

119TH CONGRESS
2D SESSION

H. R. 6955

AN ACT

To make improvements to the Federal banking laws, and
for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

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. CDFI Fund Transparency.
 Sec. 104. 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. Tailoring and Indexing Enhanced Regulations.
 Sec. 204. Community Bank Regulatory Tailoring.

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. 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.

TITLE V—STRENGTHENING LOCAL BANK FUNDING

Sec. 501. Bringing the Discount Window into the 21st Century.
 Sec. 502. Keeping Deposits Local.

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.

TITLE VIII—FACILITATING INNOVATION AND BANK
PARTNERSHIPS

Sec. 801. Merchant Banking Modernization.

Sec. 802. Bank-Fintech Partnership Enhancement.

Sec. 803. Discretionary surplus fund.

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

4 SEC. 101. PROMOTING NEW BANK FORMATION.

5 Section 908 of the 21st Century ROAD to Housing
6 Act is amended—

7 (1) in subsection (b)(2), by striking “180-day”
8 and inserting “90-day”;

9 (2) in subsection (c)—

10 (A) in the heading, by inserting “AND EX-
11 TENSION” after “STUDY”;

12 (B) by redesignating paragraph (2) as
13 paragraph (3); and

14 (C) by inserting after paragraph (1) the
15 following:

16 “(2) SAFETY AND SOUNDNESS DETERMINA-
17 TION; EXTENSION OF PILOT PROGRAM.—

18 “(A) DETERMINATION.—Not earlier than
19 January 1, 2031, and not later than June 30,

1 2031, the Federal banking agencies may, joint-
2 ly, determine that subsections (a) and (b) have
3 had a significant adverse effect on the safety
4 and soundness of qualifying community banks.

5 “(B) EXTENSION.—Unless the Federal
6 banking agencies make the determination de-
7 scribed in subparagraph (A), the authorities
8 under subsections (a) and (b) shall be perma-
9 nent.

10 “(C) TERMINATION.—If the Federal bank-
11 ing agencies make the determination described
12 in subparagraph (A)—

13 “(i) subsections (a) and (b) shall only
14 apply to a qualifying community bank that
15 became an insured depository institution
16 before the date of such determination; and

17 “(ii) the Federal banking agencies
18 shall issue a report to the Committee on
19 Financial Services of the House of Rep-
20 resentatives and the Committee on Bank-
21 ing, Housing, and Urban Affairs of the
22 Senate, and make such report available to
23 the public, containing such determination
24 and the reasons for such determination.”;
25 and

1 (3) in subsection (e)(6)(B), by striking “be-
2 tween January 1, 2026, and December 31, 2028”
3 and inserting “on or after January 1, 2026”.

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 agency 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.—In this subsection, the
10 term “top-tier depository institution holding com-
11 pany” means a depository institution holding com-
12 pany (as defined in section 3 of the Federal Deposit
13 Insurance Act (12 U.S.C. 1813)) that is not con-
14 trolled by any other depository institution holding
15 company.

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

21 (1) The number of applications for deposit in-
22 surance received, approved on a preliminary basis,
23 approved on a final basis, denied, withdrawn, inac-
24 tive, expired, mooted, returned, returned pending re-
25 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 DEPOSITORY INSTITUTION.—
 9 The term “State depository institution”
 10 means—

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

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

17 **SEC. 103. CDFI FUND TRANSPARENCY.**

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

22 “(5) ANNUAL TESTIMONY.—The Secretary of
 23 the Treasury (or a designee of the Secretary) shall,
 24 at the discretion of the Chair of the Committee on
 25 Financial Services of the House of Representatives

1 and the Chair of the Committee on Banking, Hous-
2 ing, and Urban Affairs of the Senate, annually tes-
3 tify before such committees (or a subcommittee of
4 such committees) regarding—

5 “(A) the operations of the Fund during the
6 previous year;

7 “(B) steps the Secretary and the Fund are
8 taking to support community development fi-
9 nancial institutions through the financial agent
10 mentor-protégé program; and

11 “(C) steps the Secretary and the Fund are
12 taking to coordinate with regulators to ensure
13 certification and reporting requirements are ap-
14 propriately streamlined for community develop-
15 ment financial institutions.”.

16 **SEC. 104. CDFI BOND GUARANTEE IMPROVEMENT.**

17 (a) SENSE OF CONGRESS.—It is the sense of Con-
18 gress that the authority to guarantee bonds under section
19 114A of the Community Development Banking and Fi-
20 nancial Institutions Act of 1994 (12 U.S.C. 4713a) (com-
21 monly referred to as the “CDFI Bond Guarantee Pro-
22 gram”) provides community development financial institu-
23 tions with a sustainable source of long-term capital and
24 furthers the mission of the Community Development Fi-
25 nancial Institutions Fund (established under section

1 104(a) of such Act (12 U.S.C. 4703(a))) to increase eco-
 2 nomic opportunity and promote community development
 3 investments for underserved populations and distressed
 4 communities in the United States.

5 (b) GUARANTEES FOR BONDS AND NOTES ISSUED
 6 FOR COMMUNITY OR ECONOMIC DEVELOPMENT PUR-
 7 POSES.—

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

11 (A) in subsection (c)(2)—

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

15 (ii) by inserting “outstanding” before
 16 “principal amount”;

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

19 “(2) LIMITATION ON GUARANTEE AMOUNT.—

20 The Secretary may not guarantee any amount under
 21 the Program equal to an amount less than
 22 \$25,000,000, but the total of all such guarantees in
 23 any fiscal year may not exceed \$1,000,000,000.”;

24 (C) in subsection (g)(1), by striking “10
 25 basis points” and inserting “not fewer than 10

1 basis points and not more than 15 basis
2 points”; and

3 (D) in subsection (k), by striking “Sep-
4 tember 30, 2014” and inserting “December 31,
5 2028”.

6 (2) CLERICAL AMENDMENT.—The table of con-
7 tents in section 1(b) of the Riegle Community Devel-
8 opment and Regulatory Improvement Act of 1994
9 (Public Law 103–325; 108 Stat. 2160) is amended
10 by inserting after the item relating to section 114
11 the following:

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

12 (c) REPORT ON THE CDFI BOND GUARANTEE PRO-
13 GRAM.—Not later than 3 years after the date of enactment
14 of this Act, the Secretary of the Treasury shall issue a
15 report to the Committee on Banking, Housing, and Urban
16 Affairs of the Senate and the Committee on Financial
17 Services of the House of Representatives on the effective-
18 ness of the CDFI bond guarantee program established
19 under section 114A of the Community Development Bank-
20 ing and Financial Institutions Act of 1994 (12 U.S.C.
21 4713a).

1 **TITLE II—TAILORING BANK**
2 **REGULATION**

3 **SEC. 201. TAKING ACCOUNT OF INSTITUTIONS WITH LOW**
4 **OPERATION RISK.**

5 (a) TAILORING REGULATION TO BUSINESS MODEL
6 AND RISK.—

7 (1) DEFINITIONS.—In this subsection—

8 (A) the term “Federal financial institu-
9 tions regulatory agency” means the Office of
10 the Comptroller of the Currency, the Board of
11 Governors of the Federal Reserve System, the
12 Federal Deposit Insurance Corporation, the Na-
13 tional Credit Union Administration, and the
14 Bureau of Consumer Financial Protection; and

15 (B) the term “regulatory action”—

16 (i) means any proposed, interim, or
17 final rule or regulation; and

18 (ii) does not include any action taken
19 by a Federal financial institutions regu-
20 latory agency that is solely applicable to an
21 individual institution, including an enforce-
22 ment action, adjudication, or order.

23 (2) CONSIDERATION AND TAILORING.—For any
24 regulatory action occurring after the date of enact-

1 ment of this Act, each Federal financial institutions
2 regulatory agency shall—

3 (A) take into consideration the risk profile
4 and business models of each type of institution
5 or class of institutions subject to the regulatory
6 action; and

7 (B) tailor the regulatory action applicable
8 to a class or type of institution in a manner
9 that limits the regulatory impact, including
10 cost, human resource allocation, and other bur-
11 dens, on the institution or type of institution as
12 is appropriate for the risk profile and business
13 model involved.

14 (3) FACTORS TO CONSIDER.—In carrying out
15 the requirements of paragraph (2) with respect to a
16 regulatory action, each Federal financial institutions
17 regulatory agency shall consider—

18 (A) the aggregate effect of all applicable
19 regulatory actions promulgated by such agency
20 on the ability of institutions to flexibly serve
21 customers of the institutions and local markets
22 on and after the date of enactment of this Act;

23 (B) the potential that efforts to implement
24 the regulatory action and third-party service
25 provider actions may work to undercut efforts

1 to tailor the regulatory action, as described in
2 paragraph (2)(B); and

3 (C) the statutory provision authorizing the
4 regulatory action, the congressional intent with
5 respect to the statutory provision, and the un-
6 derlying policy objectives of the regulatory ac-
7 tion.

8 (4) NOTICE OF PROPOSED AND FINAL RULE-
9 MAKING.—Each Federal financial institutions regu-
10 latory agency shall disclose and document in every
11 notice of proposed rulemaking and in any final rule-
12 making for a regulatory action how the agency has
13 applied paragraphs (2) and (3).

14 (5) REPORTS TO CONGRESS.—

15 (A) AGENCY REPORTING.—Not later than
16 1 year after the date of enactment of this Act
17 and annually thereafter, each Federal financial
18 institutions regulatory agency shall submit to
19 the Committee on Banking, Housing, and
20 Urban Affairs of the Senate and the Committee
21 on Financial Services of the House of Rep-
22 resentatives a report on the specific actions
23 taken to tailor the regulatory actions of the
24 Federal financial institutions regulatory agency
25 pursuant to the requirements of this section.

1 (B) GAO REPORTING.—Not later than 18
2 months after the date of enactment of this Act,
3 the Comptroller General of the United States
4 shall submit to the Committee on Banking,
5 Housing, and Urban Affairs of the Senate and
6 the Committee on Financial Services of the
7 House of Representatives a report evaluating
8 the effects of this section on the factors de-
9 scribed in paragraph (3).

10 (b) SHORT-FORM CALL REPORTS FOR ALL BANKS
11 ELIGIBLE FOR THE COMMUNITY BANK LEVERAGE
12 RATIO.—The appropriate Federal banking agencies, as
13 defined in section 3 of the Federal Deposit Insurance Act
14 (12 U.S.C. 1813), shall establish a reduced reporting re-
15 quirement for all banks eligible for the Community Bank
16 Leverage Ratio, as defined in section 201(a) of the Eco-
17 nomic Growth, Regulatory Relief, and Consumer Protec-
18 tion Act (12 U.S.C. 5371 note), when making the first
19 and third report of condition of a year as required by sec-
20 tion 7(a) of the Federal Deposit Insurance Act (12 U.S.C.
21 1817(a)).

22 (c) REPORT TO CONGRESS ON MODERNIZATION OF
23 SUPERVISION.—Not later than 18 months after the date
24 of enactment of this Act, the appropriate Federal banking
25 agencies, as defined in section 3 of the Federal Deposit

1 Insurance Act (12 U.S.C. 1813), in consultation with
2 State bank supervisors, shall submit to the Committee on
3 Banking, Housing, and Urban Affairs of the Senate and
4 the Committee on Financial Services of the House of Rep-
5 resentatives a report on the modernization of bank super-
6 vision, including the following factors:

7 (1) Changing bank business models.

8 (2) Examiner workforce and training.

9 (3) The structure of supervisory activities with-
10 in banking agencies.

11 (4) Improving bank-supervisor communication
12 and collaboration.

13 (5) The use of supervisory technology.

14 (6) Supervisory factors uniquely applicable to
15 community banks.

16 (7) Changes in statutes necessary to achieve
17 more effective supervision.

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

19 Not later than 180 days after the date of the enact-
20 ment of this Act, the Board of Governors of the Federal
21 Reserve System shall revise appendix C to part 225 of title
22 12, Code of Federal Regulations (commonly known as the
23 “Small Bank Holding Company and Savings and Loan
24 Holding Company Policy Statement”), to raise the consoli-
25 dated asset threshold under that appendix to

1 \$6,000,000,000 for any bank holding company or savings
2 and loan holding company.

3 **SEC. 203. TAILORING AND INDEXING ENHANCED REGULA-**
4 **TIONS.**

5 (a) PERIODIC ADJUSTMENTS TO THRESHOLDS.—
6 The Financial Stability Act of 2010 (12 U.S.C. 5311 et
7 seq.) is amended by adding at the end the following:

8 **“SEC. 177. PERIODIC ADJUSTMENTS TO THRESHOLDS.**

9 **“(a) IN GENERAL.—**

10 **“(1) ADJUSTMENT.—**Not later than 1 year
11 after the date of enactment of this section, and every
12 5 years thereafter, the Board of Governors shall in-
13 crease each threshold described in subsection (b) by
14 the ratio, if greater than 1, of the annual value of
15 the economic indicator selected by the Board of Gov-
16 ernors as appropriate for that threshold under para-
17 graph (2)(B) for the calendar year preceding the
18 year in which the adjustment is calculated under
19 this section, to the published annual value of such
20 economic indicator for the calendar year preceding
21 April 1, 2026.

22 **“(2) SELECTION OF ECONOMIC INDICATORS.—**
23 Not later than 3 months after the date of enactment
24 of this section, the Board of Governors shall—

1 “(A) complete a study on the advantages
2 and disadvantages of the use of either nominal
3 United States gross domestic product (as pub-
4 lished by the Department of Commerce) or the
5 Consumer Price Index (as published by the De-
6 partment of Labor) to adjust periodically the
7 quantitative regulatory thresholds described in
8 subsection (b);

9 “(B) for each threshold described in sub-
10 section (b), select either nominal United States
11 gross domestic product (as published by the De-
12 partment of Commerce) or the Consumer Price
13 Index (as published by the Department of
14 Labor) as appropriate for adjusting such
15 threshold;

16 “(C) transmit a report to the Committee
17 on Financial Services of the House of Rep-
18 resentatives and the Committee on Banking,
19 Housing, and Urban Affairs of the Senate con-
20 taining—

21 “(i) all findings and determinations
22 made in carrying out the study required
23 under subparagraph (A); and

24 “(ii) all selections made under sub-
25 paragraph (B).

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

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

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

9 “(A) sections 116(a), 121(a), 163(b), 164,
10 165(a)(1), 165(h)(2), 165(j)(1) of this Act; and

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

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

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

21 “(d) ROUNDING.—

22 “(1) If any amount equal to or greater than
23 \$100,000,000,000 determined under subsection (a)
24 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. PERIODIC ADJUSTMENTS TO THRESHOLDS ES-**
 18 **TABLISHED BY RULE.**

19 “(a) AGENCY REVIEW.—Not later than June 30,
 20 2026, and the 1st day of each subsequent 5-year period,
 21 the Board of Governors, the Comptroller of the Currency,
 22 and the Corporation shall, to the extent applicable, re-
 23 view—

24 “(1) any regulation—

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

2 or

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

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

12 “(b) MODIFICATIONS REQUIRED.—The Board of
13 Governors, the Comptroller of the Currency, and the Cor-
14 poration shall modify any such thresholds identified by
15 each review conducted under subsection (a) by the ratio,
16 if greater than 1, of the annual value of the economic indi-
17 cator selected by the agency as appropriate for that
18 threshold under paragraph (1) for the calendar year pre-
19 ceding the year in which the adjustment is calculated
20 under this section, to the published annual value of such
21 economic indicator for the calendar year preceding the ef-
22 fective date of such threshold, as each respective agency
23 shall determine as appropriate for such regulations. In
24 making such determination, the Board of Governors, the
25 Comptroller of the Currency, and the Corporation shall—

1 “(1) not later than 3 months after the date of
2 enactment of this subsection, for each threshold
3 identified by each review conducted under subsection
4 (a), select either nominal United States gross do-
5 mestic product (as published by the Department of
6 Commerce) or the Consumer Price Index (as pub-
7 lished by the Department of Labor) as appropriate
8 for adjusting such threshold, and use the values of
9 such selected economic indicator most recently pub-
10 lished as of the date of commencement of the review
11 to compute the ratio described in this subsection;

12 “(2) seek to establish, to the extent feasible,
13 uniform thresholds for use by each such agency, tak-
14 ing into account the entities regulated by each such
15 agency and the purposes for which such threshold
16 was established; and

17 “(3) seek to adjust such thresholds, to the ex-
18 tent feasible, with rounding consistent with section
19 177(d) of this Act.

20 “(c) REPORT.—Upon conclusion of each review re-
21 quired under subsection (a), each of the Board of Gov-
22 ernors, the Comptroller of the Currency, and the Corpora-
23 tion shall transmit a report to the Committee on Financial
24 Services of the House of Representatives and the Com-
25 mittee on Banking, Housing, and Urban Affairs of the

1 Senate containing a description of any modification of any
 2 regulation such agency made pursuant to subsection (b).”.

3 (b) CLERICAL AMENDMENT.—The table of contents
 4 in section 1(b) of the Dodd-Frank Wall Street Reform and
 5 Consumer Protection Act is amended by inserting after
 6 the item relating to section 176 the following:

“Sec. 177. Periodic adjustments to thresholds.

“Sec. 178. Periodic adjustments to thresholds established by rule.”.

7 **SEC. 204. COMMUNITY BANK REGULATORY TAILORING.**

8 (a) PERIODIC ADJUSTMENTS TO THRESHOLDS.—

9 (1) IN GENERAL.—

10 (A) ADJUSTMENT.—By April 1, 2031, and
 11 the 1st day of each subsequent 5-year period,
 12 the Board of Governors of the Federal Reserve
 13 System shall prescribe the amount by which
 14 each dollar amount described in subsection (b)
 15 shall be increased by the ratio, if greater than
 16 1, of the annual value of the economic indicator
 17 selected by the Board of Governors of the Fed-
 18 eral Reserve System as appropriate for that dol-
 19 lar amount under subparagraph (B) for the cal-
 20 endar year preceding the year in which the ad-
 21 justment is calculated under this section, to the
 22 published annual value of such economic indi-
 23 cator for the calendar year preceding April 1,
 24 2026.

1 (B) SELECTION OF ECONOMIC INDICA-
2 TORS.—Not later than 3 months after the date
3 of enactment of this Act, the Board of Gov-
4 ernors of the Federal Reserve System shall—

5 (i) complete a study on the advan-
6 tages and disadvantages of the use of ei-
7 ther nominal United States gross domestic
8 product (as published by the Department
9 of Commerce) or the Consumer Price
10 Index (as published by the Department of
11 Labor) to adjust periodically the dollar
12 amounts described in subsection (b);

13 (ii) for each dollar amount described
14 in subsection (b), select either nominal
15 United States gross domestic product (as
16 published by the Department of Com-
17 merce) or the Consumer Price Index (as
18 published by the Department of Labor) as
19 appropriate for adjusting such dollar
20 amount;

21 (iii) transmit a report to the Com-
22 mittee on Financial Services of the House
23 of Representatives and the Committee on
24 Banking, Housing, and Urban Affairs of
25 the Senate containing—

1 (I) all findings and determina-
2 tions made in carrying out the study
3 required under clause (i); and

4 (II) all selections made under
5 clause (ii).

6 (2) CURRENCY OF INFORMATION.—The values
7 used in the calculation under paragraph (1) shall be,
8 as of the date of the calculation, the values most re-
9 cently published by the Department of Commerce or
10 Department of Labor, as appropriate.

11 (3) ROUNDING.—

12 (A) If any amount equal to or greater than
13 \$100,000,000,000 determined under paragraph
14 (1) for any period is not a multiple of
15 \$50,000,000,000, the amount shall be rounded
16 up to the nearest \$50,000,000,000.

17 (B) If any amount less than
18 \$100,000,000,000 but equal to or greater than
19 \$10,000,000,000 determined under paragraph
20 (1) for any period is not a multiple of
21 \$5,000,000,000, the amount shall be rounded
22 up to the nearest \$5,000,000,000.

23 (C) If any amount less than
24 \$10,000,000,000 but equal to or greater than
25 \$1,000,000,000 determined under paragraph

1 (1) for any period is not a multiple of
2 \$500,000,000, the amount shall be rounded up
3 to the nearest \$500,000,000.

4 (D) If any amount less than
5 \$1,000,000,000 but equal to or greater than
6 \$100,000,000 determined under paragraph (1)
7 for any period is not a multiple of \$50,000,000,
8 the amount shall be rounded up to the nearest
9 \$50,000,000.

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

15 (F) If any amount less than \$10,000,000
16 but equal to or greater than \$1,000,000 deter-
17 mined under paragraph (1) for any period is
18 not a multiple of \$500,000, the amount shall be
19 rounded up to the nearest \$500,000.

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

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

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

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

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

21 (L) If any amount less than \$10 but equal
22 to or greater than \$1 determined under para-
23 graph (1) for any period is not a multiple of
24 \$0.50, the amount shall be rounded up to the
25 nearest \$0.50.

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

7 (5) IMPLEMENTATION PERIOD.—The increase
8 in the dollar amounts shall take effect on January
9 1 of the year immediately succeeding any calendar
10 year in which an adjustment is required to be cal-
11 culated under paragraph (1).

12 (b) DOLLAR AMOUNTS.—The dollar amounts de-
13 scribed in this subsection are the dollar amounts described
14 in each of the following:

15 (1) Section 5(c)(3)(C)(ii) of the Bank Holding
16 Company Act of 1956 (12 U.S.C. 1844(c)(3)(C)(ii)).

17 (2) Section 809(a) of the Community Reinvest-
18 ment Act of 1977 (12 U.S.C. 2908(a)).

19 (3) Sections 202(4), 203(1), and 204 of the De-
20 pository Institution Management Interlocks Act (12
21 U.S.C. 3201 et seq.).

22 (4) Sections 210(o), 210(r)(1)(A)(i), and sec-
23 tion 956(f) Dodd-Frank Wall Street Reform and
24 Consumer Protection Act (12 U.S.C. 5301 et seq.).

1 (5) Sections 202(a)(6), 202(b)(1)(A),
2 202(c)(1)(A)(iii), 216(b)(2)(B)(iii)(II), 216(f)(2),
3 216(i)(4)(B), 216(j)(2)(A), and 216(o)(4) of the
4 Federal Credit Union Act (12 U.S.C. 1751 et seq.).

5 (6) Sections 7(a)(12), 11(p)(1)(A)(i),
6 36(i)(1)(B), 36(j), 38(b)(2)(A)(ii), and
7 38(k)(2)(B)(iii) of the Federal Deposit Insurance
8 Act (12 U.S.C. 1811 et seq.).

9 (7) Section 2(10) of the Federal Home Loan
10 Bank Act (12 U.S.C. 1422(10)).

11 (8) Sections 7(a)(1) and 22(h)(5)(C) of the
12 Federal Reserve Act (12 U.S.C. 221 et seq.).

13 (9) The second paragraph (3) of section 304(i)
14 (relating to “Exemption from certain disclosure re-
15 quirements”) and section 309(a) of the Home Mort-
16 gage Disclosure Act of 1975 (12 U.S.C. 2801 et
17 seq.).

18 (10) Section 5(u)(2)(A) of the Home Owners’
19 Loan Act (12 U.S.C. 1464(u)(2)(A)).

20 (11) Section 909(a)(1) of the International
21 Lending Supervision Act of 1983 (12 U.S.C.
22 3908(a)(1)).

23 (12) Section 3(1)(B)(iv) of the Real Estate Set-
24 tlement Procedures Act of 1974 (12 U.S.C.
25 2602(1)(B)(iv)).

1 (13) Section 5136A(a)(2)(D)(ii) of the Revised
 2 Statutes of the United States (12 U.S.C.
 3 24a(a)(2)(D)(ii)).

4 (14) Section 129C(b)(2)(F)(i) of the Truth in
 5 Lending Act (15 U.S.C. 1639c(b)(2)(F)(i)).

6 **TITLE III—FAIR AND TRANS-** 7 **PARENT BANK SUPERVISION**

8 **SEC. 301. HALTING UNCERTAIN METHODS AND PRACTICES** 9 **IN SUPERVISION.**

10 (a) FINDINGS.—Congress finds that—

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

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

22 (3) establishing articulable, clear, and review-
 23 able measures for each CAMELS component and
 24 their relative weighting in determining composite

1 ratings will promote fairness, consistency, and ac-
 2 countability in supervisory assessments; and

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

6 (b) AMENDMENTS TO THE CAMELS RATING SYS-
 7 TEM.—

8 (1) IN GENERAL.—The Federal Financial Insti-
 9 tutions Examination Council Act of 1978 (12 U.S.C.
 10 3301 et seq.) is amended by adding at the end the
 11 following:

12 **“SEC. 1012. AMENDMENTS TO THE CAMELS RATING SYS-**
 13 **TEM.**

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

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

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

1 “(3) revise the management component of the
2 CAMELS components to limit the assessment under
3 such component to articulable, clear, and reviewable
4 measures of an institution’s management in relation
5 to its risk profile;

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

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

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

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

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

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

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

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

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

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

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

“(d) RULE OF CONSTRUCTION.—Nothing in this section may be construed to limit the authority of the Federal financial institutions regulatory agencies to take supervisory, adjudicatory, or enforcement actions to ensure the safety and soundness of financial institutions.”.

(2) WELL MANAGED DEFINITION.—

(A) BANK HOLDING COMPANY ACT OF 1956.—Section 2(o)(9)(A) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(o)(9)(A)) is amended—

(i) by striking “achievement of” and all that follows through “a CAMEL” and inserting “achievement of a CAMEL”;

(ii) by striking “; and” and inserting “; or”; and

(iii) by striking clause (ii).

1 (B) REVISED STATUTES OF THE UNITED
 2 STATES.—Section 5136A(g)(6)(A) of the Re-
 3 vised Statutes of the United States (12 U.S.C.
 4 24a(g)(6)(A)) is amended—

5 (i) by striking “agency—” and all
 6 that follows through “the achievement”
 7 and inserting “agency, the achievement”;

8 (ii) by striking “; and” and inserting
 9 “; or”; and

10 (iii) by striking clause (ii).

11 **SEC. 302. FAIR AUDITS AND INSPECTIONS FOR REGU-**
 12 **LATORS’ EXAMS.**

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

18 **“SEC. 1013. TIMELINESS OF EXAMINATIONS AND EXAMINA-**
 19 **TION REPORTS.**

20 “(a) TIMELINESS OF EXAMINATIONS.—A Federal fi-
 21 nancial institutions regulatory agency shall complete any
 22 examination of a financial institution, other than a finan-
 23 cial institution subject to a continuous or resident exam-
 24 ination program, within 270 days of commencing the ex-
 25 amination, except that such period may be extended by

1 the Federal financial institutions regulatory agency by
2 providing written notice to the financial institution de-
3 scribing with particularity the reasons that a longer period
4 is needed.

5 “(b) FINAL EXAMINATION REPORT.—A Federal fi-
6 nancial institutions regulatory agency shall provide a final
7 examination report to a financial institution, other than
8 a financial institution subject to a continuous or resident
9 examination program, not later than 90 days after the
10 later of—

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

13 “(2) the provision of additional material infor-
14 mation by the institution relating to the examina-
15 tion.

16 “(c) EXIT INTERVIEW REQUIREMENT.—Within 30
17 days of completing an examination for a financial institu-
18 tion not subject to a continuous or resident examination
19 program, a Federal financial institutions regulatory agen-
20 cy shall conduct an exit interview with the financial insti-
21 tution’s senior management or the board of directors, ex-
22 cept that such period may be extended by the Federal fi-
23 nancial institutions regulatory agency by providing written
24 notice to the institution describing with particularity the

1 reasons that a longer period is needed to complete the exit
2 interview.

3 “(d) EXAMINATION MATERIALS.—Upon the written
4 request of a financial institution, the Federal financial in-
5 stitutions regulatory agency shall include with the final re-
6 port an appendix listing all examination or other factual
7 information relied upon by the agency in support of a ma-
8 terial supervisory determination.”.

9 (b) TIMELINESS OF REQUIRED PRUDENTIAL PRI-
10 VATE LETTER RULINGS.—The Federal Financial Institu-
11 tions Examination Council Act of 1978 (12 U.S.C. 3301
12 et seq.), as amended by subsection (a), is further amended
13 by adding at the end the following:

14 **“SEC. 1014. TIMELINESS OF REQUIRED PRUDENTIAL PRI-**
15 **VATE LETTER RULINGS.**

16 “(a) AUTHORITY AND REGULATION.—

17 “(1) IN GENERAL.—Each Federal financial in-
18 stitutions regulatory agency shall establish proce-
19 dures providing that a covered financial institution
20 may, upon application by the covered financial insti-
21 tution and with respect to a covered action, obtain
22 written advice regarding—

23 “(A) the agency’s non-objection to the fi-
24 nancial institution conducting a particular ac-
25 tivity;

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

3 “(C) the agency’s interpretation of how
4 generally accepted accounting principles or ac-
5 counting objectives, standards, and require-
6 ments apply to a particular matter; or

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

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

13 “(A) any action in connection with a regu-
14 lated activity that the covered financial institu-
15 tion is taking or is intending to take, includ-
16 ing—

17 “(i) entering into a transaction;

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

19 “(iii) changing the corporate structure
20 of the covered financial institution; and

21 “(B) a Federal financial institutions regu-
22 latory agency’s objection to the covered finan-
23 cial institution commencing or otherwise con-
24 ducting an activity (including an action de-
25 scribed in subparagraph (A)).

1 “(b) CONTENTS OF REQUEST.—The procedures es-
2 tablished under subsection (a) shall provide that a request
3 for written advice made under the procedures shall be in
4 writing and contain—

5 “(1) the nature of the request;

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

7 “(3) applicable law, regulations, or generally ac-
8 cepted accounting principles relating to the matter;
9 and

10 “(4) a summary of the request.

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

15 “(1) provide the financial institution making
16 the request with written notification confirming re-
17 ceipt of the request and stating whether the request
18 contains all of the information required under sub-
19 section (b); and

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

22 “(A) provide the financial institution with
23 an explanation of what information is missing;
24 and

1 “(B) notify the financial institution that
2 the financial institution may provide the miss-
3 ing information to the agency within 30 days.

4 “(d) PROVIDING MISSING INFORMATION.—If a Fed-
5 eral financial institutions regulatory agency informs the
6 financial institution under subsection (c) that the request
7 for written advice does not contain all the information re-
8 quired under subsection (b), the financial institution may
9 provide the missing information to the Federal financial
10 institutions regulatory agency within 30 days of the date
11 the financial institution receives the explanation of the
12 missing information under subsection (c).

13 “(e) DETERMINATION.—A Federal financial institu-
14 tions regulatory agency receiving a request for written ad-
15 vice under the procedures established under subsection (a)
16 shall provide the financial institution with a written re-
17 sponse (or, for purposes of paragraph (3), notify the finan-
18 cial institution that a determination cannot be made)—

19 “(1) if the initial request contains the informa-
20 tion required under subsection (b), not later than
21 the end of the 60-day period beginning on the date
22 the Federal financial institutions regulatory agency
23 notifies the financial institution of the receipt of the
24 request under subsection (c);

1 “(2) if the initial request does not contain the
2 information required under subsection (b), but the
3 financial institution provides the missing information
4 during the 30-day period described under subsection
5 (d), not later than the end of the 60-day period be-
6 ginning on the date such missing information is pro-
7 vided; or

8 “(3) if the initial request does not contain the
9 information required under subsection (b), and the
10 financial institution does not provide the missing in-
11 formation during the 30-day period described under
12 subsection (d), not later than the end of the 60-day
13 period beginning on the end of such 30-day period.

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

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

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

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

25 “(g) CONFIDENTIALITY AND PRIVILEGE.—

1 “(1) TREATMENT OF WRITTEN ADVICE.—Writ-
2 ten advice issued under this section, and any mate-
3 rials submitted in connection therewith, and the fact
4 that a request for written advice was made shall be
5 treated as confidential supervisory information and
6 exempt from disclosure under section 552(b) of title
7 5, United States Code.

8 “(2) PUBLISHING OF ANONYMIZED OR RE-
9 DACTED SUMMARIES.—A Federal financial institu-
10 tions regulatory agency may publish anonymized or
11 redacted summaries of rulings for informational pur-
12 poses.

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

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

18 “(2) there has been a change in controlling law;
19 or

20 “(3) the ruling is inconsistent with a final rule
21 or judicial decision issued after the date the written
22 advice was issued.

23 “(i) REASONABLE FEES.—Each Federal financial in-
24 stitutions regulatory agency may establish and collect a

1 reasonable fee for the processing and issuance of any writ-
 2 ten advice issued under this section, and such fee—

3 “(1) shall be based on the estimated cost to the
 4 agency of reviewing, analyzing, and responding to
 5 the request;

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

8 “(3) shall be prescribed by regulation.

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

12 (c) OFFICE OF INDEPENDENT EXAMINATION RE-
 13 VIEW.—

14 (1) IN GENERAL.—The Federal Financial Insti-
 15 tutions Examination Council Act of 1978 (12 U.S.C.
 16 3301 et seq.), as amended by subsection (b), is fur-
 17 ther amended by adding at the end the following:

18 **“SEC. 1015. OFFICE OF INDEPENDENT EXAMINATION RE-**
 19 **VIEW.**

20 “(a) ESTABLISHMENT.—There is established in the
 21 Council an Office of Independent Examination Review
 22 (the ‘Office’).

23 “(b) BOARD OF INDEPENDENT EXAMINATION RE-
 24 VIEW.—

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

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

9 “(A) Individuals who have been employed
10 by a Federal financial institutions regulatory
11 agency.

12 “(B) Individuals who are not, and were not
13 during the previous 5-year period, employed by
14 a Federal financial institutions regulatory agen-
15 cy or a Federal reserve bank and who—

16 “(i) are a licensed attorney or a cer-
17 tified public accountant authorized to prac-
18 tice under the laws of a State, the District
19 of Columbia, or a territory of the United
20 States;

21 “(ii) have academic or private sector
22 experience relating to financial services; or

23 “(iii) have relevant work-related expe-
24 rience in consumer affairs or compliance

1 with consumer protection laws with respect
2 to financial institutions.

3 “(C) Individuals with at least 10 years pri-
4 vate sector financial services senior manage-
5 ment-level experience.

6 “(3) PROHIBITION ON CERTAIN INDIVIDUALS
7 SERVING AS A BOARD MEMBER.—The President may
8 not appoint an individual as a member of the Board
9 if the individual—

10 “(A) is, or was during the previous 2-year
11 period, employed by a Federal financial institu-
12 tions regulatory agency or a Federal reserve
13 bank; or

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

16 “(4) CONSULTATION.—In appointing members
17 of the Board, the President shall consult with the
18 Federal financial institutions regulatory agencies
19 and financial institutions.

20 “(5) TERM.—

21 “(A) IN GENERAL.—Each member of the
22 Board shall serve for a term of 3 years. Upon
23 the expiration of a member’s terms of office,
24 the member shall continue to serve until the

1 member's successor has been confirmed by the
2 Senate.

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

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

8 “(7) QUORUM.—

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

11 “(B) INITIAL QUORUM.—During the 6-
12 month period beginning on the date of enact-
13 ment of this section, 1 member of the Board
14 shall constitute a quorum until the Board has
15 3 members.

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

20 “(c) STAFFING.—The Board is authorized to hire
21 staff to support the activities of the Office of Independent
22 Examination Review, and set the salaries of such staff.
23 One-fifth of the costs and expenses of the Office, including
24 the salaries of its employees, shall be paid by each of the
25 Federal financial institutions regulatory agencies. Annual

1 assessments for such share shall be levied by the Council
2 based upon its projected budget for the year, and addi-
3 tional assessments may be made during the year if nec-
4 essary.

5 “(d) DUTIES.—The Board shall—

6 “(1) receive and, at the discretion of the Board,
7 investigate complaints from financial institutions,
8 their representatives, or another entity acting on be-
9 half of such institutions, concerning completed ex-
10 aminations, examination practices, or examination
11 reports;

12 “(2) hold meetings, at least once every three
13 months and in locations designed to encourage par-
14 ticipation from all sections of the United States,
15 with financial institutions, their representatives, or
16 another entity acting on behalf of such institutions,
17 to discuss examination procedures, examination
18 practices, or examination policies;

19 “(3) review examination procedures of the Fed-
20 eral financial institutions regulatory agencies to en-
21 sure that the written examination policies of those
22 agencies are being followed in practice and adhere to
23 the standards for consistency;

24 “(4) conduct a continuing and regular program
25 of examination quality assurance on a sample for all

1 examination types conducted by the Federal finan-
2 cial institutions regulatory agencies;

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

5 “(6) report annually to the Committee on Fi-
6 nancial Services of the House of Representatives, the
7 Committee on Banking, Housing, and Urban Affairs
8 of the Senate, and the Council, on the reviews car-
9 ried out pursuant to paragraphs (3) and (5), includ-
10 ing compliance with the requirements set forth in
11 section 1014 regarding timeliness of examination re-
12 ports, and the Board’s recommendations for im-
13 provements in examination procedures, practices,
14 and policies.

15 “(e) CONFIDENTIALITY.—

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

18 “(A) all meetings, discussions, and infor-
19 mation provided by financial institutions and
20 Federal financial institutions regulatory agen-
21 cies that involve confidential supervisory infor-
22 mation or privileged information;

23 “(B) all information and communications
24 exchanged between a financial institution and

1 the Office of Independent Examination Review;
2 and

3 “(C) all information and communications
4 exchanged between a Federal financial institu-
5 tions regulatory agency and the Office of Inde-
6 pendent Examination Review.

7 “(2) SUBMISSION OF INFORMATION DOES NOT
8 CONSTITUTE A WAIVER.—Section 18(x) of the Fed-
9 eral Deposit Insurance Act (12 U.S.C. 1828(x)) and
10 section 205(j) of the Federal Credit Union Act (12
11 U.S.C. 1785(j)) shall apply to the submission of in-
12 formation to the Board by a financial institution or
13 a Federal financial institutions regulatory agency to
14 the same extent as such sections 18(x) and 205(j)
15 apply to the submission of information described in
16 such sections 18(x) and 205(j).

17 “(3) SHARING OF INFORMATION WITHOUT
18 WAIVING PRIVILEGE.—The Board shall be consid-
19 ered a ‘covered agency’ for purposes of section 11(t)
20 of the Federal Deposit Insurance Act (12 U.S.C.
21 1821(t)).”.

22 (2) DEFINITIONS.—Section 1003 of the Federal
23 Financial Institutions Examination Council Act of
24 1978 (12 U.S.C. 3302) is amended—

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

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

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

7 “(5) the term ‘material supervisory determina-
 8 tion’ has the meaning given such term in section
 9 309(c) of the Riegle Community Development and
 10 Regulatory Improvement Act of 1994;

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

14 “(7) the term ‘insured credit union’ has the
 15 meaning given that term in section 101 of the Fed-
 16 eral Credit Union Act.”.

17 (d) RIGHT TO INDEPENDENT REVIEW OF MATERIAL
 18 SUPERVISORY DETERMINATIONS.—The Federal Financial
 19 Institutions Examination Council Act of 1978 (12 U.S.C.
 20 3301 et seq.), as amended by subsection (c), is further
 21 amended by adding at the end the following:

22 **“SEC. 1016. RIGHT TO INDEPENDENT REVIEW OF MATERIAL**
 23 **SUPERVISORY DETERMINATIONS.**

24 “(a) IN GENERAL.—A financial institution shall have
 25 the right to obtain an independent review, as described

1 in this section, of a material supervisory determination
2 contained in a final report of examination. A Federal fi-
3 nancial institutions regulatory agency and the Board may
4 not conduct concurrent reviews.

5 “(b) NOTICE.—

6 “(1) TIMING.—A financial institution seeking
7 review of a material supervisory determination under
8 this section shall file a written notice with the Board
9 within 30 days after receiving the final report of ex-
10 amination that is the subject of such review.

11 “(2) EXTENSION.—The institution may file a
12 written request with the Board for an extension of
13 the 60-day time period described under paragraph
14 (1), which shall state good cause for granting the ex-
15 tension. Such request shall be granted in the sole
16 discretion of the Board.

17 “(3) IDENTIFICATION OF DETERMINATION.—
18 The written notice shall—

19 “(A) identify the material supervisory de-
20 termination that is the subject of the requested
21 independent examination review;

22 “(B) state the reasons why the institution
23 believes that the material supervisory deter-
24 mination is incorrect or should otherwise be
25 modified; and

1 “(C) include—

2 “(i) a clear and complete statement of
3 all relevant facts and issues;

4 “(ii) all arguments that the institution
5 wishes to present; and

6 “(iii) all relevant and material docu-
7 ments in the possession of the institution
8 that the institution wishes to be consid-
9 ered.

10 “(4) INFORMATION MADE AVAILABLE TO INSTI-
11 TUTION.—A financial institution seeking a review of
12 a material supervisory determination may, not later
13 than 7 days after receiving the final examination re-
14 port, request that the Federal financial institutions
15 regulatory agency that made the material super-
16 visory determination provide the financial institution
17 with all examination and factual information relied
18 upon by the Federal financial institutions regulatory
19 agency in making the material supervisory deter-
20 mination. The Federal financial institutions regu-
21 latory agency shall provide such information to the
22 financial institution not later than 14 days after re-
23 ceiving the request.

24 “(5) SUBMISSION OF RECORD.—After receiving
25 a written notice of review from a financial institution

1 under this subsection, the Board shall direct the
2 Federal financial institutions regulatory agency that
3 made the material supervisory determination under
4 review to file with the Board the supervisory record
5 of the examination resulting in the material super-
6 visory determination under review.

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

8 “(1) IN GENERAL.—The Board shall—

9 “(A) determine the merits on the record,
10 including whether the material supervisory de-
11 termination being reviewed should be upheld,
12 canceled, or modified; or

13 “(B) at the election of the financial institu-
14 tion, conduct a hearing, which shall take place
15 not later than 60 days after the petition for re-
16 view is received by the Board, except that such
17 60-day period may be extended if both the fi-
18 nancial institution and the Board agree to such
19 extension.

20 “(2) RIGHT TO OBTAIN TESTIMONY.—A finan-
21 cial institution electing for a hearing under para-
22 graph (1)(B) shall have the right the obtain testi-
23 mony under oath from agency employees and obtain
24 documents and other evidence at the hearing, or in
25 advance of the hearing, according to procedures in-

1 stituted by the Board consistent with those set forth
2 under sections 556 and 557 of title 5, United States
3 Code.

4 “(3) BASIS OF DECISION.—The Board shall
5 issue a written decision based upon the record of the
6 examination, supplemented by the record established
7 before the Board and at any hearing.

8 “(4) STANDARD OF REVIEW.—The Board’s re-
9 view of a material supervisory determination being
10 reviewed under this subsection shall be de novo, and
11 the Board shall not defer to the opinions of the ex-
12 aminers or the Federal financial institutions regu-
13 latory agency, but shall independently determine the
14 appropriateness of the material supervisory deter-
15 mination based upon the relevant statutes, regula-
16 tions, other appropriate guidance, and the evi-
17 dentiary record.

18 “(5) POLICY MATTERS.—The Board shall con-
19 duct reviews under this section applying the policies,
20 regulations, and interpretations of the Federal finan-
21 cial institutions regulatory agency that made the
22 material supervisory determination under review in
23 effect at the time the material supervisory deter-
24 mination was made.

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

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

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

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

14 “(f) ANNUAL REPORT.—

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

24 “(2) CONFIDENTIALITY.—In reporting under
25 paragraph (1), the Board shall redact information

1 about individual financial institutions and any con-
2 fidential supervisory information or privileged infor-
3 mation shared by financial institutions, and shall
4 anonymize any un-redacted information that could,
5 in the aggregate, identify a financial institution.

6 “(g) RETALIATION PROHIBITED.—

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

9 “(A) retaliate against a financial institu-
10 tion, including service providers, or any institu-
11 tion-affiliated party, for exercising appellate
12 rights under this section; or

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

18 “(2) RETALIATION.—For purposes of this sub-
19 section, retaliation includes delaying consideration
20 of, or withholding approval of, any request, notice,
21 or application that otherwise would have been ap-
22 proved, but for the exercise of a financial institu-
23 tion’s rights under this section.

24 “(h) RULEMAKING.—The Board shall issue rules,
25 consistent with subchapter II of chapter 5 of title 5,

1 United States Code (commonly referred to as the ‘Admin-
2 istrative Procedure Act’), to establish procedures for hear-
3 ings described under this section, including that—

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

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

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

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

12 “(5) the Board shall have a verbatim transcript
13 of the hearing prepared.

14 “(i) RULE OF CONSTRUCTION.—Nothing in this sec-
15 tion may be construed—

16 “(1) to affect the right of a Federal financial
17 institutions regulatory agency to take enforcement
18 or other supervisory actions related to a material su-
19 pervisory determination under review under this sec-
20 tion; or

21 “(2) to prohibit the review under this section of
22 a material supervisory determination with respect to
23 which there is an ongoing enforcement or other su-
24 pervisory action.”.

25 (e) ADDITIONAL AMENDMENTS.—

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

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

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

13 (ii) by striking subsections (a), (b),
14 and (c);

15 (iii) by redesignating subsections (d),
16 (e), (f), and (g) as subsections (a), (b), (c),
17 and (d), respectively;

18 (iv) in subsection (b), as so redesign-
19 ated—

20 (I) in paragraph (2)—

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

23 (bb) in subparagraph (C),
24 by striking the period and insert-
25 ing “; and”; and

1 (cc) by adding at the end
2 the following:

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

7 (II) by adding at the end the fol-
8 lowing:

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

15 (v) in paragraph (1)(A) of subsection
16 (c), as so redesignated—

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

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

21 (III) by adding at the end the
22 following:

23 “(iv) any issue specifically listed in an
24 exam report as a matter requiring atten-

tion by the institution’s management or board of directors; and

“(v) any suspension or removal of an institution’s status as eligible for expedited processing of applications, requests, notices, or filings on the grounds of a supervisory or compliance concern, regardless of whether that concern has been cited as a basis for a material supervisory determination or matter requiring attention in an examination report, provided that the conduct at issue did not involve violation of any criminal law; and”.

(B) EFFECT.—Nothing in this subsection affects the authority of a Federal banking agency (as defined in section 304(b)) to take enforcement or other supervisory action.

(2) FEDERAL CREDIT UNION ACT.—Section 205(j) of the Federal Credit Union Act (12 U.S.C. 1785(j)) is amended by inserting “the Bureau of Consumer Financial Protection,” before “the Administration” each place that term appears.

(3) FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL ACT.—The Federal Financial In-

stitutions Examination Council Act of 1978 (12 U.S.C. 3301 et seq.) is amended—

(A) in section 1003 (12 U.S.C. 3302)—

(i) by striking paragraph (1) and inserting the following:

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

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

“(B) includes the Bureau of Consumer Financial Protection for purposes of sections 1012 through 1015;”; and

(ii) in paragraph (3), by striking the semicolon at the end and inserting “, except that for purposes of sections 1013 through 1016, the term ‘financial institution’ does not include a credit union that is not an insured credit union;”;

(B) in section 1004(a)(4) (12 U.S.C. 3303), by striking “Consumer Financial Protection Bureau” and inserting “Bureau of Consumer Financial Protection”; and

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

2 (i) by striking “One-fifth” and insert-
3 ing “One-fourth”; and

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

6 (f) ELECTION OF FORUM FOR REVIEW OF SUPER-
7 VISORY ENFORCEMENT.—

8 (1) FEDERAL DEPOSIT INSURANCE ACT.—Sec-
9 tion 8 of the Federal Deposit Insurance Act (12
10 U.S.C. 1818) is amended—

11 (A) in subsection (b), by adding at the end
12 the following:

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

18 “(A) the appropriate Federal banking
19 agency; or

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

1 edies stated in the notice of charges, including
2 those authorized under this subsection.”;

3 (B) in subsection (e), by adding at the end
4 the following:

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

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

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

19 (C) in subsection (h)—

20 (i) in paragraph (1), by striking
21 “(other than the hearing provided for in
22 subsection (g)(3) of this section)” and in-
23 serting “(other than the hearing provided
24 for in subsection (b)(11)(B), (e)(8)(B),
25 (g)(3), or (i)(2)(H)(ii))”; and

1 (ii) by adding at the end the fol-
2 lowing:

3 “(4) Any hearing provided for in subsection
4 (b)(11)(B), (e)(8)(B), or (i)(2)(H)(ii) shall be subject to
5 the jurisdiction, powers, and equitable authority of the dis-
6 trict court and be governed by the Federal Rules of Civil
7 Procedure and the Federal Rules of Evidence.

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

14 (D) in subsection (i)(2)—

15 (i) by amending subparagraph (E)(ii)
16 to read as follows:

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

1 (ii) by amending subparagraph (H) to
2 read as follows:

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

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

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

16 (iii) by amending subparagraph (I)(ii)
17 to read as follows:

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

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

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

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

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

9 (2) FEDERAL CREDIT UNION ACT.—Section 206
10 of the Federal Credit Union Act (12 U.S.C. 1786)
11 is amended—

12 (A) in subsection (e), by adding at the end
13 the following:

14 “(5) HEARING.—With respect to any notice
15 properly issued and served upon an insured credit
16 union, credit union which has insured accounts, or
17 an institution-affiliated party under this subsection,
18 such insured credit union, credit union which has in-
19 sured accounts, or institution-affiliated party shall
20 be afforded a hearing before—

21 “(A) the Administration; or

22 “(B) if such insured credit union, credit
23 union which has insured accounts, or institu-
24 tion-affiliated party submits a request within 20
25 days after the issuance of the notice, the appro-

1 appropriate United States district court, and that
2 court shall have jurisdiction to adjudicate all
3 claims and requested remedies stated in the no-
4 tice of charges, including those authorized
5 under this subsection.”;

6 (B) in subsection (g), by adding at the end
7 the following:

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

12 “(A) the Administration; or

13 “(B) if such institution-affiliated party
14 submits a request within 20 days after the
15 issuance of the notice, the appropriate United
16 States district court, and that court shall have
17 jurisdiction to adjudicate all claims and re-
18 quested remedies stated in the notice of
19 charges, including those authorized under this
20 subsection.”;

21 (C) in subsection (j)—

22 (i) in paragraph (1), by striking
23 “(other than the hearing provided for in
24 subsection (i)(3) of this section)” and in-
25 serting “(other than the hearing provided

1 for in subsection (e)(5)(B), (g)(8)(B),
2 (i)(3), or (k)(2)(H)(ii))”; and

3 (ii) by adding at the end the fol-
4 lowing:

5 “(4) Any hearing provided for in subsection
6 (e)(5)(B), (g)(8)(B), (i)(3), or (k)(2)(H)(ii) shall be sub-
7 ject to the jurisdiction, powers, and equitable authority of
8 the district court and be governed by the Federal Rules
9 of Civil Procedure and the Federal Rules of Evidence.

10 “(5) Any final decision of a United States district
11 court made pursuant to a respondent’s election under sub-
12 section (e)(5)(B), (g)(8)(B), (i)(3), or (k)(2)(H)(ii) shall
13 be reviewable in the appropriate court of appeals in the
14 same manner and to the same extent as any other civil
15 action to which the United States is a party.”;

16 (D) in subsection (k)(2)—

17 (i) by amending subparagraph (E)(ii)
18 to read as follows:

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

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

(ii) by amending subparagraph (H) to read as follows:

“(H) HEARING.—The insured credit union or institution-affiliated party against whom any penalty is assessed under this paragraph shall be afforded a hearing before—

“(i) the Administration, if such insured credit union or institution-affiliated party submits a request for such hearing within 20 days after the issuance of the notice of assessment; or

“(ii) the appropriate United States district court, if such insured credit union or institution-affiliated party submits a request for such hearing and forum within 20 days after the issuance of the notice of assessment.”; and

(iii) by amending subparagraph (I)(ii) to read as follows:

“(ii) APPROPRIATENESS OF PENALTY NOT REVIEWABLE.—In any civil action under clause (i), except a civil action tried in a United States district court pursuant

1 to subsection (e)(5)(B), (g)(8)(B), or
 2 (k)(2)(H)(ii), the validity and appropriate-
 3 ness of the penalty shall not be subject to
 4 review.”; and

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

6 “(x) SAVINGS CLAUSE.—Nothing in subsection
 7 (e)(5)(B), (g)(8)(B), or (k)(2)(H)(ii) shall be construed
 8 to—

9 “(1) limit the authority of the Administration
 10 to initiate an administrative enforcement action; or

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

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

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

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

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

24 “(A) IN GENERAL.—Notwithstanding
 25 paragraphs (1) and (2), the following shall

1 apply to a well managed and well capitalized in-
2 sured depository institution with
3 \$6,000,000,000 or less in consolidated assets:

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

14 “(ii) COMBINED EXAMINATIONS.—If
15 an insured depository institution is other-
16 wise subject to separate safety and sound-
17 ness examinations, consumer compliance
18 examinations, and information technology
19 and cybersecurity examinations, the appro-
20 priate Federal banking agency shall, upon
21 request of the insured depository institu-
22 tion, combine two or three such examina-
23 tions, as specified by the insured deposi-
24 tory institution, and carry them out at the
25 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 appropriate to en-
3 sure safety and soundness or compliance with
4 applicable 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.—Notwithstanding any other
8 provision of this section, the following shall apply to
9 a well managed and well capitalized insured credit
10 union with \$6,000,000,000 or less in consolidated
11 assets:

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

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

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

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

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

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

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

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

1 “(ii) have failed to comply with Fed-
2 eral or State banking laws and regulations;
3 and

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

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

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

21 “(A) CONSUMER COMPLIANCE EXAMINA-
22 TION.—The term ‘consumer compliance exam-
23 ination’ means an examination to assess compli-
24 ance with the requirements of Federal con-
25 sumer financial law (as such term is defined in

1 section 1002 of the Consumer Financial Protec-
2 tion Act of 2010).

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

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

14 (b) EXAMINATION PRACTICES.—

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

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

1 “(A) ensure the examination is led by, to
2 the maximum extent practicable, an examiner
3 with significant experience as an examiner;

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

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

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

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

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

20 “(B) aggregate data summarizing the
21 agency’s examination practices with respect to
22 insured depository institutions with less than
23 \$6,000,000,000 in total assets, including—

24 “(i) the average experience of exam-
25 iners, including the average number of

1 years of examiner experience of those who
2 lead on-site examinations;

3 “(ii) the average number of examiners
4 utilized; and

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

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

12 “(i) EXAMINATION PRACTICES.—With respect to on-
13 site examination of an insured credit union with less than
14 \$6,000,000,000 in total assets, the National Credit Union
15 Administration shall—

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

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

23 “(3) make every effort, to the maximum extent
24 practicable, to schedule the examination at a time
25 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. FINANCIAL INTEGRITY AND REGULATION MAN-**
 22 **AGEMENT.**

23 (a) FINDINGS.—Congress finds that—

24 (1) the primary objective of financial regulation
 25 and supervision by the Federal banking agencies is

1 to promote safety and soundness of depository insti-
2 tutions;

3 (2) all federally legal businesses and law-abid-
4 ing citizens regardless of political ideology should
5 have equal opportunity to obtain financial services
6 and should not face unlawful discrimination in ob-
7 taining such services;

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

12 (4) financial service providers should strive to
13 ensure that all business decisions are based on fac-
14 tors free from unlawful prejudice or political influ-
15 ence;

16 (5) the use of reputational risk in supervisory
17 frameworks encourages Federal banking agencies to
18 regulate depository institutions based on the subjec-
19 tive view of negative publicity and provides cover for
20 the agencies to implement their own political agenda
21 unrelated to the safety and soundness of a deposi-
22 tory institution;

23 (6) Federal banking agencies have in fact used
24 reputational risk to limit access of federally legal
25 businesses and law-abiding citizens to financial serv-

1 ices in 2018 when the Federal Deposit Insurance
2 Corporation acknowledged that the agency used
3 reputational risk reviews to limit access to financial
4 services by certain industries, commonly known as
5 “Operation Choke Point”; and

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

10 (b) DEFINITIONS.—In this section:

11 (1) DEPOSITORY INSTITUTION.—The term “de-
12 pository institution”—

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

16 (B) includes a depository institution hold-
17 ing company, as such term is defined in section
18 3 of the Federal Deposit Insurance Act (12
19 U.S.C. 1813); and

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

23 (2) FEDERAL BANKING AGENCY.—The term
24 “Federal banking agency”—

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

4 (B) includes—

5 (i) the National Credit Union Admin-
6 istration; and

7 (ii) the Bureau of Consumer Financial
8 Protection.

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

14 (4) REPUTATIONAL RISK.—The term
15 “reputational risk” means the potential that nega-
16 tive publicity or negative public opinion regarding a
17 depository institution’s business practices, whether
18 true or not, will cause a decline in confidence in the
19 institution or a decline in the customer base, costly
20 litigation, or revenue reductions or otherwise ad-
21 versely impact the depository institution. The pre-
22 vious sentence does not apply to negative publicity
23 or negative public opinion regarding an institution’s
24 business practices where such practices involve un-

1 lawful transactions in connection with state sponsors
2 of terrorism or foreign terrorist organizations.

3 (5) STATE SPONSORS OF TERRORISM.—The
4 term “state sponsors of terrorism” means a country,
5 the government of which has been determined by the
6 Secretary of State to have repeatedly provided sup-
7 port for acts of international terrorism, for purposes
8 of—

9 (A) section 1754(c)(1)(A)(i) of the Export
10 Control Reform Act of 2018 (50 U.S.C.
11 4813(c)(1)(A)(i));

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

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

16 (D) any other provision of law.

17 (c) STUDY ON REPUTATIONAL RISK.—Not later than
18 1 year after the date of the enactment of this Act, each
19 Federal banking agency shall—

20 (1) carry out a study to evaluate the use of
21 reputational risk in the supervision of depository in-
22 stitutions; and

23 (2) determine whether the removal of
24 reputational risk in the supervision of depository in-

stitutions would threaten the safety and soundness of those depository institutions.

(d) REMOVAL OF REPUTATIONAL RISK AS A CONSIDERATION IN THE SUPERVISION OF DEPOSITORY INSTITUTIONS.—If a Federal banking agency determines, under subsection (c), that the removal of reputational risk in the supervision of depository institutions would not threaten the safety and soundness of those depository institutions, the Federal banking agency shall remove from any guidance, rule, examination manual, or similar document established by the agency any reference to reputational risk, or any term substantially similar, regarding the supervision of depository institutions such that reputational risk, or any term substantially similar, is no longer taken into consideration by the Federal banking agency when examining and supervising a depository institution.

(e) PROHIBITION.—If a Federal banking agency determines, under subsection (c), that the removal of reputational risk in the supervision of depository institutions would not threaten the safety and soundness of those depository institutions, the agency may not engage in rulemaking, the issuance of guidance, supervision activities, or enforcement activities related to the reputational risk of a depository institution or the managing of reputational risk by a depository institution, including—

1 (1) establishing any rule, regulation, require-
2 ment, standard, or supervisory expectation con-
3 cerning or related to the reputational risk of a de-
4 pository institution, or the management thereof,
5 whether binding or not;

6 (2) conducting any examination, assessment,
7 data collection, or other supervisory exercise con-
8 cerning or related to reputational risk of a deposi-
9 tory institution, or the management thereof;

10 (3) issuing any examination finding, supervisory
11 criticism, or other supervisory or examination com-
12 munication concerning or related to reputational risk
13 of a depository institution, or the management
14 thereof;

15 (4) making any supervisory ratings decision or
16 determination that is based, in whole or in part, on
17 any matter concerning or related to reputational risk
18 of a depository institution, or the management
19 thereof; and

20 (5) taking any formal or informal enforcement
21 action that is based, in whole or in part, on any
22 matter concerning or related to reputational risk of
23 a depository institution, or the management thereof.

24 (f) REPORTS.—Not later than 180 days after the
25 date of enactment of this Act, each Federal banking agen-

1 cy shall submit to the Committee on Banking, Housing,
 2 and Urban Affairs of the Senate and the Committee on
 3 Financial Services of the House of Representatives a re-
 4 port that—

5 (1) confirms implementation of this section; and

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

8 **TITLE IV—REGULATORY AC-** 9 **COUNTABILITY AND TRANS-** 10 **PARENCY**

11 **SEC. 401. FDIC BOARD ACCOUNTABILITY.**

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

14 (1) by striking “Consumer Financial Protection
 15 Bureau” each place such term appears and inserting
 16 “Bureau of Consumer Financial Protection”;

17 (2) by amending subsection (a)(1)(C) to read as
 18 follows:

19 “(C) 3 of whom shall be appointed by the
 20 President, by and with the advice and consent
 21 of the Senate, from among individuals who are
 22 citizens of the United States, 1 of whom shall
 23 have State bank supervisory experience, and
 24 separately 1 of whom shall have demonstrated
 25 primary experience working in or supervising

1 depository institutions having less than
2 \$17,000,000,000 in total assets.”; and

3 (3) in subsection (c)—

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

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

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

12 **SEC. 402. STOP AGENCY FIAT ENFORCEMENT OF GUID-**
13 **ANCE.**

14 (a) IN GENERAL.—Each financial agency shall in-
15 clude a guidance clarity statement as described in sub-
16 section (b) on any guidance issued by that financial agency
17 on and after the date of the enactment of this Act.

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

1 ble statutes or regulations, noncompliance with this guid-
2 ance does not conclusively establish a violation of applica-
3 ble law.”.

4 (c) DEFINITIONS.—In this section:

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

7 (A) The Bureau of Consumer Financial
8 Protection.

9 (B) The Department of Housing and
10 Urban Development.

11 (C) The Department of the Treasury.

12 (D) The Federal Deposit Insurance Cor-
13 poration.

14 (E) The Federal Housing Finance Agency.

15 (F) The Board of Governors of the Federal
16 Reserve System.

17 (G) The National Credit Union Adminis-
18 tration.

19 (H) The Office of the Comptroller of the
20 Currency.

21 (I) The Securities and Exchange Commis-
22 sion.

23 (2) GUIDANCE.—The term “guidance” means a
24 financial agency statement of general applicability,
25 intended to have a future effect on the behavior of

1 regulated parties, that sets forth a policy on a statu-
2 tory, regulatory, or technical issue, or an interpreta-
3 tion of a statute or regulation, but does not in-
4 clude—

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

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

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

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

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

21 (F) internal executive branch legal advice
22 or legal opinions addressed to executive branch
23 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” and inserting “Federal financial institu-
11 tions regulatory agencies”;

12 (3) in subsection (a)—

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

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

17 (4) in subsection (b)—

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

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

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

25 (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) assess the effects of such regulations
16 on consumer protection;

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

22 “(F) to the extent practicable, quantifies
23 the direct and indirect economic costs imposed
24 by such regulations; and

1 “(G) includes recommendations to stream-
2 line or eliminate duplicative, outdated, and un-
3 necessarily burdensome regulations.”;

4 (5) in subsection (c)—

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

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

10 (6) in subsection (e)—

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

13 (B) by redesignating paragraph (2) as
14 paragraph (3);

15 (C) by inserting after paragraph (1) the
16 following:

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

22 (D) in paragraph (3), as so redesignated,
23 by striking “the regulatory burdens associated
24 with such issues by regulation” and inserting
25 “the regulatory burdens associated with the

issues identified by public comments received by the Council and the Federal financial institutions regulatory agencies, as well as the regulatory burdens identified by each Federal financial institutions regulatory agency through the internal reviews conducted under subsection (b)(2), by regulation”; and
(7) by adding at the end the following:

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

TITLE V—STRENGTHENING LOCAL BANK FUNDING

SEC. 501. BRINGING THE DISCOUNT WINDOW INTO THE 21ST CENTURY.

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

“(11) REVIEW OF DISCOUNT WINDOW OPERATIONS.—

“(A) IN GENERAL.—Not later than 60 days after the date of enactment of this paragraph, the Board of Governors shall commence

1 a review of the discount window lending pro-
2 grams of the Federal reserve banks (the ‘dis-
3 count window’), and shall complete such review
4 not later than 240 days after the date of enact-
5 ment of this paragraph.

6 “(B) CONTENTS.—The review required by
7 subparagraph (A) shall include a consideration
8 of—

9 “(i) the effectiveness of the discount
10 window in providing liquidity to financial
11 institutions, including in times of financial
12 stress;

13 “(ii) whether the technology infra-
14 structure, including means of communica-
15 tions, are sufficient to support the timely
16 provision of liquidity, including in times of
17 financial stress;

18 “(iii) the effectiveness of cybersecurity
19 measures implemented with respect to dis-
20 count window operations;

21 “(iv) the effectiveness of communica-
22 tions between Federal reserve banks, fi-
23 nancial institutions, the Board of Gov-
24 ernors, the Federal Deposit Insurance Cor-
25 poration, the Comptroller of the Currency,

1 and the Secretary of the Treasury regard-
2 ing discount window operations;

3 “(v) the effectiveness of the Board of
4 Governors in providing oversight of the
5 discount window and in ensuring con-
6 sistent access to the discount window
7 across the Federal Reserve System;

8 “(vi) how the discount window inter-
9 acts with other providers of liquidity, in-
10 cluding the Federal Home Loan Banks,
11 during both normal operations and times
12 of financial distress;

13 “(vii) the effectiveness of existing dis-
14 count window operating hours and whether
15 such hours should be expanded, taking into
16 account the interaction between discount
17 window operating hours and the operating
18 hours of payment systems of the Federal
19 reserve banks, such as the Fedwire Funds
20 Service and FedNow Service;

21 “(viii) the impact of mobile banking
22 and instant communications technology on
23 depositor behavior and liquidity risk posed
24 to financial institutions, including how the
25 discount window can—

1 “(I) help financial institutions
2 better respond to rapid liquidity short-
3 falls; and

4 “(II) prevent broader financial
5 instability; and

6 “(ix) the effectiveness of the discount
7 window in light of the stigma associated
8 with its usage, ways to reduce such stigma,
9 and ways to improve access, operational ef-
10 ficiency, transparency, and timeliness of
11 the process for financial institutions seek-
12 ing advances, including on the pricing and
13 other terms of such advances.

14 “(C) REMEDIATION PLAN.—After the
15 Board of Governors completes the review re-
16 quired by subparagraph (A), the Board of Gov-
17 ernors, in consultation with the Federal reserve
18 banks, shall—

19 “(i) identify deficiencies with the dis-
20 count window and areas for enhancing dis-
21 count window effectiveness; and

22 “(ii) develop a written plan to reme-
23 diate the identified deficiencies and imple-
24 ment the identified enhancements, which
25 shall include—

1 “(I) an identification of actions
2 that will be taken to enhance discount
3 window effectiveness and remediate
4 identified deficiencies;

5 “(II) timelines and milestones for
6 implementing the plan and measures
7 to demonstrate how the implemented
8 improvements will be maintained on
9 an ongoing basis; and

10 “(III) measures of managing and
11 controlling any deficiencies and cur-
12 rent operations until the plan is im-
13 plemented in full.

14 “(D) REPORT TO CONGRESS ON REVIEW
15 AND PLAN.—

16 “(i) IN GENERAL.—Not later than
17 365 days after the date of enactment of
18 this paragraph, the Board of Governors
19 shall submit a report to the Committee on
20 Financial Services of the House of Rep-
21 resentatives and the Committee on Bank-
22 ing, Housing, and Urban Affairs of the
23 Senate containing—

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

1 “(II) the remediation plan re-
2 quired by subparagraph (C).

3 “(ii) CONSULTATION.—Before submit-
4 ting the report required by clause (i), the
5 Board of Governors shall—

6 “(I) provide a copy of the pro-
7 posed report to the Comptroller of the
8 Currency, the Federal Deposit Insur-
9 ance Corporation, the National Credit
10 Union Administration, and the Sec-
11 retary of the Treasury; and

12 “(II) provide the Comptroller of
13 the Currency, the Federal Deposit In-
14 surance Corporation, the National
15 Credit Union Administration, and the
16 Secretary of the Treasury with an op-
17 portunity to provide feedback on the
18 report.

19 “(iii) TESTIMONY.—The Chairman of
20 the Board of Governors shall, at the semi-
21 annual hearing required under section 2B,
22 testify with respect to the contents of the
23 report required under this subparagraph.

24 “(E) ANNUAL REPORTS TO CONGRESS.—

1 “(i) REPORTS BY THE BOARD.—The
2 Board of Governors shall submit an annual
3 report to the Committee on Financial Serv-
4 ices of the House of Representatives and
5 the Committee on Banking, Housing, and
6 Urban Affairs of the Senate containing a
7 review of the effectiveness of discount win-
8 dow operations and a progress report on
9 the actions taken to implement the identi-
10 fied enhancements described in subpara-
11 graph (C).

12 “(ii) REPORTS BY THE INSPECTOR
13 GENERAL.—The Inspector General of the
14 Board of Governors of the Federal Reserve
15 System and the Bureau of Consumer Fi-
16 nancial Protection shall submit an annual
17 report to the Committee on Financial Serv-
18 ices of the House of Representatives and
19 the Committee on Banking, Housing, and
20 Urban Affairs of the Senate containing a
21 report on the progress of the Board of
22 Governors in implementing the remediation
23 plan required by subparagraph (C).

24 “(F) CONFIDENTIAL REPORT INFORMA-
25 TION.—Any report required under this para-

graph may contain a confidential annex containing information that, if made public, could—

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

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

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

SEC. 502. KEEPING DEPOSITS LOCAL.

(a) AMOUNT OF RECIPROCAL DEPOSITS THAT ARE NOT CONSIDERED TO BE FUNDS OBTAINED BY OR THROUGH A DEPOSIT BROKER.—Section 29(i)(1)(C) of the Federal Deposit Insurance Act (12 U.S.C. 1831f(i)(1)(C)) is amended by striking “\$96,333,333,333” and inserting “\$250,000,000,000”.

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

(1) in paragraph (2)(A)—

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

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

10 (B) by redesignating clauses (ii) and (iii)
11 as clauses (iii) and (iv), respectively; and

12 (C) by inserting after clause (i) the fol-
13 lowing:

14 “(ii) has not yet been examined under
15 section 10(d) and the deposits of which
16 first became insured under this Act during
17 the current calendar year or during the im-
18 mediately preceding calendar year;”; and

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

20 “(3) RESERVATION OF AUTHORITY.—If an in-
21 sured depository institution ceases to be an agent in-
22 stitution because it no longer satisfies any of the cri-
23 teria in paragraph (2)(A), the Corporation may, on
24 a case-by-case basis and upon application, provide a
25 waiver to permit the institution to continue to con-

1 sider some or all of the deposits previously subject
2 to the exception under paragraph (1) as continuing
3 to be subject to the exception under paragraph (1),
4 for a specific or indefinite period of time, if the Cor-
5 poration determines that failure to grant such a
6 waiver would negatively impact the safety and
7 soundness of the insured depository institution.”.

8 (c) RECIPROCAL DEPOSITS STUDY.—

9 (1) IN GENERAL.—The Federal Deposit Insur-
10 ance Corporation, in consultation with the Board of
11 Governors of the Federal Reserve System, shall
12 carry out a study on reciprocal deposits.

13 (2) CONTENTS.—The study required under
14 paragraph (1) shall include—

15 (A) an analysis of how reciprocal deposits
16 have performed since 2018, which shall in-
17 clude—

18 (i) the use of quantitative and quali-
19 tative data;

20 (ii) a breakdown of the usage of recip-
21 rocal deposits by size of insured depository
22 institution;

23 (iii) the usage of reciprocal deposits
24 during periods of stress; and

1 (iv) an analysis, to the extent prac-
 2 ticable, of end-user depositors, such as mu-
 3 nicipalities, businesses, and non-profit or-
 4 ganizations, that drive demand for recip-
 5 rocal products;

6 (B) an analysis, to the extent practicable,
 7 of how reciprocal deposits compare to other de-
 8 posit arrangements; and

9 (C) an analysis of the benefits and poten-
 10 tial risks of reciprocal deposits.

11 (3) REPORT.—Not later than 6 months after
 12 the date of enactment of this Act, the Federal De-
 13 posit Insurance Corporation shall issue a report to
 14 the Committee on Financial Services of the House of
 15 Representatives and the Committee on Banking,
 16 Housing, and Urban Affairs of the Senate con-
 17 taining all findings and determinations made in car-
 18 rying out the study required under paragraph (1).

19 **TITLE VI—PROMOTING BANK**
 20 **COMPETITION AND MERGER**
 21 **CLARITY**

22 **SEC. 601. BANK COMPETITION MODERNIZATION.**

23 (a) IN GENERAL.—Section 18(c) of the Federal De-
 24 posit Insurance Act (12 U.S.C. 1828(c)), as amended by
 25 section 604(c), is further amended—

1 (1) in paragraph (4)(C)—

2 (A) in clause (i), by striking “or” at the
3 end;

4 (B) in clause (ii), by striking the period at
5 the end and inserting “; or”; and

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

7 “(iii) the proposed merger transaction
8 would result in an entity with less than
9 \$10,000,000,000 in assets and would not
10 result in there being only one insured de-
11 pository institution with a physical pres-
12 ence in any relevant metropolitan statis-
13 tical area.”; and

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

15 “(16) FOR MERGER TRANSACTIONS RESULTING IN
16 INSTITUTIONS WITH LESS THAN \$10,000,000,000 IN AS-
17 SETS AND THAT WOULD NOT RESULT IN THERE BEING
18 ONLY ONE INSURED DEPOSITORY INSTITUTION WITH A
19 PHYSICAL PRESENCE IN ANY RELEVANT METROPOLITAN
20 STATISTICAL AREA.—Notwithstanding paragraph (5), if
21 a proposed merger transaction would result in an institu-
22 tion with less than \$10,000,000,000 in assets and would
23 not result in there being only one insured depository insti-
24 tution with a physical presence in any relevant metropoli-

1 tan statistical area, then the responsible agency shall not
2 consider whether such merger transaction would—

3 “(A) result in a monopoly, or would be in fur-
4 therance of any combination or conspiracy to mo-
5 nopolize or to attempt to monopolize the business of
6 banking in any part of the United States; and

7 “(B) have the effect in any section of the coun-
8 try of substantially lessening competition, tending to
9 create a monopoly, or in any other manner restrain-
10 ing trade.”.

11 (b) FOR BANK HOLDING COMPANIES.—Section 3(c)
12 of the Bank Holding Company Act of 1956 (12 U.S.C.
13 1842(c)) is amended by adding at the end the following:

14 “(8) FOR PROPOSED TRANSACTIONS RESULT-
15 ING IN COMPANIES WITH LESS THAN \$10,000,000,000
16 IN ASSETS AND THAT WOULD NOT RESULT IN
17 THERE BEING ONLY ONE INSURED DEPOSITORY IN-
18 STITUTION WITH A PHYSICAL PRESENCE IN ANY
19 RELEVANT METROPOLITAN STATISTICAL AREA.—
20 Notwithstanding paragraph (1), if a proposed acqui-
21 sition, merger, or consolidation under this section
22 would result in a company with less than
23 \$10,000,000,000 in assets and would not result in
24 there being only one insured depository institution
25 with a physical presence in any relevant metropoli-

1 tan statistical area, then the Board shall not con-
 2 sider whether such acquisition, merger, or consolida-
 3 tion would—

4 “(A) result in a monopoly, or would be in
 5 furtherance of any combination or conspiracy to
 6 monopolize or to attempt to monopolize the
 7 business of banking in any part of the United
 8 States; and

9 “(B) have the effect in any section of the
 10 country of substantially lessening competition,
 11 tending to create a monopoly, or in any other
 12 manner restraining trade.”.

13 (c) FOR SAVINGS AND LOAN HOLDING COMPA-
 14 NIES.—Section 10(e) of the Home Owners’ Loan Act (12
 15 U.S.C. 1467a(e)), as amended by section 604(b), is fur-
 16 ther amended by adding at the end the following:

17 “(10) FOR PROPOSED TRANSACTIONS RESULT-
 18 ING IN COMPANIES WITH LESS THAN \$10,000,000,000
 19 IN ASSETS AND THAT WOULD NOT RESULT IN
 20 THERE BEING ONLY ONE INSURED DEPOSITORY IN-
 21 STITUTION WITH A PHYSICAL PRESENCE IN ANY
 22 RELEVANT METROPOLITAN STATISTICAL AREA.—
 23 Notwithstanding subparagraphs (A) and (B) of
 24 paragraph (2), if a proposed transaction under this
 25 section would result in a company with less than

1 \$10,000,000,000 in assets and would not result in
2 there being only one insured depository institution
3 with a physical presence in any relevant metropoli-
4 tan statistical area, then the Board shall not con-
5 sider whether the transaction would—

6 “(A) result in a monopoly, or would be in
7 furtherance of any combination or conspiracy to
8 monopolize or to attempt to monopolize the sav-
9 ings and loan business in any part of the
10 United States; and

11 “(B) have the effect in any section of the
12 country of substantially lessening competition,
13 tending to create a monopoly, or in any other
14 manner restraining trade.”.

15 **SEC. 602. MERGER AGREEMENT APPROVALS CLARITY AND**
16 **PREDICTABILITY.**

17 (a) STUDY.—The Comptroller General of the United
18 States shall carry out a study on the use of commitments,
19 conditions, and other aspects of merger review procedures
20 by Federal depository institution regulatory agencies in
21 connection with insured depository institution merger ap-
22 plications. The study shall—

23 (1) include an evaluation of relevant quantifi-
24 able metrics;

1 (2) review the extent to which the use of com-
2 mitments and conditions has aligned with statutory
3 requirements, including a review of whether the use
4 of commitments and conditions has been influenced
5 by extrastatutory issues or considerations;

6 (3) consider the benefits and risks of utilizing
7 different merger review approaches and procedures
8 in compliance with the law; and

9 (4) include an evaluation of the impact of such
10 merger review procedures and resulting approved
11 mergers on safety and soundness, financial stability,
12 competition, and the availability of financial prod-
13 ucts and services offered by insured depository insti-
14 tutions.

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

22 (c) DEFINITIONS.—In this section:

23 (1) APPLICATION.—The term “application”
24 means an application, notice, or other similar re-

1 quest for permission submitted to a Federal deposi-
2 tory institution regulatory agency.

3 (2) FEDERAL DEPOSITORY INSTITUTION REGU-
4 LATORY AGENCY.—The term “Federal depository in-
5 stitution regulatory agency” means the Board of
6 Governors of the Federal Reserve System, the
7 Comptroller of the Currency, the Federal Deposit
8 Insurance Corporation, and the National Credit
9 Union Administration Board.

10 (3) INSURED DEPOSITORY INSTITUTION.—The
11 term “insured depository institution”—

12 (A) has the meaning given that term in
13 section 3 of the Federal Deposit Insurance Act
14 (12 U.S.C. 1813); and

15 (B) means an insured credit union, as de-
16 fined in section 101 of the Federal Credit
17 Union Act (12 U.S.C. 1752).

18 (4) INSURED DEPOSITORY INSTITUTION MERG-
19 ER APPLICATION.—The term “insured depository in-
20 stitution merger application” means an application
21 with respect to the acquisition of an insured deposi-
22 tory institution, its equity interests, its assets, or its
23 deposits under—

24 (A) section 10(e) of the Home Owners’
25 Loan Act (12 U.S.C. 1467a(e));

1 (B) section 205(b) of the Federal Credit
2 Union Act (12 U.S.C. 1785(b));

3 (C) section 7(j) of the Federal Deposit In-
4 surance Act (12 U.S.C. 1817(j));

5 (D) section 18(c)(2) of the Federal De-
6 posit Insurance Act (12 U.S.C. 1828(c)(2));

7 (E) section 3 of the Bank Holding Com-
8 pany Act of 1956 (12 U.S.C. 1842); and

9 (F) section 4 of the Bank Holding Com-
10 pany Act of 1956 (12 U.S.C. 1843).

11 **SEC. 603. MERGER PROCESS REVIEW.**

12 (a) REVIEW.—Not later than 1 year after the date
13 of enactment of this Act, and every 3 years thereafter,
14 the Inspector General of each Federal depository institu-
15 tion regulatory agency shall review the Federal depository
16 institution regulatory agency’s merger review procedures,
17 including record of timeliness and efficiency in reviewing
18 and acting upon insured depository institution merger ap-
19 plications. The review shall—

20 (1) include an evaluation of relevant quantifi-
21 able metrics, including mean and median application
22 processing times;

23 (2) identify sources of delay that may hinder
24 the timely consummation of proposals that meet the
25 relevant statutory factors;

1 (3) consider the benefits and risks of utilizing
2 different merger review approaches and procedures
3 in compliance with the law;

4 (4) include an evaluation of the impact of such
5 merger review procedures and resulting approved
6 mergers on safety and soundness, financial stability,
7 competition, and the availability of financial prod-
8 ucts and services offered by insured depository insti-
9 tutions; and

10 (5) include specific recommendations to improve
11 the merger review process, including timeliness and
12 efficiency of application processing, consistent with
13 the Federal depository institution regulatory agen-
14 cy's statutory responsibilities.

15 (b) REPORT.—Each Inspector General described
16 under subsection (a) shall, at the conclusion of each review
17 required under subsection (a), issue a report to the Com-
18 mittee on Financial Services of the House of Representa-
19 tives and the Committee on Banking, Housing, and Urban
20 Affairs of the Senate containing all findings and deter-
21 minations made in carrying out the review, and publish
22 such report online.

23 (c) AGENCY RESPONSE.—In response to each report
24 issued under subsection (a), the appropriate Federal de-
25 pository institution regulatory agency shall submit to the

1 Committee on Financial Services of the House of Rep-
2 resentatives and the Committee on Banking, Housing, and
3 Urban Affairs of the Senate and publish online a written
4 response, including a plan to implement the recommenda-
5 tions in the report, to the extent such implementation is
6 appropriate.

7 (d) DEFINITIONS.—In this section:

8 (1) APPLICATION.—The term “application”
9 means an application, notice, or other similar re-
10 quest for permission submitted to a Federal deposi-
11 tory institution regulatory agency.

12 (2) FEDERAL DEPOSITORY INSTITUTION REGU-
13 LATORY AGENCY.—The term “Federal depository in-
14 stitution regulatory agency” means the Board of
15 Governors of the Federal Reserve System, the
16 Comptroller of the Currency, the Federal Deposit
17 Insurance Corporation, and the National Credit
18 Union Administration.

19 (3) INSURED DEPOSITORY INSTITUTION.—The
20 term “insured depository institution”—

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

1 (B) means an insured credit union, as de-
 2 fined in section 101 of the Federal Credit
 3 Union Act (12 U.S.C. 1752).

4 (4) INSURED DEPOSITORY INSTITUTION MERG-
 5 ER APPLICATION.—The term “insured depository in-
 6 stitution merger application” means an application
 7 with respect to the acquisition of an insured deposi-
 8 tory institution, its equity interests, its assets, or its
 9 deposits under—

10 (A) section 10(e) of the Home Owners’
 11 Loan Act (12 U.S.C. 1467a(e));

12 (B) section 205(b) of the Federal Credit
 13 Union Act (12 U.S.C. 1785(b));

14 (C) section 7(j) of the Federal Deposit In-
 15 surance Act (12 U.S.C. 1817(j));

16 (D) section 18(c)(2) of the Federal De-
 17 posit Insurance Act (12 U.S.C. 1828(c)(2));

18 (E) section 3 of the Bank Holding Com-
 19 pany Act of 1956 (12 U.S.C. 1842); and

20 (F) section 4 of the Bank Holding Com-
 21 pany Act of 1956 (12 U.S.C. 1843).

22 **SEC. 604. BANK FAILURE PREVENTION.**

23 (a) BANK HOLDING COMPANIES.—Section 3(b)(1) of
 24 the Bank Holding Company Act of 1956 (12 U.S.C.
 25 1842(b)(1)) is amended—

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

3 “(A) IN GENERAL.—Upon receiving”;

4 (2) by striking “required” and inserting “ac-
5 quired”;

6 (3) by striking “In the event of the failure of
7 the Board to act on any application for approval
8 under this section within the ninety-one-day period
9 which begins on the date of submission to the Board
10 of the complete record on that application, the appli-
11 cation shall be deemed to have been granted.”; and

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

13 “(B) COMPLETE RECORD ON AN APPLICA-
14 TION.—

15 “(i) NOTICE TO APPLICANT.—Not later
16 than 30 days after the date on which the Board
17 receives an application for approval under this
18 section, the Board shall transmit to the appli-
19 cant a letter that either—

20 “(I) confirms the record on the appli-
21 cation is complete; or

22 “(II) details all additional information
23 that is required for the record on that ap-
24 plication to be complete.

1 “(ii) EXTENSION OF NOTICE.—Notwith-
2 standing clause (i), the Board may, if an appli-
3 cation is complex, extend the 30-day period de-
4 scribed under clause (i) for an additional period
5 not to exceed 60 days.

6 “(iii) RECEIPT OF RESPONSE; DEEMING OF
7 COMPLETE RECORD.—Upon receipt of a re-
8 sponse from an applicant to a notice requesting
9 additional information described under clause
10 (i)(II), the record on the application shall be
11 deemed complete unless the Board—

12 “(I) determines that the applicant’s
13 response was materially deficient; and

14 “(II) not later than 30 days after the
15 date on which the Board received the re-
16 sponse, provides the applicant a detailed
17 notice describing the deficiencies.

18 “(iv) TREATMENT OF THIRD-PARTY INFOR-
19 MATION.—In determining whether the record on
20 an application is complete, the Board may take
21 into account only information provided by the
22 applicant, and may not base the determination
23 of completeness on any information (including
24 reports, views, or recommendations) provided by
25 third parties.

1 “(C) DEADLINE FOR DETERMINATION.—

2 “(i) IN GENERAL.—Notwithstanding sub-
3 paragraphs (A) and (B), the Board shall grant
4 or deny an application submitted under this
5 section not later than 120 days after the date
6 on which the application was initially submitted
7 to the Board, regardless of whether the record
8 on such initial application was complete.

9 “(ii) 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 clause (i), such application shall be
13 deemed to have been granted.

14 “(iii) TOLLING OF PERIOD.—The Board
15 may at any time extend the deadline described
16 under clause (i) at the request of the applicant,
17 but may not extend the deadline more than 30
18 days past the deadline described under clause
19 (i).”.

20 (b) SAVINGS AND LOAN HOLDING COMPANIES.—Sec-
21 tion 10(e) of the Home Owners’ Loan Act (12 U.S.C.
22 1467a(e)) is amended—

23 (1) in paragraph (2), by striking “, and shall
24 render a decision within 90 days after submission to

1 the Board of the complete record on the applica-
2 tion”;

3 (2) by redesignating paragraph (7) as para-
4 graph (9); and

5 (3) by inserting after paragraph (6) the fol-
6 lowing:

7 “(7) COMPLETE RECORD ON AN APPLICA-
8 TION.—

9 “(A) NOTICE TO APPLICANT.—Not later
10 than 30 days after the date on which the Board
11 receives an application for approval under this
12 subsection, the Board shall transmit to the ap-
13 plicant a letter that either—

14 “(i) confirms the record on the appli-
15 cation is complete; or

16 “(ii) details all additional information
17 that is required for the record on that ap-
18 plication to be complete.

19 “(B) EXTENSION OF NOTICE.—Notwith-
20 standing subparagraph (A), the Board may, if
21 an application is complex, extend the 30-day pe-
22 riod described under subparagraph (A) for a
23 period not to exceed 60 days.

24 “(C) RECEIPT OF RESPONSE; DEEMING OF
25 COMPLETE RECORD.—Upon receipt of a re-

1 sponse from an applicant to a notice requesting
2 additional information described under subpara-
3 graph (A)(ii), the record on the application
4 shall be deemed complete unless the Board—

5 “(i) determines that the applicant’s
6 response was materially deficient; and

7 “(ii) not later than 30 days after the
8 date on which the Board received the re-
9 sponse, provides the applicant a detailed
10 notice describing the deficiencies.

11 “(D) TREATMENT OF THIRD-PARTY IN-
12 FORMATION.—In determining whether the
13 record on an application is complete, the Board
14 may take into account only information pro-
15 vided by the applicant, and may not base the
16 determination of completeness on any informa-
17 tion (including reports, views, or recommenda-
18 tions) provided by third parties.

19 “(8) DEADLINE FOR DETERMINATION.—

20 “(A) IN GENERAL.—Notwithstanding any
21 other provision of this subsection, the Board
22 shall grant or deny an application submitted
23 under this subsection not later than 120 days
24 after the date on which the application was ini-
25 tially submitted to the Board, regardless of

1 whether the record on such initial application
2 was complete.

3 “(B) FAILURE TO MAKE A DETERMINA-
4 TION.—If the Board does not grant or deny an
5 application within the time period described
6 under subparagraph (A), such application shall
7 be deemed to have been granted.

8 “(C) TOLLING OF PERIOD.—The Board
9 may at any time extend the deadline described
10 under subparagraph (A) at the request of the
11 applicant, but may not extend the deadline
12 more than 30 days past the deadline described
13 under subparagraph (A).”.

14 (c) INSURED DEPOSITORY INSTITUTIONS.—Section
15 18(c) of the Federal Deposit Insurance Act (12 U.S.C.
16 1828(c)) is amended by adding at the end the following:

17 “(14) COMPLETE RECORD ON AN APPLICATION.—

18 “(A) NOTICE TO APPLICANT.—Not later than
19 30 days after the date on which the responsible
20 agency receives a merger application for approval
21 under this subsection, the responsible agency shall
22 transmit to the applicant a letter that either—

23 “(i) confirms the record on the application
24 is complete; or

1 “(ii) details all additional information that
2 is required for the record on that application to
3 be complete.

4 “(B) EXTENSION OF NOTICE.—Notwith-
5 standing subparagraph (A), the responsible agency
6 may, if an application is complex, extend the 30-day
7 period described under subparagraph (A) for a pe-
8 riod not to exceed 60 days.

9 “(C) RECEIPT OF RESPONSE; DEEMING OF
10 COMPLETE RECORD.—Upon receipt of a response
11 from an applicant to a notice requesting additional
12 information described under subparagraph (A)(ii),
13 the record on the application shall be deemed com-
14 plete unless the responsible agency—

15 “(i) determines that the applicant’s re-
16 sponse was materially deficient; and

17 “(ii) not later than 30 days after the date
18 on which the responsible agency received the re-
19 sponse, provides the applicant a detailed notice
20 describing the deficiencies.

21 “(D) TREATMENT OF THIRD-PARTY INFORMA-
22 TION.—In determining whether the record on an ap-
23 plication is complete, the responsible agency may
24 take into account only information provided by the
25 applicant, and may not base the determination of

1 completeness on any information (including reports,
2 views, or recommendations) provided by third par-
3 ties.

4 “(15) DEADLINE FOR DETERMINATION.—

5 “(A) IN GENERAL.—Notwithstanding any other
6 provision of this subsection, the responsible agency
7 shall grant or deny a merger application submitted
8 under this subsection not later than 120 days after
9 the date on which the application was initially sub-
10 mitted to the responsible agency, regardless of
11 whether the record on such initial application was
12 complete.

13 “(B) FAILURE TO MAKE A DETERMINATION.—

14 If the responsible agency does not grant or deny an
15 application within the time period described under
16 subparagraph (A), such application shall be deemed
17 to have been granted.

18 “(C) TOLLING OF PERIOD.—The responsible
19 agency may at any time extend the deadline de-
20 scribed under subparagraph (A) at the request of
21 the applicant, but may not extend the deadline more
22 than 30 days past the deadline described under sub-
23 paragraph (A).”.

1 **TITLE VII—STRENGTHENING**
2 **TRANSPARENCY AND IN-**
3 **VOLEMENT IN BANK RESO-**
4 **LUTIONS**

5 **SEC. 701. LEAST COST EXCEPTION.**

6 (a) IN GENERAL.—Section 13(c)(4) of the Federal
7 Deposit Insurance Act (12 U.S.C. 1823(c)(4)) is amend-
8 ed—

9 (1) in subparagraph (A)(ii), by inserting “ex-
10 cept as provided in subparagraph (I),” before “the
11 total amount”;

12 (2) in subparagraph (E)(i), by inserting “and
13 except as provided in subparagraph (I),” after “ap-
14 propriate,”; and

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

16 “(I) LEAST COST RESOLUTION EXCEPTION.—

17 “(i) IN GENERAL.—With respect to an ex-
18 ercise of authority by the Corporation described
19 in subparagraph (A), the Corporation may, at
20 the discretion of the Corporation, select an al-
21 ternative method of exercising such authority
22 that is not the least costly to the Deposit Insur-
23 ance Fund, if—

1 “(I) the Corporation determines that
2 the selected alternative complies with the
3 requirements of clause (iii); and

4 “(II) the Corporation and the Board
5 of Governors of the Federal Reserve Sys-
6 tem, after consultation with the Secretary
7 of the Treasury, determine that the poten-
8 tial additional risks to the Deposit Insur-
9 ance Fund of the selected alternative are
10 outweighed by the reasonably expected
11 benefits of limiting further concentration
12 of the United States banking system in
13 global systemically important banking or-
14 ganizations.

15 “(ii) MAXIMUM COST TO THE DEPOSIT IN-
16 SURANCE FUND.—Not later than 1 year after
17 the date of enactment of this subparagraph, the
18 Corporation, by rule, shall establish criteria for
19 determining on a case-by-case basis the max-
20 imum allowable cost against the net worth of
21 the Deposit Insurance Fund that may be uti-
22 lized to account for any determination under
23 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-

ing given the term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(2) MODIFIED BIDDER QUALIFICATION PROCESS.—The term “modified bidder qualification process” has the meaning given such term in the press release of the Federal Deposit Insurance Corporation titled “FDIC Expands Bidder List for Troubled Institutions Plan Allows Those Without a Bank Charter to Participate in the Process” published November 26, 2008.

(3) SHELF CHARTER.—The term “shelf charter” has the meaning given such term in the report issued by the Comptroller of the Currency titled “Activities Permissible for National Banks and Federal Savings Associations, Cumulative” published October 2017.

SEC. 703. FAILING BANK ACQUISITION FAIRNESS.

(a) CONCENTRATION LIMIT EXCEPTIONS ONLY AVAILABLE TO AVOID SERIOUS ADVERSE ECONOMIC OR FINANCIAL EFFECTS.—

(1) CONCENTRATION LIMITS WITH RESPECT TO DEPOSITS.—

(A) FEDERAL DEPOSIT INSURANCE ACT.—

The Federal Deposit Insurance Act (12 U.S.C. 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(c)) 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, any application, proposed applica-
 8 tion, or bid that would result in violation of—

9 “(i) section 18(c)(13) or 44(b)(2), or

10 “(ii) section 3(d)(2), 4(i)(8), or 14 of
 11 the Bank Holding Company Act of 1956,
 12 shall not be considered a possible method for
 13 meeting the Corporation’s obligation under this
 14 section for purposes of subparagraph (A).”.

15 **TITLE VIII—FACILITATING INNO-**
 16 **VATION AND BANK PARTNER-**
 17 **SHIPS**

18 **SEC. 801. MERCHANT BANKING MODERNIZATION.**

19 (a) IN GENERAL.—Section 4(k)(7)(A) of the Bank
 20 Holding Company Act of 1956 (12 U.S.C. 1843(k)(7)(A))
 21 is amended by inserting “Under such regulations, the pe-
 22 riod of time generally permitted for holding merchant
 23 banking investments shall not be less than 15 years. For
 24 any merchant banking investment held on the date of en-
 25 actment of the Main Street Act, the holding period of time

1 permitted shall not be less than 15 years from the initial
2 date of the investment.” after the period at the end.

3 (b) MERCHANT BANKING STUDY.—

4 (1) IN GENERAL.—Not later than 1 year after
5 the date of enactment of this Act, the Board of Gov-
6 ernors of the Federal Reserve System shall carry out
7 a study on merchant banking investments to as-
8 sess—

9 (A) the number, investment size, holding
10 period, and risk characteristics of merchant
11 banking investments by financial holding com-
12 panies, with the assessment of investment sizes
13 and holding periods based on the average, me-
14 dian, and distribution of the investment sizes
15 and holding periods;

16 (B) the types of businesses, projects, as-
17 sets, and activities in which such merchant
18 banking investments are made, including the
19 extent to which such merchant banking invest-
20 ments support infrastructure projects and hous-
21 ing development and construction; and

22 (C) any information, analyses, or findings
23 related to merchant banking investments that
24 the Board determines to be relevant.

1 (2) REPORT.—Not later than the end of the 18-
2 month period beginning on the date of enactment of
3 this Act, the Board shall issue a report to the Com-
4 mittee on Financial Services of the House of Rep-
5 resentatives and the Committee on Banking, Hous-
6 ing, and Urban Affairs of the Senate containing all
7 findings and determinations made in carrying out
8 the study required under this subsection.

9 **SEC. 802. BANK-FINTECH PARTNERSHIP ENHANCEMENT.**

10 (a) STUDY ON BANK-FINTECH PARTNERSHIPS.—

11 (1) STUDY.—The Board of Governors of the
12 Federal Reserve System, the Comptroller of the Cur-
13 rency, and the Federal Deposit Insurance Corpora-
14 tion shall carry out a study of—

15 (A) the impact of partnerships between
16 banking organizations, on the one hand, and fi-
17 nancial technology companies, on the other
18 hand, on the banking sector, competition, inno-
19 vation, consumer protection, and the availability
20 of financial products and services, including the
21 extent to which these partnerships support the
22 formation of new banking organizations, reduce
23 time to market for products and services, lower
24 compliance burdens, boost customer acquisition,

1 improve technological capabilities, and provide
2 access to more diverse funding sources; and

3 (B) what changes to Federal laws gov-
4 erning banking organizations, or to rules or
5 guidance adopted by the Board of Governors of
6 the Federal Reserve System, the Comptroller of
7 the Currency, or the Federal Deposit Insurance
8 Corporation, may help promote effective part-
9 nerships between banking organizations, on the
10 one hand, and financial technology companies,
11 on the other hand.

12 (2) REPORT.—Not later than 1 year after the
13 date of enactment of this Act, the Board of Gov-
14 ernors of the Federal Reserve System, the Comp-
15 troller of the Currency, and the Federal Deposit In-
16 surance Corporation shall issue a report to the Com-
17 mittee on Financial Services of the House of Rep-
18 resentatives and the Committee on Banking, Hous-
19 ing, and Urban Affairs of the Senate containing all
20 findings and determinations made in carrying out
21 the study required under paragraph (1).

22 (3) BANKING ORGANIZATION DEFINED.—In this
23 subsection, the term “banking organization” means
24 a depository institution holding company or an in-
25 sured depository institution, as such terms are de-

1 fined, respectively, under section 3 of the Federal
2 Deposit Insurance Act (12 U.S.C. 1813).

3 (b) STUDY ON CREDIT UNION-FINTECH PARTNER-
4 SHIPS.—

5 (1) STUDY.—The National Credit Union Ad-
6 ministration shall carry out a study of—

7 (A) the impact of partnerships between
8 credit unions, on the one hand, and financial
9 technology companies, on the other hand, on
10 the credit union sector, competition, innovation,
11 consumer protection, and the availability of fi-
12 nancial products and services, including the ex-
13 tent to which these partnerships support the
14 formation of new credit unions, reduce time to
15 market for products and services, lower compli-
16 ance burdens, boost customer acquisition, im-
17 prove technological capabilities, and provide ac-
18 cess to more diverse funding sources; and

19 (B) what changes to Federal laws gov-
20 erning credit unions, or to rules or guidance
21 adopted by the National Credit Union Adminis-
22 tration, may help promote effective partnerships
23 between credit unions, on the one hand, and fi-
24 nancial technology companies, on the other
25 hand.

1 (2) REPORT.—Not later than 1 year after the
2 date of enactment of this Act, the National Credit
3 Union Administration shall issue a report to the
4 Committee on Financial Services of the House of
5 Representatives and the Committee on Banking,
6 Housing, and Urban Affairs of the Senate con-
7 taining all findings and determinations made in car-
8 rying out the study required under paragraph (1).

9 **SEC. 803. DISCRETIONARY SURPLUS FUND.**

10 (a) IN GENERAL.—The dollar amount specified
11 under section 7(a)(3)(A) of the Federal Reserve Act (12
12 U.S.C. 289(a)(3)(A)) is reduced by \$425,000,000.

13 (b) EFFECTIVE DATE.—The amendment made by
14 subsection (a) shall take effect on September 1, 2036.

Passed the House of Representatives July 21, 2026.

Attest:

Clerk.

119TH CONGRESS
2^D SESSION

H. R. 6955

AN ACT

To make improvements to the Federal banking laws, and for other purposes.