

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 940
OFFERED BY MS. WATERS OF CALIFORNIA**

Add at the end the following:

1 SEC. ____ . SUPERVISORY ESCALATION PLAN.

2 (a) STRATEGIC PLAN.—

3 (1) IN GENERAL.—The covered Federal agen-
4 cies (in consultation with such other Federal or
5 State agencies as the covered Federal agencies de-
6 termine appropriate) shall design a strategic plan
7 describing how the agencies will promptly escalate
8 matters and utilize the full extent of the agencies'
9 authorities to hold a large banking organization or
10 affiliated banking organization (including the direc-
11 tors and officers of such organization) accountable
12 when such organization engages in a pattern of com-
13 pliance failures, including when such failures result
14 in safety and soundness concerns, extensive con-
15 sumer harm, or discrimination under Federal law,
16 including under the Equal Credit Opportunity Act,
17 or an unfair, deceptive, or abusive act or practice de-
18 scribed under section 1031 of the Consumer Finan-
19 cial Protection Act of 2010.

1 (2) PENALTIES.—The plan described in para-
2 graph (1) shall include an outline of penalties for
3 multiple compliance failures by a large banking or-
4 ganization that increase in severity based on the
5 number and type of failure.

6 (3) PUBLIC FEEDBACK.—The covered Federal
7 agencies shall make a draft of the strategic plan de-
8 scribed in paragraph (1) publicly available and invite
9 public feedback on the plan.

10 (4) REPORT.—Not later than 1 year after the
11 date of enactment of this Act, the covered Federal
12 agencies shall—

13 (A) issue a report to the Committee on Fi-
14 nancial Services of the House of Representa-
15 tives and the Committee on Banking, Housing,
16 and Urban Affairs of the Senate containing the
17 strategic plan designed under paragraph (1);
18 and

19 (B) make such report publicly available on
20 a website of each covered Federal agency.

21 (5) PERIODIC UPDATES.—The covered Federal
22 agencies (in consultation with such other Federal or
23 State agencies as the covered Federal agencies de-
24 termine appropriate) may periodically update the
25 strategic plan required under paragraph (1) if the

1 agencies comply with the requirement of paragraph
2 (4) with respect to any update.

3 (6) RULE OF CONSTRUCTION.—Nothing in this
4 subsection may be construed to limit the ability of
5 a Government agency to impose any appropriate
6 penalty against a large banking organization for a
7 violation, or a pattern of repeated violations, of ap-
8 plicable laws and regulations.

9 (7) DEFINITIONS.—In this subsection:

10 (A) AFFILIATED BANKING ORGANIZA-
11 TION.—The term “affiliated banking organiza-
12 tion” means any depository institution sub-
13 sidiary or affiliate of a large banking organiza-
14 tion that has an appropriate Federal banking
15 agency.

16 (B) COVERED FEDERAL AGENCIES.—The
17 term “covered Federal agencies” means the
18 Board of Governors of the Federal Reserve Sys-
19 tem, the Bureau of Consumer Financial Protec-
20 tion, the Federal Deposit Insurance Corpora-
21 tion, and the Office of the Comptroller of the
22 Currency.

23 (b) LARGE BANKING ORGANIZATION DEFINED.—In
24 this section, the term “large banking organization”
25 means—

- 1 (1) an insured depository institution (as defined
- 2 under section 3 of the Federal Deposit Insurance
- 3 Act) with consolidated assets greater than
- 4 \$100,000,000,000; and
- 5 (2) a bank holding company of an insured de-
- 6 pository institution described under paragraph (1).

