II

117TH CONGRESS
2D SESSION

S. 3745

To require the Federal financial institutions regulatory agencies to take risk profiles and business models of institutions into account when taking regulatory actions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 3, 2022

Mr. ROUNDS (for himself, Mr. SCOTT of South Carolina, and Ms. LUMMIS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require the Federal financial institutions regulatory agencies to take risk profiles and business models of institutions into account when taking regulatory actions, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Taking Account of Institutions with Low Operation Risk Act of 2022" or the "TAILOR Act of 2022".

SEC. 2. TAILORING REGULATION TO BUSINESS MODEL AND RISK.

(a) DEFINITIONS.—In this section—

(1) the term ''Federal financial institutions regulatory agencies'' means the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Bureau of Consumer Financial Protection; and

(2) the term ''regulatory action''—

(A) means any proposed, interim, or final rule or regulation; and

(B) does not include any action taken by a Federal financial institutions regulatory agency that is solely applicable to an individual institution, including an enforcement action or order.

(b) CONSIDERATION AND TAILORING.—For any regulatory action occurring after the date of enactment of this Act, each Federal financial institutions regulatory agency shall—

(1) take into consideration the risk profile and business models of each type of institution or class of institutions subject to the regulatory action; and

(2) tailor such regulatory action applicable to such institution, or type of institution, in a manner that limits the regulatory impact, including cost, human resource allocation and other burdens, on such institution or type of institution as is appropriate for the risk profile and business model involved.

(c) FACTORS TO CONSIDER.—In carrying out the requirements of subsection (b), each Federal financial institutions regulatory agency shall consider—

(1) the aggregate impact of all applicable regulatory action on the ability of such institutions to flexibly serve their customers and local markets now and in the future;

(2) the potential impact that efforts to implement the regulatory action and third-party service provider actions may work to undercut efforts to tailor such regulatory action described in subsection (b)(2); and

(3) the statutory provision authorizing the regulatory action, the congressional intent with respect to the statutory provision, and the underlying policy objectives of the regulatory action.

(d) NOTICE OF PROPOSED AND FINAL RULEMAKING.—Each Federal financial institutions regulatory agency shall disclose and document in every notice of proposed rulemaking and in any final rulemaking for a regulatory action how the agency has applied subsections (b) and (c).

(e) REPORTS TO CONGRESS.—

(1) INDIVIDUAL AGENCY REPORTS.—Not later than 1 year after the date of enactment of this Act and annually thereafter, each Federal financial institutions regulatory agency shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on the specific actions taken to tailor the regulatory actions of the Federal financial institutions regulatory agency pursuant to the requirements of this section.

(f) LIMITED LOOK-BACK APPLICATION.—

(1) IN GENERAL.—Each Federal financial institutions regulatory agency shall—

(A) conduct a review of all regulations issued in final form pursuant to statutes enacted during the period beginning on the date that is 7 years before the date of the introduction of this Act in the Senate and ending on the date of the enactment of this Act; and

(B) apply the requirements of this section to such regulations.

(2) REVISION.—Any regulation revised under paragraph (1) shall be revised not later than 3 years after the date of enactment of this Act.

SEC. 3. SHORT-FORM CALL REPORTS FOR ALL BANKS ELIGIBLE FOR THE COMMUNITY BANK LEVERAGE RATIO.

The appropriate Federal banking agencies, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), shall adopt rules establishing a reduced reporting requirement for all banks eligible for the community bank leverage ratio, as defined in section 201(a) of the Economic Growth, Regulatory Relief, and Consumer Protection Act (12 U.S.C. 5371 note), when making the first and third report of condition of a year as required by section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)).

SEC. 4. REPORT TO CONGRESS ON MODERNIZATION OF SUPERVISION.

Not later than 18 months after the date of enactment of this Act, the appropriate Federal banking agencies, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), in consultation with State bank supervisors, shall examine and submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on the modernization of bank supervision, including the following factors:

(1) Changing bank business models.

(2) Examiner workforce and training.

(3) Structure of supervisory activities within banking agencies.

(4) Improving bank-supervisor communication and collaboration.

(5) Use of supervisory technology.

(6) Supervisory factors uniquely applicable to community banks.

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

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