

FEBRUARY 4, 2014

RULES COMMITTEE PRINT 113-36
TEXT OF H.R. 3193, CONSUMER FINANCIAL PRO-
TECTION SAFETY AND SOUNDNESS IMPROVE-
MENT ACT OF 2013

[Reflecting the texts of H.R. 2385, H.R. 2446, H.R. 2571, H.R. 3193, and H.R. 3519 as ordered reported by the Committee on Financial Services, with modifications.]

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Consumer Financial
3 Freedom and Washington Accountability Act”.

4 **SEC. 2. FINANCIAL PRODUCT SAFETY COMMISSION.**

5 (a) **ESTABLISHMENT.**—Section 1011 of the Con-
6 sumer Financial Protection Act of 2010 (12 U.S.C. 5491)
7 is amended to read as follows:

8 **“SEC. 1011. ESTABLISHMENT OF THE FINANCIAL PRODUCT**
9 **SAFETY COMMISSION.**

10 “(a) **ESTABLISHMENT.**—There is established an inde-
11 pendent commission to be known as the ‘Financial Prod-
12 uct Safety Commission’ (hereinafter referred to in this
13 section as the ‘Commission’), which shall regulate the of-
14 fering and provision of consumer financial products or
15 services under the Federal consumer financial laws. The
16 Commission shall be considered an Executive agency, as

1 defined in section 105 of title 5, United States Code. Ex-
2 cept as otherwise provided expressly by law, all Federal
3 laws dealing with public or Federal contracts, property,
4 works, officers, employees, budgets, or funds, including
5 the provisions of chapters 5 and 7 of title 5, shall apply
6 to the exercise of the powers of the Commission.

7 “(b) AUTHORITY TO PRESCRIBE REGULATIONS.—
8 The Commission may prescribe such regulations and issue
9 such orders in accordance with this title as the Commis-
10 sion may determine to be necessary for carrying out this
11 title and all other laws within the Commission’s jurisdic-
12 tion and shall exercise any authorities granted under this
13 title and all other laws within the Commission’s jurisdic-
14 tion.

15 “(c) COMPOSITION OF THE COMMISSION.—

16 “(1) IN GENERAL.—The Commission shall be
17 composed of the Vice Chairman for Supervision of
18 the Federal Reserve System and 4 additional mem-
19 bers who shall be appointed by the President, by and
20 with the advice and consent of the Senate, from
21 among individuals who—

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

23 “(B) have strong competencies and experi-
24 ences related to consumer financial protection.

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

6 “(3) TERMS.—

7 “(A) IN GENERAL.—Each member of the
8 Commission appointed under paragraph (1), in-
9 cluding the Chair, shall serve for a term of 5
10 years.

11 “(B) REMOVAL.—The President may re-
12 move any member of the Commission appointed
13 under paragraph (1).

14 “(C) VACANCIES.—Any member of the
15 Commission appointed under paragraph (1) ap-
16 pointed to fill a vacancy occurring before the
17 expiration of the term to which that member’s
18 predecessor was appointed (including the Chair)
19 shall be appointed only for the remainder of the
20 term.

21 “(D) CONTINUATION OF SERVICE.—Each
22 member of the Commission appointed under
23 paragraph (1) may continue to serve after the
24 expiration of the term of office to which that
25 member was appointed until a successor has

1 been appointed by the President and confirmed
2 by the Senate, except that a member may not
3 continue to serve more than 1 year after the
4 date on which that member's term would other-
5 wise expire.

6 “(E) OTHER EMPLOYMENT PROHIBITED.—

7 No member of the Commission appointed under
8 paragraph (1) shall engage in any other busi-
9 ness, vocation, or employment.

10 “(d) AFFILIATION.—With respect to members ap-
11 pointed pursuant to subsection (c)(1), not more than 2
12 shall be members of any one political party.

13 “(e) CHAIR OF THE COMMISSION.—

14 “(1) APPOINTMENT.—The Chair of the Com-
15 mission shall be appointed by the President from
16 among the members of the Commission appointed
17 under subsection (c)(1).

18 “(2) AUTHORITY.—The Chair shall be the prin-
19 cipal executive officer of the Commission, and shall
20 exercise all of the executive and administrative func-
21 tions of the Commission, including with respect to—

22 “(A) the appointment and supervision of
23 personnel employed under the Commission
24 (other than personnel employed regularly and

1 full time in the immediate offices of members of
2 the Commission other than the Chair);

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

7 “(C) the use and expenditure of funds.

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

14 “(4) REQUESTS OR ESTIMATES RELATED TO
15 APPROPRIATIONS.—Requests or estimates for reg-
16 ular, supplemental, or deficiency appropriations on
17 behalf of the Commission may not be submitted by
18 the Chair without the prior approval of the Commis-
19 sion.

20 “(f) NO IMPAIRMENT BY REASON OF VACANCIES.—
21 No vacancy in the members of the Commission shall im-
22 pair the right of the remaining members of the Commis-
23 sion to exercise all the powers of the Commission. Three
24 members of the Commission shall constitute a quorum for
25 the transaction of business, except that if there are only

1 3 members serving on the Commission because of vacan-
2 cies in the Commission, 2 members of the Commission
3 shall constitute a quorum for the transaction of business.
4 If there are only 2 members serving on the Commission
5 because of vacancies in the Commission, 2 members shall
6 constitute a quorum for the 6-month period beginning on
7 the date of the vacancy which caused the number of Com-
8 mission members to decline to 2.

9 “(g) SEAL.—The Commission shall have an official
10 seal.

11 “(h) COMPENSATION.—

12 “(1) CHAIR.—The Chair shall receive com-
13 pensation at the rate prescribed for level I of the
14 Executive Schedule under section 5313 of title 5,
15 United States Code.

16 “(2) OTHER MEMBERS OF THE COMMISSION.—

17 The 3 other members of the Commission appointed
18 under subsection (c)(1) shall each receive compensa-
19 tion at the rate prescribed for level II of the Execu-
20 tive Schedule under section 5314 of title 5, United
21 States Code.

22 “(i) INITIAL QUORUM ESTABLISHED.—During any
23 time period prior to the confirmation of at least two mem-
24 bers of the Commission, one member of the Commission
25 shall constitute a quorum for the transaction of business.

1 Following the confirmation of at least 2 additional com-
2 missioners, the quorum requirements of subsection (f)
3 shall apply.

4 “(j) OFFICES.—The principal office of the Commis-
5 sion shall be in the District of Columbia. The Commission
6 may establish regional offices of the Commission in order
7 to carry out the responsibilities assigned to the Commis-
8 sion under the Federal consumer financial laws.”.

9 (b) BRINGING THE COMMISSION INTO THE REGULAR
10 APPROPRIATIONS PROCESS.—Section 1017 of the Con-
11 sumer Financial Protection Act of 2010 is amended—

12 (1) in subsection (a)—

13 (A) by amending the heading of such sub-
14 section to read as follows: “BUDGET, FINAN-
15 CIAL MANAGEMENT, AND AUDIT.—”;

16 (B) by striking paragraphs (1), (2), and
17 (3);

18 (C) by redesignating paragraphs (4) and
19 (5) as paragraphs (1) and (2), respectively; and

20 (D) by striking subparagraphs (E) and (F)
21 of paragraph (1), as so redesignated;

22 (2) by striking subsections (b) and (c);

23 (3) by redesignating subsections (d) and (e) as
24 subsections (b) and (c), respectively; and

25 (4) in subsection (c), as so redesignated—

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

3 “(1) AUTHORIZATION OF APPROPRIATIONS.—
4 There is authorized to be appropriated to carry out
5 this title \$300,000,000 for each of fiscal years 2014
6 and 2015.”; and

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

9 (c) ENSURING THE INDEPENDENCE OF THE COMMIS-
10 SION.—The Consumer Financial Protection Act of 2010
11 is amended—

12 (1) in section 1012(c), by striking paragraphs
13 (2), (3), (4), and (5); and

14 (2) in section 1014(b), by striking “Not fewer
15 than 6 members shall be appointed upon the rec-
16 ommendation of the regional Federal Reserve Bank
17 Presidents, on a rotating basis.”.

18 (d) CONFORMING AMENDMENTS.—

19 (1) CONSUMER FINANCIAL PROTECTION ACT OF
20 2010.—

21 (A) IN GENERAL.—Except as provided
22 under subparagraph (B), the Consumer Finan-
23 cial Protection Act of 2010 is amended—

24 (i) by striking “Director of the” each
25 place such term appears, other than where

1 such term is used to refer to a Director
2 other than the Director of the Bureau of
3 Consumer Financial Protection;

4 (ii) by striking “Director” each place
5 such term appears and inserting “Finan-
6 cial Product Safety Commission”, other
7 than where such term is used to refer to
8 a Director other than the Director of the
9 Bureau of Consumer Financial Protection;
10 and

11 (iii) in section 1002, by striking para-
12 graph (10).

13 (B) EXCEPTIONS.—The Consumer Finan-
14 cial Protection Act of 2010 is amended—

15 (i) in section 1012(c)(4), by striking
16 “Director” each place such term appears
17 and inserting “Financial Product Safety
18 Commission”;

19 (ii) in section 1013(c)(3)—

20 (I) by striking “Assistant Direc-
21 tor of the Bureau for” and inserting
22 “Head of the Office of”; and

23 (II) in subparagraph (B), by
24 striking “Assistant Director” and in-
25 serting “Head of the Office”;

1 (iii) in section 1013(g)(2)—

2 (I) by striking “ASSISTANT DI-
3 RECTOR” and inserting “HEAD OF
4 THE OFFICE”; and

5 (II) by striking “an assistant di-
6 rector” and inserting “a Head of the
7 Office of Financial Protection for
8 Older Americans”;

9 (iv) in section 1016(a), by striking
10 “Director of the Bureau” and inserting
11 “Chair of the Commission”; and

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

15 (2) DODD-FRANK WALL STREET REFORM AND
16 CONSUMER PROTECTION ACT.—The Dodd-Frank
17 Wall Street Reform and Consumer Protection Act is
18 amended—

19 (A) in the table of contents for such Act
20 by amending the item relating to section 1011
21 to read as follows:

“Sec. 1011. Establishment of the Financial Product Safety Commission.”;

22 (B) in section 111(b)(1)(D), by striking
23 “Director” and inserting “Chair of the Finan-
24 cial Product Safety Commission”; and

1 (C) in section 1447, by striking “Director
2 of the Bureau” each place such term appears
3 and inserting “Financial Product Safety Com-
4 mission”.

5 (3) ELECTRONIC FUND TRANSFER ACT.—Sec-
6 tion 920(a)(4)(C) of the Electronic Fund Transfer
7 Act, as added by section 1075(a)(2) of the Con-
8 sumer Financial Protection Act of 2010, is amended
9 by striking “Director of the Bureau of Consumer Fi-
10 nancial Protection” and inserting “Financial Prod-
11 uct Safety Commission”.

12 (4) EXPEDITED FUNDS AVAILABILITY ACT.—
13 The Expedited Funds Availability Act, as amended
14 by section 1086 of the Consumer Financial Protec-
15 tion Act of 2010, is amended by striking “Director
16 of the Bureau” each place such term appears and
17 inserting “Financial Product Safety Commission”.

18 (5) FEDERAL DEPOSIT INSURANCE ACT.—Sec-
19 tion 2 of the Federal Deposit Insurance Act, as
20 amended by section 336(a) of the Dodd-Frank Wall
21 Street Reform and Consumer Protection Act, is
22 amended by striking “Director of the Consumer Fi-
23 nancial Protection Bureau” each place such term
24 appears and inserting “Chair of the Financial Prod-
25 uct Safety Commission”.

1 (6) FEDERAL FINANCIAL INSTITUTIONS EXAM-
2 INATION COUNCIL ACT OF 1978.—Section 1004(a)(4)
3 of the Federal Financial Institutions Examination
4 Council Act of 1978 (12 U.S.C. 3303(a)(4)), as
5 amended by section 1091 of the Consumer Financial
6 Protection Act of 2010, is amended by striking “Di-
7 rector of the Consumer Financial Protection Bu-
8 reau” and inserting “Chair of the Financial Product
9 Safety Commission”.

10 (7) FINANCIAL LITERACY AND EDUCATION IM-
11 PROVEMENT ACT.—Section 513 of the Financial Lit-
12 eracy and Education Improvement Act, as amended
13 by section 1013(d)(5) of the Consumer Financial
14 Protection Act of 2010, is amended by striking “Di-
15 rector” each place such term appears and inserting
16 “Chair of the Commission”.

17 (8) HOME MORTGAGE DISCLOSURE ACT OF
18 1975.—Section 307 of the Home Mortgage Disclo-
19 sure Act of 1975, as amended by section 1094(6) of
20 the Consumer Financial Protection Act of 2010, is
21 amended by striking “Director of the Bureau of
22 Consumer Financial Protection” each place such
23 term appears and inserting “Financial Product Safe-
24 ty Commission”.

1 (9) INTERSTATE LAND SALES FULL DISCLO-
2 SURE ACT.—The Interstate Land Sales Full Disclo-
3 sure Act, as amended by section 1098A of the Con-
4 sumer Financial Protection Act of 2010, is amend-
5 ed—

6 (A) by amending section 1402(1) to read
7 as follows:

8 “(1) ‘Chair’ means the Chair of the Finan-
9 cial Product Safety Commission;”; and

10 (B) in section 1416(a), by striking “Direc-
11 tor of the Bureau of Consumer Financial Pro-
12 tection” and inserting “Chair”.

13 (10) REAL ESTATE SETTLEMENT PROCEDURES
14 ACT OF 1974.—Section 5 of the Real Estate Settle-
15 ment Procedures Act of 1974, as amended by sec-
16 tion 1450 of the Dodd-Frank Wall Street Reform
17 and Consumer Protection Act, is amended—

18 (A) by striking “The Director of the Bu-
19 reau of Consumer Financial Protection (here-
20 after in this section referred to as the ‘Direc-
21 tor’)” and inserting “The Financial Product
22 Safety Commission”; and

23 (B) by striking “Director” each place such
24 term appears and inserting “Financial Product
25 Safety Commission”.

1 (11) S.A.F.E. MORTGAGE LICENSING ACT OF
2 2008.—The S.A.F.E. Mortgage Licensing Act of
3 2008, as amended by section 1100 of the Consumer
4 Financial Protection Act of 2010, is amended—

5 (A) by striking “Director” each place such
6 term appears in headings and text, other than
7 where such term is used in the context of the
8 Director of the Office of Thrift Supervision,
9 and inserting “Financial Product Safety Com-
10 mission”; and

11 (B) in section 1503, by striking paragraph
12 (10).

13 (12) TITLE 44, UNITED STATES CODE.—Section
14 3513(e) of title 44, United States Code, as amended
15 by section 1100D(b) of the Consumer Financial Pro-
16 tection Act of 2010, is amended by striking “Direc-
17 tor of the Bureau” and inserting “Financial Product
18 Safety Commission”.

19 (e) DEEMING OF NAMES.—

20 (1) BUREAU OF CONSUMER FINANCIAL PROTEC-
21 TION.—Any reference in a law, regulation, docu-
22 ment, paper, or other record of the United States to
23 the Bureau of Consumer Financial Protection shall
24 be deemed a reference to the Financial Product
25 Safety Commission.

1 (2) DIRECTOR.—Any reference in a law, regula-
2 tion, document, paper, or other record of the United
3 States to the Director of the Bureau of Consumer
4 Financial Protection shall be deemed a reference to
5 the Chair of the Financial Product Safety Commis-
6 sion.

7 **SEC. 3. RATE OF PAY FOR EMPLOYEES OF THE FINANCIAL**
8 **PRODUCT SAFETY COMMISSION.**

9 (a) IN GENERAL.—Section 1013(a)(2) of the Dodd-
10 Frank Wall Street Reform and Consumer Protection Act
11 (12 U.S.C. 5493(a)(2)) is amended to read as follows:

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

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

21 **SEC. 4. CONSUMER RIGHT TO FINANCIAL PRIVACY.**

22 (a) REQUIREMENT OF THE FINANCIAL PRODUCT
23 SAFETY COMMISSION TO OBTAIN PERMISSION BEFORE
24 COLLECTING NONPUBLIC PERSONAL INFORMATION.—

1 (1) REQUIRED NOTIFICATION AND PERMIS-
2 SION.—Section 1022(c)(9)(A) of the Dodd-Frank
3 Wall Street Reform and Consumer Protection Act
4 (12 U.S.C. 5512(c)(9)(A)) is amended—

5 (A) by striking “may not obtain from a
6 covered person or service provider” and insert-
7 ing “may not request, obtain, access, collect,
8 use, retain, or disclose”;

9 (B) by striking “personally identifiable fi-
10 nancial” and inserting “nonpublic personal”;
11 and

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

15 “(i) the Financial Product Safety
16 Commission clearly and conspicuously dis-
17 closes to the consumer, in writing or in an
18 electronic form, what information will be
19 requested, obtained, accessed, collected,
20 used, retained, or disclosed; and

21 “(ii) before such information is re-
22 quested, obtained, accessed, collected, used,
23 retained, or disclosed, the consumer in-
24 forms the Financial Product Safety Com-
25 mission that such information may be re-

1 requested, obtained, accessed, collected, used,
2 retained, or disclosed.”.

3 (2) APPLICATION OF REQUIREMENT TO CON-
4 TRACTORS OF THE FINANCIAL PRODUCT SAFETY
5 COMMISSION.—Section 1022(c)(9)(B) of such Act
6 (12 U.S.C. 5512(c)(9)(B)) is amended to read as
7 follows:

8 “(B) APPLICATION OF REQUIREMENT TO
9 CONTRACTORS OF THE FINANCIAL PRODUCT
10 SAFETY COMMISSION.—Subparagraph (A) shall
11 apply to any person directed or engaged by the
12 Financial Product Safety Commission to collect
13 information to the extent such information is
14 being collected on behalf of the Financial Prod-
15 uct Safety Commission.”.

16 (3) DEFINITION OF NONPUBLIC PERSONAL IN-
17 FORMATION.—Section 1022(c)(9) of such Act (12
18 U.S.C. 5512(c)(9)) is amended by adding at the end
19 the following:

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

1 (b) REMOVAL OF EXEMPTION FOR THE FINANCIAL
2 PRODUCT SAFETY COMMISSION FROM THE RIGHT TO FI-
3 NANCIAL PRIVACY ACT.—Section 1113 of the Right to Fi-
4 nancial Privacy Act of 1978 (12 U.S.C. 3413) is amended
5 by striking subsection (r).

6 **SEC. 5. CONSUMER FINANCIAL PROTECTION SAFETY AND**
7 **SOUNDNESS IMPROVEMENTS.**

8 (a) COUNCIL VOTING PROCEDURE.—Section
9 1023(c)(3)(A) of the Consumer Financial Protection Act
10 of 2010 (12 U.S.C. 5513(c)(3)(A)) is amended—

11 (1) by striking “ $\frac{2}{3}$ ” and inserting “a major-
12 ity”; and

13 (2) by inserting before the period the following:
14 “, excluding the Chair of the Financial Product
15 Safety Commission”.

16 (b) REVIEW AUTHORITY OF THE COUNCIL.—Section
17 1023 of the Consumer Financial Protection Act of 2010
18 (12 U.S.C. 5513) is amended—

19 (1) in subsection (a)—

20 (A) by striking “may” and inserting
21 “shall”; and

22 (B) by striking “regulation or provision
23 would put the safety and soundness of the
24 United States banking system or the stability of
25 the financial system of the United States at

1 risk” and inserting “regulation which is the
2 subject of the petition is inconsistent with the
3 safe and sound operations of United States fi-
4 nancial institutions”; and

5 (2) in subsection (c)—

6 (A) in paragraph (3)(B)(ii), by striking
7 “would put the safety and soundness of the
8 United States banking system or the stability of
9 the financial system of the United States at
10 risk” and inserting “is inconsistent with the
11 safe and sound operations of United States fi-
12 nancial institutions”;

13 (B) in paragraph (4)—

14 (i) by striking subparagraph (B); and

15 (ii) by redesignating subparagraph

16 (C) as subparagraph (B);

17 (C) by striking paragraph (5); and

18 (D) by redesignating paragraphs (6), (7),
19 and (8) as paragraphs (5), (6), and (7), respec-
20 tively.

21 (c) SAFETY AND SOUNDNESS CHECK.—Section
22 1022(b)(2)(A) of the Consumer Financial Protection Act
23 of 2010 (12 U.S.C. 5512(b)(2)(A)) is amended—

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

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

2 and

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

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

