

JULY 16, 2026

RULES COMMITTEE PRINT 119–35
TEXT OF H.R. 6955, THE MAIN STREET CAPITAL
ACCESS ACT

**[Showing the text of H.R. 6955, as reported by the Committee
on Financial Services, with modifications]**

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”;

1 (B) by redesignating paragraph (2) as
2 paragraph (3); and

3 (C) by inserting after paragraph (1) the
4 following:

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

7 “(A) DETERMINATION.—Not earlier than
8 January 1, 2031, and not later than June 30,
9 2031, the Federal banking agencies may, joint-
10 ly, determine that subsections (a) and (b) have
11 had a significant adverse effect on the safety
12 and soundness of qualifying community banks.

13 “(B) EXTENSION.—Unless the Federal
14 banking agencies make the determination de-
15 scribed in subparagraph (A), the authorities
16 under subsections (a) and (b) shall be perma-
17 nent.

18 “(C) TERMINATION.—If the Federal bank-
19 ing agencies make the determination described
20 in subparagraph (A)—

21 “(i) subsections (a) and (b) shall only
22 apply to a qualifying community bank that
23 became an insured depository institution
24 before the date of such determination; and

1 “(ii) the Federal banking agencies
2 shall issue a report to the Committee on
3 Financial Services of the House of Rep-
4 resentatives and the Committee on Bank-
5 ing, Housing, and Urban Affairs of the
6 Senate, and make such report available to
7 the public, containing such determination
8 and the reasons for such determination.”;
9 and

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

13 **SEC. 102. NEW BANK APPLICATION NUMBERS KNOWLEDGE.**

14 (a) ANNUAL REPORT ON NATIONAL BANK AND FED-
15 ERAL SAVINGS ASSOCIATION CHARTER APPLICATIONS.—

16 The Comptroller of the Currency shall publish an annual
17 report that includes the following, or with respect to any
18 equivalent procedure used by the Office of the Comptroller
19 of the Currency includes the following:

20 (1) The number of applications for a national
21 bank or Federal savings association charter received,
22 approved on a preliminary basis, approved on a final
23 basis, denied, withdrawn, inactive, expired, mooted,
24 returned, returned pending resubmission, or other-
25 wise dispositioned.

1 (2) The mean and median times for preliminary
2 approval of such applications.

3 (3) The mean and median times for final ap-
4 proval of such applications.

5 (4) To the extent practicable, common reasons
6 leading to the denial, withdrawal, or expiration of
7 preliminary approval of such applications.

8 (b) ANNUAL REPORT ON FEDERAL CREDIT UNION
9 CHARTER APPLICATIONS.—The National Credit Union
10 Administration shall publish an annual report that in-
11 cludes the following, or with respect to any equivalent pro-
12 cedure used by the agency includes the following:

13 (1) The number of Federal credit union charter
14 applications received, approved on a final basis, de-
15 nied, withdrawn, inactive, or returned pending re-
16 submission.

17 (2) The mean and median times for final ap-
18 proval of such applications.

19 (3) To the extent practicable, common reasons
20 leading to application denial, withdrawal, inactivity,
21 or to applications being returned for resubmission.

22 (c) ANNUAL REPORT ON DEPOSITORY INSTITUTION
23 HOLDING COMPANY APPLICATIONS.—

24 (1) IN GENERAL.—The Board of Governors of
25 the Federal Reserve System shall publish an annual

1 report that includes the following, or with respect to
2 any equivalent procedure used by the Board of Gov-
3 ernors includes the following:

4 (A) The number of applications to become
5 a top-tier depository institution holding com-
6 pany received, approved on a preliminary basis,
7 approved on a final basis, denied, withdrawn,
8 inactive, expired, mooted, returned, returned
9 pending resubmission, or otherwise
10 dispositioned.

11 (B) The mean and median times to ap-
12 prove such applications.

13 (C) To the extent practicable, common rea-
14 sons leading to denial or withdrawal of such ap-
15 plications.

16 (2) TOP-TIER DEPOSITORY INSTITUTION HOLD-
17 ING COMPANY DEFINED.—In this subsection, the
18 term “top-tier depository institution holding com-
19 pany” means a depository institution holding com-
20 pany (as defined in section 3 of the Federal Deposit
21 Insurance Act (12 U.S.C. 1813)) that is not con-
22 trolled by any other depository institution holding
23 company.

24 (d) ANNUAL REPORT ON FEDERAL DEPOSIT INSUR-
25 ANCE APPLICATIONS.—The Federal Deposit Insurance

1 Corporation shall publish an annual report that includes
2 the following, or with respect to any equivalent procedure
3 used by the Corporation includes the following:

4 (1) The number of applications for deposit in-
5 surance received, approved on a preliminary basis,
6 approved on a final basis, denied, withdrawn, inac-
7 tive, expired, mooted, returned, returned pending re-
8 submission, or otherwise dispositioned.

9 (2) The mean and median times to approve
10 such applications.

11 (3) To the extent practicable, common reasons
12 leading to denial or withdrawal of such applications.

13 (e) ANNUAL REPORT ON STATE DEPOSITORY INSTI-
14 TUTION AND STATE CREDIT UNION CHARTER APPLICA-
15 TIONS.—

16 (1) IN GENERAL.—The Board of Governors of
17 the Federal Reserve System, the Federal Deposit In-
18 surance Corporation, and the National Credit Union
19 Administration Board shall, jointly, and in consulta-
20 tion with State banking regulators and State credit
21 union regulators, publish an annual report that in-
22 cludes the following, or with respect to any equiva-
23 lent procedure used by such agencies includes the
24 following:

1 (A) The number of applications for a State
2 depository institution charter received, approved
3 on a preliminary basis, approved on a final
4 basis, denied, withdrawn, inactive, expired,
5 mooted, returned, returned pending resubmis-
6 sion, or otherwise dispositioned.

7 (B) The mean and median times to ap-
8 prove such applications, with times for each
9 State shown separately.

10 (C) To the extent practicable, common rea-
11 sons leading to denial or withdrawal of such ap-
12 plications.

13 (2) DEFINITIONS.—In this subsection:

14 (A) STATE.—The term “State” means any
15 State of the United States, the District of Co-
16 lumbia, and any territory of the United States.

17 (B) STATE DEPOSITORY INSTITUTION.—
18 The term “State depository institution”
19 means—

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

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

1 **SEC. 103. CDFI FUND TRANSPARENCY.**

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

6 “(5) ANNUAL TESTIMONY.—The Secretary of
7 the Treasury (or a designee of the Secretary) shall,
8 at the discretion of the Chair of the Committee on
9 Financial Services of the House of Representatives
10 and the Chair of the Committee on Banking, Hous-
11 ing, and Urban Affairs of the Senate, annually tes-
12 tify before such committees (or a subcommittee of
13 such committees) regarding—

14 “(A) the operations of the Fund during the
15 previous year;

16 “(B) steps the Secretary and the Fund are
17 taking to support community development fi-
18 nancial institutions through the financial agent
19 mentor-protégé program; and

20 “(C) steps the Secretary and the Fund are
21 taking to coordinate with regulators to ensure
22 certification and reporting requirements are ap-
23 propriately streamlined for community develop-
24 ment financial institutions.”.

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

2 (a) SENSE OF CONGRESS.—It is the sense of Con-
3 gress that the authority to guarantee bonds under section
4 114A of the Community Development Banking and Fi-
5 nancial Institutions Act of 1994 (12 U.S.C. 4713a) (com-
6 monly referred to as the “CDFI Bond Guarantee Pro-
7 gram”) provides community development financial institu-
8 tions with a sustainable source of long-term capital and
9 further the mission of the Community Development Fi-
10 nancial Institutions Fund (established under section
11 104(a) of such Act (12 U.S.C. 4703(a))) to increase eco-
12 nomic opportunity and promote community development
13 investments for underserved populations and distressed
14 communities in the United States.

15 (b) GUARANTEES FOR BONDS AND NOTES ISSUED
16 FOR COMMUNITY OR ECONOMIC DEVELOPMENT PUR-
17 POSES.—

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

21 (A) in subsection (c)(2)—

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

25 (ii) by inserting “outstanding” before
26 “principal amount”;

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

3 “(2) LIMITATION ON GUARANTEE AMOUNT.—
4 The Secretary may not guarantee any amount under
5 the Program equal to an amount less than
6 \$25,000,000, but the total of all such guarantees in
7 any fiscal year may not exceed \$1,000,000,000.”;

8 (C) in subsection (g)(1), by striking “10
9 basis points” and inserting “not fewer than 10
10 basis points and not more than 15 basis
11 points”; and

12 (D) in subsection (k), by striking “Sep-
13 tember 30, 2014” and inserting “December 31,
14 2028”.

15 (2) CLERICAL AMENDMENT.—The table of con-
16 tents in section 1(b) of the Riegle Community Devel-
17 opment and Regulatory Improvement Act of 1994
18 (Public Law 103–325; 108 Stat. 2160) is amended
19 by inserting after the item relating to section 114
20 the following:

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

21 (c) REPORT ON THE CDFI BOND GUARANTEE PRO-
22 GRAM.—Not later than 3 years after the date of enactment
23 of this Act, the Secretary of the Treasury shall issue a
24 report to the Committee on Banking, Housing, and Urban

1 Affairs of the Senate and the Committee on Financial
2 Services of the House of Representatives on the effective-
3 ness of the CDFI bond guarantee program established
4 under section 114A of the Community Development Bank-
5 ing and Financial Institutions Act of 1994 (12 U.S.C.
6 4713a).

7 **TITLE II—TAILORING BANK** 8 **REGULATION**

9 **SEC. 201. TAKING ACCOUNT OF INSTITUTIONS WITH LOW** 10 **OPERATION RISK.**

11 (a) TAILORING REGULATION TO BUSINESS MODEL 12 AND RISK.—

13 (1) DEFINITIONS.—In this subsection—

14 (A) the term “Federal financial institu-
15 tions regulatory agency” means the Office of
16 the Comptroller of the Currency, the Board of
17 Governors of the Federal Reserve System, the
18 Federal Deposit Insurance Corporation, the Na-
19 tional Credit Union Administration, and the
20 Bureau of Consumer Financial Protection; and

21 (B) the term “regulatory action”—

22 (i) means any proposed, interim, or
23 final rule or regulation; and

24 (ii) does not include any action taken
25 by a Federal financial institutions regu-

1 latory agency that is solely applicable to an
2 individual institution, including an enforce-
3 ment action, adjudication, or order.

4 (2) CONSIDERATION AND TAILORING.—For any
5 regulatory action occurring after the date of enact-
6 ment of this Act, each Federal financial institutions
7 regulatory agency shall—

8 (A) take into consideration the risk profile
9 and business models of each type of institution
10 or class of institutions subject to the regulatory
11 action; and

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

19 (3) FACTORS TO CONSIDER.—In carrying out
20 the requirements of paragraph (2) with respect to a
21 regulatory action, each Federal financial institutions
22 regulatory agency shall consider—

23 (A) the aggregate effect of all applicable
24 regulatory actions promulgated by such agency
25 on the ability of institutions to flexibly serve

1 customers of the institutions and local markets
2 on and after the date of enactment of this Act;

3 (B) the potential that efforts to implement
4 the regulatory action and third-party service
5 provider actions may work to undercut efforts
6 to tailor the regulatory action, as described in
7 paragraph (2)(B); and

8 (C) the statutory provision authorizing the
9 regulatory action, the congressional intent with
10 respect to the statutory provision, and the un-
11 derlying policy objectives of the regulatory ac-
12 tion.

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

19 (5) REPORTS TO CONGRESS.—

20 (A) AGENCY REPORTING.—Not later than
21 1 year after the date of enactment of this Act
22 and annually thereafter, each Federal financial
23 institutions regulatory agency shall submit to
24 the Committee on Banking, Housing, and
25 Urban Affairs of the Senate and the Committee

1 on Financial Services of the House of Rep-
2 resentatives a report on the specific actions
3 taken to tailor the regulatory actions of the
4 Federal financial institutions regulatory agency
5 pursuant to the requirements of this section.

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

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

tion 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)).

(c) 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 submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on the modernization of bank supervision, including the following factors:

(1) Changing bank business models.

(2) Examiner workforce and training.

(3) The structure of supervisory activities within banking agencies.

(4) Improving bank-supervisor communication and collaboration.

(5) The use of supervisory technology.

(6) Supervisory factors uniquely applicable to community banks.

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

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

2 Not later than 180 days after the date of the enact-
3 ment of this Act, the Board of Governors of the Federal
4 Reserve System shall revise appendix C to part 225 of title
5 12, Code of Federal Regulations (commonly known as the
6 “Small Bank Holding Company and Savings and Loan
7 Holding Company Policy Statement”), to raise the consoli-
8 dated asset threshold under that appendix to
9 \$6,000,000,000 for any bank holding company or savings
10 and loan holding company.

11 **SEC. 203. TAILORING AND INDEXING ENHANCED REGULA-**
12 **TIONS.**

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

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

17 **“(a) IN GENERAL.—**

18 **“(1) ADJUSTMENT.—**Not later than 1 year
19 after the date of enactment of this section, and every
20 5 years thereafter, the Board of Governors shall in-
21 crease each threshold described in subsection (b) by
22 the ratio, if greater than 1, of the annual value of
23 the economic indicator selected by the Board of Gov-
24 ernors as appropriate for that threshold under para-
25 graph (2)(B) for the calendar year preceding the
26 year in which the adjustment is calculated under

1 this section, to the published annual value of such
2 economic indicator for the calendar year preceding
3 April 1, 2026.

4 “(2) SELECTION OF ECONOMIC INDICATORS.—
5 Not later than 3 months after the date of enactment
6 of this section, the Board of Governors shall—

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

15 “(B) for each threshold described in sub-
16 section (b), select either nominal United States
17 gross domestic product (as published by the De-
18 partment of Commerce) or the Consumer Price
19 Index (as published by the Department of
20 Labor) as appropriate for adjusting such
21 threshold;

22 “(C) transmit a report to the Committee
23 on Financial Services of the House of Rep-
24 resentatives and the Committee on Banking,

1 Housing, and Urban Affairs of the Senate con-
2 taining—

3 “(i) all findings and determinations
4 made in carrying out the study required
5 under subparagraph (A); and

6 “(ii) all selections made under sub-
7 paragraph (B).

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

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

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

16 “(A) sections 116(a), 121(a), 163(b), 164,
17 165(a)(1), 165(h)(2), 165(j)(1) of this Act; and

18 “(B) section 401(f) of the Economic
19 Growth, Regulatory Relief, and Consumer Pro-
20 tection Act.

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

23 “(c) CURRENCY OF INFORMATION.—The values used
24 in the calculation under subsection (a) shall be, as of the
25 date of the calculation, the values most recently published

1 by the Department of Commerce or Department of Labor,
2 as appropriate.

3 “(d) ROUNDING.—

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

9 “(2) If any amount less than \$100,000,000,000
10 determined under subsection (a) for any period is
11 not a multiple of \$5,000,000,000, the amount shall
12 be rounded up to the nearest \$5,000,000,000.

13 “(e) PUBLICATION.—Not later than April 5 of any
14 calendar year in which an adjustment is required to be
15 calculated under subsection (a), the Board of Governors
16 shall publish in the Federal Register the amounts as so
17 calculated.

18 “(f) IMPLEMENTATION PERIOD.—Any increase in
19 amounts determined under subsection (a) shall take effect
20 on January 1 of the year immediately succeeding the cal-
21 endar year in which the increase is required to be cal-
22 culated under subsection (a).

1 **“SEC. 178. PERIODIC ADJUSTMENTS TO THRESHOLDS ES-**
2 **TABLISHED BY RULE.**

3 “(a) AGENCY REVIEW.—Not later than June 30,
4 2026, and the 1st day of each subsequent 5-year period,
5 the Board of Governors, the Comptroller of the Currency,
6 and the Corporation shall, to the extent applicable, re-
7 view—

8 “(1) any regulation—

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

10 or

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

14 “(2) any asset threshold or other quantitative
15 threshold in such regulations implementing section
16 165 of this Act, or in such regulations making spe-
17 cific cross-reference to any regulation of the Board
18 of Governors implementing section 165 of this Act,
19 the amount of which is not prescribed by statute.

20 “(b) MODIFICATIONS REQUIRED.—The Board of
21 Governors, the Comptroller of the Currency, and the Cor-
22 poration shall modify any such thresholds identified by
23 each review conducted under subsection (a) by the ratio,
24 if greater than 1, of the annual value of the economic indi-
25 cator selected by the agency as appropriate for that
26 threshold under paragraph (1) for the calendar year pre-

1 ceding the year in which the adjustment is calculated
2 under this section, to the published annual value of such
3 economic indicator for the calendar year preceding the ef-
4 fective date of such threshold, as each respective agency
5 shall determine as appropriate for such regulations. In
6 making such determination, the Board of Governors, the
7 Comptroller of the Currency, and the Corporation shall—

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

19 “(2) seek to establish, to the extent feasible,
20 uniform thresholds for use by each such agency, tak-
21 ing into account the entities regulated by each such
22 agency and the purposes for which such threshold
23 was established; and

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

4 “(c) REPORT.—Upon conclusion of each review re-
5 quired under subsection (a), each of the Board of Gov-
6 ernors, the Comptroller of the Currency, and the Corpora-
7 tion shall transmit a report to the Committee on Financial
8 Services of the House of Representatives and the Com-
9 mittee on Banking, Housing, and Urban Affairs of the
10 Senate containing a description of any modification of any
11 regulation such agency made pursuant to subsection (b).”.

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

“Sec. 177. Periodic adjustments to thresholds.

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

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

17 (a) PERIODIC ADJUSTMENTS TO THRESHOLDS.—

18 (1) IN GENERAL.—

19 (A) ADJUSTMENT.—By April 1, 2031, and
20 the 1st day of each subsequent 5-year period,
21 the Board of Governors of the Federal Reserve
22 System shall prescribe the amount by which
23 each dollar amount described in subsection (b)
24 shall be increased by the ratio, if greater than

1 1, of the annual value of the economic indicator
2 selected by the Board of Governors of the Fed-
3 eral Reserve System as appropriate for that dol-
4 lar amount under subparagraph (B) for the cal-
5 endar year preceding the year in which the ad-
6 justment is calculated under this section, to the
7 published annual value of such economic indi-
8 cator for the calendar year preceding April 1,
9 2026.

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

14 (i) complete a study on the advan-
15 tages and disadvantages of the use of ei-
16 ther nominal United States gross domestic
17 product (as published by the Department
18 of Commerce) or the Consumer Price
19 Index (as published by the Department of
20 Labor) to adjust periodically the dollar
21 amounts described in subsection (b);

22 (ii) for each dollar amount described
23 in subsection (b), select either nominal
24 United States gross domestic product (as
25 published by the Department of Com-

1 merce) or the Consumer Price Index (as
2 published by the Department of Labor) as
3 appropriate for adjusting such dollar
4 amount;

5 (iii) transmit a report to the Com-
6 mittee on Financial Services of the House
7 of Representatives and the Committee on
8 Banking, Housing, and Urban Affairs of
9 the Senate containing—

10 (I) all findings and determina-
11 tions made in carrying out the study
12 required under clause (i); and

13 (II) all selections made under
14 clause (ii).

15 (2) CURRENCY OF INFORMATION.—The values
16 used in the calculation under paragraph (1) shall be,
17 as of the date of the calculation, the values most re-
18 cently published by the Department of Commerce or
19 Department of Labor, as appropriate.

20 (3) ROUNDING.—

21 (A) If any amount equal to or greater than
22 \$100,000,000,000 determined under paragraph
23 (1) for any period is not a multiple of
24 \$50,000,000,000, the amount shall be rounded
25 up to the nearest \$50,000,000,000.

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

7 (C) If any amount less than
8 \$10,000,000,000 but equal to or greater than
9 \$1,000,000,000 determined under paragraph
10 (1) for any period is not a multiple of
11 \$500,000,000, the amount shall be rounded up
12 to the nearest \$500,000,000.

13 (D) If any amount less than
14 \$1,000,000,000 but equal to or greater than
15 \$100,000,000 determined under paragraph (1)
16 for any period is not a multiple of \$50,000,000,
17 the amount shall be rounded up to the nearest
18 \$50,000,000.

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

24 (F) If any amount less than \$10,000,000
25 but equal to or greater than \$1,000,000 deter-

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

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

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

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

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

24 (K) If any amount less than \$100 but
25 equal to or greater than \$10 determined under

1 paragraph (1) for any period is not a multiple
2 of \$5, the amount shall be rounded up to the
3 nearest \$5.

4 (L) If any amount less than \$10 but equal
5 to or greater than \$1 determined under para-
6 graph (1) for any period is not a multiple of
7 \$0.50, the amount shall be rounded up to the
8 nearest \$0.50.

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

15 (5) IMPLEMENTATION PERIOD.—The increase
16 in the dollar amounts shall take effect on January
17 1 of the year immediately succeeding any calendar
18 year in which an adjustment is required to be cal-
19 culated under paragraph (1).

20 (b) DOLLAR AMOUNTS.—The dollar amounts de-
21 scribed in this subsection are the dollar amounts described
22 in each of the following:

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

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

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

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

9 (5) Sections 202(a)(6), 202(b)(1)(A),
10 202(c)(1)(A)(iii), 216(b)(2)(B)(iii)(II), 216(f)(2),
11 216(i)(4)(B), 216(j)(2)(A), and 216(o)(4) of the
12 Federal Credit Union Act (12 U.S.C. 1751 et seq.).

13 (6) Sections 7(a)(12), 11(p)(1)(A)(i),
14 36(i)(1)(B), 36(j), 38(b)(2)(A)(ii), and
15 38(k)(2)(B)(iii) of the Federal Deposit Insurance
16 Act (12 U.S.C. 1811 et seq.).

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

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

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

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

3 (11) Section 909(a)(1) of the International
4 Lending Supervision Act of 1983 (12 U.S.C.
5 3908(a)(1)).

6 (12) Section 3(1)(B)(iv) of the Real Estate Set-
7 tlement Procedures Act of 1974 (12 U.S.C.
8 2602(1)(B)(iv)).

9 (13) Section 5136A(a)(2)(D)(ii) of the Revised
10 Statutes of the United States (12 U.S.C.
11 24a(a)(2)(D)(ii)).

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

14 **TITLE III—FAIR AND TRANS-**
15 **PARENT BANK SUPERVISION**

16 **SEC. 301. HALTING UNCERTAIN METHODS AND PRACTICES**
17 **IN SUPERVISION.**

18 (a) FINDINGS.—Congress finds that—

19 (1) CAMELS ratings (Capital adequacy, Asset
20 quality, Management, Earnings, Liquidity, and Sen-
21 sitivity to market risk) are a critical tool for evalu-
22 ating the safety and soundness of financial institu-
23 tions, and the basis for determining significant regu-
24 latory matters such as the evaluation for mergers

1 and acquisitions and a bank's deposit insurance pre-
2 miums;

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

6 (3) establishing articulable, clear, and review-
7 able measures for each CAMELS component and
8 their relative weighting in determining composite
9 ratings will promote fairness, consistency, and ac-
10 countability in supervisory assessments; and

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

14 (b) AMENDMENTS TO THE CAMELS RATING SYS-
15 TEM.—

16 (1) IN GENERAL.—The Federal Financial Insti-
17 tutions Examination Council Act of 1978 (12 U.S.C.
18 3301 et seq.) is amended by adding at the end the
19 following:

20 **“SEC. 1012. AMENDMENTS TO THE CAMELS RATING SYS-**
21 **TEM.**

22 “(a) IN GENERAL.—The Council shall make rec-
23 ommendations to amend the Uniform Financial Institu-
24 tions Rating System, and the CAMELS components there-
25 under, to—

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

3 “(2) revise the factors affecting each CAMELS
4 component to derive a composite rating that more
5 accurately reflects the material financial condition
6 and risk profile of the financial institutions being
7 rated;

8 “(3) revise the management component of the
9 CAMELS components to limit the assessment under
10 such component to articulable, clear, and reviewable
11 measures of an institution’s management in relation
12 to its risk profile;

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

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

17 “(B) chapter 2 of title I of Public Law 91–
18 508 (12 U.S.C. 1951 et seq.);

19 “(C) subchapter II of chapter 53 of title
20 31, United States Code; and

21 “(D) any other applicable requirements
22 and implementing regulations relating to the
23 prevention of money laundering and terrorist fi-
24 nancing; and

1 “(5) ensure that composite ratings are deter-
2 mined based on a transparent methodology that is
3 limited to the objective criteria established for each
4 CAMELS component.

5 “(b) RULEMAKING.—Not later than 12 months after
6 the Council makes the recommendations required under
7 subsection (a), the Federal financial institutions regu-
8 latory agencies shall, jointly, issue rules to carry out the
9 recommendations described under subsection (a).

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

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

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

17 “(d) RULE OF CONSTRUCTION.—Nothing in this sec-
18 tion may be construed to limit the authority of the Federal
19 financial institutions regulatory agencies to take super-
20 visory, adjudicatory, or enforcement actions to ensure the
21 safety and soundness of financial institutions.”.

22 (2) WELL MANAGED DEFINITION.—

23 (A) BANK HOLDING COMPANY ACT OF
24 1956.—Section 2(o)(9)(A) of the Bank Holding

1 Company Act of 1956 (12 U.S.C.
2 1841(o)(9)(A)) is amended—

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

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

8 (iii) by striking clause (ii).

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

13 (i) by striking “agency—” and all
14 that follows through “the achievement”
15 and inserting “agency, the achievement”;

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

18 (iii) by striking clause (ii).

19 **SEC. 302. FAIR AUDITS AND INSPECTIONS FOR REGU-**
20 **LATORS’ EXAMS.**

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

1 **“SEC. 1013. TIMELINESS OF EXAMINATIONS AND EXAMINA-**
2 **TION REPORTS.**

3 “(a) TIMELINESS OF EXAMINATIONS.—A Federal fi-
4 nancial institutions regulatory agency shall complete any
5 examination of a financial institution, other than a finan-
6 cial institution subject to a continuous or resident exam-
7 ination program, within 270 days of commencing the ex-
8 amination, except that such period may be extended by
9 the Federal financial institutions regulatory agency by
10 providing written notice to the financial institution de-
11 scribing with particularity the reasons that a longer period
12 is needed.

13 “(b) FINAL EXAMINATION REPORT.—A Federal fi-
14 nancial institutions regulatory agency shall provide a final
15 examination report to a financial institution, other than
16 a financial institution subject to a continuous or resident
17 examination program, not later than 90 days after the
18 later of—

19 “(1) the exit interview for an examination of
20 the institution; or

21 “(2) the provision of additional material infor-
22 mation by the institution relating to the examina-
23 tion.

24 “(c) EXIT INTERVIEW REQUIREMENT.—Within 30
25 days of completing an examination for a financial institu-
26 tion not subject to a continuous or resident examination

1 program, a Federal financial institutions regulatory agen-
2 cy shall conduct an exit interview with the financial insti-
3 tution's senior management or the board of directors, ex-
4 cept that such period may be extended by the Federal fi-
5 nancial institutions regulatory agency by providing written
6 notice to the institution describing with particularity the
7 reasons that a longer period is needed to complete the exit
8 interview.

9 “(d) EXAMINATION MATERIALS.—Upon the written
10 request of a financial institution, the Federal financial in-
11 stitutions regulatory agency shall include with the final re-
12 port an appendix listing all examination or other factual
13 information relied upon by the agency in support of a ma-
14 terial supervisory determination.”.

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

20 **“SEC. 1014. TIMELINESS OF REQUIRED PRUDENTIAL PRI-**
21 **VATE LETTER RULINGS.**

22 “(a) AUTHORITY AND REGULATION.—

23 “(1) IN GENERAL.—Each Federal financial in-
24 stitutions regulatory agency shall establish proce-
25 dures providing that a covered financial institution

1 may, upon application by the covered financial insti-
2 tution and with respect to a covered action, obtain
3 written advice regarding—

4 “(A) the agency’s non-objection to the fi-
5 nancial institution conducting a particular ac-
6 tivity;

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

9 “(C) the agency’s interpretation of how
10 generally accepted accounting principles or ac-
11 counting objectives, standards, and require-
12 ments apply to a particular matter; or

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

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

19 “(A) any action in connection with a regu-
20 lated activity that the covered financial institu-
21 tion is taking or is intending to take, includ-
22 ing—

23 “(i) entering into a transaction;

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

1 “(iii) changing the corporate structure
2 of the covered financial institution; and

3 “(B) a Federal financial institutions regu-
4 latory agency’s objection to the covered finan-
5 cial institution commencing or otherwise con-
6 ducting an activity (including an action de-
7 scribed in subparagraph (A)).

8 “(b) CONTENTS OF REQUEST.—The procedures es-
9 tablished under subsection (a) shall provide that a request
10 for written advice made under the procedures shall be in
11 writing and contain—

12 “(1) the nature of the request;

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

14 “(3) applicable law, regulations, or generally ac-
15 cepted accounting principles relating to the matter;
16 and

17 “(4) a summary of the request.

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

22 “(1) provide the financial institution making
23 the request with written notification confirming re-
24 ceipt of the request and stating whether the request

1 contains all of the information required under sub-
2 section (b); and

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

5 “(A) provide the financial institution with
6 an explanation of what information is missing;
7 and

8 “(B) notify the financial institution that
9 the financial institution may provide the miss-
10 ing information to the agency within 30 days.

11 “(d) PROVIDING MISSING INFORMATION.—If a Fed-
12 eral financial institutions regulatory agency informs the
13 financial institution under subsection (c) that the request
14 for written advice does not contain all the information re-
15 quired under subsection (b), the financial institution may
16 provide the missing information to the Federal financial
17 institutions regulatory agency within 30 days of the date
18 the financial institution receives the explanation of the
19 missing information under subsection (c).

20 “(e) DETERMINATION.—A Federal financial institu-
21 tions regulatory agency receiving a request for written ad-
22 vice under the procedures established under subsection (a)
23 shall provide the financial institution with a written re-
24 sponse (or, for purposes of paragraph (3), notify the finan-
25 cial institution that a determination cannot be made)—

1 “(1) if the initial request contains the informa-
2 tion required under subsection (b), not later than
3 the end of the 60-day period beginning on the date
4 the Federal financial institutions regulatory agency
5 notifies the financial institution of the receipt of the
6 request under subsection (c);

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

14 “(3) if the initial request does not contain the
15 information required under subsection (b), and the
16 financial institution does not provide the missing in-
17 formation during the 30-day period described under
18 subsection (d), not later than the end of the 60-day
19 period beginning on the end of such 30-day period.

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

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

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

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

6 “(g) CONFIDENTIALITY AND PRIVILEGE.—

7 “(1) TREATMENT OF WRITTEN ADVICE.—Writ-
8 ten advice issued under this section, and any mate-
9 rials submitted in connection therewith, and the fact
10 that a request for written advice was made shall be
11 treated as confidential supervisory information and
12 exempt from disclosure under section 552(b) of title
13 5, United States Code.

14 “(2) PUBLISHING OF ANONYMIZED OR RE-
15 DACTED SUMMARIES.—A Federal financial institu-
16 tions regulatory agency may publish anonymized or
17 redacted summaries of rulings for informational pur-
18 poses.

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

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

24 “(2) there has been a change in controlling law;
25 or

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

4 “(i) REASONABLE FEES.—Each Federal financial in-
5 stitutions regulatory agency may establish and collect a
6 reasonable fee for the processing and issuance of any writ-
7 ten advice issued under this section, and such fee—

8 “(1) shall be based on the estimated cost to the
9 agency of reviewing, analyzing, and responding to
10 the request;

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

13 “(3) shall be prescribed by regulation.

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

17 (c) OFFICE OF INDEPENDENT EXAMINATION RE-
18 VIEW.—

19 (1) IN GENERAL.—The Federal Financial Insti-
20 tutions Examination Council Act of 1978 (12 U.S.C.
21 3301 et seq.), as amended by subsection (b), is fur-
22 ther amended by adding at the end the following:

1 **“SEC. 1015. OFFICE OF INDEPENDENT EXAMINATION RE-**
2 **VIEW.**

3 “(a) ESTABLISHMENT.—There is established in the
4 Council an Office of Independent Examination Review
5 (the ‘Office’).

6 “(b) BOARD OF INDEPENDENT EXAMINATION RE-
7 VIEW.—

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

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

16 “(A) Individuals who have been employed
17 by a Federal financial institutions regulatory
18 agency.

19 “(B) Individuals who are not, and were not
20 during the previous 5-year period, employed by
21 a Federal financial institutions regulatory agen-
22 cy or a Federal reserve bank and who—

23 “(i) are a licensed attorney or a cer-
24 tified public accountant authorized to prac-
25 tice under the laws of a State, the District

1 of Columbia, or a territory of the United
2 States;

3 “(ii) have academic or private sector
4 experience relating to financial services; or

5 “(iii) have relevant work-related expe-
6 rience in consumer affairs or compliance
7 with consumer protection laws with respect
8 to financial institutions.

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

12 “(3) PROHIBITION ON CERTAIN INDIVIDUALS
13 SERVING AS A BOARD MEMBER.—The President may
14 not appoint an individual as a member of the Board
15 if the individual—

16 “(A) is, or was during the previous 2-year
17 period, employed by a Federal financial institu-
18 tions regulatory agency or a Federal reserve
19 bank; or

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

22 “(4) CONSULTATION.—In appointing members
23 of the Board, the President shall consult with the
24 Federal financial institutions regulatory agencies
25 and financial institutions.

1 “(5) TERM.—

2 “(A) IN GENERAL.—Each member of the
3 Board shall serve for a term of 3 years. Upon
4 the expiration of a member’s terms of office,
5 the member shall continue to serve until the
6 member’s successor has been confirmed by the
7 Senate.

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

10 “(6) POLITICAL AFFILIATION.—Not more than
11 2 members of the Board shall be members of the
12 same political party.

13 “(7) QUORUM.—

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

16 “(B) INITIAL QUORUM.—During the 6-
17 month period beginning on the date of enact-
18 ment of this section, 1 member of the Board
19 shall constitute a quorum until the Board has
20 3 members.

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

1 “(c) STAFFING.—The Board is authorized to hire
2 staff to support the activities of the Office of Independent
3 Examination Review, and set the salaries of such staff.
4 One-fifth of the costs and expenses of the Office, including
5 the salaries of its employees, shall be paid by each of the
6 Federal financial institutions regulatory agencies. Annual
7 assessments for such share shall be levied by the Council
8 based upon its projected budget for the year, and addi-
9 tional assessments may be made during the year if nec-
10 essary.

11 “(d) DUTIES.—The Board shall—

12 “(1) receive and, at the discretion of the Board,
13 investigate complaints from financial institutions,
14 their representatives, or another entity acting on be-
15 half of such institutions, concerning completed ex-
16 aminations, examination practices, or examination
17 reports;

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

1 “(3) review examination procedures of the Fed-
2 eral financial institutions regulatory agencies to en-
3 sure that the written examination policies of those
4 agencies are being followed in practice and adhere to
5 the standards for consistency;

6 “(4) conduct a continuing and regular program
7 of examination quality assurance on a sample for all
8 examination types conducted by the Federal finan-
9 cial institutions regulatory agencies;

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

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

22 “(e) CONFIDENTIALITY.—

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

1 “(A) all meetings, discussions, and infor-
2 mation provided by financial institutions and
3 Federal financial institutions regulatory agen-
4 cies that involve confidential supervisory infor-
5 mation or privileged information;

6 “(B) all information and communications
7 exchanged between a financial institution and
8 the Office of Independent Examination Review;
9 and

10 “(C) all information and communications
11 exchanged between a Federal financial institu-
12 tions regulatory agency and the Office of Inde-
13 pendent Examination Review.

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

24 “(3) SHARING OF INFORMATION WITHOUT
25 WAIVING PRIVILEGE.—The Board shall be consid-

1 ered a ‘covered agency’ for purposes of section 11(t)
2 of the Federal Deposit Insurance Act (12 U.S.C.
3 1821(t)).”.

4 (2) DEFINITIONS.—Section 1003 of the Federal
5 Financial Institutions Examination Council Act of
6 1978 (12 U.S.C. 3302) is amended—

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

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

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

13 “(5) the term ‘material supervisory determina-
14 tion’ has the meaning given such term in section
15 309(c) of the Riegle Community Development and
16 Regulatory Improvement Act of 1994;

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

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

23 (d) RIGHT TO INDEPENDENT REVIEW OF MATERIAL
24 SUPERVISORY DETERMINATIONS.—The Federal Financial
25 Institutions Examination Council Act of 1978 (12 U.S.C.

1 3301 et seq.), as amended by subsection (c), is further
2 amended by adding at the end the following:

3 **“SEC. 1016. RIGHT TO INDEPENDENT REVIEW OF MATERIAL**
4 **SUPERVISORY DETERMINATIONS.**

5 “(a) IN GENERAL.—A financial institution shall have
6 the right to obtain an independent review, as described
7 in this section, of a material supervisory determination
8 contained in a final report of examination. A Federal fi-
9 nancial institutions regulatory agency and the Board may
10 not conduct concurrent reviews.

11 “(b) NOTICE.—

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

17 “(2) EXTENSION.—The institution may file a
18 written request with the Board for an extension of
19 the 60-day time period described under paragraph
20 (1), which shall state good cause for granting the ex-
21 tension. Such request shall be granted in the sole
22 discretion of the Board.

23 “(3) IDENTIFICATION OF DETERMINATION.—
24 The written notice shall—

1 “(A) identify the material supervisory de-
2 termination that is the subject of the requested
3 independent examination review;

4 “(B) state the reasons why the institution
5 believes that the material supervisory deter-
6 mination is incorrect or should otherwise be
7 modified; and

8 “(C) include—

9 “(i) a clear and complete statement of
10 all relevant facts and issues;

11 “(ii) all arguments that the institution
12 wishes to present; and

13 “(iii) all relevant and material docu-
14 ments in the possession of the institution
15 that the institution wishes to be consid-
16 ered.

17 “(4) INFORMATION MADE AVAILABLE TO INSTI-
18 TUTION.—A financial institution seeking a review of
19 a material supervisory determination may, not later
20 than 7 days after receiving the final examination re-
21 port, request that the Federal financial institutions
22 regulatory agency that made the material super-
23 visory determination provide the financial institution
24 with all examination and factual information relied
25 upon by the Federal financial institutions regulatory

1 agency in making the material supervisory deter-
2 mination. The Federal financial institutions regu-
3 latory agency shall provide such information to the
4 financial institution not later than 14 days after re-
5 ceiving the request.

6 “(5) SUBMISSION OF RECORD.—After receiving
7 a written notice of review from a financial institution
8 under this subsection, the Board shall direct the
9 Federal financial institutions regulatory agency that
10 made the material supervisory determination under
11 review to file with the Board the supervisory record
12 of the examination resulting in the material super-
13 visory determination under review.

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

15 “(1) IN GENERAL.—The Board shall—

16 “(A) determine the merits on the record,
17 including whether the material supervisory de-
18 termination being reviewed should be upheld,
19 canceled, or modified; or

20 “(B) at the election of the financial institu-
21 tion, conduct a hearing, which shall take place
22 not later than 60 days after the petition for re-
23 view is received by the Board, except that such
24 60-day period may be extended if both the fi-

1 nancial institution and the Board agree to such
2 extension.

3 “(2) RIGHT TO OBTAIN TESTIMONY.—A finan-
4 cial institution electing for a hearing under para-
5 graph (1)(B) shall have the right the obtain testi-
6 mony under oath from agency employees and obtain
7 documents and other evidence at the hearing, or in
8 advance of the hearing, according to procedures in-
9 stituted by the Board consistent with those set forth
10 under sections 556 and 557 of title 5, United States
11 Code.

12 “(3) BASIS OF DECISION.—The Board shall
13 issue a written decision based upon the record of the
14 examination, supplemented by the record established
15 before the Board and at any hearing.

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

1 “(5) POLICY MATTERS.—The Board shall con-
2 duct reviews under this section applying the policies,
3 regulations, and interpretations of the Federal finan-
4 cial institutions regulatory agency that made the
5 material supervisory determination under review in
6 effect at the time the material supervisory deter-
7 mination was made.

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

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

12 “(2) be deemed final and shall bind the agency
13 whose supervisory determination was the subject of
14 the review and the financial institution requesting
15 the review.

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

21 “(f) ANNUAL REPORT.—

22 “(1) IN GENERAL.—The Board shall report an-
23 nually to the Committee on Financial Services of the
24 House of Representatives, the Committee on Bank-
25 ing, Housing, and Urban Affairs of the Senate, and

1 the Council on actions taken under this section, in-
2 cluding the types of issues that the Board has re-
3 viewed and the results of those reviews, including in-
4 formation on each final determination with respect
5 to a material supervisory determination.

6 “(2) CONFIDENTIALITY.—In reporting under
7 paragraph (1), the Board shall redact information
8 about individual financial institutions and any con-
9 fidential supervisory information or privileged infor-
10 mation shared by financial institutions, and shall
11 anonymize any un-redacted information that could,
12 in the aggregate, identify a financial institution.

13 “(g) RETALIATION PROHIBITED.—

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

16 “(A) retaliate against a financial institu-
17 tion, including service providers, or any institu-
18 tion-affiliated party, for exercising appellate
19 rights under this section; or

20 “(B) delay or deny any agency action that
21 would benefit a financial institution or any in-
22 stitution-affiliated party on the basis that an
23 appeal under this section is pending under this
24 section.

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

7 “(h) RULEMAKING.—The Board shall issue rules,
8 consistent with subchapter II of chapter 5 of title 5,
9 United States Code (commonly referred to as the ‘Admin-
10 istrative Procedure Act’), to establish procedures for hear-
11 ings described under this section, including that—

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

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

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

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

20 “(5) the Board shall have a verbatim transcript
21 of the hearing prepared.

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

24 “(1) to affect the right of a Federal financial
25 institutions regulatory agency to take enforcement

1 or other supervisory actions related to a material su-
2 pervisory determination under review under this sec-
3 tion; or

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

8 (e) ADDITIONAL AMENDMENTS.—

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

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

15 (i) in the heading, by striking “**REG-**
16 **ULATORY APPEALS PROCESS, OM-**
17 **BUDSMAN,**” and inserting “**OMBUDS-**
18 **MAN**” (and by conforming the item relat-
19 ing to such section in the table of contents
20 accordingly);

21 (ii) by striking subsections (a), (b),
22 and (c);

23 (iii) by redesignating subsections (d),
24 (e), (f), and (g) as subsections (a), (b), (c),
25 and (d), respectively;

1 (iv) in subsection (b), as so redesign-
2 nated—

3 (I) in paragraph (2)—

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

6 (bb) in subparagraph (C),
7 by striking the period and insert-
8 ing “; and”; and

9 (cc) by adding at the end
10 the following:

11 “(D) ensure that appropriate safeguards
12 exist for protecting any party from retaliation
13 by any agency for exercising rights under this
14 subsection.”; and

15 (II) by adding at the end the fol-
16 lowing:

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

23 (v) in paragraph (1)(A) of subsection
24 (c), as so redesignated—

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

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

5 (III) by adding at the end the
6 following:

7 “(iv) any issue specifically listed in an
8 exam report as a matter requiring atten-
9 tion by the institution’s management or
10 board of directors; and

11 “(v) any suspension or removal of an
12 institution’s status as eligible for expedited
13 processing of applications, requests, no-
14 tices, or filings on the grounds of a super-
15 visory or compliance concern, regardless of
16 whether that concern has been cited as a
17 basis for a material supervisory determina-
18 tion or matter requiring attention in an ex-
19 amination report, provided that the con-
20 duct at issue did not involve violation of
21 any criminal law; and”.

22 (B) EFFECT.—Nothing in this subsection
23 affects the authority of a Federal banking agen-
24 cy (as defined in section 304(b)) to take en-
25 forcement or other supervisory action.

1 (2) FEDERAL CREDIT UNION ACT.—Section
2 205(j) of the Federal Credit Union Act (12 U.S.C.
3 1785(j)) is amended by inserting “the Bureau of
4 Consumer Financial Protection,” before “the Ad-
5 ministration” each place that term appears.

6 (3) FEDERAL FINANCIAL INSTITUTIONS EXAM-
7 INATION COUNCIL ACT.—The Federal Financial In-
8 stitutions Examination Council Act of 1978 (12
9 U.S.C. 3301 et seq.) is amended—

10 (A) in section 1003 (12 U.S.C. 3302)—

11 (i) by striking paragraph (1) and in-
12 serting the following:

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

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

20 “(B) includes the Bureau of Consumer Fi-
21 nancial Protection for purposes of sections
22 1012 through 1015;”; and

23 (ii) in paragraph (3), by striking the
24 semicolon at the end and inserting “, ex-
25 cept that for purposes of sections 1013

1 through 1016, the term ‘financial institu-
2 tion’ does not include a credit union that
3 is not an insured credit union;”;

4 (B) in section 1004(a)(4) (12 U.S.C.
5 3303), by striking “Consumer Financial Protec-
6 tion Bureau” and inserting “Bureau of Con-
7 sumer Financial Protection”; and

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

9 (i) by striking “One-fifth” and insert-
10 ing “One-fourth”; and

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

13 (f) ELECTION OF FORUM FOR REVIEW OF SUPER-
14 VISORY ENFORCEMENT.—

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

18 (A) in subsection (b), by adding at the end
19 the following:

20 “(11) HEARING.—With respect to any notice
21 properly issued and served upon a depository institu-
22 tion or institution-affiliated party under this sub-
23 section, such depository institution or institution-af-
24 filiated party shall be afforded a hearing before—

1 “(A) the appropriate Federal banking
2 agency; or

3 “(B) if such institution or person submits
4 a request within 20 days after the issuance of
5 the notice, the appropriate United States dis-
6 trict court, and that court shall have jurisdic-
7 tion to adjudicate all claims and requested rem-
8 edies stated in the notice of charges, including
9 those authorized under this subsection.”;

10 (B) in subsection (e), by adding at the end
11 the following:

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

16 “(A) the appropriate Federal banking
17 agency; or

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

1 (C) in subsection (h)—

2 (i) in paragraph (1), by striking
3 “(other than the hearing provided for in
4 subsection (g)(3) of this section)” and in-
5 serting “(other than the hearing provided
6 for in subsection (b)(11)(B), (e)(8)(B),
7 (g)(3), or (i)(2)(H)(ii))”; and

8 (ii) by adding at the end the fol-
9 lowing:

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

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

21 (D) in subsection (i)(2)—

22 (i) by amending subparagraph (E)(ii)
23 to read as follows:

24 “(ii) FINALITY OF ASSESSMENT.—If,
25 with respect to any assessment under

1 clause (i), a hearing is not requested or an
2 election is not made and timely noticed
3 pursuant to subparagraph (H) within the
4 period of time allowed under such subpara-
5 graph, the assessment shall constitute a
6 final and unappealable order.”;

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

9 “(H) HEARING.—The insured depository
10 institution or institution-affiliated party against
11 whom any penalty is assessed under this para-
12 graph shall be afforded a hearing before—

13 “(i) an agency, if such institution or
14 person submits a request for such hearing
15 within 20 days after the issuance of the
16 notice of assessment; or

17 “(ii) the appropriate United States
18 district court, if such institution or person
19 submits a request for such hearing and
20 forum within 20 days after the issuance of
21 the notice of assessment.”; and

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

24 “(ii) APPROPRIATENESS OF PENALTY
25 NOT REVIEWABLE.—In any civil action

1 under clause (i), except a civil action tried
2 in a United States district court pursuant
3 to subsection (b)(11)(B), (e)(8)(B), or
4 (i)(2)(H)(ii), the validity and appropriate-
5 ness of the penalty shall not be subject to
6 review.”; and

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

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

11 “(1) limit the authority of a Federal banking
12 agency to initiate an administrative enforcement ac-
13 tion; or

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

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

18 (A) in subsection (e), by adding at the end
19 the following:

20 “(5) HEARING.—With respect to any notice
21 properly issued and served upon an insured credit
22 union, credit union which has insured accounts, or
23 an institution-affiliated party under this subsection,
24 such insured credit union, credit union which has in-

1 sured accounts, or institution-affiliated party shall
2 be afforded a hearing before—

3 “(A) the Administration; or

4 “(B) if such insured credit union, credit
5 union which has insured accounts, or institu-
6 tion-affiliated party submits a request within 20
7 days after the issuance of the notice, the appro-
8 priate United States district court, and that
9 court shall have jurisdiction to adjudicate all
10 claims and requested remedies stated in the no-
11 tice of charges, including those authorized
12 under this subsection.”;

13 (B) in subsection (g), by adding at the end
14 the following:

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

19 “(A) the Administration; or

20 “(B) if such institution-affiliated party
21 submits a request within 20 days after the
22 issuance of the notice, the appropriate United
23 States district court, and that court shall have
24 jurisdiction to adjudicate all claims and re-
25 quested remedies stated in the notice of

1 charges, including those authorized under this
2 subsection.”;

3 (C) in subsection (j)—

4 (i) in paragraph (1), by striking
5 “(other than the hearing provided for in
6 subsection (i)(3) of this section)” and in-
7 serting “(other than the hearing provided
8 for in subsection (e)(5)(B), (g)(8)(B),
9 (i)(3), or (k)(2)(H)(ii))”; and

10 (ii) by adding at the end the fol-
11 lowing:

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

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

23 (D) in subsection (k)(2)—

24 (i) by amending subparagraph (E)(ii)
25 to read as follows:

1 “(ii) FINALITY OF ASSESSMENT.—If,
2 with respect to any assessment under
3 clause (i), a hearing is not requested or an
4 election is not made and timely noticed
5 pursuant to subparagraph (H) within the
6 period of time allowed under such subpara-
7 graph, the assessment shall constitute a
8 final and unappealable order.”;

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

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

15 “(i) the Administration, if such in-
16 sured credit union or institution-affiliated
17 party submits a request for such hearing
18 within 20 days after the issuance of the
19 notice of assessment; or

20 “(ii) the appropriate United States
21 district court, if such insured credit union
22 or institution-affiliated party submits a re-
23 quest for such hearing and forum within
24 20 days after the issuance of the notice of
25 assessment.”; and

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

3 “(ii) APPROPRIATENESS OF PENALTY
4 NOT REVIEWABLE.—In any civil action
5 under clause (i), except a civil action tried
6 in a United States district court pursuant
7 to subsection (e)(5)(B), (g)(8)(B), or
8 (k)(2)(H)(ii), the validity and appropriate-
9 ness of the penalty shall not be subject to
10 review.”; and

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

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

15 “(1) limit the authority of the Administration
16 to initiate an administrative enforcement action; or
17 “(2) impair the validity of any consent order.”.

18 **SEC. 303. SUPERVISORY MODIFICATIONS FOR APPRO-**
19 **PRIATE RISK-BASED TESTING.**

20 (a) EXAMINATION RELIEF FOR CERTAIN WELL
21 MANAGED AND WELL CAPITALIZED FINANCIAL INSTITU-
22 TIONS.—

23 (1) INSURED DEPOSITORY INSTITUTIONS.—Sec-
24 tion 10(d) of the Federal Deposit Insurance Act (12

1 U.S.C. 1820(d)) is amended by adding at the end
2 the following:

3 “(11) EXAMINATION RELIEF FOR CERTAIN
4 WELL MANAGED AND WELL CAPITALIZED INSURED
5 DEPOSITORY INSTITUTIONS.—

6 “(A) IN GENERAL.—Notwithstanding
7 paragraphs (1) and (2), the following shall
8 apply to a well managed and well capitalized in-
9 sured depository institution with
10 \$6,000,000,000 or less in consolidated assets:

11 “(i) ALTERNATING LIMITED-SCOPE
12 EXAMINATIONS.—After an insured deposi-
13 tory institution receives a full-scope, on-
14 site examination from the appropriate Fed-
15 eral banking agency, the next examination
16 of the insured depository institution by the
17 appropriate Federal banking agency shall
18 be a limited-scope examination, as deter-
19 mined by the appropriate Federal banking
20 agency.

21 “(ii) COMBINED EXAMINATIONS.—If
22 an insured depository institution is other-
23 wise subject to separate safety and sound-
24 ness examinations, consumer compliance
25 examinations, and information technology

1 and cybersecurity examinations, the appro-
2 priate Federal banking agency shall, upon
3 request of the insured depository institu-
4 tion, combine two or three such examina-
5 tions, as specified by the insured deposi-
6 tory institution, and carry them out at the
7 same time.

8 “(B) EXCEPTION.—Subparagraph (A)
9 shall not apply to an insured depository institu-
10 tion if—

11 “(i) the insured depository institution
12 is currently subject to a formal enforce-
13 ment proceeding or order by the Corpora-
14 tion or the appropriate Federal banking
15 agency; or

16 “(ii) a person acquired control of the
17 insured depository institution since the
18 most recent full-scope, on-site examination
19 of the insured depository institution from
20 the appropriate Federal banking agency.

21 “(C) RULEMAKING.—Not later than 12
22 months after the date of enactment of this
23 paragraph, the Federal banking agencies shall
24 issue rules to carry out subparagraph (A), in-
25 cluding, with respect to an insured depository

1 institution described under subparagraph (A),
2 to—

3 “(i) establish procedures for the lim-
4 ited-scope examinations described in sub-
5 paragraph (A)(i);

6 “(ii) establish procedures for review-
7 ing insured depository institutions de-
8 scribed under subparagraph (A), that—

9 “(I) experience material changes
10 in financial condition or operational
11 risk profile between scheduled exami-
12 nations; or

13 “(II) have failed to comply with
14 Federal or State banking laws and
15 regulations; and

16 “(iii) balance the goals of streamlining
17 the examination cycle for individual in-
18 sured depository institutions and reducing
19 unnecessary regulatory burdens while
20 maintaining sufficient oversight to ensure
21 the continued safety and soundness of the
22 insured depository institutions and compli-
23 ance with all applicable laws and regula-
24 tions.

1 “(D) RULE OF CONSTRUCTION.—Nothing
2 in this paragraph may be construed to limit the
3 authority of a Federal banking agency to con-
4 duct off-site monitoring, targeted reviews, or
5 additional full-scope, on-site examinations of an
6 insured depository institution if the Federal
7 banking agency determines such monitoring, re-
8 views, or examinations are appropriate to en-
9 sure safety and soundness or compliance with
10 applicable laws.

11 “(E) DEFINITIONS.—In this paragraph:

12 “(i) CONSUMER COMPLIANCE EXAM-
13 INATION.—The term ‘consumer compliance
14 examination’ means an examination to as-
15 sess compliance with the requirements of
16 Federal consumer financial law (as such
17 term is defined in section 1002 of the Con-
18 sumer Financial Protection Act of 2010).

19 “(ii) WELL CAPITALIZED.—The term
20 ‘well capitalized’ has the meaning given
21 that term in section 38(b).

22 “(iii) WELL MANAGED.—With respect
23 to an insured depository institution, the
24 term ‘well managed’ means that, when the
25 institution was most recently examined by

1 the appropriate Federal banking agency,
2 the institution was found to be well man-
3 aged, and the institution's composite condi-
4 tion was found to be satisfactory or out-
5 standing.”.

6 (2) INSURED CREDIT UNIONS.—Section 204 of
7 the Federal Credit Union Act (12 U.S.C. 1784) is
8 amended by adding at the end the following:
9 “(h) EXAMINATION RELIEF FOR CERTAIN WELL
10 MANAGED AND WELL CAPITALIZED INSURED CREDIT
11 UNIONS.—

12 “(1) IN GENERAL.—Notwithstanding any other
13 provision of this section, the following shall apply to
14 a well managed and well capitalized insured credit
15 union with \$6,000,000,000 or less in consolidated
16 assets:

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

1 “(B) COMBINED EXAMINATIONS.—If an
2 insured credit union is otherwise subject to sep-
3 arate safety and soundness examinations, con-
4 sumer compliance examinations, and informa-
5 tion technology and cybersecurity examinations,
6 the National Credit Union Administration shall,
7 upon request of the insured credit union, com-
8 bine two or three such examinations, as speci-
9 fied by the insured credit union, and carry them
10 out at the same time.

11 “(2) EXCEPTION.—Paragraph (1) shall not
12 apply to an insured credit union if the insured credit
13 union is currently subject to a formal enforcement
14 proceeding or order by the National Credit Union
15 Administration.

16 “(3) RULEMAKING.—Not later than 12 months
17 after the date of enactment of this subsection, the
18 National Credit Union Administration shall issue
19 rules to carry out paragraph (1), including, with re-
20 spect to an insured credit union described under
21 paragraph (1), to—

22 “(A) establish procedures for the limited-
23 scope examinations described in paragraph
24 (1)(A);

1 “(B) establish procedures for reviewing in-
2 sured credit unions that—

3 “(i) experience material changes in fi-
4 nancial condition or operational risk profile
5 between scheduled examinations; or

6 “(ii) have failed to comply with Fed-
7 eral or State banking laws and regulations;
8 and

9 “(C) balance the goals of streamlining the
10 examination cycle for individual insured credit
11 unions and reducing unnecessary regulatory
12 burdens while maintaining sufficient oversight
13 to ensure the continued safety and soundness of
14 the insured credit unions and compliance with
15 all applicable laws and regulations.

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

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

1 “(A) CONSUMER COMPLIANCE EXAMINA-
2 TION.—The term ‘consumer compliance exam-
3 ination’ means an examination to assess compli-
4 ance with the requirements of Federal con-
5 sumer financial law (as such term is defined in
6 section 1002 of the Consumer Financial Protec-
7 tion Act of 2010).

8 “(B) WELL CAPITALIZED.—The term ‘well
9 capitalized’ has the meaning given that term in
10 section 216(c).

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

19 (b) EXAMINATION PRACTICES.—

20 (1) INSURED DEPOSITORY INSTITUTIONS.—Sec-
21 tion 10(d) of the Federal Deposit Insurance Act (12
22 U.S.C. 1820(d)), as amended by subsection (a)(1),
23 is further amended by adding at the end the fol-
24 lowing:

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

5 “(A) ensure the examination is led by, to
6 the maximum extent practicable, an examiner
7 with significant experience as an examiner;

8 “(B) make every effort, to the maximum
9 extent practicable, to minimize the number of
10 examiners utilized and the amount of time
11 spent at the institution to carry out the exam-
12 ination;

13 “(C) make every effort, to the maximum
14 extent practicable, to schedule the examination
15 at a time that is convenient for the institution;
16 and

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

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

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

24 “(B) aggregate data summarizing the
25 agency’s examination practices with respect to

1 insured depository institutions with less than
2 \$6,000,000,000 in total assets, including—

3 “(i) the average experience of exam-
4 iners, including the average number of
5 years of examiner experience of those who
6 lead on-site examinations;

7 “(ii) the average number of examiners
8 utilized; and

9 “(iii) the average amount of time the
10 agency spends visiting such institutions for
11 on-site examinations.”.

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

16 “(i) EXAMINATION PRACTICES.—With respect to on-
17 site examination of an insured credit union with less than
18 \$6,000,000,000 in total assets, the National Credit Union
19 Administration shall—

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

23 “(2) make every effort, to the maximum extent
24 practicable, to minimize the number of examiners

1 utilized and the amount of time spent at the credit
2 union to carry out the examination;

3 “(3) make every effort, to the maximum extent
4 practicable, to schedule the examination at a time
5 that is convenient for the credit union; and

6 “(4) to the maximum extent practicable, give
7 the credit union advance notice of issues expected to
8 be covered in the examination.

9 “(j) REPORT.—In its annual report to Congress, the
10 National Credit Union Administration shall include—

11 “(1) information on how the Administration is
12 complying with subsections (h) and (i); and

13 “(2) aggregate data summarizing the Adminis-
14 tration’s examination practices with respect to in-
15 sured credit unions with less than \$6,000,000,000 in
16 total assets, including—

17 “(A) the average experience of examiners,
18 including the average number of years of exam-
19 iner experience of those who lead on-site exami-
20 nations;

21 “(B) the average number of examiners uti-
22 lized; and

23 “(C) the average amount of time the Ad-
24 ministration spends visiting such credit unions
25 for on-site examinations.”.

1 **SEC. 304. FINANCIAL INTEGRITY AND REGULATION MAN-**
2 **AGEMENT.**

3 (a) FINDINGS.—Congress finds that—

4 (1) the primary objective of financial regulation
5 and supervision by the Federal banking agencies is
6 to promote safety and soundness of depository insti-
7 tutions;

8 (2) all federally legal businesses and law-abid-
9 ing citizens regardless of political ideology should
10 have equal opportunity to obtain financial services
11 and should not face unlawful discrimination in ob-
12 taining such services;

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

17 (4) financial service providers should strive to
18 ensure that all business decisions are based on fac-
19 tors free from unlawful prejudice or political influ-
20 ence;

21 (5) the use of reputational risk in supervisory
22 frameworks encourages Federal banking agencies to
23 regulate depository institutions based on the subjec-
24 tive view of negative publicity and provides cover for
25 the agencies to implement their own political agenda

1 unrelated to the safety and soundness of a deposi-
2 tory institution;

3 (6) Federal banking agencies have in fact used
4 reputational risk to limit access of federally legal
5 businesses and law-abiding citizens to financial serv-
6 ices in 2018 when the Federal Deposit Insurance
7 Corporation acknowledged that the agency used
8 reputational risk reviews to limit access to financial
9 services by certain industries, commonly known as
10 “Operation Choke Point”; and

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

15 (b) DEFINITIONS.—In this section:

16 (1) DEPOSITORY INSTITUTION.—The term “de-
17 pository institution”—

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

21 (B) includes a depository institution hold-
22 ing company, as such term is defined in section
23 3 of the Federal Deposit Insurance Act (12
24 U.S.C. 1813); and

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

4 (2) FEDERAL BANKING AGENCY.—The term
5 “Federal banking agency”—

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

9 (B) includes—

10 (i) the National Credit Union Admin-
11 istration; and

12 (ii) the Bureau of Consumer Financial
13 Protection.

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

19 (4) REPUTATIONAL RISK.—The term
20 “reputational risk” means the potential that nega-
21 tive publicity or negative public opinion regarding a
22 depository institution’s business practices, whether
23 true or not, will cause a decline in confidence in the
24 institution or a decline in the customer base, costly
25 litigation, or revenue reductions or otherwise ad-

1 versely impact the depository institution. The pre-
2 vious sentence does not apply to negative publicity
3 or negative public opinion regarding an institution’s
4 business practices where such practices involve un-
5 lawful transactions in connection with state sponsors
6 of terrorism or foreign terrorist organizations.

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

13 (A) section 1754(c)(1)(A)(i) of the Export
14 Control Reform Act of 2018 (50 U.S.C.
15 4813(c)(1)(A)(i));

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

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

20 (D) any other provision of law.

21 (c) STUDY ON REPUTATIONAL RISK.—Not later than
22 1 year after the date of the enactment of this Act, each
23 Federal banking agency shall—

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

4 (2) determine whether the removal of
5 reputational risk in the supervision of depository in-
6 stitutions would threaten the safety and soundness
7 of those depository institutions.

8 (d) REMOVAL OF REPUTATIONAL RISK AS A CONSID-
9 ERATION IN THE SUPERVISION OF DEPOSITORY INSTITU-
10 TIONS.—If a Federal banking agency determines, under
11 subsection (c), that the removal of reputational risk in the
12 supervision of depository institutions would not threaten
13 the safety and soundness of those depository institutions,
14 the Federal banking agency shall remove from any guid-
15 ance, rule, examination manual, or similar document es-
16 tablished by the agency any reference to reputational risk,
17 or any term substantially similar, regarding the super-
18 vision of depository institutions such that reputational
19 risk, or any term substantially similar, is no longer taken
20 into consideration by the Federal banking agency when
21 examining and supervising a depository institution.

22 (e) PROHIBITION.—If a Federal banking agency de-
23 termines, under subsection (c), that the removal of
24 reputational risk in the supervision of depository institu-
25 tions would not threaten the safety and soundness of those

1 depository institutions, the agency may not engage in rule-
2 making, the issuance of guidance, supervision activities,
3 or enforcement activities related to the reputational risk
4 of a depository institution or the managing of reputational
5 risk by a depository institution, including—

6 (1) establishing any rule, regulation, require-
7 ment, standard, or supervisory expectation con-
8 cerning or related to the reputational risk of a de-
9 pository institution, or the management thereof,
10 whether binding or not;

11 (2) conducting any examination, assessment,
12 data collection, or other supervisory exercise con-
13 cerning or related to reputational risk of a deposi-
14 tory institution, or the management thereof;

15 (3) issuing any examination finding, supervisory
16 criticism, or other supervisory or examination com-
17 munication concerning or related to reputational risk
18 of a depository institution, or the management
19 thereof;

20 (4) making any supervisory ratings decision or
21 determination that is based, in whole or in part, on
22 any matter concerning or related to reputational risk
23 of a depository institution, or the management
24 thereof; and

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

5 (f) REPORTS.—Not later than 180 days after the
6 date of enactment of this Act, each Federal banking agen-
7 cy shall submit to the Committee on Banking, Housing,
8 and Urban Affairs of the Senate and the Committee on
9 Financial Services of the House of Representatives a re-
10 port that—

11 (1) confirms implementation of this section; and

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

14 **TITLE IV—REGULATORY AC-**
15 **COUNTABILITY AND TRANS-**
16 **PARENCY**

17 **SEC. 401. FDIC BOARD ACCOUNTABILITY.**

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

20 (1) by striking “Consumer Financial Protection
21 Bureau” each place such term appears and inserting
22 “Bureau of Consumer Financial Protection”;

23 (2) by amending subsection (a)(1)(C) to read as
24 follows:

1 “(C) 3 of whom shall be appointed by the
2 President, by and with the advice and consent
3 of the Senate, from among individuals who are
4 citizens of the United States, 1 of whom shall
5 have State bank supervisory experience, and
6 separately 1 of whom shall have demonstrated
7 primary experience working in or supervising
8 depository institutions having less than
9 \$17,000,000,000 in total assets.”; and
10 (3) in subsection (c)—

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

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

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

19 **SEC. 402. STOP AGENCY FIAT ENFORCEMENT OF GUID-**
20 **ANCE.**

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

1 (b) GUIDANCE CLARITY STATEMENT.—A guidance
2 clarity statement required under subsection (a) shall be
3 displayed prominently on the first page of the document
4 and shall include the following: “This guidance does not
5 have the force and effect of law and therefore does not
6 establish any rights or obligations for any person and is
7 not binding on the agency or the public. If this guidance
8 suggests how regulated entities may comply with applica-
9 ble statutes or regulations, noncompliance with this guid-
10 ance does not conclusively establish a violation of applica-
11 ble law.”.

12 (c) DEFINITIONS.—In this section:

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

15 (A) The Bureau of Consumer Financial
16 Protection.

17 (B) The Department of Housing and
18 Urban Development.

19 (C) The Department of the Treasury.

20 (D) The Federal Deposit Insurance Cor-
21 poration.

22 (E) The Federal Housing Finance Agency.

23 (F) The Board of Governors of the Federal
24 Reserve System.

1 (G) The National Credit Union Adminis-
2 tration.

3 (H) The Office of the Comptroller of the
4 Currency.

5 (I) The Securities and Exchange Commis-
6 sion.

7 (2) GUIDANCE.—The term “guidance” means a
8 financial agency statement of general applicability,
9 intended to have a future effect on the behavior of
10 regulated parties, that sets forth a policy on a statu-
11 tory, regulatory, or technical issue, or an interpreta-
12 tion of a statute or regulation, but does not in-
13 clude—

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

17 (B) a rule exempt from rulemaking re-
18 quirements under section 553(a) of title 5,
19 United States Code;

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

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

1 (E) internal guidance directed to the
2 issuing financial agency or other agency that is
3 not intended to have a substantial future effect
4 on the behavior of regulated parties; or

5 (F) internal executive branch legal advice
6 or legal opinions addressed to executive branch
7 officials.

8 **SEC. 403. REGULATORY EFFICIENCY, VERIFICATION,**
9 **ITEMIZATION, AND ENHANCED WORKFLOW.**

10 Section 2222 of the Economic Growth and Regu-
11 latory Paperwork Reduction Act of 1996 (12 U.S.C. 3311)
12 is amended—

13 (1) by striking “appropriate Federal banking
14 agency” each place such term appears and inserting
15 “Federal financial institutions regulatory agency”;

16 (2) by striking “appropriate Federal banking
17 agencies” and inserting “Federal financial institu-
18 tions regulatory agencies”;

19 (3) in subsection (a)—

20 (A) by striking “represented on the Coun-
21 cil”; and

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

24 (4) in subsection (b)—

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

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

6 “(1) SOLICITATION OF PUBLIC COMMENT.—In
7 conducting”; and

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

9 “(2) INTERNAL REVIEW OF CUMULATIVE IM-
10 PACT.—Each Federal financial institutions regu-
11 latory agency shall conduct an internal review of the
12 cumulative impact of regulations issued by the Fed-
13 eral financial institutions regulatory agency that—

14 “(A) assesses the effects of such regula-
15 tions on consumers’ access to financial products
16 and services;

17 “(B) assesses the effects of such regula-
18 tions on the availability of financial products
19 and services to financial and nonfinancial firms;

20 “(C) assesses the impact of such regula-
21 tions on credit availability and financial market
22 liquidity in United States financial markets;

23 “(D) assess the effects of such regulations
24 on consumer protection;

1 “(E) assesses the balance of benefits and
2 costs of such regulations with respect to the
3 safety and soundness of the United States fi-
4 nancial system and overall economic activity in
5 the United States;

6 “(F) to the extent practicable, quantifies
7 the direct and indirect economic costs imposed
8 by such regulations; and

9 “(G) includes recommendations to stream-
10 line or eliminate duplicative, outdated, and un-
11 necessarily burdensome regulations.”;

12 (5) in subsection (c)—

13 (A) by striking “subsection (b)(2)” and in-
14 serting “subsection (b)(1)(B), and the internal
15 review under subsection (b)(2),”; and

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

18 (6) in subsection (e)—

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

21 (B) by redesignating paragraph (2) as
22 paragraph (3);

23 (C) by inserting after paragraph (1) the
24 following:

1 “(2) a summary of the findings and determina-
2 tions of each Federal financial institutions regu-
3 latory agency of the internal review conducted by the
4 Federal financial institutions regulatory agency
5 under subsection (b)(2); and”; and

6 (D) in paragraph (3), as so redesignated,
7 by striking “the regulatory burdens associated
8 with such issues by regulation” and inserting
9 “the regulatory burdens associated with the
10 issues identified by public comments received by
11 the Council and the Federal financial institu-
12 tions regulatory agencies, as well as the regu-
13 latory burdens identified by each Federal finan-
14 cial institutions regulatory agency through the
15 internal reviews conducted under subsection
16 (b)(2), by regulation”; and
17 (7) by adding at the end the following:

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

1 **TITLE V—STRENGTHENING**
2 **LOCAL BANK FUNDING**

3 **SEC. 501. BRINGING THE DISCOUNT WINDOW INTO THE**
4 **21ST CENTURY.**

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

8 “(11) REVIEW OF DISCOUNT WINDOW OPER-
9 ATIONS.—

10 “(A) IN GENERAL.—Not later than 60
11 days after the date of enactment of this para-
12 graph, the Board of Governors shall commence
13 a review of the discount window lending pro-
14 grams of the Federal reserve banks (the ‘dis-
15 count window’), and shall complete such review
16 not later than 240 days after the date of enact-
17 ment of this paragraph.

18 “(B) CONTENTS.—The review required by
19 subparagraph (A) shall include a consideration
20 of—

21 “(i) the effectiveness of the discount
22 window in providing liquidity to financial
23 institutions, including in times of financial
24 stress;

1 “(ii) whether the technology infra-
2 structure, including means of communica-
3 tions, are sufficient to support the timely
4 provision of liquidity, including in times of
5 financial stress;

6 “(iii) the effectiveness of cybersecurity
7 measures implemented with respect to dis-
8 count window operations;

9 “(iv) the effectiveness of communica-
10 tions between Federal reserve banks, fi-
11 nancial institutions, the Board of Gov-
12 ernors, the Federal Deposit Insurance Cor-
13 poration, the Comptroller of the Currency,
14 and the Secretary of the Treasury regard-
15 ing discount window operations;

16 “(v) the effectiveness of the Board of
17 Governors in providing oversight of the
18 discount window and in ensuring con-
19 sistent access to the discount window
20 across the Federal Reserve System;

21 “(vi) how the discount window inter-
22 acts with other providers of liquidity, in-
23 cluding the Federal Home Loan Banks,
24 during both normal operations and times
25 of financial distress;

1 “(vii) the effectiveness of existing dis-
2 count window operating hours and whether
3 such hours should be expanded, taking into
4 account the interaction between discount
5 window operating hours and the operating
6 hours of payment systems of the Federal
7 reserve banks, such as the Fedwire Funds
8 Service and FedNow Service;

9 “(viii) the impact of mobile banking
10 and instant communications technology on
11 depositor behavior and liquidity risk posed
12 to financial institutions, including how the
13 discount window can—

14 “(I) help financial institutions
15 better respond to rapid liquidity short-
16 falls; and

17 “(II) prevent broader financial
18 instability; and

19 “(ix) the effectiveness of the discount
20 window in light of the stigma associated
21 with its usage, ways to reduce such stigma,
22 and ways to improve access, operational ef-
23 ficiency, transparency, and timeliness of
24 the process for financial institutions seek-

1 ing advances, including on the pricing and
2 other terms of such advances.

3 “(C) REMEDIATION PLAN.—After the
4 Board of Governors completes the review re-
5 quired by subparagraph (A), the Board of Gov-
6 ernors, in consultation with the Federal reserve
7 banks, shall—

8 “(i) identify deficiencies with the dis-
9 count window and areas for enhancing dis-
10 count window effectiveness; and

11 “(ii) develop a written plan to reme-
12 diate the identified deficiencies and imple-
13 ment the identified enhancements, which
14 shall include—

15 “(I) an identification of actions
16 that will be taken to enhance discount
17 window effectiveness and remediate
18 identified deficiencies;

19 “(II) timelines and milestones for
20 implementing the plan and measures
21 to demonstrate how the implemented
22 improvements will be maintained on
23 an ongoing basis; and

24 “(III) measures of managing and
25 controlling any deficiencies and cur-

1 rent operations until the plan is im-
2 plemented in full.

3 “(D) REPORT TO CONGRESS ON REVIEW
4 AND PLAN.—

5 “(i) IN GENERAL.—Not later than
6 365 days after the date of enactment of
7 this paragraph, the Board of Governors
8 shall submit a report to the Committee on
9 Financial Services of the House of Rep-
10 resentatives and the Committee on Bank-
11 ing, Housing, and Urban Affairs of the
12 Senate containing—

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

15 “(II) the remediation plan re-
16 quired by subparagraph (C).

17 “(ii) CONSULTATION.—Before submit-
18 ting the report required by clause (i), the
19 Board of Governors shall—

20 “(I) provide a copy of the pro-
21 posed report to the Comptroller of the
22 Currency, the Federal Deposit Insur-
23 ance Corporation, the National Credit
24 Union Administration, and the Sec-
25 retary of the Treasury; and

1 “(II) provide the Comptroller of
2 the Currency, the Federal Deposit In-
3 surance Corporation, the National
4 Credit Union Administration, and the
5 Secretary of the Treasury with an op-
6 portunity to provide feedback on the
7 report.

8 “(iii) TESTIMONY.—The Chairman of
9 the Board of Governors shall, at the semi-
10 annual hearing required under section 2B,
11 testify with respect to the contents of the
12 report required under this subparagraph.

13 “(E) ANNUAL REPORTS TO CONGRESS.—

14 “(i) REPORTS BY THE BOARD.—The
15 Board of Governors shall submit an annual
16 report to the Committee on Financial Serv-
17 ices of the House of Representatives and
18 the Committee on Banking, Housing, and
19 Urban Affairs of the Senate containing a
20 review of the effectiveness of discount win-
21 dow operations and a progress report on
22 the actions taken to implement the identi-
23 fied enhancements described in subpara-
24 graph (C).

1 “(ii) REPORTS BY THE INSPECTOR
2 GENERAL.—The Inspector General of the
3 Board of Governors of the Federal Reserve
4 System and the Bureau of Consumer Fi-
5 nancial Protection shall submit an annual
6 report to the Committee on Financial Serv-
7 ices of the House of Representatives and
8 the Committee on Banking, Housing, and
9 Urban Affairs of the Senate containing a
10 report on the progress of the Board of
11 Governors in implementing the remediation
12 plan required by subparagraph (C).

13 “(F) CONFIDENTIAL REPORT INFORMA-
14 TION.—Any report required under this para-
15 graph may contain a confidential annex con-
16 taining information that, if made public,
17 could—

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

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

22 “(G) REPEAL.—This paragraph shall be
23 repealed on the date on which the Board of
24 Governors notifies the Congress and publishes
25 on a public website of the Board of Governors

1 that the remediation plan required under sub-
2 paragraph (C) has been fully implemented.”.

3 **SEC. 502. KEEPING DEPOSITS LOCAL.**

4 (a) AMOUNT OF RECIPROCAL DEPOSITS THAT ARE
5 NOT CONSIDERED TO BE FUNDS OBTAINED BY OR
6 THROUGH A DEPOSIT BROKER.—Section 29(i)(1)(C) of
7 the Federal Deposit Insurance Act (12 U.S.C.
8 1831f(i)(1)(C)) is amended by striking
9 “\$96,333,333,333” and inserting “\$250,000,000,000”.

10 (b) DEFINITION OF AGENT INSTITUTION.—Section
11 29(i) of the Federal Deposit Insurance Act (12 U.S.C.
12 1831f(i)) is amended—

13 (1) in paragraph (2)(A)—

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

16 “(I) when most recently exam-
17 ined under section 10(d) was assigned
18 a CAMELS rating of 1, 2, or 3 under
19 the Uniform Financial Institutions
20 Rating System (or an equivalent rat-
21 ing under a comparable rating sys-
22 tem); and”;

23 (B) by redesignating clauses (ii) and (iii)
24 as clauses (iii) and (iv), respectively; and

1 (C) by inserting after clause (i) the fol-
2 lowing:

3 “(ii) has not yet been examined under
4 section 10(d) and the deposits of which
5 first became insured under this Act during
6 the current calendar year or during the im-
7 mediately preceding calendar year;”; and

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

9 “(3) RESERVATION OF AUTHORITY.—If an in-
10 sured depository institution ceases to be an agent in-
11 stitution because it no longer satisfies any of the cri-
12 teria in paragraph (2)(A), the Corporation may, on
13 a case-by-case basis and upon application, provide a
14 waiver to permit the institution to continue to con-
15 sider some or all of the deposits previously subject
16 to the exception under paragraph (1) as continuing
17 to be subject to the exception under paragraph (1),
18 for a specific or indefinite period of time, if the Cor-
19 poration determines that failure to grant such a
20 waiver would negatively impact the safety and
21 soundness of the insured depository institution.”.

22 (c) RECIPROCAL DEPOSITS STUDY.—

23 (1) IN GENERAL.—The Federal Deposit Insur-
24 ance Corporation, in consultation with the Board of

1 Governors of the Federal Reserve System, shall
2 carry out a study on reciprocal deposits.

3 (2) CONTENTS.—The study required under
4 paragraph (1) shall include—

5 (A) an analysis of how reciprocal deposits
6 have performed since 2018, which shall in-
7 clude—

8 (i) the use of quantitative and quali-
9 tative data;

10 (ii) a breakdown of the usage of recip-
11 rocal deposits by size of insured depository
12 institution;

13 (iii) the usage of reciprocal deposits
14 during periods of stress; and

15 (iv) an analysis, to the extent prac-
16 ticable, of end-user depositors, such as mu-
17 nicipalities, businesses, and non-profit or-
18 ganizations, that drive demand for recip-
19 rocal products;

20 (B) an analysis, to the extent practicable,
21 of how reciprocal deposits compare to other de-
22 posit arrangements; and

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

1 (3) REPORT.—Not later than 6 months after
2 the date of enactment of this Act, the Federal De-
3 posit Insurance Corporation shall issue a report to
4 the 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 **TITLE VI—PROMOTING BANK**
10 **COMPETITION AND MERGER**
11 **CLARITY**

12 **SEC. 601. BANK COMPETITION MODERNIZATION.**

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

16 (1) in paragraph (4)(C)—

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

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

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

22 “(iii) the proposed merger transaction
23 would result in an entity with less than
24 \$10,000,000,000 in assets and would not
25 result in there being only one insured de-

1 pository institution with a physical pres-
2 ence in any relevant metropolitan statis-
3 tical area.”; and

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

5 “(16) FOR MERGER TRANSACTIONS RESULTING IN
6 INSTITUTIONS WITH LESS THAN \$10,000,000,000 IN AS-
7 SETS AND THAT WOULD NOT RESULT IN THERE BEING
8 ONLY ONE INSURED DEPOSITORY INSTITUTION WITH A
9 PHYSICAL PRESENCE IN ANY RELEVANT METROPOLITAN
10 STATISTICAL AREA.—Notwithstanding paragraph (5), if
11 a proposed merger transaction would result in an institu-
12 tion with less than \$10,000,000,000 in assets and would
13 not result in there being only one insured depository insti-
14 tution with a physical presence in any relevant metropoli-
15 tan statistical area, then the responsible agency shall not
16 consider whether such merger transaction would—

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

21 “(B) have the effect in any section of the coun-
22 try of substantially lessening competition, tending to
23 create a monopoly, or in any other manner restrain-
24 ing trade.”.

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

4 “(8) FOR PROPOSED TRANSACTIONS RESULT-
5 ING IN COMPANIES WITH LESS THAN \$10,000,000,000
6 IN ASSETS AND THAT WOULD NOT RESULT IN
7 THERE BEING ONLY ONE INSURED DEPOSITORY IN-
8 STITUTION WITH A PHYSICAL PRESENCE IN ANY
9 RELEVANT METROPOLITAN STATISTICAL AREA.—
10 Notwithstanding paragraph (1), if a proposed acqui-
11 sition, merger, or consolidation under this section
12 would result in a company with less than
13 \$10,000,000,000 in assets and would not result in
14 there being only one insured depository institution
15 with a physical presence in any relevant metropoli-
16 tan statistical area, then the Board shall not con-
17 sider whether such acquisition, merger, or consolida-
18 tion would—

19 “(A) result in a monopoly, or would be in
20 furtherance of any combination or conspiracy to
21 monopolize or to attempt to monopolize the
22 business of banking in any part of the United
23 States; and

24 “(B) have the effect in any section of the
25 country of substantially lessening competition,

1 tending to create a monopoly, or in any other
2 manner restraining trade.”.

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

7 “(10) FOR PROPOSED TRANSACTIONS RESULT-
8 ING IN COMPANIES WITH LESS THAN \$10,000,000,000
9 IN ASSETS AND THAT WOULD NOT RESULT IN
10 THERE BEING ONLY ONE INSURED DEPOSITORY IN-
11 STITUTION WITH A PHYSICAL PRESENCE IN ANY
12 RELEVANT METROPOLITAN STATISTICAL AREA.—
13 Notwithstanding subparagraphs (A) and (B) of
14 paragraph (2), if a proposed transaction under this
15 section would result in a company with less than
16 \$10,000,000,000 in assets and would not result in
17 there being only one insured depository institution
18 with a physical presence in any relevant metropoli-
19 tan statistical area, then the Board shall not con-
20 sider whether the transaction would—

21 “(A) result in a monopoly, or would be in
22 furtherance of any combination or conspiracy to
23 monopolize or to attempt to monopolize the sav-
24 ings and loan business in any part of the
25 United States; and

1 “(B) have the effect in any section of the
2 country of substantially lessening competition,
3 tending to create a monopoly, or in any other
4 manner restraining trade.”.

5 **SEC. 602. MERGER AGREEMENT APPROVALS CLARITY AND**
6 **PREDICTABILITY.**

7 (a) STUDY.—The Comptroller General of the United
8 States shall carry out a study on the use of commitments,
9 conditions, and other aspects of merger review procedures
10 by Federal depository institution regulatory agencies in
11 connection with insured depository institution merger ap-
12 plications. The study shall—

13 (1) include an evaluation of relevant quantifi-
14 able metrics;

15 (2) review the extent to which the use of com-
16 mitments and conditions has aligned with statutory
17 requirements, including a review of whether the use
18 of commitments and conditions has been influenced
19 by extrastatutory issues or considerations;

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

23 (4) include an evaluation of the impact of such
24 merger review procedures and resulting approved
25 mergers on safety and soundness, financial stability,

1 competition, and the availability of financial prod-
2 ucts and services offered by insured depository insti-
3 tutions.

4 (b) REPORT.—Not later than 1 year after the date
5 of enactment of this Act, the Comptroller General shall
6 issue a report to the Committee on Financial Services of
7 the House of Representatives and the Committee on
8 Banking, Housing, and Urban Affairs of the Senate con-
9 taining all findings and determinations made in carrying
10 out the study required under subsection (a).

11 (c) DEFINITIONS.—In this section:

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

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

23 (3) INSURED DEPOSITORY INSTITUTION.—The
24 term “insured depository institution”—

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

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

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

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

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

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

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

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

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

1 **SEC. 603. MERGER PROCESS REVIEW.**

2 (a) REVIEW.—Not later than 1 year after the date
3 of enactment of this Act, and every 3 years thereafter,
4 the Inspector General of each Federal depository institu-
5 tion regulatory agency shall review the Federal depository
6 institution regulatory agency’s merger review procedures,
7 including record of timeliness and efficiency in reviewing
8 and acting upon insured depository institution merger ap-
9 plications. The review shall—

10 (1) include an evaluation of relevant quantifi-
11 able metrics, including mean and median application
12 processing times;

13 (2) identify sources of delay that may hinder
14 the timely consummation of proposals that meet the
15 relevant statutory factors;

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

19 (4) include an evaluation of the impact of such
20 merger review procedures and resulting approved
21 mergers on safety and soundness, financial stability,
22 competition, and the availability of financial prod-
23 ucts and services offered by insured depository insti-
24 tutions; and

25 (5) include specific recommendations to improve
26 the merger review process, including timeliness and

1 efficiency of application processing, consistent with
2 the Federal depository institution regulatory agen-
3 cy's statutory responsibilities.

4 (b) REPORT.—Each Inspector General described
5 under subsection (a) shall, at the conclusion of each review
6 required under subsection (a), issue a report to the Com-
7 mittee on Financial Services of the House of Representa-
8 tives and the Committee on Banking, Housing, and Urban
9 Affairs of the Senate containing all findings and deter-
10 minations made in carrying out the review, and publish
11 such report online.

12 (c) AGENCY RESPONSE.—In response to each report
13 issued under subsection (a), the appropriate Federal de-
14 pository institution regulatory agency shall submit to the
15 Committee on Financial Services of the House of Rep-
16 resentatives and the Committee on Banking, Housing, and
17 Urban Affairs of the Senate and publish online a written
18 response, including a plan to implement the recommenda-
19 tions in the report, to the extent such implementation is
20 appropriate.

21 (d) DEFINITIONS.—In this section:

22 (1) APPLICATION.—The term “application”
23 means an application, notice, or other similar re-
24 quest for permission submitted to a Federal depository
25 institution regulatory agency.

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

8 (3) INSURED DEPOSITORY INSTITUTION.—The
9 term “insured depository institution”—

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

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

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

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

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

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

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

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

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

9 **SEC. 604. BANK FAILURE PREVENTION.**

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

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

15 “(A) IN GENERAL.—Upon receiving”;

16 (2) by striking “required” and inserting “ac-
17 quired”;

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

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

1 “(B) COMPLETE RECORD ON AN APPLICA-
2 TION.—

3 “(i) NOTICE TO APPLICANT.—Not later
4 than 30 days after the date on which the Board
5 receives an application for approval under this
6 section, the Board shall transmit to the appli-
7 cant a letter that either—

8 “(I) confirms the record on the appli-
9 cation is complete; or

10 “(II) details all additional information
11 that is required for the record on that ap-
12 plication to be complete.

13 “(ii) EXTENSION OF NOTICE.—Notwith-
14 standing clause (i), the Board may, if an appli-
15 cation is complex, extend the 30-day period de-
16 scribed under clause (i) for an additional period
17 not to exceed 60 days.

18 “(iii) RECEIPT OF RESPONSE; DEEMING OF
19 COMPLETE RECORD.—Upon receipt of a re-
20 sponse from an applicant to a notice requesting
21 additional information described under clause
22 (i)(II), the record on the application shall be
23 deemed complete unless the Board—

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

1 “(II) not later than 30 days after the
2 date on which the Board received the re-
3 sponse, provides the applicant a detailed
4 notice describing the deficiencies.

5 “(iv) TREATMENT OF THIRD-PARTY INFOR-
6 MATION.—In determining whether the record on
7 an application is complete, the Board may take
8 into account only information provided by the
9 applicant, and may not base the determination
10 of completeness on any information (including
11 reports, views, or recommendations) provided by
12 third parties.

13 “(C) DEADLINE FOR DETERMINATION.—

14 “(i) IN GENERAL.—Notwithstanding sub-
15 paragraphs (A) and (B), the Board shall grant
16 or deny an application submitted under this
17 section not later than 120 days after the date
18 on which the application was initially submitted
19 to the Board, regardless of whether the record
20 on such initial application was complete.

21 “(ii) FAILURE TO MAKE A DETERMINA-
22 TION.—If the Board does not grant or deny an
23 application within the time period described
24 under clause (i), such application shall be
25 deemed to have been granted.

1 “(iii) TOLLING OF PERIOD.—The Board
2 may at any time extend the deadline described
3 under clause (i) at the request of the applicant,
4 but may not extend the deadline more than 30
5 days past the deadline described under clause
6 (i).”.

7 (b) SAVINGS AND LOAN HOLDING COMPANIES.—Sec-
8 tion 10(e) of the Home Owners’ Loan Act (12 U.S.C.
9 1467a(e)) is amended—

10 (1) in paragraph (2), by striking “, and shall
11 render a decision within 90 days after submission to
12 the Board of the complete record on the applica-
13 tion”;

14 (2) by redesignating paragraph (7) as para-
15 graph (9); and

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

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

20 “(A) NOTICE TO APPLICANT.—Not later
21 than 30 days after the date on which the Board
22 receives an application for approval under this
23 subsection, the Board shall transmit to the ap-
24 plicant a letter that either—

1 “(i) confirms the record on the appli-
2 cation is complete; or

3 “(ii) details all additional information
4 that is required for the record on that ap-
5 plication to be complete.

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

11 “(C) RECEIPT OF RESPONSE; DEEMING OF
12 COMPLETE RECORD.—Upon receipt of a re-
13 sponse from an applicant to a notice requesting
14 additional information described under subpara-
15 graph (A)(ii), the record on the application
16 shall be deemed complete unless the Board—

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

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

23 “(D) TREATMENT OF THIRD-PARTY IN-
24 FORMATION.—In determining whether the
25 record on an application is complete, the Board

1 may take into account only information pro-
2 vided by the applicant, and may not base the
3 determination of completeness on any informa-
4 tion (including reports, views, or recommenda-
5 tions) provided by third parties.

6 “(8) DEADLINE FOR DETERMINATION.—

7 “(A) IN GENERAL.—Notwithstanding any
8 other provision of this subsection, the Board
9 shall grant or deny an application submitted
10 under this subsection not later than 120 days
11 after the date on which the application was ini-
12 tially submitted to the Board, regardless of
13 whether the record on such initial application
14 was complete.

15 “(B) FAILURE TO MAKE A DETERMINA-
16 TION.—If the Board does not grant or deny an
17 application within the time period described
18 under subparagraph (A), such application shall
19 be deemed to have been granted.

20 “(C) TOLLING OF PERIOD.—The Board
21 may at any time extend the deadline described
22 under subparagraph (A) at the request of the
23 applicant, but may not extend the deadline
24 more than 30 days past the deadline described
25 under subparagraph (A).”.

1 (c) INSURED DEPOSITORY INSTITUTIONS.—Section
2 18(c) of the Federal Deposit Insurance Act (12 U.S.C.
3 1828(c)) is amended by adding at the end the following:

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

5 “(A) NOTICE TO APPLICANT.—Not later than
6 30 days after the date on which the responsible
7 agency receives a merger application for approval
8 under this subsection, the responsible agency shall
9 transmit to the applicant a letter that either—

10 “(i) confirms the record on the application
11 is complete; or

12 “(ii) details all additional information that
13 is required for the record on that application to
14 be complete.

15 “(B) EXTENSION OF NOTICE.—Notwith-
16 standing subparagraph (A), the responsible agency
17 may, if an application is complex, extend the 30-day
18 period described under subparagraph (A) for a pe-
19 riod not to exceed 60 days.

20 “(C) RECEIPT OF RESPONSE; DEEMING OF
21 COMPLETE RECORD.—Upon receipt of a response
22 from an applicant to a notice requesting additional
23 information described under subparagraph (A)(ii),
24 the record on the application shall be deemed com-
25 plete unless the responsible agency—

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

3 “(ii) not later than 30 days after the date
4 on which the responsible agency received the re-
5 sponse, provides the applicant a detailed notice
6 describing the deficiencies.

7 “(D) TREATMENT OF THIRD-PARTY INFORMA-
8 TION.—In determining whether the record on an ap-
9 plication is complete, the responsible agency may
10 take into account only information provided by the
11 applicant, and may not base the determination of
12 completeness on any information (including reports,
13 views, or recommendations) provided by third par-
14 ties.

15 “(15) DEADLINE FOR DETERMINATION.—

16 “(A) IN GENERAL.—Notwithstanding any other
17 provision of this subsection, the responsible agency
18 shall grant or deny a merger application submitted
19 under this subsection not later than 120 days after
20 the date on which the application was initially sub-
21 mitted to the responsible agency, regardless of
22 whether the record on such initial application was
23 complete.

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

25 If the responsible agency does not grant or deny an

1 application within the time period described under
2 subparagraph (A), such application shall be deemed
3 to have been granted.

4 “(C) TOLLING OF PERIOD.—The responsible
5 agency may at any time extend the deadline de-
6 scribed under subparagraph (A) at the request of
7 the applicant, but may not extend the deadline more
8 than 30 days past the deadline described under sub-
9 paragraph (A).”.

10 **TITLE VII—STRENGTHENING**
11 **TRANSPARENCY AND IN-**
12 **VOLEMENT IN BANK RESO-**
13 **LUTIONS**

14 **SEC. 701. LEAST COST EXCEPTION.**

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

18 (1) in subparagraph (A)(ii), by inserting “ex-
19 cept as provided in subparagraph (I),” before “the
20 total amount”;

21 (2) in subparagraph (E)(i), by inserting “and
22 except as provided in subparagraph (I),” after “ap-
23 propriate,”; and

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

25 “(I) LEAST COST RESOLUTION EXCEPTION.—

1 “(i) IN GENERAL.—With respect to an ex-
2 ercise of authority by the Corporation described
3 in subparagraph (A), the Corporation may, at
4 the discretion of the Corporation, select an al-
5 ternative method of exercising such authority
6 that is not the least costly to the Deposit Insur-
7 ance Fund, if—

8 “(I) the Corporation determines that
9 the selected alternative complies with the
10 requirements of clause (iii); and

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

22 “(ii) MAXIMUM COST TO THE DEPOSIT IN-
23 SURANCE FUND.—Not later than 1 year after
24 the date of enactment of this subparagraph, the
25 Corporation, by rule, shall establish criteria for

1 determining on a case-by-case basis the max-
2 imum allowable cost against the net worth of
3 the Deposit Insurance Fund that may be uti-
4 lized to account for any determination under
5 clause (i).

6 “(iii) REQUIREMENTS DESCRIBED.—The
7 requirements for the selected alternative de-
8 scribed in clause (i) are as follows:

9 “(I) The selected alternative is least
10 costly to the Deposit Insurance Fund of all
11 alternatives that do not involve a trans-
12 action with a global systemically important
13 banking organization and that do not ex-
14 ceed the cost of liquidating the insured de-
15 pository institution.

16 “(II) The difference between the cost
17 of the selected alternative and the cost of
18 a covered alternative is less than or equal
19 to the maximum cost to the Deposit Insur-
20 ance Fund specified pursuant to the rule
21 adopted under clause (ii).

22 “(III) In the case of a selected alter-
23 native that involves another person pur-
24 chasing assets of the insured depository in-
25 stitution or assuming deposit liabilities of

1 the insured depository institution, such
2 person agrees to pay an assessment to the
3 Corporation comprised of payments—

4 “(aa) made over a period to be
5 determined by the Corporation, but
6 which may not be less than 5 years;
7 and

8 “(bb) in an amount that takes
9 into account, on a case-by-case basis,
10 criteria the Corporation, by rule, shall
11 establish, including a realistic dis-
12 count rate, the aggregate amount
13 equal to the difference calculated in
14 subclause (II), and any bid incon-
15 sistent with the purposes of this Act,
16 with such rule to be established by the
17 Corporation not later than 1 year
18 after the date of enactment of this
19 subparagraph.

20 “(iv) REPORT TO CONGRESS.—Not later
21 than 30 days after selecting an alternative de-
22 scribed in clause (i), the Corporation shall issue
23 a report to the Committee on Financial Services
24 of the House of Representatives and the Com-
25 mittee on Banking, Housing, and Urban Affairs

1 of the Senate containing an analysis of the eco-
2 nomic difference between the cost to the De-
3 posit Insurance Fund of the selected alternative
4 and the cost to the Deposit Insurance Fund of
5 the least costly alternative that would have been
6 selected absent the application of this subpara-
7 graph.

8 “(v) COST DETERMINATIONS.—All cost de-
9 terminations required under this subparagraph
10 shall be made in accordance with subpara-
11 graphs (B) and (C).

12 “(vi) DEFINITIONS.—In this subpara-
13 graph:

14 “(I) COVERED ALTERNATIVE.—The
15 term ‘covered alternative’ means a method
16 of exercising authority described in sub-
17 paragraph (A) that is the least costly to
18 the Deposit Insurance Fund of all such
19 methods that involve a sale of all or sub-
20 stantially all assets of the insured deposi-
21 tory institution to, and assumption of all
22 or substantially all deposit liabilities of the
23 insured depository institution by, a global
24 systemically important banking organiza-
25 tion.

1 “(II) GLOBAL SYSTEMICALLY IMPOR-
2 TANT BANKING ORGANIZATION.—The term
3 ‘global systemically important banking or-
4 ganization’ means a global systemically im-
5 portant BHC (as such term is defined in
6 section 217.402 of title 12, Code of Fed-
7 eral Regulations, or any successor thereto)
8 and any affiliate thereof.”.

9 (b) RULE OF CONSTRUCTION.—Section 13(c)(4)(H)
10 of the Federal Deposit Insurance Act (12 U.S.C.
11 1823(c)(4)(H)) does not apply to the amendments made
12 by subsection (a).

13 **SEC. 702. ENHANCING BANK RESOLUTION PARTICIPATION.**

14 (a) STUDY.—The Comptroller of the Currency, the
15 Federal Deposit Insurance Corporation, and the Board of
16 the Governors of the Federal Reserve System shall, jointly,
17 carry out a study of—

18 (1) the use by the Comptroller of the Currency
19 of shelf charters, including all conditional or prelimi-
20 nary shelf charter approvals granted between Janu-
21 ary 1, 2008, and the date of enactment of this Act;

22 (2) the use by the Federal Deposit Insurance
23 Corporation of the modified bidder qualification
24 process;

1 (3) the application of the Bank Holding Com-
2 pany Act of 1956 (12 U.S.C. 1841 et seq.) and sec-
3 tion 10 of the Home Owners' Loan Act (12 U.S.C.
4 1467a) to shelf charter proposals;

5 (4) whether shelf charters and modified bidder
6 qualification processes were considered or used in
7 connection with the receivership of any insured de-
8 pository institution for which the Federal Deposit
9 Insurance Corporation was appointed receiver in
10 2023;

11 (5) with respect to such receiverships, the ex-
12 tent to which greater use of shelf charters and modi-
13 fied bidder qualification processes could have—

14 (A) expanded the pool of participants in
15 the acquisition of the assets or liabilities of such
16 failed insured depository institutions;

17 (B) resulted in greater competition and di-
18 versity in market outcomes;

19 (C) protected the Deposit Insurance Fund;
20 or

21 (D) strengthened financial stability and re-
22 duced the need for any emergency determina-
23 tion by the Secretary of the Treasury under
24 section 13(c)(4)(G) of the Federal Deposit In-

1 insurance Act (12 U.S.C. 1823(c)(4)(G)) with re-
2 spect to any such receivership;

3 (6) the impact of the use of shelf charters and
4 modified bidder qualification processes since Janu-
5 ary 1, 2008, including on financial stability, the
6 safety and soundness of affected insured depository
7 institutions, and the availability of financial products
8 and services provided to consumers by such institu-
9 tions; and

10 (7) any benefits and risks of private equity
11 ownership of banks through the use of shelf charters
12 and modified bidder qualification processes.

13 (b) REPORT.—Not later than 1 year after the date
14 of enactment of this Act, the Comptroller of the Currency,
15 the Federal Deposit Insurance Corporation, and the
16 Board of the Governors of the Federal Reserve System
17 shall, jointly, submit a report to the Committee on Finan-
18 cial Services of the House of Representatives and the
19 Committee on Banking, Housing, and Urban Affairs of
20 the Senate containing—

21 (1) all findings and determinations made in car-
22 rying out the study required under subsection (a);
23 and

24 (2) an identification of statutory or regulatory
25 barriers to the use and effectiveness of shelf charters

1 and modified bidder qualification processes in the
2 resolution of failed insured depository institutions,
3 including recommendations for legislative and regu-
4 latory changes.

5 (c) DEFINITIONS.—In this section:

6 (1) INSURED DEPOSITORY INSTITUTION.—The
7 term “insured depository institution” has the mean-
8 ing given the term in section 3 of the Federal De-
9 posit Insurance Act (12 U.S.C. 1813).

10 (2) MODIFIED BIDDER QUALIFICATION PROC-
11 ESS.—The term “modified bidder qualification proc-
12 ess” has the meaning given such term in the press
13 release of the Federal Deposit Insurance Corpora-
14 tion titled “FDIC Expands Bidder List for Troubled
15 Institutions Plan Allows Those Without a Bank
16 Charter to Participate in the Process” published No-
17 vember 26, 2008.

18 (3) SHELF CHARTER.—The term “shelf char-
19 ter” has the meaning given such term in the report
20 issued by the Comptroller of the Currency titled
21 “Activities Permissible for National Banks and Fed-
22 eral Savings Associations, Cumulative” published
23 October 2017.

1 **SEC. 703. FAILING BANK ACQUISITION FAIRNESS.**

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

5 (1) CONCENTRATION LIMITS WITH RESPECT TO
6 DEPOSITS.—

7 (A) FEDERAL DEPOSIT INSURANCE ACT.—

8 The Federal Deposit Insurance Act (12 U.S.C.
9 1811 et seq.) is amended—

10 (i) in section 18(c)(13)—

11 (I) by amending subparagraph

12 (B) to read as follows:

13 “(B) Subparagraph (A) shall not apply to an inter-
14 state merger transaction if—

15 “(i) such interstate merger transaction involves
16 1 or more insured depository institutions in default
17 or in danger of default and the responsible agency
18 determines, based on clear and convincing evidence,
19 that consummation of the proposed interstate merg-
20 er transaction is necessary to prevent significant
21 economic disruption or significant adverse effects on
22 financial stability, and the Corporation has not re-
23 ceived any qualified bid from a company that is not
24 subject to the prohibition in subparagraph (A); or

25 “(ii) the Corporation provides assistance under
26 section 13 to facilitate such interstate merger trans-

1 action and the responsible agency determines, based
2 on clear and convincing evidence, that consummation
3 of the proposed interstate merger transaction is nec-
4 essary to prevent significant economic disruption or
5 significant adverse effects on financial stability, and
6 the Corporation has not received any qualified bid
7 from a company that is not subject to the prohibi-
8 tion in subparagraph (A).”; and

9 (II) in subparagraph (C)—

10 (aa) in clause (i), by striking
11 “and” at the end;

12 (bb) in clause (ii), by strik-
13 ing the period at the end and in-
14 serting a semicolon; and

15 (cc) by adding at the end
16 the following:

17 “(iii) the term ‘qualified bid’ means an applica-
18 tion, proposed application, or bid from a company
19 where—

20 “(I) if applicable, the company, any affil-
21 iate insured depository institution, and any af-
22 filiate depository institution holding company
23 are well capitalized and well managed, as of the
24 date of the application, proposed application, or
25 bid; and

1 “(II) upon consummation of the trans-
2 action, the resulting insured depository institu-
3 tion is well capitalized;

4 “(iv) the term ‘well capitalized’—

5 “(I) with respect to an insured depository
6 institution, has the meaning given such term in
7 section 38(b) (12 U.S.C. 1831o(b));

8 “(II) with respect to a bank holding com-
9 pany, has the meaning given such term in sec-
10 tion 2(o)(1)(B) of the Bank Holding Company
11 Act of 1956 (12 U.S.C. 1841(o)(1)(B));

12 “(III) with respect to a savings and loan
13 holding company, has the meaning given such
14 term in section 238.2 of title 12, Code of Fed-
15 eral Regulations; and

16 “(IV) with respect to a company that is
17 not an insured depository institution, bank
18 holding company, or savings and loan holding
19 company, means maintaining equity capital that
20 the Corporation determines is commensurate
21 with the capital maintained by an insured de-
22 pository institution that is well capitalized; and

23 “(v) the term ‘well managed’ has the meaning
24 given such term in section 2(o)(9) of the Bank

1 Holding Company Act of 1956 (12 U.S.C.
2 1841(o)(9)).”; and

3 (ii) in section 44, by amending sub-
4 section (e) to read as follows:

5 “(e) EXCEPTION FOR BANKS IN DEFAULT OR IN
6 DANGER OF DEFAULT.—

7 “(1) GENERAL EXCEPTION.—The responsible
8 agency may, without regard to paragraph (1), (3),
9 (4), or (5) of subsection (b) or paragraph (2), (4),
10 or (5) of subsection (a), approve an application
11 under subsection (a)(1) for approval of a merger
12 transaction if—

13 “(A) the merger transaction involves 1 or
14 more banks in default or in danger of default;
15 or

16 “(B) the Corporation provides assistance
17 under section 13(c) to facilitate such merger
18 transaction.

19 “(2) CONCENTRATION LIMIT EXCEPTION.—The
20 responsible agency may, without regard to sub-
21 section (b)(2), approve an application under sub-
22 section (a)(1) for approval of a merger transaction
23 if—

24 “(A) the merger transaction involves 1 or
25 more banks in default or in danger of default

1 and the responsible agency determines, based
2 on clear and convincing evidence, that con-
3 summation of the proposed interstate merger
4 transaction is necessary to prevent significant
5 economic disruption or significant adverse ef-
6 fects on financial stability, and the Corporation
7 has not received any qualified bid from another
8 institution that is not subject to the prohibition
9 in subsection (b)(2); or

10 “(B) the Corporation provides assistance
11 under section 13(c) to facilitate such merger
12 transaction and the responsible agency deter-
13 mines, based on clear and convincing evidence,
14 that consummation of the proposed interstate
15 merger transaction is necessary to prevent sig-
16 nificant economic disruption or significant ad-
17 verse effects on financial stability, and the Cor-
18 poration has not received any qualified bid from
19 another institution that is not subject to the
20 prohibition in subsection (b)(2).

21 “(3) QUALIFIED BID DEFINED.—In this sub-
22 section, the term ‘qualified bid’ has the meaning
23 given that term in section 18(c)(13)(C).”.

1 (B) BANK HOLDING COMPANY ACT OF
2 1956.—The Bank Holding Company Act of
3 1956 (12 U.S.C. 1841 et seq.) is amended—

4 (i) in section 3(d), by amending para-
5 graph (5) to read as follows:

6 “(5) EXCEPTION FOR BANKS IN DEFAULT OR
7 IN DANGER OF DEFAULT.—

8 “(A) GENERAL EXCEPTION.—The Board
9 may, without regard to subparagraph (B) or
10 (D) of paragraph (1) or paragraph (3), approve
11 an application pursuant to paragraph (1)(A)
12 if—

13 “(i) the application is for an acquisi-
14 tion of 1 or more banks in default or in
15 danger of default; or

16 “(ii) the application is for an acquisi-
17 tion with respect to which assistance is
18 provided under section 13(c) of the Fed-
19 eral Deposit Insurance Act.

20 “(B) CONCENTRATION LIMIT EXCEP-
21 TION.—The Board may, without regard to
22 paragraph (2), approve an application pursuant
23 to paragraph (1)(A) if—

24 “(i) the application is for the acquisi-
25 tion of 1 or more banks in default or in

1 danger of default and the Board deter-
2 mines, based on clear and convincing evi-
3 dence, that consummation of the proposed
4 acquisition is necessary to prevent signifi-
5 cant economic disruption or significant ad-
6 verse effects on financial stability, and the
7 Corporation has not received any qualified
8 bid from another institution that is not
9 subject to the prohibition in paragraph (2);
10 or

11 “(ii) the application is for an acquisi-
12 tion with respect to which assistance is
13 provided under section 13(c) of the Fed-
14 eral Deposit Insurance Act and the Board
15 determines, based on clear and convincing
16 evidence, that consummation of the pro-
17 posed acquisition is necessary to prevent
18 significant economic disruption or signifi-
19 cant adverse effects on financial stability,
20 and the Corporation has not received any
21 qualified bid from another institution that
22 is not subject to the prohibition in para-
23 graph (2).

24 “(C) QUALIFIED BID DEFINED.—In this
25 paragraph, the term ‘qualified bid’ has the

1 meaning given that term in section
2 18(c)(13)(C) of the Federal Deposit Insurance
3 Act.”; and

4 (ii) in section 4(i)(8), by amending
5 subparagraph (B) to read as follows:

6 “(B) EXCEPTION.—Subparagraph (A)
7 shall not apply to an acquisition if—

8 “(i) such acquisition involves an in-
9 sured depository institution in default or in
10 danger of default and the Board deter-
11 mines, based on clear and convincing evi-
12 dence, that consummation of the proposed
13 acquisition is necessary to prevent signifi-
14 cant economic disruption or significant ad-
15 verse effects on financial stability, and the
16 Corporation has not received any qualified
17 bid (as defined in section 18(c)(13)(C) of
18 the Federal Deposit Insurance Act) from
19 another institution that is not subject to
20 the prohibition in paragraph (2); or

21 “(ii) the Federal Deposit Insurance
22 Corporation provides assistance under sec-
23 tion 13 of the Federal Deposit Insurance
24 Act to facilitate such acquisition and the
25 Board determines, based on clear and con-

1 vincing evidence, that consummation of the
2 proposed acquisition is necessary to pre-
3 vent significant economic disruption or sig-
4 nificant adverse effects on financial sta-
5 bility, and the Corporation has not received
6 any qualified bid (as defined in section
7 18(c)(13)(C) of the Federal Deposit Insur-
8 ance Act) from another institution that is
9 not subject to the prohibition in paragraph
10 (2).”.

11 (2) CONCENTRATION LIMIT WITH RESPECT TO
12 CONSOLIDATED LIABILITIES.—Section 14(c) of the
13 Bank Holding Company Act of 1956 (12 U.S.C.
14 1852(c)) is amended—

15 (A) by redesignating paragraphs (1), (2),
16 and (3) as subparagraphs (A), (B), and (C), re-
17 spectively;

18 (B) by striking “With the” and inserting
19 the following:

20 “(1) IN GENERAL.—With the”; and

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

22 “(2) LIMITATION.—The Board may provide
23 written consent for an acquisition described in para-
24 graph (1)(A) or in paragraph (1)(B) only if the
25 Board determines, based on clear and convincing

1 evidence, that consummation of the proposed acqui-
2 sition is necessary to prevent significant economic
3 disruption or significant adverse effects on financial
4 stability, and the Corporation has not received any
5 qualified bid (as defined in section 18(c)(13)(C) of
6 the Federal Deposit Insurance Act) from another in-
7 stitution that is not subject to the prohibition in
8 subsection (b).”.

9 (b) CONGRESSIONAL NOTIFICATION AND JUSTIFICA-
10 TION FOR WAIVERS.—

11 (1) IN GENERAL.—Whenever the Board of Gov-
12 ernors of the Federal Reserve System, the Comp-
13 troller of the Currency, or the Federal Deposit In-
14 surance Corporation waives a concentration limit
15 under section 18(c)(13)(B) or section 44(e) of the
16 Federal Deposit Insurance Act or under section
17 3(d)(5), section 4(i)(8)(B), or section 14(c)(2) of the
18 Bank Holding Company Act of 1956, in connection
19 with the acquisition of a bank or insured depository
20 institution in default or in danger of default, or in
21 connection with an acquisition with respect to which
22 the Federal Deposit Insurance Corporation provides
23 assistance under section 13 of the Federal Deposit
24 Insurance Act, the waiving agency and the Federal
25 Deposit Insurance Corporation, jointly, shall, not

1 later than 30 days after such waiver, submit a writ-
2 ten report to the Committee on Financial Services of
3 the House of Representatives and the Committee on
4 Banking, Housing, and Urban Affairs in the Senate
5 containing—

6 (A) a justification for the waiver, including
7 an analysis of why it was necessary to prevent
8 significant economic disruption or significant
9 adverse effects on financial stability;

10 (B) a description of alternative bids or out-
11 comes considered, including efforts to solicit
12 and encourage bids from entities that would not
13 require a waiver;

14 (C) an explanation of why alternative bids
15 were not selected, if applicable; and

16 (D) any recommendations for legislative or
17 regulatory changes to improve competition in
18 future insured depository institution resolu-
19 tions.

20 (2) PUBLIC DISCLOSURE.—The waiving agency
21 submitting a report under paragraph (1) and the
22 Federal Deposit Insurance Corporation shall make
23 the report publicly available on their respective
24 websites, subject to redactions for confidential super-
25 visory information and any other information de-

1 scribed under section 552(b) of title 5, United
2 States Code.

3 (c) LIMITATION ON CONSIDERING BAD FAITH BIDS
4 IN LEAST COST DETERMINATION.—Section 13(c)(4) of
5 the Federal Deposit Insurance Act (12 U.S.C.
6 1823(c)(4)), as amended by section 701(a)(3), is further
7 amended by adding at the end the following:

8 “(J) LIMITATION ON CONSIDERING BAD
9 FAITH BIDS.—In making a determination under
10 this paragraph of whether an exercise of au-
11 thority is the least costly to the Deposit Insur-
12 ance Fund, any application, proposed applica-
13 tion, or bid that would result in violation of—
14 “(i) section 18(c)(13) or 44(b)(2), or
15 “(ii) section 3(d)(2), 4(i)(8), or 14 of
16 the Bank Holding Company Act of 1956,
17 shall not be considered a possible method for
18 meeting the Corporation’s obligation under this
19 section for purposes of subparagraph (A).”.

20 **TITLE VIII—FACILITATING INNO-**
21 **VATION AND BANK PARTNER-**
22 **SHIPS**

23 **SEC. 801. MERCHANT BANKING MODERNIZATION.**

24 (a) IN GENERAL.—Section 4(k)(7)(A) of the Bank
25 Holding Company Act of 1956 (12 U.S.C. 1843(k)(7)(A))

1 is amended by inserting “Under such regulations, the pe-
2 riod of time generally permitted for holding merchant
3 banking investments shall not be less than 15 years. For
4 any merchant banking investment held on the date of en-
5 actment of the Main Street Act, the holding period of time
6 permitted shall not be less than 15 years from the initial
7 date of the investment.” after the period at the end.

8 (b) MERCHANT BANKING STUDY.—

9 (1) IN GENERAL.—Not later than 1 year after
10 the date of enactment of this Act, the Board of Gov-
11 ernors of the Federal Reserve System shall carry out
12 a study on merchant banking investments to as-
13 sess—

14 (A) the number, investment size, holding
15 period, and risk characteristics of merchant
16 banking investments by financial holding com-
17 panies, with the assessment of investment sizes
18 and holding periods based on the average, me-
19 dian, and distribution of the investment sizes
20 and holding periods;

21 (B) the types of businesses, projects, as-
22 sets, and activities in which such merchant
23 banking investments are made, including the
24 extent to which such merchant banking invest-

1 ments support infrastructure projects and hous-
2 ing development and construction; and

3 (C) any information, analyses, or findings
4 related to merchant banking investments that
5 the Board determines to be relevant.

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

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

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

16 (1) STUDY.—The Board of Governors of the
17 Federal Reserve System, the Comptroller of the Cur-
18 rency, and the Federal Deposit Insurance Corpora-
19 tion shall carry out a study of—

20 (A) the impact of partnerships between
21 banking organizations, on the one hand, and fi-
22 nancial technology companies, on the other
23 hand, on the banking sector, competition, inno-
24 vation, consumer protection, and the availability
25 of financial products and services, including the

1 extent to which these partnerships support the
2 formation of new banking organizations, reduce
3 time to market for products and services, lower
4 compliance burdens, boost customer acquisition,
5 improve technological capabilities, and provide
6 access to more diverse funding sources; and

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

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

1 (3) BANKING ORGANIZATION DEFINED.—In this
2 subsection, the term “banking organization” means
3 a depository institution holding company or an in-
4 sured depository institution, as such terms are de-
5 fined, respectively, under section 3 of the Federal
6 Deposit Insurance Act (12 U.S.C. 1813).

7 (b) STUDY ON CREDIT UNION-FINTECH PARTNER-
8 SHIPS.—

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

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

23 (B) what changes to Federal laws gov-
24 erning credit unions, or to rules or guidance
25 adopted by the National Credit Union Adminis-

1 tration, may help promote effective partnerships
2 between credit unions, on the one hand, and fi-
3 nancial technology companies, on the other
4 hand.

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

13 **SEC. 803. DISCRETIONARY SURPLUS FUND.**

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

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

