

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 9331
OFFERED BY MRS. KIM OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Strengthening Trans-
3 action Oversight and Preventing Payments Fraud Act of
4 2026” or the “STOP Payments Fraud Act of 2026”.

5 SEC. 2. PARITY OF AVAILABILITY FOR CERTAIN CHECKS.

6 (a) IN GENERAL.—Section 603 of the Expedited
7 Funds Availability Act (12 U.S.C. 4002) is amended—

8 (1) in subsection (d)—

9 (A) by striking “shall” and inserting
10 “may”; and

11 (B) by striking “to as short a time as pos-
12 sible and equal”; and

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

14 “(g) PARITY OF AVAILABILITY FOR CERTAIN
15 CHECKS DURING TIMES OF MATERIAL FRAUD LOSSES.—

16 “(1) DETERMINATION.—

17 “(A) Before the date that is six months
18 from the date of enactment of the Strength-

1 ening Transaction Oversight and Preventing
2 Payments Fraud Act of 2026, the Board, joint-
3 ly with the Director of the Bureau of Consumer
4 Financial Protection, shall determine, with re-
5 spect to each class of checks described in para-
6 graph (5), whether the provisions of paragraph
7 (3) should apply to that class of checks.

8 “(B) After the date that is six months
9 from the date of enactment of the Strengthen-
10 ing Transaction Oversight and Preventing
11 Payments Fraud Act of 2026, the Board, joint-
12 ly with the Director of the Bureau of Consumer
13 Financial Protection, may determine, with re-
14 spect to a class of checks described in para-
15 graph (5), that the provisions of paragraph (3)
16 should apply to that class of checks.

17 “(2) When making a determination under para-
18 graph (1), the Board and the Director of the Bureau
19 of Consumer Financial Protection shall consider—

20 “(A) whether the Treasury of the United
21 States or depository institutions, as applicable,
22 are experiencing material losses from fraud re-
23 lated to that class of checks; and

24 “(B) the impact that a determination
25 under paragraph (1) would have on persons

1 sending or receiving checks of such class of
2 checks.

3 “(3) If the Board, jointly with the Director of
4 the Bureau of Consumer Financial Protection,
5 makes an affirmative determination with respect to
6 a class of checks under paragraph (1), then—

7 “(A) notwithstanding subsection (a), funds
8 deposited in an account at a depository institu-
9 tion by checks of such class shall be available
10 to the same extent as funds shall be available
11 when deposited by check drawn on a local origi-
12 nating depository institution under subsection
13 (b)(1);

14 “(B) the Board, jointly with the Director
15 of the Bureau of Consumer Financial Protec-
16 tion, no later than 60 days after the date of the
17 determination, shall submit a report to the
18 Committee on Banking, Housing, and Urban
19 Affairs of the Senate and the Committee on Fi-
20 nancial Services of the House of Representa-
21 tives explaining the basis for such affirmative
22 determination.

23 “(4) In respect of each determination under
24 paragraph (1), the provisions of paragraph (3) are
25 effective for a time to be determined by the Board,

1 jointly with the Director of the Bureau of Consumer
2 Financial Protection. Such period may be no longer
3 than one year.

4 “(5) The classes of checks described in this
5 paragraph are the following:

6 “(A) The class of checks described in sub-
7 section (a)(2)(A).

8 “(B) The class of checks described in sub-
9 section (a)(2)(F).”.

10 **SEC. 3. EXCEPTION TO FUNDS AVAILABILITY REQUIRE-**
11 **MENTS IN THE CASE OF FRAUD.**

12 (a) IN GENERAL.—Section 604(c) of the Expedited
13 Funds Availability Act (12 U.S.C. 4003(c)) is amended—

14 (1) in paragraph (1)—

15 (A) in the heading of the paragraph, by
16 striking “IN GENERAL” and inserting “COL-
17 LECTABILITY”; and

18 (B) by inserting after “subsections (a)(2),
19 (b), (c), and (e) of section 603” the following:
20 “and paragraphs (1) and (3) of subsection (a)
21 of this section”;

22 (2) by redesignating paragraphs (2) through
23 (4) as paragraphs (3) through (5), respectively;

24 (3) by inserting after paragraph (1) the fol-
25 lowing:

1 “(2) FRAUD.—

2 “(A) REGULATIONS.—In accordance with
3 regulations which the Board, jointly with the
4 Director of the Bureau of Consumer Financial
5 Protection, shall prescribe, subsections (a)(2),
6 (b), (c), and (e) of section 603 and paragraphs
7 (1) and (3) of subsection (a) of this section
8 shall not apply with respect to any check depos-
9 ited in an account at a depository institution if
10 the receiving depository institution has reason-
11 able suspicion to believe that the check is false,
12 unauthorized, or otherwise involves fraud. For
13 purposes of the preceding sentence, reasonable
14 suspicion to believe that a check is false, unau-
15 thorized, or otherwise involves fraud requires
16 the existence of indicators that would lead a
17 reasonable person to suspect that the check in-
18 volves fraud. Such reasons shall be included in
19 the notice required under subsection (f).

20 “(B) DELAYED AVAILABILITY.—The regu-
21 lations issued pursuant to this paragraph shall
22 prescribe an initial hold (time period of delayed
23 funds availability), not to exceed 10 days, an
24 extended hold (time period of delayed funds
25 availability), not to exceed 45 days, to allow the

1 receiving depository institution to determine if
2 it has reasonable suspicion under subparagraph
3 (A). The regulations may prescribe different
4 initial and extended hold timelines based on the
5 dollar amount of the funds in question and
6 other relevant criteria. The regulations may
7 also include conditions a receiving depository in-
8 stitution must satisfy with respect to any hold
9 or delay of funds availability pursuant to this
10 paragraph.

11 “(C) ADDITIONAL NOTICE.—The regula-
12 tions issued pursuant to this paragraph may
13 provide for additional notifications to a payor,
14 a receiving depository institution, and a deposi-
15 tor beyond what is otherwise required pursuant
16 to subsection (f) to keep relevant persons in-
17 formed of the status of a hold.

18 “(D) RULE OF APPLICATION.—A receiving
19 depository institution that has reasonable sus-
20 picion to believe that a check is false, unauthor-
21 ized, or otherwise involves fraud, as described in
22 subparagraph (A), may also have reasonable
23 cause to believe that such check is uncollectible
24 from the originating depository institution, as
25 described in paragraph (1).”; and

1 (4) in paragraph (4), as so redesignated, by
2 striking “paragraph (1)” and inserting “paragraph
3 (1) or (2)”.

4 **SEC. 4. EXCEPTION TO FUNDS AVAILABILITY REQUIRE-**
5 **MENTS IN THE CASE OF CERTAIN ACCOUNTS**
6 **AND FRAUDULENT WIRE TRANSFERS.**

7 (a) IN GENERAL.—Section 604 of the Expedited
8 Funds Availability Act (12 U.S.C. 4003) is amended by
9 adding at the end the following:

10 “(g) APPLICATION OF CERTAIN EXCEPTIONS IN CIR-
11 CUMSTANCES WITH GREATER FRAUD RISK.—With re-
12 spect to an account established at a depository institution,
13 and without regard to whether the account was established
14 by a new depositor, upon the occurrence of circumstances
15 identified by rule by the Board, jointly with the Director
16 of the Bureau of Consumer Financial Protection, as asso-
17 ciated with greater fraud risk, the provisions of para-
18 graphs (1) through (3) of subsection (a) shall apply with
19 respect to any deposit in such account for a period of time
20 determined by rule by the Board, jointly with the Director
21 of the Bureau of Consumer Financial Protection, but not
22 to exceed 60 days for each such occurrence.

23 “(h) REASONABLE SUSPICION EXCEPTION FOR WIRE
24 TRANSFERS.—

1 “(1) IN GENERAL.—In accordance with regula-
2 tions which the Board, jointly with the Director of
3 the Bureau of Consumer Financial Protection, shall
4 prescribe, section 603(a)(1)(B) and subsection
5 (a)(1)(B) of this section shall not apply with respect
6 to funds received by a depository institution by wire
7 transfer if the receiving depository institution has
8 reasonable suspicion to believe that the wire transfer
9 is false, unauthorized, or otherwise involves fraud.
10 For purposes of the preceding sentence, reasonable
11 suspicion to believe that a wire transfer is false, un-
12 authorized, or otherwise involves fraud requires the
13 existence of indicators that would lead a reasonable
14 person to suspect that the wire transfer involves
15 fraud. Such reasons shall be included in the notice
16 required under subsection (f).

17 “(2) DELAYED AVAILABILITY.—The regulations
18 issued pursuant to this subsection shall prescribe an
19 initial hold (time period of delayed funds avail-
20 ability), not to exceed 10 days, an extended hold
21 (time period of delayed funds availability), not to ex-
22 ceed 45 days, to allow the receiving depository insti-
23 tution to determine if it has reasonable suspicion
24 under paragraph (1). The regulations may prescribe
25 different initial and extended hold timelines based on

1 the dollar amount of the funds in question and other
2 relevant criteria. The regulations may also include
3 conditions a receiving depository institution must
4 satisfy with respect to any hold or delay of funds
5 availability pursuant to this subsection.

6 “(3) ADDITIONAL NOTICE.—The regulations
7 issued pursuant to this subsection may provide for
8 additional notifications to a payor, a receiving depos-
9 itory institution, and a depositor beyond what is oth-
10 erwise required pursuant to subsection (f) to keep
11 relevant persons informed of the status of a hold.

12 “(4) BASIS FOR DETERMINATION.—No deter-
13 mination under this subsection may be based on any
14 class of wire transfers or persons.

15 “(5) OVERDRAFT FEES.—If the receiving de-
16 pository institution determines that a wire transfer
17 for credit to an account is a wire transfer described
18 in paragraph (1), the receiving depository institution
19 shall not assess any fee for any subsequent overdraft
20 with respect to such account, if—

21 “(A) the depositor was not provided with
22 the written notice required under subsection (f)
23 (with respect to such determination) at the time
24 the wire transfer was delayed for credit; and

1 “(B) the overdraft would not have oc-
2 curred but for the fact that the funds so trans-
3 ferred are not available.

4 “(6) COMPLIANCE.—Each agency referred to in
5 section 610(a) shall monitor compliance with the re-
6 quirements of this subsection in each regular exam-
7 ination of a depository institution. For the purpose
8 of this paragraph, each depository institution shall
9 retain a record of each notice provided under sub-
10 section (f) as a result of the application of this sub-
11 section.

12 “(i) RULE OF CONSTRUCTION.—Nothing in this Act
13 may be construed to restrict or prohibit a depository insti-
14 tution involved with a deposit by check or wire transfer
15 from communicating to any other depository institution
16 also involved with the deposit that a depository institution
17 has invoked an exception under this section to some or
18 all of the requirements of section 603 with respect to the
19 deposit.”.

20 (b) TIME FOR NOTICE.—Section 604(f)(2)(C) of the
21 Expedited Funds Availability Act (12 U.S.C.
22 4003(f)(2)(C)) is amended by striking “subsection (d) or
23 (e)” and inserting “subsection (e)(2), (d), (e) or (h)”.

1 **SEC. 5. STUDY AND REPORT ON FUNDS AVAILABILITY.**

2 (a) STUDY.—The Comptroller General of the United
3 States shall conduct a study of—

4 (1) State laws addressing funds availability and
5 safeguards to protect against fraud, including per-
6 mitted hold periods for investigating fraud concerns;

7 (2) the extent to which depository institutions
8 make funds available to consumers for local and
9 nonlocal checks prior to the expiration of maximum
10 hold periods;

11 (3) the length of time within which depository
12 institutions involved with a deposit by check conduct
13 investigations of the nonpayment of local and
14 nonlocal checks;

15 (4) the appropriateness of the time periods and
16 amount limits applicable under section 603 and 604,
17 as in effect on June 30, 2026; and

18 (5) administrative and legislative reform options
19 to further mitigate payment fraud risk and any as-
20 sociated consumer harm, including with respect to
21 forms of payments covered and not covered by the
22 Expedited Funds Availability Act.

23 (b) REPORT TO CONGRESS.—Within nine months of
24 the effective date of rules implementing this Act, the
25 Comptroller General of the United States shall submit to
26 the Committee on Banking, Housing, and Urban Affairs

1 of the Senate and the Committee on Financial Services
2 of the House of Representatives a report on the findings
3 of the study required under subsection (a).

4 **SEC. 6. RULEMAKING REQUIRED AND DELAYED EFFECTIVE**
5 **DATE.**

6 (a) **RULEMAKING REQUIRED.**—Not later than one
7 year after the date of enactment of this Act, the Board
8 of Governors of the Federal Reserve System, jointly with
9 the Director of the Bureau of Consumer Financial Protec-
10 tion, shall adopt final rules implementing the amendments
11 made by section 3(a)(3) and section 4.

12 (b) **DELAYED EFFECTIVE DATE.**—The amendments
13 made by section 3(a)(3) and section 4 shall take effect
14 60 days after the rules described in subsection (a) are
15 adopted.

