

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 6955
OFFERED BY MR. HILL OF ARKANSAS**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

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

Sec. 1. Short title; table of contents.

TITLE I—NEW BANK FORMATION AND LOCAL COMMUNITY
ACCESS

- Sec. 101. Promoting New Bank Formation.
- Sec. 102. New Bank Application Numbers Knowledge.
- Sec. 103. Rural Depositories Revitalization Studies.
- Sec. 104. Community Investment and Prosperity.
- Sec. 105. CDFI Fund Transparency.
- Sec. 106. CDFI Bond Guarantee Improvement.

TITLE II—TAILORING BANK REGULATION

- Sec. 201. Taking Account of Institutions with Low Operation Risk.
- Sec. 202. Small Bank Holding Company Relief.
- Sec. 203. Community Bank Leverage Improvement and Flexibility for Transparency.
- Sec. 204. Tailoring and Indexing Enhanced Regulations.
- Sec. 205. Community Bank Regulatory Tailoring.
- Sec. 206. Credit Union Board Modernization.

TITLE III—FAIR AND TRANSPARENT BANK SUPERVISION

- Sec. 301. Halting Uncertain Methods and Practices in Supervision.
- Sec. 302. Fair Audits and Inspections for Regulators’ Exams.
- Sec. 303. Supervisory Modifications for Appropriate Risk-based Testing.

- Sec. 304. Tailored Regulatory Updates for Supervisory Testing.
- Sec. 305. Financial Integrity and Regulation Management.

TITLE IV—REGULATORY ACCOUNTABILITY AND TRANSPARENCY

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

TITLE V—STRENGTHENING LOCAL BANK FUNDING

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

TITLE VI—PROMOTING BANK COMPETITION AND MERGER CLARITY

- Sec. 601. Bank Competition Modernization.
- Sec. 602. Merger Agreement Approvals Clarity and Predictability.
- Sec. 603. Merger Process Review.
- Sec. 604. Bank Failure Prevention.

TITLE VII—STRENGTHENING TRANSPARENCY AND INVOLVEMENT IN BANK RESOLUTIONS

- Sec. 701. Least Cost Exception.
- Sec. 702. Enhancing Bank Resolution Participation.
- Sec. 703. Failing Bank Acquisition Fairness.
- Sec. 704. Systemic Risk Authority Transparency.

TITLE VIII—FACILITATING INNOVATION AND BANK PARTNERSHIPS

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

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

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

5 (a) PHASE-IN OF CAPITAL STANDARDS.—Notwith-
 6 standing any other provision of law, the Federal banking
 7 agencies shall issue rules that provide for a 3-year phase-
 8 in period for a depository institution or depository institu-

1 tion holding company to meet any Federal capital require-
2 ments that would otherwise be applicable to the depository
3 institution or depository institution holding company, be-
4 ginning on—

5 (1) the date on which the depository institution
6 became an insured depository institution; or

7 (2) in the case of a depository institution hold-
8 ing company, the date on which the depository insti-
9 tution subsidiary of the depository institution hold-
10 ing company became an insured depository institu-
11 tion.

12 (b) CHANGES TO BUSINESS PLANS.—

13 (1) IN GENERAL.—During the 3-year period be-
14 ginning on the date on which a depository institution
15 became an insured depository institution, if, as a
16 condition of approval, the appropriate Federal bank-
17 ing agency imposes a requirement to obtain prior
18 approval before deviating from a business plan, the
19 insured depository institution or its depository insti-
20 tution holding company may request to deviate ma-
21 terially from a business plan that has been approved
22 by the appropriate Federal banking agency by sub-
23 mitting a request to such agency pursuant to this
24 section.

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

5 (A) approve, conditionally approve, or deny
6 such request; and

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

9 (i) provide the applicant with the rea-
10 son for such denial; and

11 (ii) suggest changes to the request
12 that, if adopted, would allow the agency to
13 approve such request.

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

19 (c) RURAL COMMUNITY DEPOSITORY INSTITUTION
20 LEVERAGE RATIO.—

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

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

6 (B) 7.5 percent.

7 (2) PHASE-IN AUTHORITY.—The Federal bank-
8 ing agencies shall issue rules to phase-in the Com-
9 munity Bank Leverage Ratio described under para-
10 graph (1) with respect to a rural depository institu-
11 tion by setting lower Community Bank Leverage
12 Ratio percentages during the first 2 years of the 3-
13 year period described under paragraph (1).

14 (3) DEFINITIONS.—In this subsection:

15 (A) COMMUNITY BANK LEVERAGE
16 RATIO.—The term “Community Bank Leverage
17 Ratio” has the meaning given that term under
18 section 201(a) of the Economic Growth, Regu-
19 latory Relief, and Consumer Protection Act (12
20 U.S.C. 5371 note).

21 (B) RURAL AREA.—The term “rural area”
22 means—

23 (i) a county that is neither in a met-
24 ropolitan statistical area nor in a
25 micropolitan statistical area that is adja-

1 cent to a metropolitan statistical area, as
2 those terms are defined by the Office of
3 Management and Budget and as they are
4 applied under applicable Urban Influence
5 Codes, established by the Department of
6 Agriculture’s Economic Research Service;
7 or

8 (ii) a census block that is not in an
9 urban area, as defined by the Bureau of
10 the Census using the latest decennial cen-
11 sus of the United States.

12 (C) RURAL DEPOSITORY INSTITUTION.—
13 The term “rural depository institution” means
14 a depository institution—

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

17 (ii) located in a rural area.

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

21 (1) in paragraph (1), by adding at the end the
22 following:

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

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

3 (e) STUDY ON DE NOVO INSURED DEPOSITORY IN-
4 STITUTIONS.—

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

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

11 (B) ways to promote more de novo insured
12 depository institutions in areas currently under-
13 served by insured depository institutions.

14 (2) REPORT TO CONGRESS.—Not later than the
15 end of the 1-year period beginning on the date of en-
16 actment of this Act, the Federal banking agencies
17 shall, jointly, issue a report to the Committee on Fi-
18 nancial Services of the House of Representatives and
19 the Committee on Banking, Housing, and Urban Af-
20 fairs of the Senate containing all findings and deter-
21 minations made in carrying out the study required
22 under paragraph (1).

23 (f) DEFINITIONS.—In this section, the terms “appro-
24 priate Federal banking agency”, “depository institution”,
25 “depository institution holding company”, “Federal bank-

1 ing agency”, and “insured depository institution” have the
2 meaning given those terms, respectively, under section 3
3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

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

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

11 (1) The number of applications for a national
12 bank or Federal savings association charter received,
13 approved on a preliminary basis, approved on a final
14 basis, denied, withdrawn, inactive, expired, mooted,
15 returned, returned pending resubmission, or other-
16 wise dispositioned.

17 (2) The mean and median times for preliminary
18 approval of such applications.

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

21 (4) To the extent practicable, common reasons
22 leading to the denial, withdrawal, or expiration of
23 preliminary approval of such applications.

24 (b) ANNUAL REPORT ON FEDERAL CREDIT UNION
25 CHARTER APPLICATIONS.—The National Credit Union

1 Administration shall publish an annual report that in-
2 cludes the following, or with respect to any equivalent pro-
3 cedure used by the Board includes the following:

4 (1) The number of Federal credit union charter
5 applications received, approved on a final basis, de-
6 nied, withdrawn, inactive, or returned pending re-
7 submission.

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

10 (3) To the extent practicable, common reasons
11 leading to application denial, withdrawal, inactivity,
12 or to applications being returned for resubmission.

13 (c) ANNUAL REPORT ON DEPOSITORY INSTITUTION
14 HOLDING COMPANY APPLICATIONS.—

15 (1) IN GENERAL.—The Board of Governors of
16 the Federal Reserve System shall publish an annual
17 report that includes the following, or with respect to
18 any equivalent procedure used by the Board of Gov-
19 ernors includes the following:

20 (A) The number of applications to become
21 a top-tier depository institution holding com-
22 pany received, approved on a preliminary basis,
23 approved on a final basis, denied, withdrawn,
24 inactive, expired, mooted, returned, returned

1 pending resubmission, or otherwise
2 dispositioned.

3 (B) The mean and median times to ap-
4 prove such applications.

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

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

15 (d) ANNUAL REPORT ON FEDERAL DEPOSIT INSUR-
16 ANCE APPLICATIONS.—The Federal Deposit Insurance
17 Corporation shall publish an annual report that includes
18 the following, or with respect to any equivalent procedure
19 used by the Corporation includes the following:

20 (1) The number of applications for deposit in-
21 surance received, approved on a preliminary basis,
22 approved on a final basis, denied, withdrawn, inac-
23 tive, expired, mooted, returned, returned pending re-
24 submission, or otherwise dispositioned.

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

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

5 (e) ANNUAL REPORT ON STATE DEPOSITORY INSTI-
6 TUTION AND STATE CREDIT UNION CHARTER APPLICA-
7 TIONS.—

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

17 (A) The number of applications for a State
18 depository institution charter received, approved
19 on a preliminary basis, approved on a final
20 basis, denied, withdrawn, inactive, expired,
21 mooted, returned, returned pending resubmis-
22 sion, or otherwise dispositioned.

23 (B) The mean and median times to ap-
24 prove such applications, with times for each
25 State shown separately.

1 (C) To the extent practicable, common rea-
2 sons leading to denial or withdrawal of such ap-
3 plications.

4 (2) DEFINITIONS.—In this subsection:

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

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

12 (C) STATE DEPOSITORY INSTITUTION.—
13 The term “State depository institution”
14 means—

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

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

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

1 **SEC. 103. RURAL DEPOSITORIES REVITALIZATION STUDIES.**

2 (a) STUDY ON RURAL DEPOSITORY INSTITUTIONS.—

3 The Federal banking agencies shall, jointly, carry out a
4 study—

5 (1) to identify methods to improve the growth,
6 capital adequacy, and profitability of depository in-
7 stitutions in the United States that primarily serve
8 rural areas; and

9 (2) to identify Federal statutes (other than ap-
10 propriations Acts) or regulations of the Federal
11 banking agencies that limit—

12 (A) the methods identified under para-
13 graph (1); or

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

16 (b) REPORT ON RURAL DEPOSITORY INSTITU-
17 TIONS.—Not later than 1 year after the date of enactment
18 of this Act, the Federal banking agencies shall, jointly,
19 issue a report to the Committee on Financial Services of
20 the House of Representatives and the Committee on
21 Banking, Housing, and Urban Affairs of the Senate con-
22 taining all findings and determinations made in carrying
23 out the study required under subsection (a).

24 (c) STUDY ON RURAL CREDIT UNIONS.—The Na-
25 tional Credit Union Administration shall carry out a
26 study—

1 (1) to identify methods to improve the growth,
2 capital adequacy, and profitability of insured credit
3 unions in the United States that primarily serve
4 rural areas; and

5 (2) to identify Federal statutes (other than ap-
6 propriations Acts) or regulations of the National
7 Credit Union Administration that limit—

8 (A) the methods identified under para-
9 graph (1); or

10 (B) the establishment of de novo insured
11 credit unions in rural areas.

12 (d) REPORT ON RURAL CREDIT UNIONS.—Not later
13 than 1 year after the date of enactment of this Act, the
14 National Credit Union Administration shall issue a report
15 to the Committee on Financial Services of the House of
16 Representatives and the Committee on Banking, Housing,
17 and Urban Affairs of the Senate containing all findings
18 and determinations made in carrying out the study re-
19 quired under subsection (c).

20 (e) DEFINITIONS.—In this section:

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

1 (2) FEDERAL BANKING AGENCIES.—The term
2 “Federal banking agencies” means the Board of
3 Governors of the Federal Reserve System, the
4 Comptroller of the Currency, and the Federal De-
5 posit Insurance Corporation.

6 (3) INSURED CREDIT UNION.—The term “in-
7 sured credit union” has the meaning given that term
8 in section 101 of the Federal Credit Union Act (12
9 U.S.C. 1752).

10 (4) RURAL AREA.—The term “rural area”
11 means—

12 (A) a county that is neither in a metropoli-
13 tan statistical area nor in a micropolitan statis-
14 tical area that is adjacent to a metropolitan sta-
15 tistical area, as those terms are defined by the
16 Office of Management and Budget and as they
17 are applied under applicable Urban Influence
18 Codes, established by the Department of Agri-
19 culture’s Economic Research Service; or

20 (B) a census block that is not in an urban
21 area, as defined by the Bureau of the Census
22 using the latest decennial census of the United
23 States.

1 **SEC. 104. COMMUNITY INVESTMENT AND PROSPERITY.**

2 (a) REVISED STATUTES OF THE UNITED STATES.—

3 The paragraph designated as the “Eleventh” of section
4 5136 of the Revised Statutes of the United States (12
5 U.S.C. 24) is amended, in the fifth sentence, by striking
6 “15” each place that term appears and inserting “20”.

7 (b) FEDERAL RESERVE ACT.—The 23rd paragraph
8 of section 9 of the Federal Reserve Act (12 U.S.C. 338a)
9 is amended, in the fifth sentence, by striking “15” each
10 place the term appears and inserting “20”.

11 **SEC. 105. CDFI FUND TRANSPARENCY.**

12 Section 104(b) of the Riegle Community Develop-
13 ment and Regulatory Improvement Act of 1994 (12
14 U.S.C. 4703(b)) is amended by adding to the end the fol-
15 lowing:

16 “(5) ANNUAL TESTIMONY.—The Secretary of
17 the Treasury (or a designee of the Secretary) shall,
18 at the discretion of the Chair of the Committee on
19 Financial Services of the House of Representatives
20 and the Chair of the Committee on Banking, Hous-
21 ing, and Urban Affairs of the Senate, annually tes-
22 tify before such committees (or a subcommittee of
23 such committees) regarding the operations of the
24 Fund during the previous year.”.

1 **SEC. 106. CDFI BOND GUARANTEE IMPROVEMENT.**

2 (a) SENSE OF CONGRESS.—It is the sense of Con-
3 gress that the authority to guarantee bonds under section
4 114A of the Community Development Banking and Fi-
5 nancial Institutions Act of 1994 (12 U.S.C. 4713a) (com-
6 monly referred to as the “CDFI Bond Guarantee Pro-
7 gram”) provides community development financial institu-
8 tions with a sustainable source of long-term capital and
9 furthers the mission of the Community Development Fi-
10 nancial Institutions Fund (established under section
11 104(a) of such Act (12 U.S.C. 4703(a))) to increase eco-
12 nomic opportunity and promote community development
13 investments for underserved populations and distressed
14 communities in the United States.

15 (b) GUARANTEES FOR BONDS AND NOTES ISSUED
16 FOR COMMUNITY OR ECONOMIC DEVELOPMENT PUR-
17 POSES.—

18 (1) IN GENERAL.—Section 114A of the Com-
19 munity Development Banking and Financial Institu-
20 tions Act of 1994 (12 U.S.C. 4713a) is amended—

21 (A) in subsection (c)(2)—

22 (i) by striking “, multiplied by an
23 amount equal to the outstanding principal
24 balance of issued notes or bonds”; and

25 (ii) by inserting “outstanding” before
26 “principal amount”;

1 (B) by amending subsection (e)(2) to read
2 as follows:

3 “(2) LIMITATION ON GUARANTEE AMOUNT.—
4 The Secretary may not guarantee any amount under
5 the Program equal to an amount less than
6 \$25,000,000, but the total of all such guarantees in
7 any fiscal year may not exceed \$1,000,000,000.”;

8 (C) in subsection (g)(1), by striking “10
9 basis points” and inserting “not fewer than 10
10 basis points and not more than 15 basis
11 points”; and

12 (D) in subsection (k), by striking “Sep-
13 tember 30, 2014” and inserting “December 31,
14 2028”.

15 (2) CLERICAL AMENDMENT.—The table of con-
16 tents in section 1(b) of the Riegle Community Devel-
17 opment and Regulatory Improvement Act of 1994
18 (Public Law 103–325; 108 Stat. 2160) is amended
19 by inserting after the item relating to section 114
20 the following: “Sec. 114A. Guarantees for bonds and
21 notes issued for community or economic development
22 purposes.”.

“Sec. 114A. Guarantees for bonds and notes issued for community or economic
development purposes.”.

23 (c) REPORT ON THE CDFI BOND GUARANTEE PRO-
24 GRAM.—Not later than 3 years after the date of enactment

1 of this Act, the Secretary of the Treasury shall issue a
2 report to the Committee on Banking, Housing, and Urban
3 Affairs of the Senate and the Committee on Financial
4 Services of the House of Representatives on the effective-
5 ness of the CDFI bond guarantee program established
6 under section 114A of the Community Development Bank-
7 ing and Financial Institutions Act of 1994 (12 U.S.C.
8 4713a).

9 **TITLE II—TAILORING BANK**
10 **REGULATION**

11 **SEC. 201. TAKING ACCOUNT OF INSTITUTIONS WITH LOW**
12 **OPERATION RISK.**

13 (a) TAILORING REGULATION TO BUSINESS MODEL
14 AND RISK.—

15 (1) DEFINITIONS.—In this subsection—

16 (A) the term “Federal financial institu-
17 tions regulatory agency” means the Office of
18 the Comptroller of the Currency, the Board of
19 Governors of the Federal Reserve System, the
20 Federal Deposit Insurance Corporation, the Na-
21 tional Credit Union Administration, and the
22 Bureau of Consumer Financial Protection; and

23 (B) the term “regulatory action”—

24 (i) means any proposed, interim, or
25 final rule or regulation; and

1 (ii) does not include any action taken
2 by a Federal financial institutions regu-
3 latory agency that is solely applicable to an
4 individual institution, including an enforce-
5 ment action, adjudication, or order.

6 (2) CONSIDERATION AND TAILORING.—For any
7 regulatory action occurring after the date of enact-
8 ment of this Act, each Federal financial institutions
9 regulatory agency shall—

10 (A) take into consideration the risk profile
11 and business models of each type of institution
12 or class of institutions subject to the regulatory
13 action; and

14 (B) tailor the regulatory action applicable
15 to an institution, or type of institution, in a
16 manner that limits the regulatory impact, in-
17 cluding cost, human resource allocation, and
18 other burdens, on the institution or type of in-
19 stitution as is appropriate for the risk profile
20 and business model involved.

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

1 (A) the aggregate effect of all applicable
2 regulatory actions on the ability of institutions
3 to flexibly serve customers of the institutions
4 and local markets on and after the date of en-
5 actment of this Act;

6 (B) the potential that efforts to implement
7 the regulatory action and third-party service
8 provider actions may work to undercut efforts
9 to tailor the regulatory action, as described in
10 paragraph (2)(B); and

11 (C) the statutory provision authorizing the
12 regulatory action, the congressional intent with
13 respect to the statutory provision, and the un-
14 derlying policy objectives of the regulatory ac-
15 tion.

16 (4) NOTICE OF PROPOSED AND FINAL RULE-
17 MAKING.—Each Federal financial institutions regu-
18 latory agency shall disclose and document in every
19 notice of proposed rulemaking and in any final rule-
20 making for a regulatory action how the agency has
21 applied paragraphs (2) and (3).

22 (5) REPORTS TO CONGRESS.—

23 (A) AGENCY REPORTING.—Not later than
24 1 year after the date of enactment of this Act
25 and annually thereafter, each Federal financial

1 institutions regulatory agency shall submit to
2 the Committee on Banking, Housing, and
3 Urban Affairs of the Senate and the Committee
4 on Financial Services of the House of Rep-
5 resentatives a report on the specific actions
6 taken to tailor the regulatory actions of the
7 Federal financial institutions regulatory agency
8 pursuant to the requirements of this section.

9 (B) GAO REPORTING.—Not later than 18
10 months after the date of enactment of this Act,
11 the Comptroller General of the United States
12 shall submit to the Committee on Banking,
13 Housing, and Urban Affairs of the Senate and
14 the Committee on Financial Services of the
15 House of Representatives a report evaluating
16 the effects of this section on the factors de-
17 scribed in paragraph (3).

18 (b) SHORT-FORM CALL REPORTS FOR ALL BANKS
19 ELIGIBLE FOR THE COMMUNITY BANK LEVERAGE
20 RATIO.—The appropriate Federal banking agencies, as
21 defined in section 3 of the Federal Deposit Insurance Act
22 (12 U.S.C. 1813), shall promulgate regulations estab-
23 lishing a reduced reporting requirement for all banks eligi-
24 ble for the Community Bank Leverage Ratio, as defined
25 in section 201(a) of the Economic Growth, Regulatory Re-

1 lief, and Consumer Protection Act (12 U.S.C. 5371 note),
2 when making the first and third report of condition of a
3 year as required by section 7(a) of the Federal Deposit
4 Insurance Act (12 U.S.C. 1817(a)).

5 (c) REPORT TO CONGRESS ON MODERNIZATION OF
6 SUPERVISION.—Not later than 18 months after the date
7 of enactment of this Act, the appropriate Federal banking
8 agencies, as defined in section 3 of the Federal Deposit
9 Insurance Act (12 U.S.C. 1813), in consultation with
10 State bank supervisors, shall submit to the Committee on
11 Banking, Housing, and Urban Affairs of the Senate and
12 the Committee on Financial Services of the House of Rep-
13 resentatives a report on the modernization of bank super-
14 vision, including the following factors:

15 (1) Changing bank business models.

16 (2) Examiner workforce and training.

17 (3) The structure of supervisory activities with-
18 in banking agencies.

19 (4) Improving bank-supervisor communication
20 and collaboration.

21 (5) The use of supervisory technology.

22 (6) Supervisory factors uniquely applicable to
23 community banks.

24 (7) Changes in statutes necessary to achieve
25 more effective supervision.

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

2 Not later than 180 days after the date of the enact-
3 ment of this Act, the Board of Governors of the Federal
4 Reserve System shall revise appendix C to part 225 of title
5 12, Code of Federal Regulations (commonly known as the
6 “Small Bank Holding Company and Savings and Loan
7 Holding Company Policy Statement”), to raise the consoli-
8 dated asset threshold under that appendix to
9 \$6,000,000,000 for any bank holding company or savings
10 and loan holding company.

11 **SEC. 203. COMMUNITY BANK LEVERAGE IMPROVEMENT**
12 **AND FLEXIBILITY FOR TRANSPARENCY.**

13 (a) COMMUNITY BANK LEVERAGE RATIO.—

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

17 (A) in subsection (a)(3)(A), by striking
18 “\$10,000,000,000” and inserting
19 “\$15,000,000,000”; and

20 (B) in subsection (b)(1), by striking “not
21 less than 8 percent and not more than 10 per-
22 cent” and inserting “not less than 6 percent
23 and not more than 9 percent”.

24 (2) RULEMAKING DEADLINE.—Not later than
25 the end of the 180-day period beginning on the date
26 of enactment of this Act, and after reviewing the re-

1 port issued pursuant to subsection (b)(2), the Board
2 of Governors of the Federal Reserve System, the
3 Comptroller of the Currency, and the Federal De-
4 posit Insurance Corporation shall propose and, not
5 later than 1 year after the date of the enactment of
6 this Act, such agencies shall finalize rules to carry
7 out the amendments made by paragraph (1) and the
8 recommended modifications contained in such re-
9 port.

10 (b) REVIEW OF THE COMMUNITY BANK LEVERAGE
11 RATIO.—

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

24 (A) those qualifying community banks with
25 fewer assets; and

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

3 (2) REPORT.—Not later than the end of the
4 150-day period beginning on the date of enactment
5 of this Act, the Board of Governors of the Federal
6 Reserve System, the Comptroller of the Currency,
7 and the Federal Deposit Insurance Corporation shall
8 issue a report to the Committee on Financial Serv-
9 ices of the House of Representatives and the Com-
10 mittee on Banking, Housing, and Urban Affairs of
11 the Senate containing—

12 (A) all findings and determinations made
13 in carrying out the review under paragraph (1);
14 and

15 (B) specific recommendations on modifica-
16 tions, if any, to—

17 (i) the calculation of the numerator
18 and denominator of the CBLR;

19 (ii) the treatment of specific asset
20 classes or exposures to better reflect the
21 risk profiles of community banks;

22 (iii) the definition of and qualifying
23 criteria for a qualifying community bank;

24 (iv) enhancements to the procedures
25 for opting into or out of the CBLR frame-

1 work, including streamlined reporting and
2 transition mechanisms;

3 (v) the grace period to facilitate the
4 transition to and from a modified CBLR
5 regime; and

6 (vi) any statutory changes that may
7 be needed to address such recommenda-
8 tions.

9 (3) QUALIFYING COMMUNITY BANK DEFINED.—

10 In this subsection, the term “qualifying community
11 bank” has the meaning given that term in section
12 201(a)(3)(A) of the Economic Growth, Regulatory
13 Relief, and Consumer Protection Act (12 U.S.C.
14 5371 note).

15 **SEC. 204. TAILORING AND INDEXING ENHANCED REGULA-**
16 **TIONS.**

17 (a) THRESHOLD ADJUSTMENTS TO ACCOUNT FOR
18 HISTORICAL INCREASES IN CURRENT-DOLLAR UNITED
19 STATES GROSS DOMESTIC PRODUCT.—

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

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

4 (B) in paragraph (3), by striking “between
5 \$100,000,000,000 and \$250,000,000,000” and
6 inserting “between \$150,000,000,000 and
7 \$370,000,000,000”.

8 (2) BANK HOLDING COMPANY ACT OF 1956.—
9 Section 4(k)(6)(B)(ii) of the Bank Holding Com-
10 pany Act of 1956 (12 U.S.C. 1843(k)(6)(B)(ii)) is
11 amended, by striking “\$10,000,000,000” and insert-
12 ing “\$15,000,000,000”.

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

16 (A) in section 116(a) (12 U.S.C. 5326(a)),
17 by striking “\$250,000,000,000” and inserting
18 “\$370,000,000,000”;

19 (B) in section 121(a) (12 U.S.C. 5331(a)),
20 by striking “\$250,000,000,000” and inserting
21 “\$370,000,000,000”;

22 (C) in section 163(b) (12 U.S.C.
23 5363(b))—

1 (i) by striking “\$250,000,000,000”
2 each place that term appears and inserting
3 “\$370,000,000,000”; and

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

6 (D) in section 164 (12 U.S.C. 5364), by
7 striking “\$250,000,000,000” and inserting
8 “\$370,000,000,000”; and

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

10 (i) in subsection (a)—

11 (I) in paragraph (1), by striking
12 “\$250,000,000,000” and inserting
13 “\$370,000,000,000”; and

14 (II) in paragraph (2)(C), by
15 striking “\$100,000,000,000” and in-
16 serting “\$150,000,000,000”;

17 (ii) in subsection (h)(2), by striking
18 “\$50,000,000,000” each place that term
19 appears and inserting “\$75,000,000,000”;

20 (iii) in subsection (i)(2)(A), by strik-
21 ing “\$250,000,000,000” and inserting
22 “\$370,000,000,000”; and

23 (iv) in subsection (j)(1), by striking
24 “\$250,000,000,000” and inserting
25 “\$370,000,000,000”.

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

7 (b) PERIODIC ADJUSTMENTS TO THRESHOLDS TO
8 ACCOUNT FOR FUTURE INCREASES IN CURRENT-DOLLAR
9 UNITED STATES GROSS DOMESTIC PRODUCT.—

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

13 **“SEC. 177. PERIODIC ADJUSTMENTS TO THRESHOLDS TO**
14 **ACCOUNT FOR INCREASES IN CURRENT-DOL-**
15 **LAR UNITED STATES GROSS DOMESTIC**
16 **PRODUCT.**

17 “(a) IN GENERAL.—By April 1, 2031, and the 1st
18 day of each subsequent 5-year period, the Board of Gov-
19 ernors shall increase the thresholds described in sub-
20 section (b) by the ratio, if greater than 1, of the annual
21 value of current-dollar United States gross domestic prod-
22 uct, published by the Department of Commerce, for the
23 calendar year preceding the year in which the adjustment
24 is calculated under this section, to the published annual

1 value of such index for the calendar year preceding April
2 1, 2026.

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

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

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

11 “(A) sections 116(a), 121(a), 163(b), 164,
12 165(a)(1), 165(h)(2), 165(j)(1) of this Act; and

13 “(B) section 401(f) of the Economic
14 Growth, Regulatory Relief, and Consumer Pro-
15 tection Act.

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

18 “(c) CURRENCY OF INFORMATION.—The values used
19 in the calculation under subsection (a) shall be, as of the
20 date of the calculation, the values most recently published
21 by the Department of Commerce.

22 “(d) ROUNDING.—

23 “(1) If any amount equal to or greater than
24 \$100,000,000,000 determined under subsection (a)
25 for any period is not a multiple of \$50,000,000,000,

1 the amount shall be rounded up to the nearest
2 \$50,000,000,000.

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

7 “(e) PUBLICATION.—Not later than April 5 of any
8 calendar year in which an adjustment is required to be
9 calculated under subsection (a), the Board of Governors
10 shall publish in the Federal Register the amounts as so
11 calculated.

12 “(f) IMPLEMENTATION PERIOD.—Any increase in
13 amounts determined under subsection (a) shall take effect
14 on January 1 of the year immediately succeeding the cal-
15 endar year in which the increase is required to be cal-
16 culated under subsection (a).

17 **“SEC. 178. ADJUSTMENTS TO THRESHOLDS ESTABLISHED**
18 **BY RULE TO ACCOUNT FOR INCREASES IN**
19 **CURRENT-DOLLAR UNITED STATES GROSS**
20 **DOMESTIC PRODUCT.**

21 “(a) AGENCY REVIEW.—Not later than June 30,
22 2026, and the 1st day of each subsequent 5-year period,
23 the Board of Governors, the Comptroller of the Currency,
24 and the Corporation shall, to the extent applicable, re-
25 view—

1 “(1) any regulation—

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

3 or

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

7 “(2) any asset threshold or other quantitative
8 threshold in such regulations implementing section
9 165 of this Act, or in such regulations making spe-
10 cific cross-reference to any regulation of the Board
11 of Governors implementing section 165 of this Act,
12 the amount of which is not prescribed by statute.

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

1 tion, the Board of Governors, the Comptroller of the Cur-
2 rency, and the Corporation shall—

3 “(1) use the values for current-dollar United
4 States gross domestic product most recently pub-
5 lished by the Department of Commerce as of the
6 date of commencement of the review;

7 “(2) seek to establish, to the extent feasible,
8 uniform thresholds for use by each such agency, tak-
9 ing into account the entities regulated by each such
10 agency and the purposes for which such threshold
11 was established; and

12 “(3) seek to adjust such thresholds, to the ex-
13 tent feasible, with rounding consistent with section
14 177(d) of this Act.

15 “(c) REPORT.—Upon conclusion of each review re-
16 quired under subsection (a), each of the Board of Gov-
17 ernors, the Comptroller of the Currency, and the Corpora-
18 tion shall transmit a report to the Committee on Financial
19 Services of the House of Representatives and the Com-
20 mittee on Banking, Housing, and Urban Affairs of the
21 Senate containing a description of any modification of any
22 regulation such agency made pursuant to subsection (b).”.

23 (2) CLERICAL AMENDMENT.—The table of con-
24 tents in section 1(b) of the Dodd-Frank Wall Street
25 Reform and Consumer Protection Act is amended by

1 inserting after the item relating to section 176 the
2 following:

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

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

3 **SEC. 205. COMMUNITY BANK REGULATORY TAILORING.**

4 (a) THRESHOLD ADJUSTMENTS TO ACCOUNT FOR
5 HISTORICAL INCREASES IN CURRENT-DOLLAR UNITED
6 STATES GROSS DOMESTIC PRODUCT.—

7 (1) BANK HOLDING COMPANY ACT OF 1956.—

8 The Bank Holding Company Act of 1956 (12 U.S.C.
9 1841 et seq.) is amended—

10 (A) in section 5(c)(3)(C)(ii) (12 U.S.C.
11 1844(c)(3)(C)(ii)), by striking “\$1,000,000”
12 and inserting “\$3,000,000”; and

13 (B) in section 13(h)(1)(B)(i) (12 U.S.C.
14 1851(h)(1)(B)(i)), by striking
15 “\$10,000,000,000” and inserting
16 “\$15,000,000,000”.

17 (2) COMMUNITY REINVESTMENT ACT OF 1977.—

18 Section 809(a) of the Community Reinvestment Act
19 of 1977 (12 U.S.C. 2908(a)) is amended by striking
20 “\$250,000,000” and inserting “\$800,000,000”.

21 (3) DEPOSITORY INSTITUTION MANAGEMENT
22 INTERLOCKS ACT.—The Depository Institution Man-

1 agement Interlocks Act (12 U.S.C. 3201 et seq.) is
2 amended—

3 (A) in section 202(4) (12 U.S.C. 3201(4)),
4 by striking “\$100,000,000” and inserting
5 “\$600,000,000”;

6 (B) in section 203(1) (12 U.S.C. 3202(1)),
7 by striking “\$50,000,000” and inserting
8 “\$110,000,000”; and

9 (C) in section 204 (12 U.S.C. 3203)—

10 (i) by striking “\$2,500,000,000” and
11 inserting “\$10,000,000,000”; and

12 (ii) by striking “\$1,500,000,000” and
13 inserting “\$10,000,000,000”.

14 (4) DODD-FRANK WALL STREET REFORM AND
15 CONSUMER PROTECTION ACT.—The Dodd-Frank
16 Wall Street Reform and Consumer Protection Act
17 (12 U.S.C. 5301 et seq.) is amended—

18 (A) in section 210 (12 U.S.C. 5390)—

19 (i) in subsection (o), by striking
20 “\$50,000,000,000” in each place it ap-
21 pears and inserting “\$105,000,000,000”;
22 and

23 (ii) in subsection (r), by striking
24 “\$1,000,000” and inserting “\$5,000,000”;

25 and

1 (B) in section 956(f) (12 U.S.C. 5641(f)),
2 by striking “\$1,000,000,000” and inserting
3 “\$3,000,000,000”.

4 (5) FEDERAL CREDIT UNION ACT.—The Fed-
5 eral Credit Union Act (12 U.S.C. 1751 et seq.) is
6 amended—

7 (A) in section 202 (12 U.S.C. 1782)—

8 (i) in subsection (a)(6)(C)(iii)—

9 (I) in the heading, by striking
10 “DE MINIMUS” and inserting “DE
11 MINIMIS”; and

12 (II) by striking “\$10,000,000”
13 and inserting “\$34,000,000”;

14 (ii) in subsection (a)(6)(D)—

15 (I) by striking “\$500,000,000”
16 and inserting “\$2,000,000,000”; and

17 (II) by striking “\$10,000,000”
18 and inserting “\$34,000,000”;

19 (iii) in subsection (b)(1)(A), by strik-
20 ing “\$50,000,000” each place that term
21 appears and inserting “\$170,000,000”;
22 and

23 (iv) in subsection (c)(1)(A)(iii), by
24 striking “\$50,000,000” each place that

1 term appears and inserting
2 “\$170,000,000”; and

3 (B) in section 216 (12 U.S.C. 1790d)—

4 (i) in subsection (f)(2), by striking
5 “\$10,000,000” and inserting
6 “\$34,000,000”;

7 (ii) in subsection (i)(4)(B), by striking
8 “\$5,000,000” and inserting
9 “\$17,000,000”;

10 (iii) in subsection (j)(2)(A), by strik-
11 ing “\$25,000,000” and inserting
12 “\$51,000,000”; and

13 (iv) in subsection (o)(4), by striking
14 “\$10,000,000” and inserting
15 “\$34,000,000”.

16 (6) FEDERAL DEPOSIT INSURANCE ACT.—The
17 Federal Deposit Insurance Act (12 U.S.C. 1811 et
18 seq.) is amended—

19 (A) in section 7(a)(12) (12 U.S.C.
20 1817(a)(12)), by striking “\$5,000,000,000”
21 and inserting “\$8,000,000,000”;

22 (B) in section 11(p)(1)(A)(i) (12 U.S.C.
23 1821(p)(1)(A)(i)), by striking “\$1,000,000”
24 and inserting “\$5,000,000”;

25 (C) in section 36 (12 U.S.C. 1831m)—

1 (i) in subsection (i), by striking
2 “\$5,000,000,000” each place that term ap-
3 pears and inserting “\$21,000,000,000”;
4 and

5 (ii) in subsection (j), by striking
6 “\$150,000,000” each place that term ap-
7 pears and inserting “\$800,000,000”; and
8 (D) in section 38 (12 U.S.C. 1831o)—

9 (i) in subsection (b), by striking
10 “\$300,000,000” and inserting
11 “\$2,000,000,000”; and

12 (ii) in subsection (k)—

13 (I) by striking “\$50,000,000”
14 and inserting “\$110,000,000”; and

15 (II) by striking “\$75,000,000”
16 and inserting “\$150,000,000”.

17 (7) FEDERAL HOME LOAN BANK ACT.—Section
18 2(10) of the Federal Home Loan Bank Act (12
19 U.S.C. 1422(10)) is amended by striking
20 “\$1,000,000,000” each place that term appears and
21 inserting “\$3,000,000,000”.

22 (8) FEDERAL RESERVE ACT.—The Federal Re-
23 serve Act (12 U.S.C. 221 et seq.) is amended—

24 (A) in section 7(a)(1) (12 U.S.C. 289) by
25 striking “\$10,000,000,000” each place that

1 term appears and inserting “\$17,000,000,000”;
2 and

3 (B) in section 22(h)(5)(C) (12 U.S.C.
4 375b(h)(5)(C)) by striking “\$100,000,000” and
5 inserting “\$500,000,000”.

6 (9) HOME MORTGAGE DISCLOSURE ACT OF
7 1975.—The Home Mortgage Disclosure Act of 1975
8 (12 U.S.C. 2801 et seq.) is amended—

9 (A) in the second paragraph (3) of section
10 304(i) (12 U.S.C. 2803(i)(3)); relating to “Ex-
11 emption from certain disclosure requirements”),
12 by striking “\$30,000,000” and inserting
13 “\$160,000,000”; and

14 (B) in section 309(a) (12 U.S.C. 2808(a)),
15 by striking “\$10,000,000” and inserting
16 “\$180,000,000”.

17 (10) HOME OWNERS’ LOAN ACT.—Section 5(u)
18 of the Home Owners’ Loan Act (12 U.S.C. 1464(u))
19 is amended—

20 (A) in paragraph (2)(A)(i), by striking
21 “\$500,000” and inserting “\$3,000,000”; and

22 (B) in paragraph (2)(A)(ii), by striking
23 “\$30,000,000” and inserting “\$160,000,000”.

24 (11) INTERNATIONAL LENDING SUPERVISION
25 ACT OF 1983.—Section 909(a)(1) of the International

1 Lending Supervision Act of 1983 (12 U.S.C.
2 3908(a)(1)) is amended by striking “\$20,000,000”
3 and inserting “\$160,000,000”.

4 (12) REAL ESTATE SETTLEMENT PROCEDURES
5 ACT OF 1974.—Section 3(1)(B)(iv) of the Real Es-
6 tate Settlement Procedures Act of 1974 (12 U.S.C.
7 2602(1)(B)(iv)) is amended by striking
8 “\$1,000,000” and inserting “\$19,000,000”.

9 (13) REVISED STATUTES OF THE UNITED
10 STATES.—Section 5136A(a)(2)(D)(ii) of the Revised
11 Statutes of the United States (12 U.S.C.
12 24a(a)(2)(D)(ii)) is amended by striking
13 “\$50,000,000,000” and inserting
14 “\$175,000,000,000”.

15 (14) TRUTH IN LENDING ACT.—Section
16 129C(b)(2)(F)(i) of the Truth in Lending Act (15
17 U.S.C. 1639c(b)(2)(F)(i)) is amended by striking
18 “\$10,000,000,000” and inserting
19 “\$15,000,000,000”.

20 (b) THRESHOLD ADJUSTMENTS TO ACCOUNT FOR
21 HISTORICAL INCREASES IN CURRENT-DOLLAR UNITED
22 STATES GROSS DOMESTIC PRODUCT.—

23 (1) IN GENERAL.—By April 1, 2031, and the
24 1st day of each subsequent 5-year period, the Board
25 of Governors of the Federal Reserve System shall

1 prescribe the amount by which each dollar amount
2 described in subsection (a) shall be increased by the
3 ratio, if greater than 1, of the annual value of cur-
4 rent-dollar United States gross domestic product,
5 published by the Department of Commerce, for the
6 calendar year preceding the year in which the ad-
7 justment is calculated under this subsection, to the
8 published annual value of current-dollar United
9 States gross domestic product for the calendar year
10 preceding April 1, 2026.

11 (2) CURRENCY OF INFORMATION.—The values
12 used in the calculation under paragraph (1) shall be,
13 as of the date of the calculation, the values most re-
14 cently published by the Department of Commerce.

15 (3) ROUNDING.—

16 (A) If any amount equal to or greater than
17 \$100,000,000,000 determined under paragraph
18 (1) for any period is not a multiple of
19 \$50,000,000,000, the amount shall be rounded
20 up to the nearest \$50,000,000,000.

21 (B) If any amount less than
22 \$100,000,000,000 but equal to or greater than
23 \$10,000,000,000 determined under paragraph
24 (1) for any period is not a multiple of

1 \$5,000,000,000, the amount shall be rounded
2 up to the nearest \$5,000,000,000.

3 (C) If any amount less than
4 \$10,000,000,000 but equal to or greater than
5 \$1,000,000,000 determined under paragraph
6 (1) for any period is not a multiple of
7 \$500,000,000, the amount shall be rounded up
8 to the nearest \$500,000,000.

9 (D) If any amount less than
10 \$1,000,000,000 but equal to or greater than
11 \$100,000,000 determined under paragraph (1)
12 for any period is not a multiple of \$50,000,000,
13 the amount shall be rounded up to the nearest
14 \$50,000,000.

15 (E) If any amount less than \$100,000,000
16 but equal to or greater than \$10,000,000 deter-
17 mined under paragraph (1) for any period is
18 not a multiple of \$5,000,000, the amount shall
19 be rounded up to the nearest \$5,000,000.

20 (F) If any amount less than \$10,000,000
21 but equal to or greater than \$1,000,000 deter-
22 mined under paragraph (1) for any period is
23 not a multiple of \$500,000, the amount shall be
24 rounded up to the nearest \$500,000.

1 (G) If any amount less than \$1,000,000
2 but equal to or greater than \$100,000 deter-
3 mined under paragraph (1) for any period is
4 not a multiple of \$50,000, the amount shall be
5 rounded up to the nearest \$50,000.

6 (H) If any amount less than \$100,000 but
7 equal to or greater than \$10,000 determined
8 under paragraph (1) for any period is not a
9 multiple of \$5,000, the amount shall be round-
10 ed up to the nearest \$5,000.

11 (I) If any amount less than \$10,000 but
12 equal to or greater than \$1,000 determined
13 under paragraph (1) for any period is not a
14 multiple of \$500, the amount shall be rounded
15 up to the nearest \$500.

16 (J) If any amount less than \$1,000 but
17 equal to or greater than \$100 determined under
18 paragraph (1) for any period is not a multiple
19 of \$50, the amount shall be rounded up to the
20 nearest \$50.

21 (K) If any amount less than \$100 but
22 equal to or greater than \$10 determined under
23 paragraph (1) for any period is not a multiple
24 of \$5, the amount shall be rounded up to the
25 nearest \$5.

1 (L) If any amount less than \$10 but equal
2 to or greater than \$1 determined under para-
3 graph (1) for any period is not a multiple of
4 \$0.50, the amount shall be rounded up to the
5 nearest \$0.50.

6 (4) PUBLICATION.—Not later than April 5 of
7 any calendar year in which an adjustment is re-
8 quired to be calculated under paragraph (1), the
9 Board of Governors of the Federal Reserve System
10 shall publish in the Federal Register the dollar
11 amounts as so calculated.

12 (5) IMPLEMENTATION PERIOD.—The increase
13 in the dollar amounts shall take effect on January
14 1 of the year immediately succeeding any calendar
15 year in which an adjustment is required to be cal-
16 culated under paragraph (1).

17 **SEC. 206. CREDIT UNION BOARD MODERNIZATION.**

18 Section 113 of the Federal Credit Union Act (12
19 U.S.C. 1761b) is amended—

20 (1) by striking “monthly” each place such term
21 appears;

22 (2) in the matter preceding paragraph (1), by
23 striking “The board of directors” and inserting the
24 following:

25 “(a) IN GENERAL.—The board of directors”;

1 (3) in subsection (a) (as so designated), by
2 striking “shall meet at least once a month and”; and

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

4 “(b) MEETINGS.—The board of directors of a Federal
5 credit union shall meet as follows:

6 “(1) With respect to a de novo Federal credit
7 union, not less frequently than monthly during each
8 of the first five years of the existence of such Fed-
9 eral credit union.

10 “(2) Not less than six times annually, with at
11 least one meeting held during each fiscal quarter,
12 with respect to a Federal credit union—

13 “(A) with composite rating of either 1 or
14 2 under the Uniform Financial Institutions
15 Rating System (or an equivalent rating under a
16 comparable rating system); and

17 “(B) with a capability of management rat-
18 ing under such composite rating of either 1 or
19 2.

20 “(3) Not less frequently than once a month,
21 with respect to a Federal credit union—

22 “(A) with composite rating of either 3, 4,
23 or 5 under the Uniform Financial Institutions
24 Rating System (or an equivalent rating under a
25 comparable rating system); or

1 “(B) with a capability of management rat-
2 ing under such composite rating of either 3, 4,
3 or 5.”.

4 **TITLE III—FAIR AND TRANS-**
5 **PARENT BANK SUPERVISION**

6 **SEC. 301. HALTING UNCERTAIN METHODS AND PRACTICES**
7 **IN SUPERVISION.**

8 (a) FINDINGS.—Congress finds that—

9 (1) CAMELS ratings (Capital adequacy, Asset
10 quality, Management, Earnings, Liquidity, and Sen-
11 sitivity to market risk) are a critical tool for evalu-
12 ating the safety and soundness of financial institu-
13 tions, and the basis for determining significant regu-
14 latory matters such as the evaluation for mergers
15 and acquisitions and a bank’s deposit insurance pre-
16 miums;

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

20 (3) establishing articulable, clear, and review-
21 able measures for each CAMELS component and
22 their relative weighting in determining composite
23 ratings will promote fairness, consistency, and ac-
24 countability in supervisory assessments; and

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

4 (b) AMENDMENTS TO THE CAMELS RATING SYS-
5 TEM.—

6 (1) IN GENERAL.—The Federal Financial Insti-
7 tutions Examination Council Act of 1978 (12 U.S.C.
8 3301 et seq.) is amended by adding at the end the
9 following:

10 **“SEC. 1012. AMENDMENTS TO THE CAMELS RATING SYS-
11 TEM.**

12 “(a) IN GENERAL.—The Council shall make rec-
13 ommendations to amend the Uniform Financial Institu-
14 tions Rating System, and the CAMELS components there-
15 under, to—

16 “(1) establish articulable, clear, and reviewable
17 criteria for assessing each CAMELS component;

18 “(2) revise the factors affecting each CAMELS
19 component to derive a composite rating that more
20 accurately reflects the material financial condition
21 and risk profile of the financial institutions being
22 rated;

23 “(3) either—

24 “(A) eliminate the management component
25 of the CAMELS rating system; or

1 “(B) revise the management component of
2 the CAMELS rating system to limit the assess-
3 ment under such component to articulable,
4 clear, and reviewable measures of the govern-
5 ance and controls used to manage an institu-
6 tion’s risk profile;

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

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

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

13 “(C) subchapter II of chapter 53 of title
14 31, United States Code; and

15 “(D) any other applicable requirements
16 and implementing regulations relating to the
17 prevention of money laundering and terrorist fi-
18 nancing; and

19 “(5) ensure that composite ratings are deter-
20 mined based on a transparent methodology that is
21 limited to the objective criteria established for each
22 CAMELS component.

23 “(b) RULEMAKING.—Not later than 12 months after
24 the Council makes the recommendations required under
25 subsection (a), the Federal financial institutions regu-

1 latory agencies shall, jointly, issue rules to carry out the
2 recommendations described under subsection (a).

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

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

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

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

15 (2) WELL MANAGED DEFINITION.—Section
16 2(o)(9)(A) of the Bank Holding Company Act of
17 1956 (12 U.S.C. 1841(o)(9)(A)) is amended—

18 (A) by striking “achievement of” and all
19 that follows through “a CAMEL” and inserting
20 “achievement of a CAMEL”;

21 (B) by striking “; and” and inserting a pe-
22 riod; and

23 (C) by striking clause (ii).

1 **SEC. 302. FAIR AUDITS AND INSPECTIONS FOR REGU-**
2 **LATORS' EXAMS.**

3 (a) **TIMELINESS OF EXAMINATIONS AND EXAMINA-**
4 **TION REPORTS.**—The Federal Financial Institutions Ex-
5 amination Council Act of 1978 (12 U.S.C. 3301 et seq.),
6 as amended by section 301(b)(1), is further amended by
7 adding at the end the following:

8 **“SEC. 1013. TIMELINESS OF EXAMINATIONS AND EXAMINA-**
9 **TION REPORTS.**

10 “(a) **TIMELINESS OF EXAMINATIONS.**—A Federal fi-
11 nancial institutions regulatory agency shall complete any
12 examination of a financial institution, other than a finan-
13 cial institution subject to a continuous or resident exam-
14 ination program, within 270 days of commencing the ex-
15 amination, except that such period may be extended by
16 the Federal financial institutions regulatory agency by
17 providing written notice to the financial institution de-
18 scribing with particularity the reasons that a longer period
19 is needed.

20 “(b) **FINAL EXAMINATION REPORT.**—A Federal fi-
21 nancial institutions regulatory agency shall provide a final
22 examination report to a financial institution, other than
23 a financial institution subject to a continuous or resident
24 examination program, not later than 90 days after the
25 later of—

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

3 “(2) the provision of additional material infor-
4 mation by the institution relating to the examina-
5 tion.

6 “(c) EXIT INTERVIEW REQUIREMENT.—Within 30
7 days of completing an examination for a financial institu-
8 tion not subject to a continuous or resident examination
9 program, a Federal financial institutions regulatory agen-
10 cy shall conduct an exit interview with the financial insti-
11 tution’s senior management or the board of directors, ex-
12 cept that such period may be extended by the Federal fi-
13 nancial institutions regulatory agency by providing written
14 notice to the institution describing with particularity the
15 reasons that a longer period is needed to complete the exit
16 interview.

17 “(d) EXAMINATION MATERIALS.—Upon the written
18 request of a financial institution, the Federal financial in-
19 stitutions regulatory agency shall include with the final re-
20 port an appendix listing all examination or other factual
21 information relied upon by the agency in support of a ma-
22 terial supervisory determination.”.

23 (b) TIMELINESS OF REQUIRED PRUDENTIAL PRI-
24 VATE LETTER RULINGS.—The Federal Financial Institu-
25 tions Examination Council Act of 1978 (12 U.S.C. 3301

1 et seq.), as amended by subsection (a), is further amended
2 by adding at the end the following:

3 **“SEC. 1014. TIMELINESS OF REQUIRED PRUDENTIAL PRI-**
4 **VATE LETTER RULINGS.**

5 “(a) AUTHORITY AND REGULATION.—

6 “(1) IN GENERAL.—Each Federal financial in-
7 stitutions regulatory agency shall establish proce-
8 dures providing that a covered financial institution
9 may, upon application by the covered financial insti-
10 tution and with respect to a covered action, obtain
11 written advice regarding—

12 “(A) the agency’s non-objection to the fi-
13 nancial institution conducting a particular ac-
14 tivity;

15 “(B) the agency’s interpretation of a law
16 or regulation as applied to a particular matter;

17 “(C) the agency’s interpretation of how
18 generally accepted accounting principles or ac-
19 counting objectives, standards, and require-
20 ments apply to a particular matter; or

21 “(D) the agency’s application of any super-
22 visory guidance, statement of policy, or inter-
23 pretive rule to a particular matter.

1 “(2) COVERED ACTION DEFINED.—In this sub-
2 section and with respect to a covered financial insti-
3 tution, the term ‘covered action’ means—

4 “(A) any action in connection with a regu-
5 lated activity that the covered financial institu-
6 tion is taking or is intending to take, includ-
7 ing—

8 “(i) entering into a transaction;

9 “(ii) issuing a product or service; or

10 “(iii) changing the corporate structure
11 of the covered financial institution; and

12 “(B) a Federal financial institutions regu-
13 latory agency’s objection to the covered finan-
14 cial institution commencing or otherwise con-
15 ducting an activity (including an action de-
16 scribed in subparagraph (A)).

17 “(b) CONTENTS OF REQUEST.—The procedures es-
18 tablished under subsection (a) shall provide that a request
19 for written advice made under the procedures shall be in
20 writing and contain—

21 “(1) the nature of the request;

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

23 “(3) applicable law, regulation, or generally ac-
24 cepted accounting principles relating to the matter;

25 and

1 “(4) a summary of the request.

2 “(c) RESPONSE TO REQUEST.—A Federal financial
3 institutions regulatory agency receiving a request for writ-
4 ten advice under subsection (a) shall, not later than 30
5 days after receiving the request—

6 “(1) provide the financial institution making
7 the request with written notification that the agency
8 received the request and stating whether the request
9 contains all of the information required under sub-
10 section (b); and

11 “(2) if the request does not contain all of the
12 information required under subsection (b)—

13 “(A) provide the financial institution with
14 an explanation of what information is missing;
15 and

16 “(B) notify the financial institution that
17 the financial institution may provide the miss-
18 ing information to the agency within 30 days.

19 “(d) PROVIDING MISSING INFORMATION.—If a Fed-
20 eral financial institutions regulatory agency informs the
21 financial institution under subsection (c) that the request
22 for written advice does not contain all the information re-
23 quired under subsection (b), the financial institution may
24 provide the missing information to the Federal financial
25 institutions regulatory agency during the 30-day period

1 beginning on the date the financial institution receives the
2 explanation of the missing information under subsection
3 (c).

4 “(e) DETERMINATION.—A Federal financial institu-
5 tions regulatory agency receiving a request for written ad-
6 vice under the procedures established under subsection (a)
7 shall provide the financial institution with a written re-
8 sponse (or, for purposes of paragraph (3), notify the finan-
9 cial institution that a determination cannot be made)—

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

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

23 “(3) if the initial request does not contain the
24 information required under subsection (b), and the
25 financial institution does not provide the missing in-

1 formation during the 30-day period described under
2 subsection (d), not later than the end of the 60-day
3 period beginning on the end of such 30-day period.

4 “(f) LIMITED BINDING EFFECT.—Written advice
5 issued by a Federal financial institutions regulatory agen-
6 cy under the procedures established under this section—

7 “(1) shall be binding on the agency with respect
8 to the financial institution requesting the written ad-
9 vice and the specific facts described in the request;

10 “(2) may be relied upon by the financial institu-
11 tion requesting the written advice in good faith; and

12 “(3) shall not be binding on the agency with re-
13 spect to any other person or institution and shall not
14 be treated as precedent.

15 “(g) CONFIDENTIALITY AND PRIVILEGE.—

16 “(1) TREATMENT OF WRITTEN ADVICE.—Writ-
17 ten advice issued under this section, and any mate-
18 rials submitted in connection therewith, and the fact
19 that a request for written advice was made shall be
20 treated as confidential supervisory information and
21 exempt from disclosure under section 552(b) of title
22 5, United States Code.

23 “(2) PUBLISHING OF ANONYMIZED OR RE-
24 DACTED SUMMARIES.—A Federal financial institu-
25 tions regulatory agency may publish anonymized or

1 redacted summaries of rulings for informational pur-
2 poses.

3 “(h) MODIFICATION OR REVOCATION.—A Federal fi-
4 nancial institutions regulatory agency may modify or re-
5 voke written advice issued under this section only if—

6 “(1) the requesting financial institution made a
7 material misstatement or omission of fact;

8 “(2) there has been a change in controlling law;
9 or

10 “(3) the ruling is inconsistent with a final rule
11 or judicial decision issued after the date the written
12 advice was issued.

13 “(i) REASONABLE FEES.—Each Federal financial in-
14 stitutions regulatory agency may establish and collect a
15 reasonable fee for the processing and issuance of any writ-
16 ten advice issued under this section, and such fee—

17 “(1) shall be based on the estimated cost to the
18 agency of reviewing, analyzing, and responding to
19 the request;

20 “(2) may vary based on the complexity of the
21 request or the size of the requesting institution; and

22 “(3) shall be prescribed by regulation.

23 “(j) FINALITY.—Written advice issued under the pro-
24 cedures established under this section shall not be con-
25 strued as a final agency action.”.

1 (c) OFFICE OF INDEPENDENT EXAMINATION RE-
2 VIEW.—

3 (1) IN GENERAL.—The Federal Financial Insti-
4 tutions Examination Council Act of 1978 (12 U.S.C.
5 3301 et seq.), as amended by subsection (b), is fur-
6 ther amended by adding at the end the following:

7 **“SEC. 1015. OFFICE OF INDEPENDENT EXAMINATION RE-
8 VIEW.**

9 “(a) ESTABLISHMENT.—There is established in the
10 Council an Office of Independent Examination Review
11 (the ‘Office’).

12 “(b) BOARD OF INDEPENDENT EXAMINATION RE-
13 VIEW.—

14 “(1) IN GENERAL.—The head of the Office
15 shall be the Board of Independent Examination Re-
16 view, which shall be comprised of 3 members, ap-
17 pointed by the President, by and with the advice and
18 consent of the Senate.

19 “(2) QUALIFICATIONS.—The President shall
20 appoint 1 member of the Board from each of the fol-
21 lowing classes of individuals:

22 “(A) Individuals who have been employed
23 by a Federal financial institutions regulatory
24 agency.

1 “(B) Individuals who are not, and were not
2 during the previous 5-year period, employed by
3 a Federal financial institutions regulatory agen-
4 cy or a Federal reserve bank and who—

5 “(i) are a licensed attorney or a cer-
6 tified public accountant authorized to prac-
7 tice under the laws of a State, the District
8 of Columbia, or a territory of the United
9 States;

10 “(ii) have academic or private sector
11 experience relating to financial services; or

12 “(iii) have relevant work-related expe-
13 rience in consumer affairs or compliance
14 with consumer protection laws with respect
15 to financial institutions.

16 “(C) Individuals with at least 10 years pri-
17 vate sector financial services senior manage-
18 ment-level experience.

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

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

1 tions regulatory agency or a Federal reserve
2 bank; or

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

5 “(4) CONSULTATION.—In appointing members
6 of the Board, the President shall consult with the
7 Federal financial institutions regulatory agencies
8 and financial institutions.

9 “(5) TERM.—

10 “(A) IN GENERAL.—Each member of the
11 Board shall serve for a term of 3 years. Upon
12 the expiration of a member’s terms of office,
13 the member shall continue to serve until the
14 member’s successor has been confirmed by the
15 Senate.

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

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

21 “(7) QUORUM.—

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

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

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

4 “(8) RATE OF PAY.—The annual rate of basic
5 pay for the members of the Board shall be the rate
6 of basic pay for Level IV of the Executive Schedule
7 under section 5315 of title 5, United States Code.

8 “(c) STAFFING.—The Board is authorized to hire
9 staff to support the activities of the Office of Independent
10 Examination Review, and set the salaries of such staff.
11 One-fifth of the costs and expenses of the Office, including
12 the salaries of its employees, shall be paid by each of the
13 Federal financial institutions regulatory agencies. Annual
14 assessments for such share shall be levied by the Council
15 based upon its projected budget for the year, and addi-
16 tional assessments may be made during the year if nec-
17 essary.

18 “(d) DUTIES.—The Board shall—

19 “(1) receive and, at the discretion of the Board,
20 investigate complaints from financial institutions,
21 their representatives, or another entity acting on be-
22 half of such institutions, concerning completed ex-
23 aminations, examination practices, or examination
24 reports;

1 “(2) hold meetings, at least once every three
2 months and in locations designed to encourage par-
3 ticipation from all sections of the United States,
4 with financial institutions, their representatives, or
5 another entity acting on behalf of such institutions,
6 to discuss examination procedures, examination
7 practices, or examination policies;

8 “(3) review examination procedures of the Fed-
9 eral financial institutions regulatory agencies to en-
10 sure that the written examination policies of those
11 agencies are being followed in practice and adhere to
12 the standards for consistency;

13 “(4) conduct a continuing and regular program
14 of examination quality assurance for all examination
15 types conducted by the Federal financial institutions
16 regulatory agencies;

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

19 “(6) report annually to the Committee on Fi-
20 nancial Services of the House of Representatives, the
21 Committee on Banking, Housing, and Urban Affairs
22 of the Senate, and the Council, on the reviews car-
23 ried out pursuant to paragraphs (3) and (5), includ-
24 ing compliance with the requirements set forth in
25 section 1014 regarding timeliness of examination re-

1 ports, and the Board’s recommendations for im-
2 provements in examination procedures, practices,
3 and policies.

4 “(e) CONFIDENTIALITY.—

5 “(1) IN GENERAL.—The Board and the Council
6 shall keep confidential—

7 “(A) all meetings, discussions, and infor-
8 mation provided by financial institutions and
9 Federal financial institutions regulatory agen-
10 cies that involve confidential supervisory infor-
11 mation or privileged information;

12 “(B) all information and communications
13 exchanged between a financial institution and
14 the Office of Independent Examination Review;
15 and

16 “(C) all information and communications
17 exchanged between a Federal financial institu-
18 tions regulatory agency and the Office of Inde-
19 pendent Examination Review.

20 “(2) SUBMISSION OF INFORMATION DOES NOT
21 CONSTITUTE A WAIVER.—Section 18(x) of the Fed-
22 eral Deposit Insurance Act (12 U.S.C. 1828(x))
23 shall apply to the submission of information to the
24 Board by a financial institution or a Federal finan-
25 cial institutions regulatory agency to the same ex-

1 tent as such section 18(x) applies to the submission
2 of information described in that section 18(x).

3 “(3) SHARING OF INFORMATION WITHOUT
4 WAIVING PRIVILEGE.—The Board shall be consid-
5 ered a ‘covered agency’ for purposes of section 11(t)
6 of the Federal Deposit Insurance Act (12 U.S.C.
7 1821(t)).”.

8 (2) DEFINITIONS.—Section 1003 of the Federal
9 Financial Institutions Examination Council Act of
10 1978 (12 U.S.C. 3302) is amended—

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

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

14 “(4) the term ‘Board’ means the Board of Inde-
15 pendent Examination Review established under sec-
16 tion 1015(b);

17 “(5) the term ‘material supervisory determina-
18 tion’ has the meaning given such term in section
19 309(c) of the Riegle Community Development and
20 Regulatory Improvement Act of 1994;

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

1 tension. Such request shall be granted in the sole
2 discretion of the Board.

3 “(3) IDENTIFICATION OF DETERMINATION.—

4 The written notice shall—

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

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

12 “(C) include—

13 “(i) a clear and complete statement of
14 all relevant facts and issues;

15 “(ii) all arguments that the institution
16 wishes to present; and

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

21 “(4) INFORMATION MADE AVAILABLE TO INSTI-
22 TUTION.—An institution seeking a review of a mate-
23 rial supervisory determination may, not later than 7
24 days after receiving the final examination report, re-
25 quest that the Federal financial institutions regu-

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

8 “(5) SUBMISSION OF RECORD.—After receiving
9 a written notice of review from a financial institution
10 under this subsection, the Board shall direct the
11 Federal financial institutions regulatory agency that
12 made the material supervisory determination under
13 review to file with the Board the supervisory record
14 of the examination resulting in the material super-
15 visory determination under review.

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

17 “(1) IN GENERAL.—The Board shall—

18 “(A) determine the merits on the record,
19 including whether the material supervisory de-
20 termination being reviewed should be upheld,
21 canceled, or modified; or

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

1 “(2) RIGHT TO OBTAIN TESTIMONY.—A finan-
2 cial institution electing for a hearing under para-
3 graph (1)(B) shall have the right the obtain testi-
4 mony under oath from agency employees and obtain
5 documents and other evidence at the hearing, or in
6 advance of the hearing, according to procedures in-
7 stituted by the Board consistent with those set forth
8 under sections 556 and 557 of title 5, United States
9 Code.

10 “(3) BASIS OF DECISION.—The Board shall
11 issue a written decision based upon the record of the
12 examination, supplemented by the record established
13 at any hearing.

14 “(4) STANDARD OF REVIEW.—The Board’s re-
15 view of a material supervisory determination being
16 reviewed under this subsection shall be de novo, and
17 the Board shall not defer to the opinions of exam-
18 iners, but shall independently determine the appro-
19 priateness of the material supervisory determination
20 based upon the relevant statutes, regulations, other
21 appropriate guidance, and the evidentiary record.

22 “(5) POLICY MATTERS.—The Board shall con-
23 duct reviews under this section applying the policies,
24 regulations, and interpretations of the Federal finan-
25 cial institutions regulatory agency that made the

1 material supervisory determination under review in
2 effect at the time the material supervisory deter-
3 mination was made.

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

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

8 “(2) be deemed final and shall bind the agency
9 whose supervisory determination was the subject of
10 the review and the financial institution requesting
11 the review.

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

17 “(f) ANNUAL REPORT.—

18 “(1) IN GENERAL.—The Board shall report an-
19 nually to the Committee on Financial Services of the
20 House of Representatives, the Committee on Bank-
21 ing, Housing, and Urban Affairs of the Senate, and
22 the Council on actions taken under this section, in-
23 cluding the types of issues that the Board has re-
24 viewed and the results of those reviews, including in-

1 formation on each final determination with respect
2 to a material supervisory determination.

3 “(2) CONFIDENTIALITY.—In reporting under
4 paragraph (1), the Board shall redact information
5 about individual financial institutions and any con-
6 fidential supervisory information or privileged infor-
7 mation shared by financial institutions, and shall
8 anonymize any un-redacted information that could,
9 in the aggregate, identify a financial institution.

10 “(g) RETALIATION PROHIBITED.—

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

13 “(A) retaliate against a financial institu-
14 tion, including service providers, or any institu-
15 tion-affiliated party, for exercising appellate
16 rights under this section; or

17 “(B) delay or deny any agency action that
18 would benefit a financial institution or any in-
19 stitution-affiliated party on the basis that an
20 appeal under this section is pending under this
21 section.

22 “(2) RETALIATION.—For purposes of this sub-
23 section, retaliation includes delaying consideration
24 of, or withholding approval of, any request, notice,
25 or application that otherwise would have been ap-

1 proved, but for the exercise of a financial institu-
2 tion’s rights under this section.

3 “(h) RULEMAKING.—The Board shall issue rules to
4 establish procedures for hearings described under this sec-
5 tion, including that—

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

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

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

12 “(4) the hearing shall not be governed by the
13 Federal Rules of Evidence; and

14 “(5) the Board shall have a verbatim transcript
15 of the hearing prepared.

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

1 mediate safety and soundness of the financial institu-
2 tion.”.

3 (e) ADDITIONAL AMENDMENTS.—

4 (1) REGULATORY APPEALS PROCESS, OMBUDS-
5 MAN, AND ALTERNATIVE DISPUTE RESOLUTION.—

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

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

16 (ii) by striking subsections (a), (b),
17 and (c);

18 (iii) by redesignating subsections (d),
19 (e), (f), and (g) as subsections (a), (b), (c),
20 and (d), respectively;

21 (iv) in subsection (b), as so redesign-
22 nated—

23 (I) in paragraph (2)—

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

1 (bb) in subparagraph (C),
2 by striking the period and insert-
3 ing “; and”; and

4 (cc) by adding at the end
5 the following:

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

10 (II) by adding at the end the fol-
11 lowing:

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

18 (v) in paragraph (1)(A) of subsection
19 (c), as so redesignated—

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

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

24 (III) by adding at the end the
25 following:

1 “(iv) any issue specifically listed in an
2 exam report as a matter requiring atten-
3 tion by the institution’s management or
4 board of directors; and

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

16 (B) EFFECT.—Nothing in this subsection
17 affects the authority of a Federal banking agen-
18 cy (as defined in section 3 of the Federal De-
19 posit Insurance Act (12 U.S.C. 1813)) or the
20 National Credit Union Administration Board to
21 take enforcement or other supervisory action.

22 (2) FEDERAL CREDIT UNION ACT.—Section
23 205(j) of the Federal Credit Union Act (12 U.S.C.
24 1785(j)) is amended by inserting “the Bureau of

1 Consumer Financial Protection,” before “the Ad-
2 ministration” each place that term appears.

3 (3) FEDERAL FINANCIAL INSTITUTIONS EXAM-
4 INATION COUNCIL ACT.—The Federal Financial In-
5 stitutions Examination Council Act of 1978 (12
6 U.S.C. 3301 et seq.) is amended—

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

8 (i) by striking paragraph (1) and in-
9 serting the following:

10 “(1) the term ‘Federal financial institutions
11 regulatory agencies’—

12 “(A) means the Office of the Comptroller
13 of the Currency, the Board of Governors of the
14 Federal Reserve System, the Federal Deposit
15 Insurance Corporation, and the National Credit
16 Union Administration; and

17 “(B) includes the Bureau of Consumer Fi-
18 nancial Protection for purposes of sections
19 1012 through 1015;”; and

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

1 (B) in section 1004(a)(4) (12 U.S.C.
2 3303), by striking “Consumer Financial Protec-
3 tion Bureau” and inserting “Bureau of Con-
4 sumer Financial Protection”; and

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

6 (i) by striking “One-fifth” and insert-
7 ing “One-fourth”; and

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

10 (f) ELECTION OF FORUM FOR REVIEW OF SUPER-
11 VISORY ENFORCEMENT.—Section 8 of the Federal De-
12 posit Insurance Act (12 U.S.C. 1818) is amended—

13 (1) in subsection (b), by adding at the end the
14 following:

15 “(11) HEARING.—With respect to any notice
16 properly issued and served upon a depository institu-
17 tion or institution-affiliated party under this sub-
18 section, such depository institution or institution-af-
19 filiated party shall be afforded a hearing before—

20 “(A) the appropriate Federal banking
21 agency; or

22 “(B) if such institution or person submits
23 a request within 20 days after the issuance of
24 the notice, the appropriate United States dis-
25 trict court, and that court shall have jurisdic-

1 tion to adjudicate all claims and requested rem-
2 edies stated in the notice of charges, including
3 those authorized under this subsection.”;

4 (2) in subsection (e), by adding at the end the
5 following:

6 “(8) HEARING.—With respect to any notice
7 properly issued and served upon an institution-affili-
8 ated party under this subsection, such institution-af-
9 filiated party shall be afforded a hearing before—

10 “(A) the appropriate Federal banking
11 agency; or

12 “(B) if such party submits a request for
13 such hearing and forum within 20 days after
14 the issuance of the notice, the appropriate
15 United States district court, and that court
16 shall have jurisdiction to adjudicate all claims
17 and requested remedies stated in the notice, in-
18 cluding those authorized under this sub-
19 section.”;

20 (3) in subsection (h)—

21 (A) in paragraph (1), by striking “(other
22 than the hearing provided for in subsection
23 (g)(3) of this section)” and inserting “(other
24 than the hearing provided for in subsection

1 (b)(11)(B), (e)(8)(B), (g)(3), or (i)(2)(H)(ii)”;

2 and

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

4 “(4) Any hearing provided for in subsection
5 (b)(11)(B), (e)(8)(B), or (i)(2)(H)(ii) shall be sub-
6 ject to the jurisdiction, powers, and equitable au-
7 thority of the district court and be governed by the
8 Federal Rules of Civil Procedure and the Federal
9 Rules of Evidence.

10 “(5) Any final decision of a United States dis-
11 trict court made pursuant to a respondent’s election
12 under subsection (b)(11)(B), (e)(8)(B), or
13 (i)(2)(H)(ii) shall be reviewable in the appropriate
14 court of appeals in the same manner and to the
15 same extent as any other civil action to which the
16 United States is a party.”;

17 (4) in subsection (i)(2)—

18 (A) by amending subparagraph (E)(ii) to
19 read as follows:

20 “(ii) FINALITY OF ASSESSMENT.—If,
21 with respect to any assessment under
22 clause (i), a hearing is not requested or an
23 election is not made and timely noticed
24 pursuant to subparagraph (H) within the
25 period of time allowed under such subpara-

1 graph, the assessment shall constitute a
2 final and unappealable order.”;

3 (B) by amending subparagraph (H) to
4 read as follows:

5 “(H) HEARING.—The insured depository
6 institution or institution-affiliated party against
7 whom any penalty is assessed under this para-
8 graph shall be afforded a hearing before—

9 “(i) an agency, if such institution or
10 person submits a request for such hearing
11 within 20 days after the issuance of the
12 notice of assessment; or

13 “(ii) the appropriate United States
14 district court, if such institution or person
15 submits a request for such hearing and
16 forum within 20 days after the issuance of
17 the notice of assessment.”; and

18 (C) by amending subparagraph (I)(ii) to
19 read as follows:

20 “(ii) APPROPRIATENESS OF PENALTY
21 NOT REVIEWABLE.—In any civil action
22 under clause (i), except a civil action tried
23 in a United States district court pursuant
24 to subsection (b)(11)(B), (e)(8)(B), or
25 (i)(2)(H)(ii), the validity and appropriate-

1 ness of the penalty shall not be subject to
2 review.”; and

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

4 “(x) SAVINGS CLAUSE.—Nothing in subsection
5 (b)(11)(B), (e)(8)(B), or (i)(2)(H)(ii) shall be construed
6 to—

7 “(1) limit the authority of a Federal banking
8 agency to initiate an administrative enforcement ac-
9 tion; or

10 “(2) impair the validity of any consent order.”.

11 **SEC. 303. SUPERVISORY MODIFICATIONS FOR APPRO-**
12 **PRIATE RISK-BASED TESTING.**

13 (a) EXAMINATION RELIEF FOR CERTAIN WELL
14 MANAGED AND WELL CAPITALIZED FINANCIAL INSTITU-
15 TIONS.—

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

20 “(11) EXAMINATION RELIEF FOR CERTAIN
21 WELL MANAGED AND WELL CAPITALIZED INSURED
22 DEPOSITORY INSTITUTIONS.—

23 “(A) IN GENERAL.—The following shall
24 apply to a well managed and well capitalized in-

1 sured depository institution with
2 \$6,000,000,000 or less in consolidated assets:

3 “(i) ALTERNATING LIMITED-SCOPE
4 EXAMINATIONS.—After an insured depository
5 institution receives a full-scope, on-
6 site examination from the appropriate Federal
7 banking agency, the next examination
8 of the insured depository institution by the
9 appropriate Federal banking agency shall
10 be a limited-scope examination, as deter-
11 mined by the appropriate Federal banking
12 agency.

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

1 “(B) EXCEPTION.—Subparagraph (A)
2 shall not apply to an insured depository institu-
3 tion if—

4 “(i) the insured depository institution
5 is currently subject to a formal enforce-
6 ment proceeding or order by the Corpora-
7 tion or the appropriate Federal banking
8 agency; or

9 “(ii) a person acquired control of the
10 insured depository institution since the
11 most recent full-scope, on-site examination
12 of the insured depository institution from
13 the appropriate Federal banking agency.

14 “(C) RULEMAKING.—Not later than 12
15 months after the date of enactment of this
16 paragraph, the Federal banking agencies shall
17 issue rules to carry out subparagraph (A), in-
18 cluding, with respect to an insured depository
19 institution described under subparagraph (A),
20 to—

21 “(i) establish procedures for the lim-
22 ited-scope examinations described in sub-
23 paragraph (A)(i);

1 “(ii) establish procedures for review-
2 ing insured depository institutions de-
3 scribed under subparagraph (A), that—

4 “(I) experience material changes
5 in financial condition or operational
6 risk profile between scheduled exami-
7 nations; or

8 “(II) have failed to comply with
9 Federal or State banking laws and
10 regulations; and

11 “(iii) balance the goals of streamlining
12 the examination cycle for individual in-
13 sured depository institutions and reducing
14 unnecessary regulatory burdens while
15 maintaining sufficient oversight to ensure
16 the continued safety and soundness of the
17 insured depository institutions and compli-
18 ance with all applicable laws and regula-
19 tions.

20 “(D) RULE OF CONSTRUCTION.—Nothing
21 in this paragraph may be construed to limit the
22 authority of a Federal banking agency to con-
23 duct off-site monitoring, targeted reviews, or
24 additional full-scope, on-site examinations of an
25 insured depository institution if the Federal

1 banking agency determines such monitoring, re-
2 views, or examinations are necessary to ensure
3 safety and soundness or compliance with appli-
4 cable laws.

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

6 “(i) CONSUMER COMPLIANCE EXAM-
7 INATION.—The term ‘consumer compliance
8 examination’ means an examination to as-
9 sess compliance with the requirements of
10 Federal consumer financial law (as such
11 term is defined in section 1002 of the Con-
12 sumer Financial Protection Act of 2010).

13 “(ii) WELL CAPITALIZED.—The term
14 ‘well capitalized’ has the meaning given
15 that term in section 38(b).

16 “(iii) WELL MANAGED.—With respect
17 to an insured depository institution, the
18 term ‘well managed’ means that, when the
19 institution was most recently examined by
20 the appropriate Federal banking agency,
21 the institution was found to be well man-
22 aged, and the institution’s composite condi-
23 tion was found to be satisfactory or out-
24 standing.”.

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

4 “(h) EXAMINATION RELIEF FOR CERTAIN WELL
5 MANAGED AND WELL CAPITALIZED INSURED CREDIT
6 UNIONS.—

7 “(1) IN GENERAL.—The following shall apply to
8 a well managed and well capitalized insured credit
9 union with \$6,000,000,000 or less in consolidated
10 assets:

11 “(A) ALTERNATING LIMITED-SCOPE EX-
12 AMINATIONS.—After an insured credit union re-
13 ceives a full-scope, on-site examination from the
14 National Credit Union Administration, the next
15 examination of the insured credit union by the
16 National Credit Union Administration shall be
17 a limited-scope examination, as determined by
18 the National Credit Union Administration.

19 “(B) COMBINED EXAMINATIONS.—If an
20 insured credit union is otherwise subject to sep-
21 arate safety and soundness examinations, con-
22 sumer compliance examinations, and informa-
23 tion technology and cybersecurity examinations,
24 the National Credit Union Administration shall,
25 upon request of the insured credit union, com-

1 bine two or three such examinations, as speci-
2 fied by the insured credit union, and carry them
3 out at the same time.

4 “(2) EXCEPTION.—Paragraph (1) shall not
5 apply to an insured credit union if the insured credit
6 union is currently subject to a formal enforcement
7 proceeding or order by the National Credit Union
8 Administration.

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

15 “(A) establish procedures for the limited-
16 scope examinations described in paragraph
17 (1)(A);

18 “(B) establish procedures for reviewing in-
19 sured credit unions that—

20 “(i) experience material changes in fi-
21 nancial condition or operational risk profile
22 between scheduled examinations; or

23 “(ii) have failed to comply with Fed-
24 eral or State banking laws and regulations;
25 and

1 “(C) balance the goals of streamlining the
2 examination cycle for individual insured credit
3 unions and reducing unnecessary regulatory
4 burdens while maintaining sufficient oversight
5 to ensure the continued safety and soundness of
6 the insured credit unions and compliance with
7 all applicable laws and regulations.

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

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

18 “(A) CONSUMER COMPLIANCE EXAMINA-
19 TION.—The term ‘consumer compliance exam-
20 ination’ means an examination to assess compli-
21 ance with the requirements of Federal con-
22 sumer financial law (as such term is defined in
23 section 1002 of the Consumer Financial Protec-
24 tion Act of 2010).

1 “(B) WELL CAPITALIZED.—The term ‘well
2 capitalized’ has the meaning given that term in
3 section 216(c).

4 “(C) WELL MANAGED.—With respect to
5 an insured credit union, the term ‘well man-
6 aged’ means that, when the credit union was
7 most recently examined by the National Credit
8 Union Administration, the credit union was
9 found to be well managed, and the credit
10 union’s composite condition was found to be
11 satisfactory or outstanding.”.

12 (b) EXAMINATION PRACTICES.—

13 (1) INSURED DEPOSITORY INSTITUTIONS.—Sec-
14 tion 10(d) of the Federal Deposit Insurance Act (12
15 U.S.C. 1820(d)), as amended by subsection (a)(1),
16 is further amended by adding at the end the fol-
17 lowing:

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

22 “(A) ensure the examination is led by, to
23 the maximum extent practicable, an examiner
24 with significant experience as an examiner;

1 “(B) make every effort, to the maximum
2 extent practicable, to minimize the number of
3 examiners utilized and the amount of time
4 spent at the institution to carry out the exam-
5 ination;

6 “(C) make every effort, to the maximum
7 extent practicable, to schedule the examination
8 at a time that is convenient for the institution;
9 and

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

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

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

17 “(B) aggregate data summarizing the
18 agency’s examination practices with respect to
19 insured depository institutions with less than
20 \$6,000,000,000 in total assets, including—

21 “(i) the average experience of exam-
22 iners, including the average number of
23 years of examiner experience of those who
24 lead on-site examinations;

1 “(ii) the average number of examiners
2 utilized; and

3 “(iii) the average amount of time the
4 agency spends visiting such institutions for
5 on-site examinations.”.

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

10 “(i) EXAMINATION PRACTICES.—With respect to on-
11 site examination of an insured credit union with less than
12 \$6,000,000,000 in total assets, the National Credit Union
13 Administration shall—

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

17 “(2) make every effort, to the maximum extent
18 practicable, to minimize the number of examiners
19 utilized and the amount of time spent at the credit
20 union to carry out the examination;

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

1 “(4) to the maximum extent practicable, give
2 the credit union advance notice of issues expected to
3 be covered in the examination.

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

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

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

12 “(A) the average experience of examiners,
13 including the average number of years of exam-
14 iner experience of those who lead on-site exami-
15 nations;

16 “(B) the average number of examiners uti-
17 lized; and

18 “(C) the average amount of time the Ad-
19 ministration spends visiting such credit unions
20 for on-site examinations.”.

21 **SEC. 304. TAILORED REGULATORY UPDATES FOR SUPER-**
22 **VISORY TESTING.**

23 Section 10(d) of the Federal Deposit Insurance Act
24 (12 U.S.C. 1820(d)) is amended—

1 (1) in paragraph (4)(A), by striking
2 “\$3,000,000,000” and inserting “\$6,000,000,000”;
3 and

4 (2) in paragraph (10), by striking
5 “\$3,000,000,000” and inserting “\$6,000,000,000”.

6 **SEC. 305. FINANCIAL INTEGRITY AND REGULATION MAN-**
7 **AGEMENT.**

8 (a) FINDINGS.—Congress finds that—

9 (1) the primary objective of financial regulation
10 and supervision by the Federal banking agencies is
11 to promote safety and soundness of depository insti-
12 tutions;

13 (2) all federally legal businesses and law-abid-
14 ing citizens regardless of political ideology should
15 have equal opportunity to obtain financial services
16 and should not face unlawful discrimination in ob-
17 taining such services;

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

22 (4) financial service providers should strive to
23 ensure that all business decisions are based on fac-
24 tors free from unlawful prejudice or political influ-
25 ence;

1 (5) the use of reputational risk in supervisory
2 frameworks encourages Federal banking agencies to
3 regulate depository institutions based on the subjective
4 view of negative publicity and provides cover for
5 the agencies to implement their own political agenda
6 unrelated to the safety and soundness of a depository
7 institution;

8 (6) Federal banking agencies have in fact used
9 reputational risk to limit access of federally legal
10 businesses and law-abiding citizens to financial services
11 in 2018 when the Federal Deposit Insurance
12 Corporation acknowledged that the agency used
13 reputational risk reviews to limit access to financial
14 services by certain industries, commonly known as
15 “Operation Choke Point”; and

16 (7) reputational risk does not appear in any
17 statute and is an unnecessary and improper use of
18 supervisory authority that does not contribute to the
19 safety and soundness of the financial system.

20 (b) DEFINITIONS.—In this section:

21 (1) DEPOSITORY INSTITUTION.—The term “depository
22 institution”—

23 (A) has the meaning given the term in section
24 3 of the Federal Deposit Insurance Act (12
25 U.S.C. 1813);

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

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

8 (2) FEDERAL BANKING AGENCY.—The term
9 “Federal banking agency”—

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

13 (B) includes—

14 (i) the National Credit Union Admin-
15 istration; and

16 (ii) the Bureau of Consumer Financial
17 Protection.

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

23 (4) REPUTATIONAL RISK.—The term
24 “reputational risk” means the potential that nega-
25 tive publicity or negative public opinion regarding a

1 depository institution’s business practices, whether
2 true or not, will cause a decline in confidence in the
3 institution or a decline in the customer base, costly
4 litigation, or revenue reductions or otherwise ad-
5 versely impact the depository institution. The pre-
6 vious sentence does not apply to negative publicity
7 or negative public opinion regarding an institution’s
8 business practices where such practices involve un-
9 lawful transactions in connection with state sponsors
10 of terrorism or foreign terrorist organizations.

11 (5) STATE SPONSORS OF TERRORISM.—The
12 term “state sponsors of terrorism” means a country,
13 the government of which has been determined by the
14 Secretary of State to have repeatedly provided sup-
15 port for acts of international terrorism, for purposes
16 of—

17 (A) section 1754(c)(1)(A)(i) of the Export
18 Control Reform Act of 2018 (50 U.S.C.
19 4813(c)(1)(A)(i));

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

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

24 (D) any other provision of law.

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

12 (d) PROHIBITION.—No Federal banking agency may
13 engage in any activity concerning or related to the regula-
14 tion, supervision, or examination of the reputational risk,
15 or any term substantially similar, or the management
16 thereof, of a depository institution, including—

17 (1) establishing any rule, regulation, require-
18 ment, standard, or supervisory expectation con-
19 cerning or related to the reputational risk, or any
20 term substantially similar, or the management there-
21 of, of a depository institution whether binding or
22 not;

23 (2) conducting any examination, assessment,
24 data collection, or other supervisory exercise con-
25 cerning or related to reputational risk, or any term

1 substantially similar, or the management thereof, of
2 a depository institution;

3 (3) issuing any examination finding, supervisory
4 criticism, or other supervisory or examination com-
5 munication concerning or related to reputational
6 risk, or any term substantially similar, or the man-
7 agement thereof, of a depository institution;

8 (4) making any supervisory ratings decision or
9 determination that is based, in whole or in part, on
10 any matter concerning or related to reputational
11 risk, or any term substantially similar, or the man-
12 agement thereof, of a depository institution; and

13 (5) taking any formal or informal enforcement
14 action that is based, in whole or in part, on any
15 matter concerning or related to reputational risk, or
16 any term substantially similar, or the management
17 thereof, of a depository institution.

18 (e) REPORTS.—Not later than 180 days after the
19 date of enactment of this Act, each Federal banking agen-
20 cy shall submit to the Committee on Banking, Housing,
21 and Urban Affairs of the Senate and the Committee on
22 Financial Services of the House of Representatives a re-
23 port that—

24 (1) confirms implementation of this section; and

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

3 **TITLE IV—REGULATORY AC-**
4 **COUNTABILITY AND TRANS-**
5 **PARENCY**

6 **SEC. 401. FDIC BOARD ACCOUNTABILITY.**

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

9 (1) by striking “Consumer Financial Protection
10 Bureau” each place such term appears and inserting
11 “Bureau of Consumer Financial Protection”;

12 (2) by amending subsection (a)(1)(C) to read as
13 follows:

14 “(C) 3 of whom shall be appointed by the
15 President, by and with the advice and consent
16 of the Senate, from among individuals who are
17 citizens of the United States, 1 of whom shall
18 have State bank supervisory experience, and
19 separately 1 of whom shall have demonstrated
20 primary experience working in or supervising
21 depository institutions having less than
22 \$17,000,000,000 in total assets.”; and

23 (3) in subsection (c)—

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

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

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

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

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

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

1 (c) DEFINITIONS.—In this section:

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

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

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

8 (C) The Department of the Treasury.

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

11 (E) The Federal Housing Finance Agency.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 (3) in subsection (a)—

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

16 (B) by striking “once every 10 years” and
17 inserting “once every 8 years”;

18 (4) in subsection (b)—

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

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

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

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

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

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

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

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

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

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

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

1 (5) in subsection (c)—

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

5 (B) by striking “once every 10 years” and
6 inserting “once every 8 years”;

7 (6) in subsection (e)—

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

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

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

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

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

1 latory burdens identified by each Federal finan-
2 cial institutions regulatory agency through the
3 internal reviews conducted under subsection
4 (b)(2), by regulation”; and
5 (7) by adding at the end the following:

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

11 **SEC. 404. AMERICAN FINANCIAL INSTITUTION REGU-**
12 **LATORY SOVEREIGNTY AND TRANSPARENCY.**

13 (a) ANNUAL REPORTING ON INTERACTIONS BE-
14 TWEEN FEDERAL BANKING SUPERVISORY AGENCIES AND
15 GLOBAL FINANCIAL REGULATORY OR SUPERVISORY FO-
16 RUMS.—

17 (1) BOARD OF GOVERNORS OF THE FEDERAL
18 RESERVE SYSTEM.—The seventh undesignated para-
19 graph of section 10 of the Federal Reserve Act (12
20 U.S.C. 247) is amended—

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

23 “(7) ANNUAL REPORT.—

24 “(A) IN GENERAL.—The Board”;

25 (B) by striking the second sentence; and

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

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

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

8 “(i) a description of the financial reg-
9 ulatory or supervisory standard-setting
10 issues under discussion at the global finan-
11 cial regulatory or supervisory forums dur-
12 ing the period covered by the report;

13 “(ii) a description of the rationale, ob-
14 jectives, and potential effects that rules
15 proposed, rules under consideration, final
16 rules adopted, guidance proposed, guidance
17 under consideration, final guidance adopt-
18 ed, or any other similar actions discussed
19 at the global financial regulatory or super-
20 visory forums could have, including an eco-
21 nomic impact analysis on whether the ex-
22 pected costs would be at least offset by the
23 expected benefits related to economic, na-
24 tional security, financial stability, or other
25 national interests; and

1 “(iii) a description of the positions
2 taken by representatives of the Board at
3 the global financial regulatory or super-
4 visory forums during the period covered by
5 the report; and

6 “(iv) a description of the efforts by
7 the Board to increase transparency at
8 global financial regulatory or supervisory
9 forums during the period covered by the
10 report.

11 “(C) GLOBAL FINANCIAL REGULATORY OR
12 SUPERVISORY FORUM DEFINED.—

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

21 “(I) the Bank for International
22 Settlements;

23 “(II) the Basel Committee on
24 Banking Supervision;

1 “(III) the Financial Stability
2 Board;

3 “(IV) the International Associa-
4 tion of Insurance Supervisors; and

5 “(V) the Network of Central
6 Banks and Supervisors for Greening
7 the Financial System.

8 “(ii) EXCEPTION.—The term ‘global
9 financial regulatory or supervisory forum’
10 does not include—

11 “(I) international financial insti-
12 tutions, as defined in section
13 1701(c)(2) of the International Finan-
14 cial Institutions Act (22 U.S.C.
15 262r(c)(2)); or

16 “(II) any international organiza-
17 tion with respect to which the Board
18 participates pursuant to a treaty to
19 which the United States is a party.”.

20 (2) OFFICE OF THE COMPTROLLER OF THE
21 CURRENCY.—

22 (A) IN GENERAL.—The second section 333
23 of the Revised Statutes of the United States
24 (12 U.S.C. 14; relating to an annual report) is
25 amended to read as follows:

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

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

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

9 “(1) a description of the financial regulatory or
10 supervisory standard-setting issues under discussion
11 at the global financial regulatory or supervisory fo-
12 rums during the period covered by the report;

13 “(2) a description of the rationale, objectives,
14 and potential effects that rules proposed, rules under
15 consideration, final rules adopted, guidance pro-
16 posed, guidance under consideration, final guidance
17 adopted, or any other similar actions discussed at
18 the global financial regulatory or supervisory forums
19 could have, including an economic impact analysis
20 on whether the expected costs would be at least off-
21 set by the expected benefits related to economic, na-
22 tional security, financial stability, or other national
23 interests; and

24 “(3) a description of the positions taken by rep-
25 resentatives of the Comptroller at the global finan-

1 cial regulatory or supervisory forums during the pe-
2 riod covered by the report; and

3 “(4) a description of the efforts by the Comp-
4 troller to increase transparency at global financial
5 regulatory or supervisory forums during the period
6 covered by the report.

7 “(c) GLOBAL FINANCIAL REGULATORY OR SUPER-
8 VISORY FORUM DEFINED.—

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

16 “(A) the Bank for International Settle-
17 ments;

18 “(B) the Basel Committee on Banking Su-
19 pervision;

20 “(C) the Financial Stability Board;

21 “(D) the International Association of In-
22 surance Supervisors; and

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

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

3 “(A) international financial institutions, as
4 defined in section 1701(c)(2) of the Inter-
5 national Financial Institutions Act (22 U.S.C.
6 262r(c)(2)); or

7 “(B) any international organization with
8 respect to which the Comptroller participates
9 pursuant to a treaty to which the United States
10 is a party.”.

11 (B) TECHNICAL CORRECTION.—Chapter
12 nine of title VII of the Revised Statutes of the
13 United States is amended—

14 (i) by redesignating the first section
15 333 (12 U.S.C. 14a; relating to data
16 standards) as section 332;

17 (ii) by moving such section so as to
18 appear after section 331; and

19 (iii) in the table of contents of such
20 chapter, by amending the item relating to
21 section 332 to read as follows:

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

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

1 “(3) INTERACTIONS WITH GLOBAL FINANCIAL
2 REGULATORY OR SUPERVISORY FORUMS.—The re-
3 port required under paragraph (1) shall include a
4 description of the Corporation’s interactions with
5 global financial regulatory or supervisory forums, in-
6 cluding—

7 “(A) a description of the financial regu-
8 latory or supervisory standard-setting issues
9 under discussion at the global financial regu-
10 latory or supervisory forums during the period
11 covered by the report;

12 “(B) a description of the rationale, objec-
13 tives, and potential effects that rules proposed,
14 rules under consideration, final rules adopted,
15 guidance proposed, guidance under consider-
16 ation, final guidance adopted, or any other
17 similar actions discussed at the global financial
18 regulatory or supervisory forums could have, in-
19 cluding an economic impact analysis on whether
20 the expected costs would be at least offset by
21 the expected benefits related to economic, na-
22 tional security, financial stability, or other na-
23 tional interests; and

24 “(C) a description of the positions taken
25 by representatives of the Corporation at the

1 global financial regulatory or supervisory fo-
2 rums during the period covered by the report;
3 and

4 “(D) a description of the efforts by the
5 Corporation to increase transparency at global
6 financial regulatory or supervisory forums dur-
7 ing the period covered by the report.

8 “(4) GLOBAL FINANCIAL REGULATORY OR SU-
9 PERVISORY FORUM DEFINED.—

10 “(A) IN GENERAL.—In this subsection, the
11 term ‘global financial regulatory or supervisory
12 forum’ means any association or union of na-
13 tions through or by which two or more foreign
14 authorities engage in some aspect of their con-
15 duct of international affairs regarding financial
16 supervision and regulation, including—

17 “(i) the Bank for International Settle-
18 ments;

19 “(ii) the Basel Committee on Banking
20 Supervision;

21 “(iii) the Financial Stability Board;

22 “(iv) the International Association of
23 Insurance Supervisors; and

1 “(v) the Network of Central Banks
2 and Supervisors for Greening the Financial
3 System.

4 “(B) EXCEPTION.—The term ‘global finan-
5 cial regulatory or supervisory forum’ does not
6 include—

7 “(i) international financial institu-
8 tions, as defined in section 1701(c)(2) of
9 the International Financial Institutions
10 Act (22 U.S.C. 262r(c)(2)); or

11 “(ii) any international organization
12 with respect to which the Corporation par-
13 ticipates pursuant to a treaty to which the
14 United States is a party.”.

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

1 **TITLE V—STRENGTHENING**
2 **LOCAL BANK FUNDING**

3 **SEC. 501. BRINGING THE DISCOUNT WINDOW INTO THE**
4 **21ST CENTURY.**

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

8 “(11) REVIEW OF DISCOUNT WINDOW OPER-
9 ATIONS.—

10 “(A) IN GENERAL.—Not later than 60
11 days after the date of enactment of this para-
12 graph, the Board of Governors shall commence
13 a review of the discount window lending pro-
14 grams of the Federal reserve banks (the ‘dis-
15 count window’), and shall complete such review
16 not later than 240 days after the date of enact-
17 ment of this paragraph.

18 “(B) CONTENTS.—The review required by
19 subparagraph (A) shall include a consideration
20 of—

21 “(i) the effectiveness of the discount
22 window in providing liquidity to financial
23 institutions, including in times of financial
24 stress;

1 “(ii) whether the technology infra-
2 structure, including means of communica-
3 tions, are sufficient to support the timely
4 provision of liquidity, including in times of
5 financial stress;

6 “(iii) the effectiveness of cybersecurity
7 measures implemented with respect to dis-
8 count window operations;

9 “(iv) the effectiveness of communica-
10 tions between Federal reserve banks, fi-
11 nancial institutions, the Board of Gov-
12 ernors, the Federal Deposit Insurance Cor-
13 poration, the Comptroller of the Currency,
14 and the Secretary of the Treasury regard-
15 ing discount window operations;

16 “(v) the effectiveness of the Board of
17 Governors in providing oversight of the
18 discount window and in ensuring con-
19 sistent access to the discount window
20 across the Federal Reserve System;

21 “(vi) how the discount window inter-
22 acts with other providers of liquidity, in-
23 cluding the Federal Home Loan Banks,
24 during both normal operations and times
25 of financial distress;

1 “(vii) the effectiveness of existing dis-
2 count window operating hours and whether
3 such hours should be expanded, taking into
4 account the interaction between discount
5 window operating hours and the operating
6 hours of payment systems of the Federal
7 reserve banks, such as the Fedwire Funds
8 Service and FedNow Service;

9 “(viii) the impact of mobile banking
10 and instant communications technology on
11 depositor behavior and liquidity risk posed
12 to financial institutions, including how the
13 discount window can—

14 “(I) help financial institutions
15 better respond to rapid liquidity short-
16 falls; and

17 “(II) prevent broader financial
18 instability; and

19 “(ix) the effectiveness of the discount
20 window in light of the stigma associated
21 with its usage, ways to reduce such stigma,
22 and ways to improve access, operational ef-
23 ficiency, transparency, and timeliness of
24 the process for financial institutions seek-

1 ing advances, including on the pricing and
2 other terms of such advances.

3 “(C) REMEDIATION PLAN.—After the
4 Board of Governors completes the review re-
5 quired by subparagraph (A), the Board of Gov-
6 ernors, in consultation with the Federal reserve
7 banks, shall—

8 “(i) identify deficiencies with the dis-
9 count window and areas for enhancing dis-
10 count window effectiveness; and

11 “(ii) develop a written plan to reme-
12 diate the identified deficiencies and imple-
13 ment the identified enhancements, which
14 shall include—

15 “(I) an identification of actions
16 that will be taken to enhance discount
17 window effectiveness and remediate
18 identified deficiencies;

19 “(II) timelines and milestones for
20 implementing the plan and measures
21 to demonstrate how the implemented
22 improvements will be maintained on
23 an ongoing basis; and

24 “(III) measures of managing and
25 controlling any deficiencies and cur-

1 rent operations until the plan is im-
2 plemented in full.

3 “(D) REPORT TO CONGRESS ON REVIEW
4 AND PLAN.—

5 “(i) IN GENERAL.—Not later than
6 365 days after the date of enactment of
7 this paragraph, the Board of Governors
8 shall submit a report to the Committee on
9 Financial Services of the House of Rep-
10 resentatives and the Committee on Bank-
11 ing, Housing, and Urban Affairs of the
12 Senate containing—

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

15 “(II) the remediation plan re-
16 quired by subparagraph (C).

17 “(ii) CONSULTATION.—Before submit-
18 ting the report required by clause (i), the
19 Board of Governors shall—

20 “(I) provide a copy of the pro-
21 posed report to the Comptroller of the
22 Currency, the Federal Deposit Insur-
23 ance Corporation, and the Secretary
24 of the Treasury; and

1 “(II) provide the Comptroller of
2 the Currency, the Federal Deposit In-
3 surance Corporation, and the Sec-
4 retary of the Treasury with an oppor-
5 tunity to provide feedback on the re-
6 port.

7 “(iii) TESTIMONY.—The Chairman of
8 the Board of Governors shall, at the semi-
9 annual hearing required under section 2B,
10 testify with respect to the contents of the
11 report required under this subparagraph.

12 “(E) ANNUAL REPORTS TO CONGRESS.—

13 “(i) REPORTS BY THE BOARD.—The
14 Board of Governors shall submit an annual
15 report to the Committee on Financial Serv-
16 ices of the House of Representatives and
17 the Committee on Banking, Housing, and
18 Urban Affairs of the Senate containing a
19 review of the effectiveness of discount win-
20 dow operations and a progress report on
21 the actions taken to implement the identi-
22 fied enhancements described in subpara-
23 graph (C).

24 “(ii) REPORTS BY THE INSPECTOR
25 GENERAL.—The Inspector General of the

1 Board of Governors of the Federal Reserve
2 System and the Bureau of Consumer Fi-
3 nancial Protection shall submit an annual
4 report to the Committee on Financial Serv-
5 ices of the House of Representatives and
6 the Committee on Banking, Housing, and
7 Urban Affairs of the Senate containing a
8 report on the progress of the Board of
9 Governors in implementing the remediation
10 plan required by subparagraph (C).

11 “(F) CONFIDENTIAL REPORT INFORMA-
12 TION.—Any report required under this para-
13 graph may contain a confidential annex con-
14 taining information that, if made public,
15 could—

16 “(i) impact monetary policy, financial
17 stability, or cybersecurity; or

18 “(ii) significantly endanger the safety
19 and soundness of any financial institution.

20 “(G) REPEAL.—This paragraph shall be
21 repealed on the date on which the Board of
22 Governors notifies the Congress and publishes
23 on a public website of the Board of Governors
24 that the remediation plan required under sub-
25 paragraph (C) has been fully implemented.”.

1 **SEC. 502. KEEPING DEPOSITS LOCAL.**

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

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

12 “(A) An amount equal to 50 percent of the
13 portion of the total liabilities of the agent insti-
14 tution that is less than or equal to
15 \$1,000,000,000.

16 “(B) An amount equal to 40 percent of the
17 portion, if any, of the total liabilities of the
18 agent institution that is greater than
19 \$1,000,000,000, but less than or equal to
20 \$10,000,000,000.

21 “(C) An amount equal to 30 percent of the
22 portion, if any, of the total liabilities of the
23 agent institution that is greater than
24 \$10,000,000,000, but less than or equal to
25 \$250,000,000,000.”.

1 (b) DEFINITION OF AGENT INSTITUTION.—Section
2 29(i) of the Federal Deposit Insurance Act (12 U.S.C.
3 1831f(i)) is amended—

4 (1) in paragraph (2)(A)—

5 (A) in clause (i), by striking subclause (I)
6 and inserting the following:

7 “(I) when most recently exam-
8 ined under section 10(d) was assigned
9 a CAMELS rating of 1, 2, or 3 under
10 the Uniform Financial Institutions
11 Rating System (or an equivalent rat-
12 ing under a comparable rating sys-
13 tem); and”;

14 (B) by redesignating clauses (ii) and (iii)
15 as clauses (iii) and (iv), respectively; and

16 (C) by inserting after clause (i) the fol-
17 lowing:

18 “(ii) has not yet been examined under
19 section 10(d) and the deposits of which
20 first became insured under this Act during
21 the current calendar year or during the im-
22 mediately preceding calendar year;”;

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

24 “(3) RESERVATION OF AUTHORITY.—If an in-
25 sured depository institution ceases to be an agent in-

1 stitution because it no longer satisfies any of the cri-
2 teria in paragraph (2)(A), the Corporation may, on
3 a case-by-case basis and upon application, provide a
4 waiver to permit the institution to continue to con-
5 sider some or all of the deposits previously subject
6 to the exception under paragraph (1) as continuing
7 to be subject to the exception under paragraph (1),
8 for a specific or indefinite period of time, if the Cor-
9 poration determines that failure to grant such a
10 waiver would negatively impact the safety and
11 soundness of the insured depository institution.”.

12 (c) RECIPROCAL DEPOSITS STUDY.—

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

17 (2) CONTENTS.—The study required under
18 paragraph (1) shall include—

19 (A) an analysis of how reciprocal deposits
20 have performed since 2018, which shall in-
21 clude—

22 (i) the use of quantitative and quali-
23 tative data;

1 (ii) a breakdown of the usage of recip-
2 rocal deposits by size of insured depository
3 institution;

4 (iii) the usage of reciprocal deposits
5 during periods of stress; and

6 (iv) an analysis, to the extent prac-
7 ticable, of end-user depositors, such as mu-
8 nicipalities, businesses, and non-profit or-
9 ganizations, that drive demand for recip-
10 rocal products;

11 (B) an analysis, to the extent practicable,
12 of how reciprocal deposits compare to other de-
13 posit arrangements; and

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

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

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

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

5 “(j) LIMITED EXCEPTION FOR CUSTODIAL DEPOS-
6 ITS.—

7 “(1) IN GENERAL.—Custodial deposits of an el-
8 igible institution shall not be considered to be funds
9 obtained, directly or indirectly, by or through a de-
10 posit broker to the extent that the total amount of
11 such custodial deposits does not exceed an amount
12 equal to 20 percent of the total liabilities of the eligi-
13 ble institution.

14 “(2) RESERVATION OF AUTHORITY.—If an in-
15 sured depository institution ceases to be an eligible
16 institution because it no longer satisfies any of the
17 criteria in paragraph (3)(B), the Corporation may,
18 on a case-by-case basis and upon application, pro-
19 vide a waiver to permit the institution to continue to
20 be treated as an eligible institution for purposes of
21 paragraph (1), for a specific or indefinite period of
22 time, if the Corporation determines that failure to
23 grant such a waiver would negatively impact the
24 safety and soundness of the insured depository insti-
25 tution.

26 “(3) DEFINITIONS.—In this subsection:

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

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

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

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

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

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

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

15 “(II) is well capitalized;

16 “(ii) has not yet been examined under
17 section 10(d) and the deposits of which
18 first became insured under this Act during
19 the current calendar year or during the im-
20 mediately preceding calendar year; or

21 “(iii) has obtained a waiver pursuant
22 to subsection (c).

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

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

3 “(D) PLAN ADMINISTRATOR.—The term
4 ‘plan administrator’ has the meaning given the
5 term ‘administrator’ in section 3 of the Em-
6 ployee Retirement Income Security Act of 1974
7 (29 U.S.C. 1002).

8 “(E) WELL CAPITALIZED.—The term ‘well
9 capitalized’ has the meaning given the term in
10 section 38(b).”.

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

15 “(k) RESTRICTION ON INTEREST RATE PAID ON
16 CERTAIN CUSTODIAL DEPOSITS.—

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

18 “(A) the terms ‘custodial deposit’, ‘eligible
19 institution’, and ‘well capitalized’ have the
20 meanings given those terms in subsection (j);
21 and

22 “(B) the term ‘covered insured depository
23 institution’ means an insured depository institu-
24 tion that while acting as an eligible institution

1 under subsection (j), accepts custodial deposits
2 while not well capitalized.

3 “(2) PROHIBITION.—A covered insured deposi-
4 tory institution may not pay a rate of interest on
5 custodial deposits that are accepted while not well
6 capitalized that, at the time the funds or custodial
7 deposits are accepted, significantly exceeds the limit
8 set forth in paragraph (3).

9 “(3) LIMIT ON INTEREST RATES.—The limit on
10 the rate of interest referred to in paragraph (2) shall
11 be not greater than—

12 “(A) the rate paid on deposits of similar
13 maturity in the normal market area of the cov-
14 ered insured depository institution for deposits
15 accepted in the normal market area of the cov-
16 ered insured depository institution; or

17 “(B) the national rate paid on deposits of
18 comparable maturity, as established by the Cor-
19 poration, for deposits accepted outside the nor-
20 mal market area of the covered insured deposi-
21 tory institution.”.

1 **TITLE VI—PROMOTING BANK**
2 **COMPETITION AND MERGER**
3 **CLARITY**

4 **SEC. 601. BANK COMPETITION MODERNIZATION.**

5 (a) IN GENERAL.—Section 18(c) of the Federal De-
6 posit Insurance Act (12 U.S.C. 1828(c)), as amended by
7 section 604(c), is further amended—

8 (1) in paragraph (4)(C)—

9 (A) in clause (i), by striking “or” at the
10 end;

11 (B) in clause (ii), by striking the period at
12 the end and inserting “; or”; and

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

14 “(iii) the proposed merger transaction
15 would result in an entity with less than
16 \$10,000,000,000 in assets.”; and

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

18 “(16) FOR MERGER TRANSACTIONS RESULTING IN
19 INSTITUTIONS WITH LESS THAN \$10,000,000,000 IN AS-
20 SETS.—

21 “(A) IN GENERAL.—Notwithstanding para-
22 graph (5), if a proposed merger transaction would
23 result in an institution with less than
24 \$10,000,000,000 in assets, then the responsible

1 agency shall not consider whether such merger
2 transaction would—

3 “(i) result in a monopoly, or would be in
4 furtherance of any combination or conspiracy to
5 monopolize or to attempt to monopolize the
6 business of banking in any part of the United
7 States; and

8 “(ii) have the effect in any section of the
9 country of substantially lessening competition,
10 tending to create a monopoly, or in any other
11 manner restraining trade.

12 “(B) THRESHOLD ADJUSTMENT.—

13 “(i) IN GENERAL.—At the end of each
14 year for which the nominal gross domestic prod-
15 uct of the United States increases (a ‘covered
16 year’), the Corporation shall adjust the dollar
17 figures described in subparagraph (A) and
18 paragraph (4)(C)(iii) by a percentage equal to
19 the percentage increase (if any) between—

20 “(I) the nominal gross domestic prod-
21 uct of the United States for the year, dur-
22 ing the preceding 5 years, with respect to
23 which the nominal gross domestic product
24 of the United States was the highest; and

1 “(II) the nominal gross domestic
2 product of the United States for the cov-
3 ered year.

4 “(ii) DETERMINATION OF GDP.—In this
5 paragraph, the Corporation shall use nominal
6 gross domestic product statistics determined by
7 the Bureau of Economic Analysis.”.

8 (b) FOR BANK HOLDING COMPANIES.—Section 3(c)
9 of the Bank Holding Company Act of 1956 (12 U.S.C.
10 1842(c)) is amended by adding at the end the following:

11 “(8) FOR PROPOSED TRANSACTIONS RESULT-
12 ING IN COMPANIES WITH LESS THAN \$10,000,000,000
13 IN ASSETS.—

14 “(A) IN GENERAL.—Notwithstanding para-
15 graph (1), if a proposed acquisition, merger, or
16 consolidation under this section would result in
17 a company with less than \$10,000,000,000 in
18 assets, then the Board shall not consider wheth-
19 er such acquisition, merger, or consolidation
20 would—

21 “(i) result in a monopoly, or would be
22 in furtherance of any combination or con-
23 spiracy to monopolize or to attempt to mo-
24 nopolize the business of banking in any
25 part of the United States; and

1 “(ii) have the effect in any section of
2 the country of substantially lessening com-
3 petition, tending to create a monopoly, or
4 in any other manner restraining trade.

5 “(B) THRESHOLD ADJUSTMENT.—

6 “(i) IN GENERAL.—At the end of each
7 year for which the nominal gross domestic
8 product of the United States increases (a
9 ‘covered year’), the Board shall adjust the
10 dollar figure described in subparagraph
11 (A) by a percentage equal to the percent-
12 age increase (if any) between—

13 “(I) the nominal gross domestic
14 product of the United States for the
15 year, during the preceding 5 years,
16 with respect to which the nominal
17 gross domestic product of the United
18 States was the highest; and

19 “(II) the nominal gross domestic
20 product of the United States for the
21 covered year.

22 “(ii) DETERMINATION OF GDP.—In
23 this paragraph, the Board shall use nomi-
24 nal gross domestic product statistics deter-

1 mined by the Bureau of Economic Anal-
2 ysis.”.

3 (c) FOR SAVINGS AND LOAN HOLDING COMPA-
4 NIES.—Section 10(e) of the Home Owners’ Loan Act (12
5 U.S.C. 1467a(e)), as amended by section 103(b), is fur-
6 ther amended by adding at the end the following:

7 “(10) FOR PROPOSED TRANSACTIONS RESULT-
8 ING IN COMPANIES WITH LESS THAN \$10,000,000,000
9 IN ASSETS.—

10 “(A) IN GENERAL.—Notwithstanding sub-
11 paragraphs (A) and (B) of paragraph (2), if a
12 proposed transaction under this section would
13 result in a company with less than
14 \$10,000,000,000 in assets, then the Board shall
15 not consider whether the transaction would—

16 “(i) result in a monopoly, or would be
17 in furtherance of any combination or con-
18 spiracy to monopolize or to attempt to mo-
19 nopolize the savings and loan business in
20 any part of the United States; and

21 “(ii) have the effect in any section of
22 the country of substantially lessening com-
23 petition, tending to create a monopoly, or
24 in any other manner restraining trade.

25 “(B) THRESHOLD ADJUSTMENT.—

1 “(i) IN GENERAL.—At the end of each
2 year for which the nominal gross domestic
3 product of the United States increases (a
4 ‘covered year’), the Board shall adjust the
5 dollar figure described in subparagraph
6 (A) by a percentage equal to the percent-
7 age increase (if any) between—

8 “(I) the nominal gross domestic
9 product of the United States for the
10 year, during the preceding 5 years,
11 with respect to which the nominal
12 gross domestic product of the United
13 States was the highest; and

14 “(II) the nominal gross domestic
15 product of the United States for the
16 covered year.

17 “(ii) DETERMINATION OF GDP.—In
18 this paragraph, the Board shall use nomi-
19 nal gross domestic product statistics deter-
20 mined by the Bureau of Economic Anal-
21 ysis.”.

22 **SEC. 602. MERGER AGREEMENT APPROVALS CLARITY AND**
23 **PREDICTABILITY.**

24 (a) STUDY.—The Comptroller General of the United
25 States shall carry out a study on the use of commitments,

1 conditions, and other aspects of merger review procedures
2 by Federal depository institution regulatory agencies in
3 connection with insured depository institution merger ap-
4 plications. The study shall—

5 (1) include an evaluation of relevant quantifi-
6 able metrics;

7 (2) review the extent to which the use of com-
8 mitments and conditions has aligned with statutory
9 requirements, including a review of whether the use
10 of commitments and conditions has been influenced
11 by extrastatutory issues or considerations;

12 (3) consider the benefits and risks of utilizing
13 different merger review approaches and procedures
14 in compliance with the law; and

15 (4) include an evaluation of the impact of such
16 merger review procedures and resulting approved
17 mergers on safety and soundness, financial stability,
18 competition, and the availability of financial prod-
19 ucts and services offered by insured depository insti-
20 tutions.

21 (b) REPORT.—Not later than 1 year after the date
22 of enactment of this Act, the Comptroller General shall
23 issue a report to the Committee on Financial Services of
24 the House of Representatives and the Committee on
25 Banking, Housing, and Urban Affairs of the Senate con-

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

3 (c) DEFINITIONS.—In this section:

4 (1) APPLICATION.—The term “application”
5 means an application, notice, or other similar re-
6 quest for permission submitted to a Federal deposi-
7 tory institution regulatory agency.

8 (2) FEDERAL DEPOSITORY INSTITUTION REGU-
9 LATORY AGENCY.—The term “Federal depository in-
10 stitution regulatory agency” means the Board of
11 Governors of the Federal Reserve System, the
12 Comptroller of the Currency, the Federal Deposit
13 Insurance Corporation, and the National Credit
14 Union Administration Board.

15 (3) INSURED DEPOSITORY INSTITUTION.—The
16 term “insured depository institution”—

17 (A) has the meaning given that term in
18 section 3 of the Federal Deposit Insurance Act
19 (12 U.S.C. 1813); and

20 (B) means an insured credit union, as de-
21 fined in section 101 of the Federal Credit
22 Union Act (12 U.S.C. 1752).

23 (4) INSURED DEPOSITORY INSTITUTION MERG-
24 ER APPLICATION.—The term “insured depository in-
25 stitution merger application” means an application

1 with respect to the acquisition of an insured depository institution, its equity interests, its assets, or its deposits under—

4 (A) section 10(e) of the Home Owners' Loan Act (12 U.S.C. 1467a(e));

6 (B) section 205(b) of the Federal Credit Union Act (12 U.S.C. 1785(b));

8 (C) section 7(j) of the Federal Deposit Insurance Act (12 U.S.C. 1817(j));

10 (D) section 18(c)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(2));

12 (E) section 3 of the Bank Holding Company Act of 1956 (12 U.S.C. 1842); and

14 (F) section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843).

16 **SEC. 603. MERGER PROCESS REVIEW.**

17 (a) REVIEW.—Not later than 1 year after the date
18 of enactment of this Act, and every 3 years thereafter,
19 the Inspector General of each Federal depository institu-
20 tion regulatory agency shall review the Federal depository
21 institution regulatory agency's merger review procedures,
22 including record of timeliness and efficiency in reviewing
23 and acting upon insured depository institution merger ap-
24 plications. The review shall—

1 (1) include an evaluation of relevant quantifi-
2 able metrics, including mean and median application
3 processing times;

4 (2) identify sources of delay that may hinder
5 the timely consummation of proposals that meet the
6 relevant statutory factors;

7 (3) consider the benefits and risks of utilizing
8 different merger review approaches and procedures
9 in compliance with the law;

10 (4) include an evaluation of the impact of such
11 merger review procedures and resulting approved
12 mergers on safety and soundness, financial stability,
13 competition, and the availability of financial prod-
14 ucts and services offered by insured depository insti-
15 tutions; and

16 (5) include specific recommendations to improve
17 the merger review process, including timeliness and
18 efficiency of application processing, consistent with
19 the Federal depository institution regulatory agen-
20 cy's statutory responsibilities.

21 (b) REPORT.—Each Inspector General described
22 under subsection (a) shall, at the conclusion of each review
23 required under subsection (a), issue a report to the Com-
24 mittee on Financial Services of the House of Representa-
25 tives and the Committee on Banking, Housing, and Urban

1 Affairs of the Senate containing all findings and deter-
2 minations made in carrying out the review, and publish
3 such report online.

4 (c) AGENCY RESPONSE.—In response to each report
5 issued under subsection (a), the appropriate Federal de-
6 pository institution regulatory agency shall submit to the
7 Committee on Financial Services of the House of Rep-
8 resentatives and the Committee on Banking, Housing, and
9 Urban Affairs of the Senate and publish online a written
10 response, including a plan to implement the recommenda-
11 tions in the report, to the extent such implementation is
12 appropriate.

13 (d) DEFINITIONS.—In this section:

14 (1) APPLICATION.—The term “application”
15 means an application, notice, or other similar re-
16 quest for permission submitted to a Federal depository
17 institution regulatory agency.

18 (2) FEDERAL DEPOSITORY INSTITUTION REGU-
19 LATORY AGENCY.—The term “Federal depository in-
20 stitution regulatory agency” means the Board of
21 Governors of the Federal Reserve System, the
22 Comptroller of the Currency, the Federal Deposit
23 Insurance Corporation, and the National Credit
24 Union Administration Board.

1 (3) INSURED DEPOSITORY INSTITUTION.—The
2 term “insured depository institution”—

3 (A) has the meaning given that term in
4 section 3 of the Federal Deposit Insurance Act
5 (12 U.S.C. 1813); and

6 (B) means an insured credit union, as de-
7 fined in section 101 of the Federal Credit
8 Union Act (12 U.S.C. 1752).

9 (4) INSURED DEPOSITORY INSTITUTION MERG-
10 ER APPLICATION.—The term “insured depository in-
11 stitution merger application” means an application
12 with respect to the acquisition of an insured depository
13 institution, its equity interests, its assets, or its
14 deposits under—

15 (A) section 10(e) of the Home Owners’
16 Loan Act (12 U.S.C. 1467a(e));

17 (B) section 205(b) of the Federal Credit
18 Union Act (12 U.S.C. 1785(b));

19 (C) section 7(j) of the Federal Deposit In-
20 surance Act (12 U.S.C. 1817(j));

21 (D) section 18(c)(2) of the Federal De-
22 posit Insurance Act (12 U.S.C. 1828(c)(2));

23 (E) section 3 of the Bank Holding Com-
24 pany Act of 1956 (12 U.S.C. 1842); and

1 (F) section 4 of the Bank Holding Com-
2 pany Act of 1956 (12 U.S.C. 1843).

3 **SEC. 604. BANK FAILURE PREVENTION.**

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

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

9 “(A) IN GENERAL.—Upon receiving”;

10 (2) by striking “required” and inserting “ac-
11 quired”;

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

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

19 “(B) COMPLETE RECORD ON AN APPLICA-
20 TION.—

21 “(i) NOTICE TO APPLICANT.—Not later
22 than 30 days after the date on which the Board
23 receives an application for approval under this
24 section, the Board shall transmit to the appli-
25 cant a letter that either—

1 “(I) confirms the record on the appli-
2 cation is complete; or

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

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

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

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

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

23 “(iv) TREATMENT OF THIRD-PARTY INFOR-
24 MATION.—In determining whether the record on
25 an application is complete, the Board may take

1 into account only information provided by the
2 applicant, and may not base the determination
3 of completeness on any information (including
4 reports, views, or recommendations) provided by
5 third parties.

6 “(C) DEADLINE FOR DETERMINATION.—

7 “(i) IN GENERAL.—Notwithstanding sub-
8 paragraphs (A) and (B), the Board shall grant
9 or deny an application submitted under this
10 section not later than 120 days after the date
11 on which the application was initially submitted
12 to the Board, regardless of whether the record
13 on such initial application was complete.

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

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

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

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

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

10 (3) by inserting after paragraph (6) the fol-
11 lowing:

12 “(7) COMPLETE RECORD ON AN APPLICA-
13 TION.—

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

19 “(i) confirms the record on the appli-
20 cation is complete; or

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

24 “(B) EXTENSION OF NOTICE.—Notwith-
25 standing subparagraph (A), the Board may, if

1 an application is complex, extend the 30-day pe-
2 riod described under subparagraph (A) for an
3 additional 30 days.

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

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

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

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

24 “(8) DEADLINE FOR DETERMINATION.—

1 “(A) IN GENERAL.—Notwithstanding any
2 other provision of this subsection, the Board
3 shall grant or deny an application submitted
4 under this subsection not later than 120 days
5 after the date on which the application was ini-
6 tially submitted to the Board, regardless of
7 whether the record on such initial application
8 was complete.

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

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

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

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

24 “(A) NOTICE TO APPLICANT.—Not later than
25 30 days after the date on which the responsible

1 agency receives a merger application for approval
2 under this subsection, the responsible agency shall
3 transmit to the applicant a letter that either—

4 “(i) confirms the record on the application
5 is complete; or

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

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

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

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

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

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

9 “(15) DEADLINE FOR DETERMINATION.—

10 “(A) IN GENERAL.—Notwithstanding any other
11 provision of this subsection, the responsible agency
12 shall grant or deny a merger application submitted
13 under this subsection not later than 120 days after
14 the date on which the application was initially sub-
15 mitted to the responsible agency, regardless of
16 whether the record on such initial application was
17 complete.

18 “(B) FAILURE TO MAKE A DETERMINATION.—
19 If the responsible agency does not grant or deny an
20 application within the time period described under
21 subparagraph (A), such application shall be deemed
22 to have been granted.

23 “(C) TOLLING OF PERIOD.—The responsible
24 agency may at any time extend the deadline de-
25 scribed under subparagraph (A) at the request of

1 the applicant, but may not extend the deadline more
2 than 30 days past the deadline described under sub-
3 paragraph (A).”.

4 **TITLE VII—STRENGTHENING**
5 **TRANSPARENCY AND IN-**
6 **VOLVEMENT IN BANK RESO-**
7 **LUTIONS**

8 **SEC. 701. LEAST COST EXCEPTION.**

9 (a) IN GENERAL.—Section 13(c)(4) of the Federal
10 Deposit Insurance Act (12 U.S.C. 1823(c)(4)) is amend-
11 ed—

12 (1) in subparagraph (A)(ii), by inserting “ex-
13 cept as provided in subparagraph (I),” before “the
14 total amount”;

15 (2) in subparagraph (E)(i), by inserting “and
16 except as provided in subparagraph (I),” after “ap-
17 propriate,”; and

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

19 “(I) LEAST COST RESOLUTION EXCEPTION.—

20 “(i) IN GENERAL.—With respect to an ex-
21 ercise of authority by the Corporation described
22 in subparagraph (A), the Corporation may, at
23 the discretion of the Corporation, select an al-
24 ternative method of exercising such authority

1 that is not the least costly to the Deposit Insur-
2 ance Fund, if—

3 “(I) the Corporation determines that
4 the selected alternative complies with the
5 requirements of clause (iii); and

6 “(II) the Corporation and the Board
7 of Governors of the Federal Reserve Sys-
8 tem, after consultation with the Secretary
9 of the Treasury, determine that the poten-
10 tial additional risks to the Deposit Insur-
11 ance Fund of the selected alternative are
12 outweighed by the reasonably expected
13 benefits of limiting further concentration
14 of the United States banking system in
15 global systemically important banking or-
16 ganizations.

17 “(ii) MAXIMUM COST TO THE DEPOSIT IN-
18 SURANCE FUND.—Not later than 1 year after
19 the date of enactment of this subparagraph, the
20 Corporation, by rule, shall establish criteria for
21 determining on a case-by-case basis the max-
22 imum allowable cost against the net worth of
23 the Deposit Insurance Fund that may be uti-
24 lized to account for any determination under
25 clause (i).

1 “(iii) REQUIREMENTS DESCRIBED.—The
2 requirements for the selected alternative de-
3 scribed in clause (i) are as follows:

4 “(I) The selected alternative is least
5 costly to the Deposit Insurance Fund of all
6 alternatives that do not involve a trans-
7 action with a global systemically important
8 banking organization and that do not ex-
9 ceed the cost of liquidating the insured de-
10 pository institution.

11 “(II) The difference between the cost
12 of the selected alternative and the cost of
13 a covered alternative is less than or equal
14 to the maximum cost to the Deposit Insur-
15 ance Fund specified pursuant to the rule
16 adopted under clause (ii).

17 “(III) In the case of a selected alter-
18 native that involves another person pur-
19 chasing assets of the insured depository in-
20 stitution or assuming deposit liabilities of
21 the insured depository institution, such
22 person agrees to pay an assessment to the
23 Corporation comprised of payments—

24 “(aa) made over a period to be
25 determined by the Corporation, but

1 which may not be less than 5 years;
2 and

3 “(bb) in an amount that takes
4 into account, on a case-by-case basis,
5 criteria the Corporation, by rule, shall
6 establish, including a realistic dis-
7 count rate, the aggregate amount
8 equal to the difference calculated in
9 subclause (II), and any bid incon-
10 sistent with the purposes of this Act,
11 with such rule to be established by the
12 Corporation not later than 1 year
13 after the date of enactment of this
14 subparagraph.

15 “(iv) REPORT TO CONGRESS.—Not later
16 than 30 days after selecting an alternative de-
17 scribed in clause (i), the Corporation shall issue
18 a report to the Committee on Financial Services
19 of the House of Representatives and the Com-
20 mittee on Banking, Housing, and Urban Affairs
21 of the Senate containing an analysis of the eco-
22 nomic difference between the cost to the De-
23 posit Insurance Fund of the selected alternative
24 and the cost to the Deposit Insurance Fund of
25 the least costly alternative that would have been

1 selected absent the application of this subpara-
2 graph.

3 “(v) COST DETERMINATIONS.—All cost de-
4 terminations required under this subparagraph
5 shall be made in accordance with subpara-
6 graphs (B) and (C).

7 “(vi) DEFINITIONS.—In this subpara-
8 graph:

9 “(I) COVERED ALTERNATIVE.—The
10 term ‘covered alternative’ means a method
11 of exercising authority described in sub-
12 paragraph (A) that is the least costly to
13 the Deposit Insurance Fund of all such
14 methods that involve a sale of all or sub-
15 stantially all assets of the insured deposi-
16 tory institution to, and assumption of all
17 or substantially all deposit liabilities of the
18 insured depository institution by, a global
19 systemically important banking organiza-
20 tion.

21 “(II) GLOBAL SYSTEMICALLY IMPOR-
22 TANT BANKING ORGANIZATION.—The term
23 ‘global systemically important banking or-
24 ganization’ means a global systemically im-
25 portant BHC (as such term is defined in

1 section 217.402 of title 12, Code of Fed-
2 eral Regulations, or any successor thereto)
3 and any affiliate thereof.”.

4 (b) **RULE OF CONSTRUCTION.**—Section 13(c)(4)(H)
5 of the Federal Deposit Insurance Act (12 U.S.C.
6 1823(c)(4)(H)) does not apply to the amendments made
7 by subsection (a).

8 **SEC. 702. ENHANCING BANK RESOLUTION PARTICIPATION.**

9 (a) **STUDY.**—The Comptroller of the Currency, the
10 Federal Deposit Insurance Corporation, and the Board of
11 the Governors of the Federal Reserve System shall, jointly,
12 carry out a study of—

13 (1) the use by the Comptroller of the Currency
14 of shelf charters, including all conditional or prelimi-
15 nary shelf charter approvals granted between Janu-
16 ary 1, 2008, and the date of enactment of this Act;

17 (2) the use by the Federal Deposit Insurance
18 Corporation of the modified bidder qualification
19 process;

20 (3) the application of the Bank Holding Com-
21 pany Act of 1956 (12 U.S.C. 1841 et seq.) and sec-
22 tion 10 of the Home Owners’ Loan Act (12 U.S.C.
23 1467a) to shelf charter proposals;

24 (4) whether shelf charters and modified bidder
25 qualification processes were considered or used in

1 connection with the receivership of any insured de-
2 pository institution for which the Federal Deposit
3 Insurance Corporation was appointed receiver in
4 2023;

5 (5) with respect to such receiverships, the ex-
6 tent to which greater use of shelf charters and modi-
7 fied bidder qualification processes could have—

8 (A) expanded the pool of participants in
9 the acquisition of the assets or liabilities of such
10 failed insured depository institutions;

11 (B) resulted in greater competition and di-
12 versity in market outcomes;

13 (C) protected the Deposit Insurance Fund;
14 or

15 (D) strengthened financial stability and re-
16 duced the need for any emergency determina-
17 tion by the Secretary of the Treasury under
18 section 13(c)(4)(G) of the Federal Deposit In-
19 surance Act (12 U.S.C. 1823(c)(4)(G)) with re-
20 spect to any such receivership;

21 (6) the impact of the use of shelf charters and
22 modified bidder qualification processes since Janu-
23 ary 1, 2008, including on financial stability, the
24 safety and soundness of affected insured depository
25 institutions, and the availability of financial products

1 and services provided to consumers by such institu-
2 tions; and

3 (7) any benefits and risks of private equity
4 ownership of banks through the use of shelf charters
5 and modified bidder qualification processes.

6 (b) REPORT.—Not later than 1 year after the date
7 of enactment of this Act, the Comptroller of the Currency,
8 the Federal Deposit Insurance Corporation, and the
9 Board of the Governors of the Federal Reserve System
10 shall, jointly, submit a report to the Committee on Finan-
11 cial Services of the House of Representatives and the
12 Committee on Banking, Housing, and Urban Affairs of
13 the Senate containing—

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

17 (2) an identification of statutory or regulatory
18 barriers to the use and effectiveness of shelf charters
19 and modified bidder qualification processes in the
20 resolution of failed insured depository institutions,
21 including recommendations for legislative and regu-
22 latory changes.

23 (c) DEFINITIONS.—In this section:

24 (1) INSURED DEPOSITORY INSTITUTION.—The
25 term “insured depository institution” has the mean-

1 ing given the term in section 3 of the Federal De-
2 posit Insurance Act (12 U.S.C. 1813).

3 (2) MODIFIED BIDDER QUALIFICATION PROC-
4 ESS.—The term “modified bidder qualification proc-
5 ess” has the meaning given such term in the press
6 release of the Federal Deposit Insurance Corpora-
7 tion titled “FDIC Expands Bidder List for Troubled
8 Institutions Plan Allows Those Without a Bank
9 Charter to Participate in the Process” published No-
10 vember 26, 2008.

11 (3) SHELF CHARTER.—The term “shelf char-
12 ter” has the meaning given such term in the report
13 issued by the Comptroller of the Currency titled
14 “Activities Permissible for National Banks and Fed-
15 eral Savings Associations, Cumulative” published
16 October 2017.

17 **SEC. 703. FAILING BANK ACQUISITION FAIRNESS.**

18 (a) CONCENTRATION LIMIT EXCEPTIONS ONLY
19 AVAILABLE TO AVOID SERIOUS ADVERSE ECONOMIC OR
20 FINANCIAL EFFECTS.—

21 (1) CONCENTRATION LIMITS WITH RESPECT TO
22 DEPOSITS.—

23 (A) FEDERAL DEPOSIT INSURANCE ACT.—
24 The Federal Deposit Insurance Act (12 U.S.C.
25 1811 et seq.) is amended—

1 (i) in section 18(c)(13)—

2 (I) by amending subparagraph

3 (B) to read as follows:

4 “(B) Subparagraph (A) shall not apply to an inter-
5 state merger transaction if—

6 “(i) such interstate merger transaction involves
7 1 or more insured depository institutions in default
8 or in danger of default and the responsible agency
9 determines, based on clear and convincing evidence,
10 that consummation of the proposed interstate merg-
11 er transaction is necessary to prevent significant
12 economic disruption or significant adverse effects on
13 financial stability, and the Corporation has not re-
14 ceived any qualified bid from a company that is not
15 subject to the prohibition in subparagraph (A); or

16 “(ii) the Corporation provides assistance under
17 section 13 to facilitate such interstate merger trans-
18 action and the responsible agency determines, based
19 on clear and convincing evidence, that consummation
20 of the proposed interstate merger transaction is nec-
21 essary to prevent significant economic disruption or
22 significant adverse effects on financial stability, and
23 the Corporation has not received any qualified bid
24 from a company that is not subject to the prohibi-
25 tion in subparagraph (A).”; and

- 1 (II) in subparagraph (C)—
- 2 (aa) in clause (i), by striking
- 3 “and” at the end;
- 4 (bb) in clause (ii), by strik-
- 5 ing the period at the end and in-
- 6 serting a semicolon; and
- 7 (cc) by adding at the end
- 8 the following:
- 9 “(iii) the term ‘qualified bid’ means an applica-
- 10 tion, proposed application, or bid from a company
- 11 where—
- 12 “(I) if applicable, the company, any affil-
- 13 iate insured depository institution, and any af-
- 14 filiate depository institution holding company
- 15 are well capitalized and well managed, as of the
- 16 date of the application, proposed application, or
- 17 bid; and
- 18 “(II) upon consummation of the trans-
- 19 action, the resulting insured depository institu-
- 20 tion is well capitalized;
- 21 “(iv) the term ‘well capitalized’—
- 22 “(I) with respect to an insured depository
- 23 institution, has the meaning given such term in
- 24 section 38(b) (12 U.S.C. 1831o(b));

1 “(II) with respect to a bank holding com-
2 pany, has the meaning given such term in sec-
3 tion 2(o)(1)(B) of the Bank Holding Company
4 Act of 1956 (12 U.S.C. 1841(o)(1)(B));

5 “(III) with respect to a savings and loan
6 holding company, has the meaning given such
7 term in section 238.2 of title 12, Code of Fed-
8 eral Regulations; and

9 “(IV) with respect to a company that is
10 not an insured depository institution, bank
11 holding company, or savings and loan holding
12 company, means maintaining equity capital that
13 the Corporation determines is commensurate
14 with the capital maintained by an insured de-
15 pository institution that is well capitalized; and

16 “(v) the term ‘well managed’ has the meaning
17 given such term in section 2(o)(9) of the Bank
18 Holding Company Act of 1956 (12 U.S.C.
19 1841(o)(9)).”; and

20 (ii) in section 44, by amending sub-
21 section (e) to read as follows:

22 “(e) EXCEPTION FOR BANKS IN DEFAULT OR IN
23 DANGER OF DEFAULT.—

24 “(1) GENERAL EXCEPTION.—The responsible
25 agency may, without regard to paragraph (1), (3),

1 (4), or (5) of subsection (b) or paragraph (2), (4),
2 or (5) of subsection (a), approve an application
3 under subsection (a)(1) for approval of a merger
4 transaction if—

5 “(A) the merger transaction involves 1 or
6 more banks in default or in danger of default;
7 or

8 “(B) the Corporation provides assistance
9 under section 13(c) to facilitate such merger
10 transaction.

11 “(2) CONCENTRATION LIMIT EXCEPTION.—The
12 responsible agency may, without regard to sub-
13 section (b)(2), approve an application under sub-
14 section (a)(1) for approval of a merger transaction
15 if—

16 “(A) the merger transaction involves 1 or
17 more banks in default or in danger of default
18 and the responsible agency determines, based
19 on clear and convincing evidence, that con-
20 summation of the proposed interstate merger
21 transaction is necessary to prevent significant
22 economic disruption or significant adverse ef-
23 fects on financial stability, and the Corporation
24 has not received any qualified bid from another

1 institution that is not subject to the prohibition
2 in subsection (b)(2); or

3 “(B) the Corporation provides assistance
4 under section 13(c) to facilitate such merger
5 transaction and the responsible agency deter-
6 mines, based on clear and convincing evidence,
7 that consummation of the proposed interstate
8 merger transaction is necessary to prevent sig-
9 nificant economic disruption or significant ad-
10 verse effects on financial stability, and the Cor-
11 poration has not received any qualified bid from
12 another institution that is not subject to the
13 prohibition in subsection (b)(2).

14 “(3) QUALIFIED BID DEFINED.—In this sub-
15 section, the term ‘qualified bid’ has the meaning
16 given that term in section 18(c)(13)(C).”.

17 (B) BANK HOLDING COMPANY ACT OF
18 1956.—The Bank Holding Company Act of
19 1956 (12 U.S.C. 1841 et seq.) is amended—

20 (i) in section 3(d), by amending para-
21 graph (5) to read as follows:

22 “(5) EXCEPTION FOR BANKS IN DEFAULT OR
23 IN DANGER OF DEFAULT.—

24 “(A) GENERAL EXCEPTION.—The Board
25 may, without regard to subparagraph (B) or

1 (D) of paragraph (1) or paragraph (3), approve
2 an application pursuant to paragraph (1)(A)
3 if—

4 “(i) the application is for an acquisi-
5 tion of 1 or more banks in default or in
6 danger of default; or

7 “(ii) the application is for an acquisi-
8 tion with respect to which assistance is
9 provided under section 13(c) of the Fed-
10 eral Deposit Insurance Act.

11 “(B) CONCENTRATION LIMIT EXCEP-
12 TION.—The Board may, without regard to
13 paragraph (2), approve an application pursuant
14 to paragraph (1)(A) if—

15 “(i) the application is for the acquisi-
16 tion of 1 or more banks in default or in
17 danger of default and the Board deter-
18 mines, based on clear and convincing evi-
19 dence, that consummation of the proposed
20 acquisition is necessary to prevent signifi-
21 cant economic disruption or significant ad-
22 verse effects on financial stability, and the
23 Corporation has not received any qualified
24 bid from another institution that is not

1 subject to the prohibition in paragraph (2);

2 or

3 “(ii) the application is for an acquisi-
4 tion with respect to which assistance is
5 provided under section 13(c) of the Fed-
6 eral Deposit Insurance Act and the Board
7 determines, based on clear and convincing
8 evidence, that consummation of the pro-
9 posed acquisition is necessary to prevent
10 significant economic disruption or signifi-
11 cant adverse effects on financial stability,
12 and the Corporation has not received any
13 qualified bid from another institution that
14 is not subject to the prohibition in para-
15 graph (2).

16 “(C) QUALIFIED BID DEFINED.—In this
17 paragraph, the term ‘qualified bid’ has the
18 meaning given that term in section
19 18(c)(13)(C) of the Federal Deposit Insurance
20 Act.”; and

21 (ii) in section 4(i)(8), by amending
22 subparagraph (B) to read as follows:

23 “(B) EXCEPTION.—Subparagraph (A)
24 shall not apply to an acquisition if—

1 “(i) such acquisition involves an in-
2 sured depository institution in default or in
3 danger of default and the Board deter-
4 mines, based on clear and convincing evi-
5 dence, that consummation of the proposed
6 acquisition is necessary to prevent signifi-
7 cant economic disruption or significant ad-
8 verse effects on financial stability, and the
9 Corporation has not received any qualified
10 bid (as defined in section 18(c)(13)(C) of
11 the Federal Deposit Insurance Act) from
12 another institution that is not subject to
13 the prohibition in paragraph (2); or

14 “(ii) the Federal Deposit Insurance
15 Corporation provides assistance under sec-
16 tion 13 of the Federal Deposit Insurance
17 Act to facilitate such acquisition and the
18 Board determines, based on clear and con-
19 vincing evidence, that consummation of the
20 proposed acquisition is necessary to pre-
21 vent significant economic disruption or sig-
22 nificant adverse effects on financial sta-
23 bility, and the Corporation has not received
24 any qualified bid (as defined in section
25 18(c)(13)(C) of the Federal Deposit Insur-

1 ance Act) from another institution that is
2 not subject to the prohibition in paragraph
3 (2).”.

4 (2) CONCENTRATION LIMIT WITH RESPECT TO
5 CONSOLIDATED LIABILITIES.—Section 14(c) of the
6 Bank Holding Company Act of 1956 (12 U.S.C.
7 1852(e)) is amended—

8 (A) by redesignating paragraphs (1), (2),
9 and (3) as subparagraphs (A), (B), and (C), re-
10 spectively;

11 (B) by striking “With the” and inserting
12 the following:

13 “(1) IN GENERAL.—With the”; and

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

15 “(2) LIMITATION.—The Board may provide
16 written consent for an acquisition described in para-
17 graph (1)(A) or in paragraph (1)(B) only if the
18 Board determines, based on clear and convincing
19 evidence, that consummation of the proposed acqui-
20 sition is necessary to prevent significant economic
21 disruption or significant adverse effects on financial
22 stability, and the Corporation has not received any
23 qualified bid (as defined in section 18(c)(13)(C) of
24 the Federal Deposit Insurance Act) from another in-

1 stitution that is not subject to the prohibition in
2 subsection (b).”.

3 (b) CONGRESSIONAL NOTIFICATION AND JUSTIFICA-
4 TION FOR WAIVERS.—

5 (1) IN GENERAL.—Whenever the Board of Gov-
6 ernors of the Federal Reserve System, the Comp-
7 troller of the Currency, or the Federal Deposit In-
8 surance Corporation waives a concentration limit
9 under section 18(c)(13)(B) or section 44(e) of the
10 Federal Deposit Insurance Act or under section
11 3(d)(5), section 4(i)(8)(B), or section 14(c)(2) of the
12 Bank Holding Company Act of 1956, in connection
13 with the acquisition of a bank or insured depository
14 institution in default or in danger of default, or in
15 connection with an acquisition with respect to which
16 the Federal Deposit Insurance Corporation provides
17 assistance under section 13 of the Federal Deposit
18 Insurance Act, the waiving agency and the Federal
19 Deposit Insurance Corporation, jointly, shall, not
20 later than 30 days after such waiver, submit a writ-
21 ten report to the Committee on Financial Services of
22 the House of Representatives and the Committee on
23 Banking, Housing, and Urban Affairs in the Senate
24 containing—

1 (A) a justification for the waiver, including
2 an analysis of why it was necessary to prevent
3 significant economic disruption or significant
4 adverse effects on financial stability;

5 (B) a description of alternative bids or out-
6 comes considered, including efforts to solicit
7 and encourage bids from entities that would not
8 require a waiver;

9 (C) an explanation of why alternative bids
10 were not selected, if applicable; and

11 (D) any recommendations for legislative or
12 regulatory changes to improve competition in
13 future insured depository institution resolu-
14 tions.

15 (2) PUBLIC DISCLOSURE.—The waiving agency
16 submitting a report under paragraph (1) and the
17 Federal Deposit Insurance Corporation shall make
18 the report publicly available on their respective
19 websites, subject to redactions for confidential super-
20 visory information and any other information de-
21 scribed under section 552(b) of title 5, United
22 States Code.

23 (c) LIMITATION ON CONSIDERING BAD FAITH BIDS
24 IN LEAST COST DETERMINATION.—Section 13(c)(4) of
25 the Federal Deposit Insurance Act (12 U.S.C.

1 1823(c)(4)), as amended by section 701(a)(3), is further
2 amended by adding at the end the following:

3 “(J) LIMITATION ON CONSIDERING BAD
4 FAITH BIDS.—In making a determination under
5 this paragraph of whether an exercise of au-
6 thority is the least costly to the Deposit Insur-
7 ance Fund, the Corporation may not consider
8 any application, proposed application, or bid
9 from a company, if such application, proposed
10 application, or bid would result in violation of—

11 “(i) section 18(c)(13) or 44(b)(2); or

12 “(ii) section 3(d)(2), 4(i)(8), or 14 of
13 the Bank Holding Company Act of 1956.”.

14 **SEC. 704. SYSTEMIC RISK AUTHORITY TRANSPARENCY.**

15 (a) GAO REVIEW.—Section 13(c)(4)(G)(iv) of the
16 Federal Deposit Insurance Act (12 U.S.C.
17 1823(c)(4)(G)(iv)) is amended to read as follows:

18 “(iv) GAO REVIEW.—

19 “(I) IN GENERAL.—The Comp-
20 troller General of the United States
21 shall, not later than 60 days after a
22 determination is made under clause
23 (i), and again 180 days thereafter, re-
24 view and report to the Congress on

1 the determination under clause (i), in-
2 cluding—

3 “(aa) the basis for the deter-
4 mination;

5 “(bb) the purpose for which
6 any action was taken pursuant to
7 such clause;

8 “(cc) the likely effect of the
9 determination and such action on
10 the incentives and conduct of in-
11 sured depository institutions and
12 uninsured depositors;

13 “(dd) any mismanagement
14 by the executives and board of
15 the insured depository institution
16 that contributed to the failure of
17 the insured depository institu-
18 tion;

19 “(ee) a review of the com-
20 pensation practices of the insured
21 depository institution;

22 “(ff) any supervisory or reg-
23 ulatory shortcomings with respect
24 to the appropriate Federal bank-

1 ing agency of the insured deposi-
2 tory institution;

3 “(gg) any actions taken by
4 the Federal banking regulators,
5 Financial Stability Oversight
6 Council, Department of the
7 Treasury, and other relevant fi-
8 nancial regulators in relation to
9 the failure of the insured deposi-
10 tory institution; and

11 “(hh) any additional rel-
12 evant entities or activities that
13 may have contributed to the fail-
14 ure of the insured depository in-
15 stitution, including with respect
16 to auditing, accounting, credit
17 rating agencies, investment bank
18 underwriters, and emergency li-
19 quidity options such as loans
20 from the Federal reserve banks
21 or advances through the Federal
22 Home Loan Bank system.

23 “(II) RULE OF CONSTRUC-
24 TION.—Nothing in this clause or a re-
25 port issued pursuant to this clause

1 may be construed to limit the author-
2 ity of a Federal agency to enforce vio-
3 lations of Federal statutes, rules, or
4 orders.”.

5 (b) APPROPRIATE FEDERAL BANKING AGENCY RE-
6 PORT.—Section 13(c) of the Federal Deposit Insurance
7 Act (12 U.S.C. 1823(c)) is amended by adding at the end
8 the following:

9 “(12) APPROPRIATE FEDERAL BANKING AGEN-
10 CY REPORT.—

11 “(A) IN GENERAL.—The appropriate Fed-
12 eral banking agency of an insured depository
13 institution about which a determination is made
14 under paragraph (4)(G)(i) shall, not later than
15 90 days after the date of such determination,
16 and again 210 days thereafter, submit a report
17 to the Congress that discloses the following:

18 “(i) Subject to such redactions as the
19 appropriate Federal banking agency deter-
20 mines appropriate to protect personally
21 identifiable information about customers
22 and other financial institutions (as such
23 term is defined under section 11(e)(9)(D)),
24 all—

1 “(I) reports of examination and
2 inspection that relate to the failed in-
3 sured depository institution in the
4 previous 3-year period;

5 “(II) formal communications of a
6 material supervisory determination
7 conveyed to the failed insured depository
8 institution in the previous 3-year
9 period; and

10 “(III) any additional exam re-
11 ports and correspondence that the ap-
12 propriate Federal banking agency de-
13 termines may be relevant to the fail-
14 ure of the insured depository institu-
15 tion.

16 “(ii) An examination of any mis-
17 management by the executives and board
18 of the insured depository institution that
19 contributed to the failure of the insured
20 depository institution.

21 “(iii) Any supervisory or regulatory
22 shortcomings by such appropriate Federal
23 banking agency with respect to the insured
24 depository institution.

1 “(iv) Any dynamics that the appro-
2 priate Federal banking agency determines
3 may have contributed to the failure of the
4 insured depository institution.

5 “(v) Any supervisory, regulatory, or
6 legislative recommendations such appro-
7 priate Federal banking agency may have to
8 improve the safety and soundness of simi-
9 larly situated insured depository institu-
10 tions, the banking system, and financial
11 stability.

12 “(B) PROTECTION OF SENSITIVE INFOR-
13 MATION.—

14 “(i) EFFECT ON PRIVILEGE.—The
15 provision of any information by a Federal
16 banking agency under this paragraph may
17 not be construed as—

18 “(I) waiving, destroying, or oth-
19 erwise affecting any privilege applica-
20 ble to the information; or

21 “(II) waiving any exemption ap-
22 plicable to the information under sec-
23 tion 552 of title 5, United States
24 Code (commonly known as the ‘Free-
25 dom of Information Act’).

1 “(ii) TRANSPARENCY.—

2 “(I) IN GENERAL.—A Federal
3 banking agency shall publish mate-
4 rials contained in a report required
5 under subparagraph (A) to the fullest
6 extent possible to promote trans-
7 parency.

8 “(II) CONSULTATION ON OMIT-
9 TING MATERIALS.—If a Federal bank-
10 ing agency determines particular ma-
11 terials described under subclause (I)
12 should not be published, the Federal
13 banking agency shall consult with the
14 Chair and Ranking Member of the
15 Committee on Financial Services of
16 the House of Representatives and the
17 Chair and Ranking Member of the
18 Committee on Banking, Housing, and
19 Urban Affairs of the Senate.

20 “(III) OMITTING MATERIALS.—
21 If, after the consultation required
22 under subclause (II), the Federal
23 banking agency determines there is a
24 substantial public interest in not pub-
25 lishing such materials, the Federal

1 banking agency shall provide those
2 materials to the Committee on Finan-
3 cial Services of the House of Rep-
4 resentatives and the Committee on
5 Banking, Housing, and Urban Affairs
6 of the Senate with a written expla-
7 nation describing the reasons for not
8 publishing those materials.

9 “(iii) PRIVILEGE.—For purposes of
10 this subparagraph, the term ‘privilege’ in-
11 cludes any work-product, attorney-client,
12 or other privilege recognized under Federal
13 or State law.

14 “(C) REPORT EXTENSION.—A Federal
15 banking agency may extend a deadline de-
16 scribed under subparagraph (A) for an addi-
17 tional 60 days, if the Federal banking agency—

18 “(i) faces ongoing circumstances that
19 require the Federal banking agency to
20 prioritize activities to promote stability of
21 the U.S. banking system; and

22 “(ii) notifies the Congress of such ex-
23 tension and the reasons for such extension.

24 “(D) CONSOLIDATED REPORTS.—A Fed-
25 eral banking agency may consolidate multiple

1 reports required under this paragraph so long
2 as the individual reports being consolidated all
3 meet the timing requirements under this para-
4 graph.

5 “(E) RULE OF CONSTRUCTION.—Nothing
6 in this paragraph or reports or materials pro-
7 vided pursuant to this paragraph may be con-
8 strued to limit the authority of a Federal agen-
9 cy to enforce violations of Federal statutes,
10 rules, or orders.”.

11 **TITLE VIII—FACILITATING INNO-**
12 **VATION AND BANK PARTNER-**
13 **SHIPS**

14 **SEC. 801. MERCHANT BANKING MODERNIZATION.**

15 Section 4(k)(7)(A) of the Bank Holding Company
16 Act of 1956 (12 U.S.C. 1843(k)(7)(A)) is amended by in-
17 serting “Under such regulations, the period of time gen-
18 erally permitted for holding merchant banking invest-
19 ments shall not be less than 15 years. For any merchant
20 banking investment held on the date of enactment of the
21 Merchant Banking Modernization Act, the holding period
22 of time permitted shall not be less than 15 years from
23 the initial date of the investment.” after the period at the
24 end.

1 **SEC. 802. BANK-FINTECH PARTNERSHIP ENHANCEMENT.**

2 (a) STUDY ON BANK-FINTECH PARTNERSHIPS.—

3 (1) STUDY.—The Board of Governors of the
4 Federal Reserve System, the Comptroller of the Cur-
5 rency, and the Federal Deposit Insurance Corpora-
6 tion shall carry out a study of—

7 (A) the impact of partnerships between
8 banking organizations, on the one hand, and fi-
9 nancial technology companies, on the other
10 hand, on the banking sector, competition, inno-
11 vation, consumer protection, and the availability
12 of financial products and services, including the
13 extent to which these partnerships support the
14 formation of new banking organizations, reduce
15 time to market for products and services, lower
16 compliance burdens, boost customer acquisition,
17 improve technological capabilities, and provide
18 access to more diverse funding sources; and

19 (B) what changes to Federal laws gov-
20 erning banking organizations, or to rules or
21 guidance adopted by the Board of Governors of
22 the Federal Reserve System, the Comptroller of
23 the Currency, or the Federal Deposit Insurance
24 Corporation, may help promote effective part-
25 nerships between banking organizations, on the

1 one hand, and financial technology companies,
2 on the other hand.

3 (2) REPORT.—Not later than 1 year after the
4 date of enactment of this Act, the Board of Gov-
5 ernors of the Federal Reserve System, the Comp-
6 troller of the Currency, and the Federal Deposit In-
7 surance Corporation shall issue a report to the Com-
8 mittee on Financial Services of the House of Rep-
9 resentatives and the Committee on Banking, Hous-
10 ing, and Urban Affairs of the Senate containing all
11 findings and determinations made in carrying out
12 the study required under paragraph (1).

13 (3) BANKING ORGANIZATION DEFINED.—In this
14 subsection, the term “banking organization” means
15 a depository institution holding company or an in-
16 sured depository institution, as such terms are de-
17 fined, respectively, under section 3 of the Federal
18 Deposit Insurance Act (12 U.S.C. 1813).

19 (b) STUDY ON CREDIT UNION-FINTECH PARTNER-
20 SHIPS.—

21 (1) STUDY.—The National Credit Union Ad-
22 ministration shall carry out a study of—

23 (A) the impact of partnerships between
24 credit unions, on the one hand, and financial
25 technology companies, on the other hand, on

1 the credit union sector, competition, innovation,
2 consumer protection, and the availability of fi-
3 nancial products and services, including the ex-
4 tent to which these partnerships support the
5 formation of new credit unions, reduce time to
6 market for products and services, lower compli-
7 ance burdens, boost customer acquisition, im-
8 prove technological capabilities, and provide ac-
9 cess to more diverse funding sources; and

10 (B) what changes to Federal laws gov-
11 erning credit unions, or to rules or guidance
12 adopted by the National Credit Union Adminis-
13 tration, may help promote effective partnerships
14 between credit unions, on the one hand, and fi-
15 nancial technology companies, on the other
16 hand.

17 (2) REPORT.—Not later than 1 year after the
18 date of enactment of this Act, the National Credit
19 Union Administration shall issue a report to the
20 Committee on Financial Services of the House of
21 Representatives and the Committee on Banking,
22 Housing, and Urban Affairs of the Senate con-
23 taining all findings and determinations made in car-
24 rying out the study required under paragraph (1).

