filings
made under section 13 of the Securities Ex-
change Act of 1934 (15 U.S.C. 78m)—

“(i) the aggregate value of the senior
securities issued by such company and the
asset coverage percentage as of the date of
such company’s most recent financial
statements; and

“(ii) that such company has adopted
the asset coverage requirements of this
subparagraph and the effective date of
such requirements;

“(B) with respect to a business develop-
ment company that issues equity securities that
are registered on a national securities exchange,
the periodic filings of the company under sec-
section 13(a) of the Securities Exchange Act of
1934 (15 U.S.C. 78m) include disclosures rea-
sonably designed to ensure that shareholders
are informed of—

“(i) the amount of indebtedness and
asset coverage ratio of the company, deter-
mined as of the date of the financial state-
ments of the company dated on or most re-
cently before the date of such filing; and
“(ii) the principal risk factors associated with such indebtedness, to the extent such risk is incurred by the company; and

“(C)(i) the application of this paragraph to the company is approved by the required majority (as defined in section 57(o)) of the directors of or general partners of such company who are not interested persons of the business development company, which application shall become effective on the date that is 1 year after the date of the approval, and, with respect to a business development company that issues equity securities that are not registered on a national securities exchange, the company extends, to each person who is a shareholder as of the date of the approval, an offer to repurchase the equity securities held by such person as of such approval date, with 25 percent of such securities to be repurchased in each of the four quarters following such approval date; or

“(ii) the company obtains, at a special or annual meeting of shareholders or partners at which a quorum is present, the approval of more than 50 percent of the votes cast of the application of this paragraph to the company,
which application shall become effective on the date immediately after the date of the approval.”;

(3) in paragraph (3) (as redesignated), by inserting “or which is a stock, provided that all such stock is issued in accordance with paragraph (6)” after “indebtedness”;

(4) in subparagraph (A) of paragraph (4) (as redesignated)—

(A) in the matter preceding clause (i), by striking “voting”; and

(B) by amending clause (iii) to read as follows:

“(iii) the exercise or conversion price at the date of issuance of such warrants, options, or rights is not less than—

“(I) the market value of the securities issuable upon the exercise of such warrants, options, or rights at the date of issuance of such warrants, options, or rights; or

“(II) if no such market value exists, the net asset value of the securities issuable upon the exercise of such warrants, options, or rights at the
date of issuance of such warrants, options, or rights; and
(5) by adding at the end the following:

“(6)(A) QUALIFIED INSTITUTIONAL BUYER.—
Except as provided in subparagraph (B), the following shall not apply to a senior security which is a stock and which is issued to and held by a qualified institutional buyer (as defined in section 3(a)(64) of the Securities Exchange Act of 1934):

“(i) Subparagraphs (C) and (D) of section 18(a)(2).

“(ii) Subparagraph (E) of section 18(a)(2), to the extent such subparagraph requires any priority over any other class of stock as to distribution of assets upon liquidation.

“(iii) With respect to a senior security which is a stock, subsections (c) and (i) of section 18.

“(B) INDIVIDUAL INVESTORS WHO ARE NOT QUALIFIED INSTITUTIONAL BUYERS.—Subparagraph (A) shall not apply with respect to a senior security which is a stock and which is issued to a person who is not known by the business development company to be a qualified institutional buyer (as defined in
section 3(a) of the Securities Exchange Act of 1934).

“(7) Rule of construction.—Notwithstanding any other provision of law, any additional class of stock issued pursuant to this section must be issued in accordance with all investor protections contained in all applicable federal securities laws administered by the Commission.”.

(b) Conforming Amendments.—The Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amended—

(1) in section 57—

(A) in subsection (j)(1), by striking “section 61(a)(3)(B)” and inserting “section 61(a)(4)(B)”;

(B) in subsection (n)(2), by striking “section 61(a)(3)(B)” and inserting “section 61(a)(4)(B)”;

(2) in section 63(3), by striking “section 61(a)(3)” and inserting “section 61(a)(4)”.

SEC. 1038. PARITY FOR BUSINESS DEVELOPMENT COMPANIES REGARDING OFFERING AND PROXY RULES.

(a) Revision to Rules.—Not later than 1 year after the date of enactment of this Act, the Securities and
Exchange Commission shall revise any rules to the extent necessary to allow a business development company that has filed an election pursuant to section 54 of the Investment Company Act of 1940 (15 U.S.C. 80a–53) to use the securities offering and proxy rules that are available to other issuers that are required to file reports under section 13 or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m; 78o(d)). Any action that the Commission takes pursuant to this subsection shall include the following:

(1) The Commission shall revise rule 405 under the Securities Act of 1933 (17 C.F.R. 230.405)—

(A) to remove the exclusion of a business development company from the definition of a well-known seasoned issuer provided by that rule; and

(B) to add registration statements filed on Form N–2 to the definition of automatic shelf registration statement provided by that rule.

(2) The Commission shall revise rules 168 and 169 under the Securities Act of 1933 (17 C.F.R. 230.168 and 230.169) to remove the exclusion of a business development company from an issuer that can use the exemptions provided by those rules.
(3) The Commission shall revise rules 163 and 163A under the Securities Act of 1933 (17 C.F.R. 230.163 and 230.163A) to remove a business development company from the list of issuers that are ineligible to use the exemptions provided by those rules.

(4) The Commission shall revise rule 134 under the Securities Act of 1933 (17 C.F.R. 230.134) to remove the exclusion of a business development company from that rule.

(5) The Commission shall revise rules 138 and 139 under the Securities Act of 1933 (17 C.F.R. 230.138 and 230.139) to specifically include a business development company as an issuer to which those rules apply.

(6) The Commission shall revise rule 164 under the Securities Act of 1933 (17 C.F.R. 230.164) to remove a business development company from the list of issuers that are excluded from that rule.

(7) The Commission shall revise rule 433 under the Securities Act of 1933 (17 C.F.R. 230.433) to specifically include a business development company that is a well-known seasoned issuer as an issuer to which that rule applies.
(8) The Commission shall revise rule 415 under the Securities Act of 1933 (17 C.F.R. 230.415)—

(A) to state that the registration for securities provided by that rule includes securities registered by a business development company on Form N–2; and

(B) to provide an exception for a business development company from the requirement that a Form N–2 registrant must furnish the undertakings required by item 34.4 of Form N–2.

(9) The Commission shall revise rule 497 under the Securities Act of 1933 (17 C.F.R. 230.497) to include a process for a business development company to file a form of prospectus that is parallel to the process for filing a form of prospectus under rule 424(b).

(10) The Commission shall revise rules 172 and 173 under the Securities Act of 1933 (17 C.F.R. 230.172 and 230.173) to remove the exclusion of an offering of a business development company from those rules.

(11) The Commission shall revise rule 418 under the Securities Act of 1933 (17 C.F.R. 230.418) to provide that a business development
company that would otherwise meet the eligibility re-
quirements of General Instruction I.A of Form S–3
shall be exempt from paragraph (a)(3) of that rule.

(12) The Commission shall revise rule 14a–101
under the Securities Exchange Act of 1934 (17
C.F.R. 240.14a–101) to provide that a business de-
velopment company that would otherwise meet the
requirements of General Instruction I.A of Form S–
3 shall be deemed to meet the requirements of Form
S–3 for purposes of Schedule 14A.

(13) The Commission shall revise rule 103
under Regulation FD (17 C.F.R. 243.103) to pro-
vide that paragraph (a) of that rule applies for pur-
poses of Form N–2.

(b) Revision to Form N–2.—Not later than 1 year
after the date of enactment of this Act, the Commission
shall revise Form N–2—

(1) to include an item or instruction that is
similar to item 12 on Form S–3 to provide that a
business development company that would otherwise
meet the requirements of Form S–3 shall incor-
porate by reference its reports and documents filed
under the Securities Exchange Act of 1934 into its
registration statement filed on Form N–2; and
(2) to include an item or instruction that is similar to the instruction regarding automatic shelf offerings by well-known seasoned issuers on Form S–3 to provide that a business development company that is a well-known seasoned issuer may file automatic shelf offerings on Form N–2.

e) TREATMENT IF REVISIONS NOT COMPLETED IN TIMELY MANNER.—If the Commission fails to complete the revisions required by subsections (a) and (b) by the time required by such subsections, a business development company shall be entitled to treat such revisions as having been completed in accordance with the actions required to be taken by the Commission by such subsections until such time as such revisions are completed by the Commission.

(d) RULE OF CONSTRUCTION.—Any reference in this section to a rule or form means such rule or form or any successor rule or form.

Subtitle I—Fostering Innovation

SEC. 1041. TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS.

Section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262) is amended by adding at the end the following:

“(d) TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS.—
“(1) Low-revenue exemption.—Subsection (b) shall not apply with respect to an audit report prepared for an issuer that—

“(A) ceased to be an emerging growth company on the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement under the Securities Act of 1933;

“(B) had average annual gross revenues of less than $50,000,000 as of its most recently completed fiscal year; and

“(C) is not a large accelerated filer.

“(2) Expiration of temporary exemption.—An issuer ceases to be eligible for the exemption described under paragraph (1) at the earliest of—

“(A) the last day of the fiscal year of the issuer following the tenth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement under the Securities Act of 1933;
“(B) the last day of the fiscal year of the issuer during which the average annual gross revenues of the issuer exceed $50,000,000; or

“(C) the date on which the issuer becomes a large accelerated filer.

“(3) DEFINITIONS.—For purposes of this subsection:

“(A) AVERAGE ANNUAL GROSS REVENUES.—The term ‘average annual gross revenues’ means the total gross revenues of an issuer over its most recently completed three fiscal years divided by three.

“(B) EMERGING GROWTH COMPANY.—The term ‘emerging growth company’ has the meaning given such term under section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

“(C) LARGE ACCELERATED FILER.—The term ‘large accelerated filer’ has the meaning given that term under section 240.12b–2 of title 17, Code of Federal Regulations, or any successor thereto.”.
Subtitle J—Small Business Capital Formation Enhancement

SEC. 1046. ANNUAL REVIEW OF GOVERNMENT-BUSINESS FORUM ON CAPITAL FORMATION.

Section 503 of the Small Business Investment Incentive Act of 1980 (15 U.S.C. 80c–1) is amended by adding at the end the following:

“(e) The Commission shall—

“(1) review the findings and recommendations of the forum; and

“(2) each time the forum submits a finding or recommendation to the Commission, promptly issue a public statement—

“(A) assessing the finding or recommendation of the forum; and

“(B) disclosing the action, if any, the Commission intends to take with respect to the finding or recommendation.”.

Subtitle K—Helping Angels Lead Our Startups

SEC. 1051. DEFINITION OF ANGEL INVESTOR GROUP.

As used in this subtitle, the term “angel investor group” means any group that—
(1) is composed of accredited investors interested in investing personal capital in early-stage companies;

(2) holds regular meetings and has defined processes and procedures for making investment decisions, either individually or among the membership of the group as a whole; and

(3) is neither associated nor affiliated with brokers, dealers, or investment advisers.

SEC. 1052. CLARIFICATION OF GENERAL SOLICITATION.

(a) In General.—Not later than 6 months after the date of enactment of this Act, the Securities and Exchange Commission shall revise Regulation D of its rules (17 C.F.R. 230.500 et seq.) to require that in carrying out the prohibition against general solicitation or general advertising contained in section 230.502(e) of title 17, Code of Federal Regulations, the prohibition shall not apply to a presentation or other communication made by or on behalf of an issuer which is made at an event—

(1) sponsored by—

(A) the United States or any territory thereof, by the District of Columbia, by any State, by a political subdivision of any State or territory, or by any agency or public instrumentality of any of the foregoing;
(B) a college, university, or other institution of higher education;

(C) a nonprofit organization;

(D) an angel investor group;

(E) a venture forum, venture capital association, or trade association; or

(F) any other group, person or entity as the Securities and Exchange Commission may determine by rule;

(2) where any advertising for the event does not reference any specific offering of securities by the issuer;

(3) the sponsor of which—

(A) does not make investment recommendations or provide investment advice to event attendees;

(B) does not engage in an active role in any investment negotiations between the issuer and investors attending the event;

(C) does not charge event attendees any fees other than administrative fees; and

(D) does not receive any compensation with respect to such event that would require registration of the sponsor as a broker or a dealer under the Securities Exchange Act of
1934, or as an investment advisor under the Investment Advisers Act of 1940; and

(4) where no specific information regarding an offering of securities by the issuer is communicated or distributed by or on behalf of the issuer, other than—

(A) that the issuer is in the process of offering securities or planning to offer securities;

(B) the type and amount of securities being offered;

(C) the amount of securities being offered that have already been subscribed for; and

(D) the intended use of proceeds of the offering.

(b) RULE OF CONSTRUCTION.—Subsection (a) may only be construed as requiring the Securities and Exchange Commission to amend the requirements of Regulation D with respect to presentations and communications, and not with respect to purchases or sales.

Subtitle L—Main Street Growth

SEC. 1056. VENTURE EXCHANGES.

(a) SECURITIES EXCHANGE ACT OF 1934.—Section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) is amended by adding at the end the following:

“(m) VENTURE EXCHANGE.—
“(1) Registration.—

“(A) In General.—A national securities exchange may elect to be treated (or for a listing tier of such exchange to be treated) as a venture exchange by notifying the Commission of such election, either at the time the exchange applies to be registered as a national securities exchange or after registering as a national securities exchange.

“(B) Determination Time Period.—

With respect to a securities exchange electing to be treated (or for a listing tier of such exchange to be treated) as a venture exchange—

“(i) at the time the exchange applies to be registered as a national securities exchange, such application and election shall be deemed to have been approved by the Commission unless the Commission denies such application before the end of the 6-month period beginning on the date the Commission received such application; and

“(ii) after registering as a national securities exchange, such election shall be deemed to have been approved by the Commission unless the Commission denies such
approval before the end of the 6-month period beginning on the date the Commission received notification of such election.

“(2) POWERS AND RESTRICTIONS.—A venture exchange—

“(A) may only constitute, maintain, or provide a market place or facilities for bringing together purchasers and sellers of venture securities;

“(B) may determine the increment to be used for quoting and trading venture securities on the exchange;

“(C) shall disseminate last sale and quotation information on terms that are fair and reasonable and not unreasonably discriminatory;

“(D) may choose to carry out periodic auctions for the sale of a venture security instead of providing continuous trading of the venture security; and

“(E) may not extend unlisted trading privileges to any venture security.

“(3) EXEMPTIONS FROM CERTAIN NATIONAL SECURITY EXCHANGE REGULATIONS.—A venture exchange shall not be required to—
“(A) comply with any of sections 242.600 through 242.612 of title 17, Code of Federal Regulations;

“(B) comply with any of sections 242.300 through 242.303 of title 17, Code of Federal Regulations;

“(C) submit any data to a securities information processor; or

“(D) use decimal pricing.

“(4) Treatment of Certain Exempted Securities.—A security that is exempt from registration pursuant to section 3(b) of the Securities Act of 1933 shall be exempt from section 12(a) of this title with respect to the trading of such security on a venture exchange, if the issuer of such security is in compliance with all disclosure obligations of such section 3(b) and the regulations issued under such section.

“(5) Definitions.—For purposes of this subsection:

“(A) Early-stage, Growth Company.—

“(i) In General.—The term ‘early-stage, growth company’ means an issuer—
“(I) that has not made an initial public offering of any securities of the issuer; and

“(II) with a market capitalization of $1,000,000,000 (as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest $1,000,000) or less.

“(ii) Treatment when market capitalization exceeds threshold.—

“(I) In general.—In the case of an issuer that is an early-stage, growth company the securities of which are traded on a venture exchange, such issuer shall not cease to be an early-stage, growth company by reason of the market capitalization of such issuer exceeding the threshold specified in clause (i)(II) until the end of the period of 24 consecutive months during which the market cap-
italization of such issuer exceeds $2,000,000,000 (as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest $1,000,000).

“(II) EXEMPTIONS.—If an issuer would cease to be an early-stage, growth company under subclause (I), the venture exchange may, at the request of the issuer, exempt the issuer from the market capitalization requirements of this subparagraph for the 1-year period that begins on the day after the end of the 24-month period described in such subclause. The venture exchange may, at the request of the issuer, extend the exemption for 1 additional year.

“(B) VENTURE SECURITY.—The term ‘venture security’ means—
“(i) securities of an early-stage, growth company that are exempt from registration pursuant to section 3(b) of the Securities Act of 1933; and

“(ii) securities of an emerging growth company.”.

(b) SECURITIES ACT OF 1933.—Section 18(b)(1) of the Securities Act of 1933 (15 U.S.C. 77r(b)(1)) is amended—

(1) in subparagraph (B), by striking “or” at the end;

(2) in subparagraph (C), by striking the period and inserting “; or”; and

(3) by adding at the end the following:

“(D) a venture security, as defined under section 6(m)(5) of the Securities Exchange Act of 1934.”.

(c) SENSE OF CONGRESS.—It is the sense of the Congress that the Securities and Exchange Commission should—

(1) when necessary or appropriate in the public interest and consistent with the protection of investors, make use of the Commission’s general exemp-
tive authority under section 36 of the Securities Ex-
change Act of 1934 (15 U.S.C. 78mm) with respect
to the provisions added by this section; and

(2) if the Commission determines appropriate,
create an Office of Venture Exchanges within the
Commission’s Division of Trading and Markets.

(d) RULE OF CONSTRUCTION.—Nothing in this sec-
tion or the amendments made by this section shall be con-
strued to impair or limit the construction of the antifraud
provisions of the securities laws (as defined in section 3(a)
78c(a))) or the authority of the Securities and Exchange
Commission under those provisions.

(e) EFFECTIVE DATE FOR TIERS OF EXISTING NA-
TIONAL SECURITIES EXCHANGES.—In the case of a secu-
rities exchange that is registered as a national securities
exchange under section 6 of the Securities Exchange Act
of 1934 (15 U.S.C. 78f) on the date of the enactment of
this Act, any election for a listing tier of such exchange
to be treated as a venture exchange under subsection (m)
of such section shall not take effect before the date that
is 180 days after such date of enactment.
Subtitle M—Micro Offering Safe Harbor

SEC. 1061. EXEMPTIONS FOR MICRO-OFFERINGS.

(a) In General.—Section 4 of the Securities Act of 1933 (15 U.S.C. 77d) is amended—

(1) in subsection (a), by adding at the end the following:

“(8) transactions meeting the requirements of subsection (f).”; and

(2) by adding at the end the following:

“(f) CERTAIN MICRO-OFFERINGS.—The transactions referred to in subsection (a)(8) are transactions involving the sale of securities by an issuer (including all entities controlled by or under common control with the issuer) that meet all of the following requirements:

“(1) PRE-EXISTING RELATIONSHIP.—Each purchaser has a substantive pre-existing relationship with an officer of the issuer, a director of the issuer, or a shareholder holding 10 percent or more of the shares of the issuer.

“(2) 35 OR FEWER PURCHASERS.—There are no more than, or the issuer reasonably believes that there are no more than, 35 purchasers of securities from the issuer that are sold in reliance on the ex-
emption provided under subsection (a)(8) during the 12-month period preceding such transaction.

“(3) SMALL OFFERING AMOUNT.—The aggregate amount of all securities sold by the issuer, including any amount sold in reliance on the exemption provided under subsection (a)(8), during the 12-month period preceding such transaction, does not exceed $500,000.”.

(b) EXEMPTION UNDER STATE REGULATIONS.—Section 18(b)(4) of the Securities Act of 1933 (15 U.S.C. 77r(b)(4)) is amended—

(1) in subparagraph (F), by striking “or” at the end;

(2) in subparagraph (G), by striking the period and inserting “; or”; and

(3) by adding at the end the following:

“(H) section 4(a)(8).”.

Subtitle N—Private Placement Improvement

SEC. 1066. REVISIONS TO SEC REGULATION D.

Not later than 45 days following the date of the enactment of this Act, the Securities and Exchange Commission shall revise Regulation D (17 C.F.R. 501 et seq.) in accordance with the following:
(1) The Commission shall revise Form D filing requirements to require an issuer offering or selling securities in reliance on an exemption provided under Rule 506 of Regulation D to file with the Commission a single notice of sales containing the information required by Form D for each new offering of securities no earlier than 15 days after the date of the first sale of securities in the offering. The Commission shall not require such an issuer to file any notice of sales containing the information required by Form D except for the single notice described in the previous sentence.

(2) The Commission shall make the information contained in each Form D filing available to the securities commission (or any agency or office performing like functions) of each State and territory of the United States and the District of Columbia.

(3) The Commission shall not condition the availability of any exemption for an issuer under Rule 506 of Regulation D (17 C.F.R. 230.506) on the issuer’s or any other person’s filing with the Commission of a Form D or any similar report.

(4) The Commission shall not require issuers to submit written general solicitation materials to the Commission in connection with a Rule 506(c) offer-
ing, except when the Commission requests such ma-
materials pursuant to the Commission’s authority
under section 8A or section 20 of the Securities Act
of 1933 (15 U.S.C. 77h–1 or 77t) or section 9,
10(b), 21A, 21B, or 21C of the Securities Exchange
Act of 1934 (15 U.S.C. 78i, 78j(b), 78u–1, 78u–2,
or 78u–3).

(5) The Commission shall not extend the re-
quirements contained in Rule 156 to private funds.

(6) The Commission shall revise Rule 501(a) of
Regulation D to provide that a person who is a
“knowledgeable employee” of a private fund or the
fund’s investment adviser, as defined in Rule 3c–
5(a)(4) (17 C.F.R. 270.3c–5(a)(4)), shall be an ac-
credited investor for purposes of a Rule 506 offering
of a private fund with respect to which the person
is a knowledgeable employee.

Subtitle O—Supporting America’s
Innovators

SEC. 1071. INVESTOR LIMITATION FOR QUALIFYING VEN-
TURE CAPITAL FUNDS.

Section 3(c)(1) of the Investment Company Act of
1940 (15 U.S.C. 80a–3(c)(1)) is amended—
(1) by inserting after “one hundred persons” the following: “(or, with respect to a qualifying venture capital fund, 250 persons)”;

(2) by adding at the end the following:

“(C) The term ‘qualifying venture capital fund’ means any venture capital fund (as defined pursuant to section 203(l)(1) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3(l)(1)) with no more than $10,000,000 in invested capital, as such dollar amount is annually adjusted by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.”.

Subtitle P—Fix Crowdfunding

SEC. 1076. CROWDFUNDING VEHICLES.

(a) Amendments to the Securities Act of 1933.—The Securities Act of 1933 (15 U.S.C. 77a et seq.) is amended—

(1) in section 4A(f)(3), by inserting “by any of paragraphs (1) through (14) of” before “section 3(c)”;

(2) in section 4(a)(6)(B), by inserting after “any investor” the following: “, other than a
crowdfunding vehicle (as defined in section 2(a) of the Investment Company Act of 1940),”.

(b) Amendments to the Investment Company Act of 1940.—The Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amended—

(1) in section 2(a), by adding at the end the following:

“(55) The term ‘crowdfunding vehicle’ means a company—

“(A) whose purpose (as set forth in its organizational documents) is limited to acquiring, holding, and disposing securities issued by a single company in one or more transactions and made pursuant to section 4(a)(6) of the Securities Act of 1933;

“(B) which issues only one class of securities;

“(C) which receives no compensation in connection with such acquisition, holding, or disposition of securities;

“(D) no associated person of which receives any compensation in connection with such acquisition, holding or disposition of securities unless such person is acting as or on behalf of an investment adviser registered under
the Investment Advisers Act of 1940 or registered as an investment adviser in the State in which the investment adviser maintains its principal office and place of business;

“(E) the securities of which have been issued in a transaction made pursuant to section 4(a)(6) of the Securities Act of 1933, where both the crowdfunding vehicle and the company whose securities it holds are co-issuers;

“(F) which is current in its ongoing disclosure obligations under Rule 202 of Regulation Crowdfunding (17 C.F.R. 227.202);

“(G) the company whose securities it holds is current in its ongoing disclosure obligations under Rule 202 of Regulation Crowdfunding (17 C.F.R. 227.202); and

“(H) is advised by an investment adviser registered under the Investment Advisers Act of 1940 or registered as an investment adviser in the State in which the investment adviser maintains its principal office and place of business.”;

and

(2) in section 3(c), by adding at the end the following:
“(15) Any crowdfunding vehicle.”.

SEC. 1077. CROWDFUNDING EXEMPTION FROM REGISTRATION.

Section 12(g)(6) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(6)) is amended—

(1) by striking “The Commission” and inserting the following:

“(A) IN GENERAL.—The Commission”;

(2) by striking “section 4(6)” and inserting “section 4(a)(6)”;

and

(3) by adding at the end the following:

“(B) TREATMENT OF SECURITIES ISSUED BY CERTAIN ISSUERS.—An exemption under subparagraph (A) shall be unconditional for securities offered by an issuer that had a public float of less than $75,000,000 as of the last business day of the issuer’s most recently completed semiannual period, computed by multiplying the aggregate worldwide number of shares of the issuer’s common equity securities held by non-affiliates by the price at which such securities were last sold (or the average bid and asked prices of such securities) in the principal market for such securities or, in the event the result of such public float calculation is zero,
had annual revenues of less than $50,000,000 as of the issuer’s most recently completed fiscal year.”

Subtitle Q—Corporate Governance Reform and Transparency

SEC. 1081. DEFINITIONS.

(a) Securities Exchange Act of 1934.—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended by adding at the end the following new paragraphs:

“(81) Proxy advisory firm.—The term ‘proxy advisory firm’ means any person who is primarily engaged in the business of providing proxy voting research, analysis, or recommendations to clients, which conduct constitutes a solicitation within the meaning of section 14 and the Commission’s rules and regulations thereunder, except to the extent that the person is exempted by such rules and regulations from requirements otherwise applicable to persons engaged in a solicitation.

“(82) Person associated with a proxy advisory firm.—The term ‘person associated with’ a proxy advisory firm means any partner, officer, or director of a proxy advisory firm (or any person occupying a similar status or performing similar func-
tions), any person directly or indirectly controlling, controlled by, or under common control with a proxy advisory firm, or any employee of a proxy advisory firm, except that persons associated with a proxy advisory firm whose functions are clerical or ministerial shall not be included in the meaning of such term. The Commission may by rules and regulations classify, for purposes or any portion or portions of this Act, persons, including employees controlled by a proxy advisory firm.”.

(b) APPLICABLE DEFINITIONS.—As used in this subtitle—

(1) the term “Commission” means the Securities and Exchange Commission; and

(2) the term “proxy advisory firm” has the same meaning as in section 3(a)(81) of the Securities Exchange Act of 1934, as added by this subtitle.

SEC. 1082. REGISTRATION OF PROXY ADVISORY FIRMS.

(a) AMENDMENT.—The Securities Exchange Act of 1934 is amended by inserting after section 15G the following new section:

“SEC. 15H. REGISTRATION OF PROXY ADVISORY FIRMS.

“(a) CONDUCT PROHIBITED.—It shall be unlawful for a proxy advisory firm to make use of the mails or any means or instrumentality of interstate commerce to pro-
vide proxy voting research, analysis, or recommendations to any client, unless such proxy advisory firm is registered under this section.

“(b) Registration Procedures.—

“(1) Application for Registration.—

“(A) In general.—A proxy advisory firm must file with the Commission an application for registration, in such form as the Commission shall require, by rule or regulation, and containing the information described in sub-

paragraph (B).

“(B) Required Information.—An application for registration under this section shall contain information regarding—

“(i) a certification that the applicant has adequate financial and managerial re-

sources to consistently provide proxy advice based on accurate information;

“(ii) the procedures and methodolo-

gies that the applicant uses in developing proxy voting recommendations, including whether and how the applicant considers the size of a company when making proxy voting recommendations;
“(iii) the organizational structure of the applicant;

“(iv) whether or not the applicant has in effect a code of ethics, and if not, the reasons therefor;

“(v) any potential or actual conflict of interest relating to the ownership structure of the applicant or the provision of proxy advisory services by the applicant, including whether the proxy advisory firm engages in services ancillary to the provision of proxy advisory services such as consulting services for corporate issuers, and if so the revenues derived therefrom;

“(vi) the policies and procedures in place to manage conflicts of interest under subsection (f); and

“(vii) any other information and documents concerning the applicant and any person associated with such applicant as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors.

“(2) REVIEW OF APPLICATION.—
“(A) INITIAL DETERMINATION.—Not later than 90 days after the date on which the application for registration is filed with the Commission under paragraph (1) (or within such longer period as to which the applicant consents) the Commission shall—

“(i) by order, grant registration; or

“(ii) institute proceedings to determine whether registration should be denied.

“(B) CONDUCT OF PROCEEDINGS.—

“(i) CONTENT.—Proceedings referred to in subparagraph (A)(ii) shall—

“(I) include notice of the grounds for denial under consideration and an opportunity for hearing; and

“(II) be concluded not later than 120 days after the date on which the application for registration is filed with the Commission under paragraph (1).

“(ii) DETERMINATION.—At the conclusion of such proceedings, the Commission, by order, shall grant or deny such application for registration.
“(iii) Extension Authorized.—The Commission may extend the time for conclusion of such proceedings for not longer than 90 days, if it finds good cause for such extension and publishes its reasons for so finding, or for such longer period as to which the applicant consents.

“(C) Grounds for Decision.—The Commission shall grant registration under this subsection—

“(i) if the Commission finds that the requirements of this section are satisfied; and

“(ii) unless the Commission finds (in which case the Commission shall deny such registration) that—

“(I) the applicant has failed to certify to the Commission’s satisfaction that it has adequate financial and managerial resources to consistently provide proxy advice based on accurate information and to materially comply with the procedures and methodologies disclosed under paragraph
(1)(B) and with subsections (f) and (g); or

“(II) if the applicant were so registered, its registration would be subject to suspension or revocation under subsection (e).

“(3) PUBLIC AVAILABILITY OF INFORMATION.—

Subject to section 24, the Commission shall make the information and documents submitted to the Commission by a proxy advisory firm in its completed application for registration, or in any amendment submitted under paragraph (1) or (2) of subsection (c), publicly available on the Commission’s website, or through another comparable, readily accessible means.

“(c) UPDATE OF REGISTRATION.—

“(1) UPDATE.—Each registered proxy advisory firm shall promptly amend and update its application for registration under this section if any information or document provided therein becomes materially inaccurate, except that a registered proxy advisory firm is not required to amend the information required to be filed under subsection (b)(1)(B)(i) by filing information under this paragraph, but shall amend such information in the annual submission of
the organization under paragraph (2) of this sub-
section.

“(2) CERTIFICATION.—Not later than 90 cal-
endar days after the end of each calendar year, each
registered proxy advisory firm shall file with the
Commission an amendment to its registration, in
such form as the Commission, by rule, may prescribe
as necessary or appropriate in the public interest or
for the protection of investors—

“(A) certifying that the information and
documents in the application for registration of
such registered proxy advisory firm continue to
be accurate in all material respects; and

“(B) listing any material change that oc-
curred to such information or documents during
the previous calendar year.

“(d) CENSURE, DENIAL, OR SUSPENSION OF REG-
ISTRATION; NOTICE AND HEARING.—The Commission, by
order, shall censure, place limitations on the activities,
functions, or operations of, suspend for a period not ex-
ceeding 12 months, or revoke the registration of any reg-
istered proxy advisory firm if the Commission finds, on
the record after notice and opportunity for hearing, that
such censure, placing of limitations, suspension, or revoca-
tion is necessary for the protection of investors and in the
public interest and that such registered proxy advisory
firm, or any person associated with such an organization,
whether prior to or subsequent to becoming so associ-
ated—

“(1) has committed or omitted any act, or is
subject to an order or finding, enumerated in sub-
paragraph (A), (D), (E), (H), or (G) of section
15(b)(4), has been convicted of any offense specified
in section 15(b)(4)(B), or is enjoined from any ac-
tion, conduct, or practice specified in subparagraph
(C) of section 15(b)(4), during the 10-year period
preceding the date of commencement of the pro-
ceedings under this subsection, or at any time there-
after;

“(2) has been convicted during the 10-year pe-
riod preceding the date on which an application for
registration is filed with the Commission under this
section, or at any time thereafter, of—

“(A) any crime that is punishable by im-
prisonment for one or more years, and that is
not described in section 15(b)(4)(B); or

“(B) a substantially equivalent crime by a
foreign court of competent jurisdiction;
“(3) is subject to any order of the Commission barring or suspending the right of the person to be associated with a registered proxy advisory firm;

“(4) fails to furnish the certifications required under subsections (b)(2)(C)(ii)(I) and (c)(2);

“(5) has engaged in one or more prohibited acts enumerated in paragraph (1); or

“(6) fails to maintain adequate financial and managerial resources to consistently offer advisory services with integrity, including by failing to comply with subsections (f) or (g).

“(e) TERMINATION OF REGISTRATION.—

“(1) VOLUNTARY WITHDRAWAL.—A registered proxy advisory firm may, upon such terms and conditions as the Commission may establish as necessary in the public interest or for the protection of investors, which terms and conditions shall include at a minimum that the registered proxy advisory firm will no longer conduct such activities as to bring it within the definition of proxy advisory firm in section 3(a)(81) of the Securities Exchange Act of 1934, withdraw from registration by filing a written notice of withdrawal to the Commission.

“(2) COMMISSION AUTHORITY.—In addition to any other authority of the Commission under this
title, if the Commission finds that a registered proxy advisory firm is no longer in existence or has ceased to do business as a proxy advisory firm, the Commission, by order, shall cancel the registration under this section of such registered proxy advisory firm.

“(f) MANAGEMENT OF CONFLICTS OF INTEREST.—

“(1) ORGANIZATION POLICIES AND PROCEDURES.—Each registered proxy advisory firm shall establish, maintain, and enforce written policies and procedures reasonably designed, taking into consideration the nature of the business of such registered proxy advisory firm and associated persons, to address and manage any conflicts of interest that can arise from such business.

“(2) COMMISSION AUTHORITY.—The Commission shall issue final rules to prohibit, or require the management and disclosure of, any conflicts of interest relating to the offering of proxy advisory services by a registered proxy advisory firm, including, without limitation, conflicts of interest relating to—

“(A) the manner in which a registered proxy advisory firm is compensated by the client, or any affiliate of the client, for providing proxy advisory services;
“(B) the provision of consulting, advisory, or other services by a registered proxy advisory firm, or any person associated with such registered proxy advisory firm, to the client;

“(C) business relationships, ownership interests, or any other financial or personal interests between a registered proxy advisory firm, or any person associated with such registered proxy advisory firm, and any client, or any affiliate of such client;

“(D) transparency around the formulation of proxy voting policies;

“(E) the execution of proxy votes if such votes are based upon recommendations made by the proxy advisory firm in which someone other than the issuer is a proponent;

“(F) issuing recommendations where proxy advisory firms provide advisory services to a company; and

“(G) any other potential conflict of interest, as the Commission deems necessary or appropriate in the public interest or for the protection of investors.

“(g) RELIABILITY OF PROXY ADVISORY FIRM SERVICES.—
“(1) IN GENERAL.—Each registered proxy advisory firm shall have staff sufficient to produce proxy voting recommendations that are based on accurate and current information. Each registered proxy advisory firm shall detail procedures sufficient to permit companies receiving proxy advisory firm recommendations access in a reasonable time to the draft recommendations, with an opportunity to provide meaningful comment thereon, including the opportunity to present details to the person responsible for developing the recommendation in person or telephonically. Each registered proxy advisory firm shall employ an ombudsman to receive complaints about the accuracy of voting information used in making recommendations from the subjects of the proxy advisory firm’s voting recommendations, and shall resolve those complaints in a timely fashion and in any event prior to voting on the matter to which the recommendation relates.

“(2) DRAFT RECOMMENDATIONS DEFINED.—For purposes of this subsection, the term ‘draft recommendations’—

“(A) means the overall conclusions of proxy voting recommendations prepared for the clients of a proxy advisory firm, including any
public data cited therein, any company information or substantive analysis impacting the recommendation, and the specific voting recommendations on individual proxy ballot issues; and

“(B) does not include the entirety of the proxy advisory firm’s final report to its clients.

“(h) DESIGNATION OF COMPLIANCE OFFICER.—
Each registered proxy advisory firm shall designate an individual responsible for administering the policies and procedures that are required to be established pursuant to subsections (f) and (g), and for ensuring compliance with the securities laws and the rules and regulations thereunder, including those promulgated by the Commission pursuant to this section.

“(i) PROHIBITED CONDUCT.—

“(1) PROHIBITED ACTS AND PRACTICES.—The Commission shall issue final rules to prohibit any act or practice relating to the offering of proxy advisory services by a registered proxy advisory firm that the Commission determines to be unfair or coercive, including any act or practice relating to—

“(A) conditioning a voting recommendation or other proxy advisory firm recommendation on the purchase by an issuer or an affiliate
thereof of other services or products, of the registered proxy advisory firm or any person associated with such registered proxy advisory firm; and

“(B) modifying a voting recommendation or otherwise departing from its adopted systematic procedures and methodologies in the provision of proxy advisory services, based on whether an issuer, or affiliate thereof, subscribes or will subscribe to other services or product of the registered proxy advisory firm or any person associated with such organization.

“(2) RULE OF CONSTRUCTION.—Nothing in paragraph (1), or in any rules or regulations adopted thereunder, may be construed to modify, impair, or supersede the operation of any of the antitrust laws (as defined in the first section of the Clayton Act, except that such term includes section 5 of the Federal Trade Commission Act, to the extent that such section 5 applies to unfair methods of competition).

“(j) STATEMENTS OF FINANCIAL CONDITION.—Each registered proxy advisory firm shall, on a confidential basis, file with the Commission, at intervals determined by the Commission, such financial statements, certified (if
required by the rules or regulations of the Commission) by an independent public auditor, and information concerning its financial condition, as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors.

“(k) ANNUAL REPORT.—Each registered proxy advisory firm shall, at the beginning of each fiscal year of such firm, report to the Commission on the number of shareholder proposals its staff reviewed in the prior fiscal year, the number of recommendations made in the prior fiscal year, the number of staff who reviewed and made recommendations on such proposals in the prior fiscal year, and the number of recommendations made in the prior fiscal year where the proponent of such recommendation was a client of or received services from the proxy advisory firm.

“(l) TRANSPARENT POLICIES.—Each registered proxy advisory firm shall file with the Commission and make publicly available its methodology for the formulation of proxy voting policies and voting recommendations.

“(m) RULES OF CONSTRUCTION.—

“(1) NO WAIVER OF RIGHTS, PRIVILEGES, OR DEFENSES.—Registration under and compliance with this section does not constitute a waiver of, or otherwise diminish, any right, privilege, or defense
that a registered proxy advisory firm may otherwise
have under any provision of State or Federal law,
including any rule, regulation, or order thereunder.

“(2) No private right of action.—Nothing
in this section may be construed as creating any pri-
ivate right of action, and no report filed by a reg-
istered proxy advisory firm in accordance with this
section or section 17 shall create a private right of
action under section 18 or any other provision of
law.

“(n) Regulations.—

“(1) New provisions.—Such rules and regula-
tions as are required by this section or are otherwise
necessary to carry out this section, including the ap-
lication form required under subsection (a)—

“(A) shall be issued by the Commission,
not later than 180 days after the date of enact-
ment of this section; and

“(B) shall become effective not later than
1 year after the date of enactment of this sec-
tion.

“(2) Review of existing regulations.—Not
later than 270 days after the date of enactment of
this section, the Commission shall—
“(A) review its existing rules and regulations which affect the operations of proxy advisory firms;

“(B) amend or revise such rules and regulations in accordance with the purposes of this section, and issue such guidance, as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors; and

“(C) direct Commission staff to withdraw the Egan Jones Proxy Services (May 27, 2004) and Institutional Shareholder Services, Inc. (September 15, 2004) no-action letters.

“(o) APPLICABILITY.—This section, other than subsection (n), which shall apply on the date of enactment of this section, shall apply on the earlier of—

“(1) the date on which regulations are issued in final form under subsection (n)(1); or

“(2) 270 days after the date of enactment of this section.”.

(b) CONFORMING AMENDMENT.—Section 17(a)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78q(a)(1)) is amended by inserting “proxy advisory firm,” after “nationally recognized statistical rating organization,”.
SEC. 1083. COMMISSION ANNUAL REPORT.

The Commission shall make an annual report publicly available on the Commission’s Internet website. Such report shall, with respect to the year to which the report relates—

1. identify applicants for registration under section 15H of the Securities Exchange Act of 1934, as added by this subtitle;

2. specify the number of and actions taken on such applications;

3. specify the views of the Commission on the state of competition, transparency, policies and methodologies, and conflicts of interest among proxy advisory firms;

4. include the determination of the Commission with regard to—
   (A) the quality of proxy advisory services issued by proxy advisory firms;
   (B) the financial markets;
   (C) competition among proxy advisory firms;
   (D) the incidence of undisclosed conflicts of interest by proxy advisory firms;
   (E) the process for registering as a proxy advisory firm; and
(F) such other matters relevant to the implementation of this subtitle and the amendments made by this subtitle, as the Commission determines necessary to bring to the attention of the Congress;

(5) identify problems, if any, that have resulted from the implementation of this subtitle and the amendments made by this subtitle; and

(6) recommend solutions, including any legislative or regulatory solutions, to any problems identified under paragraphs (4) and (5).

Subtitle R—Senior Safe

SEC. 1091. IMMUNITY.

(a) DEFINITIONS.—In this subtitle—

(1) the term “Bank Secrecy Act Officer” means an individual responsible for ensuring compliance with the requirements mandated by subchapter II of chapter 53 of title 31, United States Code;

(2) the term “broker-dealer” means a broker or dealer, as those terms are defined, respectively, in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a));

(3) the term “covered agency” means—
(A) a State financial regulatory agency, in-
cluding a State securities or law enforcement
authority and a State insurance regulator;
(B) each of the Federal financial institu-
tions regulatory agencies;
(C) the Securities and Exchange Commiss-
ion;
(D) a law enforcement agency;
(E) and State or local agency responsible
for administering adult protective service laws;
and
(F) a State attorney general.

(4) the term “covered financial institution”
means—
(A) a credit union;
(B) a depository institution;
(C) an investment advisor;
(D) a broker-dealer;
(E) an insurance company; and
(F) a State attorney general.

(5) the term “credit union” means a Federal
credit union, State credit union, or State-chartered
credit union, as those terms are defined in section
101 of the Federal Credit Union Act (12 U.S.C.
1752);
(6) the term “depository institution” has the meaning given the term in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

(7) the term “exploitation” means the fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual, including a caregiver or fiduciary, that—

(A) uses the resources of a senior citizen for monetary personal benefit, profit, or gain;

or

(B) results in depriving a senior citizen of rightful access to or use of benefits, resources, belongings or assets;

(8) the term “Federal financial institutions regulatory agencies” has the meaning given the term in section 1003 of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3302);

(9) the term “investment adviser” has the meaning given the term in section 202 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2);

(10) the term “insurance company” has the meaning given the term in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a));

(11) the term “registered representative” means an individual who represents a broker-dealer
in effecting or attempting to affect a purchase or
sale of securities;

(12) the term “senior citizen” means an indi-
vidual who is not less than 65 years of age;

(13) the term “State insurance regulator” has
the meaning given such term in section 315 of the
Gramm-Leach-Bliley Act (15 U.S.C. 6735); and

(14) the term “State securities or law enforce-
ment authority” has the meaning given the term in
section 24(f)(4) of the Securities Exchange Act of
1934 (15 U.S.C. 78x(f)(4)).

(b) IMMUNITY FROM SUIT.—

(1) IMMUNITY FOR INDIVIDUALS.—An indi-
vidual who has received the training described in
section 1092 shall not be liable, including in any
civil or administrative proceeding, for disclosing the
possible exploitation of a senior citizen to a covered
agency if the individual, at the time of the disclo-
sure—

(A) served as a supervisor, compliance offi-
cer (including a Bank Secrecy Act Officer), or
registered representative for a covered financial
institution; and
(B) made the disclosure with reasonable care including reasonable efforts to avoid disclosure other than to a covered agency.

(2) IMMUNITY FOR COVERED FINANCIAL INSTITUTIONS.—A covered financial institution shall not be liable, including in any civil or administrative proceeding, for a disclosure made by an individual described in paragraph (1) if—

(A) the individual was employed by, or, in the case of a registered representative, affiliated or associated with, the covered financial institution at the time of the disclosure; and

(B) before the time of the disclosure, the covered financial institution provided the training described in section 1092 to each individual described in section 1092(a).

SEC. 1092. TRAINING REQUIRED.

(a) IN GENERAL.—A covered financial institution may provide training described in subsection (b)(1) to each officer or employee of, or registered representative affiliated or associated with, the covered financial institution who—

(1) is described in section 1091(b)(1)(A);
(2) may come into contact with a senior citizen as a regular part of the duties of the officer, employee, or registered representative; or

(3) may review or approve the financial documents, records, or transactions of a senior citizen in connection with providing financial services to a senior citizen.

(b) TRAINING.—

(1) IN GENERAL.—The training described in this paragraph shall—

(A) instruct any individual attending the training on how to identify and report the suspected exploitation of a senior citizen;

(B) discuss the need to protect the privacy and respect the integrity of each individual customer of a covered financial institution; and

(C) be appropriate to the job responsibilities of the individual attending the training.

(2) TIMING.—The training required under subsection (a) shall be provided as soon as reasonably practicable but not later than 1 year after the date on which an officer, employee, or registered representative begins employment with or becomes affiliated or associated with the covered financial institution.
(3) **Bank Secrecy Act Officer.**—An individual who is designated as a compliance officer under an anti-money laundering program established pursuant to section 5318(h) of title 31, United States Code, shall be deemed to have received the training described under this subsection.

**SEC. 1093. RELATIONSHIP TO STATE LAW.**

Nothing in this Act shall be construed to preempt or limit any provision of State law, except only to the extent that section 1091 provides a greater level of protection against liability to an individual described in section 1091(b)(1) or to a covered financial institution described in section 1091(b)(2) than is provided under State law.

**Subtitle S—National Securities Exchange Regulatory Parity**

**SEC. 1096. APPLICATION OF EXEMPTION.**

Section 18(b)(1) of the Securities Act of 1933 (15 U.S.C. 77r(b)(1)) is amended—

1. by striking subparagraph (A);
2. in subparagraph (B), by striking “that the Commission determines by rule (on its own initiative or on the basis of a petition) are substantially similar to the listing standards applicable to securities described in subparagraph (A)” and inserting “that have been approved by the Commission”;
(3) in subparagraph (C), by striking “or (B)”;

and

(4) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

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

Subtitle A—Preserving Access to Manufactured Housing

SEC. 1101. MORTGAGE ORIGINATOR DEFINITION.

Section 103 of the Truth in Lending Act (15 U.S.C. 1602) is amended—

(1) by redesignating the second subsection (cc) and subsection (dd) as subsections (dd) and (ee), respectively; and

(2) in paragraph (2)(C) of subsection (dd), as so redesignated, by striking “an employee of a retailer of manufactured homes who is not described in clause (i) or (iii) of subparagraph (A) and who does not advise a consumer on loan terms (including rates, fees, and other costs)” and inserting “a retailer of manufactured or modular homes or its employees unless such retailer or its employees receive compensation or gain for engaging in activities de-
scribed in subparagraph (A) that is in excess of any compensation or gain received in a comparable cash transaction”.

SEC. 1102. HIGH-COST MORTGAGE DEFINITION.

Section 103 of the Truth in Lending Act (15 U.S.C. 1602), as amended by section 1101, is further amended—

(1) by redesignating subsection (aa) (relating to disclosure of greater amount or percentage), as so designated by section 1100A of the Consumer Financial Protection Act of 2010, as subsection (bb);

(2) by redesignating subsection (bb) (relating to high cost mortgages), as so designated by section 1100A of the Consumer Financial Protection Act of 2010, as subsection (aa), and moving such subsection to immediately follow subsection (z); and

(3) in subsection (aa)(1)(A), as so redesignated—

(A) in clause (i)(I), by striking “(8.5 percentage points, if the dwelling is personal property and the transaction is for less than $50,000)” and inserting “(10 percentage points if the dwelling is personal property or is a transaction that does not include the purchase of real property on which a dwelling is to be placed, and the transaction is for less than
$75,000 (as such amount is adjusted by the Consumer Financial Opportunity Commission to reflect the change in the Consumer Price Index))’’; and

(B) in clause (ii)—

(i) in subclause (I), by striking ‘‘or’’ at the end; and

(ii) by adding at the end the following:

“(III) in the case of a transaction for less than $75,000 (as such amount is adjusted by the Consumer Financial Opportunity Commission to reflect the change in the Consumer Price Index) in which the dwelling is personal property (or is a consumer credit transaction that does not include the purchase of real property on which a dwelling is to be placed) the greater of 5 percent of the total transaction amount or $3,000 (as such amount is adjusted by the Consumer Financial Opportunity Commission to reflect the change in the Consumer Price Index); or’’.
Subtitle B—Mortgage Choice

SEC. 1106. DEFINITION OF POINTS AND FEES.

(a) Amendment to Section 103 of TILA.—Paragraph (4) of section 103(aa) of the Truth in Lending Act, as redesignated by section 1102, is amended—

(1) by striking “paragraph (1)(B)” and inserting “paragraph (1)(A) and section 129C”;

(2) in subparagraph (C)—

(A) by inserting “and insurance” after “taxes”;

(B) in clause (ii), by inserting “, except as retained by a creditor or its affiliate as a result of their participation in an affiliated business arrangement (as defined in section 3(7) of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2602(7)))” after “compensation”; and

(C) by striking clause (iii) and inserting the following:

“(iii) the charge is—

“(I) a bona fide third-party charge not retained by the mortgage originator, creditor, or an affiliate of the creditor or mortgage originator; or
“(II) a charge set forth in section 106(e)(1);”; and

(3) in subparagraph (D)—

(A) by striking “accident,”; and

(B) by striking “or any payments” and inserting “and any payments”.

(b) Amendment to Section 129C of TILA.—Section 129C of the Truth in Lending Act (15 U.S.C. 1639c) is amended—

(1) in subsection (a)(5)(C), by striking “103” and all that follows through “or mortgage originator” and inserting “103(aa)(4)”;

(2) in subsection (b)(2)(C)(i), by striking “103” and all that follows through “or mortgage originator)” and inserting “103(aa)(4)”.

Subtitle C—Financial Institution Customer Protection

SEC. 1111. REQUIREMENTS FOR DEPOSIT ACCOUNT TERMINATION REQUESTS AND ORDERS.

(a) Termination Requests or Orders Must Be Material.—

(1) In General.—An appropriate Federal banking agency may not formally or informally request or order a depository institution to terminate a specific customer account or group of customer ac-
counts or to otherwise restrict or discourage a de-
pository institution from entering into or maintain-
ing a banking relationship with a specific customer
or group of customers unless—

(A) the agency has a material reason for
such request or order; and

(B) such reason is not based solely on rep-
utation risk.

(2) Treatment of National Security
Threats.—If an appropriate Federal banking agen-
cy believes a specific customer or group of customers
is, or is acting as a conduit for, an entity which—

(A) poses a threat to national security;

(B) is involved in terrorist financing;

(C) is an agency of the government of
Iran, North Korea, Syria, or any country listed
from time to time on the State Sponsors of
Terrorism list;

(D) is located in, or is subject to the juris-
diction of, any country specified in subpara-
graph (C); or

(E) does business with any entity described
in subparagraph (C) or (D), unless the appro-
priate Federal banking agency determines that
the customer or group of customers has used
due diligence to avoid doing business with any
entity described in subparagraph (C) or (D),
such belief shall satisfy the requirement under para-
graph (1).

(b) Notice Requirement.—

(1) In general.—If an appropriate Federal
banking agency formally or informally requests or
orders a depository institution to terminate a spe-
cific customer account or a group of customer ac-
counts, the agency shall—

(A) provide such request or order to the
institution in writing; and

(B) accompany such request or order with
a written justification for why such termination
is needed, including any specific laws or regula-
tions the agency believes are being violated by
the customer or group of customers, if any.

(2) Justification Requirement.—A jus-
tification described under paragraph (1)(B) may not
be based solely on the reputation risk to the deposi-
tory institution.

(c) Customer Notice.—

(1) Notice Required.—Except as provided
under paragraph (2), if an appropriate Federal
banking agency orders a depository institution to
terminate a specific customer account or a group of
customer accounts, the depository institution shall
inform the customer or customers of the justification
for the customer’s account termination described
under subsection (b).

(2) NOTICE PROHIBITED IN CASES OF NA-
TIONAL SECURITY.—If an appropriate Federal bank-
ing agency requests or orders a depository institu-
tion to terminate a specific customer account or a
group of customer accounts based on a belief that
the customer or customers pose a threat to national
security, or are otherwise described under subsection
(a)(2), neither the depository institution nor the ap-
propriate Federal banking agency may inform the
customer or customers of the justification for the
customer’s account termination.

(d) REPORTING REQUIREMENT.—Each appropriate
Federal banking agency shall issue an annual report to
the Congress stating—

(1) the aggregate number of specific customer
accounts that the agency requested or ordered a de-
pository institution to terminate during the previous
year; and

(2) the legal authority on which the agency re-
lied in making such requests and orders and the fre-
quency on which the agency relied on each such au-

thority.

(c) DEFINITIONS.—For purposes of this section:

(1) APPROPRIATE FEDERAL BANKING AGEN-

CY.—The term “appropriate Federal banking agen-

cy” means—

(A) the appropriate Federal banking agen-

cy, as defined under section 3 of the Federal
Depository Insurance Act (12 U.S.C. 1813); and

(B) the National Credit Union Administra-

tion, in the case of an insured credit union.

(2) DEPOSITORY INSTITUTION.—The term “de-

pository institution” means—

(A) a depository institution, as defined

under section 3 of the Federal Deposit Insur-

ance Act (12 U.S.C. 1813); and

(B) an insured credit union.

SEC. 1112. AMENDMENTS TO THE FINANCIAL INSTITUTIONS

REFORM, RECOVERY, AND ENFORCEMENT

ACT OF 1989.

Section 951 of the Financial Institutions Reform, Re-
covery, and Enforcement Act of 1989 (12 U.S.C. 1833a)
is amended—

(1) in subsection (c)(2), by striking “affecting

a federally insured financial institution” and insert-
ing “against a federally insured financial institution
or by a federally insured financial institution against
an unaffiliated third person”; and

(2) in subsection (g)—

(A) in the header, by striking “SUB-
POENAS” and inserting “INVESTIGATIONS”; and

(B) by amending paragraph (1)(C) to read
as follows:

“(C) summon witnesses and require the
production of any books, papers, correspond-
ence, memoranda, or other records which the
Attorney General deems relevant or material to
the inquiry, if the Attorney General—

“(i) requests a court order from a
court of competent jurisdiction for such ac-
tions and offers specific and articulable
facts showing that there are reasonable
grounds to believe that the information or
testimony sought is relevant and material
for conducting an investigation under this
section; or

“(ii) either personally or through dele-
gation no lower than the Deputy Attorney
General, issues and signs a subpoena for
such actions and such subpoena is sup-
ported by specific and articulable facts showing that there are reasonable grounds to believe that the information or testimony sought is relevant for conducting an investigation under this section.”.

Subtitle D—Portfolio Lending and Mortgage Access

SEC. 1116. SAFE HARBOR FOR CERTAIN LOANS HELD ON PORTFOLIO.

(a) In General.—Section 129C of the Truth in Lending Act (15 U.S.C. 1639c) is amended by adding at the end the following:

“(j) Safe Harbor for Certain Loans Held on Portfolio.—

“(1) Safe harbor for creditors that are depository institutions.—

“(A) In general.—A creditor that is a depository institution shall not be subject to suit for failure to comply with subsection (a), (c)(1), or (f)(2) of this section or section 129H with respect to a residential mortgage loan, and the banking regulators shall treat such loan as a qualified mortgage, if—
“(i) the creditor has, since the origination of the loan, held the loan on the balance sheet of the creditor; and

“(ii) all prepayment penalties with respect to the loan comply with the limitations described under subsection (c)(3).

“(B) Exception for certain transfers.—In the case of a depository institution that transfers a loan originated by that institution to another depository institution by reason of the bankruptcy or failure of the originating depository institution or the purchase of the originating depository institution, the depository institution transferring such loan shall be deemed to have complied with the requirement under subparagraph (A)(i).

“(2) Safe harbor for mortgage originators.—A mortgage originator shall not be subject to suit for a violation of section 129B(c)(3)(B) for steering a consumer to a residential mortgage loan if—

“(A) the creditor of such loan is a depository institution and has informed the mortgage originator that the creditor intends to hold the
loan on the balance sheet of the creditor for the life of the loan; and

“(B) the mortgage originator informs the consumer that the creditor intends to hold the loan on the balance sheet of the creditor for the life of the loan.

“(3) DEFINITIONS.—For purposes of this subsection:

“(A) BANKING REGULATORS.—The term ‘banking regulators’ means the Federal banking agencies, the Consumer Financial Opportunity Commission, and the National Credit Union Administration.

“(B) DEPOSITORY INSTITUTION.—The term ‘depository institution’ has the meaning given that term under section 19(b)(1) of the Federal Reserve Act (12 U.S.C. 505(b)(1)).

“(C) FEDERAL BANKING AGENCIES.—The term ‘Federal banking agencies’ has the meaning given that term under section 3 of the Federal Deposit Insurance Act.”.

(b) RULE OF CONSTRUCTION.—Nothing in the amendment made by this section may be construed as preventing a balloon loan from qualifying for the safe harbor provided under section 129C(j) of the Truth in Lending
Subtitle E—Application of the Expedited Funds Availability Act

SEC. 1121. APPLICATION OF THE EXPEDITED FUNDS AVAILABILITY ACT.

(a) In General.—The Expedited Funds Availability Act (12 U.S.C. 4001 et seq.) is amended—

(1) in section 602(20) (12 U.S.C. 4001(20)) by inserting “, located in the United States,” after “ATM”;

(2) in section 602(21) (12 U.S.C. 4001(21)) by inserting “American Samoa, the Commonwealth of the Northern Mariana Islands,” after “Puerto Rico,”;

(3) in section 602(23) (12 U.S.C. 4001(23)) by inserting “American Samoa, the Commonwealth of the Northern Mariana Islands,” after “Puerto Rico,”; and

(4) in section 603(d)(2)(A) (12 U.S.C. 4002(d)(2)(A)), by inserting “American Samoa, the
Commonwealth of the Northern Mariana Islands,”
2 after “Puerto Rico,”.

(b) EFFECTIVE DATE.—This section shall take effect
on January 1, 2017.

Subtitle F—Small Bank Holding
Company Policy Statement

SEC. 1126. CHANGES REQUIRED TO SMALL BANK HOLDING
COMPANY POLICY STATEMENT ON ASSESS-
MENT OF FINANCIAL AND MANAGERIAL FAC-
TORS.

(a) IN GENERAL.—Before the end of the 6-month pe-
period beginning on the date of the enactment of this Act,
the Board of Governors of the Federal Reserve System
shall revise the Small Bank Holding Company Policy
Statement on Assessment of Financial and Managerial
Factors (12 C.F.R. part 225—appendix C) to raise the
consolidated asset threshold under such policy statement
from $1,000,000,000 (as adjusted by Public Law 113–
250) to $5,000,000,000.

(b) CONFORMING AMENDMENT.—Subparagraph (C)
of section 171(b)(5) of the Dodd-Frank Wall Street Re-
form and Consumer Protection Act (12 U.S.C.
5371(b)(5)) is amended to read as follows:
“(C) any bank holding company or savings
and loan holding company that is subject to the
application of the Small Bank Holding Company Policy Statement on Assessment of Financial and Managerial Factors of the Board of Governors (12 C.F.R. part 225—appendix C).”.

Subtitle G—Community Institution Mortgage Relief

SEC. 1131. COMMUNITY FINANCIAL INSTITUTION MORTGAGE RELIEF.

(a) Exemption From Escrow Requirements for Loans Held by Smaller Creditors.—Section 129D of the Truth in Lending Act (15 U.S.C. 1639d) is amended—

(1) by adding at the end the following:

“(k) Safe Harbor for Loans Held by Smaller Creditors.—

“(1) In general.—A creditor shall not be in violation of subsection (a) with respect to a loan if—

“(A) the creditor has consolidated assets of $10,000,000,000 or less; and

“(B) the creditor holds the loan on the balance sheet of the creditor for the 3-year period beginning on the date of the origination of the loan.

“(2) Exception for certain transfers.—

In the case of a creditor that transfers a loan to an-
other person by reason of the bankruptcy or failure
of the creditor, the purchase of the creditor, or a su-
pervisory act or recommendation from a State or
Federal regulator, the creditor shall be deemed to
have complied with the requirement under para-
graph (1)(B).”; and

(2) by striking the term “Board” each place
such term appears and inserting “Consumer Finan-
cial Opportunity Commission”.

(b) MODIFICATION TO EXEMPTION FOR SMALL
SERVICERS OF MORTGAGE LOANS.—Section 6 of the Real
2605) is amended by adding at the end the following:

“(n) SMALL SERVICER EXEMPTION.—The Consumer
Financial Opportunity Commission shall, by regulation,
provide exemptions to, or adjustments for, the provisions
of this section for a servicer that annually services 20,000
or fewer mortgage loans, in order to reduce regulatory
burdens while appropriately balancing consumer protec-
tions.”.
Subtitle H—Financial Institutions

Examination Fairness and Reform

SEC. 1136. TIMELINESS OF EXAMINATION REPORTS.

(a) In general.—The Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3301 et seq.) is amended by adding at the end the following:

“SEC. 1012. TIMELINESS OF EXAMINATION REPORTS.

“(a) In general.—

“(1) Final examination report.—A Federal financial institutions regulatory agency shall provide a final examination report to a financial institution not later than 60 days after the later of—

“(A) the exit interview for an examination of the institution; or

“(B) the provision of additional information by the institution relating to the examination.

“(2) Exit interview.—If a financial institution is not subject to a resident examiner program, the exit interview shall occur not later than the end of the 9-month period beginning on the commencement of the examination, except that such period may be extended by the Federal financial institutions regulatory agency by providing written notice to the institution and the Independent Examination
Review Director describing with particularity the reasons that a longer period is needed to complete the examination.

“(b) Examination Materials.—Upon the request of a financial institution, the Federal financial institutions regulatory agency shall include with the final report an appendix listing all examination or other factual information relied upon by the agency in support of a material supervisory determination.

“SEC. 1013. Examination Standards.

“(a) In General.—In the examination of a financial institution—

“(1) a commercial loan shall not be placed in non-accrual status solely because the collateral for such loan has deteriorated in value;

“(2) a modified or restructured commercial loan shall be removed from non-accrual status if the borrower demonstrates the ability to perform on such loan over a maximum period of 6 months, except that with respect to loans on a quarterly, semiannual, or longer repayment schedule such period shall be a maximum of 3 consecutive repayment periods;
“(3) a new appraisal on a performing commercial loan shall not be required unless an advance of new funds is involved; and

“(4) in classifying a commercial loan in which there has been deterioration in collateral value, the amount to be classified shall be the portion of the deficiency relating to the decline in collateral value and repayment capacity of the borrower.

“(b) WELL CAPITALIZED INSTITUTIONS.—The Federal financial institutions regulatory agencies may not require a financial institution that is well capitalized to raise additional capital in lieu of an action prohibited under subsection (a).

“(c) CONSISTENT LOAN CLASSIFICATIONS.—The Federal financial institutions regulatory agencies shall develop and apply identical definitions and reporting requirements for non-accrual loans.

“SEC. 1014. OFFICE OF INDEPENDENT EXAMINATION REVIEW.

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

“(b) HEAD OF OFFICE.—There is established the position of the Independent Examination Review Director (the ‘Director’), as the head of the Office. The Director
shall be appointed by the Council and shall be independent from any member agency of the Council.

“(c) STAFFING.—The Director is authorized to hire staff to support the activities of the Office.

“(d) DUTIES.—The Director shall—

“(1) receive and, at the Director’s discretion, investigate complaints from financial institutions, their representatives, or another entity acting on behalf of such institutions, concerning examinations, examination practices, or examination reports;

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

“(3) review examination procedures of the Federal financial institutions regulatory agencies to ensure that the written examination policies of those agencies are being followed in practice and adhere to the standards for consistency established by the Council;

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

“(5) adjudicate any supervisory appeal initiated under section 1015; and

“(6) report annually to the Committee on Financial Services of the House of Representatives, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Council, on the reviews carried out pursuant to paragraphs (3) and (4), including compliance with the requirements set forth in section 1012 regarding timeliness of examination reports, and the Council’s recommendations for improvements in examination procedures, practices, and policies.

“(e) CONFIDENTIALITY.—The Director shall keep confidential all meetings with, discussions with, and information provided by financial institutions.

“SEC. 1015. RIGHT TO INDEPENDENT REVIEW OF MATERIAL SUPERVISORY DETERMINATIONS.

“(a) IN GENERAL.—A financial institution shall have the right to obtain an independent review of a material supervisory determination contained in a final report of examination.

“(b) NOTICE.—
“(1) TIMING.—A financial institution seeking review of a material supervisory determination under this section shall file a written notice with the Independent Examination Review Director (the ‘Director’) within 60 days after receiving the final report of examination that is the subject of such review.

“(2) IDENTIFICATION OF DETERMINATION.—The written notice shall identify the material supervisory determination that is the subject of the independent examination review, and a statement of the reasons why the institution believes that the determination is incorrect or should otherwise be modified.

“(3) INFORMATION TO BE PROVIDED TO INSTITUTION.—Any information relied upon by the agency in the final report that is not in the possession of the financial institution may be requested by the financial institution and shall be delivered promptly by the agency to the financial institution.

“(c) RIGHT TO HEARING.—

“(1) IN GENERAL.—The Director shall determine the merits of the appeal on the record or, at the financial institution’s election, shall refer the appeal to an Administrative Law Judge to conduct a confidential hearing pursuant to the procedures set
forth under sections 556 and 557 of title 5, United States Code, which hearing shall take place not later than 60 days after the petition for review was received by the Director, and to issue a proposed decision to the Director based upon the record established at such hearing.

“(2) STANDARD OF REVIEW.—In rendering a determination or recommendation under this subsection, neither the Administrative Law Judge nor the Director shall defer to the opinions of the examiner or agency, but shall conduct a de novo review to independently determine the appropriateness of the agency’s decision based upon the relevant statutes, regulations, and other appropriate guidance, as well as evidence adduced at any hearing.

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

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

“(2) be deemed final agency action and shall bind the agency whose supervisory determination was the subject of the review and the financial institution requesting the review.

“(e) RIGHT TO JUDICIAL REVIEW.—A financial institution shall have the right to petition for review of final
agency action under this section by filing a Petition for Review within 60 days of the Director’s decision in the United States Court of Appeals for the District of Columbia Circuit or the Circuit in which the financial institution is located.

“(f) REPORT.—The Director shall report annually to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on actions taken under this section, including the types of issues that the Director has reviewed and the results of those reviews. In no case shall such a report contain information about individual financial institutions or any confidential or privileged information shared by financial institutions.

“(g) RETALIATION PROHIBITED.—A Federal financial institutions regulatory agency may not—

“(1) retaliate against a financial institution, including service providers, or any institution-affiliated party (as defined under section 3 of the Federal Deposit Insurance Act), for exercising appellate rights under this section; or

“(2) delay or deny any agency action that would benefit a financial institution or any institution-affiliated party on the basis that an appeal under this section is pending under this section.
“(h) RULE OF CONSTRUCTION.—Nothing in this section may be construed—

“(1) to affect the right of a Federal financial institutions regulatory agency to take enforcement or other supervisory actions related to a material supervisory determination under review under this section; or

“(2) to prohibit the review under this section of a material supervisory determination with respect to which there is an ongoing enforcement or other supervisory action.”.

(b) ADDITIONAL AMENDMENTS.—

(1) RIEGLE COMMUNITY DEVELOPMENT AND REGULATORY IMPROVEMENT ACT OF 1994.—Section 309 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4806) is amended—

(A) in subsection (a), by inserting after “appropriate Federal banking agency” the following: “, the Consumer Financial Opportunity Commission,”;

(B) in subsection (b)—

(i) in paragraph (2), by striking “the appellant from retaliation by agency examiners” and inserting “the insured deposi-
tory institution or insured credit union
from retaliation by the agencies referred to
in subsection (a)”; and
(ii) by adding at the end the following
flush-left text:
“For purposes of this subsection and subsection (e), retal-
iation includes delaying consideration of, or withholding
approval of, any request, notice, or application that other-
wise would have been approved, but for the exercise of the
institution’s or credit union’s rights under this section.”;
(C) in subsection (e)(2)—
(i) in subparagraph (B), by striking
“and” at the end;
(ii) in subparagraph (C), by striking
the period and inserting “; and”; and
(iii) by adding at the end the fol-
lowing:
“(D) ensure that appropriate safeguards
exist for protecting the insured depository insti-
tution or insured credit union from retaliation
by any agency referred to in subsection (a) for
exercising its rights under this subsection.”;
and
(D) in subsection (f)(1)(A)—
(i) in clause (ii), by striking “and” at
the end;

(ii) in clause (iii), by striking “and”
at the end; and

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

“(iv) any issue specifically listed in an
exam report as a matter requiring atten-
tion by the institution’s management or
board of directors; and

“(v) any suspension or removal of an
institution’s status as eligible for expedited
processing of applications, requests, no-
tices, or filings on the grounds of a super-
visory or compliance concern, regardless of
whether that concern has been cited as a
basis for another material supervisory de-
termination or matter requiring attention
in an examination report, provided that the
conduct at issue did not involve violation of
any criminal law; and”.

(2) Federal Credit Union Act.—Section
205(j) of the Federal Credit Union Act (12 U.S.C.
1785(j)) is amended by inserting “the Consumer Fi-
financial Opportunity Commission,” before “the Admin-
istration” each place such term appears.


(A) in section 1003, by amending paragraph (1) to read as follows:

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

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

“(B) for purposes of sections 1012, 1013, 1014, and 1015, includes the Consumer Financial Opportunity Commission;”; and

(B) in section 1005, by striking “One-
fifth” and inserting “One-fourth”.


Subtitle I—National Credit Union Administration Budget Transparency

SEC. 1141. BUDGET TRANSPARENCY FOR THE NCUA.

Section 209(b) of the Federal Credit Union Act (12 U.S.C. 1789) is amended—

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

(2) by inserting before paragraph (2), as so redesignated, the following:

“(1) on an annual basis and prior to the submission of the detailed business-type budget required under paragraph (2)—

“(A) make publicly available and cause to be printed in the Federal Register a draft of such detailed business-type budget; and

“(B) hold a public hearing, with public notice provided of such hearing, wherein the public can submit comments on the draft of such detailed business-type budget;”; and

(3) in paragraph (2), as so redesignated—

(A) by inserting “detailed” after “submit a”; and

(B) by inserting “, and where such budget shall address any comments submitted by the
public pursuant to paragraph (1)(B)” after “Control Act”.

Subtitle J—Taking Account of Institutions With Low Operation Risk

SEC. 1146. REGULATIONS APPROPRIATE TO BUSINESS MODELS.

(a) IN GENERAL.—For any regulatory action occurring subsequent to enactment of this section, and notwithstanding any other provision of law, the Federal financial institutions regulatory agencies shall—

(1) take into consideration the risk profile and business models of the various institutions or classes of institutions subject to the regulatory action;

(2) determine the necessity, appropriateness, and impact of applying such regulatory action to such institutions or classes of institutions; and

(3) tailor such regulatory action applicable to such institutions or class of institutions in a manner that limits the regulatory compliance impact, cost, liability risk, and other burdens as is appropriate for the risk profile and business model involved.

(b) OTHER CONSIDERATIONS.—In satisfying the requirements of subsection (a) and when implementing such
regulatory action, the Federal financial institutions regu-
latory agencies shall also consider—

(1) the impact that such regulatory action, both
by itself and in conjunction with the aggregate effect
of other regulations, has on the ability of the institu-
tion or class of institutions to flexibly serve evolving
and diverse customer needs;

(2) the potential unintended impact of examina-
tion manuals or other regulatory directives that
work in conflict with the tailoring of such regulatory
action described in subsection (a)(3); and

(3) the underlying policy objectives of the regu-
laratory action and statutory scheme involved.

(e) Notice of Proposed and Final Rule-
making.—The Federal financial institutions regulatory
agencies shall disclose in every notice of proposed rule-
making and in any final rulemaking for a regulatory ac-
tion how the agency has applied subsections (a) and (b).

(d) Reports to Congress.—

(1) Individual Agency Reports.—

(A) In general.—The Federal financial
institutions regulatory agencies shall individ-
ually report to the Committee on Financial
Services of the House of Representatives and
the Committee on Banking, Housing, and
Urban Affairs of the Senate, within twelve months of enactment of this section and annually thereafter, on the specific actions taken to tailor the agency’s regulatory actions pursuant to the requirements of this section.

(B) Appearance before the Committees.—The head of each Federal financial institution regulatory agency shall appear before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate after each report is made pursuant to subparagraph (A), to testify on the contents of such report.

(2) FIEC reports.—

(A) In general.—The Financial Institutions Examination Council shall report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, within three months after the reports required under paragraph (1)—

(i) on the extent to which regulatory actions tailored pursuant to this section result in differential regulation of similarly-
situated institutions of diverse charter

types with respect to comparable regula-
tions; and

(ii) the reasons for such differential
treatment.

(B) APPEARANCE BEFORE THE COMMIT-
TEES.—The Chairman of the Financial Institu-
tions Examination Council shall appear before
the Committee on Financial Services of the
House of Representatives and the Committee
on Banking, Housing, and Urban Affairs of the
Senate after each report is made pursuant to
subparagraph (A), to testify on the contents of
such report.

(e) LIMITED LOOK-BACK APPLICATION.—The Fed-
eral financial institutions regulatory agencies shall con-
duct a review of all regulations adopted during the period
beginning on the date that is five years before the date
of the introduction of this Act in the House of Representa-
tives and ending on the date of the enactment of this Act
and apply the requirements of this section to such regula-
tions. If the application of the requirements of this section
to any such regulation requires such regulation to be re-
vised, the agency shall revise such regulation within three
years of the enactment of this section.
(f) Definitions.—For purposes of this section, the following definitions shall apply:

(1) Federal financial institutions regulatory agencies.—The term “Federal financial institutions regulatory agencies” means the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Consumer Financial Opportunity Commission.

(2) Regulatory action.—The term “regulatory action” means any proposed, interim, or final rule or regulation, guidance, or published interpretation.

Subtitle K—Federal Savings Association Charter Flexibility

SEC. 1151. OPTION FOR FEDERAL SAVINGS ASSOCIATIONS TO OPERATE AS A COVERED SAVINGS ASSOCIATION.

The Home Owners’ Loan Act is amended by inserting after section 5 (12 U.S.C. 1464) the following:
SEC. 5A. ELECTION TO OPERATE AS A COVERED SAVINGS ASSOCIATION.

(a) DEFINITION.—In this section, the term ‘covered savings association’ means a Federal savings association that makes an election approved under subsection (b).

(b) ELECTION.—

(1) IN GENERAL.—Upon issuance of the rules described in subsection (f), a Federal savings association may elect to operate as a covered savings association by submitting a notice to the Comptroller of such election.

(2) APPROVAL.—A Federal savings association shall be deemed to be approved to operate as a covered savings association on the date that is 60 days after the date on which the Comptroller receives the notice under paragraph (1), unless the Comptroller notifies the Federal savings association otherwise.

(c) RIGHTS AND DUTIES.—Notwithstanding any other provision of law and except as otherwise provided in this section, a covered savings association shall—

(1) have the same rights and privileges as a national bank that has its main office situated in the same location as the home office of the covered savings association; and
“(2) be subject to the same duties, restrictions, penalties, liabilities, conditions, and limitations that would apply to such a national bank.

“(d) Treatment of Covered Savings Associations.—A covered savings association shall be treated as a Federal savings association for the purposes—

“(1) of governance of the covered savings association, including incorporation, bylaws, boards of directors, shareholders, and distribution of dividends;

“(2) of consolidation, merger, dissolution, conversion (including conversion to a stock bank or to another charter), conservatorship, and receivership; and

“(3) determined by regulation of the Comptroller.

“(e) Existing Branches.—A covered savings association may continue to operate any branch or agency the covered savings association operated on the date on which an election under subsection (b) is approved.

“(f) Rulemaking.—The Comptroller shall issue rules to carry out this section—

“(1) that establish streamlined standards and procedures that clearly identify required documenta-
tion or timelines for an election under subsection (b);

“(2) that require a Federal savings association that makes an election under subsection (b) to identify specific assets and subsidiaries—

“(A) that do not conform to the requirements for assets and subsidiaries of a national bank; and

“(B) that are held by the Federal savings association on the date on which the Federal savings association submits a notice of such election;

“(3) that establish—

“(A) a transition process for bringing such assets and subsidiaries into conformance with the requirements for a national bank; and

“(B) procedures for allowing the Federal savings association to provide a justification for grandfathering such assets and subsidiaries after electing to operate as a covered savings association;

“(4) that establish standards and procedures to allow a covered savings association to terminate an election under subsection (b) after an appropriate period of time or to make a subsequent election;
“(5) that clarify requirements for the treatment of covered savings associations, including the provisions of law that apply to covered savings associations; and

“(6) as the Comptroller deems necessary and in the interests of safety and soundness.”.

Subtitle L—SAFE Transitional Licensing

SEC. 1156. ELIMINATING BARRIERS TO JOBS FOR LOAN ORIGINATORS.

(a) IN GENERAL.—The S.A.F.E. Mortgage Licensing Act of 2008 (12 U.S.C. 5101 et seq.) is amended by adding at the end the following:

“SEC. 1518. EMPLOYMENT TRANSITION OF LOAN ORIGINATORS.

“(a) TEMPORARY AUTHORITY TO ORIGINATE LOANS FOR LOAN ORIGINATORS MOVING FROM A DEPOSITORY INSTITUTION TO A NON-DEPOSITORY INSTITUTION.—

“(1) IN GENERAL.—Upon employment by a State-licensed mortgage company, an individual who is a registered loan originator shall be deemed to have temporary authority to act as a loan originator in an application State for the period described in paragraph (2) if the individual—
“(A) has not had an application for a loan originator license denied, or had such a license revoked or suspended in any governmental jurisdiction;

“(B) has not been subject to or served with a cease and desist order in any governmental jurisdiction or as described in section 1514(c);

“(C) has not been convicted of a felony that would preclude licensure under the law of the application State;

“(D) has submitted an application to be a State-licensed loan originator in the application State; and

“(E) was registered in the Nationwide Mortgage Licensing System and Registry as a loan originator during the 12-month period preceding the date of submission of the information required under section 1505(a).

“(2) Period.—The period described in paragraph (1) shall begin on the date that the individual submits the information required under section 1505(a) and shall end on the earliest of—
“(A) the date that the individual withdraws the application to be a State-licensed loan originator in the application State;

“(B) the date that the application State denies, or issues a notice of intent to deny, the application;

“(C) the date that the application State grants a State license; or

“(D) the date that is 120 days after the date on which the individual submits the application, if the application is listed on the Nationwide Mortgage Licensing System and Registry as incomplete.

“(b) TEMPORARY AUTHORITY TO ORIGINATE LOANS FOR STATE-LICENSED LOAN ORIGINATORS MOVING INTERSTATE.—

“(1) IN GENERAL.—A State-licensed loan originator shall be deemed to have temporary authority to act as a loan originator in an application State for the period described in paragraph (2) if the State-licensed loan originator—

“(A) meets the requirements of subparagraphs (A), (B), (C), and (D) of subsection (a)(1);
“(B) is employed by a State-licensed mortgage company in the application State; and

“(C) was licensed in a State that is not the application State during the 30-day period preceding the date of submission of the information required under section 1505(a) in connection with the application submitted to the application State.

“(2) PERIOD.—The period described in paragraph (1) shall begin on the date that the State-licensed loan originator submits the information required under section 1505(a) in connection with the application submitted to the application State and end on the earliest of—

“(A) the date that the State-licensed loan originator withdraws the application to be a State-licensed loan originator in the application State;

“(B) the date that the application State denies, or issues a notice of intent to deny, the application;

“(C) the date that the application State grants a State license; or

“(D) the date that is 120 days after the date on which the State-licensed loan originator
submits the application, if the application is listed on the Nationwide Mortgage Licensing System and Registry as incomplete.

“(c) APPLICABILITY.—

“(1) Any person employing an individual who is deemed to have temporary authority to act as a loan originator in an application State pursuant to this section shall be subject to the requirements of this title and to applicable State law to the same extent as if such individual was a State-licensed loan originator licensed by the application State.

“(2) Any individual who is deemed to have temporary authority to act as a loan originator in an application State pursuant to this section and who engages in residential mortgage loan origination activities shall be subject to the requirements of this title and to applicable State law to the same extent as if such individual was a State-licensed loan originator licensed by the application State.

“(d) DEFINITIONS.—In this section, the following definitions shall apply:

“(1) STATE-LICENSED MORTGAGE COMPANY.— The term ‘State-licensed mortgage company’ means an entity licensed or registered under the law of any
State to engage in residential mortgage loan origination and processing activities.

“(2) APPLICATION STATE.—The term ‘application State’ means a State in which a registered loan originator or a State-licensed loan originator seeks to be licensed.”.

(b) TABLE OF CONTENTS AMENDMENT.—The table of contents in section 1(b) of the Housing and Economic Recovery Act of 2008 (42 U.S.C. 4501 note) is amended by inserting after the item relating to section 1517 the following:

“Sec. 1518. Employment transition of loan originators.”.

(c) AMENDMENT TO CIVIL LIABILITY OF THE CONSUMER FINANCIAL OPPORTUNITY COMMISSION AND OTHER OFFICIALS.—Section 1513 of the S.A.F.E. Mortgage Licensing Act of 2008 (12 U.S.C. 5112) is amended by striking “are loan originators or are applying for licensing or registration as loan originators” and inserting “are applying for licensing or registration using the Nationwide Mortgage Licensing System and Registry”.

Subtitle M—Right to Lend

SEC. 1161. SMALL BUSINESS LOAN DATA COLLECTION REQUIREMENT.

(a) REPEAL.—Section 704B of the Equal Credit Opportunity Act (15 U.S.C. 1691c–2) is repealed.
(b) CONFORMING AMENDMENTS.—Section 701(b) of the Equal Credit Opportunity Act (15 U.S.C. 1691(b)) is amended—

(1) in paragraph (3), by inserting “or” at the end;

(2) in paragraph (4), by striking “; or” and inserting a period; and

(3) by striking paragraph (5).

(e) CLERICAL AMENDMENT.—The table of sections for title VII of the Consumer Credit Protection Act is amended by striking the item relating to section 704B.

Subtitle N—Community Bank Reporting Relief

SEC. 1166. SHORT FORM CALL REPORT.

(a) IN GENERAL.—Section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) is amended by adding at the end the following:

“(12) SHORT FORM REPORTING.—

“(A) IN GENERAL.—The appropriate Federal banking agencies shall issue regulations allowing for a reduced reporting requirement for covered depository institutions when making the first and third report of condition for a year, as required pursuant to paragraph (3).
“(B) COVERED DEPOSITORY INSTITUTION DEFINED.—For purposes of this paragraph, the term ‘covered depository institution’ means an insured depository institution that—

“(i) is highly rated and well capitalized (as defined under section 38(b)); and

“(ii) satisfies such other criteria as the appropriate Federal banking agencies determine appropriate.”.

(b) REPORT TO CONGRESS.—Not later than 180 days after the date of the enactment of this Act, and every 365 days thereafter until the appropriate Federal banking agencies (as defined under section 3 of the Federal Deposit Insurance Act) have issued the regulations required under section 7(a)(12)(A) of the Federal Deposit Insurance Act, such agencies shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report describing the progress made in issuing such regulations.
Subtitle O—Homeowner

Information Privacy Protection

SEC. 1171. STUDY REGARDING PRIVACY OF INFORMATION COLLECTED UNDER THE HOME MORTGAGE DISCLOSURE ACT OF 1975.

(a) STUDY.—The Comptroller General of the United States shall conduct a study to determine whether the data required to be published, made available, or disclosed under the final rule, in connection with other publicly available data sources, including data made publicly available under Regulation C (12 C.F.R. 1003) before the effective date of the final rule, could allow for or increase the probability of—

(1) exposure of the identity of mortgage applicants or mortgagors through reverse engineering;

(2) exposure of mortgage applicants or mortgagors to identity theft or the loss of sensitive personal financial information;

(3) the marketing or sale of unfair or deceptive financial products to mortgage applicants or mortgagors based on such data;

(4) personal financial loss or emotional distress resulting from the exposure of mortgage applicants or mortgagors to identify theft or the loss of sensitive personal financial information; and
(5) the potential legal liability facing the Consumer Financial Opportunity Commission and market participants in the event the data required to be published, made available, or disclosed under the final rule leads or contributes to identity theft or the capture of sensitive personal financial information.

(b) REPORT.—The Comptroller General of the United States shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report that includes—

(1) the findings and conclusions of the Comptroller General with respect to the study required under subsection (a); and

(2) any recommendations for legislative or regulatory actions that—

(A) would enhance the privacy of a consumer when accessing mortgage credit; and

(B) are consistent with consumer protections and safe and sound banking operations.

(c) SUSPENSION OF DATA SHARING REQUIREMENTS.—Notwithstanding any other provision of law, including the final rule—

(1) depository institutions shall not be required to publish, disclose, or otherwise make available to
the public, pursuant to the Home Mortgage Disclosure Act of 1975 (or regulations issued under such Act) any data that was not required to be published, disclosed, or otherwise made available pursuant to such Act (or regulations issued under such Act) on the day before the date of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and

(2) the Consumer Financial Opportunity Commission and the Financial Institutions Examination Council shall not publish, disclose, or otherwise make available to the public any such information received from a depository institution pursuant to the final rule.

(d) DEFINITIONS.—For purposes of this section:

(1) DEPOSITORY INSTITUTION.—The term “depository institution” has the meaning given that term under section 303 of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2802).

(2) FINAL RULE.—The term “final rule” means the final rule issued by the Bureau of Consumer Financial Protection titled “Home Mortgage Disclosure (Regulation C)” (October 28, 2015; 80 Fed. Reg. 66128).
Subtitle P—Home Mortgage Disclosure Adjustment

SEC. 1176. DEPOSITORY INSTITUTIONS SUBJECT TO MAINTENANCE OF RECORDS AND DISCLOSURE REQUIREMENTS.

(a) In General.—Section 304 of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2803) is amended—

(1) by redesignating subsection (i) as paragraph (2) and adjusting the margin appropriately; and

(2) by inserting before such paragraph (2) the following:

“(i) Exemptions.—

“(1) In general.—With respect to a depository institution, the requirements of subsections (a) and (b) shall not apply—

“(A) with respect to closed-end mortgage loans, if such depository institution originated less than 100 closed-end mortgage loans in each of the two preceding calendar years; and

“(B) with respect to open-end lines of credit, if such depository institution originated less than 200 open-end lines of credit in each of the two preceding calendar years.”.
(b) TECHNICAL CORRECTION.—Section 304(i)(2) of such Act, as redesignated by subsection (a), is amended by striking “section 303(2)(A)” and inserting “section 303(3)(A)”.

Subtitle Q—National Credit Union Administration Advisory Council

SEC. 1181. CREDIT UNION ADVISORY COUNCIL.

Section 102 of the Federal Credit Union Act (12 U.S.C. 1752a) is amended by adding at the end the following:

“(g) CREDIT UNION ADVISORY COUNCIL.—

“(1) ESTABLISHMENT.—The Board shall establish the Credit Union Advisory Council to advise and consult with the Board in the exercise of the Board’s functions and to provide information on emerging credit union practices, including regional trends, concerns, and other relevant information.

“(2) MEMBERSHIP.—The Board shall appoint no fewer than 15 and no more than 20 members to the Credit Union Advisory Council. In appointing such members, the Board shall include members representing credit unions predominantly serving traditionally underserved communities and populations and their interests, without regard to party affiliation.
“(3) MEETINGS.—The Credit Union Advisory Council—

“(A) shall meet from time to time at the call of the Board; and

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

“(4) COMPENSATION AND TRAVEL EXPENSES.—Members of the Credit Union Advisory Council who are not full-time employees of the United States shall—

“(A) be entitled to receive compensation at a rate fixed by the Board, while attending meetings of the Credit Union Advisory Council; and

“(B) be allowed travel expenses, including transportation and subsistence, while away from their homes or regular places of business.”.

Subtitle R—Credit Union Examination Reform

SEC. 1186. EXTENSION OF EXAMINATION CYCLE OF THE NATIONAL CREDIT UNION ADMINISTRATION TO 18 MONTHS OR LONGER.

(a) FEDERAL CREDIT UNION EXAMINATIONS.—Section 106 of the Federal Credit Union Act (12 U.S.C. 1756) is amended—
(1) by striking “Federal credit unions” and inserting the following:

“(a) IN GENERAL.—Federal credit unions”;

(2) by adding at the end the following:

“(b) 18-MONTH OR LONGER EXAMINATION CYCLE FOR CERTAIN CREDIT UNIONS.—

“(1) IN GENERAL.—An examination of a Federal credit union described under subsection (a) may only be carried out once during each 18-month period with respect to a Federal credit union that—

“(A) has total assets of less than $1,000,000,000;

“(B) is well capitalized, as such term is defined under section 216(c)(1);

“(C) was found in its most recent examination to be well managed, and its composite rating (under the Uniform Financial Institutions Rating System or an equivalent rating under a comparable rating system)—

“(i) was a 1, in the case of a Federal credit union that has total assets of more than $200,000,000; or

“(ii) was a 1 or a 2, in the case of a Federal credit union that has total assets of not more than $200,000,000; and
“(D) is not currently subject to a formal
enforcement proceeding or order by the Admin-
istration.

“(2) SAFETY AND SOUNDNESS EXCEPTION.—
Paragraph (1) shall not apply to a Federal credit
union if the Administration determines—

“(A) that such credit union should be ex-
amined more often than every 18 months be-
cause of safety and soundness concerns; or

“(B) that such credit union has violated
the law.”.

(b) INSURED CREDIT UNION EXAMINATIONS.—Sec-
tion 204 of the Federal Credit Union Act (12 U.S.C.
1784) is amended by adding at the end the following:

“(h) 18-MONTH OR LONGER EXAMINATION CYCLE
FOR CERTAIN CREDIT UNIONS.—

“(1) IN GENERAL.—An examination of an in-
sured credit union described under subsection (a)
may only be carried out once during each 18-month
period with respect to an insured credit union that—

“(A) has total assets of less than
$1,000,000,000;

“(B) is well capitalized or adequately cap-
talized, as such terms are defined, respectively,
under section 216(e)(1);
“(C) was found in its most recent examination to be well managed, and its composite rating (under the Uniform Financial Institutions Rating System or an equivalent rating under a comparable rating system)—

“(i) was a 1, in the case of an insured credit union that has total assets of more than $200,000,000; or

“(ii) was a 1 or a 2, in the case of an insured credit union that has total assets of not more than $200,000,000; and

“(D) is not currently subject to a formal enforcement proceeding or order by the Administration.

“(2) SAFETY AND SOUNDNESS EXCEPTION.—Paragraph (1) shall not apply to an insured credit union if the Administration determines—

“(A) that such credit union should be examined more often than every 18 months because of safety and soundness concerns; or

“(B) that such credit union has violated the law.”.

(e) BUDGET SAVINGS REPORT.—Not later than the end of the 180-day period beginning on the date of the enactment of this Act, the National Credit Union Adminis-
The National Credit Union Administration shall issue a report to the Congress analyzing how the amendments made by this section affect the budget of the Administration.

(d) Rulemaking.—Not later than the end of the 100-day period beginning on the date of the enactment of this Act, the National Credit Union Administration shall issue regulations to carry out the amendments made by this section.

Subtitle S—NCUA Overhead Transparency

SEC. 1191. FUND TRANSPARENCY.

Section 203 of the Federal Credit Union Act (12 U.S.C. 1783) is amended by adding at the end the following:

“(g) Fund Transparency.—

“(1) In general.—The Board shall accompany each annual budget submitted pursuant to section 209(b) with a report containing—

“(A) a detailed analysis of how the expenses of the Administration are assigned between prudential activities and insurance-related activities and the extent to which those expenses are paid from the fees collected pursuant to section 105 or from the Fund; and
“(B) the Board’s supporting rationale for any proposed use of amounts in the Fund contained in such budget, including detailed breakdowns and supporting rationales for any such proposed use related to titles of this Act other than this title.

“(2) PUBLIC DISCLOSURE.—The Board shall make each report described under paragraph (1) available to the public.”