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Affairs

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## AN ACT

To create hope and opportunity for investors, consumers, and entrepreneurs by ending bailouts and Too Big to Fail, holding Washington and Wall Street accountable, eliminating red tape to increase access to capital and credit, and repealing the provisions of the Dodd-Frank Act that make America less prosperous, less stable, and less free, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4        (a) **SHORT TITLE.**—This Act may be cited as the  
 5 “Financial CHOICE Act of 2017”.

6        (b) **TABLE OF CONTENTS.**—The table of contents for  
 7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Directed rulemaking repeals.

**TITLE I—ENDING “TOO BIG TO FAIL” AND BANK BAILOUTS**

Subtitle A—Repeal of the Orderly Liquidation Authority

Sec. 111. Repeal of the orderly liquidation authority.

Subtitle B—Financial Institution Bankruptcy

Sec. 121. General provisions relating to covered financial corporations.

Sec. 122. Liquidation, reorganization, or recapitalization of a covered financial corporation.

Sec. 123. Amendments to title 28, United States Code.

Subtitle C—Ending Government Guarantees

Sec. 131. Repeal of obligation guarantee program.

Sec. 132. Repeal of systemic risk determination in resolutions.

Sec. 133. Restrictions on use of the Exchange Stabilization Fund.

Subtitle D—Eliminating Financial Market Utility Designations

Sec. 141. Repeal of title VIII.

Subtitle E—Reform of the Financial Stability Act of 2010

Sec. 151. Repeal and modification of provisions of the Financial Stability Act of 2010.

Sec. 152. Operational risk capital requirements for banking organizations.

**TITLE II—DEMANDING ACCOUNTABILITY FROM WALL STREET**

Subtitle A—SEC Penalties Modernization

Sec. 211. Enhancement of civil penalties for securities laws violations.

Sec. 212. Updated civil money penalties of Public Company Accounting Oversight Board.

Sec. 213. Updated civil money penalty for controlling persons in connection with insider trading.

Sec. 214. Update of certain other penalties.

Sec. 215. Monetary sanctions to be used for the relief of victims.

Sec. 216. GAO report on use of civil money penalty authority by Commission.

Subtitle B—FIRREA Penalties Modernization

Sec. 221. Increase of civil and criminal penalties originally established in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

TITLE III—DEMANDING ACCOUNTABILITY FROM FINANCIAL REGULATORS AND DEVOLVING POWER AWAY FROM WASHINGTON

Subtitle A—Cost-Benefit Analyses

- Sec. 311. Definitions.
- Sec. 312. Required regulatory analysis.
- Sec. 313. Rule of construction.
- Sec. 314. Public availability of data and regulatory analysis.
- Sec. 315. Five-year regulatory impact analysis.
- Sec. 316. Retrospective review of existing rules.
- Sec. 317. Judicial review.
- Sec. 318. Chief Economists Council.
- Sec. 319. Conforming amendments.
- Sec. 320. Other regulatory entities.
- Sec. 321. Avoidance of duplicative or unnecessary analyses.

Subtitle B—Congressional Review of Federal Financial Agency Rulemaking

- Sec. 331. Congressional review.
- Sec. 332. Congressional approval procedure for major rules.
- Sec. 333. Congressional disapproval procedure for nonmajor rules.
- Sec. 334. Definitions.
- Sec. 335. Judicial review.
- Sec. 336. Effective date of certain rules.
- Sec. 337. Budgetary effects of rules subject to section 332 of the Financial CHOICE Act of 2017.
- Sec. 338. Nonapplicability to monetary policy.

Subtitle C—Judicial Review of Agency Actions

- Sec. 341. Scope of judicial review of agency actions.

Subtitle D—Leadership of Financial Regulators

- Sec. 351. Federal Deposit Insurance Corporation.
- Sec. 352. Federal Housing Finance Agency.

Subtitle E—Congressional Oversight of Appropriations

- Sec. 361. Bringing the Federal Deposit Insurance Corporation into the appropriations process.
- Sec. 362. Bringing the Federal Housing Finance Agency into the appropriations process.
- Sec. 363. Bringing the examination and supervision functions of the National Credit Union Administration into the appropriations process.
- Sec. 364. Bringing the Office of the Comptroller of the Currency into the appropriations process.

Sec. 365. Bringing the non-monetary policy related functions of the Board of Governors of the Federal Reserve System into the appropriations process.

Subtitle F—International Processes

Sec. 371. Requirements for international processes.

Subtitle G—Unfunded Mandates Reform

Sec. 381. Definitions.

Sec. 382. Application of the Unfunded Mandates Reform Act.

Subtitle H—Enforcement Coordination

Sec. 391. Policies to minimize duplication of enforcement efforts.

Subtitle I—Penalties for Unauthorized Disclosures

Sec. 392. Criminal penalty for unauthorized disclosures.

Subtitle J—Stop Settlement Slush Funds

Sec. 393. Limitation on donations made pursuant to settlement agreements to which certain departments or agencies are a party.

TITLE IV—UNLEASHING OPPORTUNITIES FOR SMALL BUSINESSES, INNOVATORS, AND JOB CREATORS BY FACILITATING CAPITAL FORMATION

Subtitle A—Small Business Mergers, Acquisitions, Sales, and Brokerage Simplification

Sec. 401. Registration exemption for merger and acquisition brokers.

Sec. 402. Effective date.

Subtitle B—Encouraging Employee Ownership

Sec. 406. Increased threshold for disclosures relating to compensatory benefit plans.

Subtitle C—Small Company Disclosure Simplification

Sec. 411. Exemption from XBRL requirements for emerging growth companies and other smaller companies.

Sec. 412. Analysis by the SEC.

Sec. 413. Report to Congress.

Sec. 414. Definitions.

Subtitle D—Securities and Exchange Commission Overpayment Credit

Sec. 416. Refunding or crediting overpayment of section 31 fees.

Subtitle E—Fair Access to Investment Research

Sec. 421. Safe harbor for investment fund research.

Subtitle F—Accelerating Access to Capital

Sec. 426. Expanded eligibility for use of Form S-3.

Subtitle G—Enhancing the RAISE Act

Sec. 431. Certain accredited investor transactions.

Subtitle H—Small Business Credit Availability

Sec. 436. Business development company ownership of securities of investment advisers and certain financial companies.

Sec. 437. Expanding access to capital for business development companies.

Sec. 438. Parity for business development companies regarding offering and proxy rules.

Subtitle I—Fostering Innovation

Sec. 441. Temporary exemption for low-revenue issuers.

Subtitle J—Small Business Capital Formation Enhancement

Sec. 446. Annual review of government-business forum on capital formation.

Subtitle K—Helping Angels Lead Our Startups

Sec. 451. Definition of angel investor group.

Sec. 452. Clarification of general solicitation.

Subtitle L—Main Street Growth

Sec. 456. Venture exchanges.

Subtitle M—Micro Offering Safe Harbor

Sec. 461. Exemptions for micro-offerings.

Subtitle N—Private Placement Improvement

Sec. 466. Revisions to SEC Regulation D.

Subtitle O—Supporting America’s Innovators

Sec. 471. Investor limitation for qualifying venture capital funds.

Subtitle P—Fix Crowdfunding

Sec. 476. Crowdfunding exemption.

Sec. 477. Exclusion of crowdfunding investors from shareholder cap.

Sec. 478. Preemption of State law.

Sec. 479. Treatment of funding portals.

Subtitle Q—Corporate Governance Reform and Transparency

Sec. 481. Definitions.

Sec. 482. Registration of proxy advisory firms.

Sec. 483. Commission annual report.

Subtitle R—Senior Safe

Sec. 491. Immunity.

Sec. 492. Training required.

Sec. 493. Relationship to State law.

Subtitle S—National Securities Exchange Regulatory Parity

Sec. 496. Application of exemption.

Subtitle T—Private Company Flexibility and Growth

Sec. 497. Shareholder threshold for registration.

Subtitle U—Small Company Capital Formation Enhancements

Sec. 498. JOBS Act-related exemption.

Subtitle V—Encouraging Public Offerings

Sec. 499. Expanding testing the waters and confidential submissions.

Subtitle X—Modernized Offering and Proxy Rules for Closed-End Funds

Sec. 499A. Parity for closed-end companies regarding offering and proxy rules.

TITLE V—REGULATORY RELIEF FOR MAIN STREET AND  
COMMUNITY FINANCIAL INSTITUTIONS

Subtitle A—Preserving Access to Manufactured Housing

Sec. 501. Mortgage originator definition.

Sec. 502. High-Cost mortgage definition.

Subtitle B—Mortgage Choice

Sec. 506. Definition of points and fees.

Subtitle C—Financial Institution Customer Protection

Sec. 511. Requirements for deposit account termination requests and orders.

Sec. 512. Amendments to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Subtitle D—Portfolio Lending and Mortgage Access

Sec. 516. Safe harbor for certain loans held on portfolio.

Subtitle E—Application of the Expedited Funds Availability Act

Sec. 521. Application of the Expedited Funds Availability Act.

Subtitle F—Small Bank Holding Company Policy Statement

Sec. 526. Changes required to small bank holding company policy statement on assessment of financial and managerial factors.

Subtitle G—Community Institution Mortgage Relief

Sec. 531. Community financial institution mortgage relief.

Subtitle H—Financial Institutions Examination Fairness and Reform

Sec. 536. Timeliness of examination reports.

Subtitle I—National Credit Union Administration Budget Transparency

Sec. 541. Budget transparency for the NCUA.

Subtitle J—Taking Account of Institutions With Low Operation Risk

Sec. 546. Regulations appropriate to business models.

Subtitle K—Federal Savings Association Charter Flexibility

Sec. 551. Option for Federal savings associations to operate as a covered savings association.

Subtitle L—SAFE Transitional Licensing

Sec. 556. Eliminating barriers to jobs for loan originators.

Subtitle M—Right to Lend

Sec. 561. Small business loan data collection requirement.

Subtitle N—Community Bank Reporting Relief

Sec. 566. Short form call report.

Subtitle O—Homeowner Information Privacy Protection

Sec. 571. Study regarding privacy of information collected under the Home Mortgage Disclosure Act of 1975.

Subtitle P—Home Mortgage Disclosure Adjustment

Sec. 576. Depository institutions subject to maintenance of records and disclosure requirements.

Subtitle Q—Protecting Consumers' Access to Credit

Sec. 581. Rate of interest after transfer of loan.

Subtitle R—NCUA Overhead Transparency

Sec. 586. Fund transparency.

Subtitle S—Housing Opportunities Made Easier

Sec. 591. Clarification of donated services to non-profits.

Subtitle T—Protection of Consumer Information by Consumer Reporting Agencies

Sec. 596. Sense of Congress related to protection of consumer information by consumer reporting agencies.

Subtitle U—Legitimate Financial Transactions Report

Sec. 597. Treasury report on legitimate financial transactions.

Subtitle V—Dividend Waiver Authority for Mutual Holding Companies

Sec. 598. Dividend waiver authority for mutual holding companies.

TITLE VI—REGULATORY RELIEF FOR STRONGLY CAPITALIZED,  
WELL MANAGED BANKING ORGANIZATIONS

Sec. 601. Capital election.

Sec. 602. Regulatory relief.

Sec. 603. Contingent capital study.

- Sec. 604. Study on altering the current prompt corrective action rules.
- Sec. 605. Definitions.

## TITLE VII—EMPOWERING AMERICANS TO ACHIEVE FINANCIAL INDEPENDENCE

### Subtitle A—Separation of Powers and Liberty Enhancements

- Sec. 711. Consumer Law Enforcement Agency.
- Sec. 712. Bringing the Agency into the regular appropriations process.
- Sec. 713. Consumer Law Enforcement Agency Inspector General Reform.
- Sec. 714. Private parties authorized to compel the Agency to seek sanctions by filing civil actions; Adjudications deemed actions.
- Sec. 715. Civil investigative demands to be appealed to courts.
- Sec. 716. Agency dual mandate and economic analysis.
- Sec. 717. No deference to Agency interpretation.

### Subtitle B—Administrative Enhancements

- Sec. 721. Advisory opinions.
- Sec. 722. Reform of Consumer Financial Civil Penalty Fund.
- Sec. 723. Agency pay fairness.
- Sec. 724. Elimination of market monitoring functions.
- Sec. 725. Reforms to mandatory functional units.
- Sec. 726. Repeal of mandatory advisory board.
- Sec. 727. Elimination of supervision authority.
- Sec. 728. Transfer of old OTS building from OCC to GSA.
- Sec. 729. Limitation on Agency authority.

### Subtitle C—Policy Enhancements

- Sec. 731. Consumer right to financial privacy.
- Sec. 732. Repeal of Council authority to set aside Agency rules and requirement of safety and soundness considerations when issuing rules.
- Sec. 733. Removal of authority to regulate small-dollar credit.
- Sec. 734. Reforming indirect auto financing guidance.
- Sec. 735. Removal of Agency UDAAP authority.
- Sec. 736. Preservation of UDAP authority for Federal banking regulators.
- Sec. 737. Repeal of authority to restrict arbitration.

## TITLE VIII—CAPITAL MARKETS IMPROVEMENTS

### Subtitle A—SEC Reform, Restructuring, and Accountability

- Sec. 801. Authorization of appropriations.
- Sec. 802. Report on unobligated appropriations.
- Sec. 803. SEC Reserve Fund abolished.
- Sec. 804. Fees to offset appropriations.
- Sec. 805. Commission Federal construction funding prohibition.
- Sec. 806. Implementation of recommendations.
- Sec. 807. Office of Credit Ratings to report to the Division of Trading and Markets.
- Sec. 808. Office of Municipal Securities to report to the Division of Trading and Markets.
- Sec. 809. Independence of Commission Ombudsman.
- Sec. 810. Investor Advisory Committee improvements.



- Sec. 811. Duties of Investor Advocate.
- Sec. 812. Elimination of exemption of Small Business Capital Formation Advisory Committee from Federal Advisory Committee Act.
- Sec. 813. Internal risk controls.
- Sec. 814. Applicability of notice and comment requirements of the Administrative Procedure Act to guidance voted on by the Commission.
- Sec. 815. Limitation on pilot programs.
- Sec. 816. Procedure for obtaining certain intellectual property.
- Sec. 817. Process for closing investigations.
- Sec. 818. Enforcement Ombudsman.
- Sec. 819. Adequate notice.
- Sec. 820. Advisory committee on Commission's enforcement policies and practices.
- Sec. 821. Process to permit recipient of Wells notification to appear before Commission staff in-person.
- Sec. 822. Publication of enforcement manual.
- Sec. 823. Private parties authorized to compel the Securities and Exchange Commission to seek sanctions by filing civil actions.
- Sec. 824. Certain findings required to approve civil money penalties against issuers.
- Sec. 825. Repeal of authority of the Commission to prohibit persons from serving as officers or directors.
- Sec. 826. Subpoena duration and renewal.
- Sec. 827. Elimination of automatic disqualifications.
- Sec. 828. Denial of award to culpable whistleblowers.
- Sec. 829. Clarification of authority to impose sanctions on persons associated with a broker or dealer.
- Sec. 830. Complaint and burden of proof requirements for certain actions for breach of fiduciary duty.
- Sec. 831. Congressional access to information held by the Public Company Accounting Oversight Board.
- Sec. 832. Abolishing Investor Advisory Group.
- Sec. 833. Repeal of requirement for Public Company Accounting Oversight Board to use certain funds for merit scholarship program.
- Sec. 834. Reallocation of fines for violations of rules of municipal securities rulemaking board.

Subtitle B—Eliminating Excessive Government Intrusion in the Capital Markets

- Sec. 841. Repeal of Department of Labor fiduciary rule and requirements prior to rulemaking relating to standards of conduct for brokers and dealers.
- Sec. 842. Exemption from risk retention requirements for nonresidential mortgage.
- Sec. 843. Frequency of shareholder approval of executive compensation.
- Sec. 844. Shareholder Proposals.
- Sec. 845. Prohibition on requiring a single ballot.
- Sec. 846. Requirement for municipal advisor for issuers of municipal securities.
- Sec. 847. Small issuer exemption from internal control evaluation.
- Sec. 848. Streamlining of applications for an exemption from the Investment Company Act of 1940.
- Sec. 849. Restriction on recovery of erroneously awarded compensation.
- Sec. 850. Exemptive authority for certain provisions relating to registration of nationally recognized statistical rating organizations.

- Sec. 851. Risk-based examinations of Nationally Recognized Statistical Rating Organizations.
- Sec. 852. Transparency of credit rating methodologies.
- Sec. 853. Repeal of certain attestation requirements relating to credit ratings.
- Sec. 854. Look-back review by NRSRO.
- Sec. 855. Approval of credit rating procedures and methodologies.
- Sec. 856. Exception for providing certain material information relating to a credit rating.
- Sec. 857. Repeals.
- Sec. 858. Exemption of and reporting by private equity fund advisers.
- Sec. 859. Records and reports of private funds.
- Sec. 860. Definition of accredited investor.
- Sec. 861. Repeal of certain provisions requiring a study and report to Congress.
- Sec. 862. Repeal.

#### Subtitle C—Harmonization of Derivatives Rules

- Sec. 871. Commissions review and harmonization of rules relating to the regulation of over-the-counter swaps markets.
- Sec. 872. Treatment of transactions between affiliates.

#### TITLE IX—REPEAL OF THE VOLCKER RULE AND OTHER PROVISIONS

- Sec. 901. Repeals.

#### TITLE X—FED OVERSIGHT REFORM AND MODERNIZATION

- Sec. 1001. Requirements for policy rules of the Federal Open Market Committee.
- Sec. 1002. Federal Open Market Committee blackout period.
- Sec. 1003. Public transcripts of FOMC meetings.
- Sec. 1004. Membership of Federal Open Market Committee.
- Sec. 1005. Frequency of testimony of the Chairman of the Board of Governors of the Federal Reserve System to Congress.
- Sec. 1006. Vice Chairman for Supervision report requirement.
- Sec. 1007. Salaries, financial disclosures, and office staff of the Board of Governors of the Federal Reserve System.
- Sec. 1008. Amendments to powers of the Board of Governors of the Federal Reserve System.
- Sec. 1009. Interest rates on balances maintained at a Federal Reserve bank by depository institutions established by Federal Open Market Committee.
- Sec. 1010. Audit reform and transparency for the Board of Governors of the Federal Reserve System.
- Sec. 1011. Establishment of a Centennial Monetary Commission.

#### TITLE XI—IMPROVING INSURANCE COORDINATION THROUGH AN INDEPENDENT ADVOCATE

- Sec. 1101. Repeal of the Federal Insurance Office; Creation of the Office of the Independent Insurance Advocate.
- Sec. 1102. Treatment of covered agreements.

#### TITLE XII—TECHNICAL CORRECTIONS

- Sec. 1201. Table of contents; Definitional corrections.

Sec. 1202. Antitrust savings clause corrections.  
 Sec. 1203. Title I corrections.  
 Sec. 1204. Title III corrections.  
 Sec. 1205. Title IV correction.  
 Sec. 1206. Title VI corrections.  
 Sec. 1207. Title VII corrections.  
 Sec. 1208. Title IX corrections.  
 Sec. 1209. Title X corrections.  
 Sec. 1210. Title XII correction.  
 Sec. 1211. Title XIV correction.  
 Sec. 1212. Technical corrections to other statutes.

1 **SEC. 2. DIRECTED RULEMAKING REPEALS.**

2 With respect to any directed rulemaking required by  
 3 a provision of law repealed by this Act, to the extent any  
 4 rule was issued or revised pursuant to such directed rule-  
 5 making, such rule or revision shall have no force or effect.

6 **TITLE I—ENDING “TOO BIG TO**  
 7 **FAIL” AND BANK BAILOUTS**  
 8 **Subtitle A—Repeal of the Orderly**  
 9 **Liquidation Authority**

10 **SEC. 111. REPEAL OF THE ORDERLY LIQUIDATION AU-**  
 11 **THORITY.**

12 (a) IN GENERAL.—Title II of the Dodd-Frank Wall  
 13 Street Reform and Consumer Protection Act is hereby re-  
 14 pealed and any Federal law amended by such title shall,  
 15 on and after the effective date of this Act, be effective  
 16 as if title II of the Dodd-Frank Wall Street Reform and  
 17 Consumer Protection Act had not been enacted.

18 (b) CONFORMING AMENDMENTS.—

19 (1) DODD-FRANK WALL STREET REFORM AND  
 20 CONSUMER PROTECTION ACT.—The Dodd-Frank

1 Wall Street Reform and Consumer Protection Act is  
2 amended—

3 (A) in the table of contents for such Act,  
4 by striking all items relating to title II;

5 (B) in section 165(d)—

6 (i) in paragraph (1), by striking “, the  
7 Council, and the Corporation” and insert-  
8 ing “and the Council”;

9 (ii) in paragraph (2), by striking “,  
10 the Council, and the Corporation” and in-  
11 sserting “and the Council”;

12 (iii) in paragraph (3), by striking  
13 “and the Corporation”;

14 (iv) in paragraph (4)—

15 (I) by striking “and the Corpora-  
16 tion jointly determine” and inserting  
17 “determines”;

18 (II) by striking “their” and in-  
19 sserting “its”;

20 (III) in subparagraph (A), by  
21 striking “and the Corporation”; and

22 (IV) in subparagraph (B), by  
23 striking “and the Corporation”;

24 (v) in paragraph (5)—

1 (I) in subparagraph (A), by strik-  
2 ing “and the Corporation may jointly”  
3 and inserting “may”; and

4 (II) in subparagraph (B)—

5 (aa) by striking “and the  
6 Corporation” each place such  
7 term appears;

8 (bb) by striking “may joint-  
9 ly” and inserting “may”;

10 (cc) by striking “have joint-  
11 ly” and inserting “has”;

12 (vi) in paragraph (6), by striking “, a  
13 receiver appointed under title II,”; and

14 (vii) by amending paragraph (8) to  
15 read as follows:

16 “(8) RULES.—Not later than 12 months after  
17 enactment of this paragraph, the Board of Gov-  
18 ernors shall issue final rules implementing this sec-  
19 tion.”; and

20 (C) in section 716(g), by striking “or a  
21 covered financial company under title II”.

22 (2) FEDERAL DEPOSIT INSURANCE ACT.—Sec-  
23 tion 10(b)(3) of the Federal Deposit Insurance Act  
24 (12 U.S.C. 1820(b)(3)) is amended by striking “, or  
25 of such nonbank financial company supervised by

1 the Board of Governors or bank holding company  
2 described in section 165(a) of the Financial Stability  
3 Act of 2010, for the purpose of implementing its au-  
4 thority to provide for orderly liquidation of any such  
5 company under title II of that Act”.

6 (3) FEDERAL RESERVE ACT.—Section 13(3) of  
7 the Federal Reserve Act is amended—

8 (A) in subparagraph (B)—

9 (i) in clause (ii), by striking “, resolu-  
10 tion under title II of the Dodd-Frank Wall  
11 Street Reform and Consumer Protection  
12 Act, or” and inserting “or is subject to  
13 resolution under”; and

14 (ii) in clause (iii), by striking “, reso-  
15 lution under title II of the Dodd-Frank  
16 Wall Street Reform and Consumer Protec-  
17 tion Act, or” and inserting “or resolution  
18 under”; and

19 (B) by striking subparagraph (E).

1     **Subtitle B—Financial Institution**  
2                     **Bankruptcy**

3     **SEC. 121. GENERAL PROVISIONS RELATING TO COVERED**  
4                     **FINANCIAL CORPORATIONS.**

5             (a) DEFINITION.—Section 101 of title 11, United  
6 States Code, is amended by inserting the following after  
7 paragraph (9):

8                     “(9A) The term ‘covered financial corporation’  
9             means any corporation incorporated or organized  
10             under any Federal or State law, other than a stock-  
11             broker, a commodity broker, or an entity of the kind  
12             specified in paragraph (2) or (3) of section 109(b),  
13             that is—

14                     “(A) a bank holding company, as defined  
15             in section 2(a) of the Bank Holding Company  
16             Act of 1956; or

17                     “(B) a corporation that exists for the pri-  
18             mary purpose of owning, controlling and financ-  
19             ing its subsidiaries, that has total consolidated  
20             assets of \$50,000,000,000 or greater, and for  
21             which, in its most recently completed fiscal  
22             year—

23                     “(i) annual gross revenues derived by  
24             the corporation and all of its subsidiaries  
25             from activities that are financial in nature

1 (as defined in section 4(k) of the Bank  
2 Holding Company Act of 1956) and, if ap-  
3 plicable, from the ownership or control of  
4 one or more insured depository institu-  
5 tions, represents 85 percent or more of the  
6 consolidated annual gross revenues of the  
7 corporation; or

8 “(ii) the consolidated assets of the  
9 corporation and all of its subsidiaries re-  
10 lated to activities that are financial in na-  
11 ture (as defined in section 4(k) of the  
12 Bank Holding Company Act of 1956) and,  
13 if applicable, related to the ownership or  
14 control of one or more insured depository  
15 institutions, represents 85 percent or more  
16 of the consolidated assets of the corpora-  
17 tion.”.

18 (b) APPLICABILITY OF CHAPTERS.—Section 103 of  
19 title 11, United States Code, is amended by adding at the  
20 end the following:

21 “(l) Subchapter V of chapter 11 of this title applies  
22 only in a case under chapter 11 concerning a covered fi-  
23 nancial corporation.”.

24 (c) WHO MAY BE A DEBTOR.—Section 109 of title  
25 11, United States Code, is amended—



1 (1) in subsection (b)—

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

4 (B) in paragraph (3)(B), by striking the  
5 period at the end and inserting “; or”; and

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

7 “(4) a covered financial corporation.”; and

8 (2) in subsection (d)—

9 (A) by striking “and” before “an unin-  
10 sured State member bank”;

11 (B) by striking “or” before “a corpora-  
12 tion”; and

13 (C) by inserting “, or a covered financial  
14 corporation” after “Federal Deposit Insurance  
15 Corporation Improvement Act of 1991”.

16 (d) CONVERSION TO CHAPTER 7.—Section 1112 of  
17 title 11, United States Code, is amended by adding at the  
18 end the following:

19 “(g) Notwithstanding section 109(b), the court may  
20 convert a case under subchapter V to a case under chapter  
21 7 if—

22 “(1) a transfer approved under section 1185  
23 has been consummated;

24 “(2) the court has ordered the appointment of  
25 a special trustee under section 1186; and

1           “(3) the court finds, after notice and a hearing,  
2           that conversion is in the best interest of the credi-  
3           tors and the estate.”.

4           (e)(1) Section 726(a)(1) of title 11, United States  
5 Code, is amended by inserting after “first,” the following:  
6 “in payment of any unpaid fees, costs, and expenses of  
7 a special trustee appointed under section 1186, and then”.

8           (2) Section 1129(a) of title 11, United States Code,  
9 is amended by inserting after paragraph (16) the fol-  
10 lowing:

11           “(17) In a case under subchapter V, all payable  
12           fees, costs, and expenses of the special trustee have  
13           been paid or the plan provides for the payment of  
14           all such fees, costs, and expenses on the effective  
15           date of the plan.

16           “(18) In a case under subchapter V, confirma-  
17           tion of the plan is not likely to cause serious adverse  
18           effects on financial stability in the United States.”.

19           (f) Section 322(b)(2) of title 11, United States Code,  
20 is amended by striking “The” and inserting “In cases  
21 under subchapter V, the United States trustee shall rec-  
22 ommend to the court, and in all other cases, the”.

1 **SEC. 122. LIQUIDATION, REORGANIZATION, OR RECAPITAL-**  
2 **IZATION OF A COVERED FINANCIAL COR-**  
3 **PORATION.**

4 Chapter 11 of title 11, United States Code, is amend-  
5 ed by adding at the end the following (and conforming  
6 the table of contents for such chapter accordingly):

7 “SUBCHAPTER V—LIQUIDATION, REORGANIZA-  
8 TION, OR RECAPITALIZATION OF A COV-  
9 ERED FINANCIAL CORPORATION

10 **“§ 1181. Inapplicability of other sections**

11 “Sections 303 and 321(c) do not apply in a case  
12 under this subchapter concerning a covered financial cor-  
13 poration. Section 365 does not apply to a transfer under  
14 section 1185, 1187, or 1188.

15 **“§ 1182. Definitions for this subchapter**

16 “In this subchapter, the following definitions shall  
17 apply:

18 “(1) The term ‘Board’ means the Board of  
19 Governors of the Federal Reserve System.

20 “(2) The term ‘bridge company’ means a newly  
21 formed corporation to which property of the estate  
22 may be transferred under section 1185(a) and the  
23 equity securities of which may be transferred to a  
24 special trustee under section 1186(a).

25 “(3) The term ‘capital structure debt’ means all  
26 unsecured debt of the debtor for borrowed money for

1 which the debtor is the primary obligor, other than  
2 a qualified financial contract and other than debt se-  
3 cured by a lien on property of the estate that is to  
4 be transferred to a bridge company pursuant to an  
5 order of the court under section 1185(a).

6 “(4) The term ‘contractual right’ means a con-  
7 tractual right of a kind defined in section 555, 556,  
8 559, 560, or 561.

9 “(5) The term ‘qualified financial contract’  
10 means any contract of a kind defined in paragraph  
11 (25), (38A), (47), or (53B) of section 101, section  
12 741(7), or paragraph (4), (5), (11), or (13) of sec-  
13 tion 761.

14 “(6) The term ‘special trustee’ means the trust-  
15 ee of a trust formed under section 1186(a)(1).

16 **“§ 1183. Commencement of a case concerning a cov-  
17 ered financial corporation**

18 “(a) A case under this subchapter concerning a cov-  
19 ered financial corporation may be commenced by the filing  
20 of a petition with the court by the debtor under section  
21 301 only if the debtor states to the best of its knowledge  
22 under penalty of perjury in the petition that it is a covered  
23 financial corporation.

24 “(b) The commencement of a case under subsection  
25 (a) constitutes an order for relief under this subchapter.

1       “(c) The members of the board of directors (or body  
2 performing similar functions) of a covered financial com-  
3 pany shall have no liability to shareholders, creditors, or  
4 other parties in interest for a good faith filing of a petition  
5 to commence a case under this subchapter, or for any rea-  
6 sonable action taken in good faith in contemplation of  
7 such a petition or a transfer under section 1185 or section  
8 1186, whether prior to or after commencement of the case.

9       “(d) Counsel to the debtor shall provide, to the great-  
10 est extent practicable without disclosing the identity of the  
11 potential debtor, sufficient confidential notice to the chief  
12 judge of the court of appeals for the circuit embracing the  
13 district in which such counsel intends to file a petition to  
14 commence a case under this subchapter regarding the po-  
15 tential commencement of such case. The chief judge of  
16 such court shall randomly assign to preside over such case  
17 a bankruptcy judge selected from among the bankruptcy  
18 judges designated by the Chief Justice of the United  
19 States under section 298 of title 28.

20 **“§ 1184. Regulators**

21       “The Board, the Securities Exchange Commission,  
22 the Office of the Comptroller of the Currency of the De-  
23 partment of the Treasury, the Commodity Futures Trad-  
24 ing Commission, and the Federal Deposit Insurance Cor-

1 poration may raise and may appear and be heard on any  
2 issue in any case or proceeding under this subchapter.

3 **“§ 1185. Special transfer of property of the estate**

4       “(a) On request of the trustee, and after notice and  
5 a hearing that shall occur not less than 24 hours after  
6 the order for relief, the court may order a transfer under  
7 this section of property of the estate, and the assignment  
8 of executory contracts, unexpired leases, and qualified fi-  
9 nancial contracts of the debtor, to a bridge company.  
10 Upon the entry of an order approving such transfer, any  
11 property transferred, and any executory contracts, unex-  
12 pired leases, and qualified financial contracts assigned  
13 under such order shall no longer be property of the estate.  
14 Except as provided under this section, the provisions of  
15 section 363 shall apply to a transfer and assignment under  
16 this section.

17       “(b) Unless the court orders otherwise, notice of a  
18 request for an order under subsection (a) shall consist of  
19 electronic or telephonic notice of not less than 24 hours  
20 to—

21               “(1) the debtor;

22               “(2) the holders of the 20 largest secured  
23 claims against the debtor;

24               “(3) the holders of the 20 largest unsecured  
25 claims against the debtor;

1           “(4) counterparties to any debt, executory con-  
2           tract, unexpired lease, and qualified financial con-  
3           tract requested to be transferred under this section;

4           “(5) the Board;

5           “(6) the Federal Deposit Insurance Corpora-  
6           tion;

7           “(7) the Secretary of the Treasury and the Of-  
8           fice of the Comptroller of the Currency of the Treas-  
9           ury;

10          “(8) the Commodity Futures Trading Commis-  
11          sion;

12          “(9) the Securities and Exchange Commission;

13          “(10) the United States trustee or bankruptcy  
14          administrator; and

15          “(11) each primary financial regulatory agency,  
16          as defined in section 2(12) of the Dodd-Frank Wall  
17          Street Reform and Consumer Protection Act, with  
18          respect to any affiliate the equity securities of which  
19          are proposed to be transferred under this section.

20          “(c) The court may not order a transfer under this  
21          section unless the court determines, based upon a prepon-  
22          derance of the evidence, that—

23                 “(1) the transfer under this section is necessary  
24                 to prevent serious adverse effects on financial sta-  
25                 bility in the United States;

1           “(2) the transfer does not provide for the as-  
2           sumption of any capital structure debt by the bridge  
3           company;

4           “(3) the transfer does not provide for the trans-  
5           fer to the bridge company of any property of the es-  
6           tate that is subject to a lien securing a debt, execu-  
7           tory contract, unexpired lease or agreement (includ-  
8           ing a qualified financial contract) of the debtor un-  
9           less—

10           “(A)(i) the bridge company assumes such  
11           debt, executory contract, unexpired lease or  
12           agreement (including a qualified financial con-  
13           tract), including any claims arising in respect  
14           thereof that would not be allowed secured  
15           claims under section 506(a)(1) and after giving  
16           effect to such transfer, such property remains  
17           subject to the lien securing such debt, executory  
18           contract, unexpired lease or agreement (includ-  
19           ing a qualified financial contract); and

20           “(ii) the court has determined that as-  
21           sumption of such debt, executory contract, un-  
22           expired lease or agreement (including a quali-  
23           fied financial contract) by the bridge company  
24           is in the best interests of the estate; or



1           “(B) such property is being transferred to  
2           the bridge company in accordance with the pro-  
3           visions of section 363;

4           “(4) the transfer does not provide for the as-  
5           sumption by the bridge company of any debt, execu-  
6           tory contract, unexpired lease or agreement (includ-  
7           ing a qualified financial contract) of the debtor se-  
8           cured by a lien on property of the estate unless the  
9           transfer provides for such property to be transferred  
10          to the bridge company in accordance with paragraph  
11          (3)(A) of this subsection;

12          “(5) the transfer does not provide for the trans-  
13          fer of the equity of the debtor;

14          “(6) the trustee has demonstrated that the  
15          bridge company is not likely to fail to meet the obli-  
16          gations of any debt, executory contract, qualified fi-  
17          nancial contract, or unexpired lease assumed and as-  
18          signed to the bridge company;

19          “(7) the transfer provides for the transfer to a  
20          special trustee all of the equity securities in the  
21          bridge company and appointment of a special trustee  
22          in accordance with section 1186;

23          “(8) after giving effect to the transfer, ade-  
24          quate provision has been made for the fees, costs,  
25          and expenses of the estate and special trustee; and

1           “(9) the bridge company will have governing  
2 documents, and initial directors and senior officers,  
3 that are in the best interest of creditors and the es-  
4 tate.

5           “(d) Immediately before a transfer under this section,  
6 the bridge company that is the recipient of the transfer  
7 shall—

8           “(1) not have any property, executory con-  
9 tracts, unexpired leases, qualified financial contracts,  
10 or debts, other than any property acquired or execu-  
11 tory contracts, unexpired leases, or debts assumed  
12 when acting as a transferee of a transfer under this  
13 section; and

14           “(2) have equity securities that are property of  
15 the estate, which may be sold or distributed in ac-  
16 cordance with this title.

17 **“§ 1186. Special trustee**

18           “(a)(1) An order approving a transfer under section  
19 1185 shall require the trustee to transfer to a qualified  
20 and independent special trustee, who is appointed by the  
21 court, all of the equity securities in the bridge company  
22 that is the recipient of a transfer under section 1185 to  
23 hold in trust for the sole benefit of the estate, subject to  
24 satisfaction of the special trustee’s fees, costs, and ex-  
25 penses. The trust of which the special trustee is the trust-

1 ee shall be a newly formed trust governed by a trust agree-  
2 ment approved by the court as in the best interests of the  
3 estate, and shall exist for the sole purpose of holding and  
4 administering, and shall be permitted to dispose of, the  
5 equity securities of the bridge company in accordance with  
6 the trust agreement.

7 “(2) In connection with the hearing to approve a  
8 transfer under section 1185, the trustee shall confirm to  
9 the court that the Board has been consulted regarding the  
10 identity of the proposed special trustee and advise the  
11 court of the results of such consultation.

12 “(b) The trust agreement governing the trust shall  
13 provide—

14 “(1) for the payment of the fees, costs, ex-  
15 penses, and indemnities of the special trustee from  
16 the assets of the debtor’s estate;

17 “(2) that the special trustee provide—

18 “(A) quarterly reporting to the estate,  
19 which shall be filed with the court; and

20 “(B) information about the bridge com-  
21 pany reasonably requested by a party in inter-  
22 est to prepare a disclosure statement for a plan  
23 providing for distribution of any securities of  
24 the bridge company if such information is nec-  
25 essary to prepare such disclosure statement;

1           “(3) that for as long as the equity securities of  
2 the bridge company are held by the trust, the special  
3 trustee shall file a notice with the court in connec-  
4 tion with—

5                   “(A) any change in a director or senior of-  
6 ficer of the bridge company;

7                   “(B) any modification to the governing  
8 documents of the bridge company; and

9                   “(C) any material corporate action of the  
10 bridge company, including—

11                           “(i) recapitalization;

12                           “(ii) a material borrowing;

13                           “(iii) termination of an intercompany  
14 debt or guarantee;

15                           “(iv) a transfer of a substantial por-  
16 tion of the assets of the bridge company;

17                           or

18                           “(v) the issuance or sale of any secu-  
19 rities of the bridge company;

20           “(4) that any sale of any equity securities of  
21 the bridge company shall not be consummated until  
22 the special trustee consults with the Federal Deposit  
23 Insurance Corporation and the Board regarding  
24 such sale and discloses the results of such consulta-  
25 tion with the court;

1           “(5) that, subject to reserves for payments per-  
2           mitted under paragraph (1) provided for in the trust  
3           agreement, the proceeds of the sale of any equity se-  
4           curities of the bridge company by the special trustee  
5           be held in trust for the benefit of or transferred to  
6           the estate;

7           “(6) the process and guidelines for the replace-  
8           ment of the special trustee; and

9           “(7) that the property held in trust by the spe-  
10          cial trustee is subject to distribution in accordance  
11          with subsection (c).

12          “(c)(1) The special trustee shall distribute the assets  
13          held in trust—

14               “(A) if the court confirms a plan in the case,  
15               in accordance with the plan on the effective date of  
16               the plan; or

17               “(B) if the case is converted to a case under  
18               chapter 7, as ordered by the court.

19          “(2) As soon as practicable after a final distribution  
20          under paragraph (1), the office of the special trustee shall  
21          terminate, except as may be necessary to wind up and con-  
22          clude the business and financial affairs of the trust.

23          “(d) After a transfer to the special trustee under this  
24          section, the special trustee shall be subject only to applica-  
25          ble nonbankruptcy law, and the actions and conduct of

1 the special trustee shall no longer be subject to approval  
2 by the court in the case under this subchapter.

3 **“§ 1187. Temporary and supplemental automatic stay;**  
4 **assumed debt**

5 “(a)(1) A petition filed under section 1183 operates  
6 as a stay, applicable to all entities, of the termination, ac-  
7 celeration, or modification of any debt, contract, lease, or  
8 agreement of the kind described in paragraph (2), or of  
9 any right or obligation under any such debt, contract,  
10 lease, or agreement, solely because of—

11 “(A) a default by the debtor under any such  
12 debt, contract, lease, or agreement; or

13 “(B) a provision in such debt, contract, lease,  
14 or agreement, or in applicable nonbankruptcy law,  
15 that is conditioned on—

16 “(i) the insolvency or financial condition of  
17 the debtor at any time before the closing of the  
18 case;

19 “(ii) the commencement of a case under  
20 this title concerning the debtor;

21 “(iii) the appointment of or taking posses-  
22 sion by a trustee in a case under this title con-  
23 cerning the debtor or by a custodian before the  
24 commencement of the case; or

1           “(iv) a credit rating agency rating, or ab-  
2           sence or withdrawal of a credit rating agency  
3           rating—

4                   “(I) of the debtor at any time after  
5                   the commencement of the case;

6                   “(II) of an affiliate during the period  
7                   from the commencement of the case until  
8                   48 hours after such order is entered;

9                   “(III) of the bridge company while the  
10                  trustee or the special trustee is a direct or  
11                  indirect beneficial holder of more than 50  
12                  percent of the equity securities of—

13                           “(aa) the bridge company; or

14                           “(bb) the affiliate, if all of the di-  
15                           rect or indirect interests in the affil-  
16                           iate that are property of the estate  
17                           are transferred under section 1185; or

18                   “(IV) of an affiliate while the trustee  
19                  or the special trustee is a direct or indirect  
20                  beneficial holder of more than 50 percent  
21                  of the equity securities of—

22                           “(aa) the bridge company; or

23                           “(bb) the affiliate, if all of the di-  
24                           rect or indirect interests in the affil-

1                   iate that are property of the estate  
2                   are transferred under section 1185.

3           “(2) A debt, contract, lease, or agreement described  
4 in this paragraph is—

5                   “(A) any debt (other than capital structure  
6 debt), executory contract, or unexpired lease of the  
7 debtor (other than a qualified financial contract);

8                   “(B) any agreement under which the debtor  
9 issued or is obligated for debt (other than capital  
10 structure debt);

11                   “(C) any debt, executory contract, or unexpired  
12 lease of an affiliate (other than a qualified financial  
13 contract); or

14                   “(D) any agreement under which an affiliate  
15 issued or is obligated for debt.

16           “(3) The stay under this subsection terminates—

17                   “(A) for the benefit of the debtor, upon the ear-  
18 liest of—

19                           “(i) 48 hours after the commencement of  
20 the case;

21                           “(ii) assumption of the debt, contract,  
22 lease, or agreement by the bridge company  
23 under an order authorizing a transfer under  
24 section 1185;



1           “(iii) a final order of the court denying the  
2           request for a transfer under section 1185; or

3           “(iv) the time the case is dismissed; and

4           “(B) for the benefit of an affiliate, upon the  
5           earliest of—

6           “(i) the entry of an order authorizing a  
7           transfer under section 1185 in which the direct  
8           or indirect interests in the affiliate that are  
9           property of the estate are not transferred under  
10          section 1185;

11          “(ii) a final order by the court denying the  
12          request for a transfer under section 1185;

13          “(iii) 48 hours after the commencement of  
14          the case if the court has not ordered a transfer  
15          under section 1185; or

16          “(iv) the time the case is dismissed.

17          “(4) Subsections (d), (e), (f), and (g) of section 362  
18          apply to a stay under this subsection.

19          “(b) A debt, executory contract (other than a quali-  
20          fied financial contract), or unexpired lease of the debtor,  
21          or an agreement under which the debtor has issued or is  
22          obligated for any debt, may be assumed by a bridge com-  
23          pany in a transfer under section 1185 notwithstanding  
24          any provision in an agreement or in applicable nonbank-  
25          ruptcy law that—

1           “(1) prohibits, restricts, or conditions the as-  
2           signment of the debt, contract, lease, or agreement;  
3           or

4           “(2) accelerates, terminates, or modifies, or  
5           permits a party other than the debtor to terminate  
6           or modify, the debt, contract, lease, or agreement on  
7           account of—

8                   “(A) the assignment of the debt, contract,  
9                   lease, or agreement; or

10                   “(B) a change in control of any party to  
11                   the debt, contract, lease, or agreement.

12           “(c)(1) A debt, contract, lease, or agreement of the  
13           kind described in subparagraph (A) or (B) of subsection  
14           (a)(2) may not be accelerated, terminated, or modified,  
15           and any right or obligation under such debt, contract,  
16           lease, or agreement may not be accelerated, terminated,  
17           or modified, as to the bridge company solely because of  
18           a provision in the debt, contract, lease, or agreement or  
19           in applicable nonbankruptcy law—

20                   “(A) of the kind described in subsection  
21                   (a)(1)(B) as applied to the debtor;

22                   “(B) that prohibits, restricts, or conditions the  
23                   assignment of the debt, contract, lease, or agree-  
24                   ment; or

1           “(C) that accelerates, terminates, or modifies,  
2           or permits a party other than the debtor to termi-  
3           nate or modify, the debt, contract, lease or agree-  
4           ment on account of—

5                   “(i) the assignment of the debt, contract,  
6                   lease, or agreement; or

7                   “(ii) a change in control of any party to  
8                   the debt, contract, lease, or agreement.

9           “(2) If there is a default by the debtor under a provi-  
10          sion other than the kind described in paragraph (1) in  
11          a debt, contract, lease or agreement of the kind described  
12          in subparagraph (A) or (B) of subsection (a)(2), the  
13          bridge company may assume such debt, contract, lease,  
14          or agreement only if the bridge company—

15                   “(A) shall cure the default;

16                   “(B) compensates, or provides adequate assur-  
17                   ance in connection with a transfer under section  
18                   1185 that the bridge company will promptly com-  
19                   pensate, a party other than the debtor to the debt,  
20                   contract, lease, or agreement, for any actual pecu-  
21                   niary loss to the party resulting from the default;  
22                   and

23                   “(C) provides adequate assurance in connection  
24                   with a transfer under section 1185 of future per-  
25                   formance under the debt, contract, lease, or agree-

1       ment, as determined by the court under section  
 2       1185(e)(4).

3       **“§ 1188. Treatment of qualified financial contracts**  
 4               **and affiliate contracts**

5       “(a) Notwithstanding sections 362(b)(6), 362(b)(7),  
 6 362(b)(17), 362(b)(27), 362(o), 555, 556, 559, 560, and  
 7 561, a petition filed under section 1183 operates as a stay,  
 8 during the period specified in section 1187(a)(3)(A), ap-  
 9 plicable to all entities, of the exercise of a contractual  
 10 right—

11               “(1) to cause the modification, liquidation, ter-  
 12 mination, or acceleration of a qualified financial con-  
 13 tract of the debtor or an affiliate;

14               “(2) to offset or net out any termination value,  
 15 payment amount, or other transfer obligation arising  
 16 under or in connection with a qualified financial con-  
 17 tract of the debtor or an affiliate; or

18               “(3) under any security agreement or arrange-  
 19 ment or other credit enhancement forming a part of  
 20 or related to a qualified financial contract of the  
 21 debtor or an affiliate.

22       “(b)(1) During the period specified in section  
 23 1187(a)(3)(A), the trustee or the affiliate shall perform  
 24 all payment and delivery obligations under such qualified  
 25 financial contract of the debtor or the affiliate, as the case

1 may be, that become due after the commencement of the  
2 case. The stay provided under subsection (a) terminates  
3 as to a qualified financial contract of the debtor or an  
4 affiliate immediately upon the failure of the trustee or the  
5 affiliate, as the case may be, to perform any such obliga-  
6 tion during such period.

7       “(2) Any failure by a counterparty to any qualified  
8 financial contract of the debtor or any affiliate to perform  
9 any payment or delivery obligation under such qualified  
10 financial contract, including during the pendency of the  
11 stay provided under subsection (a), shall constitute a  
12 breach of such qualified financial contract by the  
13 counterparty.

14       “(c) Subject to the court’s approval, a qualified finan-  
15 cial contract between an entity and the debtor may be as-  
16 signed to or assumed by the bridge company in a transfer  
17 under, and in accordance with, section 1185 if and only  
18 if—

19               “(1) all qualified financial contracts between  
20 the entity and the debtor are assigned to and as-  
21 sumed by the bridge company in the transfer under  
22 section 1185;

23               “(2) all claims of the entity against the debtor  
24 in respect of any qualified financial contract between  
25 the entity and the debtor (other than any claim that,

1 under the terms of the qualified financial contract,  
2 is subordinated to the claims of general unsecured  
3 creditors) are assigned to and assumed by the bridge  
4 company;

5 “(3) all claims of the debtor against the entity  
6 under any qualified financial contract between the  
7 entity and the debtor are assigned to and assumed  
8 by the bridge company; and

9 “(4) all property securing or any other credit  
10 enhancement furnished by the debtor for any quali-  
11 fied financial contract described in paragraph (1) or  
12 any claim described in paragraph (2) or (3) under  
13 any qualified financial contract between the entity  
14 and the debtor is assigned to and assumed by the  
15 bridge company.

16 “(d) Notwithstanding any provision of a qualified fi-  
17 nancial contract or of applicable nonbankruptcy law, a  
18 qualified financial contract of the debtor that is assumed  
19 or assigned in a transfer under section 1185 may not be  
20 accelerated, terminated, or modified, after the entry of the  
21 order approving a transfer under section 1185, and any  
22 right or obligation under the qualified financial contract  
23 may not be accelerated, terminated, or modified, after the  
24 entry of the order approving a transfer under section 1185  
25 solely because of a condition described in section

1 1187(c)(1), other than a condition of the kind specified  
2 in section 1187(b) that occurs after property of the estate  
3 no longer includes a direct beneficial interest or an indi-  
4 rect beneficial interest through the special trustee, in more  
5 than 50 percent of the equity securities of the bridge com-  
6 pany.

7 “(e) Notwithstanding any provision of any agreement  
8 or in applicable nonbankruptcy law, an agreement of an  
9 affiliate (including an executory contract, an unexpired  
10 lease, qualified financial contract, or an agreement under  
11 which the affiliate issued or is obligated for debt) and any  
12 right or obligation under such agreement may not be ac-  
13 celerated, terminated, or modified, solely because of a con-  
14 dition described in section 1187(c)(1), other than a condi-  
15 tion of the kind specified in section 1187(b) that occurs  
16 after the bridge company is no longer a direct or indirect  
17 beneficial holder of more than 50 percent of the equity  
18 securities of the affiliate, at any time after the commence-  
19 ment of the case if—

20 “(1) all direct or indirect interests in the affil-  
21 iate that are property of the estate are transferred  
22 under section 1185 to the bridge company within the  
23 period specified in subsection (a);

24 “(2) the bridge company assumes—

1           “(A) any guarantee or other credit en-  
2           hancement issued by the debtor relating to the  
3           agreement of the affiliate; and

4           “(B) any obligations in respect of rights of  
5           setoff, netting arrangement, or debt of the debt-  
6           or that directly arises out of or directly relates  
7           to the guarantee or credit enhancement; and

8           “(3) any property of the estate that directly  
9           serves as collateral for the guarantee or credit en-  
10          hancement is transferred to the bridge company.

11   **“§ 1189. Licenses, permits, and registrations**

12          “(a) Notwithstanding any otherwise applicable non-  
13          bankruptcy law, if a request is made under section 1185  
14          for a transfer of property of the estate, any Federal, State,  
15          or local license, permit, or registration that the debtor or  
16          an affiliate had immediately before the commencement of  
17          the case and that is proposed to be transferred under sec-  
18          tion 1185 may not be accelerated, terminated, or modified  
19          at any time after the request solely on account of—

20               “(1) the insolvency or financial condition of the  
21          debtor at any time before the closing of the case;

22               “(2) the commencement of a case under this  
23          title concerning the debtor;

24               “(3) the appointment of or taking possession by  
25          a trustee in a case under this title concerning the



1 debtor or by a custodian before the commencement  
2 of the case; or

3 “(4) a transfer under section 1185.

4 “(b) Notwithstanding any otherwise applicable non-  
5 bankruptcy law, any Federal, State, or local license, per-  
6 mit, or registration that the debtor had immediately before  
7 the commencement of the case that is included in a trans-  
8 fer under section 1185 shall be valid and all rights and  
9 obligations thereunder shall vest in the bridge company.

10 **“§ 1190. Exemption from securities laws**

11 “For purposes of section 1145, a security of the  
12 bridge company shall be deemed to be a security of a suc-  
13 cessor to the debtor under a plan if the court approves  
14 the disclosure statement for the plan as providing ade-  
15 quate information (as defined in section 1125(a)) about  
16 the bridge company and the security.

17 **“§ 1191. Inapplicability of certain avoiding powers**

18 “A transfer made or an obligation incurred by the  
19 debtor to an affiliate prior to or after the commencement  
20 of the case, including any obligation released by the debtor  
21 or the estate to or for the benefit of an affiliate, in con-  
22 templation of or in connection with a transfer under sec-  
23 tion 1185 is not avoidable under section 544, 547,  
24 548(a)(1)(B), or 549, or under any similar nonbankruptcy  
25 law.

1 **“§ 1192. Consideration of financial stability**

2 “The court may consider the effect that any decision  
3 in connection with this subchapter may have on financial  
4 stability in the United States.”.

5 **SEC. 123. AMENDMENTS TO TITLE 28, UNITED STATES**  
6 **CODE.**

7 (a) AMENDMENT TO CHAPTER 13.—Chapter 13 of  
8 title 28, United States Code, is amended by adding at the  
9 end the following:

10 **“§ 298. Judge for a case under subchapter V of chap-**  
11 **ter 11 of title 11**

12 “(a)(1) Notwithstanding section 295, the Chief Jus-  
13 tice of the United States shall designate not fewer than  
14 10 bankruptcy judges to be available to hear a case under  
15 subchapter V of chapter 11 of title 11. Bankruptcy judges  
16 may request to be considered by the Chief Justice of the  
17 United States for such designation.

18 “(2) Notwithstanding section 155, a case under sub-  
19 chapter V of chapter 11 of title 11 shall be heard under  
20 section 157 by a bankruptcy judge designated under para-  
21 graph (1), who shall be randomly assigned to hear such  
22 case by the chief judge of the court of appeals for the cir-  
23 cuit embracing the district in which the case is pending.  
24 To the greatest extent practicable, the approvals required  
25 under section 155 should be obtained.

1       “(3) If the bankruptcy judge assigned to hear a case  
2 under paragraph (2) is not assigned to the district in  
3 which the case is pending, the bankruptcy judge shall be  
4 temporarily assigned to the district.

5       “(b) A case under subchapter V of chapter 11 of title  
6 11, and all proceedings in the case, shall take place in  
7 the district in which the case is pending.

8       “(c) In this section, the term ‘covered financial cor-  
9 poration’ has the meaning given that term in section  
10 101(9A) of title 11.”.

11       (b) AMENDMENT TO SECTION 1334 OF TITLE 28.—  
12 Section 1334 of title 28, United States Code, is amended  
13 by adding at the end the following:

14       “(f) This section does not grant jurisdiction to the  
15 district court after a transfer pursuant to an order under  
16 section 1185 of title 11 of any proceeding related to a spe-  
17 cial trustee appointed, or to a bridge company formed, in  
18 connection with a case under subchapter V of chapter 11  
19 of title 11.”.

20       (c) TECHNICAL AND CONFORMING AMENDMENT.—  
21 The table of sections for chapter 13 of title 28, United  
22 States Code, is amended by adding at the end the fol-  
23 lowing:

“298. Judge for a case under subchapter V of chapter 11 of title 11.”.

1     **Subtitle C—Ending Government**  
2                     **Guarantees**

3     **SEC. 131. REPEAL OF OBLIGATION GUARANTEE PROGRAM.**

4             (a) IN GENERAL.—The following sections of the  
5 Dodd-Frank Wall Street Reform and Consumer Protec-  
6 tion Act (12 U.S.C. 5301 et seq.) are repealed:

7                 (1) Section 1104.

8                 (2) Section 1105.

9                 (3) Section 1106.

10            (b) CLERICAL AMENDMENT.—The table of contents  
11 under section 1(b) of the Dodd-Frank Wall Street Reform  
12 and Consumer Protection Act is amended by striking the  
13 items relating to sections 1104, 1105, and 1106.

14     **SEC. 132. REPEAL OF SYSTEMIC RISK DETERMINATION IN**  
15                     **RESOLUTIONS.**

16             Section 13(c)(4)(G) of the Federal Deposit Insurance  
17 Act (12 U.S.C. 1823(c)(4)(G)) is hereby repealed.

18     **SEC. 133. RESTRICTIONS ON USE OF THE EXCHANGE STA-**  
19                     **BILIZATION FUND.**

20            (a) IN GENERAL.—Section 5302 of title 31, United  
21 States Code, is amended by adding at the end the fol-  
22 lowing:

23                 “(e) Amounts in the fund may not be used for the  
24 establishment of a guaranty program for any nongovern-  
25 mental entity.”.

1 (b) CONFORMING AMENDMENT.—Section 131(b) of  
2 the Emergency Economic Stabilization Act of 2008 (12  
3 U.S.C. 5236(b)) is amended by inserting “, or for the pur-  
4 poses of preventing the liquidation or insolvency of any  
5 entity” before the period.

6 **Subtitle D—Eliminating Financial**  
7 **Market Utility Designations**

8 **SEC. 141. REPEAL OF TITLE VIII.**

9 (a) REPEAL.—Title VIII of the Dodd-Frank Wall  
10 Street Reform and Consumer Protection Act (12 U.S.C.  
11 5461 et seq.) is repealed, and provisions of law amended  
12 by such title are restored and revived as if such title had  
13 never been enacted.

14 (b) CLERICAL AMENDMENT.—The table of contents  
15 in section 1(b) of the Dodd-Frank Wall Street Reform and  
16 Consumer Protection Act is amended by striking the items  
17 relating to title VIII.

18 **Subtitle E—Reform of the**  
19 **Financial Stability Act of 2010**

20 **SEC. 151. REPEAL AND MODIFICATION OF PROVISIONS OF**  
21 **THE FINANCIAL STABILITY ACT OF 2010.**

22 (a) REPEALS.—The following provisions of the Fi-  
23 nancial Stability Act of 2010 are repealed, and the provi-  
24 sions of law amended or repealed by such provisions are

1 restored or revived as if such provisions had not been en-  
2 acted:

- 3 (1) Subtitle B.
- 4 (2) Section 113.
- 5 (3) Section 114.
- 6 (4) Section 115.
- 7 (5) Section 116.
- 8 (6) Section 117.
- 9 (7) Section 119.
- 10 (8) Section 120.
- 11 (9) Section 121.
- 12 (10) Section 161.
- 13 (11) Section 162.
- 14 (12) Section 164.
- 15 (13) Section 166.
- 16 (14) Section 167.
- 17 (15) Section 168.
- 18 (16) Section 170.
- 19 (17) Section 172.
- 20 (18) Section 174.
- 21 (19) Section 175.

22 (b) ADDITIONAL MODIFICATIONS.—The Financial  
23 Stability Act of 2010 (12 U.S.C. 5311 et seq.) is amend-  
24 ed—

1 (1) in section 102(a), by striking paragraph  
2 (5);

3 (2) in section 111—

4 (A) in subsection (b)—

5 (i) in paragraph (1)—

6 (I) by striking “who shall each”  
7 and inserting “who shall, except as  
8 provided below, each”; and

9 (II) by striking subparagraphs  
10 (B) through (J) and inserting the fol-  
11 lowing:

12 “(B) each member of the Board of Gov-  
13 ernors, who shall collectively have 1 vote on the  
14 Council;

15 “(C) the Comptroller of the Currency;

16 “(D) the Director of the Consumer Law  
17 Enforcement Agency;

18 “(E) each member of the Commission, who  
19 shall collectively have 1 vote on the Council;

20 “(F) each member of the Corporation, who  
21 shall collectively have 1 vote on the Council;

22 “(G) each member of the Commodity Fu-  
23 tures Trading Commission, who shall collec-  
24 tively have 1 vote on the Council;

1           “(H) the Director of the Federal Housing  
2 Finance Agency;

3           “(I) each member of the National Credit  
4 Union Administration Board, who shall collec-  
5 tively have 1 vote on the Council; and

6           “(J) the Independent Insurance Advo-  
7 cate.”;

8           (ii) in paragraph (2)—

9                 (I) by striking subparagraphs (A)  
10 and (B); and

11                 (II) by redesignating subpara-  
12 graphs (C), (D), and (E) as subpara-  
13 graphs (A), (B), and (C), respectively;  
14 and

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

17           “(4) VOTING BY MULTI-PERSON ENTITY.—

18                 “(A) VOTING WITHIN THE ENTITY.—An  
19 entity described under subparagraph (B), (E),  
20 (F), (G), or (I) of paragraph (1) shall deter-  
21 mine the entity’s Council vote by using the vot-  
22 ing process normally applicable to votes by the  
23 entity’s members.

24                 “(B) CASTING OF ENTITY VOTE.—The 1  
25 collective Council vote of an entity described



1 under subparagraph (A) shall be cast by the  
2 head of such agency or, in the event such head  
3 is unable to cast such vote, the next most senior  
4 member of the entity available.”;

5 (B) in subsection (c)(1), by striking “The  
6 independent member of the Council shall serve  
7 for a term of 6 years, and each nonvoting mem-  
8 ber described in subparagraphs (C), (D), and  
9 (E) of” and inserting “Each nonvoting mem-  
10 bers described under”;

11 (C) in subsection (e), by adding at the end  
12 the following:

13 “(3) STAFF ACCESS.—Any member of the  
14 Council may select to have one or more individuals  
15 on the member’s staff attend a meeting of the Coun-  
16 cil, including any meeting of representatives of the  
17 member agencies other than the members them-  
18 selves.

19 “(4) CONGRESSIONAL OVERSIGHT.—All public  
20 meetings of the Council shall be open to the attend-  
21 ance by members of the authorization and oversight  
22 committees of the House of Representatives and the  
23 Senate.

24 “(5) TRANSCRIPTION REQUIREMENT FOR NON-  
25 PUBLIC MEETINGS.—The Council shall create and

1 preserve transcripts for all non-public meetings of  
2 the Council.

3 “(6) MEMBER AGENCY MEETINGS.—Any meet-  
4 ing of representatives of the member agencies other  
5 than the members themselves shall be open to at-  
6 tendance by staff of the authorization and oversight  
7 committees of the House of Representatives and the  
8 Senate.”;

9 (D) by striking subsection (g) (relating to  
10 the nonapplicability of FACA);

11 (E) by inserting after subsection (f) the  
12 following:

13 “(g) OPEN MEETING REQUIREMENT.—The Council  
14 shall be an agency for purposes of section 552b of title  
15 5, United States Code (commonly referred to as the ‘Gov-  
16 ernment in the Sunshine Act’).

17 “(h) CONFIDENTIAL CONGRESSIONAL BRIEFINGS.—  
18 The Chairperson shall at regular times but not less than  
19 annually provide confidential briefings to the Committee  
20 on Financial Services of the House of Representatives and  
21 the Committee on Banking, Housing, and Urban Affairs  
22 of the Senate, which may in the discretion of the Chair-  
23 man of the respective committee be attended by any com-  
24 bination of the committee’s members or staff.”; and

1 (F) by redesignating subsections (h)  
2 through (j) as subsections (i) through (k), re-  
3 spectively;

4 (3) in section 112—

5 (A) in subsection (a)(2)—

6 (i) in subparagraph (A), by striking  
7 “the Federal Insurance Office and, if nec-  
8 essary to assess risks to the United States  
9 financial system, direct the Office of Fi-  
10 nancial Research to” and inserting “and, if  
11 necessary to assess risks to the United  
12 States financial system,”;

13 (ii) by striking subparagraphs (B),  
14 (H), (I), and (J);

15 (iii) by redesignating subparagraphs  
16 (C), (D), (E), (F), (G), (K), (L), (M), and  
17 (N) as subparagraphs (B), (C), (D), (E),  
18 (F), (G), (H), (I), and (J), respectively;

19 (iv) in subparagraph (J), as so redesi-  
20 gnated—

21 (I) in clause (iii), by adding  
22 “and” at the end;

23 (II) by striking clauses (iv) and  
24 (v); and

1 (III) by redesignating clause (vi)

2 as clause (iv); and

3 (B) in subsection (d)—

4 (i) in paragraph (1), by striking “the  
5 Office of Financial Research, member  
6 agencies, and the Federal Insurance Of-  
7 fice” and inserting “member agencies”;

8 (ii) in paragraph (2), by striking “the  
9 Office of Financial Research, any member  
10 agency, and the Federal Insurance Office,”  
11 and inserting “member agencies”;

12 (iii) in paragraph (3)—

13 (I) by striking “, acting through  
14 the Office of Financial Research,”  
15 each place it appears; and

16 (II) in subparagraph (B), by  
17 striking “the Office of Financial Re-  
18 search or”; and

19 (iv) in paragraph (5)(A), by striking  
20 “, the Office of Financial Research,”;

21 (4) by amending section 118 to read as follows:

22 **“SEC. 118. COUNCIL FUNDING.**

23 “There is authorized to be appropriated to the Coun-  
24 cil \$4,000,000 for fiscal year 2017 and each fiscal year  
25 thereafter to carry out the duties of the Council.”;

1 (5) in section 163—

2 (A) by striking subsection (a);

3 (B) by redesignating subsection (b) as sub-  
4 section (a); and

5 (C) in subsection (a), as so redesignated—

6 (i) by striking “or a nonbank financial  
7 company supervised by the Board of Gov-  
8 ernors” each place such term appears;

9 (ii) in paragraph (4), by striking “In  
10 addition” and inserting the following:

11 “(A) IN GENERAL.—In addition”; and

12 (iii) by adding at the end the fol-  
13 lowing:

14 “(B) EXCEPTION FOR QUALIFYING BANK-  
15 ING ORGANIZATION.—Subparagraph (A) shall  
16 not apply to a proposed acquisition by a quali-  
17 fying banking organization, as defined under  
18 section 605 of the Financial CHOICE Act of  
19 2017.”; and

20 (6) in section 165—

21 (A) by striking “nonbank financial compa-  
22 nies supervised by the Board of Governors and”  
23 each place such term appears;

1 (B) by striking “nonbank financial com-  
2 pany supervised by the Board of Governors  
3 and” each place such term appears;

4 (C) in subsection (a), by amending para-  
5 graph (2) to read as follows:

6 “(2) TAILORED APPLICATION.—In prescribing  
7 more stringent prudential standards under this sec-  
8 tion, the Board of Governors may differentiate  
9 among companies on an individual basis or by cat-  
10 egory, taking into consideration their capital struc-  
11 ture, riskiness, complexity, financial activities (in-  
12 cluding the financial activities of their subsidiaries),  
13 size, and any other risk-related factors that the  
14 Board of Governors deems appropriate.”;

15 (D) in subsection (b)—

16 (i) in paragraph (1)(B)(iv), by strik-  
17 ing “, on its own or pursuant to a rec-  
18 ommendation made by the Council in ac-  
19 cordance with section 115,”;

20 (ii) in paragraph (2)—

21 (I) by striking “foreign nonbank  
22 financial company supervised by the  
23 Board of Governors or”;

1 (II) by striking “shall—” and all  
2 that follows through “give due” and  
3 inserting “shall give due”;

4 (III) in subparagraph (A), by  
5 striking “; and” and inserting a pe-  
6 riod; and

7 (IV) by striking subparagraph  
8 (B);

9 (iii) in paragraph (3)—

10 (I) in subparagraph (A)—

11 (aa) by striking clause (i);

12 (bb) by redesignating  
13 clauses (ii), (iii), and (iv) as  
14 clauses (i), (ii), and (iii), respec-  
15 tively; and

16 (cc) in clause (iii), as so re-  
17 designated, by adding “and” at  
18 the end;

19 (II) by striking subparagraphs  
20 (B) and (C); and

21 (III) by redesignating subpara-  
22 graph (D) as subparagraph (B); and

23 (iv) in paragraph (4), by striking “a  
24 nonbank financial company supervised by  
25 the Board of Governors or”;

1 (E) in subsection (c)—

2 (i) in paragraph (1), by striking  
3 “under section 115(c)”; and

4 (ii) in paragraph (2)—

5 (I) by amending subparagraph  
6 (A) to read as follows:

7 “(A) any recommendations of the Coun-  
8 cil;”; and

9 (II) in subparagraph (D), by  
10 striking “nonbank financial company  
11 supervised by the Board of Governors  
12 or”;

13 (F) in subsection (d)—

14 (i) by striking “a nonbank financial  
15 company supervised by the Board of Gov-  
16 ernors or” each place such term appears;

17 (ii) in paragraph (1), by striking “pe-  
18 riodically” and inserting “not more often  
19 than every 2 years”;

20 (iii) in paragraph (3)—

21 (I) by striking “The Board” and  
22 inserting the following:

23 “(A) IN GENERAL.—The Board”;

24 (II) by striking “shall review”  
25 and inserting the following: “shall—



1 “(i) review”;

2 (III) by striking the period and  
3 inserting “; and”; and

4 (IV) by adding at the end the fol-  
5 lowing:

6 “(ii) not later than the end of the 6-  
7 month period beginning on the date the  
8 bank holding company submits the resolu-  
9 tion plan, provide feedback to the bank  
10 holding company on such plan.

11 “(B) DISCLOSURE OF ASSESSMENT  
12 FRAMEWORK.—The Board of Governors shall  
13 publicly disclose, including on the website of the  
14 Board of Governors, the assessment framework  
15 that is used to review information under this  
16 paragraph and shall provide the public with a  
17 notice and comment period before finalizing  
18 such assessment framework.”.

19 (iv) in paragraph (6), by striking  
20 “nonbank financial company supervised by  
21 the Board, any bank holding company,”  
22 and inserting “bank holding company”;

23 (G) in subsection (e)—

1 (i) in paragraph (1), by striking “a  
2 nonbank financial company supervised by  
3 the Board of Governors or”;

4 (ii) in paragraph (3), by striking “the  
5 nonbank financial company supervised by  
6 the Board of Governors or” each place  
7 such term appears; and

8 (iii) in paragraph (4), by striking “a  
9 nonbank financial company supervised by  
10 the Board of Governors or”;

11 (H) in subsection (g)(1), by striking “and  
12 any nonbank financial company supervised by  
13 the Board of Governors”;

14 (I) in subsection (h)—

15 (i) by striking paragraph (1);

16 (ii) by redesignating paragraphs (2),  
17 (3), and (4) as paragraphs (1), (2), and  
18 (3), respectively;

19 (iii) in paragraph (1), as so redesign-  
20 nated, by striking “paragraph (3)” each  
21 place such term appears and inserting  
22 “paragraph (2)”;

23 (iv) in paragraph (2), as so redesign-  
24 nated—

1 (I) in subparagraph (A), by strik-  
2 ing “the nonbank financial company  
3 supervised by the Board of Governors  
4 or bank holding company described in  
5 subsection (a), as applicable” and in-  
6 sserting “a bank holding company de-  
7 scribed in subsection (a)”; and

8 (II) in subparagraph (B), by  
9 striking “the nonbank financial com-  
10 pany supervised by the Board of Gov-  
11 ernors or a bank holding company de-  
12 scribed in subsection (a), as applica-  
13 ble” and inserting “a bank holding  
14 company described in subsection (a)”;  
15

(J) in subsection (i)—

16 (i) in paragraph (1)—

17 (I) in subparagraph (A), by strik-  
18 ing “, in coordination with the appro-  
19 priate primary financial regulatory  
20 agencies and the Federal Insurance  
21 Office,”;

22 (II) in subparagraph (B)—

23 (aa) by amending clause (i)

24 to read as follows:

25 “(i) shall—

1           “(I) issue regulations, after pro-  
2           viding for public notice and comment,  
3           that provide for at least 3 different  
4           sets of conditions under which the  
5           evaluation required by this subsection  
6           shall be conducted, including baseline,  
7           adverse, and severely adverse, and  
8           methodologies, including models used  
9           to estimate losses on certain assets,  
10          and the Board of Governors shall not  
11          carry out any such evaluation until 60  
12          days after such regulations are issued;  
13          and

14           “(II) provide copies of such regu-  
15          lations to the Comptroller General of  
16          the United States and the Panel of  
17          Economic Advisors of the Congres-  
18          sional Budget Office before publishing  
19          such regulations;”;

20                   (bb) in clause (ii), by strik-  
21                   ing “and nonbank financial com-  
22                   panies”;

23                   (cc) in clause (iv), by strik-  
24                   ing “and” at the end;

1 (dd) in clause (v), by strik-  
2 ing the period and inserting the  
3 following: “, including any results  
4 of a resubmitted test;” and

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

7 “(vi) shall, in establishing the severely  
8 adverse condition under clause (i), provide  
9 detailed consideration of the model’s ef-  
10 fects on financial stability and the cost and  
11 availability of credit;

12 “(vii) shall, in developing the models  
13 and methodologies and providing them for  
14 notice and comment under this subpara-  
15 graph, publish a process to test the models  
16 and methodologies for their potential to  
17 magnify systemic and institutional risks in-  
18 stead of facilitating increased resiliency;

19 “(viii) shall design and publish a proc-  
20 ess to test and document the sensitivity  
21 and uncertainty associated with the model  
22 system’s data quality, specifications, and  
23 assumptions; and

1 “(ix) shall communicate the range and  
2 sources of uncertainty surrounding the  
3 models and methodologies.”; and

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

6 “(C) CCAR REQUIREMENTS.—

7 “(i) PARAMETERS AND CON-  
8 SEQUENCES APPLICABLE TO CCAR.—The  
9 requirements of subparagraph (B) shall  
10 apply to CCAR.

11 “(ii) TWO-YEAR LIMITATION.—The  
12 Board of Governors may not subject a  
13 company to CCAR more than once every  
14 two years.

15 “(iii) MID-CYCLE RESUBMISSION.—If  
16 a company receives a quantitative objection  
17 to, or otherwise desires to amend the com-  
18 pany’s capital plan, the company may file  
19 a new streamlined plan at any time after  
20 a capital planning exercise has been com-  
21 pleted and before a subsequent capital  
22 planning exercise.

23 “(iv) LIMITATION ON QUALITATIVE  
24 CAPITAL PLANNING OBJECTIONS.—In car-  
25 rying out CCAR, the Board of Governors

1 may not object to a company's capital plan  
2 on the basis of qualitative deficiencies in  
3 the company's capital planning process.

4 “(v) COMPANY INQUIRIES.—The  
5 Board of Governors shall establish and  
6 publish procedures for responding to in-  
7 quires from companies subject to CCAR,  
8 including establishing the time frame in  
9 which such responses will be made, and  
10 make such procedures publicly available.

11 “(vi) CCAR DEFINED.—For purposes  
12 of this subparagraph and subparagraph  
13 (E), the term ‘CCAR’ means the Com-  
14 prehensive Capital Analysis and Review es-  
15 tablished by the Board of Governors.”; and

16 (ii) in paragraph (2)—

17 (I) in subparagraph (A)—

18 (aa) by striking “a bank  
19 holding company” and inserting  
20 “bank holding company”;

21 (bb) by striking “semi-  
22 annual” and inserting “annual”;

23 (cc) by striking “All other  
24 financial companies” and insert-

1 ing “All other bank holding com-  
2 panies”; and

3 (dd) by striking “and are  
4 regulated by a primary Federal  
5 financial regulatory agency”;

6 (II) in subparagraph (B)—

7 (aa) by striking “and to its  
8 primary financial regulatory  
9 agency”; and

10 (bb) by striking “primary fi-  
11 nancial regulatory agency” the  
12 second time it appears and in-  
13 serting “Board of Governors”;  
14 and

15 (III) in subparagraph (C)—

16 (aa) by striking “Each Fed-  
17 eral primary financial regulatory  
18 agency, in coordination with the  
19 Board of Governors and the Fed-  
20 eral Insurance Office,” and in-  
21 serting “The Board of Gov-  
22 ernors”; and

23 (bb) by striking “consistent  
24 and comparable”.

25 (K) in subsection (j)—



1 (i) in paragraph (1), by striking “or a  
2 nonbank financial company supervised by  
3 the Board of Governors”; and

4 (ii) in paragraph (2), by striking “the  
5 factors described in subsections (a) and (b)  
6 of section 113 and any other” and insert-  
7 ing “any”;

8 (L) in subsection (k)(1), by striking “or  
9 nonbank financial company supervised by the  
10 Board of Governors”; and

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

12 “(l) EXEMPTION FOR QUALIFYING BANKING ORGA-  
13 NIZATIONS.—This section shall not apply to a proposed  
14 acquisition by a qualifying banking organization, as de-  
15 fined under section 605 of the Financial CHOICE Act of  
16 2017.”.

17 (c) TREATMENT OF OTHER RESOLUTION PLAN RE-  
18 QUIREMENTS.—

19 (1) IN GENERAL.—With respect to an appro-  
20 priate Federal banking agency that requires a bank-  
21 ing organization to submit to the agency a resolution  
22 plan not described under section 165(d) of the  
23 Dodd-Frank Wall Street Reform and Consumer Pro-  
24 tection Act—

1 (A) the agency shall comply with the re-  
2 quirements of paragraphs (3) and (4) of such  
3 section 165(d);

4 (B) the agency may not require the sub-  
5 mission of such a resolution plan more often  
6 than every 2 years; and

7 (C) paragraphs (6) and (7) of such section  
8 165(d) shall apply to such a resolution plan.

9 (2) DEFINITIONS.—For purposes of this sub-  
10 section, the terms “appropriate Federal banking  
11 agency” and “banking organization” have the mean-  
12 ing given those terms, respectively, under section  
13 105.

14 (d) ACTIONS TO CREATE A BANK HOLDING COM-  
15 PANY.—Section 3(b)(1) of the Bank Holding Company  
16 Act of 1956 (12 U.S.C. 1842(b)(1)) is amended—

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

19 “(A) IN GENERAL.—Upon receiving”;

20 (2) by striking “Notwithstanding any other pro-  
21 vision” and inserting the following:

22 “(B) IMMEDIATE ACTION.—

23 “(i) IN GENERAL.—Notwithstanding  
24 any other provision”; and

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

1                   “(ii) EXCEPTION.—The Board may  
2                   not take any action pursuant to clause (i)  
3                   on an application that would cause any  
4                   company to become a bank holding com-  
5                   pany unless such application involves the  
6                   company acquiring a bank that is critically  
7                   undercapitalized (as such term is defined  
8                   under section 38(b) of the Federal Deposit  
9                   Insurance Act).”.

10           (e) CONCENTRATION LIMITS APPLIED ONLY TO  
11 BANKING ORGANIZATIONS.—Section 14 of the Bank  
12 Holding Company Act of 1956 (12 U.S.C. 1852) is  
13 amended—

14                   (1) by striking “financial company” each place  
15                   such term appears and inserting “banking organiza-  
16                   tion”;

17                   (2) in subsection (a)—

18                           (A) by amending paragraph (2) to read as  
19                   follows:

20                           “(2) the term ‘banking organization’ means—

21                                   “(A) an insured depository institution;

22                                   “(B) a bank holding company;

23                                   “(C) a savings and loan holding company;

24                                   “(D) a company that controls an insured

25                                   depository institution; and

1           “(E) a foreign bank or company that is  
2           treated as a bank holding company for purposes  
3           of this Act; and”;

4           (B) in paragraph (3)—

5                 (i) in subparagraph (A)(ii), by adding  
6                 “and” at the end;

7                 (ii) in subparagraph (B)(ii), by strik-  
8                 ing “; and” and inserting a period; and

9                 (iii) by striking subparagraph (C);  
10                 and

11                 (3) in subsection (b), by striking “financial  
12                 companies” and inserting “banking organizations”.

13           (f) CONFORMING AMENDMENT.—Section 3502(5) of  
14           title 44, United States Code, is amended by striking “the  
15           Office of Financial Research,”.

16           (g) CLERICAL AMENDMENT.—The table of contents  
17           under section 1(b) of the Dodd-Frank Wall Street Reform  
18           and Consumer Protection Act is amended by striking the  
19           items relating to subtitle B of title I and 113, 114, 115,  
20           116, 117, 119, 120, 121, 161, 162, 164, 166, 167, 168,  
21           170, 172, 174, and 175.

22           **SEC. 152. OPERATIONAL RISK CAPITAL REQUIREMENTS**  
23                 **FOR BANKING ORGANIZATIONS.**

24           (a) IN GENERAL.—An appropriate Federal banking  
25           agency may not establish an operational risk capital re-

1 requirement for banking organizations, unless such require-  
2 ment—

3 (1) is based on the risks posed by a banking or-  
4 ganization’s current activities and businesses;

5 (2) is appropriately sensitive to the risks posed  
6 by such current activities and businesses;

7 (3) is determined under a forward-looking as-  
8 sessment of potential losses that may arise out of a  
9 banking organization’s current activities and busi-  
10 nesses, which is not solely based on a banking orga-  
11 nization’s historical losses; and

12 (4) permits adjustments based on qualifying  
13 operational risk mitigants.

14 (b) DEFINITIONS.—For purposes of this section, the  
15 terms “appropriate Federal banking agency” and “bank-  
16 ing organization” have the meaning given those terms, re-  
17 spectively, under section 605.

18 **TITLE II—DEMANDING AC-**  
19 **COUNTABILITY FROM WALL**  
20 **STREET**

21 **Subtitle A—SEC Penalties**  
22 **Modernization**

23 **SEC. 211. ENHANCEMENT OF CIVIL PENALTIES FOR SECU-**  
24 **RITIES LAWS VIOLATIONS.**

25 (a) UPDATED CIVIL MONEY PENALTIES.—

1 (1) SECURITIES ACT OF 1933.—

2 (A) MONEY PENALTIES IN ADMINISTRA-  
3 TIVE ACTIONS.—Section 8A(g)(2) of the Securi-  
4 ties Act of 1933 (15 U.S.C. 77h–1(g)(2)) is  
5 amended—

6 (i) in subparagraph (A)—

7 (I) by striking “\$7,500” and in-  
8 serting “\$10,000”; and

9 (II) by striking “\$75,000” and  
10 inserting “\$100,000”;

11 (ii) in subparagraph (B)—

12 (I) by striking “\$75,000” and in-  
13 serting “\$100,000”; and

14 (II) by striking “\$375,000” and  
15 inserting “\$500,000”; and

16 (iii) by striking subparagraph (C) and  
17 inserting the following:

18 “(C) THIRD TIER.—

19 “(i) IN GENERAL.—Notwithstanding  
20 subparagraphs (A) and (B), the amount of  
21 penalty for each such act or omission shall  
22 not exceed the amount specified in clause  
23 (ii) if—

24 “(I) the act or omission described  
25 in paragraph (1) involved fraud, de-

1           ceit, manipulation, or deliberate or  
2           reckless disregard of a regulatory re-  
3           quirement; and

4           “(II) such act or omission di-  
5           rectly or indirectly resulted in—

6           “(aa) substantial losses or  
7           created a significant risk of sub-  
8           stantial losses to other persons;  
9           or

10           “(bb) substantial pecuniary  
11           gain to the person who com-  
12           mitted the act or omission.

13           “(ii) MAXIMUM AMOUNT OF PEN-  
14           ALTY.—The amount referred to in clause  
15           (i) is the greatest of—

16           “(I) \$300,000 for a natural per-  
17           son or \$1,450,000 for any other per-  
18           son;

19           “(II) 3 times the gross amount of  
20           pecuniary gain to the person who  
21           committed the act or omission; or

22           “(III) the amount of losses in-  
23           curred by victims as a result of the  
24           act or omission.”.

1 (B) MONEY PENALTIES IN CIVIL AC-  
2 TIONS.—Section 20(d)(2) of the Securities Act  
3 of 1933 (15 U.S.C. 77t(d)(2)) is amended—

4 (i) in subparagraph (A)—

5 (I) by striking “\$5,000” and in-  
6 serting “\$10,000”; and

7 (II) by striking “\$50,000” and  
8 inserting “\$100,000”;

9 (ii) in subparagraph (B)—

10 (I) by striking “\$50,000” and in-  
11 serting “\$100,000”; and

12 (II) by striking “\$250,000” and  
13 inserting “\$500,000”; and

14 (iii) by striking subparagraph (C) and  
15 inserting the following:

16 “(C) THIRD TIER.—

17 “(i) IN GENERAL.—Notwithstanding  
18 subparagraphs (A) and (B), the amount of  
19 penalty for each such violation shall not  
20 exceed the amount specified in clause (ii)  
21 if—

22 “(I) the violation described in  
23 paragraph (1) involved fraud, deceit,  
24 manipulation, or deliberate or reckless



1 disregard of a regulatory requirement;  
2 and

3 “(II) such violation directly or in-  
4 directly resulted in substantial losses  
5 or created a significant risk of sub-  
6 stantial losses to other persons.

7 “(ii) MAXIMUM AMOUNT OF PEN-  
8 ALTY.—The amount referred to in clause  
9 (i) is the greatest of—

10 “(I) \$300,000 for a natural per-  
11 son or \$1,450,000 for any other per-  
12 son;

13 “(II) 3 times the gross amount of  
14 pecuniary gain to such defendant as a  
15 result of the violation; or

16 “(III) the amount of losses in-  
17 curred by victims as a result of the  
18 violation.”.

19 (2) SECURITIES EXCHANGE ACT OF 1934.—

20 (A) MONEY PENALTIES IN CIVIL AC-  
21 TIONS.—Section 21(d)(3)(B) of the Securities  
22 Exchange Act of 1934 (15 U.S.C.  
23 78u(d)(3)(B)) is amended—

24 (i) in clause (i)—

1 (I) by striking “\$5,000” and in-  
2 serting “\$10,000”; and

3 (II) by striking “\$50,000” and  
4 inserting “\$100,000”;

5 (ii) in clause (ii)—

6 (I) by striking “\$50,000” and in-  
7 serting “\$100,000”; and

8 (II) by striking “\$250,000” and  
9 inserting “\$500,000”; and

10 (iii) by striking clause (iii) and insert-  
11 ing the following:

12 “(iii) THIRD TIER.—

13 “(I) IN GENERAL.—Notwithstanding  
14 clauses (i) and (ii), the amount of penalty  
15 for each such violation shall not exceed the  
16 amount specified in subclause (II) if—

17 “(aa) the violation described in  
18 subparagraph (A) involved fraud, de-  
19 ceit, manipulation, or deliberate or  
20 reckless disregard of a regulatory re-  
21 quirement; and

22 “(bb) such violation directly or  
23 indirectly resulted in substantial  
24 losses or created a significant risk of  
25 substantial losses to other persons.

1           “(II) MAXIMUM AMOUNT OF PEN-  
2           ALTY.—The amount referred to in sub-  
3           clause (I) is the greatest of—

4                   “(aa) \$300,000 for a natural  
5                   person or \$1,450,000 for any other  
6                   person;

7                   “(bb) 3 times the gross amount  
8                   of pecuniary gain to such defendant  
9                   as a result of the violation; or

10                   “(cc) the amount of losses in-  
11                   curred by victims as a result of the  
12                   violation.”.

13           (B) MONEY PENALTIES IN ADMINISTRA-  
14           TIVE ACTIONS.—Section 21B(b) of the Securi-  
15           ties Exchange Act of 1934 (15 U.S.C. 78u-  
16           2(b)) is amended—

17                   (i) in paragraph (1)—

18                           (I) by striking “\$5,000” and in-  
19                           serting “\$10,000”; and

20                           (II) by striking “\$50,000” and  
21                           inserting “\$100,000”;

22                   (ii) in paragraph (2)—

23                           (I) by striking “\$50,000” and in-  
24                           serting “\$100,000”; and

1 (II) by striking “\$250,000” and  
2 inserting “\$500,000”; and

3 (iii) by striking paragraph (3) and in-  
4 serting the following:

5 “(3) THIRD TIER.—

6 “(A) IN GENERAL.—Notwithstanding  
7 paragraphs (1) and (2), the amount of penalty  
8 for each such act or omission shall not exceed  
9 the amount specified in subparagraph (B) if—

10 “(i) the act or omission described in  
11 subsection (a) involved fraud, deceit, ma-  
12 nipulation, or deliberate or reckless dis-  
13 regard of a regulatory requirement; and

14 “(ii) such act or omission directly or  
15 indirectly resulted in substantial losses or  
16 created a significant risk of substantial  
17 losses to other persons or resulted in sub-  
18 stantial pecuniary gain to the person who  
19 committed the act or omission.

20 “(B) MAXIMUM AMOUNT OF PENALTY.—

21 The amount referred to in subparagraph (A) is  
22 the greatest of—

23 “(i) \$300,000 for a natural person or  
24 \$1,450,000 for any other person;

1           “(ii) 3 times the gross amount of pe-  
2           cuniary gain to the person who committed  
3           the act or omission; or

4           “(iii) the amount of losses incurred by  
5           victims as a result of the act or omission.”.

6           (3) INVESTMENT COMPANY ACT OF 1940.—

7           (A) MONEY PENALTIES IN ADMINISTRA-  
8           TIVE ACTIONS.—Section 9(d)(2) of the Invest-  
9           ment Company Act of 1940 (15 U.S.C. 80a-  
10          9(d)(2)) is amended—

11           (i) in subparagraph (A)—

12           (I) by striking “\$5,000” and in-  
13           serting “\$10,000”; and

14           (II) by striking “\$50,000” and  
15           inserting “\$100,000”;

16           (ii) in subparagraph (B)—

17           (I) by striking “\$50,000” and in-  
18           serting “\$100,000”; and

19           (II) by striking “\$250,000” and  
20           inserting “\$500,000”; and

21           (iii) by striking subparagraph (C) and  
22           inserting the following:

23           “(C) THIRD TIER.—

24           “(i) IN GENERAL.—Notwithstanding  
25           subparagraphs (A) and (B), the amount of

1 penalty for each such act or omission shall  
2 not exceed the amount specified in clause  
3 (ii) if—

4 “(I) the act or omission described  
5 in paragraph (1) involved fraud, de-  
6 ceit, manipulation, or deliberate or  
7 reckless disregard of a regulatory re-  
8 quirement; and

9 “(II) such act or omission di-  
10 rectly or indirectly resulted in sub-  
11 stantial losses or created a significant  
12 risk of substantial losses to other per-  
13 sons or resulted in substantial pecu-  
14 niary gain to the person who com-  
15 mitted the act or omission.

16 “(ii) MAXIMUM AMOUNT OF PEN-  
17 ALTY.—The amount referred to in clause  
18 (i) is the greatest of—

19 “(I) \$300,000 for a natural per-  
20 son or \$1,450,000 for any other per-  
21 son;

22 “(II) 3 times the gross amount of  
23 pecuniary gain to the person who  
24 committed the act or omission; or

1                   “(III) the amount of losses in-  
2                   curred by victims as a result of the  
3                   act or omission.”.

4                   (B) MONEY PENALTIES IN CIVIL AC-  
5                   TIONS.—Section 42(e)(2) of the Investment  
6                   Company Act of 1940 (15 U.S.C. 80a-  
7                   41(e)(2)) is amended—

8                   (i) in subparagraph (A)—

9                   (I) by striking “\$5,000” and in-  
10                  serting “\$10,000”; and

11                  (II) by striking “\$50,000” and  
12                  inserting “\$100,000”;

13                  (ii) in subparagraph (B)—

14                  (I) by striking “\$50,000” and in-  
15                  serting “\$100,000”; and

16                  (II) by striking “\$250,000” and  
17                  inserting “\$500,000”; and

18                  (iii) by striking subparagraph (C) and  
19                  inserting the following:

20                  “(C) THIRD TIER.—

21                  “(i) IN GENERAL.—Notwithstanding  
22                  subparagraphs (A) and (B), the amount of  
23                  penalty for each such violation shall not  
24                  exceed the amount specified in clause (ii)  
25                  if—

1           “(I) the violation described in  
2           paragraph (1) involved fraud, deceit,  
3           manipulation, or deliberate or reckless  
4           disregard of a regulatory requirement;  
5           and

6           “(II) such violation directly or in-  
7           directly resulted in substantial losses  
8           or created a significant risk of sub-  
9           stantial losses to other persons.

10           “(ii) MAXIMUM AMOUNT OF PEN-  
11           ALTY.—The amount referred to in clause  
12           (i) is the greatest of—

13           “(I) \$300,000 for a natural per-  
14           son or \$1,450,000 for any other per-  
15           son;

16           “(II) 3 times the gross amount of  
17           pecuniary gain to such defendant as a  
18           result of the violation; or

19           “(III) the amount of losses in-  
20           curred by victims as a result of the  
21           violation.”.

22           (4) INVESTMENT ADVISERS ACT OF 1940.—

23           (A) MONEY PENALTIES IN ADMINISTRA-  
24           TIVE ACTIONS.—Section 203(i)(2) of the Invest-



1           ment Advisers Act of 1940 (15 U.S.C. 80b–  
2           3(i)(2)) is amended—

3                   (i) in subparagraph (A)—

4                           (I) by striking “\$5,000” and in-  
5                           serting “\$10,000”; and

6                           (II) by striking “\$50,000” and  
7                           inserting “\$100,000”;

8                   (ii) in subparagraph (B)—

9                           (I) by striking “\$50,000” and in-  
10                           serting “\$100,000”; and

11                           (II) by striking “\$250,000” and  
12                           inserting “\$500,000”; and

13                   (iii) by striking subparagraph (C) and  
14                   inserting the following:

15                   “(C) THIRD TIER.—

16                           “(i) IN GENERAL.—Notwithstanding  
17                           subparagraphs (A) and (B), the amount of  
18                           penalty for each such act or omission shall  
19                           not exceed the amount specified in clause  
20                           (ii) if—

21                                   “(I) the act or omission described  
22                                   in paragraph (1) involved fraud, de-  
23                                   ceit, manipulation, or deliberate or  
24                                   reckless disregard of a regulatory re-  
25                                   quirement; and

1           “(II) such act or omission di-  
2           rectly or indirectly resulted in sub-  
3           stantial losses or created a significant  
4           risk of substantial losses to other per-  
5           sons or resulted in substantial pecu-  
6           niary gain to the person who com-  
7           mitted the act or omission.

8           “(ii) MAXIMUM AMOUNT OF PEN-  
9           ALTY.—The amount referred to in clause  
10          (i) is the greatest of—

11                   “(I) \$300,000 for a natural per-  
12                   son or \$1,450,000 for any other per-  
13                   son;

14                   “(II) 3 times the gross amount of  
15                   pecuniary gain to the person who  
16                   committed the act or omission; or

17                   “(III) the amount of losses in-  
18                   curred by victims as a result of the  
19                   act or omission.”.

20           (B) MONEY PENALTIES IN CIVIL AC-  
21           TIONS.—Section 209(e)(2) of the Investment  
22           Advisers Act of 1940 (15 U.S.C. 80b-9(e)(2))  
23           is amended—

24                   (i) in subparagraph (A)—

1 (I) by striking “\$5,000” and in-  
2 serting “\$10,000”; and

3 (II) by striking “\$50,000” and  
4 inserting “\$100,000”;

5 (ii) in subparagraph (B)—

6 (I) by striking “\$50,000” and in-  
7 serting “\$100,000”; and

8 (II) by striking “\$250,000” and  
9 inserting “\$500,000”; and

10 (iii) by striking subparagraph (C) and  
11 inserting the following:

12 “(C) THIRD TIER.—

13 “(i) IN GENERAL.—Notwithstanding  
14 subparagraphs (A) and (B), the amount of  
15 penalty for each such violation shall not  
16 exceed the amount specified in clause (ii)  
17 if—

18 “(I) the violation described in  
19 paragraph (1) involved fraud, deceit,  
20 manipulation, or deliberate or reckless  
21 disregard of a regulatory requirement;  
22 and

23 “(II) such violation directly or in-  
24 directly resulted in substantial losses

1 or created a significant risk of sub-  
2 stantial losses to other persons.

3 “(ii) MAXIMUM AMOUNT OF PEN-  
4 ALTY.—The amount referred to in clause  
5 (i) is the greatest of—

6 “(I) \$300,000 for a natural per-  
7 son or \$1,450,000 for any other per-  
8 son;

9 “(II) 3 times the gross amount of  
10 pecuniary gain to such defendant as a  
11 result of the violation; or

12 “(III) the amount of losses in-  
13 curred by victims as a result of the  
14 violation.”.

15 (b) PENALTIES FOR RECIDIVISTS.—

16 (1) SECURITIES ACT OF 1933.—

17 (A) MONEY PENALTIES IN ADMINISTRA-  
18 TIVE ACTIONS.—Section 8A(g)(2) of the Securi-  
19 ties Act of 1933 (15 U.S.C. 77h–1(g)(2)) is  
20 amended by adding at the end the following:

21 “(D) FOURTH TIER.—Notwithstanding  
22 subparagraphs (A), (B), and (C), the maximum  
23 amount of penalty for each such act or omission  
24 shall be 3 times the otherwise applicable  
25 amount in such subparagraphs if, within the 5-

1 year period preceding such act or omission, the  
2 person who committed the act or omission was  
3 criminally convicted for securities fraud or be-  
4 came subject to a judgment or order imposing  
5 monetary, equitable, or administrative relief in  
6 any Commission action alleging fraud by that  
7 person.”.

8 (B) MONEY PENALTIES IN CIVIL AC-  
9 TIONS.—Section 20(d)(2) of the Securities Act  
10 of 1933 (15 U.S.C. 77t(d)(2)) is amended by  
11 adding at the end the following:

12 “(D) FOURTH TIER.—Notwithstanding  
13 subparagraphs (A), (B), and (C), the maximum  
14 amount of penalty for each such violation shall  
15 be 3 times the otherwise applicable amount in  
16 such subparagraphs if, within the 5-year period  
17 preceding such violation, the defendant was  
18 criminally convicted for securities fraud or be-  
19 came subject to a judgment or order imposing  
20 monetary, equitable, or administrative relief in  
21 any Commission action alleging fraud by that  
22 defendant.”.

23 (2) SECURITIES EXCHANGE ACT OF 1934.—

24 (A) MONEY PENALTIES IN CIVIL AC-  
25 TIONS.—Section 21(d)(3)(B) of the Securities

1 Exchange Act of 1934 (15 U.S.C.  
2 78u(d)(3)(B)) is amended by adding at the end  
3 the following:

4 “(iv) FOURTH TIER.—Notwith-  
5 standing clauses (i), (ii), and (iii), the  
6 maximum amount of penalty for each such  
7 violation shall be 3 times the otherwise ap-  
8 plicable amount in such clauses if, within  
9 the 5-year period preceding such violation,  
10 the defendant was criminally convicted for  
11 securities fraud or became subject to a  
12 judgment or order imposing monetary, eq-  
13 uitable, or administrative relief in any  
14 Commission action alleging fraud by that  
15 defendant.”.

16 (B) MONEY PENALTIES IN ADMINISTRA-  
17 TIVE ACTIONS.—Section 21B(b) of the Securi-  
18 ties Exchange Act of 1934 (15 U.S.C. 78u-  
19 2(b)) is amended by adding at the end the fol-  
20 lowing:

21 “(4) FOURTH TIER.—Notwithstanding para-  
22 graphs (1), (2), and (3), the maximum amount of  
23 penalty for each such act or omission shall be 3  
24 times the otherwise applicable amount in such para-  
25 graphs if, within the 5-year period preceding such

1 act or omission, the person who committed the act  
2 or omission was criminally convicted for securities  
3 fraud or became subject to a judgment or order im-  
4 posing monetary, equitable, or administrative relief  
5 in any Commission action alleging fraud by that per-  
6 son.”.

7 (3) INVESTMENT COMPANY ACT OF 1940.—

8 (A) MONEY PENALTIES IN ADMINISTRA-  
9 TIVE ACTIONS.—Section 9(d)(2) of the Invest-  
10 ment Company Act of 1940 (15 U.S.C. 80a-  
11 9(d)(2)) is amended by adding at the end the  
12 following:

13 “(D) FOURTH TIER.—Notwithstanding  
14 subparagraphs (A), (B), and (C), the maximum  
15 amount of penalty for each such act or omission  
16 shall be 3 times the otherwise applicable  
17 amount in such subparagraphs if, within the 5-  
18 year period preceding such act or omission, the  
19 person who committed the act or omission was  
20 criminally convicted for securities fraud or be-  
21 came subject to a judgment or order imposing  
22 monetary, equitable, or administrative relief in  
23 any Commission action alleging fraud by that  
24 person.”.

1 (B) MONEY PENALTIES IN CIVIL AC-  
2 TIONS.—Section 42(e)(2) of the Investment  
3 Company Act of 1940 (15 U.S.C. 80a-  
4 41(e)(2)) is amended by adding at the end the  
5 following:

6 “(D) FOURTH TIER.—Notwithstanding  
7 subparagraphs (A), (B), and (C), the maximum  
8 amount of penalty for each such violation shall  
9 be 3 times the otherwise applicable amount in  
10 such subparagraphs if, within the 5-year period  
11 preceding such violation, the defendant was  
12 criminally convicted for securities fraud or be-  
13 came subject to a judgment or order imposing  
14 monetary, equitable, or administrative relief in  
15 any Commission action alleging fraud by that  
16 defendant.”.

17 (4) INVESTMENT ADVISERS ACT OF 1940.—

18 (A) MONEY PENALTIES IN ADMINISTRA-  
19 TIVE ACTIONS.—Section 203(i)(2) of the Invest-  
20 ment Advisers Act of 1940 (15 U.S.C. 80b-  
21 3(i)(2)) is amended by adding at the end the  
22 following:

23 “(D) FOURTH TIER.—Notwithstanding  
24 subparagraphs (A), (B), and (C), the maximum  
25 amount of penalty for each such act or omission



1 shall be 3 times the otherwise applicable  
2 amount in such subparagraphs if, within the 5-  
3 year period preceding such act or omission, the  
4 person who committed the act or omission was  
5 criminally convicted for securities fraud or be-  
6 came subject to a judgment or order imposing  
7 monetary, equitable, or administrative relief in  
8 any Commission action alleging fraud by that  
9 person.”.

10 (B) MONEY PENALTIES IN CIVIL AC-  
11 TIONS.—Section 209(e)(2) of the Investment  
12 Advisers Act of 1940 (15 U.S.C. 80b–9(e)(2))  
13 is amended by adding at the end the following:

14 “(D) FOURTH TIER.—Notwithstanding  
15 subparagraphs (A), (B), and (C), the maximum  
16 amount of penalty for each such violation shall  
17 be 3 times the otherwise applicable amount in  
18 such subparagraphs if, within the 5-year period  
19 preceding such violation, the defendant was  
20 criminally convicted for securities fraud or be-  
21 came subject to a judgment or order imposing  
22 monetary, equitable, or administrative relief in  
23 any Commission action alleging fraud by that  
24 defendant.”.

25 (c) VIOLATIONS OF INJUNCTIONS AND BARS.—

1           (1) SECURITIES ACT OF 1933.—Section 20(d) of  
2 the Securities Act of 1933 (15 U.S.C. 77t(d)) is  
3 amended—

4           (A) in paragraph (1), by inserting after  
5 “the rules or regulations thereunder,” the fol-  
6 lowing: “a Federal court injunction or a bar ob-  
7 tained or entered by the Commission under this  
8 title,”; and

9           (B) by striking paragraph (4) and insert-  
10 ing the following:

11           “(4) SPECIAL PROVISIONS RELATING TO A VIO-  
12 LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

13           “(A) IN GENERAL.—Each separate viola-  
14 tion of an injunction or order described in sub-  
15 paragraph (B) shall be a separate offense, ex-  
16 cept that in the case of a violation through a  
17 continuing failure to comply with such injunc-  
18 tion or order, each day of the failure to comply  
19 with the injunction or order shall be deemed a  
20 separate offense.

21           “(B) INJUNCTIONS AND ORDERS.—Sub-  
22 paragraph (A) shall apply with respect to any  
23 action to enforce—

24           “(i) a Federal court injunction ob-  
25 tained pursuant to this title;

1           “(ii) an order entered or obtained by  
2           the Commission pursuant to this title that  
3           bars, suspends, places limitations on the  
4           activities or functions of, or prohibits the  
5           activities of, a person; or

6           “(iii) a cease-and-desist order entered  
7           by the Commission pursuant to section  
8           8A.”.

9           (2) SECURITIES EXCHANGE ACT OF 1934.—Sec-  
10          tion 21(d)(3) of the Securities Exchange Act of  
11          1934 (15 U.S.C. 78u(d)(3)) is amended—

12           (A) in subparagraph (A), by inserting after  
13           “the rules or regulations thereunder,” the fol-  
14           lowing: “a Federal court injunction or a bar ob-  
15           tained or entered by the Commission under this  
16           title,”; and

17           (B) by striking subparagraph (D) and in-  
18           serting the following:

19           “(D) SPECIAL PROVISIONS RELATING TO A VIO-  
20          LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

21           “(i) IN GENERAL.—Each separate violation  
22           of an injunction or order described in clause (ii)  
23           shall be a separate offense, except that in the  
24           case of a violation through a continuing failure  
25           to comply with such injunction or order, each

1 day of the failure to comply with the injunction  
2 or order shall be deemed a separate offense.

3 “(ii) INJUNCTIONS AND ORDERS.—Clause  
4 (i) shall apply with respect to an action to en-  
5 force—

6 “(I) a Federal court injunction ob-  
7 tained pursuant to this title;

8 “(II) an order entered or obtained by  
9 the Commission pursuant to this title that  
10 bars, suspends, places limitations on the  
11 activities or functions of, or prohibits the  
12 activities of, a person; or

13 “(III) a cease-and-desist order entered  
14 by the Commission pursuant to section  
15 21C.”.

16 (3) INVESTMENT COMPANY ACT OF 1940.—Sec-  
17 tion 42(e) of the Investment Company Act of 1940  
18 (15 U.S.C. 80a–41(e)) is amended—

19 (A) in paragraph (1), by inserting after  
20 “the rules or regulations thereunder,” the fol-  
21 lowing: “a Federal court injunction or a bar ob-  
22 tained or entered by the Commission under this  
23 title,”; and

24 (B) by striking paragraph (4) and insert-  
25 ing the following:

1           “(4) SPECIAL PROVISIONS RELATING TO A VIO-  
2           LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

3           “(A) IN GENERAL.—Each separate viola-  
4           tion of an injunction or order described in sub-  
5           paragraph (B) shall be a separate offense, ex-  
6           cept that in the case of a violation through a  
7           continuing failure to comply with such injunc-  
8           tion or order, each day of the failure to comply  
9           with the injunction or order shall be deemed a  
10          separate offense.

11          “(B) INJUNCTIONS AND ORDERS.—Sub-  
12          paragraph (A) shall apply with respect to any  
13          action to enforce—

14                 “(i) a Federal court injunction ob-  
15                 tained pursuant to this title;

16                 “(ii) an order entered or obtained by  
17                 the Commission pursuant to this title that  
18                 bars, suspends, places limitations on the  
19                 activities or functions of, or prohibits the  
20                 activities of, a person; or

21                 “(iii) a cease-and-desist order entered  
22                 by the Commission pursuant to section  
23                 9(f).”.

1           (4) INVESTMENT ADVISERS ACT OF 1940.—Sec-  
2           tion 209(e) of the Investment Advisers Act of 1940  
3           (15 U.S.C. 80b–9(e)) is amended—

4           (A) in paragraph (1), by inserting after  
5           “the rules or regulations thereunder,” the fol-  
6           lowing: “a Federal court injunction or a bar ob-  
7           tained or entered by the Commission under this  
8           title,”; and

9           (B) by striking paragraph (4) and insert-  
10          ing the following:

11          “(4) SPECIAL PROVISIONS RELATING TO A VIO-  
12          LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

13           “(A) IN GENERAL.—Each separate viola-  
14           tion of an injunction or order described in sub-  
15           paragraph (B) shall be a separate offense, ex-  
16           cept that in the case of a violation through a  
17           continuing failure to comply with such injunc-  
18           tion or order, each day of the failure to comply  
19           with the injunction or order shall be deemed a  
20           separate offense.

21           “(B) INJUNCTIONS AND ORDERS.—Sub-  
22           paragraph (A) shall apply with respect to any  
23           action to enforce—

24           “(i) a Federal court injunction ob-  
25           tained pursuant to this title;

1                   “(ii) an order entered or obtained by  
2                   the Commission pursuant to this title that  
3                   bars, suspends, places limitations on the  
4                   activities or functions of, or prohibits the  
5                   activities of, a person; or

6                   “(iii) a cease-and-desist order entered  
7                   by the Commission pursuant to section  
8                   203(k).”.

9           (d) **EFFECTIVE DATE.**—The amendments made by  
10 this section shall apply with respect to conduct that occurs  
11 after the date of the enactment of this Act.

12 **SEC. 212. UPDATED CIVIL MONEY PENALTIES OF PUBLIC**  
13 **COMPANY ACCOUNTING OVERSIGHT BOARD.**

14           (a) **IN GENERAL.**—Section 105(c)(4)(D) of the Sar-  
15 banes-Oxley Act of 2002 (15 U.S.C. 7215(c)(4)(D)) is  
16 amended—

17                   (1) in clause (i)—

18                           (A) by striking “\$100,000” and inserting  
19                           “\$200,000”; and

20                           (B) by striking “\$2,000,000” and insert-  
21                           ing “\$4,000,000”; and

22                   (2) in clause (ii)—

23                           (A) by striking “\$750,000” and inserting  
24                           “\$1,500,000”; and

1 (B) by striking “\$15,000,000” and insert-  
2 ing “\$22,000,000”.

3 (b) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply with respect to conduct that occurs  
5 after the date of the enactment of this Act.

6 **SEC. 213. UPDATED CIVIL MONEY PENALTY FOR CONTROL-**  
7 **LING PERSONS IN CONNECTION WITH IN-**  
8 **SIDER TRADING.**

9 (a) IN GENERAL.—Section 21A(a)(3) of the Securi-  
10 ties Exchange Act of 1934 (15 U.S.C. 78u–1(a)(3)) is  
11 amended by striking “\$1,000,000” and inserting  
12 “\$2,500,000”.

13 (b) EFFECTIVE DATE.—The amendment made by  
14 this section shall apply with respect to conduct that occurs  
15 after the date of the enactment of this Act.

16 **SEC. 214. UPDATE OF CERTAIN OTHER PENALTIES.**

17 (a) IN GENERAL.—Section 32 of the Securities Ex-  
18 change Act of 1934 (15 U.S.C. 78ff) is amended—

19 (1) in subsection (a), by striking “\$5,000,000”  
20 and inserting “\$7,000,000”; and

21 (2) in subsection (c)—

22 (A) in paragraph (1)—

23 (i) in subparagraph (A), by striking  
24 “\$2,000,000” and inserting “\$4,000,000”;

25 and



1 (ii) in subparagraph (B), by striking  
2 “\$10,000” and inserting “\$50,000”; and  
3 (B) in paragraph (2)—

4 (i) in subparagraph (A), by striking  
5 “\$100,000” and inserting “\$250,000”;  
6 and

7 (ii) in subparagraph (B), by striking  
8 “\$10,000” and inserting “\$50,000”.

9 (b) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply with respect to conduct that occurs  
11 after the date of the enactment of this Act.

12 **SEC. 215. MONETARY SANCTIONS TO BE USED FOR THE RE-**  
13 **LIEF OF VICTIMS.**

14 (a) IN GENERAL.—Section 308(a) of the Sarbanes-  
15 Oxley Act of 2002 (15 U.S.C. 7246(a)) is amended to read  
16 as follows:

17 “(a) MONETARY SANCTIONS TO BE USED FOR THE  
18 RELIEF OF VICTIMS.—

19 “(1) IN GENERAL.—If, in any judicial or ad-  
20 ministrative action brought by the Commission  
21 under the securities laws, the Commission obtains a  
22 monetary sanction (as defined in section 21F(a) of  
23 the Securities Exchange Act of 1934) against any  
24 person for a violation of such laws, or such person  
25 agrees, in settlement of any such action, to such

1 monetary sanction, the amount of such monetary  
2 sanction shall, on the motion or at the direction of  
3 the Commission, be added to and become part of a  
4 disgorgement fund or other fund established for the  
5 benefit of the victims of such violation.

6 “(2) DEFINITION OF VICTIM.—In this sub-  
7 section, the term ‘victim’ has the meaning given the  
8 term ‘crime victim’ in section 3771(e) of title 18,  
9 United States Code.”.

10 (b) MONETARY SANCTION DEFINED.—Section  
11 21F(a)(4)(A) of the Securities Exchange Act of 1934 (15  
12 U.S.C. 78u–6(a)(4)(A)) is amended by striking “ordered”  
13 and inserting “required”.

14 (c) EFFECTIVE DATE.—The amendments made by  
15 this section apply with respect to any monetary sanction  
16 ordered or required to be paid before or after the date  
17 of enactment of this Act.

18 **SEC. 216. GAO REPORT ON USE OF CIVIL MONEY PENALTY**

19 **AUTHORITY BY COMMISSION.**

20 (a) IN GENERAL.—Not later than 2 years after the  
21 date of the enactment of this Act, the Comptroller General  
22 of the United States shall submit to the Committee on  
23 Financial Services of the House of Representatives and  
24 the Committee on Banking, Housing, and Urban Affairs  
25 of the Senate a report on the use by the Commission of

1 the authority to impose or obtain civil money penalties for  
2 violations of the securities laws during the period begin-  
3 ning on June 1, 2010, and ending on the date of the en-  
4 actment of this Act.

5 (b) MATTERS REQUIRED TO BE INCLUDED.—The  
6 matters covered by the report required by subsection (a)  
7 shall include the following:

8 (1) The types of violations for which civil  
9 money penalties were imposed or obtained.

10 (2) The types of persons on whom civil money  
11 penalties were imposed or from whom such penalties  
12 were obtained.

13 (3) The number and dollar amount of civil  
14 money penalties imposed or obtained, disaggregated  
15 as follows:

16 (A) Penalties imposed in administrative ac-  
17 tions and penalties obtained in judicial actions.

18 (B) Penalties imposed on or obtained from  
19 issuers (individual and aggregate filers) and  
20 penalties imposed on or obtained from other  
21 persons.

22 (C) Penalties permitted to be retained for  
23 use by the Commission and penalties deposited  
24 in the general fund of the Treasury of the  
25 United States.

1           (4) For penalties imposed on or obtained from  
2           issuers:

3                   (A) Whether the violations involved re-  
4                   sulted in direct economic benefit to the issuers.

5                   (B) The impact of the penalties on the  
6                   shareholders of the issuers.

7           (c) DEFINITIONS.—In this section, the terms “Com-  
8           mission”, “issuer”, and “securities laws” have the mean-  
9           ings given such terms in section 3(a) of the Securities Ex-  
10          change Act of 1934 (15 U.S.C. 78c(a)).

## 11           **Subtitle B—FIRREA Penalties** 12                           **Modernization**

### 13          **SEC. 221. INCREASE OF CIVIL AND CRIMINAL PENALTIES** 14                           **ORIGINALLY ESTABLISHED IN THE FINAN-** 15                           **CIAL INSTITUTIONS REFORM, RECOVERY,** 16                           **AND ENFORCEMENT ACT OF 1989.**

17          (a) AMENDMENTS TO FIRREA.—Section 951(b) of  
18          the Financial Institutions Reform, Recovery, and Enforce-  
19          ment Act of 1989 (12 U.S.C. 1833a(b)) is amended—

20                   (1) in paragraph (1), by striking “\$1,000,000”  
21                   and inserting “\$1,500,000”; and

22                   (2) in paragraph (2), by striking “\$1,000,000  
23                   per day or \$5,000,000” and inserting “\$1,500,000  
24                   per day or \$7,500,000”.

1 (b) AMENDMENTS TO THE HOME OWNERS' LOAN  
2 ACT.—The Home Owners' Loan Act (12 U.S.C. 1461 et  
3 seq.) is amended—

4 (1) in section 5(v)(6), by striking “\$1,000,000”  
5 and inserting “\$1,500,000”; and

6 (2) in section 10—

7 (A) in subsection (r)(3), by striking  
8 “\$1,000,000” and inserting “\$1,500,000”; and

9 (B) in subsection (i)(1)(B), by striking  
10 “\$1,000,000” and inserting “\$1,500,000”.

11 (c) AMENDMENTS TO THE FEDERAL DEPOSIT IN-  
12 SURANCE ACT.—The Federal Deposit Insurance Act (12  
13 U.S.C. 1811 et seq.) is amended—

14 (1) in section 7—

15 (A) in subsection (a)(1), by striking  
16 “\$1,000,000” and inserting “\$1,500,000”; and

17 (B) in subsection (j)(16)(D), by striking  
18 “\$1,000,000” each place such term appears  
19 and inserting “\$1,500,000”;

20 (2) in section 8—

21 (A) in subsection (i)(2)(D), by striking  
22 “\$1,000,000” each place such term appears  
23 and inserting “\$1,500,000”; and

24 (B) in subsection (j), by striking  
25 “\$1,000,000” and inserting “\$1,500,000”; and

1           (3) in section 19(b), by striking “\$1,000,000”  
2           and inserting “\$1,500,000”.

3           (d) AMENDMENTS TO THE FEDERAL CREDIT UNION  
4 ACT.—The Federal Credit Union Act (12 U.S.C. 1751 et  
5 seq.) is amended—

6           (1) in section 202(a)(3), by striking  
7           “\$1,000,000” and inserting “\$1,500,000”;

8           (2) in section 205(d)(3), by striking  
9           “\$1,000,000” and inserting “\$1,500,000”; and

10          (3) in section 206—

11           (A) in subsection (k)(2)(D), by striking  
12           “\$1,000,000” each place such term appears  
13           and inserting “\$1,500,000”; and

14           (B) in subsection (l), by striking  
15           “\$1,000,000” and inserting “\$1,500,000”.

16          (e) AMENDMENTS TO THE REVISED STATUTES OF  
17 THE UNITED STATES.—Title LXII of the Revised Stat-  
18 utes of the United States is amended—

19           (1) in section 5213(c), by striking  
20           “\$1,000,000” and inserting “\$1,500,000”; and

21           (2) in section 5239(b)(4), by striking  
22           “\$1,000,000” each place such term appears and in-  
23           serting “\$1,500,000”.

1 (f) AMENDMENTS TO THE FEDERAL RESERVE  
2 ACT.—The Federal Reserve Act (12 U.S.C. 221 et seq.)  
3 is amended—

4 (1) in the 6th undesignated paragraph of sec-  
5 tion 9, by striking “\$1,000,000” and inserting  
6 “\$1,500,000”;

7 (2) in section 19(l)(4), by striking  
8 “\$1,000,000” each place such term appears and in-  
9 serting “\$1,500,000”; and

10 (3) in section 29(d), by striking “\$1,000,000”  
11 each place such term appears and inserting  
12 “\$1,500,000”.

13 (g) AMENDMENTS TO THE BANK HOLDING COMPANY  
14 ACT AMENDMENTS OF 1970.—Section 106(b)(2)(F)(iv) of  
15 the Bank Holding Company Act Amendments of 1970 (12  
16 U.S.C. 1978(b)(2)(F)(iv)) is amended by striking  
17 “\$1,000,000” each place such term appears and inserting  
18 “\$1,500,000”.

19 (h) AMENDMENTS TO THE BANK HOLDING COMPANY  
20 ACT OF 1956.—Section 8 of the Bank Holding Company  
21 Act of 1956 (12 U.S.C. 1847) is amended—

22 (1) in subsection (a)(2), by striking  
23 “\$1,000,000” and inserting “\$1,500,000”; and

24 (2) in subsection (d)(3), by striking  
25 “\$1,000,000” and inserting “\$1,500,000”.

1 (i) AMENDMENTS TO TITLE 18, UNITED STATES  
2 CODE.—Title 18, United States Code, is amended—

3 (1) in section 215(a) of chapter 11, by striking  
4 “\$1,000,000” and inserting “\$1,500,000”;

5 (2) in chapter 31—

6 (A) in section 656, by striking  
7 “\$1,000,000” and inserting “\$1,500,000”; and

8 (B) in section 657, by striking  
9 “\$1,000,000” and inserting “\$1,500,000”;

10 (3) in chapter 47—

11 (A) in section 1005, by striking  
12 “\$1,000,000” and inserting “\$1,500,000”;

13 (B) in section 1006, by striking  
14 “\$1,000,000” and inserting “\$1,500,000”;

15 (C) in section 1007, by striking  
16 “\$1,000,000” and inserting “\$1,500,000”; and

17 (D) in section 1014, by striking  
18 “\$1,000,000” and inserting “\$1,500,000”; and

19 (4) in chapter 63—

20 (A) in section 1341, by striking  
21 “\$1,000,000” and inserting “\$1,500,000”;

22 (B) in section 1343, by striking  
23 “\$1,000,000” and inserting “\$1,500,000”; and

24 (C) in section 1344, by striking  
25 “\$1,000,000” and inserting “\$1,500,000”.



1 **TITLE III—DEMANDING AC-**  
2 **COUNTABILITY FROM FINAN-**  
3 **CIAL REGULATORS AND DE-**  
4 **VOLVING POWER AWAY FROM**  
5 **WASHINGTON**

6 **Subtitle A—Cost-Benefit Analyses**

7 **SEC. 311. DEFINITIONS.**

8 As used in this subtitle—

9 (1) the term “agency” means the Board of Gov-  
10 ernors of the Federal Reserve System, the Consumer  
11 Law Enforcement Agency, the Commodity Futures  
12 Trading Commission, the Federal Deposit Insurance  
13 Corporation, the Federal Housing Finance Agency,  
14 the Office of the Comptroller of the Currency, the  
15 National Credit Union Administration, and the Se-  
16 curities and Exchange Commission;

17 (2) the term “chief economist” means—

18 (A) with respect to the Board of Governors  
19 of the Federal Reserve System, the Director of  
20 the Division of Research and Statistics, or an  
21 employee of the agency with comparable author-  
22 ity;

23 (B) with respect to the Consumer Law En-  
24 forcement Agency, the Head of the Office of

1 Economic Analysis, or an employee of the agen-  
2 cy with comparable authority;

3 (C) with respect to the Commodity Fu-  
4 tures Trading Commission, the Chief Econo-  
5 mist, or an employee of the agency with com-  
6 parable authority;

7 (D) with respect to the Federal Deposit  
8 Insurance Corporation, the Director of the Divi-  
9 sion of Insurance and Research, or an employee  
10 of the agency with comparable authority;

11 (E) with respect to the Federal Housing  
12 Finance Agency, the Chief Economist, or an  
13 employee of the agency with comparable author-  
14 ity;

15 (F) with respect to the Office of the Comp-  
16 troller of the Currency, the Director for Policy  
17 Analysis, or an employee of the agency with  
18 comparable authority;

19 (G) with respect to the National Credit  
20 Union Administration, the Chief Economist, or  
21 an employee of the agency with comparable au-  
22 thority; and

23 (H) with respect to the Securities and Ex-  
24 change Commission, the Director of the Divi-

1           sion of Economic and Risk Analysis, or an em-  
2           ployee of the agency with comparable authority;

3           (3) the term “Council” means the Chief Econo-  
4           mists Council established under section 318; and

5           (4) the term “regulation”—

6                   (A) means an agency statement of general  
7                   applicability and future effect that is designed  
8                   to implement, interpret, or prescribe law or pol-  
9                   icy or to describe the procedure or practice re-  
10                  quirements of an agency, including rules, orders  
11                  of general applicability, interpretive releases,  
12                  and other statements of general applicability  
13                  that the agency intends to have the force and  
14                  effect of law; and

15                  (B) does not include—

16                   (i) a regulation issued in accordance  
17                   with the formal rulemaking provisions of  
18                   section 556 or 557 of title 5, United States  
19                   Code;

20                   (ii) a regulation that is limited to  
21                   agency organization, management, or per-  
22                   sonnel matters;

23                   (iii) a regulation promulgated pursu-  
24                   ant to statutory authority that expressly  
25                   prohibits compliance with this provision;

1 (iv) a regulation that is certified by  
2 the agency to be an emergency action, if  
3 such certification is published in the Fed-  
4 eral Register;

5 (v) a regulation that is promulgated  
6 by the Board of Governors of the Federal  
7 Reserve System or the Federal Open Mar-  
8 ket Committee under section 10A, 10B,  
9 13, 13A, or 19 of the Federal Reserve Act,  
10 or any of subsections (a) through (f) of  
11 section 14 of that Act;

12 (vi) a regulation filed with the Securi-  
13 ties and Exchange Commission by the  
14 Public Company Accounting Oversight  
15 Board, the Municipal Securities Rule-  
16 making Board, or any national securities  
17 association registered under section 15A of  
18 the Securities Exchange Act of 1934 (15  
19 U.S.C. 78o-3(a)) for which the board or  
20 association has itself conducted the cost-  
21 benefit analysis and otherwise complied  
22 with the requirements of section 312; or

23 (vii) a regulation filed with the Securi-  
24 ties and Exchange Commission by a na-  
25 tional securities association registered

1 under section 15A(k) of the Securities Ex-  
2 change Act of 1934 (15 U.S.C. 78o–3(k)).

3 **SEC. 312. REQUIRED REGULATORY ANALYSIS.**

4 (a) REQUIREMENTS FOR NOTICES OF PROPOSED  
5 RULEMAKING.—An agency may not issue a notice of pro-  
6 posed rulemaking unless the agency includes in the notice  
7 of proposed rulemaking an analysis that contains, at a  
8 minimum, with respect to each regulation that is being  
9 proposed—

10 (1) an identification of the need for the regula-  
11 tion and the regulatory objective, including identi-  
12 fication of the nature and significance of the market  
13 failure, regulatory failure, or other problem that ne-  
14 cessitates the regulation;

15 (2) an explanation of why the private market or  
16 State, local, or tribal authorities cannot adequately  
17 address the identified market failure or other prob-  
18 lem;

19 (3) an analysis of the adverse impacts to regu-  
20 lated entities, other market participants, economic  
21 activity, or agency effectiveness that are engendered  
22 by the regulation and the magnitude of such adverse  
23 impacts;

24 (4) a quantitative and qualitative assessment of  
25 all anticipated direct and indirect costs and benefits

1 of the regulation (as compared to a benchmark that  
2 assumes the absence of the regulation), including—

3 (A) compliance costs;

4 (B) effects on economic activity, net job  
5 creation (excluding jobs related to ensuring  
6 compliance with the regulation), efficiency, com-  
7 petition, and capital formation;

8 (C) regulatory administrative costs; and

9 (D) costs imposed by the regulation on  
10 State, local, or tribal governments or other reg-  
11 ulatory authorities;

12 (5) if quantified benefits do not outweigh quan-  
13 titative costs, a justification for the regulation;

14 (6) an identification and assessment of all avail-  
15 able alternatives to the regulation, including modi-  
16 fication of an existing regulation or statute, together  
17 with—

18 (A) an explanation of why the regulation  
19 meets the objectives of the regulation more ef-  
20 fectively than the alternatives, and if the agency  
21 is proposing multiple alternatives, an expla-  
22 nation of why a notice of proposed rulemaking,  
23 rather than an advanced notice of proposed  
24 rulemaking, is appropriate; and

1 (B) if the regulation is not a pilot pro-  
2 gram, an explanation of why a pilot program is  
3 not appropriate;

4 (7) if the regulation specifies the behavior or  
5 manner of compliance, an explanation of why the  
6 agency did not instead specify performance objec-  
7 tives;

8 (8) an assessment of how the burden imposed  
9 by the regulation will be distributed among market  
10 participants, including whether consumers, investors,  
11 small businesses, or independent financial firms and  
12 advisors will be disproportionately burdened;

13 (9) an assessment of the extent to which the  
14 regulation is inconsistent, incompatible, or duplica-  
15 tive with the existing regulations of the agency or  
16 those of other domestic and international regulatory  
17 authorities with overlapping jurisdiction;

18 (10) a description of any studies, surveys, or  
19 other data relied upon in preparing the analysis;

20 (11) an assessment of the degree to which the  
21 key assumptions underlying the analysis are subject  
22 to uncertainty; and

23 (12) an explanation of predicted changes in  
24 market structure and infrastructure and in behavior  
25 by market participants, including consumers and in-

1 investors, assuming that they will pursue their eco-  
2 nomic interests.

3 (b) REQUIREMENTS FOR NOTICES OF FINAL RULE-  
4 MAKING.—

5 (1) IN GENERAL.—Notwithstanding any other  
6 provision of law, an agency may not issue a notice  
7 of final rulemaking with respect to a regulation un-  
8 less the agency—

9 (A) has issued a notice of proposed rule-  
10 making for the relevant regulation;

11 (B) has conducted and includes in the no-  
12 tice of final rulemaking an analysis that con-  
13 tains, at a minimum, the elements required  
14 under subsection (a); and

15 (C) includes in the notice of final rule-  
16 making regulatory impact metrics selected by  
17 the chief economist to be used in preparing the  
18 report required pursuant to section 315.

19 (2) CONSIDERATION OF COMMENTS.—The  
20 agency shall incorporate in the elements described in  
21 paragraph (1)(B) the data and analyses provided to  
22 the agency by commenters during the comment pe-  
23 riod, or explain why the data or analyses are not  
24 being incorporated.



1           (3) COMMENT PERIOD.—An agency shall not  
2           publish a notice of final rulemaking with respect to  
3           a regulation, unless the agency—

4                   (A) has allowed at least 90 days from the  
5                   date of publication in the Federal Register of  
6                   the notice of proposed rulemaking for the sub-  
7                   mission of public comments; or

8                   (B) includes in the notice of final rule-  
9                   making an explanation of why the agency was  
10                  not able to provide a 90-day comment period.

11          (4) PROHIBITED RULES.—

12                  (A) IN GENERAL.—An agency may not  
13                  publish a notice of final rulemaking if the agen-  
14                  cy, in its analysis under paragraph (1)(B), de-  
15                  termines that the quantified costs are greater  
16                  than the quantified benefits under subsection  
17                  (a)(5).

18                  (B) PUBLICATION OF ANALYSIS.—If the  
19                  agency is precluded by subparagraph (A) from  
20                  publishing a notice of final rulemaking, the  
21                  agency shall publish in the Federal Register  
22                  and on the public website of the agency its  
23                  analysis under paragraph (1)(B), and provide  
24                  the analysis to each House of Congress.

1 (C) CONGRESSIONAL WAIVER.—If the  
2 agency is precluded by subparagraph (A) from  
3 publishing a notice of final rulemaking, Con-  
4 gress, by joint resolution pursuant to the proce-  
5 dures set forth for joint resolutions in section  
6 802 of title 5, United States Code, may direct  
7 the agency to publish a notice of final rule-  
8 making notwithstanding the prohibition con-  
9 tained in subparagraph (A). In applying section  
10 802 of title 5, United States Code, for purposes  
11 of this paragraph, section 802(e)(2) shall not  
12 apply and the terms—

13 (i) “joint resolution” or “joint resolu-  
14 tion described in subsection (a)” means  
15 only a joint resolution introduced during  
16 the period beginning on the submission or  
17 publication date and ending 60 days there-  
18 after (excluding days either House of Con-  
19 gress is adjourned for more than 3 days  
20 during a session of Congress), the matter  
21 after the resolving clause of which is as fol-  
22 lows: “That Congress directs, notwith-  
23 standing the prohibition contained in sec-  
24 tion 312(b)(4)(A) of the Financial  
25 CHOICE Act of 2017, the \_\_\_\_\_ to publish

1 the notice of final rulemaking for the regu-  
2 lation or regulations that were the subject  
3 of the analysis submitted by the \_\_\_\_ to  
4 Congress on \_\_\_\_.” (The blank spaces  
5 being appropriately filled in.); and

6 (ii) “submission or publication date”  
7 means—

8 (I) the date on which the analysis  
9 under paragraph (1)(B) is submitted  
10 to Congress under paragraph (4)(B);  
11 or

12 (II) if the analysis is submitted  
13 to Congress less than 60 session days  
14 or 60 legislative days before the date  
15 on which the Congress adjourns a ses-  
16 sion of Congress, the date on which  
17 the same or succeeding Congress first  
18 convenes its next session.

19 **SEC. 313. RULE OF CONSTRUCTION.**

20 Provided that an agency has first issued an advanced  
21 notice of proposed rulemaking in connection with a regula-  
22 tion, the agency is not required to comply with section  
23 3506(c)(2) of title 44, United States Code, with respect  
24 to any information collection request—

1 (1) that identifies the advanced notice of pro-  
2 posed rulemaking in such request;

3 (2) that informs the person from whom the in-  
4 formation is obtained or solicited that the provision  
5 of such information is voluntary;

6 (3) that is necessary to comply with section  
7 312; and

8 (4) with respect to which the information col-  
9 lected will not be used for purposes other than com-  
10 pliance with this title.

11 **SEC. 314. PUBLIC AVAILABILITY OF DATA AND REGU-**  
12 **LATORY ANALYSIS.**

13 (a) IN GENERAL.—At or before the commencement  
14 of the public comment period with respect to a regulation,  
15 the agency shall make available on its public website suffi-  
16 cient information about the data, methodologies, and as-  
17 sumptions underlying the analyses performed pursuant to  
18 section 312 so that the analytical results of the agency  
19 are capable of being substantially reproduced, subject to  
20 an acceptable degree of imprecision or error.

21 (b) CONFIDENTIALITY.—The agency shall comply  
22 with subsection (a) in a manner that preserves the non-  
23 public nature of confidential information, including con-  
24 fidential trade secrets, confidential commercial or financial

1 information, and confidential information about positions,  
2 transactions, or business practices.

3 **SEC. 315. FIVE-YEAR REGULATORY IMPACT ANALYSIS.**

4 (a) IN GENERAL.—Not later than 5 years after the  
5 date of publication in the Federal Register of a notice of  
6 final rulemaking, the chief economist of the agency shall  
7 issue a report that examines the economic impact of the  
8 subject regulation, including the direct and indirect costs  
9 and benefits of the regulation.

10 (b) REGULATORY IMPACT METRICS.—In preparing  
11 the report required by subsection (a), the chief economist  
12 shall employ the regulatory impact metrics included in the  
13 notice of final rulemaking pursuant to section  
14 312(b)(1)(C).

15 (c) REPRODUCIBILITY.—The report shall include the  
16 data, methodologies, and assumptions underlying the eval-  
17 uation so that the agency’s analytical results are capable  
18 of being substantially reproduced, subject to an acceptable  
19 degree of imprecision or error.

20 (d) CONFIDENTIALITY.—The agency shall comply  
21 with subsection (c) in a manner that preserves the non-  
22 public nature of confidential information, including con-  
23 fidential trade secrets, confidential commercial or financial  
24 information, and confidential information about positions,  
25 transactions, or business practices.

1 (e) REPORT.—The agency shall submit the report re-  
2 quired by subsection (a) to the Committee on Banking,  
3 Housing, and Urban Affairs of the Senate and the Com-  
4 mittee on Financial Services of the House of Representa-  
5 tives and post it on the public website of the agency. Not-  
6 withstanding the previous sentence, the Commodity Fu-  
7 tures Trading Commission shall only submit its report to  
8 the Committee on Agriculture, Nutrition, and Forestry of  
9 the Senate and the Committee on Agriculture of the  
10 House of Representatives.

11 **SEC. 316. RETROSPECTIVE REVIEW OF EXISTING RULES.**

12 (a) REGULATORY IMPROVEMENT PLAN.—Not later  
13 than 1 year after the date of enactment of this Act and  
14 every 5 years thereafter, each agency shall develop, submit  
15 to the Committee on Banking, Housing, and Urban Af-  
16 fairs of the Senate and the Committee on Financial Serv-  
17 ices of the House of Representatives, and post on the pub-  
18 lic website of the agency a plan, consistent with law and  
19 its resources and regulatory priorities, under which the  
20 agency will modify, streamline, expand, or repeal existing  
21 regulations so as to make the regulatory program of the  
22 agency more effective or less burdensome in achieving the  
23 regulatory objectives. Notwithstanding the previous sen-  
24 tence, the Commodity Futures Trading Commission shall  
25 only submit its plan to the Committee on Agriculture, Nu-

1 trition, and Forestry of the Senate and the Committee on  
2 Agriculture of the House of Representatives.

3 (b) IMPLEMENTATION PROGRESS REPORT.—Two  
4 years after the date of submission of each plan required  
5 under subsection (a), each agency shall develop, submit  
6 to the Committee on Banking, Housing, and Urban Af-  
7 fairs of the Senate and the Committee on Financial Serv-  
8 ices of the House of Representatives, and post on the pub-  
9 lic website of the agency a report of the steps that it has  
10 taken to implement the plan, steps that remain to be taken  
11 to implement the plan, and, if any parts of the plan will  
12 not be implemented, reasons for not implementing those  
13 parts of the plan. Notwithstanding the previous sentence,  
14 the Commodity Futures Trading Commission shall only  
15 submit its plan to the Committee on Agriculture, Nutri-  
16 tion, and Forestry of the Senate and the Committee on  
17 Agriculture of the House of Representatives.

18 **SEC. 317. JUDICIAL REVIEW.**

19 (a) IN GENERAL.—Notwithstanding any other provi-  
20 sion of law, during the period beginning on the date on  
21 which a notice of final rulemaking for a regulation is pub-  
22 lished in the Federal Register and ending 1 year later,  
23 a person that is adversely affected or aggrieved by the reg-  
24 ulation is entitled to bring an action in the United States  
25 Court of Appeals for the District of Columbia Circuit for

1 judicial review of agency compliance with the requirements  
2 of section 312.

3 (b) STAY.—The court may stay the effective date of  
4 the regulation or any provision thereof.

5 (c) RELIEF.—If the court finds that an agency has  
6 not complied with the requirements of section 312, the  
7 court shall vacate the subject regulation, unless the agency  
8 shows by clear and convincing evidence that vacating the  
9 regulation would result in irreparable harm. Nothing in  
10 this section affects other limitations on judicial review or  
11 the power or duty of the court to dismiss any action or  
12 deny relief on any other appropriate legal or equitable  
13 ground.

14 **SEC. 318. CHIEF ECONOMISTS COUNCIL.**

15 (a) ESTABLISHMENT.—There is established the Chief  
16 Economists Council.

17 (b) MEMBERSHIP.—The Council shall consist of the  
18 chief economist of each agency. The members of the Coun-  
19 cil shall select the first chairperson of the Council. There-  
20 after the position of Chairperson shall rotate annually  
21 among the members of the Council.

22 (c) MEETINGS.—The Council shall meet at the call  
23 of the Chairperson, but not less frequently than quarterly.

24 (d) REPORT.—One year after the effective date of  
25 this Act and annually thereafter, the Council shall prepare



1 and submit to the Committee on Banking, Housing, and  
2 Urban Affairs and the Committee on Agriculture, Nutri-  
3 tion, and Forestry of the Senate and the Committee on  
4 Financial Services and the Committee on Agriculture of  
5 the House of Representatives, and make publicly available  
6 on the Council's website, a report on—

7           (1) the benefits and costs of regulations adopt-  
8           ed by the agencies during the past 12 months;

9           (2) the regulatory actions planned by the agen-  
10          cies for the upcoming 12 months;

11          (3) the cumulative effect of the existing regula-  
12          tions of the agencies on economic activity, innova-  
13          tion, international competitiveness of entities regu-  
14          lated by the agencies, and net job creation (exclud-  
15          ing jobs related to ensuring compliance with the reg-  
16          ulation);

17          (4) the training and qualifications of the per-  
18          sons who prepared the cost-benefit analyses of each  
19          agency during the past 12 months;

20          (5) the sufficiency of the resources available to  
21          the chief economists during the past 12 months for  
22          the conduct of the activities required by this subtitle;  
23          and

1           (6) recommendations for legislative or regu-  
2           latory action to enhance the efficiency and effective-  
3           ness of financial regulation in the United States.

4 **SEC. 319. CONFORMING AMENDMENTS.**

5           Section 15(a) of the Commodity Exchange Act (7  
6 U.S.C. 19(a)) is amended—

7           (1) by striking paragraph (1);

8           (2) in paragraph (2), by striking “(2)” and all  
9           that follows through “light of—” and inserting the  
10          following:

11          “(1) CONSIDERATIONS.—Before promulgating a  
12          regulation under this chapter or issuing an order  
13          (except as provided in paragraph (2)), the Commis-  
14          sion shall take into consideration—”;

15          (3) in paragraph (1), as so redesignated—

16                (A) in subparagraph (B), by striking “fu-  
17                tures” and inserting “the relevant”;

18                (B) in subparagraph (C), by adding “and”  
19                at the end;

20                (C) in subparagraph (D), by striking “;  
21                and” and inserting a period; and

22                (D) by striking subparagraph (E); and

23          (4) by redesignating paragraph (3) as para-  
24          graph (2).

1 **SEC. 320. OTHER REGULATORY ENTITIES.**

2 Not later than 1 year after the date of enactment  
3 of this Act, the Securities and Exchange Commission shall  
4 provide to the Committee on Banking, Housing, and  
5 Urban Affairs of the Senate and the Committee on Finan-  
6 cial Services of the House of Representatives, and make  
7 publicly available on the Commission's website a report  
8 setting forth a plan for subjecting the Public Company  
9 Accounting Oversight Board, the Municipal Securities  
10 Rulemaking Board, and any national securities association  
11 registered under section 15A of the Securities Exchange  
12 Act of 1934 (15 U.S.C. 78o-4(a)), other than subsection  
13 (k) of such section 15A, to the requirements of this sub-  
14 title, other than direct representation on the Council.

15 **SEC. 321. AVOIDANCE OF DUPLICATIVE OR UNNECESSARY**  
16 **ANALYSES.**

17 An agency may perform the analyses required by this  
18 subtitle in conjunction with, or as a part of, any other  
19 agenda or analysis required by any other provision of law,  
20 if such other analysis satisfies the provisions of this sub-  
21 title.

1 **Subtitle B—Congressional Review**  
2 **of Federal Financial Agency**  
3 **Rulemaking**

4 **SEC. 331. CONGRESSIONAL REVIEW.**

5 (a)(1)(A) Before a rule may take effect, an agency  
6 shall publish in the Federal Register a list of information  
7 on which the rule is based, including data, scientific and  
8 economic studies, and cost-benefit analyses, and identify  
9 how the public can access such information online, and  
10 shall submit to each House of the Congress and to the  
11 Comptroller General a report containing—

12 (i) a copy of the rule;

13 (ii) a concise general statement relating to the  
14 rule;

15 (iii) a classification of the rule as a major or  
16 nonmajor rule, including an explanation of the clas-  
17 sification specifically addressing each criteria for a  
18 major rule contained within subparagraphs (A)  
19 through (C) of section 334(2);

20 (iv) a list of any other related regulatory ac-  
21 tions intended to implement the same statutory pro-  
22 vision or regulatory objective as well as the indi-  
23 vidual and aggregate economic effects of those ac-  
24 tions; and

25 (v) the proposed effective date of the rule.

1 (B) On the date of the submission of the report under  
2 subparagraph (A), the agency shall submit to the Comp-  
3 troller General and make available to each House of Con-  
4 gress—

5 (i) a complete copy of the cost-benefit analysis  
6 of the rule, if any, including an analysis of any jobs  
7 added or lost, differentiating between public and pri-  
8 vate sector jobs;

9 (ii) the agency's actions pursuant to sections  
10 603, 604, 605, 607, and 609 of title 5, United  
11 States Code;

12 (iii) the agency's actions pursuant to sections  
13 202, 203, 204, and 205 of the Unfunded Mandates  
14 Reform Act of 1995 and subtitle G; and

15 (iv) any other relevant information or require-  
16 ments under any other Act and any relevant Execu-  
17 tive orders.

18 (C) Upon receipt of a report submitted under sub-  
19 paragraph (A), each House shall provide copies of the re-  
20 port to the chairman and ranking member of each stand-  
21 ing committee with jurisdiction under the rules of the  
22 House of Representatives or the Senate to report a bill  
23 to amend the provision of law under which the rule is  
24 issued.

1           (2)(A) The Comptroller General shall provide a re-  
2 port on each major rule to the committees of jurisdiction  
3 by the end of 15 calendar days after the submission or  
4 publication date. The report of the Comptroller General  
5 shall include an assessment of the agency's compliance  
6 with procedural steps required by paragraph (1)(B) and  
7 an assessment of whether the major rule imposes any new  
8 limits or mandates on private-sector activity.

9           (B) Agencies shall cooperate with the Comptroller  
10 General by providing information relevant to the Comp-  
11 troller General's report under subparagraph (A).

12           (3) A major rule relating to a report submitted under  
13 paragraph (1) shall take effect upon enactment of a joint  
14 resolution of approval described in section 332 or as pro-  
15 vided for in the rule following enactment of a joint resolu-  
16 tion of approval described in section 332, whichever is  
17 later.

18           (4) A nonmajor rule shall take effect as provided by  
19 section 333 after submission to Congress under paragraph  
20 (1).

21           (5) If a joint resolution of approval relating to a  
22 major rule is not enacted within the period provided in  
23 subsection (b)(2), then a joint resolution of approval relat-  
24 ing to the same rule may not be considered under this

1 subtitle in the same Congress by either the House of Rep-  
2 resentatives or the Senate.

3 (b)(1) A major rule shall not take effect unless the  
4 Congress enacts a joint resolution of approval described  
5 under section 332.

6 (2) If a joint resolution described in subsection (a)  
7 is not enacted into law by the end of 70 session days or  
8 legislative days, as applicable, beginning on the date on  
9 which the report referred to in subsection (a)(1)(A) is re-  
10 ceived by Congress (excluding days either House of Con-  
11 gress is adjourned for more than 3 days during a session  
12 of Congress), then the rule described in that resolution  
13 shall be deemed not to be approved and such rule shall  
14 not take effect.

15 (c)(1) Notwithstanding any other provision of this  
16 section (except subject to paragraph (3)), a major rule  
17 may take effect for one 90-calendar-day period if the  
18 President makes a determination under paragraph (2) and  
19 submits written notice of such determination to the Con-  
20 gress.

21 (2) Paragraph (1) applies to a determination made  
22 by the President by Executive order that the major rule  
23 should take effect because such rule is—

24 (A) necessary because of an imminent threat to  
25 health or safety or other emergency;

1           (B) necessary for the enforcement of criminal  
2 laws;

3           (C) necessary for national security; or

4           (D) issued pursuant to any statute imple-  
5 menting an international trade agreement.

6       (3) An exercise by the President of the authority  
7 under this subsection shall have no effect on the proce-  
8 dures under section 332.

9       (d)(1) In addition to the opportunity for review other-  
10 wise provided under this subtitle, in the case of any rule  
11 for which a report was submitted in accordance with sub-  
12 section (a)(1)(A) during the period beginning on the date  
13 occurring—

14           (A) in the case of the Senate, 60 session days;  
15       or

16           (B) in the case of the House of Representatives,  
17       60 legislative days,

18 before the date the Congress is scheduled to adjourn a  
19 session of Congress through the date on which the same  
20 or succeeding Congress first convenes its next session, sec-  
21 tions 332 and 333 shall apply to such rule in the suc-  
22 ceeding session of Congress.

23       (2)(A) In applying sections 332 and 333 for purposes  
24 of such additional review, a rule described under para-  
25 graph (1) shall be treated as though—



1 (i) such rule were published in the Federal Reg-  
2 ister on—

3 (I) in the case of the Senate, the 15th ses-  
4 sion day; or

5 (II) in the case of the House of Represent-  
6 atives, the 15th legislative day,

7 after the succeeding session of Congress first con-  
8 venes; and

9 (ii) a report on such rule were submitted to  
10 Congress under subsection (a)(1) on such date.

11 (B) Nothing in this paragraph shall be construed to  
12 affect the requirement under subsection (a)(1) that a re-  
13 port shall be submitted to Congress before a rule can take  
14 effect.

15 (3) A rule described under paragraph (1) shall take  
16 effect as otherwise provided by law (including other sub-  
17 sections of this section).

18 **SEC. 332. CONGRESSIONAL APPROVAL PROCEDURE FOR**

19 **MAJOR RULES.**

20 (a)(1) For purposes of this section, the term “joint  
21 resolution” means only a joint resolution addressing a re-  
22 port classifying a rule as major pursuant to section  
23 331(a)(1)(A)(iii) that—

24 (A) bears no preamble;

1 (B) bears the following title (with blanks filled  
2 as appropriate): “Approving the rule submitted by  
3 \_\_\_\_\_ relating to \_\_\_\_\_.”;

4 (C) includes after its resolving clause only the  
5 following (with blanks filled as appropriate): “That  
6 Congress approves the rule submitted by \_\_\_\_\_ re-  
7 lating to \_\_\_\_\_.”; and

8 (D) is introduced pursuant to paragraph (2).

9 (2) After a House of Congress receives a report  
10 classifying a rule as major pursuant to section  
11 331(a)(1)(A)(iii), the majority leader of that House (or  
12 his or her respective designee) shall introduce (by request,  
13 if appropriate) a joint resolution described in paragraph  
14 (1)—

15 (A) in the case of the House of Representatives,  
16 within 3 legislative days; and

17 (B) in the case of the Senate, within 3 session  
18 days.

19 (3) A joint resolution described in paragraph (1) shall  
20 not be subject to amendment at any stage of proceeding.

21 (b) A joint resolution described in subsection (a) shall  
22 be referred in each House of Congress to the committees  
23 having jurisdiction over the provision of law under which  
24 the rule is issued.

1           (c) In the Senate, if the committee or committees to  
2 which a joint resolution described in subsection (a) has  
3 been referred have not reported it at the end of 15 session  
4 days after its introduction, such committee or committees  
5 shall be automatically discharged from further consider-  
6 ation of the resolution and it shall be placed on the cal-  
7 endar. A vote on final passage of the resolution shall be  
8 taken on or before the close of the 15th session day after  
9 the resolution is reported by the committee or committees  
10 to which it was referred, or after such committee or com-  
11 mittees have been discharged from further consideration  
12 of the resolution.

13           (d)(1) In the Senate, when the committee or commit-  
14 tees to which a joint resolution is referred have reported,  
15 or when a committee or committees are discharged (under  
16 subsection (c)) from further consideration of a joint reso-  
17 lution described in subsection (a), it is at any time there-  
18 after in order (even though a previous motion to the same  
19 effect has been disagreed to) for a motion to proceed to  
20 the consideration of the joint resolution, and all points of  
21 order against the joint resolution (and against consider-  
22 ation of the joint resolution) are waived. The motion is  
23 not subject to amendment, or to a motion to postpone,  
24 or to a motion to proceed to the consideration of other  
25 business. A motion to reconsider the vote by which the

1 motion is agreed to or disagreed to shall not be in order.  
2 If a motion to proceed to the consideration of the joint  
3 resolution is agreed to, the joint resolution shall remain  
4 the unfinished business of the Senate until disposed of.

5 (2) In the Senate, debate on the joint resolution, and  
6 on all debatable motions and appeals in connection there-  
7 with, shall be limited to not more than 2 hours, which  
8 shall be divided equally between those favoring and those  
9 opposing the joint resolution. A motion to further limit  
10 debate is in order and not debatable. An amendment to,  
11 or a motion to postpone, or a motion to proceed to the  
12 consideration of other business, or a motion to recommit  
13 the joint resolution is not in order.

14 (3) In the Senate, immediately following the conclu-  
15 sion of the debate on a joint resolution described in sub-  
16 section (a), and a single quorum call at the conclusion of  
17 the debate if requested in accordance with the rules of the  
18 Senate, the vote on final passage of the joint resolution  
19 shall occur.

20 (4) Appeals from the decisions of the Chair relating  
21 to the application of the rules of the Senate to the proce-  
22 dure relating to a joint resolution described in subsection  
23 (a) shall be decided without debate.

24 (e) In the House of Representatives, if any committee  
25 to which a joint resolution described in subsection (a) has

1 been referred has not reported it to the House at the end  
2 of 15 legislative days after its introduction, such com-  
3 mittee shall be discharged from further consideration of  
4 the joint resolution, and it shall be placed on the appro-  
5 priate calendar. On the second and fourth Thursdays of  
6 each month it shall be in order at any time for the Speaker  
7 to recognize a Member who favors passage of a joint reso-  
8 lution that has appeared on the calendar for at least 5  
9 legislative days to call up that joint resolution for imme-  
10 diate consideration in the House without intervention of  
11 any point of order. When so called up a joint resolution  
12 shall be considered as read and shall be debatable for 1  
13 hour equally divided and controlled by the proponent and  
14 an opponent, and the previous question shall be considered  
15 as ordered to its passage without intervening motion. It  
16 shall not be in order to reconsider the vote on passage.  
17 If a vote on final passage of the joint resolution has not  
18 been taken by the third Thursday on which the Speaker  
19 may recognize a Member under this subsection, such vote  
20 shall be taken on that day.

21 (f)(1) If, before passing a joint resolution described  
22 in subsection (a), one House receives from the other a  
23 joint resolution having the same text, then—

24 (A) the joint resolution of the other House shall  
25 not be referred to a committee; and

1           (B) the procedure in the receiving House shall  
2           be the same as if no joint resolution had been re-  
3           ceived from the other House until the vote on pas-  
4           sage, when the joint resolution received from the  
5           other House shall supplant the joint resolution of  
6           the receiving House.

7           (2) This subsection shall not apply to the House of  
8           Representatives if the joint resolution received from the  
9           Senate is a revenue measure.

10          (g) If either House has not taken a vote on final pas-  
11          sage of the joint resolution by the last day of the period  
12          described in section 331(b)(2), then such vote shall be  
13          taken on that day.

14          (h) This section and section 333 are enacted by Con-  
15          gress—

16                (1) as an exercise of the rulemaking power of  
17                the Senate and House of Representatives, respec-  
18                tively, and as such is deemed to be part of the rules  
19                of each House, respectively, but applicable only with  
20                respect to the procedure to be followed in that  
21                House in the case of a joint resolution described in  
22                subsection (a) and superseding other rules only  
23                where explicitly so; and

24                (2) with full recognition of the Constitutional  
25                right of either House to change the rules (so far as

1 they relate to the procedure of that House) at any  
2 time, in the same manner and to the same extent as  
3 in the case of any other rule of that House.

4 **SEC. 333. CONGRESSIONAL DISAPPROVAL PROCEDURE FOR**  
5 **NONMAJOR RULES.**

6 (a) For purposes of this section, the term “joint reso-  
7 lution” means only a joint resolution introduced in the pe-  
8 riod beginning on the date on which the report referred  
9 to in section 331(a)(1)(A) is received by Congress and  
10 ending 60 days thereafter (excluding days either House  
11 of Congress is adjourned for more than 3 days during a  
12 session of Congress), the matter after the resolving clause  
13 of which is as follows: “That Congress disapproves the  
14 nonmajor rule submitted by the \_\_\_\_\_ relating to  
15 \_\_\_\_\_, and such rule shall have no force or effect.” (The  
16 blank spaces being appropriately filled in).

17 (b) A joint resolution described in subsection (a) shall  
18 be referred to the committees in each House of Congress  
19 with jurisdiction.

20 (c) In the Senate, if the committee to which is re-  
21 ferred a joint resolution described in subsection (a) has  
22 not reported such joint resolution (or an identical joint  
23 resolution) at the end of 15 session days after the date  
24 of introduction of the joint resolution, such committee may  
25 be discharged from further consideration of such joint res-

1 olution upon a petition supported in writing by 30 Mem-  
2 bers of the Senate, and such joint resolution shall be  
3 placed on the calendar.

4 (d)(1) In the Senate, when the committee to which  
5 a joint resolution is referred has reported, or when a com-  
6 mittee is discharged (under subsection (c)) from further  
7 consideration of a joint resolution described in subsection  
8 (a), it is at any time thereafter in order (even though a  
9 previous motion to the same effect has been disagreed to)  
10 for a motion to proceed to the consideration of the joint  
11 resolution, and all points of order against the joint resolu-  
12 tion (and against consideration of the joint resolution) are  
13 waived. The motion is not subject to amendment, or to  
14 a motion to postpone, or to a motion to proceed to the  
15 consideration of other business. A motion to reconsider the  
16 vote by which the motion is agreed to or disagreed to shall  
17 not be in order. If a motion to proceed to the consideration  
18 of the joint resolution is agreed to, the joint resolution  
19 shall remain the unfinished business of the Senate until  
20 disposed of.

21 (2) In the Senate, debate on the joint resolution, and  
22 on all debatable motions and appeals in connection there-  
23 with, shall be limited to not more than 10 hours, which  
24 shall be divided equally between those favoring and those  
25 opposing the joint resolution. A motion to further limit



1 debate is in order and not debatable. An amendment to,  
2 or a motion to postpone, or a motion to proceed to the  
3 consideration of other business, or a motion to recommit  
4 the joint resolution is not in order.

5 (3) In the Senate, immediately following the conclu-  
6 sion of the debate on a joint resolution described in sub-  
7 section (a), and a single quorum call at the conclusion of  
8 the debate if requested in accordance with the rules of the  
9 Senate, the vote on final passage of the joint resolution  
10 shall occur.

11 (4) Appeals from the decisions of the Chair relating  
12 to the application of the rules of the Senate to the proce-  
13 dure relating to a joint resolution described in subsection  
14 (a) shall be decided without debate.

15 (e) In the Senate, the procedure specified in sub-  
16 section (c) or (d) shall not apply to the consideration of  
17 a joint resolution respecting a nonmajor rule—

18 (1) after the expiration of the 60 session days  
19 beginning with the applicable submission or publica-  
20 tion date; or

21 (2) if the report under section 331(a)(1)(A) was  
22 submitted during the period referred to in section  
23 331(d)(1), after the expiration of the 60 session  
24 days beginning on the 15th session day after the  
25 succeeding session of Congress first convenes.

1 (f) If, before the passage by one House of a joint res-  
2 olution of that House described in subsection (a), that  
3 House receives from the other House a joint resolution  
4 described in subsection (a), then the following procedures  
5 shall apply:

6 (1) The joint resolution of the other House  
7 shall not be referred to a committee.

8 (2) With respect to a joint resolution described  
9 in subsection (a) of the House receiving the joint  
10 resolution—

11 (A) the procedure in that House shall be  
12 the same as if no joint resolution had been re-  
13 ceived from the other House; but

14 (B) the vote on final passage shall be on  
15 the joint resolution of the other House.

16 **SEC. 334. DEFINITIONS.**

17 For purposes of this subtitle:

18 (1) The term “agency” has the meaning given  
19 such term under section 311.

20 (2) The term “major rule” means any rule, in-  
21 cluding an interim final rule, that the Administrator  
22 of the Office of Information and Regulatory Affairs  
23 of the Office of Management and Budget finds has  
24 resulted in or is likely to result in—

1           (A) an annual cost on the economy of  
2           \$100,000,000 or more, adjusted annually for  
3           inflation;

4           (B) a major increase in costs or prices for  
5           consumers, individual industries, Federal,  
6           State, or local government agencies, or geo-  
7           graphic regions; or

8           (C) significant adverse effects on competi-  
9           tion, employment, investment, productivity, in-  
10          novation, or on the ability of United States-  
11          based enterprises to compete with foreign-based  
12          enterprises in domestic and export markets.

13          (3) The term “nonmajor rule” means any rule  
14          that is not a major rule.

15          (4) The term “rule” has the meaning given  
16          such term in section 551 of title 5, United States  
17          Code, except that such term does not include—

18               (A) any rule of particular applicability, in-  
19               cluding a rule that approves or prescribes for  
20               the future rates, wages, prices, services, or al-  
21               lowances therefore, corporate or financial struc-  
22               tures, reorganizations, mergers, or acquisitions  
23               thereof, or accounting practices or disclosures  
24               bearing on any of the foregoing;

1 (B) any rule relating to agency manage-  
2 ment or personnel; or

3 (C) any rule of agency organization, proce-  
4 dure, or practice that does not substantially af-  
5 fect the rights or obligations of non-agency par-  
6 ties.

7 (5) The term “submission date or publication  
8 date”, except as otherwise provided in this subtitle,  
9 means—

10 (A) in the case of a major rule, the date  
11 on which the Congress receives the report sub-  
12 mitted under section 331(a)(1)(A); and

13 (B) in the case of a nonmajor rule, the  
14 later of—

15 (i) the date on which the Congress re-  
16 ceives the report submitted under section  
17 331(a)(1)(A); and

18 (ii) the date on which the nonmajor  
19 rule is published in the Federal Register, if  
20 so published.

21 **SEC. 335. JUDICIAL REVIEW.**

22 (a) No determination, finding, action, or omission  
23 under this subtitle shall be subject to judicial review.

24 (b) Notwithstanding subsection (a), a court may de-  
25 termine whether a Federal financial agency has completed

1 the necessary requirements under this subtitle for a rule  
2 to take effect.

3 (c) The enactment of a joint resolution of approval  
4 under section 332 shall not be interpreted to serve as a  
5 grant or modification of statutory authority by Congress  
6 for the promulgation of a rule, shall not extinguish or af-  
7 fect any claim, whether substantive or procedural, against  
8 any alleged defect in a rule, and shall not form part of  
9 the record before the court in any judicial proceeding con-  
10 cerning a rule except for purposes of determining whether  
11 or not the rule is in effect.

12 **SEC. 336. EFFECTIVE DATE OF CERTAIN RULES.**

13 Notwithstanding section 331—

14 (1) any rule that establishes, modifies, opens,  
15 closes, or conducts a regulatory program for a com-  
16 mercial, recreational, or subsistence activity related  
17 to hunting, fishing, or camping, or

18 (2) any rule other than a major rule which the  
19 Federal financial agency for good cause finds (and  
20 incorporates the finding and a brief statement of  
21 reasons therefore in the rule issued) that notice and  
22 public procedure thereon are impracticable, unneces-  
23 sary, or contrary to the public interest,

24 shall take effect at such time as the Federal financial  
25 agency promulgating the rule determines.

1 **SEC. 337. BUDGETARY EFFECTS OF RULES SUBJECT TO**  
2 **SECTION 332 OF THE FINANCIAL CHOICE ACT**  
3 **OF 2017.**

4 Section 257(b)(2) of the Balanced Budget and Emer-  
5 gency Deficit Control Act of 1985 is amended by adding  
6 at the end the following new subparagraph:

7 “(E) BUDGETARY EFFECTS OF RULES SUBJECT  
8 TO SECTION 332 OF THE FINANCIAL CHOICE ACT OF  
9 2017.—Any rules subject to the congressional ap-  
10 proval procedure set forth in section 332 of the Fi-  
11 nancial CHOICE Act of 2017 affecting budget au-  
12 thority, outlays, or receipts shall be assumed to be  
13 effective unless it is not approved in accordance with  
14 such section.”.

15 **SEC. 338. NONAPPLICABILITY TO MONETARY POLICY.**

16 Nothing in this subtitle shall apply to rules that con-  
17 cern monetary policy proposed or implemented by the  
18 Board of Governors of the Federal Reserve System or the  
19 Federal Open Market Committee.

20 **Subtitle C—Judicial Review of**  
21 **Agency Actions**

22 **SEC. 341. SCOPE OF JUDICIAL REVIEW OF AGENCY AC-**  
23 **TIONS.**

24 (a) IN GENERAL.—Notwithstanding any other provi-  
25 sion of law, in any judicial review of an agency action pur-  
26 suant to chapter 7 of title 5, United States Code, to the

1 extent necessary to decision and when presented, the re-  
2 viewing court shall determine the meaning or applicability  
3 of the terms of an agency action and decide de novo all  
4 relevant questions of law, including the interpretation of  
5 constitutional and statutory provisions, and rules made by  
6 an agency. If the reviewing court determines that a statu-  
7 tory or regulatory provision relevant to its decision con-  
8 tains a gap or ambiguity, the court shall not interpret that  
9 gap or ambiguity as an implicit delegation to the agency  
10 of legislative rule making authority and shall not rely on  
11 such gap or ambiguity as a justification either for inter-  
12 preting agency authority expansively or for deferring to  
13 the agency's interpretation on the question of law. Not-  
14 withstanding any other provision of law, this section shall  
15 apply in any action for judicial review of agency action  
16 authorized under any provision of law. No law may exempt  
17 any such civil action from the application of this section  
18 except by specific reference to this section.

19 (b) AGENCY DEFINED.—For purposes of this section,  
20 the term “agency” has the meaning given such term under  
21 section 311.

22 (c) EFFECTIVE DATE.—Subsection (a) shall take ef-  
23 fect after the end of the 2-year period beginning on the  
24 date of the enactment of this Act.

1                   **Subtitle D—Leadership of**  
2                   **Financial Regulators**

3 **SEC. 351. FEDERAL DEPOSIT INSURANCE CORPORATION.**

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

6                   (1) in subsection (a)(1), by striking “5 mem-  
7           bers” and all that follows through “3 of whom” and  
8           inserting the following: “5 members, who”;

9                   (2) by amending subsection (d) to read as fol-  
10          lows:

11           “(d) VACANCY.—Any vacancy on the Board of Direc-  
12          tors shall be filled in the manner in which the original  
13          appointment was made.”; and

14                   (3) in subsection (f)—

15                           (A) by striking paragraph (2); and

16                           (B) by redesignating paragraph (3) as  
17          paragraph (2).

18 **SEC. 352. FEDERAL HOUSING FINANCE AGENCY.**

19           Section 1312(b)(2) of the Federal Housing Enter-  
20          prises Financial Safety and Soundness Act of 1992 (12  
21          U.S.C. 4512) is amended by striking “for cause”.



1                   **Subtitle E—Congressional**  
2                   **Oversight of Appropriations**

3 **SEC. 361. BRINGING THE FEDERAL DEPOSIT INSURANCE**  
4                   **CORPORATION INTO THE APPROPRIATIONS**  
5                   **PROCESS.**

6           (a) IN GENERAL.—Section 10(a) of the Federal De-  
7 posit Insurance Act (12 U.S.C. 1820(a)) is amended—

8                   (1) by striking “(a) The” and inserting the fol-  
9 lowing:

10                   “(a) POWERS.—

11                           “(1) IN GENERAL.—The”;

12                           (2) by inserting “, subject to paragraph (2),”  
13 after “The Board of Directors of the Corporation”;  
14 and

15                   (3) by adding at the end the following new  
16 paragraph:

17                           “(2) APPROPRIATIONS REQUIREMENT.—Except  
18 as provided under paragraph (3), the Corporation  
19 may, only to the extent as provided in advance by  
20 appropriations Acts, cover the costs incurred in car-  
21 rying out the provisions of this Act, including with  
22 respect to the administrative costs of the Corpora-  
23 tion and the costs of the examination and super-  
24 vision of insured depository institutions.

1           “(3) EXCEPTION FOR CERTAIN PROGRAMS.—  
2           Paragraph (2) shall not apply to the Corporation’s  
3           Insurance Business Line Programs and Receivership  
4           Management Business Line Programs, as in exist-  
5           ence on the date of enactment of this paragraph,  
6           and the proportion of the administrative costs of the  
7           Corporation related to such programs.”.

8           (b) EXAMINATION FEES.—Section 10(e)(1) of the  
9           Federal Deposit Insurance Act (12 U.S.C. 1820(e)(1)) is  
10          amended by striking “to meet the expenses of the Cor-  
11          poration in carrying out such examinations” and inserting  
12          “and may be expended by the Board only to the extent  
13          as provided in advance by appropriations Acts to cover the  
14          costs incurred in carrying out such examinations”.

15          (c) OFFSET OF ADDITIONAL FEES.—The Federal  
16          Deposit Insurance Corporation shall reduce the amount  
17          of insurance premiums charged by the Corporation under  
18          the Federal Deposit Insurance Act in an amount equal  
19          to any additional fees charged by the Corporation by rea-  
20          son of the amendments made by this section.

21          (d) EFFECTIVE DATE.—The amendments made by  
22          this section shall apply with respect to expenses paid and  
23          fees collected on or after October 1, 2017.

1 **SEC. 362. BRINGING THE FEDERAL HOUSING FINANCE**  
2 **AGENCY INTO THE APPROPRIATIONS PROC-**  
3 **ESS.**

4 (a) **IN GENERAL.**—Section 1316 of the Housing and  
5 Community Development Act of 1992 (12 U.S.C. 4516)  
6 is amended—

7 (1) by amending subsection (a) to read as fol-  
8 lows:

9 “(a) **APPROPRIATIONS REQUIREMENT.**—

10 “(1) **RECOVERY OF COSTS OF ANNUAL APPRO-**  
11 **PRIATION.**—The Agency shall collect assessments  
12 and other fees that are designed to recover the costs  
13 to the Government of the annual appropriation to  
14 the Agency by Congress.

15 “(2) **OFFSETTING COLLECTIONS.**—Assessments  
16 and other fees described under paragraph (1) for  
17 any fiscal year—

18 “(A) shall be deposited and credited as off-  
19 setting collections to the account providing ap-  
20 propriations to the Agency; and

21 “(B) shall not be collected for any fiscal  
22 year except to the extent provided in advance in  
23 appropriation Acts.”; and

24 (2) by striking subsection (f).

25 (b) **EFFECTIVE DATE.**—The amendments made by  
26 this section shall apply with respect to expenses paid and

1 assessments and other fees collected on or after October  
2 1, 2017.

3 **SEC. 363. BRINGING THE EXAMINATION AND SUPERVISION**  
4 **FUNCTIONS OF THE NATIONAL CREDIT**  
5 **UNION ADMINISTRATION INTO THE APPRO-**  
6 **PRIATIONS PROCESS.**

7 (a) OPERATING FEES.—Section 105(d) of the Fed-  
8 eral Credit Union Act (12 U.S.C. 1755(d)) is amended—

9 (1) by striking “All” and inserting “(1) All”;

10 (2) by striking “for the account of the Adminis-  
11 tration and may be expended by the Board to defray  
12 the expenses incurred in carrying out the provisions  
13 of this Act including the examination and super-  
14 vision of Federal credit unions” and inserting “and  
15 may be expended by the Board only to the extent as  
16 provided in advance by appropriations Acts, to cover  
17 the costs incurred in carrying out the provisions of  
18 this Act with respect to the costs of the examination  
19 and supervision of Federal credit unions and the  
20 proportion of the administrative costs of the Board  
21 related to the examination and supervision of Fed-  
22 eral credit unions”; and

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

24 “(2)(A) The Board may only use amounts in the  
25 NCUA Operating Fund to the extent as provided in ad-

1 vance by appropriations Acts, including to pay for the  
2 costs incurred by the Board in carrying out the examina-  
3 tion and supervision of Federal credit unions and the pro-  
4 portion of the administrative costs of the Board related  
5 to the examination and supervision of Federal credit  
6 unions.

7 “(B) Subparagraph (A) shall not apply to the  
8 Board’s activities carried out pursuant to title II.”.

9 (b) STAFF FUNDING.—Section 120(j)(3) of the Fed-  
10 eral Credit Union Act (12 U.S.C. 1766(j)(3)) is amend-  
11 ed—

12 (1) by inserting “related to the examination  
13 and supervision of Federal credit unions under this  
14 Act and the proportion of the administrative costs of  
15 the Board related to the examination and super-  
16 vision of Federal credit unions under this Act” be-  
17 fore “shall be paid”; and

18 (2) by striking “insured credit unions under  
19 this Act” and inserting “Federal credit unions under  
20 this title, only to the extent as provided in advance  
21 by appropriations Acts”.

22 (c) USE OF DEPOSIT FUNDS.—Section  
23 202(e)(1)(B)(iv) of the Federal Credit Union Act (12  
24 U.S.C. 1782(e)(1)(B)(iv)) is amended—

1 (1) by striking “The” and inserting “To the ex-  
2 tent provided for in advance by appropriations Acts,  
3 the”; and

4 (2) by adding at the end the following new sen-  
5 tence: “This clause shall not apply to the Board’s  
6 activities carried out pursuant to this title.”.

7 (d) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply with respect to expenses paid and  
9 fees collected on or after October 1, 2017.

10 **SEC. 364. BRINGING THE OFFICE OF THE COMPTROLLER**  
11 **OF THE CURRENCY INTO THE APPROPRIA-**  
12 **TIONS PROCESS.**

13 (a) IN GENERAL.—Section 5240A of the Revised  
14 Statutes of the United States (12 U.S.C. 16) is amend-  
15 ed—

16 (1) by striking “Sec. 5240A. The Comptroller  
17 of the Currency may collect an assessment, fee, or  
18 other charge from any entity described in section  
19 3(q)(1) of the Federal Deposit Insurance Act (12  
20 U.S.C. 1813(q)(1)), as the Comptroller determines  
21 is necessary or appropriate to carry out the respon-  
22 sibilities of the Office of the Comptroller of the Cur-  
23 rency. In establishing the amount of an assessment,  
24 fee, or charge collected from an entity under this  
25 section,” and inserting the following:

1 **“SEC. 5240A. COLLECTION OF FEES; APPROPRIATIONS RE-**  
2 **QUIREMENT.**

3 “(a) IN GENERAL.—In establishing the amount of an  
4 assessment, fee, or charge collected from an entity under  
5 subsection (b),”;

6 (2) by striking “Funds derived” and all that  
7 follows through the end of the section; and

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

9 “(b) APPROPRIATIONS REQUIREMENT.—

10 “(1) RECOVERY OF COSTS OF ANNUAL APPRO-  
11 PRIATION.—The Comptroller of the Currency shall  
12 impose and collect assessments, fees, or other  
13 charges that are designed to recover the costs to the  
14 Government of the annual appropriation to the Of-  
15 fice of the Comptroller of the Currency by Congress.

16 “(2) OFFSETTING COLLECTIONS.—Assessments  
17 and other fees described under paragraph (1) for  
18 any fiscal year—

19 “(A) shall be deposited and credited as off-  
20 setting collections to the account providing ap-  
21 propriations to the Office of the Comptroller of  
22 the Currency; and

23 “(B) shall not be collected for any fiscal  
24 year except to the extent provided in advance in  
25 appropriation Acts.”.

1 (b) CONFORMING AMENDMENT.—Section 5240 (12  
2 U.S.C. 481 et seq.) of the Revised Statutes of the United  
3 States is amended by striking the fourth undesignated  
4 paragraph.

5 (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply with respect to expenses paid and  
7 fees collected on or after October 1, 2017.

8 **SEC. 365. BRINGING THE NON-MONETARY POLICY RELATED**  
9 **FUNCTIONS OF THE BOARD OF GOVERNORS**  
10 **OF THE FEDERAL RESERVE SYSTEM INTO**  
11 **THE APPROPRIATIONS PROCESS.**

12 (a) IN GENERAL.—The Federal Reserve Act is  
13 amended by inserting after section 11B the following:

14 **“SEC. 11C. APPROPRIATIONS REQUIREMENT FOR NON-**  
15 **MONETARY POLICY RELATED ADMINISTRA-**  
16 **TIVE COSTS.**

17 **“(a) APPROPRIATIONS REQUIREMENT.—**

18 **“(1) RECOVERY OF COSTS OF ANNUAL APPRO-**  
19 **PRIATION.—**The Board of Governors of the Federal  
20 Reserve System and the Federal reserve banks shall  
21 collect assessments and other fees, as provided under  
22 this Act, that are designed to recover the costs to  
23 the Government of the annual appropriation to the  
24 Board of Governors of the Federal Reserve System  
25 by Congress. The Board of Governors of the Federal



1 Reserve System and the Federal reserve banks may  
2 only incur obligations or allow and pay expenses  
3 with respect to non-monetary policy related adminis-  
4 trative costs pursuant to an appropriations Act.

5 “(2) OFFSETTING COLLECTIONS.—Assessments  
6 and other fees described under paragraph (1) for  
7 any fiscal year—

8 “(A) shall be deposited and credited as off-  
9 setting collections to the account providing ap-  
10 propriations to the Board of Governors of the  
11 Federal Reserve System; and

12 “(B) shall not be collected for any fiscal  
13 year except to the extent provided in advance in  
14 appropriation Acts.

15 “(3) LIMITATION.—This subsection shall only  
16 apply to the non-monetary policy related administra-  
17 tive costs of the Board of Governors of the Federal  
18 Reserve System.

19 “(b) DEFINITIONS.—For purposes of this section:

20 “(1) MONETARY POLICY.—The term ‘monetary  
21 policy’ means a strategy for producing a generally  
22 acceptable exchange medium that supports the pro-  
23 ductive employment of economic resources by reli-  
24 ably serving as both a unit of account and store of  
25 value.

1           “(2) NON-MONETARY POLICY RELATED ADMIN-  
2           ISTRATIVE COSTS.—The term ‘non-monetary policy  
3           related administrative costs’ means administrative  
4           costs not related to the conduct of monetary policy,  
5           and includes—

6                   “(A) direct operating expenses for super-  
7                   vising and regulating entities supervised and  
8                   regulated by the Board of Governors of the  
9                   Federal Reserve System, including conducting  
10                  examinations, conducting stress tests, commu-  
11                  nicating with the entities regarding supervisory  
12                  matters and laws, and regulations;

13                  “(B) operating expenses for activities inte-  
14                  gral to carrying out supervisory and regulatory  
15                  responsibilities, such as training staff in the su-  
16                  pervisory function, research and analysis func-  
17                  tions including library subscription services, and  
18                  collecting and processing regulatory reports  
19                  filed by supervised institutions; and

20                  “(C) support, overhead, and pension ex-  
21                  penses related to the items described under sub-  
22                  paragraphs (A) and (B).”.

23           (b) EFFECTIVE DATE.—The amendments made by  
24           this section shall apply with respect to expenses paid and  
25           fees collected on or after October 1, 2017.

1 **Subtitle F—International Processes**

2 **SEC. 371. REQUIREMENTS FOR INTERNATIONAL PROC-**  
3 **ESSES.**

4 (a) BOARD OF GOVERNORS REQUIREMENTS.—Sec-  
5 tion 11 of the Federal Reserve Act (12 U.S.C. 248), as  
6 amended by section 1007(a), is further amended by add-  
7 ing at the end the following new subsection:

8 “(w) INTERNATIONAL PROCESSES.—

9 “(1) NOTICE OF PROCESS; CONSULTATION.—At  
10 least 30 calendar days before any member or em-  
11 ployee of the Board of Governors of the Federal Re-  
12 serve System participates in a process of setting fi-  
13 nancial standards as a part of any foreign or multi-  
14 national entity, the Board of Governors shall—

15 “(A) issue a notice of the process, includ-  
16 ing the subject matter, scope, and goals of the  
17 process, to the Committee on Financial Services  
18 of the House of Representatives and the Com-  
19 mittee on Banking, Housing, and Urban Affairs  
20 of the Senate;

21 “(B) make such notice available to the  
22 public, including on the website of the Board of  
23 Governors; and

24 “(C) solicit public comment, and consult  
25 with the committees described under subpara-

1 graph (A), with respect to the subject matter,  
2 scope, and goals of the process.

3 “(2) PUBLIC REPORTS ON PROCESS.—After the  
4 end of any process described under paragraph (1),  
5 the Board of Governors shall issue a public report  
6 on the topics that were discussed during the process  
7 and any new or revised rulemakings or policy  
8 changes that the Board of Governors believes should  
9 be implemented as a result of the process and make  
10 the report available on the website of the Board of  
11 Governors.

12 “(3) NOTICE OF AGREEMENTS; CONSULTA-  
13 TION.—At least 90 calendar days before any mem-  
14 ber or employee of the Board of Governors of the  
15 Federal Reserve System participates in a process of  
16 setting financial standards as a part of any foreign  
17 or multinational entity, the Board of Governors  
18 shall—

19 “(A) issue a notice of agreement to the  
20 Committee on Financial Services of the House  
21 of Representatives and the Committee on Bank-  
22 ing, Housing, and Urban Affairs of the Senate;

23 “(B) make such notice available to the  
24 public, including on the website of the Board of  
25 Governors; and

1           “(C) consult with the committees described  
2           under subparagraph (A) with respect to the na-  
3           ture of the agreement and any anticipated ef-  
4           fects such agreement will have on the economy.

5           “(4) DEFINITION.—For purposes of this sub-  
6           section, the term ‘process’ shall include any official  
7           proceeding or meeting on financial regulation of a  
8           recognized international organization with authority  
9           to set financial standards on a global or regional  
10          level, including the Financial Stability Board, the  
11          Basel Committee on Banking Supervision (or a simi-  
12          lar organization), and the International Association  
13          of Insurance Supervisors (or a similar organiza-  
14          tion).”.

15          (b) FDIC REQUIREMENTS.—The Federal Deposit  
16          Insurance Act (12 U.S.C. 1811 et seq.) is amended by  
17          adding at the end the following new section:

18          **“SEC. 51. INTERNATIONAL PROCESSES.**

19                 “(a) NOTICE OF PROCESS; CONSULTATION.—At least  
20          30 calendar days before the Board of Directors partici-  
21          pates in a process of setting financial standards as a part  
22          of any foreign or multinational entity, the Board of Direc-  
23          tors shall—

24                         “(1) issue a notice of the process, including the  
25          subject matter, scope, and goals of the process, to

1 the Committee on Financial Services of the House of  
2 Representatives and the Committee on Banking,  
3 Housing, and Urban Affairs of the Senate;

4 “(2) make such notice available to the public,  
5 including on the website of the Corporation; and

6 “(3) solicit public comment, and consult with  
7 the committees described under paragraph (1), with  
8 respect to the subject matter, scope, and goals of the  
9 process.

10 “(b) PUBLIC REPORTS ON PROCESS.—After the end  
11 of any process described under subsection (a), the Board  
12 of Directors shall issue a public report on the topics that  
13 were discussed at the process and any new or revised  
14 rulemakings or policy changes that the Board of Directors  
15 believes should be implemented as a result of the process  
16 and make the report available on the website of the Cor-  
17 poration.

18 “(c) NOTICE OF AGREEMENTS; CONSULTATION.—At  
19 least 90 calendar days before the Board of Directors par-  
20 ticipates in a process of setting financial standards as a  
21 part of any foreign or multinational entity, the Board of  
22 Directors shall—

23 “(1) issue a notice of agreement to the Com-  
24 mittee on Financial Services of the House of Rep-

1 representatives and the Committee on Banking, Hous-  
2 ing, and Urban Affairs of the Senate;

3 “(2) make such notice available to the public,  
4 including on the website of the Corporation; and

5 “(3) consult with the committees described  
6 under paragraph (1) with respect to the nature of  
7 the agreement and any anticipated effects such  
8 agreement will have on the economy.

9 “(d) DEFINITION.—For purposes of this section, the  
10 term ‘process’ shall include any official proceeding or  
11 meeting on financial regulation of a recognized inter-  
12 national organization with authority to set financial stand-  
13 ards on a global or regional level, including the Financial  
14 Stability Board, the Basel Committee on Banking Super-  
15 vision (or a similar organization), and the International  
16 Association of Insurance Supervisors (or a similar organi-  
17 zation).”.

18 (c) TREASURY REQUIREMENTS.—Section 325 of title  
19 31, United States Code, is amended by adding at the end  
20 the following new subsection:

21 “(d) INTERNATIONAL PROCESSES.—

22 “(1) NOTICE OF PROCESS; CONSULTATION.—At  
23 least 30 calendar days before the Secretary partici-  
24 pates in a process of setting financial standards as

1 a part of any foreign or multinational entity, the  
2 Secretary shall—

3 “(A) issue a notice of the process, includ-  
4 ing the subject matter, scope, and goals of the  
5 process, to the Committee on Financial Services  
6 of the House of Representatives and the Com-  
7 mittee on Banking, Housing, and Urban Affairs  
8 of the Senate;

9 “(B) make such notice available to the  
10 public, including on the website of the Depart-  
11 ment of the Treasury; and

12 “(C) solicit public comment, and consult  
13 with the committees described under subpara-  
14 graph (A), with respect to the subject matter,  
15 scope, and goals of the process.

16 “(2) PUBLIC REPORTS ON PROCESS.—After the  
17 end of any process described under paragraph (1),  
18 the Secretary shall issue a public report on the top-  
19 ics that were discussed at the process and any new  
20 or revised rulemakings or policy changes that the  
21 Secretary believes should be implemented as a result  
22 of the process and make the report available on the  
23 website of the Department of the Treasury.

24 “(3) NOTICE OF AGREEMENTS; CONSULTA-  
25 TION.—At least 90 calendar days before the Sec-



1       retary participates in a process of setting financial  
2       standards as a part of any foreign or multinational  
3       entity, the Secretary shall—

4               “(A) issue a notice of agreement to the  
5       Committee on Financial Services of the House  
6       of Representatives and the Committee on Bank-  
7       ing, Housing, and Urban Affairs of the Senate;

8               “(B) make such notice available to the  
9       public, including on the website of the Depart-  
10      ment of the Treasury; and

11              “(C) consult with the committees described  
12      under subparagraph (A) with respect to the na-  
13      ture of the agreement and any anticipated ef-  
14      fects such agreement will have on the economy.

15              “(4) DEFINITION.—For purposes of this sub-  
16      section, the term ‘process’ shall include any official  
17      proceeding or meeting on financial regulation of a  
18      recognized international organization with authority  
19      to set financial standards on a global or regional  
20      level, including the Financial Stability Board, the  
21      Basel Committee on Banking Supervision (or a simi-  
22      lar organization), and the International Association  
23      of Insurance Supervisors (or a similar organiza-  
24      tion).”.

1 (d) OCC REQUIREMENTS.—Chapter one of title LXII  
2 of the Revised Statutes of the United States (12 U.S.C.  
3 21 et seq.) is amended—

4 (1) by adding at the end the following new sec-  
5 tion:

6 **“SEC. 5156B. INTERNATIONAL PROCESSES.**

7 “(a) NOTICE OF PROCESS; CONSULTATION.—At least  
8 30 calendar days before the Comptroller of the Currency  
9 participates in a process of setting financial standards as  
10 a part of any foreign or multinational entity, the Comp-  
11 troller of the Currency shall—

12 “(1) issue a notice of the process, including the  
13 subject matter, scope, and goals of the process, to  
14 the Committee on Financial Services of the House of  
15 Representatives and the Committee on Banking,  
16 Housing, and Urban Affairs of the Senate;

17 “(2) make such notice available to the public,  
18 including on the website of the Office of the Comp-  
19 troller of the Currency; and

20 “(3) solicit public comment, and consult with  
21 the committees described under paragraph (1), with  
22 respect to the subject matter, scope, and goals of the  
23 process.

24 “(b) PUBLIC REPORTS ON PROCESS.—After the end  
25 of any process described under subsection (a), the Comp-

1 troller of the Currency shall issue a public report on the  
2 topics that were discussed at the process and any new or  
3 revised rulemakings or policy changes that the Comp-  
4 troller of the Currency believes should be implemented as  
5 a result of the process.

6 “(c) NOTICE OF AGREEMENTS; CONSULTATION.—At  
7 least 90 calendar days before the Comptroller of the Cur-  
8 rency participates in a process of setting financial stand-  
9 ards as a part of any foreign or multinational entity, the  
10 Comptroller of the Currency shall—

11 “(1) issue a notice of agreement to the Com-  
12 mittee on Financial Services of the House of Rep-  
13 resentatives and the Committee on Banking, Hous-  
14 ing, and Urban Affairs of the Senate;

15 “(2) make such notice available to the public,  
16 including on the website of the Office of the Comp-  
17 troller of the Currency; and

18 “(3) consult with the committees described  
19 under paragraph (1) with respect to the nature of  
20 the agreement and any anticipated effects such  
21 agreement will have on the economy.

22 “(d) DEFINITION.—For purposes of this section, the  
23 term ‘process’ shall include any official proceeding or  
24 meeting on financial regulation of a recognized inter-  
25 national organization with authority to set financial stand-

1 ards on a global or regional level, including the Financial  
2 Stability Board, the Basel Committee on Banking Super-  
3 vision (or a similar organization), and the International  
4 Association of Insurance Supervisors (or a similar organi-  
5 zation).”;

6 (2) in the table of contents for such chapter, by  
7 adding at the end the following new item:

“5156B. International processes.”.

8 (e) SECURITIES AND EXCHANGE COMMISSION RE-  
9 QUIREMENTS.—Section 4 of the Securities Exchange Act  
10 of 1934 (15 U.S.C. 78d), as amended by section 818(a),  
11 is further amended by adding at the end the following new  
12 subsection:

13 “(k) INTERNATIONAL PROCESSES.—

14 “(1) NOTICE OF PROCESS; CONSULTATION.—At  
15 least 30 calendar days before the Commission par-  
16 ticipates in a process of setting financial standards  
17 as a part of any foreign or multinational entity, the  
18 Commission shall—

19 “(A) issue a notice of the process, includ-  
20 ing the subject matter, scope, and goals of the  
21 process, to the Committee on Financial Services  
22 of the House of Representatives and the Com-  
23 mittee on Banking, Housing, and Urban Affairs  
24 of the Senate;

1           “(B) make such notice available to the  
2 public, including on the website of the Commis-  
3 sion; and

4           “(C) solicit public comment, and consult  
5 with the committees described under subpara-  
6 graph (A), with respect to the subject matter,  
7 scope, and goals of the process.

8           “(2) PUBLIC REPORTS ON PROCESS.—After the  
9 end of any process described under paragraph (1),  
10 the Commission shall issue a public report on the  
11 topics that were discussed at the process and any  
12 new or revised rulemakings or policy changes that  
13 the Commission believes should be implemented as a  
14 result of the process and make the report available  
15 on the website of the Commission.

16           “(3) NOTICE OF AGREEMENTS; CONSULTA-  
17 TION.—At least 90 calendar days before the Com-  
18 mission participates in a process of setting financial  
19 standards as a part of any foreign or multinational  
20 entity, the Commission shall—

21           “(A) issue a notice of agreement to the  
22 Committee on Financial Services of the House  
23 of Representatives and the Committee on Bank-  
24 ing, Housing, and Urban Affairs of the Senate;

1           “(B) make such notice available to the  
2           public, including on the website of the Commis-  
3           sion; and

4           “(C) consult with the committees described  
5           under subparagraph (A) with respect to the na-  
6           ture of the agreement and any anticipated ef-  
7           fects such agreement will have on the economy.

8           “(4) DEFINITION.—For purposes of this sub-  
9           section, the term ‘process’ shall include any official  
10          proceeding or meeting on financial regulation of a  
11          recognized international organization with authority  
12          to set financial standards on a global or regional  
13          level, including the Financial Stability Board, the  
14          Basel Committee on Banking Supervision (or a simi-  
15          lar organization), and the International Association  
16          of Insurance Supervisors (or a similar organiza-  
17          tion).”.

18          (f) COMMODITY FUTURES TRADING COMMISSION RE-  
19          QUIREMENTS.—Section 2 of the Commodity Exchange Act  
20          (7 U.S.C. 2) is amended by adding at the end the fol-  
21          lowing:

22          “(k) INTERNATIONAL PROCESSES.—

23                 “(1) NOTICE OF PROCESS; CONSULTATION.—At  
24          least 30 calendar days before the Commission par-  
25          ticipates in a process of setting financial standards

1 as a part of any foreign or multinational entity, the  
2 Commission shall—

3 “(A) issue a notice of the process, includ-  
4 ing the subject matter, scope, and goals of the  
5 process, to—

6 “(i) the Committee on Agriculture of  
7 the House of Representatives; and

8 “(ii) the Committee on Agriculture,  
9 Nutrition, and Forestry of the Senate;

10 “(B) make such notice available to the  
11 public, including on the website of the Commis-  
12 sion; and

13 “(C) solicit public comment, and consult  
14 with the committees described under subpara-  
15 graph (A), with respect to the subject matter,  
16 scope, and goals of the process.

17 “(2) PUBLIC REPORTS ON PROCESS.—After the  
18 end of any process described under paragraph (1),  
19 the Commission shall issue a public report on the  
20 topics that were discussed during the process and  
21 any new or revised rulemakings or policy changes  
22 that the Commission believes should be implemented  
23 as a result of the process and make the report avail-  
24 able on the website of the Commission.

1           “(3) NOTICE OF AGREEMENTS; CONSULTA-  
2           TION.—At least 90 calendar days before the Com-  
3           mission participates in a process of setting financial  
4           standards as a part of any foreign or multinational  
5           entity, the Commission shall—

6                   “(A) issue a notice of agreement to—

7                           “(i) the Committee on Agriculture of  
8                           the House of Representatives; and

9                           “(ii) the Committee on Agriculture,  
10                          Nutrition, and Forestry of the Senate;

11                   “(B) make such notice available to the  
12                   public, including on the website of the Commis-  
13                   sion; and

14                   “(C) consult with the committees described  
15                   under subparagraph (A) with respect to the na-  
16                   ture of the agreement and any anticipated ef-  
17                   fects such agreement will have on the economy.

18           “(4) DEFINITION.—For purposes of this sub-  
19           section, the term ‘process’ shall include any official  
20           proceeding or meeting on financial regulation of a  
21           recognized international organization with authority  
22           to set financial standards on a global or regional  
23           level, including the Financial Stability Board, the  
24           Basel Committee on Banking Supervision (or a simi-  
25           lar organization), and the International Association



1 of Insurance Supervisors (or a similar organiza-  
2 tion).”.

### 3 **Subtitle G—Unfunded Mandates** 4 **Reform**

#### 5 **SEC. 381. DEFINITIONS.**

6 For purposes of this subtitle:

7 (1) AGENCY.—The term “agency” has the  
8 meaning given such term under section 311.

9 (2) DIRECT COSTS.—The term “direct costs”  
10 has the meaning given such term under section  
11 421(3) of the Congressional Budget and Impound-  
12 ment Control Act of 1974 (2 U.S.C. 658(3)), except  
13 that—

14 (A) in the case of a Federal intergovern-  
15 mental mandate, the term means the aggregate  
16 estimated amounts that all State, local, and  
17 Tribal governments would incur or be required  
18 to spend or would be prohibited from raising in  
19 revenues in order to comply with the Federal  
20 intergovernmental mandate; and

21 (B) in the case of a Federal private sector  
22 mandate, the term means the aggregate esti-  
23 mated amounts that the private sector will be  
24 required to spend or could forgo in profits, in-  
25 cluding costs passed on to consumers or other

1 entities taking into account, to the extent prac-  
2 ticable, behavioral changes, in order to comply  
3 with the Federal private sector mandate.

4 (3) OTHER DEFINITIONS.—Except as provided  
5 under paragraphs (1) and (2), the definitions under  
6 section 421 of the Congressional Budget and Im-  
7 poundment Control Act of 1974 shall apply to this  
8 subtitle.

9 **SEC. 382. APPLICATION OF THE UNFUNDED MANDATES RE-**  
10 **FORM ACT.**

11 (a) IN GENERAL.—The Unfunded Mandates Reform  
12 Act of 1995 (2 U.S.C. 1501 et seq.) shall apply to the  
13 Board of Governors of the Federal Reserve System, the  
14 Consumer Law Enforcement Agency, the Commodity Fu-  
15 tures Trading Commission, the Federal Deposit Insurance  
16 Corporation, the Federal Housing Finance Agency, the  
17 Office of the Comptroller of the Currency, the National  
18 Credit Union Administration, and the Securities and Ex-  
19 change Commission.

20 (b) STATEMENTS TO ACCOMPANY SIGNIFICANT REG-  
21 ULATORY ACTIONS.—

22 (1) IN GENERAL.—Unless otherwise expressly  
23 prohibited by law, before promulgating any general  
24 notice of proposed rulemaking or any final rule, or  
25 within six months after promulgating any final rule

1 that was not preceded by a general notice of pro-  
2 posed rulemaking, if the proposed rulemaking or  
3 final rule includes a Federal mandate that may re-  
4 sult in an annual effect on State, local, or Tribal  
5 governments, or to the private sector, in the aggre-  
6 gate of \$100,000,000 or more in any 1 year, the  
7 agency shall prepare a written statement containing  
8 the following:

9 (A) The text of the draft proposed rule-  
10 making or final rule, together with the informa-  
11 tion required under subsections (a) and (b)(1)  
12 of section 312, as applicable, including an ex-  
13 planation of the manner in which the proposed  
14 rulemaking or final rule is consistent with the  
15 statutory requirement and avoids undue inter-  
16 ference with State, local, and Tribal govern-  
17 ments in the exercise of their governmental  
18 functions.

19 (B) Estimates by the agency, if and to the  
20 extent that the agency determines that accurate  
21 estimates are reasonably feasible, of—

22 (i) the future compliance costs of the  
23 Federal mandate; and

24 (ii) any disproportionate budgetary ef-  
25 fects of the Federal mandate upon any

1 particular regions of the nation or par-  
2 ticular State, local, or Tribal governments,  
3 urban or rural or other types of commu-  
4 nities, or particular segments of the private  
5 sector.

6 (C)(i) A detailed description of the extent  
7 of the agency's prior consultation with the pri-  
8 vate sector and elected representatives (under  
9 subsection (c) and section 204 of the Unfunded  
10 Mandates Reform Act of 1995 (2 U.S.C. 1534)  
11 of the affected State, local, and tribal govern-  
12 ments.

13 (ii) A detailed summary of the comments  
14 and concerns that were presented by the private  
15 sector and State, local, or Tribal governments  
16 either orally or in writing to the agency.

17 (iii) A detailed summary of the agency's  
18 evaluation of those comments and concerns.

19 (D) A detailed summary of how the agency  
20 complied with section 312, as applicable.

21 (2) PREVENTION OF DUPLICATIVE REQUIRE-  
22 MENTS.—If an agency is required to prepare a writ-  
23 ten statement under both paragraph (1) and section  
24 202(a) of the Unfunded Mandates Reform Act of  
25 1995 (2 U.S.C. 1532(a)), the agency shall prepare

1       only one written statement that consolidates and  
2       meets the requirements of such paragraph and such  
3       section.

4       (c) STATE, LOCAL, AND TRIBAL GOVERNMENT AND  
5 PRIVATE SECTOR INPUT.—

6           (1) IN GENERAL.—Each agency shall, to the ex-  
7       tent permitted in law, develop an effective process to  
8       permit impacted parties within the private sector  
9       (including small businesses) to provide meaningful  
10      and timely input in the development of regulatory  
11      proposals containing significant Federal mandates.

12          (2) PREVENTION OF DUPLICATIVE PROC-  
13      ESSES.—If an agency is required to develop a proc-  
14      ess under both paragraph (1) and section 204(a) of  
15      the Unfunded Mandates Reform Act of 1995 (2  
16      U.S.C. 1534(a)), the agency shall develop only one  
17      process that consolidates and meets the require-  
18      ments of such paragraph and such section.

19          (3) GUIDELINES.—For appropriate implemen-  
20      tation of this subsection and of section 204 of the  
21      Unfunded Mandates Reform Act, consistent with ap-  
22      plicable laws and regulations, the following guide-  
23      lines shall be followed: —

24            (A) Consultations shall take place as early  
25            as possible, before issuance of a notice of pro-

1 posed rulemaking, continue through the final  
2 rule stage, and be integrated explicitly into the  
3 rulemaking process.

4 (B) Agencies shall consult with a wide va-  
5 riety of State, local, and Tribal officials and im-  
6 pacted parties within the private sector (includ-  
7 ing small businesses). Geographic, political, and  
8 other factors that may differentiate varying  
9 points of view should be considered.

10 (C) Agencies should estimate benefits and  
11 costs to assist with these consultations. The  
12 scope of the consultation should reflect the cost  
13 and significance of the Federal mandate being  
14 considered.

15 (D) Agencies shall, to the extent prac-  
16 ticable—

17 (i) seek out the views of State, local,  
18 and Tribal governments, and impacted  
19 parties within the private sector (including  
20 small businesses), on costs, benefits, and  
21 risks; and

22 (ii) solicit ideas about alternative  
23 methods of compliance and potential flexi-  
24 bilities, and input on whether the Federal  
25 regulation will harmonize with and not du-

1            plicate similar laws in other levels of gov-  
2            ernment.

3            (E) Consultations shall address the cumu-  
4            lative impact of regulations on the affected enti-  
5            ties.

6            (F) Agencies may accept electronic submis-  
7            sions of comments by relevant parties but may  
8            not use those comments as the sole method of  
9            satisfying the guidelines in this subsection.

10          (d) OFFICE OF INFORMATION AND REGULATORY AF-  
11 FAIRS RESPONSIBILITIES.—

12            (1) IN GENERAL.—The Administrator of the  
13          Office of Information and Regulatory Affairs shall  
14          provide meaningful guidance and oversight so that  
15          each agency’s regulations for which a written state-  
16          ment is required under subsection (b) and section  
17          202 of the Unfunded Mandates Reform Act of 1995  
18          (2 U.S.C. 1532) are consistent with the principles  
19          and requirements of this title, as well as other appli-  
20          cable laws, and do not conflict with the policies or  
21          actions of another Federal agency (as the term  
22          “agency” is defined under section 551 of title 5,  
23          United States Code). If the Administrator deter-  
24          mines that an agency’s regulations for which a writ-  
25          ten statement is required under subsection (b) and

1 section 202 of the Unfunded Mandates Reform Act  
2 of 1995 do not comply with such principles and re-  
3 quirements, are not consistent with other applicable  
4 laws, or conflict with the policies or actions of an-  
5 other Federal agency (as the term “agency” is de-  
6 fined under section 551 of title 5, United States  
7 Code), the Administrator shall identify areas of non-  
8 compliance, notify the agency, and request that the  
9 agency comply before the agency finalizes the regula-  
10 tion concerned.

11 (2) ANNUAL STATEMENTS TO CONGRESS ON  
12 AGENCY COMPLIANCE.—The Administrator of the  
13 Office of Information and Regulatory Affairs shall  
14 submit to the Director of the Office of Management  
15 and Budget for inclusion in the annual report re-  
16 quired by section 208 of the Unfunded Mandates  
17 Reform Act of 1995 (2 U.S.C. 1538) a written re-  
18 port detailing compliance by each agency with the  
19 requirements of this title that relate to regulations  
20 for which a written statement is required by sub-  
21 section (b) and section 202 of the Unfunded Man-  
22 dates Reform Act of 1995 (2 U.S.C. 1532), includ-  
23 ing activities undertaken at the request of the Ad-  
24 ministrator to improve compliance, during the pre-  
25 ceding reporting period. The report shall also con-



1       tain an appendix detailing compliance by each agen-  
2       cy with subsection (c) and section 204 of the Un-  
3       funded Mandates Reform Act.

4       (e) EXPANDED JUDICIAL REVIEW.—

5           (1) AGENCY STATEMENTS ON SIGNIFICANT  
6       REGULATORY ACTIONS.—

7           (A) IN GENERAL.—Compliance or non-  
8       compliance by any agency with the provisions of  
9       subsection (b) and sections 202, 203(a)(1) and  
10      (2), and 205 of the Unfunded Mandates Re-  
11      form Act of 1995 shall be subject to judicial re-  
12      view in accordance with this subsection.

13          (B) LIMITED REVIEW OF AGENCY COMPLI-  
14      ANCE OR NONCOMPLIANCE.—

15           (i) SCOPE OF REVIEW UNDER TITLE  
16      5.—Agency compliance or noncompliance  
17      with the provisions of subsection (b) and  
18      sections 202, 203(a)(1) and (2), and 205  
19      of the Unfunded Mandates Reform Act of  
20      1995 shall be subject to judicial review  
21      under section 706(1) of title 5, United  
22      States Code, and as provided under clause  
23      (ii).

24           (ii) COURT MAY COMPEL PREPARA-  
25      TION OF WRITTEN STATEMENT.—If an

1           agency fails to prepare the written state-  
2           ment (including the preparation of the esti-  
3           mates, analyses, statements, or descrip-  
4           tions) under subsection (b) and section  
5           202 of the Unfunded Mandates Reform  
6           Act, prepare a written plan under para-  
7           graphs (1) and (2) of section 203 of the  
8           Unfunded Mandates Reform Act, or com-  
9           ply with section 205 of the Unfunded Man-  
10          dates Reform Act, a court may compel the  
11          agency to prepare such written statement,  
12          prepare such written plan, or comply with  
13          such section.

14           (C) REVIEW OF AGENCY RULES.—In any  
15          judicial review under any other Federal law of  
16          an agency rule for which compliance with this  
17          subtitle is required, the inadequacy or failure to  
18          prepare required material, or to comply with  
19          provisions of subsection (b) and sections 202,  
20          203(a)(1) and (2), and 205 of the Unfunded  
21          Mandates Reform Act of 1995 may be used as  
22          a basis for staying, enjoining, invalidating or  
23          otherwise affecting such agency rule.

24           (D) CERTAIN INFORMATION AS PART OF  
25          RECORD.—Any information generated under

1 subsection (b) and sections 202, 203(a)(1) and  
2 (2), and 205 of the Unfunded Mandates Re-  
3 form Act of 1995 that is part of the rulemaking  
4 record for judicial review under the provisions  
5 of any other Federal law may be considered as  
6 part of the record for judicial review conducted  
7 under such other provisions of Federal law.

8 (E) APPLICATION OF OTHER FEDERAL  
9 LAW.—For any petition under subparagraph  
10 (B) the provisions of such other Federal law  
11 shall control all other matters, such as exhaus-  
12 tion of administrative remedies, the time for  
13 and manner of seeking review and venue, except  
14 that if such other Federal law does not provide  
15 a limitation on the time for filing a petition for  
16 judicial review that is less than 180 days, such  
17 limitation shall be 180 days after a final rule is  
18 promulgated by the appropriate agency.

19 (F) EFFECTIVE DATE.—This paragraph  
20 shall apply to any agency rule for which a gen-  
21 eral notice of proposed rulemaking is promul-  
22 gated on or after the date of the enactment of  
23 this Act.

24 (2) JUDICIAL REVIEW AND RULE OF CON-  
25 STRUCTION.—Except as provided in paragraph (1)—

1 (A) any estimate, analysis, statement, de-  
2 scription, or report prepared under this subtitle,  
3 any compliance or noncompliance with the pro-  
4 visions of this subtitle, and any determination  
5 concerning the applicability of the provisions of  
6 this subtitle shall not be subject to judicial re-  
7 view; and

8 (B) no provision of this subtitle shall be  
9 construed to create any right or benefit, sub-  
10 stantive or procedural, enforceable by any per-  
11 son in any administrative or judicial action.

## 12 **Subtitle H—Enforcement**

### 13 **Coordination**

#### 14 **SEC. 391. POLICIES TO MINIMIZE DUPLICATION OF EN-**

#### 15 **FORCEMENT EFFORTS.**

16 (a) IN GENERAL.—Each agency (as defined under  
17 section 311) shall, not later than the end of the 90-day  
18 period beginning on the date of the enactment of this Act,  
19 implement policies and procedures—

20 (1) to minimize duplication of efforts with other  
21 Federal or State authorities when bringing an ad-  
22 ministrative or judicial action against an individual  
23 or entity;

24 (2) to establish when joint investigations, ad-  
25 ministrative actions, or judicial actions or the coordi-

1 nation of law enforcement activities are necessary  
2 and appropriate and in the public interest; and

3 (3) to, in the course of a joint investigation, ad-  
4 ministrative action, or judicial action, establish a  
5 lead agency to avoid duplication of efforts and un-  
6 necessary burdens and to ensure consistent enforce-  
7 ment, as necessary and appropriate and in the pub-  
8 lic interest.

9 (b) RULE OF CONSTRUCTION.—Nothing in this sec-  
10 tion may be construed to preempt State law or mandate  
11 coordination by a State authority.

## 12 **Subtitle I—Penalties for** 13 **Unauthorized Disclosures**

### 14 **SEC. 392. CRIMINAL PENALTY FOR UNAUTHORIZED DIS-** 15 **CLOSURES.**

16 Section 165 of the Financial Stability Act of 2010  
17 (12 U.S.C. 5365), as amended by section 151(b)(6)(M),  
18 is further amended by adding at the end the following:

19 “(m) CRIMINAL PENALTY FOR UNAUTHORIZED DIS-  
20 CLOSURES.—

21 “(1) IN GENERAL.—Any officer or employee of  
22 a Federal department or agency, who by virtue of  
23 such officer or employee’s employment or official po-  
24 sition, has possession of, or access to, agency records  
25 which contain individually identifiable information

1 submitted pursuant to the requirements of this sec-  
2 tion, the disclosure of which is prohibited by Federal  
3 statute, rule, or regulation, and who knowing that  
4 disclosure of the specific material is so prohibited,  
5 willfully discloses the material in any manner to any  
6 person or agency not entitled to receive it, shall be  
7 guilty of a misdemeanor and fined not more than  
8 \$5,000.

9 “(2) OBTAINING RECORDS UNDER FALSE PRE-  
10 TENSES.—Any person who knowingly and willfully  
11 requests or obtains information described under  
12 paragraph (1) from a Federal department or agency  
13 under false pretenses shall be guilty of a mis-  
14 demeanor and fined not more than \$5,000.

15 “(3) TREATMENT OF DETERMINATIONS.—For  
16 purposes of this subsection, a determination made  
17 under subsection (d) or (i) based on individually  
18 identifiable information submitted pursuant to the  
19 requirements of this section shall be deemed individ-  
20 ually identifiable information, the disclosure of which  
21 is prohibited by Federal statute.”.

1     **Subtitle J—Stop Settlement Slush**  
2                                     **Funds**

3     **SEC. 393. LIMITATION ON DONATIONS MADE PURSUANT TO**  
4                     **SETTLEMENT AGREEMENTS TO WHICH CER-**  
5                     **TAIN DEPARTMENTS OR AGENCIES ARE A**  
6                     **PARTY.**

7             (a) **LIMITATION ON REQUIRED DONATIONS.**—No set-  
8     tlement to which a department or agency is a party may  
9     direct or provide for a payment to any person who is not  
10    a victim of the alleged wrongdoing.

11            (b) **PENALTY.**—Any Executive branch official or  
12    agent thereof who enters into or enforces a settlement in  
13    violation of subsection (a), shall be subject to the same  
14    penalties that would apply in the case of a violation of  
15    section 3302 of title 31, United States Code.

16            (c) **EFFECTIVE DATE.**—Subsections (a) and (b)  
17    apply only in the case of a settlement agreement concluded  
18    on or after the date of enactment of this Act.

19            (d) **DEFINITIONS.**—

20                    (1) The term “department or agency”—

21                            (A) has the meaning given the term “agen-  
22                            cy” under section 311; and

23                            (B) means the Department of Housing and  
24                            Urban Development, the Department of Jus-

1           tice, and the Rural Housing Service of the De-  
2           partment of Agriculture.

3           (2) The term “settlement agreement” means a  
4           settlement agreement resolving a civil action or po-  
5           tential civil action, a plea agreement, a deferred  
6           prosecution agreement, or a non-prosecution agree-  
7           ment.

8           (3) The term “payment” means a payment or  
9           loan.

10          (4) The term “payment to any person who is  
11          not a victim” means any payment other than a pay-  
12          ment—

13                 (A) to a person who is party to the lawsuit  
14                 or settlement;

15                 (B) that provides restitution for or other-  
16                 wise directly remedies actual harm (including to  
17                 the environment) directly and proximately  
18                 caused by the party making the payment as a  
19                 result of that party’s alleged wrongdoing;

20                 (C) that constitutes payment for services  
21                 rendered in connection with the case; or

22                 (D) made pursuant to section 3663 of title  
23                 18, United States Code.



1 **TITLE IV—UNLEASHING OPPOR-**  
2 **TUNITIES FOR SMALL BUSI-**  
3 **NESSES, INNOVATORS, AND**  
4 **JOB CREATORS BY FACILI-**  
5 **TATING CAPITAL FORMATION**  
6 **Subtitle A—Small Business Merg-**  
7 **ers, Acquisitions, Sales, and**  
8 **Brokerage Simplification**

9 **SEC. 401. REGISTRATION EXEMPTION FOR MERGER AND**  
10 **ACQUISITION BROKERS.**

11 Section 15(b) of the Securities Exchange Act of 1934  
12 (15 U.S.C. 78o(b)) is amended by adding at the end the  
13 following:

14 “(13) REGISTRATION EXEMPTION FOR MERGER  
15 AND ACQUISITION BROKERS.—

16 “(A) IN GENERAL.—Except as provided in  
17 subparagraph (B), an M&A broker shall be ex-  
18 empt from registration under this section.

19 “(B) EXCLUDED ACTIVITIES.—An M&A  
20 broker is not exempt from registration under  
21 this paragraph if such broker does any of the  
22 following:

23 “(i) Directly or indirectly, in connec-  
24 tion with the transfer of ownership of an  
25 eligible privately held company, receives,

1 holds, transmits, or has custody of the  
2 funds or securities to be exchanged by the  
3 parties to the transaction.

4 “(ii) Engages on behalf of an issuer in  
5 a public offering of any class of securities  
6 that is registered, or is required to be reg-  
7 istered, with the Commission under section  
8 12 or with respect to which the issuer files,  
9 or is required to file, periodic information,  
10 documents, and reports under subsection  
11 (d).

12 “(iii) Engages on behalf of any party  
13 in a transaction involving a public shell  
14 company.

15 “(C) DISQUALIFICATIONS.—An M&A  
16 broker is not exempt from registration under  
17 this paragraph if such broker is subject to—

18 “(i) suspension or revocation of reg-  
19 istration under paragraph (4);

20 “(ii) a statutory disqualification de-  
21 scribed in section 3(a)(39);

22 “(iii) a disqualification under the  
23 rules adopted by the Commission under  
24 section 926 of the Investor Protection and

1 Securities Reform Act of 2010 (15 U.S.C.  
2 77d note); or

3 “(iv) a final order described in para-  
4 graph (4)(H).

5 “(D) RULE OF CONSTRUCTION.—Nothing  
6 in this paragraph shall be construed to limit  
7 any other authority of the Commission to ex-  
8 empt any person, or any class of persons, from  
9 any provision of this title, or from any provision  
10 of any rule or regulation thereunder.

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

12 “(i) CONTROL.—The term ‘control’  
13 means the power, directly or indirectly, to  
14 direct the management or policies of a  
15 company, whether through ownership of  
16 securities, by contract, or otherwise. There  
17 is a presumption of control for any person  
18 who—

19 “(I) is a director, general part-  
20 ner, member or manager of a limited  
21 liability company, or officer exercising  
22 executive responsibility (or has similar  
23 status or functions);

24 “(II) has the right to vote 20  
25 percent or more of a class of voting

1 securities or the power to sell or direct  
2 the sale of 20 percent or more of a  
3 class of voting securities; or

4 “(III) in the case of a partner-  
5 ship or limited liability company, has  
6 the right to receive upon dissolution,  
7 or has contributed, 20 percent or  
8 more of the capital.

9 “(ii) ELIGIBLE PRIVATELY HELD  
10 COMPANY.—The term ‘eligible privately  
11 held company’ means a privately held com-  
12 pany that meets both of the following con-  
13 ditions:

14 “(I) The company does not have  
15 any class of securities registered, or  
16 required to be registered, with the  
17 Commission under section 12 or with  
18 respect to which the company files, or  
19 is required to file, periodic informa-  
20 tion, documents, and reports under  
21 subsection (d).

22 “(II) In the fiscal year ending  
23 immediately before the fiscal year in  
24 which the services of the M&A broker  
25 are initially engaged with respect to

1 the securities transaction, the com-  
2 pany meets either or both of the fol-  
3 lowing conditions (determined in ac-  
4 cordance with the historical financial  
5 accounting records of the company):

6 “(aa) The earnings of the  
7 company before interest, taxes,  
8 depreciation, and amortization  
9 are less than \$25,000,000.

10 “(bb) The gross revenues of  
11 the company are less than  
12 \$250,000,000.

13 “(iii) M&A BROKER.—The term ‘M&A  
14 broker’ means a broker, and any person  
15 associated with a broker, engaged in the  
16 business of effecting securities transactions  
17 solely in connection with the transfer of  
18 ownership of an eligible privately held com-  
19 pany, regardless of whether the broker acts  
20 on behalf of a seller or buyer, through the  
21 purchase, sale, exchange, issuance, repur-  
22 chase, or redemption of, or a business com-  
23 bination involving, securities or assets of  
24 the eligible privately held company, if the  
25 broker reasonably believes that—

1           “(I) upon consummation of the  
2 transaction, any person acquiring se-  
3 curities or assets of the eligible pri-  
4 vately held company, acting alone or  
5 in concert, will control and, directly or  
6 indirectly, will be active in the man-  
7 agement of the eligible privately held  
8 company or the business conducted  
9 with the assets of the eligible privately  
10 held company; and

11           “(II) if any person is offered se-  
12 curities in exchange for securities or  
13 assets of the eligible privately held  
14 company, such person will, prior to  
15 becoming legally bound to consum-  
16 mate the transaction, receive or have  
17 reasonable access to the most recent  
18 fiscal year-end financial statements of  
19 the issuer of the securities as custom-  
20 arily prepared by the management of  
21 the issuer in the normal course of op-  
22 erations and, if the financial state-  
23 ments of the issuer are audited, re-  
24 viewed, or compiled, any related state-  
25 ment by the independent accountant,

1 a balance sheet dated not more than  
2 120 days before the date of the offer,  
3 and information pertaining to the  
4 management, business, results of op-  
5 erations for the period covered by the  
6 foregoing financial statements, and  
7 material loss contingencies of the  
8 issuer.

9 “(iv) PUBLIC SHELL COMPANY.—The  
10 term ‘public shell company’ is a company  
11 that at the time of a transaction with an  
12 eligible privately held company—

13 “(I) has any class of securities  
14 registered, or required to be reg-  
15 istered, with the Commission under  
16 section 12 or that is required to file  
17 reports pursuant to subsection (d);

18 “(II) has no or nominal oper-  
19 ations; and

20 “(III) has—

21 “(aa) no or nominal assets;

22 “(bb) assets consisting solely  
23 of cash and cash equivalents; or

24 “(cc) assets consisting of  
25 any amount of cash and cash

1                   equivalents and nominal other as-  
2                   sets.

3                   “(F) INFLATION ADJUSTMENT.—

4                   “ (i) IN GENERAL.—On the date that  
5                   is 5 years after the date of the enactment  
6                   of this paragraph, and every 5 years there-  
7                   after, each dollar amount in subparagraph  
8                   (E)(ii)(II) shall be adjusted by—

9                   “ (I) dividing the annual value of  
10                  the Employment Cost Index For  
11                  Wages and Salaries, Private Industry  
12                  Workers (or any successor index), as  
13                  published by the Bureau of Labor  
14                  Statistics, for the calendar year pre-  
15                  ceding the calendar year in which the  
16                  adjustment is being made by the an-  
17                  nual value of such index (or suc-  
18                  cessor) for the calendar year ending  
19                  December 31, 2012; and

20                  “ (II) multiplying such dollar  
21                  amount by the quotient obtained  
22                  under subclause (I).

23                  “ (ii) ROUNDING.—Each dollar  
24                  amount determined under clause (i) shall



1                   be rounded to the nearest multiple of  
2                   \$100,000.”.

3 **SEC. 402. EFFECTIVE DATE.**

4           This subtitle and any amendment made by this sub-  
5 title shall take effect on the date that is 90 days after  
6 the date of the enactment of this Act.

7 **Subtitle B—Encouraging Employee**  
8 **Ownership**

9 **SEC. 406. INCREASED THRESHOLD FOR DISCLOSURES RE-**  
10 **LATING TO COMPENSATORY BENEFIT PLANS.**

11           Not later than 60 days after the date of the enact-  
12 ment of this Act, the Securities and Exchange Commission  
13 shall revise section 230.701(e) of title 17, Code of Federal  
14 Regulations, so as to increase from \$5,000,000 to  
15 \$20,000,000 the aggregate sales price or amount of secu-  
16 rities sold during any consecutive 12-month period in ex-  
17 cess of which the issuer is required under such section to  
18 deliver an additional disclosure to investors. The Commis-  
19 sion shall index for inflation such aggregate sales price  
20 or amount every 5 years to reflect the change in the Con-  
21 sumer Price Index for All Urban Consumers published by  
22 the Bureau of Labor Statistics, rounding to the nearest  
23 \$1,000,000.

1           **Subtitle C—Small Company**  
2           **Disclosure Simplification**

3   **SEC. 411. EXEMPTION FROM XBRL REQUIREMENTS FOR**  
4                   **EMERGING GROWTH COMPANIES AND OTHER**  
5                   **SMALLER COMPANIES.**

6           (a) EXEMPTION FOR EMERGING GROWTH COMPA-  
7 NIES.—Emerging growth companies are exempted from  
8 the requirements to use Extensible Business Reporting  
9 Language (XBRL) for financial statements and other  
10 periodic reporting required to be filed with the Commis-  
11 sion under the securities laws. Such companies may elect  
12 to use XBRL for such reporting.

13          (b) EXEMPTION FOR OTHER SMALLER COMPA-  
14 NIES.—Issuers with total annual gross revenues of less  
15 than \$250,000,000 are exempt from the requirements to  
16 use XBRL for financial statements and other periodic re-  
17 porting required to be filed with the Commission under  
18 the securities laws. Such issuers may elect to use XBRL  
19 for such reporting. An exemption under this subsection  
20 shall continue in effect until—

21                   (1) the date that is five years after the date of  
22                   enactment of this Act; or

23                   (2) the date that is two years after a deter-  
24                   mination by the Commission, by order after con-  
25                   ducting the analysis required by section 3, that the

1 benefits of such requirements to such issuers out-  
2 weigh the costs, but no earlier than three years after  
3 enactment of this Act.

4 (c) MODIFICATIONS TO REGULATIONS.—Not later  
5 than 60 days after the date of enactment of this Act, the  
6 Commission shall revise its regulations under parts 229,  
7 230, 232, 239, 240, and 249 of title 17, Code of Federal  
8 Regulations, to reflect the exemptions set forth in sub-  
9 sections (a) and (b).

10 **SEC. 412. ANALYSIS BY THE SEC.**

11 The Commission shall conduct an analysis of the  
12 costs and benefits to issuers described in section 411(b)  
13 of the requirements to use XBRL for financial statements  
14 and other periodic reporting required to be filed with the  
15 Commission under the securities laws. Such analysis shall  
16 include an assessment of—

17 (1) how such costs and benefits may differ from  
18 the costs and benefits identified by the Commission  
19 in the order relating to interactive data to improve  
20 financial reporting (dated January 30, 2009; 74  
21 Fed. Reg. 6776) because of the size of such issuers;

22 (2) the effects on efficiency, competition, capital  
23 formation, and financing and on analyst coverage of  
24 such issuers (including any such effects resulting  
25 from use of XBRL by investors);

1 (3) the costs to such issuers of—

2 (A) submitting data to the Commission in  
3 XBRL;

4 (B) posting data on the website of the  
5 issuer in XBRL;

6 (C) software necessary to prepare, submit,  
7 or post data in XBRL; and

8 (D) any additional consulting services or  
9 filing agent services;

10 (4) the benefits to the Commission in terms of  
11 improved ability to monitor securities markets, as-  
12 sess the potential outcomes of regulatory alter-  
13 natives, and enhance investor participation in cor-  
14 porate governance and promote capital formation;  
15 and

16 (5) the effectiveness of standards in the United  
17 States for interactive filing data relative to the  
18 standards of international counterparts.

19 **SEC. 413. REPORT TO CONGRESS.**

20 Not later than one year after the date of enactment  
21 of this Act, the Commission shall provide the Committee  
22 on Financial Services of the House of Representatives and  
23 the Committee on Banking, Housing, and Urban Affairs  
24 of the Senate a report regarding—

1 (1) the progress in implementing XBRL report-  
2 ing within the Commission;

3 (2) the use of XBRL data by Commission offi-  
4 cials;

5 (3) the use of XBRL data by investors;

6 (4) the results of the analysis required by sec-  
7 tion 412; and

8 (5) any additional information the Commission  
9 considers relevant for increasing transparency, de-  
10 creasing costs, and increasing efficiency of regu-  
11 latory filings with the Commission.

12 **SEC. 414. DEFINITIONS.**

13 As used in this subtitle, the terms “Commission”,  
14 “emerging growth company”, “issuer”, and “securities  
15 laws” have the meanings given such terms in section 3  
16 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

17 **Subtitle D—Securities and Ex-**  
18 **change Commission Overpay-**  
19 **ment Credit**

20 **SEC. 416. REFUNDING OR CREDITING OVERPAYMENT OF**  
21 **SECTION 31 FEES.**

22 (a) IN GENERAL.—Section 31 of the Securities Ex-  
23 change Act of 1934 (15 U.S.C. 78ee) is amended by add-  
24 ing at the end the following:

1       “(n) OVERPAYMENT.—If a national securities ex-  
2 change or national securities association pays to the Com-  
3 mission an amount in excess of fees and assessments due  
4 under this section and informs the Commission of such  
5 amount paid in excess within 10 years of the date of the  
6 payment, the Commission shall offset future fees and as-  
7 sessments due by such exchange or association in an  
8 amount equal to such excess amount.”.

9       (b) APPLICABILITY.—The amendment made by this  
10 section shall apply to any fees and assessments paid be-  
11 fore, on, or after the date of enactment of this section.

## 12                   **Subtitle E—Fair Access to** 13                   **Investment Research**

### 14 **SEC. 421. SAFE HARBOR FOR INVESTMENT FUND RE-** 15                   **SEARCH.**

16       (a) EXPANSION OF THE SAFE HARBOR.—Not later  
17 than the end of the 45-day period beginning on the date  
18 of enactment of this Act, the Securities and Exchange  
19 Commission shall propose, and not later than the end of  
20 the 120-day period beginning on such date, the Commis-  
21 sion shall adopt, upon such terms, conditions, or require-  
22 ments as the Commission may determine necessary or ap-  
23 propriate in the public interest, for the protection of inves-  
24 tors, and for the promotion of capital formation, revisions  
25 to section 230.139 of title 17, Code of Federal Regula-

1 tions, to provide that a covered investment fund research  
2 report that is published or distributed by a broker or deal-  
3 er—

4 (1) shall be deemed, for purposes of sections  
5 2(a)(10) and 5(c) of the Securities Act of 1933 (15  
6 U.S.C. 77b(a)(10), 77e(c)), not to constitute an  
7 offer for sale or an offer to sell a security that is the  
8 subject of an offering pursuant to a registration  
9 statement that is effective, even if the broker or  
10 dealer is participating or will participate in the reg-  
11 istered offering of the covered investment fund’s se-  
12 curities; and

13 (2) shall be deemed to satisfy the conditions of  
14 subsection (a)(1) or (a)(2) of section 230.139 of title  
15 17, Code of Federal Regulations, or any successor  
16 provisions, for purposes of the Commission’s rules  
17 and regulations under the Federal securities laws  
18 and the rules of any self-regulatory organization.

19 (b) IMPLEMENTATION OF SAFE HARBOR.—In imple-  
20 menting the safe harbor pursuant to subsection (a), the  
21 Commission shall—

22 (1) not, in the case of a covered investment  
23 fund with a class of securities in substantially con-  
24 tinuous distribution, condition the safe harbor on  
25 whether the broker’s or dealer’s publication or dis-

1       tribution of a covered investment fund research re-  
2       port constitutes such broker's or dealer's initiation  
3       or reinitiation of research coverage on such covered  
4       investment fund or its securities;

5           (2) not—

6           (A) require the covered investment fund to  
7       have been registered as an investment company  
8       under the Investment Company Act of 1940  
9       (15 U.S.C. 80a–1 et seq.) or subject to the re-  
10      porting requirements of section 13 or 15(d) of  
11      the Securities Exchange Act of 1934 (15  
12      U.S.C. 78m, 78o(d)) for any period exceeding  
13      the period of time referenced under paragraph  
14      (a)(1)(i)(A)(1) of section 230.139 of title 17,  
15      Code of Federal Regulations; or

16          (B) impose a minimum float provision ex-  
17      ceeding that referenced in paragraph  
18      (a)(1)(i)(A)(1)(i) of section 230.139 of title 17,  
19      Code of Federal Regulations;

20          (3) provide that a self-regulatory organization  
21      may not maintain or enforce any rule that would—

22          (A) prohibit the ability of a member to  
23      publish or distribute a covered investment fund  
24      research report solely because the member is  
25      also participating in a registered offering or



1 other distribution of any securities of such cov-  
2 ered investment fund; or

3 (B) prohibit the ability of a member to  
4 participate in a registered offering or other dis-  
5 tribution of securities of a covered investment  
6 fund solely because the member has published  
7 or distributed a covered investment fund re-  
8 search report about such covered investment  
9 fund or its securities; and

10 (4) provide that a covered investment fund re-  
11 search report shall not be subject to section 24(b) of  
12 the Investment Company Act of 1940 (15 U.S.C.  
13 80a–24(b)) or the rules and regulations thereunder,  
14 except that such report may still be subject to such  
15 section and the rules and regulations thereunder to  
16 the extent that it is otherwise not subject to the con-  
17 tent standards in the rules of any self-regulatory or-  
18 ganization related to research reports, including  
19 those contained in the rules governing communica-  
20 tions with the public regarding investment compa-  
21 nies or substantially similar standards.

22 (c) RULES OF CONSTRUCTION.—Nothing in this Act  
23 shall be construed as in any way limiting—

24 (1) the applicability of the antifraud or  
25 antimanipulation provisions of the Federal securities

1 laws and rules adopted thereunder to a covered in-  
2 vestment fund research report, including section 17  
3 of the Securities Act of 1933 (15 U.S.C. 77q), sec-  
4 tion 34(b) of the Investment Company Act of 1940  
5 (15 U.S.C. 80a-33), and sections 9 and 10 of the  
6 Securities Exchange Act of 1934 (15 U.S.C. 78i,  
7 78j); or

8 (2) the authority of any self-regulatory organi-  
9 zation to examine or supervise a member's practices  
10 in connection with such member's publication or dis-  
11 tribution of a covered investment fund research re-  
12 port for compliance with applicable provisions of the  
13 Federal securities laws or self-regulatory organiza-  
14 tion rules related to research reports, including those  
15 contained in rules governing communications with  
16 the public.

17 (d) INTERIM EFFECTIVENESS OF SAFE HARBOR.—

18 (1) IN GENERAL.—From and after the 120-day  
19 period beginning on the date of enactment of this  
20 Act, if the Commission has not adopted revisions to  
21 section 230.139 of title 17, Code of Federal Regula-  
22 tions, as required by subsection (a), and until such  
23 time as the Commission has done so, a broker or  
24 dealer distributing or publishing a covered invest-  
25 ment fund research report after such date shall be

1 able to rely on the provisions of section 230.139 of  
2 title 17, Code of Federal Regulations, and the  
3 broker or dealer's publication of such report shall be  
4 deemed to satisfy the conditions of subsection (a)(1)  
5 or (a)(2) of section 230.139 of title 17, Code of Fed-  
6 eral Regulations, if the covered investment fund that  
7 is the subject of such report satisfies the reporting  
8 history requirements (without regard to Form S-3  
9 or Form F-3 eligibility) and minimum float provi-  
10 sions of such subsections for purposes of the Com-  
11 mission's rules and regulations under the Federal  
12 securities laws and the rules of any self-regulatory  
13 organization, as if revised and implemented in ac-  
14 cordance with subsections (a) and (b).

15 (2) STATUS OF COVERED INVESTMENT FUND.—  
16 After such period and until the Commission has  
17 adopted revisions to section 230.139 and FINRA  
18 has revised rule 2210, for purposes of subsection  
19 (c)(7)(O) of such rule, a covered investment fund  
20 shall be deemed to be a security that is listed on a  
21 national securities exchange and that is not subject  
22 to section 24(b) of the Investment Company Act of  
23 1940 (15 U.S.C. 80a-24(b)). Communications con-  
24 cerning only covered investment funds that fall with-

1 in the scope of such section shall not be required to  
2 be filed with FINRA.

3 (e) DEFINITIONS.—For purposes of this section:

4 (1) The term “covered investment fund re-  
5 search report” means a research report published or  
6 distributed by a broker or dealer about a covered in-  
7 vestment fund or any securities issued by the cov-  
8 ered investment fund, but not including a research  
9 report to the extent that it is published or distrib-  
10 uted by the covered investment fund or any affiliate  
11 of the covered investment fund.

12 (2) The term “covered investment fund”  
13 means—

14 (A) an investment company registered  
15 under, or that has filed an election to be treated  
16 as a business development company under, the  
17 Investment Company Act of 1940 and that has  
18 filed a registration statement under the Securi-  
19 ties Act of 1933 for the public offering of a  
20 class of its securities, which registration state-  
21 ment has been declared effective by the Com-  
22 mission; and

23 (B) a trust or other person—

24 (i) issuing securities in an offering  
25 registered under the Securities Act of 1933

1 and which class of securities is listed for  
2 trading on a national securities exchange;

3 (ii) the assets of which consist pri-  
4 marily of commodities, currencies, or deriv-  
5 ative instruments that reference commod-  
6 ities or currencies, or interests in the fore-  
7 going; and

8 (iii) that provides in its registration  
9 statement under the Securities Act of 1933  
10 that a class of its securities are purchased  
11 or redeemed, subject to conditions or limi-  
12 tations, for a ratable share of its assets.

13 (3) The term “FINRA” means the Financial  
14 Industry Regulatory Authority.

15 (4) The term “research report” has the mean-  
16 ing given that term under section 2(a)(3) of the Se-  
17 curities Act of 1933 (15 U.S.C. 77b(a)(3)), except  
18 that such term shall not include an oral communica-  
19 tion.

20 (5) The term “self-regulatory organization” has  
21 the meaning given to that term under section  
22 3(a)(26) of the Securities Exchange Act of 1934 (15  
23 U.S.C. 78c(a)(26)).

1     **Subtitle F—Accelerating Access to**  
2                                     **Capital**

3     **SEC. 426. EXPANDED ELIGIBILITY FOR USE OF FORM S-3.**

4             Not later than 45 days after the date of the enact-  
5     ment of this Act, the Securities and Exchange Commission  
6     shall revise Form S-3—

7                     (1) so as to permit securities to be registered  
8             pursuant to General Instruction I.B.1. of such form  
9             provided that either—

10                             (A) the aggregate market value of the vot-  
11             ing and non-voting common equity held by non-  
12             affiliates of the registrant is \$75,000,000 or  
13             more; or

14                             (B) the registrant has at least one class of  
15             common equity securities listed and registered  
16             on a national securities exchange; and

17                     (2) so as to remove the requirement of para-  
18             graph (c) from General Instruction I.B.6. of such  
19             form.

20     **Subtitle G—Enhancing the RAISE**  
21                                     **Act**

22     **SEC. 431. CERTAIN ACCREDITED INVESTOR TRANS-**  
23                                     **ACTIONS.**

24             Section 4 of the Securities Act of 1933 (15 U.S.C.  
25     77d) is amended—

1           (1) by amending subsection (d) to read as fol-  
2           lows:

3           “(d)(1) The transactions referred to in subsection  
4 (a)(7) are transactions where—

5           “(A) each purchaser is an accredited investor,  
6           as that term is defined in section 230.501(a) of title  
7           17, Code of Federal Regulations (or any successor  
8           thereto); and

9           “(B) if any securities sold in reliance on sub-  
10          section (a)(7) are offered by means of any general  
11          solicitation or general advertising, all such sales are  
12          made through a platform available only to accredited  
13          investors.

14          “(2) Securities sold in reliance on subsection (a)(7)  
15          shall be deemed to have been acquired in a transaction  
16          not involving any public offering.

17          “(3) The exemption provided by this subsection shall  
18          not be available for a transaction where the seller is—

19                 “(A) an issuer, its subsidiaries or parent;

20                 “(B) an underwriter acting on behalf of the  
21                 issuer, its subsidiaries or parent, which receives com-  
22                 pensation from the issuer with respect to such sale;  
23                 or

24                 “(C) a dealer.

1 “(4) A transaction meeting the requirements of this  
2 subsection shall be deemed not to be a distribution for  
3 purposes of section 2(a)(11).”; and

4 (2) by striking subsection (e).

5 **Subtitle H—Small Business Credit**  
6 **Availability**

7 **SEC. 436. BUSINESS DEVELOPMENT COMPANY OWNERSHIP**  
8 **OF SECURITIES OF INVESTMENT ADVISERS**  
9 **AND CERTAIN FINANCIAL COMPANIES.**

10 (a) IN GENERAL.—Section 60 of the Investment  
11 Company Act of 1940 (15 U.S.C. 80a–59) is amended—

12 (1) by striking “Notwithstanding” and insert-  
13 ing “(a) Notwithstanding”;

14 (2) by striking “except that the Commission  
15 shall not” and inserting the following: “except  
16 that—

17 “(1) section 12 shall not apply to the pur-  
18 chasing, otherwise acquiring, or holding by a busi-  
19 ness development company of any security issued by,  
20 or any other interest in the business of, any person  
21 who is an investment adviser registered under title  
22 II of this Act, who is an investment adviser to an  
23 investment company, or who is an eligible portfolio  
24 company; and

25 “(2) the Commission shall not”;



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

2 “(b) Nothing in this section shall prevent the Com-  
3 mission from issuing rules to address potential conflicts  
4 of interest between business development companies and  
5 investment advisers.”.

6 (b) DEFINITION OF ELIGIBLE PORTFOLIO COM-  
7 PANY.—Section 2(a)(46)(B) of the Investment Company  
8 Act of 1940 (15 U.S.C. 80a–2(a)(46)(B)) is amended by  
9 inserting before the semicolon the following: “(unless it  
10 is described in paragraph (2), (3), (4), (5), (6), or (9) of  
11 such section)”.

12 (c) INVESTMENT THRESHOLD.—Section 55(a) of the  
13 Investment Company Act of 1940 is amended by inserting  
14 before the colon the following: “, provided that no more  
15 than 50 percent of its total assets are assets described  
16 in section 3(c)”.

17 **SEC. 437. EXPANDING ACCESS TO CAPITAL FOR BUSINESS**  
18 **DEVELOPMENT COMPANIES.**

19 (a) IN GENERAL.—Section 61(a) of the Investment  
20 Company Act of 1940 (15 U.S.C. 80a–60(a)) is amend-  
21 ed—

22 (1) by redesignating paragraphs (2) through  
23 (4) as paragraphs (3) through (5), respectively;

24 (2) by striking paragraph (1) and inserting the  
25 following:

1           “(1) Except as provided in paragraph (2), the  
2           asset coverage requirements of subparagraphs (A)  
3           and (B) of section 18(a)(1) (and any related rule  
4           promulgated under this Act) applicable to business  
5           development companies shall be 200 percent.

6           “(2) The asset coverage requirements of sub-  
7           paragraphs (A) and (B) of section 18(a)(1) and of  
8           subparagraphs (A) and (B) of section 18(a)(2) (and  
9           any related rule promulgated under this Act) appli-  
10          cable to a business development company shall be  
11          150 percent if—

12                   “(A) within five business days of the ap-  
13                   proval of the adoption of the asset coverage re-  
14                   quirements described in clause (ii), the business  
15                   development company discloses such approval  
16                   and the date of its effectiveness in a Form 8-  
17                   K filed with the Commission and in a notice on  
18                   its website and discloses in its periodic filings  
19                   made under section 13 of the Securities and  
20                   Exchange Act of 1934 (15 U.S.C. 78m)—

21                           “(i) the aggregate value of the senior  
22                           securities issued by such company and the  
23                           asset coverage percentage as of the date of  
24                           such company’s most recent financial  
25                           statements; and

1           “(ii) that such company has adopted  
2           the asset coverage requirements of this  
3           subparagraph and the effective date of  
4           such requirements;

5           “(B) with respect to a business develop-  
6           ment company that issues equity securities that  
7           are registered on a national securities exchange,  
8           the periodic filings of the company under sec-  
9           tion 13(a) of the Securities Exchange Act of  
10          1934 (15 U.S.C. 78m) include disclosures rea-  
11          sonably designed to ensure that shareholders  
12          are informed of—

13                 “(i) the amount of indebtedness and  
14                 asset coverage ratio of the company, deter-  
15                 mined as of the date of the financial state-  
16                 ments of the company dated on or most re-  
17                 cently before the date of such filing; and

18                 “(ii) the principal risk factors associ-  
19                 ated with such indebtedness, to the extent  
20                 such risk is incurred by the company; and

21           “(C)(i) the application of this paragraph to  
22          the company is approved by the required major-  
23          ity (as defined in section 57(o)) of the directors  
24          of or general partners of such company who are  
25          not interested persons of the business develop-

1           ment company, which application shall become  
2           effective on the date that is 1 year after the  
3           date of the approval, and, with respect to a  
4           business development company that issues eq-  
5           uity securities that are not registered on a na-  
6           tional securities exchange, the company extends,  
7           to each person who is a shareholder as of the  
8           date of the approval, an offer to repurchase the  
9           equity securities held by such person as of such  
10          approval date, with 25 percent of such securi-  
11          ties to be repurchased in each of the four quar-  
12          ters following such approval date; or

13                 “(ii) the company obtains, at a special or  
14                 annual meeting of shareholders or partners at  
15                 which a quorum is present, the approval of  
16                 more than 50 percent of the votes cast of the  
17                 application of this paragraph to the company,  
18                 which application shall become effective on the  
19                 date immediately after the date of the ap-  
20                 proval.”;

21                 (3) in paragraph (3) (as redesignated), by in-  
22                 serting “or which is a stock” after “indebtedness”;

23                 (4) in subparagraph (A) of paragraph (4) (as  
24                 redesignated)—

1 (A) in the matter preceding clause (i), by  
2 striking “voting”; and

3 (B) by amending clause (iii) to read as fol-  
4 lows:

5 “(iii) the exercise or conversion price  
6 at the date of issuance of such warrants,  
7 options, or rights is not less than—

8 “(I) the market value of the se-  
9 curities issuable upon the exercise of  
10 such warrants, options, or rights at  
11 the date of issuance of such warrants,  
12 options, or rights; or

13 “(II) if no such market value ex-  
14 ists, the net asset value of the securi-  
15 ties issuable upon the exercise of such  
16 warrants, options, or rights at the  
17 date of issuance of such warrants, op-  
18 tions, or rights; and”;

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

20 “(6)(A) Except as provided in subparagraph  
21 (B), the following shall not apply to a business de-  
22 velopment company:

23 “(i) Subparagraphs (C) and (D) of section  
24 18(a)(2).

1           “(ii) Subparagraph (E) of section 18(a)(2),  
2           to the extent such subparagraph requires any  
3           priority over any other class of stock as to dis-  
4           tribution of assets upon liquidation.

5           “(iii) With respect to a senior security  
6           which is a stock, subsections (c) and (i) of sec-  
7           tion 18.

8           “(B) Subparagraph (A) shall not apply with re-  
9           spect to preferred stock issued to a person who is  
10          not known by the company to be a qualified institu-  
11          tional buyer (as defined in section 3(a) of the Secu-  
12          rities Exchange Act of 1934).”.

13          (b) CONFORMING AMENDMENTS.—The Investment  
14          Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amend-  
15          ed—

16                 (1) in section 57—

17                         (A) in subsection (j)(1), by striking “sec-  
18                         tion 61(a)(3)(B)” and inserting “section  
19                         61(a)(4)(B)”;

20                         (B) in subsection (n)(2), by striking “sec-  
21                         tion 61(a)(3)(B)” and inserting “section  
22                         61(a)(4)(B)”;

23                 (2) in section 63(3), by striking “section  
24                 61(a)(3)” and inserting “section 61(a)(4)”.

1 **SEC. 438. PARITY FOR BUSINESS DEVELOPMENT COMPA-**  
2 **NIES REGARDING OFFERING AND PROXY**  
3 **RULES.**

4 (a) REVISION TO RULES.—Not later than 1 year  
5 after the date of enactment of this Act, the Securities and  
6 Exchange Commission shall revise any rules to the extent  
7 necessary to allow a business development company that  
8 has filed an election pursuant to section 54 of the Invest-  
9 ment Company Act of 1940 (15 U.S.C. 80a–53) to use  
10 the securities offering and proxy rules that are available  
11 to other issuers that are required to file reports under sec-  
12 tion 13 or section 15(d) of the Securities Exchange Act  
13 of 1934 (15 U.S.C. 78m; 78o(d)). Any action that the  
14 Commission takes pursuant to this subsection shall in-  
15 clude the following:

16 (1) The Commission shall revise rule 405 under  
17 the Securities Act of 1933 (17 CFR 230.405)—

18 (A) to remove the exclusion of a business  
19 development company from the definition of a  
20 well-known seasoned issuer provided by that  
21 rule; and

22 (B) to add registration statements filed on  
23 Form N–2 to the definition of automatic shelf  
24 registration statement provided by that rule.

25 (2) The Commission shall revise rules 168 and  
26 169 under the Securities Act of 1933 (17 CFR

1 230.168 and 230.169) to remove the exclusion of a  
2 business development company from an issuer that  
3 can use the exemptions provided by those rules.

4 (3) The Commission shall revise rules 163 and  
5 163A under the Securities Act of 1933 (17 CFR  
6 230.163 and 230.163A) to remove a business devel-  
7 opment company from the list of issuers that are in-  
8 eligible to use the exemptions provided by those  
9 rules.

10 (4) The Commission shall revise rule 134 under  
11 the Securities Act of 1933 (17 CFR 230.134) to re-  
12 move the exclusion of a business development com-  
13 pany from that rule.

14 (5) The Commission shall revise rules 138 and  
15 139 under the Securities Act of 1933 (17 CFR  
16 230.138 and 230.139) to specifically include a busi-  
17 ness development company as an issuer to which  
18 those rules apply.

19 (6) The Commission shall revise rule 164 under  
20 the Securities Act of 1933 (17 CFR 230.164) to re-  
21 move a business development company from the list  
22 of issuers that are excluded from that rule.

23 (7) The Commission shall revise rule 433 under  
24 the Securities Act of 1933 (17 CFR 230.433) to  
25 specifically include a business development company



1 that is a well-known seasoned issuer as an issuer to  
2 which that rule applies.

3 (8) The Commission shall revise rule 415 under  
4 the Securities Act of 1933 (17 CFR 230.415)—

5 (A) to state that the registration for secu-  
6 rities provided by that rule includes securities  
7 registered by a business development company  
8 on Form N-2; and

9 (B) to provide an exception for a business  
10 development company from the requirement  
11 that a Form N-2 registrant must furnish the  
12 undertakings required by item 34.4 of Form N-  
13 2.

14 (9) The Commission shall revise rule 497 under  
15 the Securities Act of 1933 (17 CFR 230.497) to in-  
16 clude a process for a business development company  
17 to file a form of prospectus that is parallel to the  
18 process for filing a form of prospectus under rule  
19 424(b).

20 (10) The Commission shall revise rules 172 and  
21 173 under the Securities Act of 1933 (17 CFR  
22 230.172 and 230.173) to remove the exclusion of an  
23 offering of a business development company from  
24 those rules.

1           (11) The Commission shall revise rule 418  
2           under the Securities Act of 1933 (17 CFR 230.418)  
3           to provide that a business development company  
4           that would otherwise meet the eligibility require-  
5           ments of General Instruction I.A of Form S-3 shall  
6           be exempt from paragraph (a)(3) of that rule.

7           (12) The Commission shall revise rule 14a-101  
8           under the Securities Exchange Act of 1934 (17 CFR  
9           240.14a-101) to provide that a business develop-  
10          ment company that would otherwise meet the re-  
11          quirements of General Instruction I.A of Form S-3  
12          shall be deemed to meet the requirements of Form  
13          S-3 for purposes of Schedule 14A.

14          (13) The Commission shall revise rule 103  
15          under Regulation FD (17 CFR 243.103) to provide  
16          that paragraph (a) of that rule applies for purposes  
17          of Form N-2.

18          (b) REVISION TO FORM N-2.—Not later than 1 year  
19          after the date of enactment of this Act, the Commission  
20          shall revise Form N-2—

21                 (1) to include an item or instruction that is  
22                 similar to item 12 on Form S-3 to provide that a  
23                 business development company that would otherwise  
24                 meet the requirements of Form S-3 shall incor-  
25                 porate by reference its reports and documents filed

1 under the Securities Exchange Act of 1934 into its  
2 registration statement filed on Form N-2; and

3 (2) to include an item or instruction that is  
4 similar to the instruction regarding automatic shelf  
5 offerings by well-known seasoned issuers on Form  
6 S-3 to provide that a business development company  
7 that is a well-known seasoned issuer may file auto-  
8 matic shelf offerings on Form N-2.

9 (c) TREATMENT IF REVISIONS NOT COMPLETED IN  
10 TIMELY MANNER.—If the Commission fails to complete  
11 the revisions required by subsections (a) and (b) by the  
12 time required by such subsections, a business development  
13 company shall be entitled to treat such revisions as having  
14 been completed in accordance with the actions required to  
15 be taken by the Commission by such subsections until such  
16 time as such revisions are completed by the Commission.

17 (d) RULE OF CONSTRUCTION.—Any reference in this  
18 section to a rule or form means such rule or form or any  
19 successor rule or form.

## 20 **Subtitle I—Fostering Innovation**

### 21 **SEC. 441. TEMPORARY EXEMPTION FOR LOW-REVENUE** 22 **ISSUERS.**

23 Section 404 of the Sarbanes-Oxley Act of 2002 (15  
24 U.S.C. 7262) is amended by adding at the end the fol-  
25 lowing:

1       “(d) TEMPORARY EXEMPTION FOR LOW-REVENUE  
2 ISSUERS.—

3           “(1) LOW-REVENUE EXEMPTION.—Subsection  
4 (b) shall not apply with respect to an audit report  
5 prepared for an issuer that—

6           “(A) ceased to be an emerging growth  
7 company on the last day of the fiscal year of  
8 the issuer following the fifth anniversary of the  
9 date of the first sale of common equity securi-  
10 ties of the issuer pursuant to an effective reg-  
11 istration statement under the Securities Act of  
12 1933;

13           “(B) had average annual gross revenues of  
14 less than \$50,000,000 as of its most recently  
15 completed fiscal year; and

16           “(C) is not a large accelerated filer.

17           “(2) EXPIRATION OF TEMPORARY EXEMP-  
18 TION.—An issuer ceases to be eligible for the exemp-  
19 tion described under paragraph (1) at the earliest  
20 of—

21           “(A) the last day of the fiscal year of the  
22 issuer following the tenth anniversary of the  
23 date of the first sale of common equity securi-  
24 ties of the issuer pursuant to an effective reg-

1           istration statement under the Securities Act of  
2           1933;

3           “(B) the last day of the fiscal year of the  
4           issuer during which the average annual gross  
5           revenues of the issuer exceed \$50,000,000; or

6           “(C) the date on which the issuer becomes  
7           a large accelerated filer.

8           “(3) DEFINITIONS.—For purposes of this sub-  
9           section:

10           “(A) AVERAGE ANNUAL GROSS REVE-  
11           NUES.—The term ‘average annual gross reve-  
12           nues’ means the total gross revenues of an  
13           issuer over its most recently completed three  
14           fiscal years divided by three.

15           “(B) EMERGING GROWTH COMPANY.—The  
16           term ‘emerging growth company’ has the mean-  
17           ing given such term under section 3 of the Se-  
18           curities Exchange Act of 1934 (15 U.S.C. 78e).

19           “(C) LARGE ACCELERATED FILER.—The  
20           term ‘large accelerated filer’ has the meaning  
21           given that term under section 240.12b–2 of title  
22           17, Code of Federal Regulations, or any suc-  
23           cessor thereto.”.

1    **Subtitle J—Small Business Capital**  
2            **Formation Enhancement**

3    **SEC. 446. ANNUAL REVIEW OF GOVERNMENT-BUSINESS**  
4            **FORUM ON CAPITAL FORMATION.**

5            Section 503 of the Small Business Investment Incen-  
6    tive Act of 1980 (15 U.S.C. 80c–1) is amended by adding  
7    at the end the following:

8            “(e) The Commission shall—

9                    “(1) review the findings and recommendations  
10            of the forum; and

11                   “(2) each time the forum submits a finding or  
12            recommendation to the Commission, promptly issue  
13            a public statement—

14                           “(A) assessing the finding or recommenda-  
15                    tion of the forum; and

16                           “(B) disclosing the action, if any, the Com-  
17                    mission intends to take with respect to the find-  
18                    ing or recommendation.”.

19    **Subtitle K—Helping Angels Lead**  
20            **Our Startups**

21    **SEC. 451. DEFINITION OF ANGEL INVESTOR GROUP.**

22            As used in this subtitle, the term “angel investor  
23    group” means any group that—

1           (1) is composed of accredited investors inter-  
2           ested in investing personal capital in early-stage  
3           companies;

4           (2) holds regular meetings and has defined  
5           processes and procedures for making investment de-  
6           cisions, either individually or among the membership  
7           of the group as a whole; and

8           (3) is neither associated nor affiliated with bro-  
9           kers, dealers, or investment advisers.

10 **SEC. 452. CLARIFICATION OF GENERAL SOLICITATION.**

11           (a) IN GENERAL.—Not later than 6 months after the  
12           date of enactment of this Act, the Securities and Ex-  
13           change Commission shall revise Regulation D of its rules  
14           (17 CFR 230.500 et seq.) to require that in carrying out  
15           the prohibition against general solicitation or general ad-  
16           vertising contained in section 230.502(c) of title 17, Code  
17           of Federal Regulations, the prohibition shall not apply to  
18           a presentation or other communication made by or on be-  
19           half of an issuer which is made at an event—

20           (1) sponsored by—

21           (A) the United States or any territory  
22           thereof, by the District of Columbia, by any  
23           State, by a political subdivision of any State or  
24           territory, or by any agency or public instrumen-  
25           tality of any of the foregoing;

1 (B) a college, university, or other institu-  
2 tion of higher education;

3 (C) a nonprofit organization;

4 (D) an angel investor group;

5 (E) a venture forum, venture capital asso-  
6 ciation, or trade association; or

7 (F) any other group, person or entity as  
8 the Securities and Exchange Commission may  
9 determine by rule;

10 (2) where any advertising for the event does not  
11 reference any specific offering of securities by the  
12 issuer;

13 (3) the sponsor of which—

14 (A) does not make investment rec-  
15 ommendations or provide investment advice to  
16 event attendees;

17 (B) does not engage in an active role in  
18 any investment negotiations between the issuer  
19 and investors attending the event;

20 (C) does not charge event attendees any  
21 fees other than administrative fees; and

22 (D) does not receive any compensation  
23 with respect to such event that would require  
24 registration of the sponsor as a broker or a  
25 dealer under the Securities Exchange Act of



1           1934, or as an investment advisor under the In-  
2           vestment Advisers Act of 1940; and

3           (4) where no specific information regarding an  
4           offering of securities by the issuer is communicated  
5           or distributed by or on behalf of the issuer, other  
6           than—

7                   (A) that the issuer is in the process of of-  
8                   fering securities or planning to offer securities;

9                   (B) the type and amount of securities  
10                  being offered;

11                  (C) the amount of securities being offered  
12                  that have already been subscribed for; and

13                  (D) the intended use of proceeds of the of-  
14                  fering.

15           (b) **RULE OF CONSTRUCTION.**—Subsection (a) may  
16           only be construed as requiring the Securities and Ex-  
17           change Commission to amend the requirements of Regula-  
18           tion D with respect to presentations and communications,  
19           and not with respect to purchases or sales.

## 20           **Subtitle L—Main Street Growth**

### 21           **SEC. 456. VENTURE EXCHANGES.**

22           (a) **SECURITIES EXCHANGE ACT OF 1934.**—Section  
23           6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f)  
24           is amended by adding at the end the following:

25                   “(m) **VENTURE EXCHANGE.**—

1           “(1) REGISTRATION.—

2                   “(A) IN GENERAL.—A national securities  
3 exchange may elect to be treated (or for a list-  
4 ing tier of such exchange to be treated) as a  
5 venture exchange by notifying the Commission  
6 of such election, either at the time the exchange  
7 applies to be registered as a national securities  
8 exchange or after registering as a national secu-  
9 rities exchange.

10           “(B) DETERMINATION TIME PERIOD.—

11 With respect to a securities exchange electing to  
12 be treated (or for a listing tier of such exchange  
13 to be treated) as a venture exchange—

14                   “(i) at the time the exchange applies  
15 to be registered as a national securities ex-  
16 change, such application and election shall  
17 be deemed to have been approved by the  
18 Commission unless the Commission denies  
19 such application before the end of the 6-  
20 month period beginning on the date the  
21 Commission received such application; and

22                   “(ii) after registering as a national se-  
23 curities exchange, such election shall be  
24 deemed to have been approved by the Com-  
25 mission unless the Commission denies such

1 approval before the end of the 6-month pe-  
2 riod beginning on the date the Commission  
3 received notification of such election.

4 “(2) POWERS AND RESTRICTIONS.—A venture  
5 exchange—

6 “(A) may only constitute, maintain, or pro-  
7 vide a market place or facilities for bringing to-  
8 gether purchasers and sellers of venture securi-  
9 ties;

10 “(B) may determine the increment to be  
11 used for quoting and trading venture securities  
12 on the exchange;

13 “(C) shall disseminate last sale and  
14 quotation information on terms that are fair  
15 and reasonable and not unreasonably discrimi-  
16 natory;

17 “(D) may choose to carry out periodic auc-  
18 tions for the sale of a venture security instead  
19 of providing continuous trading of the venture  
20 security; and

21 “(E) may not extend unlisted trading  
22 privileges to any venture security.

23 “(3) EXEMPTIONS FROM CERTAIN NATIONAL  
24 SECURITY EXCHANGE REGULATIONS.—A venture ex-  
25 change shall not be required to—

1           “(A) comply with any of sections 242.600  
2 through 242.612 of title 17, Code of Federal  
3 Regulations;

4           “(B) comply with any of sections 242.300  
5 through 242.303 of title 17, Code of Federal  
6 Regulations;

7           “(C) submit any data to a securities infor-  
8 mation processor; or

9           “(D) use decimal pricing.

10           “(4) TREATMENT OF CERTAIN EXEMPTED SE-  
11 CURITIES.—A security that is exempt from registra-  
12 tion pursuant to section 3(b) of the Securities Act  
13 of 1933 shall be exempt from section 12(a) of this  
14 title with respect to the trading of such security on  
15 a venture exchange, if the issuer of such security is  
16 in compliance with all disclosure obligations of such  
17 section 3(b) and the regulations issued under such  
18 section.

19           “(5) DEFINITIONS.—For purposes of this sub-  
20 section:

21           “(A) EARLY-STAGE, GROWTH COMPANY.—

22                   “(i) IN GENERAL.—The term ‘early-  
23 stage, growth company’ means an issuer—

1           “(I) that has not made an initial  
2 public offering of any securities of the  
3 issuer; and

4           “(II) with a market capitalization  
5 of \$1,000,000,000 (as such amount is  
6 indexed for inflation every 5 years by  
7 the Commission to reflect the change  
8 in the Consumer Price Index for All  
9 Urban Consumers published by the  
10 Bureau of Labor Statistics, setting  
11 the threshold to the nearest  
12 \$1,000,000) or less.

13           “(ii) TREATMENT WHEN MARKET  
14 CAPITALIZATION EXCEEDS THRESHOLD.—

15           “(I) IN GENERAL.—In the case  
16 of an issuer that is an early-stage,  
17 growth company the securities of  
18 which are traded on a venture ex-  
19 change, such issuer shall not cease to  
20 be an early-stage, growth company by  
21 reason of the market capitalization of  
22 such issuer exceeding the threshold  
23 specified in clause (i)(II) until the end  
24 of the period of 24 consecutive  
25 months during which the market cap-

1           italization of such issuer exceeds  
2           \$2,000,000,000 (as such amount is  
3           indexed for inflation every 5 years by  
4           the Commission to reflect the change  
5           in the Consumer Price Index for All  
6           Urban Consumers published by the  
7           Bureau of Labor Statistics, setting  
8           the threshold to the nearest  
9           \$1,000,000).

10           “(II) EXEMPTIONS.—If an issuer  
11           would cease to be an early-stage,  
12           growth company under subclause (I),  
13           the venture exchange may, at the re-  
14           quest of the issuer, exempt the issuer  
15           from the market capitalization re-  
16           quirements of this subparagraph for  
17           the 1-year period that begins on the  
18           day after the end of the 24-month pe-  
19           riod described in such subclause. The  
20           venture exchange may, at the request  
21           of the issuer, extend the exemption for  
22           1 additional year.

23           “(B) VENTURE SECURITY.—The term  
24           ‘venture security’ means—

1                   “(i) securities of an early-stage,  
2                   growth company that are exempt from reg-  
3                   istration pursuant to section 3(b) of the  
4                   Securities Act of 1933; and

5                   “(ii) securities of an emerging growth  
6                   company.”.

7           (b) SECURITIES ACT OF 1933.—Section 18(b)(1) of  
8 the Securities Act of 1933 (15 U.S.C. 77r(b)(1)) is  
9 amended—

10           (1) in subparagraph (B), by striking “or” at  
11 the end;

12           (2) in subparagraph (C), by striking the period  
13 and inserting “; or”; and

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

15                   “(D) a venture security, as defined under  
16 section 6(m)(5) of the Securities Exchange Act  
17 of 1934.”.

18           (c) SENSE OF CONGRESS.—It is the sense of the Con-  
19 gress that the Securities and Exchange Commission  
20 should—

21           (1) when necessary or appropriate in the public  
22 interest and consistent with the protection of inves-  
23 tors, make use of the Commission’s general exemp-  
24 tive authority under section 36 of the Securities Ex-

1 change Act of 1934 (15 U.S.C. 78mm) with respect  
2 to the provisions added by this section; and

3 (2) if the Commission determines appropriate,  
4 create an Office of Venture Exchanges within the  
5 Commission's Division of Trading and Markets.

6 (d) RULE OF CONSTRUCTION.—Nothing in this sec-  
7 tion or the amendments made by this section shall be con-  
8 strued to impair or limit the construction of the antifraud  
9 provisions of the securities laws (as defined in section 3(a)  
10 of the Securities Exchange Act of 1934 (15 U.S.C.  
11 78c(a))) or the authority of the Securities and Exchange  
12 Commission under those provisions.

13 (e) EFFECTIVE DATE FOR TIERS OF EXISTING NA-  
14 TIONAL SECURITIES EXCHANGES.—In the case of a secu-  
15 rities exchange that is registered as a national securities  
16 exchange under section 6 of the Securities Exchange Act  
17 of 1934 (15 U.S.C. 78f) on the date of the enactment of  
18 this Act, any election for a listing tier of such exchange  
19 to be treated as a venture exchange under subsection (m)  
20 of such section shall not take effect before the date that  
21 is 180 days after such date of enactment.



## 1     **Subtitle M—Micro Offering Safe** 2                                   **Harbor**

### 3     **SEC. 461. EXEMPTIONS FOR MICRO-OFFERINGS.**

4             (a) IN GENERAL.—Section 4 of the Securities Act of  
5     1933 (15 U.S.C. 77d) is amended—

6                     (1) in subsection (a), by adding at the end the  
7     following:

8                     “(8) transactions meeting the requirements of  
9     subsection (e).”; and

10                    (2) as amended by section 431(2), by inserting  
11     after subsection (d) the following:

12                    “(e) CERTAIN MICRO-OFFERINGS.—The transactions  
13     referred to in subsection (a)(8) are transactions involving  
14     the sale of securities by an issuer (including all entities  
15     controlled by or under common control with the issuer)  
16     that meet all of the following requirements:

17                    “(1) PRE-EXISTING RELATIONSHIP.—Each pur-  
18     chaser has a substantive pre-existing relationship  
19     with an officer of the issuer, a director of the issuer,  
20     or a shareholder holding 10 percent or more of the  
21     shares of the issuer.

22                    “(2) 35 OR FEWER PURCHASERS.—There are  
23     no more than, or the issuer reasonably believes that  
24     there are no more than, 35 purchasers of securities  
25     from the issuer that are sold in reliance on the ex-

1        exemption provided under subsection (a)(8) during the  
2        12-month period preceding such transaction.

3            “(3) SMALL OFFERING AMOUNT.—The aggre-  
4        gate amount of all securities sold by the issuer, in-  
5        cluding any amount sold in reliance on the exemp-  
6        tion provided under subsection (a)(8), during the 12-  
7        month period preceding such transaction, does not  
8        exceed \$500,000.”.

9        (b) EXEMPTION UNDER STATE REGULATIONS.—Sec-  
10       tion 18(b)(4) of the Securities Act of 1933 (15 U.S.C.  
11       77r(b)(4)) is amended—

12            (1) in subparagraph (F), by striking “or” at  
13        the end;

14            (2) in subparagraph (G), by striking the period  
15        and inserting “; or”; and

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

17            “(H) section 4(a)(8).”.

## 18        **Subtitle N—Private Placement** 19        **Improvement**

### 20        **SEC. 466. REVISIONS TO SEC REGULATION D.**

21        Not later than 45 days following the date of the en-  
22        actment of this Act, the Securities and Exchange Commis-  
23        sion shall revise Regulation D (17 CFR 501 et seq.) in  
24        accordance with the following:

1           (1) The Commission shall revise Form D filing  
2 requirements to require an issuer offering or selling  
3 securities in reliance on an exemption provided  
4 under Rule 506 of Regulation D to file with the  
5 Commission a single notice of sales containing the  
6 information required by Form D for each new offer-  
7 ing of securities no earlier than 15 days after the  
8 date of the first sale of securities in the offering.  
9 The Commission shall not require such an issuer to  
10 file any notice of sales containing the information re-  
11 quired by Form D except for the single notice de-  
12 scribed in the previous sentence.

13           (2) The Commission shall make the information  
14 contained in each Form D filing available to the se-  
15 curities commission (or any agency or office per-  
16 forming like functions) of each State and territory of  
17 the United States and the District of Columbia.

18           (3) The Commission shall not condition the  
19 availability of any exemption for an issuer under  
20 Rule 506 of Regulation D (17 CFR 230.506) on the  
21 issuer's or any other person's filing with the Com-  
22 mission of a Form D or any similar report.

23           (4) The Commission shall not require issuers to  
24 submit written general solicitation materials to the  
25 Commission in connection with a Rule 506(c) offer-

1 ing, except when the Commission requests such ma-  
2 terials pursuant to the Commission’s authority  
3 under section 8A or section 20 of the Securities Act  
4 of 1933 (15 U.S.C. 77h–1 or 77t) or section 9,  
5 10(b), 21A, 21B, or 21C of the Securities Exchange  
6 Act of 1934 (15 U.S.C. 78i, 78j(b), 78u–1, 78u–2,  
7 or 78u–3).

8 (5) The Commission shall not extend the re-  
9 quirements contained in Rule 156 to private funds.

10 (6) The Commission shall revise Rule 501(a) of  
11 Regulation D to provide that a person who is a  
12 “knowledgeable employee” of a private fund or the  
13 fund’s investment adviser, as defined in Rule 3c–  
14 5(a)(4) (17 CFR 270.3c–5(a)(4)), shall be an ac-  
15 credited investor for purposes of a Rule 506 offering  
16 of a private fund with respect to which the person  
17 is a knowledgeable employee.

## 18 **Subtitle O—Supporting America’s** 19 **Innovators**

### 20 **SEC. 471. INVESTOR LIMITATION FOR QUALIFYING VEN-** 21 **TURE CAPITAL FUNDS.**

22 Section 3(c)(1) of the Investment Company Act of  
23 1940 (15 U.S.C. 80a–3(c)(1)) is amended—

1           (1) by inserting after “one hundred persons”  
2           the following: “(or, with respect to a qualifying ven-  
3           ture capital fund, 500 persons)”; and

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

5           “(C) The term ‘qualifying venture capital  
6           fund’ means any venture capital fund (as de-  
7           fined pursuant to section 203(l)(1) of the In-  
8           vestment Advisers Act of 1940 (15 U.S.C. 80b-  
9           3(l)(1)) with no more than \$50,000,000 in ag-  
10          gregate capital contributions and uncalled com-  
11          mitted capital, as such dollar amount is annu-  
12          ally adjusted by the Commission to reflect the  
13          change in the Consumer Price Index for All  
14          Urban Consumers published by the Bureau of  
15          Labor Statistics of the Department of Labor.”.

## 16           **Subtitle P—Fix Crowdfunding**

### 17           **SEC. 476. CROWDFUNDING EXEMPTION.**

18           (a) SECURITIES ACT OF 1933.—Section 4(a) of the  
19           Securities Act of 1933 (15 U.S.C. 77d) is amended by  
20           striking paragraph (6) and inserting the following:

21           “(6) transactions involving the offer or sale of  
22           securities by an issuer, provided that—

23           “(A) in the case of a transaction involving  
24           an intermediary between the issuer and the in-

1 investor, such intermediary complies with the re-  
2 quirements under section 4A(a); and

3 “(B) in the case of a transaction not in-  
4 volving an intermediary between the issuer and  
5 the investor, the issuer complies with the re-  
6 quirements under section 4A(b).”.

7 (b) REQUIREMENTS TO QUALIFY FOR  
8 CROWDFUNDING EXEMPTION.—Section 4A of the Securi-  
9 ties Act of 1933 (15 U.S.C. 77d–1) is amended to read  
10 as follows:

11 **“SEC. 4A. REQUIREMENTS WITH RESPECT TO CERTAIN**  
12 **SMALL TRANSACTIONS.**

13 “(a) REQUIREMENTS ON INTERMEDIARIES.—For  
14 purposes of section 4(a)(6), a person acting as an inter-  
15 mediary in a transaction involving the offer or sale of secu-  
16 rities shall comply with the requirements of this subsection  
17 if the intermediary—

18 “(1) warns investors, including on the  
19 intermediary’s website used for the offer and sale of  
20 such securities, of the speculative nature generally  
21 applicable to investments in startups, emerging busi-  
22 nesses, and small issuers, including risks in the sec-  
23 ondary market related to illiquidity;

1           “(2) warns investors that they are subject to  
2 the restriction on sales requirement described under  
3 subsection (e);

4           “(3) takes reasonable measures to reduce the  
5 risk of fraud with respect to such transaction;

6           “(4) registers with the Commission and the Fi-  
7 nancial Industry Regulatory Authority, including by  
8 providing the Commission with the intermediary’s  
9 physical address, website address, and the names of  
10 the intermediary and employees of the intermediary,  
11 and keep such information up-to-date;

12           “(5) provides the Commission with continuous  
13 investor-level access to the intermediary’s website;

14           “(6) requires each potential investor to answer  
15 questions demonstrating—

16           “(A) an understanding of the level of risk  
17 generally applicable to investments in startups,  
18 emerging businesses, and small issuers;

19           “(B) an understanding of the risk of  
20 illiquidity; and

21           “(C) such other areas as the Commission  
22 may determine appropriate by rule or regula-  
23 tion, including information relating to the own-  
24 ers’ and management’s experience, and any re-

1           lated party transactions and conflicts of inter-  
2           est;

3           “(7) carries out a background check on the  
4           issuer’s principals;

5           “(8) provides the Commission and potential in-  
6           vestors with notice of the offering not less than 10  
7           days prior to such offering, not later than the first  
8           day securities are offered to potential investors, in-  
9           cluding—

10                   “(A) the issuer’s name, legal status, phys-  
11                   ical address, and website address;

12                   “(B) the names of the issuer’s principals;

13                   “(C) the stated purpose and intended use  
14                   of the proceeds of the offering sought by the  
15                   issuer; and

16                   “(D) the target offering amount and the  
17                   deadline to reach the target offering amount;

18           “(9) outsources cash-management functions to  
19           a qualified third party custodian, such as a broker  
20           or dealer registered under section 15(b)(1) of the  
21           Securities Exchange Act of 1934, a trust company,  
22           or an insured depository institution;

23           “(10) makes available on the intermediary’s  
24           website a method of communication that permits the



1 issuer and investors to communicate with one an-  
2 other; and

3 “(11) provides the Commission with a notice  
4 upon completion of the offering, which shall include  
5 the aggregate offering amount and the number of  
6 purchasers.

7 “(b) REQUIREMENTS ON ISSUERS IF NO INTER-  
8 MEDIARY.—For purposes of section 4(a)(6), an issuer who  
9 offers or sells securities without an intermediary shall  
10 comply with the requirements of this subsection if the  
11 issuer—

12 “(1) warns investors, including on the issuer’s  
13 website, of the speculative nature generally applica-  
14 ble to investments in startups, emerging businesses,  
15 and small issuers, including risks in the secondary  
16 market related to illiquidity;

17 “(2) warns investors that they are subject to  
18 the restriction on sales requirement described under  
19 subsection (e);

20 “(3) takes reasonable measures to reduce the  
21 risk of fraud with respect to such transaction;

22 “(4) provides the Commission with the issuer’s  
23 physical address, website address, and the names of  
24 the principals and employees of the issuers, and  
25 keeps such information up-to-date;

1           “(5) provides the Commission with continuous  
2 investor-level access to the issuer’s website;

3           “(6) requires each potential investor to answer  
4 questions demonstrating—

5                   “(A) an understanding of the level of risk  
6 generally applicable to investments in startups,  
7 emerging businesses, and small issuers;

8                   “(B) an understanding of the risk of  
9 illiquidity; and

10                   “(C) such other areas as the Commission  
11 may determine appropriate by rule or regula-  
12 tion;

13           “(7) provides the Commission with notice of the  
14 offering not less than 10 days prior to such offering,  
15 not later than the first day securities are offered to  
16 potential investors, including—

17                   “(A) the stated purpose and intended use  
18 of the proceeds of the offering sought by the  
19 issuer; and

20                   “(B) the target offering amount and the  
21 deadline to reach the target offering amount;

22           “(8) outsources cash-management functions to  
23 a qualified third party custodian, such as a broker  
24 or dealer registered under section 15(b)(1) of the

1 Securities Exchange Act of 1934, a trust company,  
2 or an insured depository institution;

3 “(9) makes available on the issuer’s website a  
4 method of communication that permits the issuer  
5 and investors to communicate with one another;

6 “(10) does not offer personalized investment  
7 advice;

8 “(11) provides the Commission with a notice  
9 upon completion of the offering, which shall include  
10 the aggregate offering amount and the number of  
11 purchasers; and

12 “(c) VERIFICATION OF INCOME.—For purposes of  
13 section 4(a)(6), an issuer or intermediary may rely on cer-  
14 tifications as to annual income provided by the person to  
15 whom the securities are sold to verify the investor’s in-  
16 come.

17 “(d) INFORMATION AVAILABLE TO STATES.—The  
18 Commission shall make the notices described under sub-  
19 sections (a)(9), (a)(13), (b)(8), and (b)(13) and the infor-  
20 mation described under subsections (a)(4) and (b)(4)  
21 available to the States.

22 “(e) RESTRICTION ON SALES.—With respect to a  
23 transaction involving the issuance of securities described  
24 under section 4(a)(6), a purchaser may not transfer such

1 securities during the 1-year period beginning on the date  
2 of purchase, unless such securities are sold to—

3 “(1) the issuer of such securities; or

4 “(2) an accredited investor.

5 “(f) CONSTRUCTION.—

6 “(1) NO REGISTRATION AS BROKER.—With re-  
7 spect to a transaction described under section  
8 4(a)(6) involving an intermediary, such intermediary  
9 shall not be required to register as a broker under  
10 section 15(a)(1) of the Securities Exchange Act of  
11 1934 solely by reason of participation in such trans-  
12 action.

13 “(2) NO PRECLUSION OF OTHER CAPITAL RAIS-  
14 ING.—Nothing in this section or section 4(a)(6)  
15 shall be construed as preventing an issuer from rais-  
16 ing capital through methods not described under  
17 section 4(a)(6).”.

18 (c) RULEMAKING.—Not later than 180 days after the  
19 date of enactment of this Act, the Securities and Ex-  
20 change Commission shall issue or revise such rules as may  
21 be necessary to carry out section 4A of the Securities Act  
22 of 1933, as amended by this Act. In issuing or revising  
23 such rules, the Commission shall consider the costs and  
24 benefits of the action.

1 (d) DISQUALIFICATION.—Not later than 180 days  
2 after the date of enactment of this Act, the Securities and  
3 Exchange Commission shall by rule or regulation establish  
4 disqualification provisions under which an issuer shall not  
5 be eligible to utilize the exemption under section 4(a)(6)  
6 of the Securities Act of 1933 (as amended by this Act)  
7 based on the disciplinary history of the issuer or its prede-  
8 cessors, affiliates, officers, directors, or persons fulfilling  
9 similar roles. The Commission shall also establish disquali-  
10 fication provisions under which an intermediary shall not  
11 be eligible to act as an intermediary in connection with  
12 an offering utilizing the exemption under section 4(a)(6)  
13 of the Securities Act of 1933 based on the disciplinary  
14 history of the intermediary or its predecessors, affiliates,  
15 officers, directors, or persons fulfilling similar roles. Such  
16 provisions shall be substantially similar to the disqualifica-  
17 tion provisions contained in the regulations adopted in ac-  
18 cordance with section 926 of the Dodd-Frank Wall Street  
19 Reform and Consumer Protection Act (15 U.S.C. 77d  
20 note).

21 **SEC. 477. EXCLUSION OF CROWDFUNDING INVESTORS**  
22 **FROM SHAREHOLDER CAP.**

23 Section 12(g)(5) of the Securities Exchange Act of  
24 1934 (15 U.S.C. 78l(g)(5)) is amended—

1 (1) by striking “(5) For the purposes” and in-  
2 serting:

3 “(5) DEFINITIONS.—

4 “(A) IN GENERAL.—For the purposes”;  
5 and

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

7 “(B) EXCLUSION FOR PERSONS HOLDING  
8 CERTAIN SECURITIES.—For purposes of this  
9 subsection, securities held by persons who pur-  
10 chase such securities in transactions described  
11 under section 4(a)(6) of the Securities Act of  
12 1933 shall not be deemed to be ‘held of  
13 record.’”.

14 **SEC. 478. PREEMPTION OF STATE LAW.**

15 (a) IN GENERAL.—Section 18(b)(4)(C) of the Securi-  
16 ties Act of 1933 (15 U.S.C. 77r(b)(4)(C)) is amended by  
17 striking “section 4(6)” and inserting “section 4(a)(6)”.

18 (b) CLARIFICATION OF THE PRESERVATION OF  
19 STATE ENFORCEMENT AUTHORITY.—

20 (1) IN GENERAL.—The amendments made by  
21 section 305(a) of the Jumpstart Our Business  
22 Startups Act, as amended by subsection (a), relate  
23 solely to State registration, documentation, and of-  
24 fering requirements, as described under section  
25 18(a) of Securities Act of 1933 (15 U.S.C. 77r(a)),

1 and shall have no impact or limitation on other  
2 State authority to take enforcement action with re-  
3 gard to an issuer, intermediary, or any other person  
4 or entity using the exemption from registration pro-  
5 vided by section 4(a)(6) of such Act. Notwith-  
6 standing monetary penalties or sanctions, a State  
7 may not impose any filing or fee under such author-  
8 ity.

9 (2) CLARIFICATION OF STATE JURISDICTION  
10 OVER UNLAWFUL CONDUCT OF INTERMEDIARIES,  
11 ISSUERS, AND CUSTODIANS.—Section 18(c)(1) of the  
12 Securities Act of 1933 is amended by striking “in  
13 connection with securities or securities transactions”  
14 and all that follows and inserting the following: “in  
15 connection with securities or securities transactions,  
16 with respect to—

17 “(A) fraud or deceit;

18 “(B) unlawful conduct by a broker or deal-  
19 er; and

20 “(C) with respect to a transaction de-  
21 scribed under section 4(a)(6), unlawful conduct  
22 by an intermediary, issuer, or custodian.”.

23 **SEC. 479. TREATMENT OF FUNDING PORTALS.**

24 Section 5312(e) of title 31, United States Code, is  
25 amended by adding at the end the following:

1           “(2) FUNDING PORTALS NOT INCLUDED IN  
2           DEFINITION.—The term ‘financial institution’ (as  
3           defined in subsection (a)) does not include a funding  
4           portal (as defined under section 3(a) of the Securi-  
5           ties Exchange Act of 1934 (15 U.S.C. 78c(a))).”.

6           **Subtitle Q—Corporate Governance**  
7           **Reform and Transparency**

8           **SEC. 481. DEFINITIONS.**

9           (a) SECURITIES EXCHANGE ACT OF 1934.—Section  
10          3(a) of the Securities Exchange Act of 1934 (15 U.S.C.  
11          78c(a)) is amended by adding at the end the following new  
12          paragraphs:

13           “(83) PROXY ADVISORY FIRM.—The term  
14           ‘proxy advisory firm’ means any person who is pri-  
15           marily engaged in the business of providing proxy  
16           voting research, analysis, or recommendations to cli-  
17           ents, which conduct constitutes a solicitation within  
18           the meaning of section 14 and the Commission’s  
19           rules and regulations thereunder, except to the ex-  
20           tent that the person is exempted by such rules and  
21           regulations from requirements otherwise applicable  
22           to persons engaged in a solicitation.

23           “(84) PERSON ASSOCIATED WITH A PROXY AD-  
24           VISORY FIRM.—The term ‘person associated with’ a  
25           proxy advisory firm means any partner, officer, or



1 director of a proxy advisory firm (or any person oc-  
2 cupying a similar status or performing similar func-  
3 tions), any person directly or indirectly controlling,  
4 controlled by, or under common control with a proxy  
5 advisory firm, or any employee of a proxy advisory  
6 firm, except that persons associated with a proxy ad-  
7 visory firm whose functions are clerical or ministe-  
8 rial shall not be included in the meaning of such  
9 term. The Commission may by rules and regulations  
10 classify, for purposes or any portion or portions of  
11 this Act, persons, including employees controlled by  
12 a proxy advisory firm.”.

13 (b) APPLICABLE DEFINITIONS.—As used in this sub-  
14 title—

15 (1) the term “Commission” means the Securi-  
16 ties and Exchange Commission; and

17 (2) the term “proxy advisory firm” has the  
18 same meaning as in section 3(a)(83) of the Securi-  
19 ties Exchange Act of 1934, as added by this subtitle.

20 **SEC. 482. REGISTRATION OF PROXY ADVISORY FIRMS.**

21 (a) AMENDMENT.—The Securities Exchange Act of  
22 1934 is amended by inserting after section 15G the fol-  
23 lowing new section:

1 **“SEC. 15H. REGISTRATION OF PROXY ADVISORY FIRMS.**

2       “(a) CONDUCT PROHIBITED.—It shall be unlawful  
3 for a proxy advisory firm to make use of the mails or any  
4 means or instrumentality of interstate commerce to pro-  
5 vide proxy voting research, analysis, or recommendations  
6 to any client, unless such proxy advisory firm is registered  
7 under this section.

8       “(b) REGISTRATION PROCEDURES.—

9               “(1) APPLICATION FOR REGISTRATION.—

10                       “(A) IN GENERAL.—A proxy advisory firm  
11 must file with the Commission an application  
12 for registration, in such form as the Commis-  
13 sion shall require, by rule or regulation, and  
14 containing the information described in sub-  
15 paragraph (B).

16                       “(B) REQUIRED INFORMATION.—An appli-  
17 cation for registration under this section shall  
18 contain information regarding—

19                               “(i) a certification that the applicant  
20 has adequate financial and managerial re-  
21 sources to consistently provide proxy advice  
22 based on accurate information;

23                               “(ii) the procedures and methodolo-  
24 gies that the applicant uses in developing  
25 proxy voting recommendations, including  
26 whether and how the applicant considers

1 the size of a company when making proxy  
2 voting recommendations;

3 “(iii) the organizational structure of  
4 the applicant;

5 “(iv) whether or not the applicant has  
6 in effect a code of ethics, and if not, the  
7 reasons therefor;

8 “(v) any potential or actual conflict of  
9 interest relating to the ownership structure  
10 of the applicant or the provision of proxy  
11 advisory services by the applicant, includ-  
12 ing whether the proxy advisory firm en-  
13 gages in services ancillary to the provision  
14 of proxy advisory services such as con-  
15 sulting services for corporate issuers, and  
16 if so the revenues derived therefrom;

17 “(vi) the policies and procedures in  
18 place to manage conflicts of interest under  
19 subsection (f); and

20 “(vii) any other information and docu-  
21 ments concerning the applicant and any  
22 person associated with such applicant as  
23 the Commission, by rule, may prescribe as  
24 necessary or appropriate in the public in-  
25 terest or for the protection of investors.

1           “(2) REVIEW OF APPLICATION.—

2                   “(A) INITIAL DETERMINATION.—Not later  
3 than 90 days after the date on which the appli-  
4 cation for registration is filed with the Commis-  
5 sion under paragraph (1) (or within such longer  
6 period as to which the applicant consents) the  
7 Commission shall—

8                           “(i) by order, grant registration; or

9                           “(ii) institute proceedings to deter-  
10 mine whether registration should be de-  
11 nied.

12           “(B) CONDUCT OF PROCEEDINGS.—

13                   “(i) CONTENT.—Proceedings referred  
14 to in subparagraph (A)(ii) shall—

15                           “(I) include notice of the grounds  
16 for denial under consideration and an  
17 opportunity for hearing; and

18                           “(II) be concluded not later than  
19 120 days after the date on which the  
20 application for registration is filed  
21 with the Commission under paragraph  
22 (1).

23                   “(ii) DETERMINATION.—At the con-  
24 clusion of such proceedings, the Commis-

1                   sion, by order, shall grant or deny such ap-  
2                   plication for registration.

3                   “(iii) EXTENSION AUTHORIZED.—The  
4                   Commission may extend the time for con-  
5                   clusion of such proceedings for not longer  
6                   than 90 days, if it finds good cause for  
7                   such extension and publishes its reasons  
8                   for so finding, or for such longer period as  
9                   to which the applicant consents.

10                  “(C) GROUNDS FOR DECISION.—The Com-  
11                  mission shall grant registration under this sub-  
12                  section—

13                         “(i) if the Commission finds that the  
14                         requirements of this section are satisfied;  
15                         and

16                         “(ii) unless the Commission finds (in  
17                         which case the Commission shall deny such  
18                         registration) that—

19                                 “(I) the applicant has failed to  
20                                 certify to the Commission’s satisfac-  
21                                 tion that it has adequate financial and  
22                                 managerial resources to consistently  
23                                 provide proxy advice based on accu-  
24                                 rate information and to materially  
25                                 comply with the procedures and meth-

1 odologies disclosed under paragraph  
2 (1)(B) and with subsections (f) and  
3 (g); or

4 “(II) if the applicant were so reg-  
5 istered, its registration would be sub-  
6 ject to suspension or revocation under  
7 subsection (e).

8 “(3) PUBLIC AVAILABILITY OF INFORMATION.—  
9 Subject to section 24, the Commission shall make  
10 the information and documents submitted to the  
11 Commission by a proxy advisory firm in its com-  
12 pleted application for registration, or in any amend-  
13 ment submitted under paragraph (1) or (2) of sub-  
14 section (e), publicly available on the Commission’s  
15 website, or through another comparable, readily ac-  
16 cessible means.

17 “(c) UPDATE OF REGISTRATION.—

18 “(1) UPDATE.—Each registered proxy advisory  
19 firm shall promptly amend and update its applica-  
20 tion for registration under this section if any infor-  
21 mation or document provided therein becomes mate-  
22 rially inaccurate, except that a registered proxy advi-  
23 sory firm is not required to amend the information  
24 required to be filed under subsection (b)(1)(B)(i) by  
25 filing information under this paragraph, but shall

1 amend such information in the annual submission of  
2 the organization under paragraph (2) of this sub-  
3 section.

4 “(2) CERTIFICATION.—Not later than 90 cal-  
5 endar days after the end of each calendar year, each  
6 registered proxy advisory firm shall file with the  
7 Commission an amendment to its registration, in  
8 such form as the Commission, by rule, may prescribe  
9 as necessary or appropriate in the public interest or  
10 for the protection of investors—

11 “(A) certifying that the information and  
12 documents in the application for registration of  
13 such registered proxy advisory firm continue to  
14 be accurate in all material respects; and

15 “(B) listing any material change that oc-  
16 curred to such information or documents during  
17 the previous calendar year.

18 “(d) CENSURE, DENIAL, OR SUSPENSION OF REG-  
19 ISTRATION; NOTICE AND HEARING.—The Commission, by  
20 order, shall censure, place limitations on the activities,  
21 functions, or operations of, suspend for a period not ex-  
22 ceeding 12 months, or revoke the registration of any reg-  
23 istered proxy advisory firm if the Commission finds, on  
24 the record after notice and opportunity for hearing, that  
25 such censure, placing of limitations, suspension, or revoca-

1 tion is necessary for the protection of investors and in the  
2 public interest and that such registered proxy advisory  
3 firm, or any person associated with such an organization,  
4 whether prior to or subsequent to becoming so associ-  
5 ated—

6           “(1) has committed or omitted any act, or is  
7           subject to an order or finding, enumerated in sub-  
8           paragraph (A), (D), (E), (H), or (G) of section  
9           15(b)(4), has been convicted of any offense specified  
10          in section 15(b)(4)(B), or is enjoined from any ac-  
11          tion, conduct, or practice specified in subparagraph  
12          (C) of section 15(b)(4), during the 10-year period  
13          preceding the date of commencement of the pro-  
14          ceedings under this subsection, or at any time there-  
15          after;

16          “(2) has been convicted during the 10-year pe-  
17          riod preceding the date on which an application for  
18          registration is filed with the Commission under this  
19          section, or at any time thereafter, of—

20                  “(A) any crime that is punishable by im-  
21                  prisonment for one or more years, and that is  
22                  not described in section 15(b)(4)(B); or

23                  “(B) a substantially equivalent crime by a  
24                  foreign court of competent jurisdiction;



1           “(3) is subject to any order of the Commission  
2           barring or suspending the right of the person to be  
3           associated with a registered proxy advisory firm;

4           “(4) fails to furnish the certifications required  
5           under subsections (b)(2)(C)(ii)(I) and (c)(2);

6           “(5) has engaged in one or more prohibited acts  
7           enumerated in paragraph (1); or

8           “(6) fails to maintain adequate financial and  
9           managerial resources to consistently offer advisory  
10          services with integrity, including by failing to comply  
11          with subsections (f) or (g).

12          “(e) TERMINATION OF REGISTRATION.—

13                 “(1) VOLUNTARY WITHDRAWAL.—A registered  
14                 proxy advisory firm may, upon such terms and con-  
15                 ditions as the Commission may establish as nec-  
16                 essary in the public interest or for the protection of  
17                 investors, which terms and conditions shall include  
18                 at a minimum that the registered proxy advisory  
19                 firm will no longer conduct such activities as to  
20                 bring it within the definition of proxy advisory firm  
21                 in section 3(a)(83) of the Securities Exchange Act  
22                 of 1934, withdraw from registration by filing a writ-  
23                 ten notice of withdrawal to the Commission.

24                 “(2) COMMISSION AUTHORITY.—In addition to  
25                 any other authority of the Commission under this

1 title, if the Commission finds that a registered proxy  
2 advisory firm is no longer in existence or has ceased  
3 to do business as a proxy advisory firm, the Com-  
4 mission, by order, shall cancel the registration under  
5 this section of such registered proxy advisory firm.

6 “(f) MANAGEMENT OF CONFLICTS OF INTEREST.—

7 “(1) ORGANIZATION POLICIES AND PROCE-  
8 DURES.—Each registered proxy advisory firm shall  
9 establish, maintain, and enforce written policies and  
10 procedures reasonably designed, taking into consid-  
11 eration the nature of the business of such registered  
12 proxy advisory firm and associated persons, to ad-  
13 dress and manage any conflicts of interest that can  
14 arise from such business.

15 “(2) COMMISSION AUTHORITY.—The Commis-  
16 sion shall issue final rules to prohibit, or require the  
17 management and disclosure of, any conflicts of inter-  
18 est relating to the offering of proxy advisory services  
19 by a registered proxy advisory firm, including, with-  
20 out limitation, conflicts of interest relating to—

21 “(A) the manner in which a registered  
22 proxy advisory firm is compensated by the cli-  
23 ent, or any affiliate of the client, for providing  
24 proxy advisory services;

1           “(B) the provision of consulting, advisory,  
2           or other services by a registered proxy advisory  
3           firm, or any person associated with such reg-  
4           istered proxy advisory firm, to the client;

5           “(C) business relationships, ownership in-  
6           terests, or any other financial or personal inter-  
7           ests between a registered proxy advisory firm,  
8           or any person associated with such registered  
9           proxy advisory firm, and any client, or any af-  
10          filiate of such client;

11          “(D) transparency around the formulation  
12          of proxy voting policies;

13          “(E) the execution of proxy votes if such  
14          votes are based upon recommendations made by  
15          the proxy advisory firm in which someone other  
16          than the issuer is a proponent;

17          “(F) issuing recommendations where proxy  
18          advisory firms provide advisory services to a  
19          company; and

20          “(G) any other potential conflict of inter-  
21          est, as the Commission deems necessary or ap-  
22          propriate in the public interest or for the pro-  
23          tection of investors.

24          “(g) RELIABILITY OF PROXY ADVISORY FIRM SERV-  
25          ICES.—

1           “(1) IN GENERAL.—Each registered proxy advi-  
2           sory firm shall have staff sufficient to produce proxy  
3           voting recommendations that are based on accurate  
4           and current information. Each registered proxy advi-  
5           sory firm shall detail procedures sufficient to permit  
6           companies receiving proxy advisory firm rec-  
7           ommendations access in a reasonable time to the  
8           draft recommendations, with an opportunity to pro-  
9           vide meaningful comment thereon, including the op-  
10          portunity to present details to the person responsible  
11          for developing the recommendation in person or tele-  
12          phonically. Each registered proxy advisory firm shall  
13          employ an ombudsman to receive complaints about  
14          the accuracy of voting information used in making  
15          recommendations from the subjects of the proxy ad-  
16          visory firm’s voting recommendations, and shall re-  
17          solve those complaints in a timely fashion and in any  
18          event prior to voting on the matter to which the rec-  
19          ommendation relates.

20           “(2) DRAFT RECOMMENDATIONS DEFINED.—  
21          For purposes of this subsection, the term ‘draft rec-  
22          ommendations’—

23                   “(A) means the overall conclusions of  
24                   proxy voting recommendations prepared for the  
25                   clients of a proxy advisory firm, including any

1 public data cited therein, any company informa-  
2 tion or substantive analysis impacting the rec-  
3 ommendation, and the specific voting rec-  
4 ommendations on individual proxy ballot issues;  
5 and

6 “(B) does not include the entirety of the  
7 proxy advisory firm’s final report to its clients.

8 “(h) DESIGNATION OF COMPLIANCE OFFICER.—  
9 Each registered proxy advisory firm shall designate an in-  
10 dividual responsible for administering the policies and pro-  
11 cedures that are required to be established pursuant to  
12 subsections (f) and (g), and for ensuring compliance with  
13 the securities laws and the rules and regulations there-  
14 under, including those promulgated by the Commission  
15 pursuant to this section.

16 “(i) PROHIBITED CONDUCT.—

17 “(1) PROHIBITED ACTS AND PRACTICES.—The  
18 Commission shall issue final rules to prohibit any  
19 act or practice relating to the offering of proxy advi-  
20 sory services by a registered proxy advisory firm  
21 that the Commission determines to be unfair or co-  
22 ercive, including any act or practice relating to—

23 “(A) conditioning a voting recommendation  
24 or other proxy advisory firm recommendation  
25 on the purchase by an issuer or an affiliate

1           thereof of other services or products, of the reg-  
2           istered proxy advisory firm or any person asso-  
3           ciated with such registered proxy advisory firm;  
4           and

5           “(B) modifying a voting recommendation  
6           or otherwise departing from its adopted system-  
7           atic procedures and methodologies in the provi-  
8           sion of proxy advisory services, based on wheth-  
9           er an issuer, or affiliate thereof, subscribes or  
10          will subscribe to other services or product of the  
11          registered proxy advisory firm or any person as-  
12          sociated with such organization.

13          “(2) RULE OF CONSTRUCTION.—Nothing in  
14          paragraph (1), or in any rules or regulations adopt-  
15          ed thereunder, may be construed to modify, impair,  
16          or supersede the operation of any of the antitrust  
17          laws (as defined in the first section of the Clayton  
18          Act, except that such term includes section 5 of the  
19          Federal Trade Commission Act, to the extent that  
20          such section 5 applies to unfair methods of competi-  
21          tion).

22          “(j) STATEMENTS OF FINANCIAL CONDITION.—Each  
23          registered proxy advisory firm shall, on a confidential  
24          basis, file with the Commission, at intervals determined  
25          by the Commission, such financial statements, certified (if

1 required by the rules or regulations of the Commission)  
2 by an independent public auditor, and information con-  
3 cerning its financial condition, as the Commission, by rule,  
4 may prescribe as necessary or appropriate in the public  
5 interest or for the protection of investors.

6       “(k) ANNUAL REPORT.—Each registered proxy advi-  
7 sory firm shall, at the beginning of each fiscal year of such  
8 firm, report to the Commission on the number of share-  
9 holder proposals its staff reviewed in the prior fiscal year,  
10 the number of recommendations made in the prior fiscal  
11 year, the number of staff who reviewed and made rec-  
12 ommendations on such proposals in the prior fiscal year,  
13 and the number of recommendations made in the prior  
14 fiscal year where the proponent of such recommendation  
15 was a client of or received services from the proxy advisory  
16 firm.

17       “(l) TRANSPARENT POLICIES.—Each registered  
18 proxy advisory firm shall file with the Commission and  
19 make publicly available its methodology for the formula-  
20 tion of proxy voting policies and voting recommendations.

21       “(m) RULES OF CONSTRUCTION.—

22               “(1) NO WAIVER OF RIGHTS, PRIVILEGES, OR  
23 DEFENSES.—Registration under and compliance  
24 with this section does not constitute a waiver of, or  
25 otherwise diminish, any right, privilege, or defense

1 that a registered proxy advisory firm may otherwise  
2 have under any provision of State or Federal law,  
3 including any rule, regulation, or order thereunder.

4 “(2) NO PRIVATE RIGHT OF ACTION.—Nothing  
5 in this section may be construed as creating any pri-  
6 vate right of action, and no report filed by a reg-  
7 istered proxy advisory firm in accordance with this  
8 section or section 17 shall create a private right of  
9 action under section 18 or any other provision of  
10 law.

11 “(n) REGULATIONS.—

12 “(1) NEW PROVISIONS.—Such rules and regula-  
13 tions as are required by this section or are otherwise  
14 necessary to carry out this section, including the ap-  
15 plication form required under subsection (a)—

16 “(A) shall be issued by the Commission,  
17 not later than 180 days after the date of enact-  
18 ment of this section; and

19 “(B) shall become effective not later than  
20 1 year after the date of enactment of this sec-  
21 tion.

22 “(2) REVIEW OF EXISTING REGULATIONS.—Not  
23 later than 270 days after the date of enactment of  
24 this section, the Commission shall—



1           “(A) review its existing rules and regula-  
2           tions which affect the operations of proxy advi-  
3           sory firms;

4           “(B) amend or revise such rules and regu-  
5           lations in accordance with the purposes of this  
6           section, and issue such guidance, as the Com-  
7           mission may prescribe as necessary or appro-  
8           priate in the public interest or for the protec-  
9           tion of investors; and

10           “(C) direct Commission staff to withdraw  
11           the Egan Jones Proxy Services (May 27, 2004)  
12           and Institutional Shareholder Services, Inc.  
13           (September 15, 2004) no-action letters.

14           “(o) APPLICABILITY.—This section, other than sub-  
15           section (n), which shall apply on the date of enactment  
16           of this section, shall apply on the earlier of—

17           “(1) the date on which regulations are issued in  
18           final form under subsection (n)(1); or

19           “(2) 270 days after the date of enactment of  
20           this section.”.

21           (b) CONFORMING AMENDMENT.—Section 17(a)(1) of  
22           the Securities Exchange Act of 1934 (15 U.S.C.  
23           78q(a)(1)) is amended by inserting “proxy advisory firm,”  
24           after “nationally recognized statistical rating organiza-  
25           tion,”.

1 **SEC. 483. COMMISSION ANNUAL REPORT.**

2 The Commission shall make an annual report publicly  
3 available on the Commission's Internet website. Such re-  
4 port shall, with respect to the year to which the report  
5 relates—

6 (1) identify applicants for registration under  
7 section 15H of the Securities Exchange Act of 1934,  
8 as added by this subtitle;

9 (2) specify the number of and actions taken on  
10 such applications;

11 (3) specify the views of the Commission on the  
12 state of competition, transparency, policies and  
13 methodologies, and conflicts of interest among proxy  
14 advisory firms;

15 (4) include the determination of the Commis-  
16 sion with regard to—

17 (A) the quality of proxy advisory services  
18 issued by proxy advisory firms;

19 (B) the financial markets;

20 (C) competition among proxy advisory  
21 firms;

22 (D) the incidence of undisclosed conflicts  
23 of interest by proxy advisory firms;

24 (E) the process for registering as a proxy  
25 advisory firm; and

1 (F) such other matters relevant to the im-  
2 plementation of this subtitle and the amend-  
3 ments made by this subtitle, as the Commission  
4 determines necessary to bring to the attention  
5 of the Congress;

6 (5) identify problems, if any, that have resulted  
7 from the implementation of this subtitle and the  
8 amendments made by this subtitle; and

9 (6) recommend solutions, including any legisla-  
10 tive or regulatory solutions, to any problems identi-  
11 fied under paragraphs (4) and (5).

## 12 **Subtitle R—Senior Safe**

### 13 **SEC. 491. IMMUNITY.**

14 (a) DEFINITIONS.—In this subtitle—

15 (1) the term “Bank Secrecy Act Officer” means  
16 an individual responsible for ensuring compliance  
17 with the requirements mandated by subchapter II of  
18 chapter 53 of title 31, United States Code;

19 (2) the term “broker-dealer” means a broker or  
20 dealer, as those terms are defined, respectively, in  
21 section 3(a) of the Securities Exchange Act of 1934  
22 (15 U.S.C. 78c(a));

23 (3) the term “covered agency” means—

1 (A) a State financial regulatory agency, in-  
2 cluding a State securities or law enforcement  
3 authority and a State insurance regulator;

4 (B) each of the Federal financial institu-  
5 tions regulatory agencies;

6 (C) the Securities and Exchange Commis-  
7 sion;

8 (D) a law enforcement agency;

9 (E) and State or local agency responsible  
10 for administering adult protective service laws;  
11 and

12 (F) a State attorney general.

13 (4) the term “covered financial institution”  
14 means—

15 (A) a credit union;

16 (B) a depository institution;

17 (C) an investment advisor;

18 (D) a broker-dealer;

19 (E) an insurance company;

20 (F) a State attorney general; and

21 (G) a transfer agent.

22 (5) the term “credit union” means a Federal  
23 credit union, State credit union, or State-chartered  
24 credit union, as those terms are defined in section

1 101 of the Federal Credit Union Act (12 U.S.C.  
2 1752);

3 (6) the term “depository institution” has the  
4 meaning given the term in section 3(c) of the Fed-  
5 eral Deposit Insurance Act (12 U.S.C. 1813(e));

6 (7) the term “exploitation” means the fraudu-  
7 lent or otherwise illegal, unauthorized, or improper  
8 act or process of an individual, including a caregiver  
9 or fiduciary, that—

10 (A) uses the resources of a senior citizen  
11 for monetary personal benefit, profit, or gain;  
12 or

13 (B) results in depriving a senior citizen of  
14 rightful access to or use of benefits, resources,  
15 belongings or assets;

16 (8) the term “Federal financial institutions reg-  
17 ulatory agencies” has the meaning given the term in  
18 section 1003 of the Federal Financial Institutions  
19 Examination Council Act of 1978 (12 U.S.C. 3302);

20 (9) the term “investment adviser” has the  
21 meaning given the term in section 202 of the Invest-  
22 ment Advisers Act of 1940 (15 U.S.C. 80b–2);

23 (10) the term “insurance company” has the  
24 meaning given the term in section 2(a) of the Invest-  
25 ment Company Act of 1940 (15 U.S.C. 80a–2(a));

1           (11) the term “registered representative”  
2 means an individual who represents a broker-dealer  
3 in effecting or attempting to affect a purchase or  
4 sale of securities;

5           (12) the term “senior citizen” means an indi-  
6 vidual who is not less than 65 years of age;

7           (13) the term “State insurance regulator” has  
8 the meaning given such term in section 315 of the  
9 Gramm-Leach-Bliley Act (15 U.S.C. 6735);

10          (14) the term “State securities or law enforce-  
11 ment authority” has the meaning given the term in  
12 section 24(f)(4) of the Securities Exchange Act of  
13 1934 (15 U.S.C. 78x(f)(4)); and

14          (15) the term “transfer agent” has the meaning  
15 given the term in section 3(a) of the Securities Ex-  
16 change Act of 1934 (15 U.S.C. 78c(a)).

17 (b) IMMUNITY FROM SUIT.—

18          (1) IMMUNITY FOR INDIVIDUALS.—An indi-  
19 vidual who has received the training described in  
20 section 492 shall not be liable, including in any civil  
21 or administrative proceeding, for disclosing the pos-  
22 sible exploitation of a senior citizen to a covered  
23 agency if the individual, at the time of the disclo-  
24 sure—

1 (A) served as a supervisor, compliance offi-  
2 cer (including a Bank Secrecy Act Officer), or  
3 registered representative for a covered financial  
4 institution; and

5 (B) made the disclosure with reasonable  
6 care including reasonable efforts to avoid disclo-  
7 sure other than to a covered agency.

8 (2) IMMUNITY FOR COVERED FINANCIAL INSTI-  
9 TUTIONS.—A covered financial institution shall not  
10 be liable, including in any civil or administrative pro-  
11 ceeding, for a disclosure made by an individual de-  
12 scribed in paragraph (1) if—

13 (A) the individual was employed by, or, in  
14 the case of a registered representative, affiliated  
15 or associated with, the covered financial institu-  
16 tion at the time of the disclosure; and

17 (B) before the time of the disclosure, the  
18 covered financial institution provided the train-  
19 ing described in section 492 to each individual  
20 described in section 492(a).

21 **SEC. 492. TRAINING REQUIRED.**

22 (a) IN GENERAL.—A covered financial institution  
23 may provide training described in subsection (b)(1) to  
24 each officer or employee of, or registered representative

1 affiliated or associated with, the covered financial institu-  
2 tion who—

3 (1) is described in section 491(b)(1)(A);

4 (2) may come into contact with a senior citizen  
5 as a regular part of the duties of the officer, em-  
6 ployee, or registered representative; or

7 (3) may review or approve the financial docu-  
8 ments, records, or transactions of a senior citizen in  
9 connection with providing financial services to a sen-  
10 ior citizen.

11 (b) TRAINING.—

12 (1) IN GENERAL.—The training described in  
13 this paragraph shall—

14 (A) instruct any individual attending the  
15 training on how to identify and report the sus-  
16 pected exploitation of a senior citizen;

17 (B) discuss the need to protect the privacy  
18 and respect the integrity of each individual cus-  
19 tomer of a covered financial institution; and

20 (C) be appropriate to the job responsibil-  
21 ities of the individual attending the training.

22 (2) TIMING.—The training required under sub-  
23 section (a) shall be provided as soon as reasonably  
24 practicable but not later than 1 year after the date  
25 on which an officer, employee, or registered rep-



1 representative begins employment with or becomes af-  
2 filiated or associated with the covered financial insti-  
3 tution.

4 (3) **BANK SECRECY ACT OFFICER.**—An indi-  
5 vidual who is designated as a compliance officer  
6 under an anti-money laundering program established  
7 pursuant to section 5318(h) of title 31, United  
8 States Code, shall be deemed to have received the  
9 training described under this subsection.

10 **SEC. 493. RELATIONSHIP TO STATE LAW.**

11 Nothing in this Act shall be construed to preempt or  
12 limit any provision of State law, except only to the extent  
13 that section 491 provides a greater level of protection  
14 against liability to an individual described in section  
15 491(b)(1) or to a covered financial institution described  
16 in section 491(b)(2) than is provided under State law.

17 **Subtitle S—National Securities**  
18 **Exchange Regulatory Parity**

19 **SEC. 496. APPLICATION OF EXEMPTION.**

20 Section 18(b)(1) of the Securities Act of 1933 (15  
21 U.S.C. 77r(b)(1)), as amended by section 456(b), is fur-  
22 ther amended—

23 (1) by striking subparagraph (A);

24 (2) in subparagraph (B), by striking “that the  
25 Commission determines by rule (on its own initiative

1 or on the basis of a petition) are substantially simi-  
2 lar to the listing standards applicable to securities  
3 described in subparagraph (A)” and inserting “that  
4 have been approved by the Commission”;

5 (3) in subparagraph (C), by striking “or (B)”;  
6 and

7 (4) by redesignating subparagraphs (B), (C),  
8 and (D) as subparagraphs (A), (B), and (C), respec-  
9 tively.

## 10 **Subtitle T—Private Company** 11 **Flexibility and Growth**

### 12 **SEC. 497. SHAREHOLDER THRESHOLD FOR REGISTRATION.**

13 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
14 et seq.) is amended—

15 (1) in section 12(g)—

16 (A) in paragraph (1)—

17 (i) by striking “shall—” and all that  
18 follows through “register such security”  
19 and inserting “shall, not later than 120  
20 days after the last day of its first fiscal  
21 year ended after the effective date of this  
22 subsection on which the issuer has total as-  
23 sets exceeding \$10,000,000 (or such great-  
24 er amount of assets as the Commission  
25 may establish by rule) and a class of eq-

1           uity security (other than an exempted se-  
2           curity) held of record by 2,000 or more  
3           persons (or such greater number of per-  
4           sons as the Commission may establish by  
5           rule), register such security”; and

6           (ii) by adding at the end the fol-  
7           lowing: “The dollar figure in this para-  
8           graph shall be indexed for inflation every 5  
9           years by the Commission to reflect the  
10          change in the Consumer Price Index for  
11          All Urban Consumers published by the Bu-  
12          reau of Labor Statistics, rounded to the  
13          nearest \$100,000.”; and

14          (B) in paragraph (4), by striking “300  
15          persons” and all that follows through “1,200  
16          persons persons” and inserting “1,200 per-  
17          sons”; and

18          (2) in section 15(d)(1), by striking “300 per-  
19          sons” and all that follows through “1,200 persons  
20          persons” and inserting “1,200 persons”.

## 21 **Subtitle U—Small Company Capital** 22 **Formation Enhancements**

### 23 **SEC. 498. JOBS ACT-RELATED EXEMPTION.**

24          Section 3(b) of the Securities Act of 1933 (15 U.S.C.  
25          77c(b)) is amended—

1           (1) in paragraph (2)(A), by striking  
2           “\$50,000,000” and inserting “\$75,000,000, ad-  
3           justed for inflation by the Commission every 2 years  
4           to the nearest \$10,000 to reflect the change in the  
5           Consumer Price Index for All Urban Consumers  
6           published by the Bureau of Labor Statistics”; and

7           (2) in paragraph (5)—

8           (A) by striking “such amount as” and in-  
9           serting: “such amount, in addition to the ad-  
10          justment for inflation provided for under such  
11          paragraph (2)(A), as”; and

12          (B) by striking “such amount, it” and in-  
13          serting “such amount, in addition to the adjust-  
14          ment for inflation provided for under such  
15          paragraph (2)(A), it”.

## 16           **Subtitle V—Encouraging Public** 17           **Offerings**

### 18           **SEC. 499. EXPANDING TESTING THE WATERS AND CON-** 19           **FIDENTIAL SUBMISSIONS.**

20           The Securities Act of 1933 (15 U.S.C. 77a et seq.)  
21           is amended—

22           (1) in section 5(d), by striking “an emerging  
23           growth company or any person authorized to act on  
24           behalf of an emerging growth company” and insert-

1 ing “an issuer or any person authorized to act on  
2 behalf of an issuer”; and

3 (2) in section 6(e)—

4 (A) in the heading, by striking “EMERG-  
5 ING GROWTH COMPANIES” and inserting  
6 “DRAFT REGISTRATION STATEMENTS”; and

7 (B) by amending paragraph (1) to read as  
8 follows:

9 “(1) IN GENERAL.—Any issuer, prior to its ini-  
10 tial public offering date, may confidentially submit  
11 to the Commission a draft registration statement,  
12 for confidential nonpublic review by the staff of the  
13 Commission prior to public filing, provided that the  
14 initial confidential submission and all amendments  
15 thereto shall be publicly filed with the Commission  
16 not later than 15 days before the date on which the  
17 issuer conducts a road show, as such term is defined  
18 in section 230.433(h)(4) of title 17, Code of Federal  
19 Regulations, or any successor thereto.”.

1 **Subtitle X—Modernized Offering**  
2 **and Proxy Rules for Closed-End**  
3 **Funds**

4 **SEC. 499A. PARITY FOR CLOSED-END COMPANIES REGARD-**  
5 **ING OFFERING AND PROXY RULES.**

6 (a) REVISION TO RULES.—Not later than 1 year  
7 after the date of enactment of this Act, the Securities and  
8 Exchange Commission shall revise any rules to the extent  
9 necessary to allow any closed-end company, as defined in  
10 section 5(a)(2) of the Investment Company Act of 1940  
11 (15 U.S.C. 80a-5), that is registered as an investment  
12 company under such Act to use the securities offering and  
13 proxy rules that are available to other issuers that are re-  
14 quired to file reports under section 13 or section 15(d)  
15 of the Securities Exchange Act of 1934 (15 U.S.C. 78m;  
16 78o(d)). Any action that the Commission takes pursuant  
17 to this subsection shall include the following:

18 (1) The Commission shall revise section  
19 230.405 of title 17, Code of Federal Regulations,  
20 to—

21 (A) remove the exclusion of a registered  
22 closed-end company from the definition of a  
23 well-known seasoned issuer provided by that  
24 section; and

1 (B) add registration statements filed on  
2 Form N-2 to the definition of automatic shelf  
3 registration statement provided by that section.

4 (2) The Commission shall revise sections  
5 230.168 and 230.169 of title 17, Code of Federal  
6 Regulations, to remove the exclusion of a registered  
7 closed-end company from the list of issuers that can  
8 use the exemptions provided by those sections.

9 (3) The Commission shall revise sections  
10 230.163 and 230.163A of title 17, Code of Federal  
11 Regulations, to remove a registered closed-end com-  
12 pany from the list of issuers that are ineligible to  
13 use the exemptions provided by those sections.

14 (4) The Commission shall revise section  
15 230.134 of title 17, Code of Federal Regulations, to  
16 remove the exclusion of a registered closed-end com-  
17 pany from that section.

18 (5) The Commission shall revise sections  
19 230.138 and 230.139 of title 17, Code of Federal  
20 Regulations, to specifically include any registered  
21 closed-end company as an issuer to which those sec-  
22 tions apply.

23 (6) The Commission shall revise section  
24 230.164 of title 17, Code of Federal Regulations, to

1 remove a registered closed-end company from the  
2 list of issuers that are excluded from that section.

3 (7) The Commission shall revise section  
4 230.433, of title 17, Code of Federal Regulations, to  
5 specifically include any registered closed-end com-  
6 pany that is a well-known seasoned issuer as an  
7 issuer to which that section applies.

8 (8) The Commission shall revise section  
9 230.415 of title 17, Code of Federal Regulations,  
10 to—

11 (A) state that the registration for securi-  
12 ties provided by that section includes securities  
13 registered by any registered closed-end company  
14 on Form N-2; and

15 (B) eliminate the requirement that a Form  
16 N-2 registrant must furnish the undertakings  
17 required by item 34.4 of Form N-2.

18 (9) The Commission shall revise section  
19 230.497 of title 17, Code of Federal Regulations, to  
20 include a process for any registered closed-end com-  
21 pany to file a form of prospectus that is parallel to  
22 the process for filing a form of prospectus under sec-  
23 tion 230.424(b) of such title.

24 (10) The Commission shall revise sections  
25 230.172 and 230.173 of title 17, Code of Federal



1 Regulations, to remove the exclusion of an offering  
2 of any registered closed-end company from those  
3 sections.

4 (11) The Commission shall revise section  
5 230.418 of title 17, Code of Federal Regulations, to  
6 provide that any registered closed-end company that  
7 would otherwise meet the eligibility requirements of  
8 General Instruction I.A of Form S-3 shall be ex-  
9 empt from paragraph (a)(3) of that section.

10 (12) The Commission shall revise section  
11 240.14a-101 of title 17, Code of Federal Regula-  
12 tions, to provide that any registered closed-end com-  
13 pany that would otherwise meet the requirements of  
14 General Instruction I.A of Form S-3 shall be  
15 deemed to meet the requirements of Form S-3 for  
16 purposes of Schedule 14A.

17 (13) The Commission shall revise section  
18 243.103 of title 17, Code of Federal Regulations, to  
19 provide that paragraph (a) of that section applies  
20 for purposes of Form N-2.

21 (b) REVISIONS TO FORM N-2.—Not later than 1 year  
22 after the date of enactment of this Act, the Commission  
23 shall revise Form N-2 to—

24 (1) include an item or instruction that is simi-  
25 lar to item 12 on Form S-3 to provide that any reg-

1       istered closed-end company that would otherwise  
2       meet the requirements of Form S-3 shall incor-  
3       porate by reference its reports and documents filed  
4       under the Securities Exchange Act of 1934 into its  
5       registration statement filed on Form N-2; and

6               (2) include an item or instruction that is simi-  
7       lar to the instruction regarding automatic shelf of-  
8       ferings by well-known seasoned issuers on Form S-  
9       3 to provide that any registered closed-end company  
10      that is a well-known seasoned issuer may file auto-  
11      matic shelf offerings on Form N-2.

12      (c) TREATMENT IF REVISIONS NOT COMPLETED IN  
13      A TIMELY MANNER.—If the Commission fails to complete  
14      the revisions required by subsections (a) and (b) by the  
15      time required by such subsections, any registered closed-  
16      end company shall be entitled to treat such revisions as  
17      having been completed in accordance with the actions re-  
18      quired to be taken by the Commission by such subsections  
19      until such time as such revisions are completed by the  
20      Commission.

21      (d) RULES OF CONSTRUCTION.—

22               (1) NO EFFECT ON RULE 482.—(1) Nothing in  
23      this section or the amendments made by this section  
24      shall be construed to impair or limit in any way a  
25      registered closed-end company from using section

1 230.482 of title 17, Code of Federal Regulations, to  
2 distribute sales material.

3 (2) REFERENCES.—Any reference in this sec-  
4 tion to a section of title 17, Code of Federal Regula-  
5 tions, or to any form or schedule means such rule,  
6 section, form, or schedule, or any successor to any  
7 such rule, section, form, or schedule.

8 **TITLE V—REGULATORY RELIEF**  
9 **FOR MAIN STREET AND COM-**  
10 **MUNITY FINANCIAL INSTITU-**  
11 **TIONS**

12 **Subtitle A—Preserving Access to**  
13 **Manufactured Housing**

14 **SEC. 501. MORTGAGE ORIGINATOR DEFINITION.**

15 Section 103 of the Truth in Lending Act (15 U.S.C.  
16 1602) is amended—

17 (1) by redesignating the second subsection (cc)  
18 and subsection (dd) as subsections (dd) and (ee), re-  
19 spectively; and

20 (2) in paragraph (2)(C) of subsection (dd), as  
21 so redesignated, by striking “an employee of a re-  
22 tailer of manufactured homes who is not described  
23 in clause (i) or (iii) of subparagraph (A) and who  
24 does not advise a consumer on loan terms (including  
25 rates, fees, and other costs)” and inserting “a re-

1        retailer of manufactured or modular homes or its em-  
2        ployees unless such retailer or its employees receive  
3        compensation or gain for engaging in activities de-  
4        scribed in subparagraph (A) that is in excess of any  
5        compensation or gain received in a comparable cash  
6        transaction”.

7        **SEC. 502. HIGH-COST MORTGAGE DEFINITION.**

8        Section 103 of the Truth in Lending Act (15 U.S.C.  
9        1602), as amended by section 501, is further amended—

10            (1) by redesignating subsection (aa) (relating to  
11            disclosure of greater amount or percentage), as so  
12            designated by section 1100A of the Consumer Fi-  
13            nancial Protection Act of 2010, as subsection (bb);

14            (2) by redesignating subsection (bb) (relating to  
15            high cost mortgages), as so designated by section  
16            1100A of the Consumer Financial Protection Act of  
17            2010, as subsection (aa), and moving such sub-  
18            section to immediately follow subsection (z); and

19            (3) in subsection (aa)(1)(A), as so redesi-  
20            gnated—

21                    (A) in clause (i)(I), by striking “(8.5 per-  
22                    centage points, if the dwelling is personal prop-  
23                    erty and the transaction is for less than  
24                    \$50,000)” and inserting “(10 percentage points  
25                    if the dwelling is personal property or is a

1 transaction that does not include the purchase  
2 of real property on which a dwelling is to be  
3 placed, and the transaction is for less than  
4 \$75,000 (as such amount is adjusted by the  
5 Consumer Law Enforcement Agency to reflect  
6 the change in the Consumer Price Index))”;  
7 and

8 (B) in clause (ii)—

9 (i) in subclause (I), by striking “or”  
10 at the end; and

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

13 “(III) in the case of a trans-  
14 action for less than \$75,000 (as such  
15 amount is adjusted by the Consumer  
16 Law Enforcement Agency to reflect  
17 the change in the Consumer Price  
18 Index) in which the dwelling is per-  
19 sonal property (or is a consumer cred-  
20 it transaction that does not include  
21 the purchase of real property on  
22 which a dwelling is to be placed) the  
23 greater of 5 percent of the total trans-  
24 action amount or \$3,000 (as such  
25 amount is adjusted by the Consumer

1 Law Enforcement Agency to reflect  
2 the change in the Consumer Price  
3 Index); or”.

## 4 **Subtitle B—Mortgage Choice**

### 5 **SEC. 506. DEFINITION OF POINTS AND FEES.**

6 (a) AMENDMENT TO SECTION 103 OF TILA.—Para-  
7 graph (4) of section 103(aa) of the Truth in Lending Act,  
8 as redesignated by section 502, is amended—

9 (1) by striking “paragraph (1)(B)” and insert-  
10 ing “paragraph (1)(A) and section 129C”;

11 (2) in subparagraph (C)—

12 (A) by inserting “and insurance” after  
13 “taxes”;

14 (B) in clause (ii), by inserting “, except as  
15 retained by a creditor or its affiliate as a result  
16 of their participation in an affiliated business  
17 arrangement (as defined in section 3(7) of the  
18 Real Estate Settlement Procedures Act of 1974  
19 (12 U.S.C. 2602(7)),” after “compensation”;  
20 and

21 (C) by striking clause (iii) and inserting  
22 the following:

23 “(iii) the charge is—

24 “(I) a bona fide third-party charge  
25 not retained by the mortgage originator,

1 creditor, or an affiliate of the creditor or  
2 mortgage originator; or

3 “(II) a charge set forth in section  
4 106(e)(1);” and

5 (3) in subparagraph (D)—

6 (A) by striking “accident,”; and

7 (B) by striking “or any payments” and in-  
8 serting “and any payments”.

9 (b) AMENDMENT TO SECTION 129C OF TILA.—Sec-  
10 tion 129C of the Truth in Lending Act (15 U.S.C. 1639c)  
11 is amended—

12 (1) in subsection (a)(5)(C), by striking “103”  
13 and all that follows through “or mortgage origi-  
14 nator” and inserting “103(aa)(4)”; and

15 (2) in subsection (b)(2)(C)(i), by striking “103”  
16 and all that follows through “or mortgage origi-  
17 nator)” and inserting “103(aa)(4)”.

## 18 **Subtitle C—Financial Institution**

### 19 **Customer Protection**

#### 20 **SEC. 511. REQUIREMENTS FOR DEPOSIT ACCOUNT TERMI-** 21 **NATION REQUESTS AND ORDERS.**

22 (a) TERMINATION REQUESTS OR ORDERS MUST BE  
23 MATERIAL.—

24 (1) IN GENERAL.—An appropriate Federal  
25 banking agency may not formally or informally re-

1       quest or order a depository institution to terminate  
2       a specific customer account or group of customer ac-  
3       counts or to otherwise restrict or discourage a de-  
4       pository institution from entering into or maintain-  
5       ing a banking relationship with a specific customer  
6       or group of customers unless—

7               (A) the agency has a material reason for  
8               such request or order; and

9               (B) such reason is not based solely on rep-  
10              utation risk.

11             (2) TREATMENT OF NATIONAL SECURITY  
12             THREATS.—If an appropriate Federal banking agen-  
13             cy believes a specific customer or group of customers  
14             is, or is acting as a conduit for, an entity which—

15               (A) poses a threat to national security;

16               (B) is involved in terrorist financing;

17               (C) is an agency of the government of  
18               Iran, North Korea, Syria, or any country listed  
19               from time to time on the State Sponsors of  
20               Terrorism list;

21               (D) is located in, or is subject to the juris-  
22               diction of, any country specified in subpara-  
23               graph (C); or

24               (E) does business with any entity described  
25               in subparagraph (C) or (D), unless the appro-



1           appropriate Federal banking agency determines that  
2           the customer or group of customers has used  
3           due diligence to avoid doing business with any  
4           entity described in subparagraph (C) or (D),  
5           such belief shall satisfy the requirement under para-  
6           graph (1).

7           (b) NOTICE REQUIREMENT.—

8           (1) IN GENERAL.—If an appropriate Federal  
9           banking agency formally or informally requests or  
10          orders a depository institution to terminate a spe-  
11          cific customer account or a group of customer ac-  
12          counts, the agency shall—

13                (A) provide such request or order to the  
14                institution in writing; and

15                (B) accompany such request or order with  
16                a written justification for why such termination  
17                is needed, including any specific laws or regula-  
18                tions the agency believes are being violated by  
19                the customer or group of customers, if any.

20          (2) JUSTIFICATION REQUIREMENT.—A jus-  
21          tification described under paragraph (1)(B) may not  
22          be based solely on the reputation risk to the depository  
23          institution.

24          (c) CUSTOMER NOTICE.—

1           (1) NOTICE REQUIRED.—Except as provided  
2           under paragraph (2), if an appropriate Federal  
3           banking agency orders a depository institution to  
4           terminate a specific customer account or a group of  
5           customer accounts, the depository institution shall  
6           inform the customer or customers of the justification  
7           for the customer’s account termination described  
8           under subsection (b).

9           (2) NOTICE PROHIBITED IN CASES OF NA-  
10          TIONAL SECURITY.—If an appropriate Federal bank-  
11          ing agency requests or orders a depository institu-  
12          tion to terminate a specific customer account or a  
13          group of customer accounts based on a belief that  
14          the customer or customers pose a threat to national  
15          security, or are otherwise described under subsection  
16          (a)(2), neither the depository institution nor the ap-  
17          propriate Federal banking agency may inform the  
18          customer or customers of the justification for the  
19          customer’s account termination.

20          (d) REPORTING REQUIREMENT.—Each appropriate  
21          Federal banking agency shall issue an annual report to  
22          the Congress stating—

23                 (1) the aggregate number of specific customer  
24                 accounts that the agency requested or ordered a de-

1       pository institution to terminate during the previous  
2       year; and

3               (2) the legal authority on which the agency re-  
4       lied in making such requests and orders and the fre-  
5       quency on which the agency relied on each such au-  
6       thority.

7       (e) DEFINITIONS.—For purposes of this section:

8               (1) APPROPRIATE FEDERAL BANKING AGEN-  
9       CY.—The term “appropriate Federal banking agen-  
10      cy” means—

11              (A) the appropriate Federal banking agen-  
12              cy, as defined under section 3 of the Federal  
13              Deposit Insurance Act (12 U.S.C. 1813); and

14              (B) the National Credit Union Administra-  
15              tion, in the case of an insured credit union.

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

18              (A) a depository institution, as defined  
19              under section 3 of the Federal Deposit Insur-  
20              ance Act (12 U.S.C. 1813); and

21              (B) an insured credit union.

1 **SEC. 512. AMENDMENTS TO THE FINANCIAL INSTITUTIONS**  
2 **REFORM, RECOVERY, AND ENFORCEMENT**  
3 **ACT OF 1989.**

4 Section 951 of the Financial Institutions Reform, Re-  
5 covery, and Enforcement Act of 1989 (12 U.S.C. 1833a)  
6 is amended—

7 (1) in subsection (c)(2), by striking “affecting  
8 a federally insured financial institution” and insert-  
9 ing “against a federally insured financial institution  
10 or by a federally insured financial institution against  
11 an unaffiliated third person”; and

12 (2) in subsection (g)—

13 (A) in the heading, by striking “SUB-  
14 POENAS” and inserting “INVESTIGATIONS”; and

15 (B) by amending paragraph (1)(C) to read  
16 as follows:

17 “(C) summon witnesses and require the  
18 production of any books, papers, correspond-  
19 ence, memoranda, or other records which the  
20 Attorney General deems relevant or material to  
21 the inquiry, if the Attorney General—

22 “(i) requests a court order from a  
23 court of competent jurisdiction for such ac-  
24 tions and offers specific and articulable  
25 facts showing that there are reasonable  
26 grounds to believe that the information or

1 testimony sought is relevant and material  
2 for conducting an investigation under this  
3 section; or

4 “(ii) either personally or through dele-  
5 gation no lower than the Deputy Attorney  
6 General, issues and signs a subpoena for  
7 such actions and such subpoena is sup-  
8 ported by specific and articulable facts  
9 showing that there are reasonable grounds  
10 to believe that the information or testi-  
11 mony sought is relevant for conducting an  
12 investigation under this section.”.

## 13 **Subtitle D—Portfolio Lending and** 14 **Mortgage Access**

### 15 **SEC. 516. SAFE HARBOR FOR CERTAIN LOANS HELD ON** 16 **PORTFOLIO.**

17 (a) IN GENERAL.—Section 129C of the Truth in  
18 Lending Act (15 U.S.C. 1639c) is amended by adding at  
19 the end the following:

20 “(j) SAFE HARBOR FOR CERTAIN LOANS HELD ON  
21 PORTFOLIO.—

22 “(1) SAFE HARBOR FOR CREDITORS THAT ARE  
23 DEPOSITORY INSTITUTIONS.—

24 “(A) IN GENERAL.—A creditor that is a  
25 depository institution shall not be subject to

1 suit for failure to comply with subsection (a),  
2 (e)(1), or (f)(2) of this section or section 129H  
3 with respect to a residential mortgage loan, and  
4 the banking regulators shall treat such loan as  
5 a qualified mortgage, if—

6 “(i) the creditor has, since the origi-  
7 nation of the loan, held the loan on the  
8 balance sheet of the creditor; and

9 “(ii) all prepayment penalties with re-  
10 spect to the loan comply with the limita-  
11 tions described under subsection (c)(3).

12 “(B) EXCEPTION FOR CERTAIN TRANS-  
13 FERS.—In the case of a depository institution  
14 that transfers a loan originated by that institu-  
15 tion to another depository institution by reason  
16 of the bankruptcy or failure of the originating  
17 depository institution or the purchase of the  
18 originating depository institution, the depository  
19 institution transferring such loan shall be  
20 deemed to have complied with the requirement  
21 under subparagraph (A)(i).

22 “(2) SAFE HARBOR FOR MORTGAGE ORIGINA-  
23 TORS.—A mortgage originator shall not be subject  
24 to suit for a violation of section 129B(c)(3)(B) for

1 steering a consumer to a residential mortgage loan  
2 if—

3 “(A) the creditor of such loan is a deposi-  
4 tory institution and has informed the mortgage  
5 originator that the creditor intends to hold the  
6 loan on the balance sheet of the creditor for the  
7 life of the loan; and

8 “(B) the mortgage originator informs the  
9 consumer that the creditor intends to hold the  
10 loan on the balance sheet of the creditor for the  
11 life of the loan.

12 “(3) DEFINITIONS.—For purposes of this sub-  
13 section:

14 “(A) BANKING REGULATORS.—The term  
15 ‘banking regulators’ means the Federal banking  
16 agencies, the Consumer Law Enforcement  
17 Agency, and the National Credit Union Admin-  
18 istration.

19 “(B) DEPOSITORY INSTITUTION.—The  
20 term ‘depository institution’ has the meaning  
21 given that term under section 19(b)(1) of the  
22 Federal Reserve Act (12 U.S.C. 505(b)(1)).

23 “(C) FEDERAL BANKING AGENCIES.—The  
24 term ‘Federal banking agencies’ has the mean-

1           ing given that term under section 3 of the Fed-  
2           eral Deposit Insurance Act.”.

3           (b) **RULE OF CONSTRUCTION.**—Nothing in the  
4 amendment made by this section may be construed as pre-  
5 venting a balloon loan from qualifying for the safe harbor  
6 provided under section 129C(j) of the Truth in Lending  
7 Act if the balloon loan otherwise meets all of the require-  
8 ments under such subsection (j), regardless of whether the  
9 balloon loan meets the requirements described under  
10 clauses (i) through (iv) of section 129C(b)(2)(E) of such  
11 Act.

12           **Subtitle E—Application of the**  
13           **Expedited Funds Availability Act**

14           **SEC. 521. APPLICATION OF THE EXPEDITED FUNDS AVAIL-**  
15           **ABILITY ACT.**

16           (a) **IN GENERAL.**—The Expedited Funds Availability  
17 Act (12 U.S.C. 4001 et seq.) is amended—

18                   (1) in section 602(20) (12 U.S.C. 4001(20)) by  
19           inserting “, located in the United States,” after  
20           “ATM”;

21                   (2) in section 602(21) (12 U.S.C. 4001(21)) by  
22           inserting “American Samoa, the Commonwealth of  
23           the Northern Mariana Islands,” after “Puerto  
24           Rico,”;



1 (3) in section 602(23) (12 U.S.C. 4001(23)) by  
2 inserting “American Samoa, the Commonwealth of  
3 the Northern Mariana Islands,” after “Puerto  
4 Rico,”; and

5 (4) in section 603(d)(2)(A) (12 U.S.C.  
6 4002(d)(2)(A)), by inserting “American Samoa, the  
7 Commonwealth of the Northern Mariana Islands,”  
8 after “Puerto Rico,”.

9 (b) EFFECTIVE DATE.—This section shall take effect  
10 on January 1, 2017.

## 11 **Subtitle F—Small Bank Holding** 12 **Company Policy Statement**

### 13 **SEC. 526. CHANGES REQUIRED TO SMALL BANK HOLDING** 14 **COMPANY POLICY STATEMENT ON ASSESS-** 15 **MENT OF FINANCIAL AND MANAGERIAL FAC-** 16 **TORS.**

17 (a) IN GENERAL.—Before the end of the 6-month pe-  
18 riod beginning on the date of the enactment of this Act,  
19 the Board of Governors of the Federal Reserve System  
20 shall revise the Small Bank Holding Company Policy  
21 Statement on Assessment of Financial and Managerial  
22 Factors (12 CFR part 225—appendix C) to raise the con-  
23 solidated asset threshold under such policy statement from  
24 \$1,000,000,000 (as adjusted by Public Law 113–250) to  
25 \$10,000,000,000.

1 (b) CONFORMING AMENDMENT.—Subparagraph (C)  
 2 of section 171(b)(5) of the Dodd-Frank Wall Street Re-  
 3 form and Consumer Protection Act (12 U.S.C.  
 4 5371(b)(5)) is amended to read as follows:

5 “(C) any bank holding company or savings  
 6 and loan holding company that is subject to the  
 7 application of the Small Bank Holding Com-  
 8 pany Policy Statement on Assessment of Finan-  
 9 cial and Managerial Factors of the Board of  
 10 Governors (12 CFR part 225—appendix C).”.

11 **Subtitle G—Community Institution**  
 12 **Mortgage Relief**

13 **SEC. 531. COMMUNITY FINANCIAL INSTITUTION MORTGAGE**  
 14 **RELIEF.**

15 (a) EXEMPTION FROM ESCROW REQUIREMENTS FOR  
 16 LOANS HELD BY SMALLER CREDITORS.—Section 129D  
 17 of the Truth in Lending Act (15 U.S.C. 1639d) is amend-  
 18 ed—

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

20 “(k) SAFE HARBOR FOR LOANS HELD BY SMALLER  
 21 CREDITORS.—

22 “(1) IN GENERAL.—A creditor shall not be in  
 23 violation of subsection (a) with respect to a loan if—

24 “(A) the creditor has consolidated assets of  
 25 \$10,000,000,000 or less; and

1           “(B) the creditor holds the loan on the bal-  
2           ance sheet of the creditor for the 3-year period  
3           beginning on the date of the origination of the  
4           loan.

5           “(2) EXCEPTION FOR CERTAIN TRANSFERS.—

6           In the case of a creditor that transfers a loan to an-  
7           other person by reason of the bankruptcy or failure  
8           of the creditor, the purchase of the creditor, or a su-  
9           pervisory act or recommendation from a State or  
10          Federal regulator, the creditor shall be deemed to  
11          have complied with the requirement under para-  
12          graph (1)(B).”;

13          (2) by striking the term “Board” each place  
14          such term appears and inserting “Consumer Law  
15          Enforcement Agency”.

16          (b) MODIFICATION TO EXEMPTION FOR SMALL  
17          SERVICERS OF MORTGAGE LOANS.—Section 6 of the Real  
18          Estate Settlement Procedures Act of 1974 (12 U.S.C.  
19          2605) is amended by adding at the end the following:

20          “(n) SMALL SERVICER EXEMPTION.—The Consumer  
21          Law Enforcement Agency shall, by regulation, provide ex-  
22          emptions to, or adjustments for, the provisions of this sec-  
23          tion for a servicer that annually services 20,000 or fewer  
24          mortgage loans, in order to reduce regulatory burdens  
25          while appropriately balancing consumer protections.”.

1    **Subtitle H—Financial Institutions**  
2    **Examination Fairness and Reform**

3    **SEC. 536. TIMELINESS OF EXAMINATION REPORTS.**

4       (a) IN GENERAL.—The Federal Financial Institu-  
5    tions Examination Council Act of 1978 (12 U.S.C. 3301  
6    et seq.) is amended by adding at the end the following:

7    **“SEC. 1012. TIMELINESS OF EXAMINATION REPORTS.**

8       “(a) IN GENERAL.—

9           “(1) FINAL EXAMINATION REPORT.—A Federal  
10    financial institutions regulatory agency shall provide  
11    a final examination report to a financial institution  
12    not later than 60 days after the later of—

13           “(A) the exit interview for an examination  
14           of the institution; or

15           “(B) the provision of additional informa-  
16           tion by the institution relating to the examina-  
17           tion.

18           “(2) EXIT INTERVIEW.—If a financial institu-  
19    tion is not subject to a resident examiner program,  
20    the exit interview shall occur not later than the end  
21    of the 9-month period beginning on the commence-  
22    ment of the examination, except that such period  
23    may be extended by the Federal financial institu-  
24    tions regulatory agency by providing written notice  
25    to the institution and the Independent Examination

1 Review Director describing with particularity the  
2 reasons that a longer period is needed to complete  
3 the examination.

4 “(b) EXAMINATION MATERIALS.—Upon the request  
5 of a financial institution, the Federal financial institutions  
6 regulatory agency shall include with the final report an  
7 appendix listing all examination or other factual informa-  
8 tion relied upon by the agency in support of a material  
9 supervisory determination.

10 **“SEC. 1013. EXAMINATION STANDARDS.**

11 “(a) IN GENERAL.—In the examination of a financial  
12 institution—

13 “(1) a commercial loan shall not be placed in  
14 non-accrual status solely because the collateral for  
15 such loan has deteriorated in value;

16 “(2) a modified or restructured commercial loan  
17 shall be removed from non-accrual status if the bor-  
18 rower demonstrates the ability to perform on such  
19 loan over a maximum period of 6 months, except  
20 that with respect to loans on a quarterly, semi-  
21 annual, or longer repayment schedule such period  
22 shall be a maximum of 3 consecutive repayment pe-  
23 riods;

1 “(3) a new appraisal on a performing commer-  
2 cial loan shall not be required unless an advance of  
3 new funds is involved; and

4 “(4) in classifying a commercial loan in which  
5 there has been deterioration in collateral value, the  
6 amount to be classified shall be the portion of the  
7 deficiency relating to the decline in collateral value  
8 and repayment capacity of the borrower.

9 “(b) WELL CAPITALIZED INSTITUTIONS.—The Fed-  
10 eral financial institutions regulatory agencies may not re-  
11 quire a financial institution that is well capitalized to raise  
12 additional capital in lieu of an action prohibited under  
13 subsection (a).

14 “(c) CONSISTENT LOAN CLASSIFICATIONS.—The  
15 Federal financial institutions regulatory agencies shall de-  
16 velop and apply identical definitions and reporting require-  
17 ments for non-accrual loans.

18 **“SEC. 1014. OFFICE OF INDEPENDENT EXAMINATION RE-**  
19 **VIEW.**

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

23 “(b) HEAD OF OFFICE.—There is established the po-  
24 sition of the Independent Examination Review Director  
25 (the ‘Director’), as the head of the Office. The Director

1 shall be appointed by the Secretary of the Treasury and  
2 shall be independent from any member agency of the  
3 Council.

4 “(c) STAFFING.—The Director is authorized to hire  
5 staff to support the activities of the Office.

6 “(d) DUTIES.—The Director shall—

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

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

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

1           “(4) conduct a continuing and regular review of  
2 examination quality assurance for all examination  
3 types conducted by the Federal financial institutions  
4 regulatory agencies;

5           “(5) adjudicate any supervisory appeal initiated  
6 under section 1015; and

7           “(6) report annually to the Committee on Fi-  
8 nancial Services of the House of Representatives, the  
9 Committee on Banking, Housing, and Urban Affairs  
10 of the Senate, and the Council, on the reviews car-  
11 ried out pursuant to paragraphs (3) and (4), includ-  
12 ing compliance with the requirements set forth in  
13 section 1012 regarding timeliness of examination re-  
14 ports, and the Council’s recommendations for im-  
15 provements in examination procedures, practices,  
16 and policies.

17           “(e) CONFIDENTIALITY.—The Director shall keep  
18 confidential all meetings with, discussions with, and infor-  
19 mation provided by financial institutions.

20 **“SEC. 1015. RIGHT TO INDEPENDENT REVIEW OF MATERIAL**  
21 **SUPERVISORY DETERMINATIONS.**

22           “(a) IN GENERAL.—A financial institution shall have  
23 the right to obtain an independent review of a material  
24 supervisory determination contained in a final report of  
25 examination.



1 “(b) NOTICE.—

2 “(1) TIMING.—A financial institution seeking  
3 review of a material supervisory determination under  
4 this section shall file a written notice with the Inde-  
5 pendent Examination Review Director (the ‘Direc-  
6 tor’) within 60 days after receiving the final report  
7 of examination that is the subject of such review.

8 “(2) IDENTIFICATION OF DETERMINATION.—

9 The written notice shall identify the material super-  
10 visory determination that is the subject of the inde-  
11 pendent examination review, and a statement of the  
12 reasons why the institution believes that the deter-  
13 mination is incorrect or should otherwise be modi-  
14 fied.

15 “(3) INFORMATION TO BE PROVIDED TO INSTI-  
16 TUTION.—Any information relied upon by the agen-

17 cy in the final report that is not in the possession  
18 of the financial institution may be requested by the  
19 financial institution and shall be delivered promptly  
20 by the agency to the financial institution.

21 “(c) RIGHT TO HEARING.—

22 “(1) IN GENERAL.—The Director shall deter-  
23 mine the merits of the appeal on the record or, at  
24 the financial institution’s election, shall refer the ap-  
25 peal to an Administrative Law Judge to conduct a

1 confidential hearing pursuant to the procedures set  
2 forth under sections 556 and 557 of title 5, United  
3 States Code, which hearing shall take place not later  
4 than 60 days after the petition for review was re-  
5 ceived by the Director, and to issue a proposed deci-  
6 sion to the Director based upon the record estab-  
7 lished at such hearing.

8 “(2) STANDARD OF REVIEW.—In rendering a  
9 determination or recommendation under this sub-  
10 section, neither the Administrative Law Judge nor  
11 the Director shall defer to the opinions of the exam-  
12 iner or agency, but shall conduct a de novo review  
13 to independently determine the appropriateness of  
14 the agency’s decision based upon the relevant stat-  
15 utes, regulations, and other appropriate guidance, as  
16 well as evidence adduced at any hearing.

17 “(d) FINAL DECISION.—A decision by the Director  
18 on an independent review under this section shall—

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

21 “(2) be deemed final agency action and shall  
22 bind the agency whose supervisory determination  
23 was the subject of the review and the financial insti-  
24 tution requesting the review.

1       “(e) RIGHT TO JUDICIAL REVIEW.—A financial insti-  
2       tution shall have the right to petition for review of final  
3       agency action under this section by filing a Petition for  
4       Review within 60 days of the Director’s decision in the  
5       United States Court of Appeals for the District of Colum-  
6       bia Circuit or the Circuit in which the financial institution  
7       is located.

8       “(f) REPORT.—The Director shall report annually to  
9       the Committee on Financial Services of the House of Rep-  
10      resentatives and the Committee on Banking, Housing, and  
11      Urban Affairs of the Senate on actions taken under this  
12      section, including the types of issues that the Director has  
13      reviewed and the results of those reviews. In no case shall  
14      such a report contain information about individual finan-  
15      cial institutions or any confidential or privileged informa-  
16      tion shared by financial institutions.

17      “(g) RETALIATION PROHIBITED.—A Federal finan-  
18      cial institutions regulatory agency may not—

19             “(1) retaliate against a financial institution, in-  
20             cluding service providers, or any institution-affiliated  
21             party (as defined under section 3 of the Federal De-  
22             posit Insurance Act), for exercising appellate rights  
23             under this section; or

24             “(2) delay or deny any agency action that  
25             would benefit a financial institution or any institu-

1       tion-affiliated party on the basis that an appeal  
2       under this section is pending under this section.

3       “(h) RULE OF CONSTRUCTION.—Nothing in this sec-  
4       tion may be construed—

5               “(1) to affect the right of a Federal financial  
6       institutions regulatory agency to take enforcement  
7       or other supervisory actions related to a material su-  
8       pervisory determination under review under this sec-  
9       tion; or

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

14       (b) ADDITIONAL AMENDMENTS.—

15              (1) RIEGLE COMMUNITY DEVELOPMENT AND  
16       REGULATORY IMPROVEMENT ACT OF 1994.—Section  
17       309 of the Riegle Community Development and Reg-  
18       ulatory Improvement Act of 1994 (12 U.S.C. 4806)  
19       is amended—

20              (A) in subsection (a), by inserting after  
21       “appropriate Federal banking agency” the fol-  
22       lowing: “, the Consumer Law Enforcement  
23       Agency,”;

24              (B) in subsection (b)—

1 (i) in paragraph (2), by striking “the  
2 appellant from retaliation by agency exam-  
3 iners” and inserting “the insured deposi-  
4 tory institution or insured credit union  
5 from retaliation by the agencies referred to  
6 in subsection (a)”;

7 (ii) by adding at the end the following  
8 flush-left text:

9 “For purposes of this subsection and subsection (e), retal-  
10 iation includes delaying consideration of, or withholding  
11 approval of, any request, notice, or application that other-  
12 wise would have been approved, but for the exercise of the  
13 institution’s or credit union’s rights under this section.”;

14 (C) in subsection (e)(2)—

15 (i) in subparagraph (B), by striking  
16 “and” at the end;

17 (ii) in subparagraph (C), by striking  
18 the period and inserting “; and”;

19 (iii) by adding at the end the fol-  
20 lowing:

21 “(D) ensure that appropriate safeguards  
22 exist for protecting the insured depository insti-  
23 tution or insured credit union from retaliation  
24 by any agency referred to in subsection (a) for

1 exercising its rights under this subsection.”;

2 and

3 (D) in subsection (f)(1)(A)—

4 (i) in clause (ii), by striking “and” at  
5 the end;

6 (ii) in clause (iii), by striking “and”  
7 at the end; and

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

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

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

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 Consumer  
4           Law Enforcement Agency,” before “the Administra-  
5           tion” each place such term appears.

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

10           (A) in section 1003, by amending para-  
11           graph (1) to read as follows:

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

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

19           “(B) for purposes of sections 1012, 1013,  
20           1014, and 1015, includes the Consumer Law  
21           Enforcement Agency;” and

22           (B) in section 1005, by striking “One-  
23           fifth” and inserting “One-fourth”.

1 **Subtitle I—National Credit Union**  
2 **Administration Budget Trans-**  
3 **parency**

4 **SEC. 541. BUDGET TRANSPARENCY FOR THE NCUA.**

5 Section 209(b) of the Federal Credit Union Act (12  
6 U.S.C. 1789) is amended—

7 (1) by redesignating paragraphs (1) and (2) as  
8 paragraphs (2) and (3), respectively;

9 (2) by inserting before paragraph (2), as so re-  
10 designated, the following:

11 “(1) on an annual basis and prior to the sub-  
12 mission of the detailed business-type budget required  
13 under paragraph (2)—

14 “(A) make publicly available and cause to  
15 be printed in the Federal Register a draft of  
16 such detailed business-type budget; and

17 “(B) hold a public hearing, with public no-  
18 tice provided of such hearing, wherein the pub-  
19 lic can submit comments on the draft of such  
20 detailed business-type budget;” and

21 (3) in paragraph (2), as so redesignated—

22 (A) by inserting “detailed” after “submit  
23 a”; and

24 (B) by inserting “, and where such budget  
25 shall address any comments submitted by the



1 public pursuant to paragraph (1)(B)” after  
2 “Control Act”.

3 **Subtitle J—Taking Account of In-**  
4 **stitutions With Low Operation**  
5 **Risk**

6 **SEC. 546. REGULATIONS APPROPRIATE TO BUSINESS MOD-**  
7 **ELS.**

8 (a) IN GENERAL.—For any regulatory action occur-  
9 ring after the date of the enactment of this Act, each Fed-  
10 eral financial institutions regulatory agency shall—

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

14 (2) determine the necessity, appropriateness,  
15 and impact of applying such regulatory action to  
16 such institutions or classes of institutions; and

17 (3) tailor such regulatory action in a manner  
18 that limits the regulatory compliance impact, cost, li-  
19 ability risk, and other burdens, as appropriate, for  
20 the risk profile and business model of the institution  
21 or class of institutions involved.

22 (b) OTHER CONSIDERATIONS.—In carrying out the  
23 requirements of subsection (a), each Federal financial in-  
24 stitutions regulatory agency shall consider—

1           (1) the impact that such regulatory action, both  
2           by itself and in conjunction with the aggregate effect  
3           of other regulations, has on the ability of the appli-  
4           cable institution or class of institutions to serve  
5           evolving and diverse customer needs;

6           (2) the potential impact of examination manu-  
7           als, regulatory actions taken with respect to third-  
8           party service providers, or other regulatory directives  
9           that may be in conflict or inconsistent with the tai-  
10          loring of such regulatory action described in sub-  
11          section (a)(3); and

12          (3) the underlying policy objectives of the regu-  
13          latory action and statutory scheme involved.

14          (c) NOTICE OF PROPOSED AND FINAL RULE-  
15          MAKING.—Each Federal financial institutions regulatory  
16          agency shall disclose in every notice of proposed rule-  
17          making and in any final rulemaking for a regulatory ac-  
18          tion how the agency has applied subsections (a) and (b).

19          (d) REPORTS TO CONGRESS.—

20                (1) INDIVIDUAL AGENCY REPORTS.—

21                    (A) IN GENERAL.—Not later than 1 year  
22                    after the date of the enactment of this Act and  
23                    annually thereafter, each Federal financial in-  
24                    stitutions regulatory agency shall report to the  
25                    Committee on Financial Services of the House

1 of Representatives and the Committee on Bank-  
2 ing, Housing, and Urban Affairs of the Senate  
3 on the specific actions taken to tailor the regu-  
4 latory actions of the agency pursuant to the re-  
5 quirements of this Act.

6 (B) APPEARANCE BEFORE THE COMMIT-  
7 TEES.—The head of each Federal financial in-  
8 stitution regulatory agency shall appear before  
9 the Committee on Financial Services of the  
10 House of Representatives and the Committee  
11 on Banking, Housing, and Urban Affairs of the  
12 Senate after each report is made pursuant to  
13 subparagraph (A) to testify on the contents of  
14 such report.

15 (2) FIEC REPORTS.—

16 (A) IN GENERAL.—Not later than 3  
17 months after each report is submitted under  
18 paragraph (1), the Financial Institutions Ex-  
19 amination Council shall report to the Com-  
20 mittee on Financial Services of the House of  
21 Representatives and the Committee on Bank-  
22 ing, Housing, and Urban Affairs of the Senate  
23 on—

24 (i) the extent to which regulatory ac-  
25 tions tailored pursuant to this Act result in

1 different treatment of similarly situated in-  
2 stitutions of diverse charter types; and

3 (ii) the reasons for such differential  
4 treatment.

5 (B) APPEARANCE BEFORE THE COMMIT-  
6 TEES.—The Chairman of the Financial Institu-  
7 tions Examination Council shall appear before  
8 the Committee on Financial Services of the  
9 House of Representatives and the Committee  
10 on Banking, Housing, and Urban Affairs of the  
11 Senate after each report is made pursuant to  
12 subparagraph (A) to testify on the contents of  
13 such report.

14 (e) LIMITED LOOK-BACK APPLICATION.—

15 (1) IN GENERAL.—Each Federal financial insti-  
16 tutions regulatory agency shall conduct a review of  
17 all regulations adopted during the period beginning  
18 on the date that is seven years before the date of the  
19 introduction of this Act in the House of Representa-  
20 tives and ending on the date of the enactment of  
21 this Act, and apply the requirements of this Act to  
22 such regulations.

23 (2) REVISION.—If the application of the re-  
24 quirements of this Act to any such regulation re-  
25 quires such regulation to be revised, the applicable

1 Federal financial institutions regulatory agency shall  
2 revise such regulation within 3 years of the enact-  
3 ment of this Act.

4 (f) DEFINITIONS.—In this Act, the following defini-  
5 tions shall apply:

6 (1) FEDERAL FINANCIAL INSTITUTIONS REGU-  
7 LATORY AGENCIES.—The term “Federal financial in-  
8 stitutions regulatory agencies” means the Office of  
9 the Comptroller of the Currency, the Board of Gov-  
10 ernors of the Federal Reserve System, the Federal  
11 Deposit Insurance Corporation, the National Credit  
12 Union Administration, and the Consumer Law En-  
13 forcement Agency.

14 (2) REGULATORY ACTION.—The term “regu-  
15 latory action” means any proposed, interim, or final  
16 rule or regulation, guidance, or published interpreta-  
17 tion.

18 **Subtitle K—Federal Savings**  
19 **Association Charter Flexibility**

20 **SEC. 551. OPTION FOR FEDERAL SAVINGS ASSOCIATIONS**  
21 **TO OPERATE AS A COVERED SAVINGS ASSO-**  
22 **CIATION.**

23 The Home Owners’ Loan Act is amended by inserting  
24 after section 5 (12 U.S.C. 1464) the following:

1 **“SEC. 5A. ELECTION TO OPERATE AS A COVERED SAVINGS**  
2 **ASSOCIATION.**

3 “(a) DEFINITION.—In this section, the term ‘covered  
4 savings association’ means a Federal savings association  
5 that makes an election approved under subsection (b).

6 “(b) ELECTION.—

7 “(1) IN GENERAL.—Upon issuance of the rules  
8 described in subsection (f), a Federal savings asso-  
9 ciation may elect to operate as a covered savings as-  
10 sociation by submitting a notice to the Comptroller  
11 of such election.

12 “(2) APPROVAL.—A Federal savings association  
13 shall be deemed to be approved to operate as a cov-  
14 ered savings association on the date that is 60 days  
15 after the date on which the Comptroller receives the  
16 notice under paragraph (1), unless the Comptroller  
17 notifies the Federal savings association otherwise.

18 “(c) RIGHTS AND DUTIES.—Notwithstanding any  
19 other provision of law and except as otherwise provided  
20 in this section, a covered savings association shall—

21 “(1) have the same rights and privileges as a  
22 national bank that has its main office situated in the  
23 same location as the home office of the covered sav-  
24 ings association; and

1           “(2) be subject to the same duties, restrictions,  
2           penalties, liabilities, conditions, and limitations that  
3           would apply to such a national bank.

4           “(d) TREATMENT OF COVERED SAVINGS ASSOCIA-  
5 TIONS.—A covered savings association shall be treated as  
6 a Federal savings association for the purposes—

7           “(1) of governance of the covered savings asso-  
8           ciation, including incorporation, bylaws, boards of  
9           directors, shareholders, and distribution of divi-  
10          dends;

11          “(2) of consolidation, merger, dissolution, con-  
12          version (including conversion to a stock bank or to  
13          another charter), conservatorship, and receivership;  
14          and

15          “(3) determined by regulation of the Comp-  
16          troller.

17          “(e) EXISTING BRANCHES.—A covered savings asso-  
18          ciation may continue to operate any branch or agency the  
19          covered savings association operated on the date on which  
20          an election under subsection (b) is approved.

21          “(f) RULEMAKING.—The Comptroller shall issue  
22          rules to carry out this section—

23                 “(1) that establish streamlined standards and  
24                 procedures that clearly identify required documenta-

1       tion or timelines for an election under subsection  
2       (b);

3               “(2) that require a Federal savings association  
4       that makes an election under subsection (b) to iden-  
5       tify specific assets and subsidiaries—

6                       “(A) that do not conform to the require-  
7                       ments for assets and subsidiaries of a national  
8                       bank; and

9                       “(B) that are held by the Federal savings  
10                      association on the date on which the Federal  
11                      savings association submits a notice of such  
12                      election;

13               “(3) that establish—

14                       “(A) a transition process for bringing such  
15                       assets and subsidiaries into conformance with  
16                       the requirements for a national bank; and

17                       “(B) procedures for allowing the Federal  
18                       savings association to provide a justification for  
19                       grandfathering such assets and subsidiaries  
20                       after electing to operate as a covered savings  
21                       association;

22               “(4) that establish standards and procedures to  
23       allow a covered savings association to terminate an  
24       election under subsection (b) after an appropriate  
25       period of time or to make a subsequent election;



1           “(5) that clarify requirements for the treatment  
2 of covered savings associations, including the provi-  
3 sions of law that apply to covered savings associa-  
4 tions; and

5           “(6) as the Comptroller deems necessary and in  
6 the interests of safety and soundness.”.

7           **Subtitle L—SAFE Transitional**  
8           **Licensing**

9           **SEC. 556. ELIMINATING BARRIERS TO JOBS FOR LOAN**  
10           **ORIGINATORS.**

11           (a) IN GENERAL.—The S.A.F.E. Mortgage Licensing  
12 Act of 2008 (12 U.S.C. 5101 et seq.) is amended by add-  
13 ing at the end the following:

14           **“SEC. 1518. EMPLOYMENT TRANSITION OF LOAN ORIGINA-**  
15           **TORS.**

16           “(a) TEMPORARY AUTHORITY TO ORIGINATE LOANS  
17 FOR LOAN ORIGINATORS MOVING FROM A DEPOSITORY  
18 INSTITUTION TO A NON-DEPOSITORY INSTITUTION.—

19           “(1) IN GENERAL.—Upon employment by a  
20 State-licensed mortgage company, an individual who  
21 is a registered loan originator shall be deemed to  
22 have temporary authority to act as a loan originator  
23 in an application State for the period described in  
24 paragraph (2) if the individual—

1           “(A) has not had an application for a loan  
2           originator license denied, or had such a license  
3           revoked or suspended in any governmental ju-  
4           risdiction;

5           “(B) has not been subject to or served  
6           with a cease and desist order in any govern-  
7           mental jurisdiction or as described in section  
8           1514(c);

9           “(C) has not been convicted of a felony  
10          that would preclude licensure under the law of  
11          the application State;

12          “(D) has submitted an application to be a  
13          State-licensed loan originator in the application  
14          State; and

15          “(E) was registered in the Nationwide  
16          Mortgage Licensing System and Registry as a  
17          loan originator during the 12-month period pre-  
18          ceding the date of submission of the informa-  
19          tion required under section 1505(a).

20          “(2) PERIOD.—The period described in para-  
21          graph (1) shall begin on the date that the individual  
22          submits the information required under section  
23          1505(a) and shall end on the earliest of—

1           “(A) the date that the individual with-  
2           draws the application to be a State-licensed  
3           loan originator in the application State;

4           “(B) the date that the application State  
5           denies, or issues a notice of intent to deny, the  
6           application;

7           “(C) the date that the application State  
8           grants a State license; or

9           “(D) the date that is 120 days after the  
10          date on which the individual submits the appli-  
11          cation, if the application is listed on the Nation-  
12          wide Mortgage Licensing System and Registry  
13          as incomplete.

14          “(b) TEMPORARY AUTHORITY TO ORIGINATE LOANS  
15          FOR STATE-LICENSED LOAN ORIGINATORS MOVING  
16          INTERSTATE.—

17                 “(1) IN GENERAL.—A State-licensed loan origi-  
18                 nator shall be deemed to have temporary authority  
19                 to act as a loan originator in an application State  
20                 for the period described in paragraph (2) if the  
21                 State-licensed loan originator—

22                         “(A) meets the requirements of subpara-  
23                         graphs (A), (B), (C), and (D) of subsection  
24                         (a)(1);

1           “(B) is employed by a State-licensed mort-  
2           gage company in the application State; and

3           “(C) was licensed in a State that is not the  
4           application State during the 30-day period pre-  
5           ceding the date of submission of the informa-  
6           tion required under section 1505(a) in connec-  
7           tion with the application submitted to the appli-  
8           cation State.

9           “(2) PERIOD.—The period described in para-  
10          graph (1) shall begin on the date that the State-li-  
11          censed loan originator submits the information re-  
12          quired under section 1505(a) in connection with the  
13          application submitted to the application State and  
14          end on the earliest of—

15               “(A) the date that the State-licensed loan  
16               originator withdraws the application to be a  
17               State-licensed loan originator in the application  
18               State;

19               “(B) the date that the application State  
20               denies, or issues a notice of intent to deny, the  
21               application;

22               “(C) the date that the application State  
23               grants a State license; or

24               “(D) the date that is 120 days after the  
25               date on which the State-licensed loan originator

1 submits the application, if the application is  
2 listed on the Nationwide Mortgage Licensing  
3 System and Registry as incomplete.

4 “(c) APPLICABILITY.—

5 “(1) Any person employing an individual who is  
6 deemed to have temporary authority to act as a loan  
7 originator in an application State pursuant to this  
8 section shall be subject to the requirements of this  
9 title and to applicable State law to the same extent  
10 as if such individual was a State-licensed loan origi-  
11 nator licensed by the application State.

12 “(2) Any individual who is deemed to have tem-  
13 porary authority to act as a loan originator in an ap-  
14 plication State pursuant to this section and who en-  
15 engages in residential mortgage loan origination activi-  
16 ties shall be subject to the requirements of this title  
17 and to applicable State law to the same extent as if  
18 such individual was a State-licensed loan originator  
19 licensed by the application State.

20 “(d) DEFINITIONS.—In this section, the following  
21 definitions shall apply:

22 “(1) STATE-LICENSED MORTGAGE COMPANY.—  
23 The term ‘State-licensed mortgage company’ means  
24 an entity licensed or registered under the law of any

1 State to engage in residential mortgage loan origina-  
2 tion and processing activities.

3 “(2) APPLICATION STATE.—The term ‘applica-  
4 tion State’ means a State in which a registered loan  
5 originator or a State-licensed loan originator seeks  
6 to be licensed.”.

7 (b) TABLE OF CONTENTS AMENDMENT.—The table  
8 of contents in section 1(b) of the Housing and Economic  
9 Recovery Act of 2008 (42 U.S.C. 4501 note) is amended  
10 by inserting after the item relating to section 1517 the  
11 following:

“Sec. 1518. Employment transition of loan originators.”.

12 (c) AMENDMENT TO CIVIL LIABILITY OF THE CON-  
13 SUMER LAW ENFORCEMENT AGENCY AND OTHER OFFI-  
14 CIALS.—Section 1513 of the S.A.F.E. Mortgage Licensing  
15 Act of 2008 (12 U.S.C. 5112) is amended by striking “are  
16 loan originators or are applying for licensing or registra-  
17 tion as loan originators” and inserting “are applying for  
18 licensing or registration using the Nationwide Mortgage  
19 Licensing System and Registry”.

## 20 **Subtitle M—Right to Lend**

### 21 **SEC. 561. SMALL BUSINESS LOAN DATA COLLECTION RE-** 22 **QUIREMENT.**

23 (a) REPEAL.—Section 704B of the Equal Credit Op-  
24 portunity Act (15 U.S.C. 1691c–2) is repealed.

1 (b) CONFORMING AMENDMENTS.—Section 701(b) of  
2 the Equal Credit Opportunity Act (15 U.S.C. 1691(b)) is  
3 amended—

4 (1) in paragraph (3), by inserting “or” at the  
5 end;

6 (2) in paragraph (4), by striking “; or” and in-  
7 serting a period; and

8 (3) by striking paragraph (5).

9 (c) CLERICAL AMENDMENT.—The table of sections  
10 for title VII of the Consumer Credit Protection Act is  
11 amended by striking the item relating to section 704B.

12 **Subtitle N—Community Bank**  
13 **Reporting Relief**

14 **SEC. 566. SHORT FORM CALL REPORT.**

15 (a) IN GENERAL.—Section 7(a) of the Federal De-  
16 posit Insurance Act (12 U.S.C. 1817(a)) is amended by  
17 adding at the end the following:

18 “(12) SHORT FORM REPORTING.—

19 “(A) IN GENERAL.—The appropriate Fed-  
20 eral banking agencies shall issue regulations al-  
21 lowing for a reduced reporting requirement for  
22 covered depository institutions when making the  
23 first and third report of condition for a year, as  
24 required pursuant to paragraph (3).

1           “(B) COVERED DEPOSITORY INSTITUTION  
2           DEFINED.—For purposes of this paragraph, the  
3           term ‘covered depository institution’ means an  
4           insured depository institution that—

5                   “(i) is well capitalized (as defined  
6                   under section 38(b)); and

7                   “(ii) satisfies such other criteria as  
8                   the appropriate Federal banking agencies  
9                   determine appropriate.”.

10       (b) REPORT TO CONGRESS.—Not later than 180 days  
11 after the date of the enactment of this Act, and every 365  
12 days thereafter until the appropriate Federal banking  
13 agencies (as defined under section 3 of the Federal De-  
14 posit Insurance Act) have issued the regulations required  
15 under section 7(a)(12)(A) of the Federal Deposit Insur-  
16 ance Act, such agencies shall submit to the Committee on  
17 Financial Services of the House of Representatives and  
18 the Committee on Banking, Housing, and Urban Affairs  
19 of the Senate a report describing the progress made in  
20 issuing such regulations.



1                   **Subtitle O—Homeowner**  
2                   **Information Privacy Protection**

3   **SEC. 571. STUDY REGARDING PRIVACY OF INFORMATION**  
4                   **COLLECTED UNDER THE HOME MORTGAGE**  
5                   **DISCLOSURE ACT OF 1975.**

6           (a) STUDY.—The Comptroller General of the United  
7 States shall conduct a study to determine whether the  
8 data required to be published, made available, or disclosed  
9 under the final rule, in connection with other publicly  
10 available data sources, including data made publicly avail-  
11 able under Regulation C (12 CFR 1003) before the effec-  
12 tive date of the final rule, could allow for or increase the  
13 probability of—

14                   (1) exposure of the identity of mortgage appli-  
15 cants or mortgagors through reverse engineering;

16                   (2) exposure of mortgage applicants or mortga-  
17 gors to identity theft or the loss of sensitive personal  
18 financial information;

19                   (3) the marketing or sale of unfair or deceptive  
20 financial products to mortgage applicants or mortga-  
21 gors based on such data;

22                   (4) personal financial loss or emotional distress  
23 resulting from the exposure of mortgage applicants  
24 or mortgagors to identify theft or the loss of sen-  
25 sitive personal financial information; and

1           (5) the potential legal liability facing the Con-  
2           sumer Law Enforcement Agency and market partici-  
3           pants in the event the data required to be published,  
4           made available, or disclosed under the final rule  
5           leads or contributes to identity theft or the capture  
6           of sensitive personal financial information.

7           (b) REPORT.—The Comptroller General of the  
8           United States shall submit to the Committee on Financial  
9           Services of the House of Representatives and the Com-  
10          mittee on Banking, Housing, and Urban Affairs of the  
11          Senate a report that includes—

12           (1) the findings and conclusions of the Comp-  
13          troller General with respect to the study required  
14          under subsection (a); and

15           (2) any recommendations for legislative or regu-  
16          latory actions that—

17           (A) would enhance the privacy of a con-  
18          sumer when accessing mortgage credit; and

19           (B) are consistent with consumer protec-  
20          tions and safe and sound banking operations.

21          (c) SUSPENSION OF DATA SHARING REQUIRE-  
22          MENTS.—Notwithstanding any other provision of law, in-  
23          cluding the final rule—

24           (1) depository institutions shall not be required  
25          to publish, disclose, or otherwise make available to

1 the public, pursuant to the Home Mortgage Dislo-  
2 sure Act of 1975 (or regulations issued under such  
3 Act) any data that was not required to be published,  
4 disclosed, or otherwise made available pursuant to  
5 such Act (or regulations issued under such Act) on  
6 the day before the date of the enactment of the  
7 Dodd-Frank Wall Street Reform and Consumer Pro-  
8 tection Act; and

9 (2) the Consumer Law Enforcement Agency  
10 and the Financial Institutions Examination Council  
11 shall not publish, disclose, or otherwise make avail-  
12 able to the public any such information received  
13 from a depository institution pursuant to the final  
14 rule, except as required by law.

15 (d) TEMPORARY SUSPENSION OF DATA REPORTING  
16 REQUIREMENTS.—Notwithstanding any other provision  
17 of law, the effective date for new reporting requirements  
18 contained in the final rule shall be January 1, 2019.

19 (e) DEFINITIONS.—For purposes of this section:

20 (1) DEPOSITORY INSTITUTION.—The term “de-  
21 pository institution” has the meaning given that  
22 term under section 303 of the Home Mortgage Dis-  
23 closure Act of 1975 (12 U.S.C. 2802).

24 (2) FINAL RULE.—The term “final rule” means  
25 the final rule issued by the Bureau of Consumer Fi-

1 nancial Protection titled “Home Mortgage Disclo-  
2 sure (Regulation C)” (October 28, 2015; 80 Fed.  
3 Reg. 66128).

## 4 **Subtitle P—Home Mortgage** 5 **Disclosure Adjustment**

### 6 **SEC. 576. DEPOSITORY INSTITUTIONS SUBJECT TO MAINTENANCE OF RECORDS AND DISCLOSURE RE-** 7 **QUIREMENTS.** 8

9 (a) IN GENERAL.—Section 304 of the Home Mort-  
10 gage Disclosure Act of 1975 (12 U.S.C. 2803) is amend-  
11 ed—

12 (1) by redesignating subsection (i) as paragraph  
13 (2) and adjusting the margin appropriately; and

14 (2) by inserting before such paragraph (2) the  
15 following:

16 “(i) EXEMPTIONS.—

17 “(1) IN GENERAL.—With respect to a depository  
18 institution, the requirements of subsections (a)  
19 and (b) shall not apply—

20 “(A) with respect to closed-end mortgage  
21 loans, if such depository institution originated  
22 less than 100 closed-end mortgage loans in each  
23 of the two preceding calendar years; and

24 “(B) with respect to open-end lines of  
25 credit, if such depository institution originated

1 less than 200 open-end lines of credit in each  
2 of the two preceding calendar years.”.

3 (b) TECHNICAL CORRECTION.—Section 304(i)(2) of  
4 such Act, as redesignated by subsection (a), is amended  
5 by striking “section 303(2)(A)” and inserting “section  
6 303(3)(A)”.

## 7 **Subtitle Q—Protecting Consumers’** 8 **Access to Credit**

### 9 **SEC. 581. RATE OF INTEREST AFTER TRANSFER OF LOAN.**

10 (a) AMENDMENT TO THE REVISED STATUTES.—Sec-  
11 tion 5197 of the Revised Statutes of the United States  
12 (12 U.S.C. 85) is amended by adding at the end the fol-  
13 lowing new sentence: “A loan that is valid when made as  
14 to its maximum rate of interest in accordance with this  
15 section shall remain valid with respect to such rate regard-  
16 less of whether the loan is subsequently sold, assigned, or  
17 otherwise transferred to a third party, and may be en-  
18 forced by such third party notwithstanding any State law  
19 to the contrary.”.

20 (b) AMENDMENT TO THE HOME OWNERS’ LOAN  
21 ACT.—Section 4(g)(1) of the Home Owners’ Loan Act (12  
22 U.S.C. 1463(g)(1)) is amended by adding at the end the  
23 following new sentence: “A loan that is valid when made  
24 as to its maximum rate of interest in accordance with this  
25 subsection shall remain valid with respect to such rate re-

1 regardless of whether the loan is subsequently sold, as-  
2 signed, or otherwise transferred to a third party, and may  
3 be enforced by such third party notwithstanding any State  
4 law to the contrary.”.

5 (c) AMENDMENT TO THE FEDERAL CREDIT UNION  
6 ACT.—Section 205(g)(1) of the Federal Credit Union Act  
7 (12 U.S.C. 1785(g)(1)) is amended by adding at the end  
8 the following new sentence: “A loan that is valid when  
9 made as to its maximum rate of interest in accordance  
10 with this subsection shall remain valid with respect to such  
11 rate regardless of whether the loan is subsequently sold,  
12 assigned, or otherwise transferred to a third party, and  
13 may be enforced by such third party notwithstanding any  
14 State law to the contrary.”.

15 (d) AMENDMENT TO THE FEDERAL DEPOSIT INSUR-  
16 ANCE ACT.—Section 27(a) of the Federal Deposit Insur-  
17 ance Act (12 U.S.C. 1831d(a)) is amended by adding at  
18 the end the following new sentence: “A loan that is valid  
19 when made as to its maximum rate of interest in accord-  
20 ance with this section shall remain valid with respect to  
21 such rate regardless of whether the loan is subsequently  
22 sold, assigned, or otherwise transferred to a third party,  
23 and may be enforced by such third party notwithstanding  
24 any State law to the contrary.”.

1           **Subtitle R—NCUA Overhead**  
2                           **Transparency**

3 **SEC. 586. FUND TRANSPARENCY.**

4           Section 203 of the Federal Credit Union Act (12  
5 U.S.C. 1783) is amended by adding at the end the fol-  
6 lowing:

7           “(g) FUND TRANSPARENCY.—

8                   “(1) IN GENERAL.—The Board shall accom-  
9           pany each annual budget submitted pursuant to sec-  
10          tion 209(b) with a report containing—

11                           “(A) a detailed analysis of how the ex-  
12                   penses of the Administration are assigned be-  
13                   tween prudential activities and insurance-re-  
14                   lated activities and the extent to which those  
15                   expenses are paid from the fees collected pursu-  
16                   ant to section 105 or from the Fund; and

17                           “(B) the Board’s supporting rationale for  
18                   any proposed use of amounts in the Fund con-  
19                   tained in such budget, including detailed break-  
20                   downs and supporting rationales for any such  
21                   proposed use related to titles of this Act other  
22                   than this title.

23                           “(2) PUBLIC DISCLOSURE.—The Board shall  
24          make each report described under paragraph (1)

1 available to the public and available on the Board's  
2 website.”.

3 **Subtitle S—Housing Opportunities**  
4 **Made Easier**

5 **SEC. 591. CLARIFICATION OF DONATED SERVICES TO NON-**  
6 **PROFITS.**

7 Section 129E(i) of the Truth in Lending Act (15  
8 U.S.C. 1639e(i)) is amended by adding at the end the fol-  
9 lowing:

10 “(4) RULE OF CONSTRUCTION RELATED TO AP-  
11 PRAISAL DONATIONS.—For purposes of paragraph  
12 (1), if a fee appraiser voluntarily donates appraisal  
13 services to an organization described in section  
14 170(c)(2) of the Internal Revenue Code of 1986,  
15 such voluntary donation shall be deemed customary  
16 and reasonable.”.

17 **Subtitle T—Protection of Con-**  
18 **sumer Information by Con-**  
19 **sumer Reporting Agencies**

20 **SEC. 596. SENSE OF CONGRESS RELATED TO PROTECTION**  
21 **OF CONSUMER INFORMATION BY CONSUMER**  
22 **REPORTING AGENCIES.**

23 (a) IN GENERAL.—It is the sense of the Congress  
24 that consumer reporting agencies and subsidiaries of con-  
25 sumer reporting agencies should, when providing access



1 to consumers to the information contained in the file of  
2 the consumer maintained by the consumer reporting agen-  
3 cy, use strong multi-factor authentication procedures to  
4 verify the identity of consumers.

5 (b) DEFINITIONS.—For purposes of this section, the  
6 terms “consumer”, “consumer reporting agency”, and  
7 “file” have the meanings given those terms in section 603  
8 of the Fair Credit Reporting Act (15 U.S.C. 1681a).

## 9 **Subtitle U—Legitimate Financial** 10 **Transactions Report**

### 11 **SEC. 597. TREASURY REPORT ON LEGITIMATE FINANCIAL** 12 **TRANSACTIONS.**

13 Not later than the end of the 90-day period beginning  
14 on the date of the enactment of this Act, the Secretary  
15 of the Treasury shall issue a report to the Congress on—

16 (1) the Secretary’s efforts to ensure that legiti-  
17 mate financial transactions move freely and globally;  
18 and

19 (2) how the Secretary coordinates on such ef-  
20 forts with Federal bank regulators, financial institu-  
21 tions, and money service businesses.

1 **Subtitle V—Dividend Waiver Au-**  
2 **thority for Mutual Holding Com-**  
3 **panies**

4 **SEC. 598. DIVIDEND WAIVER AUTHORITY FOR MUTUAL**  
5 **HOLDING COMPANIES.**

6 Section 10(o)(11) of the Home Owners' Loan Act (12  
7 U.S.C. 1467a(o)(11)) is amended—

8 (1) in subparagraph (D)—

9 (A) in clause (i), by adding “and” at the  
10 end;

11 (B) in clause (ii), by striking “; and” and  
12 inserting a period; and

13 (C) by striking clause (iii);

14 (2) by amending subparagraph (E) to read as  
15 follows:

16 “(E) VALUATION.—The appropriate Fed-  
17 eral banking agency may not consider waived  
18 dividends in determining an appropriate ex-  
19 change ratio in the event of a full conversion to  
20 stock form.”; and

21 (3) by adding at the end the following new sub-  
22 paragraph:

23 “(F) RULE OF CONSTRUCTION.—Nothing  
24 in this paragraph shall be construed to author-  
25 ize the appropriate Federal banking agency to

1           require a vote of members of a mutual holding  
2           company to approve one or more dividend waiv-  
3           ers or to place any additional restrictions on  
4           dividend waivers by mutual holding companies  
5           that are inconsistent with or exceed the require-  
6           ments set forth in this paragraph.”.

7   **TITLE VI—REGULATORY RELIEF**  
8       **FOR STRONGLY CAPITALIZED,**  
9       **WELL MANAGED BANKING**  
10      **ORGANIZATIONS**

11 **SEC. 601. CAPITAL ELECTION.**

12       (a) **IN GENERAL.**—A banking organization may make  
13 an election under this section to be treated as a qualifying  
14 banking organization for purposes of the regulatory relief  
15 described under section 602.

16       (b) **REQUIREMENTS.**—A banking organization may  
17 qualify to be treated as a qualifying banking organization  
18 if—

19           (1) the banking organization has an average le-  
20           verage ratio of at least 10 percent;

21           (2) with respect to a depository institution hold-  
22           ing company, each insured depository institution  
23           subsidiary of the holding company simultaneously  
24           makes the election described under subsection (a);  
25           and

1           (3) with respect to an insured depository insti-  
2           tution, any parent depository institution holding  
3           company of the institution simultaneously makes the  
4           election described under subsection (a).

5           (c) ELECTION PROCESS.—To make an election under  
6           this section, a banking organization shall submit an elec-  
7           tion to the appropriate Federal banking agency (and any  
8           applicable State bank supervisor that regulates the bank-  
9           ing organization) containing—

10           (1) a notice of such election;

11           (2) the banking organization’s average leverage  
12           ratio, as well as the organization’s quarterly leverage  
13           ratio for each of the most recently completed four  
14           calendar quarters;

15           (3) if the banking organization is a depository  
16           institution holding company, the information de-  
17           scribed under paragraph (2) for each of the organi-  
18           zation’s insured depository institution subsidiaries;  
19           and

20           (4) if the banking organization is an insured  
21           depository institution, the information described  
22           under paragraph (2) for any parent depository insti-  
23           tution holding company of the institution.

24           (d) EFFECTIVE DATE OF ELECTION.—

1           (1) IN GENERAL.—An election made under this  
2 section shall take effect at the end of the 30-day pe-  
3 riod beginning on the date that the appropriate Fed-  
4 eral banking agency receives the application de-  
5 scribed under subsection (c), unless the appropriate  
6 Federal banking agency determines that the banking  
7 organization has not met the requirements described  
8 under subsection (b).

9           (2) NOTICE OF FAILURE TO MEET REQUIRE-  
10 MENTS.—If the appropriate Federal banking agency  
11 determines that a banking organization submitting  
12 an election notice under subsection (c) does not meet  
13 the requirements described under subsection (b), the  
14 agency shall—

15                   (A) notify the banking organization (and  
16 any applicable State bank supervisor that regu-  
17 lates the banking organization), in writing, of  
18 such determination as soon as possible after  
19 such determination is made, but in no case  
20 later than the end of the 30-day period begin-  
21 ning on the date that the appropriate Federal  
22 banking agency receives the election; and

23                   (B) include in such notification the specific  
24 reasons for such determination and steps that

1           the banking organization can take to meet such  
2           requirements.

3           (e) TREATMENT OF CERTAIN NEW BANKING ORGA-  
4 NIZATIONS.—In the case of a banking organization that  
5 is a newly-chartered insured depository institution or a  
6 banking organization that becomes a banking organization  
7 because it controls a newly-chartered insured depository  
8 institution, such banking organization may be treated as  
9 a qualifying banking organization immediately upon be-  
10 coming a banking organization, if—

11           (1) an election to be treated as a qualifying  
12 banking organization was included in the application  
13 filed with the appropriate Federal banking agency in  
14 connection with becoming a banking organization;  
15 and

16           (2) as of the date the banking organization be-  
17 comes a banking organization, the banking organiza-  
18 tion's tangible equity divided by the banking organi-  
19 zation's leverage exposure, expressed as a percent-  
20 age, is at least 10 percent.

21           (f) FAILURE TO MAINTAIN QUARTERLY LEVERAGE  
22 RATIO AND LOSS OF ELECTION.—

23           (1) EFFECT OF FAILURE TO MAINTAIN QUAR-  
24 TERLY LEVERAGE RATIO.—

1 (A) IN GENERAL.—If, with respect to the  
2 most recently completed calendar quarter, the  
3 appropriate Federal banking agency determines  
4 that a qualifying banking organization’s quar-  
5 terly leverage ratio is below 10 percent—

6 (i) the appropriate Federal banking  
7 agency shall notify the qualifying banking  
8 organization and any applicable State bank  
9 supervisor that regulates the banking orga-  
10 nization of such determination;

11 (ii) the appropriate Federal banking  
12 agency may prohibit the banking organiza-  
13 tion from making a capital distribution;  
14 and

15 (iii) the banking organization shall,  
16 within 3 months of the first such deter-  
17 mination, submit a capital restoration plan  
18 to the appropriate Federal banking agency.

19 (B) LOSS OF ELECTION AFTER ONE-YEAR  
20 REMEDIATION PERIOD.—If a banking organiza-  
21 tion described under subparagraph (A) does  
22 not, within the 1-year period beginning on the  
23 date of such determination, raise the organiza-  
24 tion’s quarterly leverage ratio for a calendar  
25 quarter ending in such 1-year period to at least

1           10 percent, the banking organization’s election  
2           under this section shall be terminated, and the  
3           appropriate Federal banking agency shall notify  
4           any applicable State bank supervisor that regu-  
5           lates the banking organization of such termi-  
6           nation.

7           (C) EFFECT OF SUBSIDIARY ON PARENT  
8           ORGANIZATION.—With respect to a qualifying  
9           banking organization described under subpara-  
10          graph (A) that is an insured depository institu-  
11          tion, any parent depository institution holding  
12          company of the qualifying banking organization  
13          shall—

14                 (i) if the appropriate Federal banking  
15                 agency determines it appropriate, be pro-  
16                 hibited from making a capital distribution  
17                 (other than a capital contribution to such  
18                 qualifying banking organization described  
19                 under subparagraph (A)); and

20                 (ii) if the qualifying banking organiza-  
21                 tion has an election terminated under sub-  
22                 paragraph (B), any such parent depository  
23                 institution holding company shall also have  
24                 its election under this section terminated.



1           (2) IMMEDIATE LOSS OF ELECTION IF THE  
2           QUARTERLY LEVERAGE RATIO FALLS BELOW 6 PER-  
3           CENT.—

4           (A) IN GENERAL.—If, with respect to the  
5           most recently completed calendar quarter, the  
6           appropriate Federal banking agency determines  
7           that a qualifying banking organization’s quar-  
8           terly leverage ratio is below 6 percent, the  
9           banking organization’s election under this sec-  
10          tion shall be terminated, and the appropriate  
11          Federal banking agency shall notify any appli-  
12          cable State bank supervisor that regulates the  
13          banking organization of such termination.

14          (B) EFFECT OF SUBSIDIARY ON PARENT  
15          ORGANIZATION.—With respect to a qualifying  
16          banking organization described under subpara-  
17          graph (A) that is an insured depository institu-  
18          tion, any parent depository institution holding  
19          company of the qualifying banking organization  
20          shall also have its election under this section  
21          terminated.

22          (3) ABILITY TO MAKE FUTURE ELECTIONS.—If  
23          a banking organization has an election under this  
24          section terminated, the banking organization may  
25          not apply for another election under this section

1       until the banking organization has maintained a  
2       quarterly leverage ratio of at least 10 percent for 8  
3       consecutive calendar quarters.

4   **SEC. 602. REGULATORY RELIEF.**

5       (a) IN GENERAL.—A qualifying banking organization  
6 shall be exempt from the following:

7           (1) Any Federal law, rule, or regulation ad-  
8       dressing capital or liquidity requirements or stand-  
9       ards.

10          (2) Any Federal law, rule, or regulation that  
11       permits an appropriate Federal banking agency to  
12       object to a capital distribution.

13          (3) Any consideration by an appropriate Fed-  
14       eral banking agency of the following:

15           (A) Any risk the qualifying banking orga-  
16       nization may pose to “the stability of the finan-  
17       cial system of the United States”, under section  
18       5(c)(2) of the Bank Holding Company Act of  
19       1956.

20           (B) The “extent to which a proposed ac-  
21       quisition, merger, or consolidation would result  
22       in greater or more concentrated risks to the  
23       stability of the United States banking or finan-  
24       cial system”, under section 3(c)(7) of the Bank  
25       Holding Company Act of 1956, so long as the

1 banking organization, after such proposed ac-  
2 quisition, merger, or consolidation, would main-  
3 tain a quarterly leverage ratio of at least 10  
4 percent.

5 (C) Whether the performance of an activity  
6 by the banking organization could possibly pose  
7 a “risk to the stability of the United States  
8 banking or financial system”, under section  
9 4(j)(2)(A) of the Bank Holding Company Act  
10 of 1956.

11 (D) Whether the acquisition of control of  
12 shares of a company engaged in an activity de-  
13 scribed in section 4(j)(1)(A) of the Bank Hold-  
14 ing Company Act of 1956 could possibly pose a  
15 “risk to the stability of the United States bank-  
16 ing or financial system”, under section  
17 4(j)(2)(A) of the Bank Holding Company Act  
18 of 1956, so long as the banking organization,  
19 after acquiring control of such company, would  
20 maintain a quarterly leverage ratio of at least  
21 10 percent.

22 (E) Whether a merger would pose a “risk  
23 to the stability of the United States banking or  
24 financial system”, under section 18(c)(5) of the  
25 Federal Deposit Insurance Act, so long as the

1 banking organization, after such proposed  
2 merger, would maintain a quarterly leverage  
3 ratio of at least 10 percent.

4 (F) Any risk the qualifying banking orga-  
5 nization may pose to “the stability of the finan-  
6 cial system of the United States”, under section  
7 10(b)(4) of the Home Owners’ Loan Act.

8 (4) Subsections (i)(8) and (k)(6)(B)(ii) of sec-  
9 tion 4 and section 14 of the Bank Holding Company  
10 Act of 1956.

11 (5) Section 18(c)(13) of the Federal Deposit  
12 Insurance Act.

13 (6) Section 163 of the Financial Stability Act  
14 of 2010.

15 (7) Section 10(e)(2)(E) of the Home Owners’  
16 Loan Act.

17 (8) Any Federal law, rule, or regulation imple-  
18 menting standards of the type provided for in sub-  
19 sections (b), (c), (d), (e), (g), (h), (i), and (j) of sec-  
20 tion 165 of the Financial Stability Act of 2010.

21 (9) Any Federal law, rule, or regulation pro-  
22 viding limitations on mergers, consolidations, or ac-  
23 quisitions of assets or control, to the extent such  
24 limitations relate to capital or liquidity standards or  
25 concentrations of deposits or assets, so long as the

1 banking organization, after such proposed merger,  
2 consolidation, or acquisition, would maintain a quar-  
3 terly leverage ratio of at least 10 percent.

4 (b) QUALIFYING BANKING ORGANIZATIONS TREAT-  
5 ED AS WELL CAPITALIZED.—A qualifying banking organi-  
6 zation shall be deemed to be “well capitalized” for pur-  
7 poses of—

8 (1) section 216 of the Federal Credit Union  
9 Act; and

10 (2) sections 29, 38, 44, and 46 of the Federal  
11 Deposit Insurance Act.

12 (c) TREATMENT OF CERTAIN RISK-WEIGHTED ASSET  
13 REQUIREMENTS FOR QUALIFYING BANKING ORGANIZA-  
14 TIONS.—

15 (1) ACQUISITION SIZE CRITERIA TREATMENT.—

16 A qualifying banking organization shall be deemed  
17 to meet the criteria described under section  
18 4(j)(4)(D) of the Bank Holding Company Act of  
19 1956, so long as after the proposed transaction the  
20 acquiring qualifying banking organization would  
21 maintain a quarterly leverage ratio of at least 10  
22 percent.

23 (2) USE OF LEVERAGE EXPOSURE.—With re-  
24 spect to a qualifying banking organization, in deter-  
25 mining whether a proposal qualifies with the criteria

1 described under subparagraphs (A)(iii) and (B)(i) of  
2 section 4(j)(4) of the Bank Holding Company Act of  
3 1956, the Board of Governors of the Federal Re-  
4 serve System shall consider the leverage exposure of  
5 an insured depository institution instead of the total  
6 risk-weighted assets of such institution.

7 **SEC. 603. CONTINGENT CAPITAL STUDY.**

8 (a) STUDY.—The Board of Governors of the Federal  
9 Reserve System, the Federal Deposit Insurance Corpora-  
10 tion, and the Office of the Comptroller of the Currency  
11 shall each carry out a study, which shall include holding  
12 public hearings, on how to design a requirement that  
13 banking organizations issue contingent capital with a mar-  
14 ket-based conversion trigger.

15 (b) REPORT.—Not later than the end of the 1-year  
16 period beginning on the date of the enactment of this Act,  
17 each agency described under subsection (a) shall submit  
18 a report to the Congress containing—

19 (1) all findings and determinations made by the  
20 agency in carrying out the study required under sub-  
21 section (a); and

22 (2) the agency's recommendations on how the  
23 Congress should design a requirement that banking  
24 organizations issue contingent capital with a market-  
25 based conversion trigger.

1 **SEC. 604. STUDY ON ALTERING THE CURRENT PROMPT**  
2 **CORRECTIVE ACTION RULES.**

3 (a) STUDY.—The Comptroller General of the United  
4 States shall conduct a study to assess the benefits and  
5 feasibility of altering the current prompt corrective action  
6 rules and replacing the Basel-based capital ratios with the  
7 nonperforming asset coverage ratio or NACR as the trig-  
8 ger for specific required supervisory interventions. The  
9 Comptroller General shall ensure that such study includes  
10 the following:

11 (1) An assessment of the performance of an  
12 NACR forward-looking measure of a banking orga-  
13 nization's solvency condition relative to the regu-  
14 latory capital ratios currently used by prompt cor-  
15 rective action rules.

16 (2) An analysis of the performance of alter-  
17 native definitions of nonperforming assets.

18 (3) An assessment of the impact of two alter-  
19 native intervention thresholds:

20 (A) An initial (high) intervention thresh-  
21 old, below which appropriate Federal banking  
22 agency examiners are required to intervene and  
23 assess a banking organization's condition and  
24 prescribe remedial measures.

25 (B) A lower threshold, below which bank-  
26 ing organizations must increase their capital,

1           seek an acquirer, or face mandatory resolution  
2           within 90 days.

3           (b) REPORT.—Not later than the end of the 1-year  
4 period beginning on the date of the enactment of this Act,  
5 the Comptroller General shall submit a report to the Con-  
6 gress containing—

7           (1) all findings and determinations made in car-  
8 rying out the study required under subsection (a);  
9           and

10           (2) recommendations on the most suitable defi-  
11 nition of nonperforming assets, as well as the two  
12 numerical thresholds that trigger specific required  
13 supervisory interventions.

14 **SEC. 605. DEFINITIONS.**

15           For purposes of this title:

16           (1) APPROPRIATE FEDERAL BANKING AGEN-  
17 CY.—The term “appropriate Federal banking agen-  
18 cy”—

19           (A) has the meaning given such term  
20 under section 3 of the Federal Deposit Insur-  
21 ance Act; and

22           (B) means the National Credit Union Ad-  
23 ministration, in the case of an insured credit  
24 union.



1           (2) BANKING ORGANIZATION.—The term  
2 “banking organization” means—

3           (A) an insured depository institution;

4           (B) an insured credit union;

5           (C) a depository institution holding com-  
6 pany;

7           (D) a company that is treated as a bank  
8 holding company for purposes of section 8 of  
9 the International Banking Act; and

10           (E) a U.S. intermediate holding company  
11 established by a foreign banking organization  
12 pursuant to section 252.153 of title 12, Code of  
13 Federal Regulations.

14           (3) FOREIGN EXCHANGE SWAP .—The term  
15 “foreign exchange swap” has the meaning given that  
16 term under section 1a of the Commodity Exchange  
17 Act.

18           (4) INSURED CREDIT UNION.—The term “in-  
19 sured credit union” has the meaning given that term  
20 under section 101 of the Federal Credit Union Act.

21           (5) LEVERAGE EXPOSURE.—The term “lever-  
22 age exposure”—

23           (A) with respect to a banking organization  
24 other than an insured credit union or a tradi-  
25 tional banking organization, has the meaning

1 given the term “total leverage exposure” under  
2 section 3.10(c)(4)(ii), 217.10(c)(4), or  
3 324.10(c)(4) of title 12, Code of Federal Regu-  
4 lations, as applicable, as in effect on the date  
5 of the enactment of this Act;

6 (B) with respect to a traditional banking  
7 organization other than an insured credit union,  
8 means total assets (minus any items deducted  
9 from common equity tier 1 capital) as cal-  
10 culated in accordance with generally accepted  
11 accounting principles and as reported on the  
12 traditional banking organization’s applicable  
13 regulatory filing with the banking organiza-  
14 tion’s appropriate Federal banking agency; and

15 (C) with respect to a banking organization  
16 that is an insured credit union, has the mean-  
17 ing given the term “total assets” under section  
18 702.2 of title 12, Code of Federal Regulations,  
19 as in effect on the date of the enactment of this  
20 Act.

21 (6) LEVERAGE RATIO DEFINITIONS.—

22 (A) AVERAGE LEVERAGE RATIO.—With re-  
23 spect to a banking organization, the term “av-  
24 erage leverage ratio” means the average of the  
25 banking organization’s quarterly leverage ratios

1 for each of the most recently completed four  
2 calendar quarters.

3 (B) QUARTERLY LEVERAGE RATIO.—With  
4 respect to a banking organization and a cal-  
5 endar quarter, the term “quarterly leverage  
6 ratio” means the organization’s tangible equity  
7 divided by the organization’s leverage exposure,  
8 expressed as a percentage, on the last day of  
9 such quarter.

10 (7) NACR.—The term “NACR” means—

11 (A) book equity less nonperforming assets  
12 plus loan loss reserves, divided by

13 (B) total banking organization assets.

14 (8) NONPERFORMING ASSETS.—The term “non-  
15 performing assets” means—

16 (A) 20 percent of assets that are past due  
17 30 to 89 days, plus

18 (B) 50 percent of assets that are past due  
19 90 days or more, plus

20 (C) 100 percent of nonaccrual assets and  
21 other real estate owned.

22 (9) QUALIFYING BANKING ORGANIZATION.—

23 The term “qualifying banking organization” means  
24 a banking organization that has made an election

1 under section 601 and with respect to which such  
2 election is in effect.

3 (10) SECURITY-BASED SWAP.—The term “se-  
4 curity-based swap” has the meaning given that term  
5 under section 3 of the Securities Exchange Act of  
6 1934.

7 (11) SWAP.—The term “swap” has the mean-  
8 ing given that term under section 1a of the Com-  
9 modity Exchange Act.

10 (12) TANGIBLE EQUITY.—The term “tangible  
11 equity”—

12 (A) with respect to a banking organization  
13 other than a credit union, means the sum of—

14 (i) common equity tier 1 capital;

15 (ii) additional tier 1 capital consisting  
16 of instruments issued on or before the date  
17 of enactment of this Act; and

18 (iii) with respect to a depository insti-  
19 tution holding company that had less than  
20 \$15,000,000,000 in total consolidated as-  
21 sets as of December 31, 2009, or March  
22 31, 2010, or a banking organization that  
23 was a mutual holding company as of May  
24 19, 2010, trust preferred securities issued  
25 prior to May 19, 2010, to the extent such

1 organization was permitted, as of the date  
2 of the enactment of this Act, to consider  
3 such securities as tier 1 capital under ex-  
4 isting regulations of the appropriate Fed-  
5 eral banking agency; and

6 (B) with respect to a banking organization  
7 that is a credit union, has the meaning given  
8 the term “net worth” under section 702.2 of  
9 title 12, Code of Federal Regulations, as in ef-  
10 fect on the date of the enactment of this Act.

11 (13) TRADITIONAL BANKING ORGANIZATION.—

12 The term “traditional banking organization” means  
13 a banking organization that—

14 (A) has zero trading assets and zero trad-  
15 ing liabilities;

16 (B) does not engage in swaps or security-  
17 based swaps, other than swaps or security-  
18 based swaps referencing interest rates or for-  
19 eign exchange swaps; and

20 (C) has a total notional exposure of swaps  
21 and security-based swaps of not more than  
22 \$8,000,000,000.

23 (14) OTHER BANKING TERMS.—The terms “in-  
24 sured depository institution” and “depository insti-  
25 tution holding company” have the meaning given

1 those terms, respectively, under section 3 of the  
2 Federal Deposit Insurance Act.

3 (15) OTHER CAPITAL TERMS.—With respect to  
4 a banking organization, the terms “additional tier 1  
5 capital” and “common equity tier 1 capital” have  
6 the meaning given such terms, respectively, under  
7 section 3.20, 217.20, or 324.20 of title 12, Code of  
8 Federal Regulations, as applicable, as in effect on  
9 the date of the enactment of this Act.

10 **TITLE VII—EMPOWERING AMER-**  
11 **ICANS TO ACHIEVE FINAN-**  
12 **CIAL INDEPENDENCE**

13 **Subtitle A—Separation of Powers**  
14 **and Liberty Enhancements**

15 **SEC. 711. CONSUMER LAW ENFORCEMENT AGENCY.**

16 (a) MAKING THE BUREAU AN INDEPENDENT CON-  
17 SUMER LAW ENFORCEMENT AGENCY.—The Consumer  
18 Financial Protection Act of 2010 (12 U.S.C. 5481 et seq.)  
19 is amended—

20 (1) in section 1011—

21 (A) in the heading of such section, by  
22 striking “**BUREAU OF CONSUMER FINAN-**  
23 **CIAL PROTECTION**” and inserting “**CON-**  
24 **SUMER LAW ENFORCEMENT AGENCY**”;

25 (B) in subsection (a)—

1 (i) in the heading of such subsection,  
2 by striking “BUREAU” and inserting  
3 “AGENCY”;

4 (ii) by striking “in the Federal Re-  
5 serve System,”;

6 (iii) by striking “independent bureau”  
7 and inserting “independent agency”; and

8 (iv) by striking “‘Bureau of Con-  
9 sumer Financial Protection’” and insert-  
10 ing “‘Consumer Law Enforcement Agency’  
11 (hereinafter in this section referred to as  
12 the ‘Agency’)”;

13 (C) in subsection (b)(5), by amending sub-  
14 paragraph (A) to read as follows:

15 “(A) shall be appointed by the President;  
16 and”;

17 (D) in subsection (c), by striking para-  
18 graph (3);

19 (E) in subsection (e), by striking “, includ-  
20 ing in cities in which the Federal reserve banks,  
21 or branches of such banks, are located,”; and

22 (F) by striking “Bureau” each place such  
23 term appears and inserting “Agency”; and

24 (2) in section 1012—

1 (A) in subsection (a)(10), by striking “ex-  
2 aminations,”; and

3 (B) by striking subsection (c).

4 (b) DEEMING OF NAME.—Any reference in a law,  
5 regulation, document, paper, or other record of the United  
6 States to the Bureau of Consumer Financial Protection  
7 shall be deemed a reference to the Consumer Law En-  
8 forcement Agency.

9 (c) CONFORMING AMENDMENTS.—

10 (1) DODD-FRANK WALL STREET REFORM AND  
11 CONSUMER PROTECTION ACT.—The Dodd-Frank  
12 Wall Street Reform and Consumer Protection Act  
13 (12 U.S.C. 5301 et seq.) is amended—

14 (A) in the table of contents in section  
15 1(b)—

16 (i) by striking “Bureau of Consumer  
17 Financial Protection” each place such term  
18 appears and inserting “Consumer Law En-  
19 forcement Agency”; and

20 (ii) in the table of contents relating to  
21 title X, in the items relating to subtitle B,  
22 subtitle C, and section 1027, by striking  
23 “Bureau” each place such term appears  
24 and inserting “Agency”;



1 (B) in section 2, by amending paragraph  
2 (4) to read as follows:

3 “(4) AGENCY.—The term ‘Agency’ means the  
4 Consumer Law Enforcement Agency established  
5 under title X.”;

6 (C) in section 342 by striking “Bureau”  
7 each place such term appears in headings and  
8 text and inserting “Agency”;

9 (D) in section 1400(b)—

10 (i) by striking “Bureau of Consumer  
11 Financial Protection” and inserting “Con-  
12 sumer Law Enforcement Agency”; and

13 (ii) in the subsection heading, by  
14 striking “BUREAU OF CONSUMER FINAN-  
15 CIAL PROTECTION” and inserting “CON-  
16 SUMER LAW ENFORCEMENT AGENCY”;

17 (E) in section 1411(a)(1), by striking “Bu-  
18 reau” and inserting “Agency”; and

19 (F) in section 1447, by striking “Director  
20 of the Bureau” each place such term appears  
21 and inserting “Director of the Consumer Law  
22 Enforcement Agency”.

23 (2) ALTERNATIVE MORTGAGE TRANSACTION  
24 PARITY ACT OF 1982.—The Alternative Mortgage

1 Transaction Parity Act of 1982 (12 U.S.C. 3801 et  
2 seq.) is amended—

3 (A) by striking “Bureau of Consumer Fi-  
4 nancial Protection” each place such term ap-  
5 pears and inserting “Consumer Law Enforce-  
6 ment Agency”; and

7 (B) in the subsection heading of subsection  
8 (d) of section 804 (12 U.S.C. 3803(d)), by  
9 striking “BUREAU” and inserting “AGENCY”.

10 (3) ELECTRONIC FUND TRANSFER ACT.—The  
11 Electronic Fund Transfer Act (15 U.S.C. 1693 et  
12 seq.) is amended—

13 (A) by amending the second paragraph (4)  
14 (defining the term “Bureau”) to read as fol-  
15 lows:

16 “(4) the term ‘Agency’ means the Consumer  
17 Law Enforcement Agency;”;

18 (B) in section 916(d)(1), by striking “Bu-  
19 reau of Consumer Financial Protection” and in-  
20 serting “Consumer Law Enforcement Agency”;  
21 and

22 (C) by striking “Bureau” each place that  
23 term appears in heading or text and inserting  
24 “Agency”.

1           (4) EQUAL CREDIT OPPORTUNITY ACT.—The  
2           Equal Credit Opportunity Act (15 U.S.C. 1691 et  
3           seq.) is amended—

4                   (A) in section 702 (15 U.S.C. 1691a), by  
5                   amending subsection (c) to read as follows:

6           “(c) The term ‘Agency’ means the Consumer Law  
7           Enforcement Agency.”; and

8                   (B) by striking “Bureau” each place that  
9                   term appears in heading or text and inserting  
10                  “Agency”.

11           (5) EXPEDITED FUNDS AVAILABILITY ACT.—  
12           The Expedited Funds Availability Act (12 U.S.C.  
13           4001 et seq.) is amended—

14                   (A) by striking “Bureau of Consumer Fi-  
15                   nancial Protection” each place such term ap-  
16                   pears and inserting “Consumer Law Enforce-  
17                   ment Agency”; and

18                   (B) in the heading of section 605(f)(1), by  
19                   striking “BOARD AND BUREAU” and inserting  
20                   “BOARD AND AGENCY”.

21           (6) FAIR AND ACCURATE CREDIT TRANS-  
22           ACTIONS ACT OF 2003.—The Fair and Accurate  
23           Credit Transactions Act of 2003 (Public Law 108-  
24           159) is amended by striking “Bureau” each place

1 such term appears in heading and text and inserting  
2 “Agency”.

3 (7) FAIR CREDIT REPORTING ACT.—The Fair  
4 Credit Reporting Act (15 U.S.C. 1681 et seq.) is  
5 amended—

6 (A) by amending section 603(w) to read as  
7 follows:

8 “(w) AGENCY.—The term ‘Agency’ means the Con-  
9 sumer Law Enforcement Agency.”; and

10 (B) by striking “Bureau” each place such  
11 term appears, other than in sections 626 and  
12 603(v), and inserting “Agency”.

13 (8) FAIR DEBT COLLECTION PRACTICES ACT.—  
14 The Fair Debt Collection Practices Act (15 U.S.C.  
15 1692 et seq.) is amended—

16 (A) by amending section 803(1) to read as  
17 follows:

18 “(1) The term ‘Agency’ means the Consumer  
19 Law Enforcement Agency.”; and

20 (B) by striking “Bureau” each place such  
21 term appears in heading or text and inserting  
22 “Agency”.

23 (9) FEDERAL DEPOSIT INSURANCE ACT.—The  
24 Federal Deposit Insurance Act (12 U.S.C. 1811 et  
25 seq.) is amended—

1 (A) in the second paragraph (6) (with the  
2 heading “Referral to bureau of consumer finan-  
3 cial protection”) of section 8(t) (12 U.S.C.  
4 1818(t))—

5 (i) in the paragraph heading, by strik-  
6 ing “BUREAU OF CONSUMER FINANCIAL  
7 PROTECTION”; and inserting “CONSUMER  
8 LAW ENFORCEMENT AGENCY”; and

9 (ii) by striking “Bureau of Consumer  
10 Financial Protection” and inserting “Con-  
11 sumer Law Enforcement Agency”;

12 (B) by amending clause (vi) of section  
13 11(t)(2)(A) (12 U.S.C. 1821(t)(2)(A)(vi)) to  
14 read as follows:

15 “(vi) The Consumer Law Enforce-  
16 ment Agency.”;

17 (C) in section 18(x) (12 U.S.C. 1828(x)),  
18 by striking “Bureau of Consumer Financial  
19 Protection” each place such term appears and  
20 inserting “Consumer Law Enforcement Agen-  
21 cy”;

22 (D) by striking “Bureau” each place such  
23 term appears and inserting “Agency”; and

24 (E) in section 43(e) (12 U.S.C. 1831t(e)),  
25 by amending paragraph (5) to read as follows:

1           “(5) AGENCY.—The term ‘Agency’ means the  
2           Consumer Law Enforcement Agency.”.

3           (10) FEDERAL FINANCIAL INSTITUTIONS EXAM-  
4           INATION COUNCIL ACT OF 1978.—The Federal Fi-  
5           nancial Institutions Examination Council Act of  
6           1978 (12 U.S.C. 3301 et seq.) is amended—

7           (A) in section 1004(a)(4), by striking  
8           “Consumer Financial Protection Bureau” and  
9           inserting “Consumer Law Enforcement Agen-  
10          cy”; and

11          (B) in section 1011, by striking “Bureau  
12          of Consumer Financial Protection” and insert-  
13          ing “Consumer Law Enforcement Agency”.

14          (11) FINANCIAL INSTITUTIONS REFORM, RE-  
15          COVERY, AND ENFORCEMENT ACT OF 1989.—The Fi-  
16          nancial Institutions Reform, Recovery, and Enforce-  
17          ment Act of 1989 (Public Law 101–73; 103 Stat.  
18          183) is amended—

19          (A) in section 1112(b) (12 U.S.C. 3341),  
20          by striking “Bureau of Consumer Financial  
21          Protection” and inserting “Consumer Law En-  
22          forcement Agency”;

23          (B) in section 1124 (12 U.S.C. 3353), by  
24          striking “Bureau of Consumer Financial Pro-

1           tection” each place such term appears and in-  
2           serting “Consumer Law Enforcement Agency”;

3           (C) in section 1125 (12 U.S.C. 3354), by  
4           striking “Bureau of Consumer Financial Pro-  
5           tection” each place such term appears and in-  
6           serting “Consumer Law Enforcement Agency”;  
7           and

8           (D) in section 1206(a) (12 U.S.C.  
9           1833b(a)), by striking “Federal Housing Fi-  
10          nance Board” and all that follows through  
11          “Farm Credit Administration” and inserting  
12          “Federal Housing Finance Agency, the Con-  
13          sumer Law Enforcement Agency, and the Farm  
14          Credit Administration”.

15          (12) FINANCIAL LITERACY AND EDUCATION IM-  
16          PROVEMENT ACT.—Section 513 of the Financial Lit-  
17          eracy and Education Improvement Act (20 U.S.C.  
18          9702) is amended by striking “Bureau of Consumer  
19          Financial Protection” each place such term appears  
20          and inserting “Consumer Law Enforcement Agen-  
21          cy”.

22          (13) GRAMM-LEACH-BLILEY ACT.—Title V of  
23          the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et  
24          seq.) is amended—

1 (A) by striking “Bureau of Consumer Fi-  
2 nancial Protection” each place such term ap-  
3 pears and inserting “Consumer Law Enforce-  
4 ment Agency”; and

5 (B) in section 505(a)(8) (15 U.S.C.  
6 6805(a)(8)), by striking “Bureau” and insert-  
7 ing “Agency”.

8 (14) HOME MORTGAGE DISCLOSURE ACT OF  
9 1975.—The Home Mortgage Disclosure Act of 1975  
10 (12 U.S.C. 2801 et seq.) is amended—

11 (A) by striking “Bureau of Consumer Fi-  
12 nancial Protection” each place such term ap-  
13 pears and inserting “Consumer Law Enforce-  
14 ment Agency”;

15 (B) by striking “Bureau” each place such  
16 term appears and inserting “Agency”; and

17 (C) in section 303, by amending paragraph  
18 (1) to read as follows:

19 “(1) the term ‘Agency’ means the Consumer  
20 Law Enforcement Agency;”.

21 (15) HOMEOWNERS PROTECTION ACT OF  
22 1998.—Section 10(a)(4) of the Homeowners Protec-  
23 tion Act of 1998 (12 U.S.C. 4909(a)(4)) is amended  
24 by striking “Bureau of Consumer Financial Protec-



1 tion” and inserting “Consumer Law Enforcement  
2 Agency”.

3 (16) HOME OWNERSHIP AND EQUITY PROTEC-  
4 TION ACT OF 1994.—Section 158(a) of the Home  
5 Ownership and Equity Protection Act of 1994 (15  
6 U.S.C. 1601 note) is amended by striking “Bureau”  
7 and inserting “Consumer Law Enforcement Agen-  
8 cy”.

9 (17) INTERSTATE LAND SALES FULL DISCLO-  
10 SURE ACT.—The Interstate Land Sales Full Disclo-  
11 sure Act (12 U.S.C. 1701 et seq.) is amended—

12 (A) by striking “Bureau of Consumer Fi-  
13 nancial Protection” each place such term ap-  
14 pears and inserting “Agency”;

15 (B) in section 1402, by amending para-  
16 graph (12) to read as follows:

17 “(12) ‘Agency’ means the Consumer Law En-  
18 forcement Agency.”; and

19 (C) in section 1416, by striking “Bureau”  
20 each place such term appears and inserting  
21 “Agency”.

22 (18) REAL ESTATE SETTLEMENT PROCEDURES  
23 ACT OF 1974.—The Real Estate Settlement Proce-  
24 dures Act of 1974 (12 U.S.C. 2601 et seq.) is  
25 amended—

1 (A) by striking “Bureau of Consumer Fi-  
2 nancial Protection” each place such term ap-  
3 pears and inserting “Consumer Law Enforce-  
4 ment Agency”;

5 (B) by striking “Bureau” each place such  
6 term appears and inserting “Agency”; and

7 (C) in section 3, by amending paragraph  
8 (9) to read as follows:

9 “(9) the term ‘Agency’ means the Consumer  
10 Law Enforcement Agency.”.

11 (19) REVISED STATUTES OF THE UNITED  
12 STATES.—Section 5136C(b)(3)(B) of the Revised  
13 Statutes of the United States (12 U.S.C.  
14 25b(b)(3)(B)) is amended by striking “Bureau of  
15 Consumer Financial Protection” and inserting “Con-  
16 sumer Law Enforcement Agency”.

17 (20) RIGHT TO FINANCIAL PRIVACY ACT OF  
18 1978.—The Right to Financial Privacy Act of 1978  
19 (12 U.S.C. 3401 et seq.) is amended—

20 (A) by amending subparagraph (B) of sec-  
21 tion 1101(7) (12 U.S.C. 3401(7)(B)) to read as  
22 follows:

23 “(B) the Consumer Law Enforcement  
24 Agency;”; and

1 (B) by striking “Bureau of Consumer Fi-  
2 nancial Protection” each place such term ap-  
3 pears in heading or text and inserting “Con-  
4 sumer Law Enforcement Agency”.

5 (21) S.A.F.E. MORTGAGE LICENSING ACT OF  
6 2008.—The S.A.F.E. Mortgage Licensing Act of  
7 2008 (12 U.S.C. 5101 et seq.) is amended—

8 (A) in section 1507, by striking “Bureau,  
9 and the Bureau of Consumer Financial Protec-  
10 tion” each place such term appears and insert-  
11 ing “Consumer Law Enforcement Agency”;

12 (B) by striking “Bureau of Consumer Fi-  
13 nancial Protection” each place such term ap-  
14 pears and inserting “Consumer Law Enforce-  
15 ment Agency”;

16 (C) by striking “Bureau” each place such  
17 appears, other than in sections 1505(a)(1),  
18 1507(a)(2)(A), and 1511(b), and inserting  
19 “Agency”;

20 (D) in section 1503, by amending para-  
21 graph (1) to read as follows:

22 “(1) AGENCY.—The term ‘Agency’ means the  
23 Consumer Law Enforcement Agency.”;

24 (E) in the heading of section 1508, by  
25 striking “**BUREAU OF CONSUMER FINAN-**

1           **CIAL PROTECTION**” and inserting **“CON-**  
2           **SUMER LAW ENFORCEMENT AGENCY**”; and

3           (F) in the heading of section 1514, by  
4           striking **“BUREAU**” and inserting **“AGENCY**”.

5           (22) **TELEMARKETING AND CONSUMER FRAUD**  
6           **AND ABUSE PREVENTION ACT.**—The Telemarketing  
7           and Consumer Fraud and Abuse Prevention Act (15  
8           U.S.C. 6101 et seq.) is amended by striking **“Bu-**  
9           **reau of Consumer Financial Protection**” each place  
10          such term appears in heading or text and inserting  
11          **“Consumer Law Enforcement Agency”**.

12          (23) **TITLE 5, UNITED STATES CODE.**—Title 5,  
13          United States Code, is amended—

14                 (A) in section 552a(w)—

15                         (i) in the subsection heading, by strik-  
16                         ing **“BUREAU OF CONSUMER FINANCIAL**  
17                         **PROTECTION**” and inserting **“CONSUMER**  
18                         **LAW ENFORCEMENT AGENCY**”;

19                         (ii) by striking **“Bureau of Consumer**  
20                         **Financial Protection**” and inserting **“Con-**  
21                         **sumer Law Enforcement Agency**”;

22                 (B) in section 609(d)(2), by striking **“Con-**  
23                         **sumer Financial Protection Bureau of the Fed-**  
24                         **eral Reserve System**” and inserting **“Consumer**  
25                         **Law Enforcement Agency**”; and

1 (C) in section 3132(a)(1)(D), by inserting  
2 “the Consumer Law Enforcement Agency,” be-  
3 fore “and the National Credit Union Adminis-  
4 tration”.

5 (24) TITLE 10, UNITED STATES CODE.—

6 (A) SECTION 987.—Section 987(h)(3)(E)  
7 of title 10, United States Code, is amended by  
8 striking “Bureau of Consumer Financial Pro-  
9 tection” and inserting “Consumer Law En-  
10 forcement Agency”.

11 (B) NDAA FY 2015.—Section 557(a) of  
12 the Carl Levin and Howard P. “Buck” McKeon  
13 National Defense Authorization Act for Fiscal  
14 Year 2015 (Public Law 113–29; 128 Stat.  
15 3381; 10 U.S.C. 1144 note), is amended by  
16 striking “Consumer Financial Protection Bu-  
17 reau” each place such term appears and insert-  
18 ing “Consumer Law Enforcement Agency”.

19 (25) TITLE 44, UNITED STATES CODE.—Title  
20 44, United States Code, is amended—

21 (A) in section 3502(5), by striking “the  
22 Bureau of Consumer Financial Protection,”;  
23 and

1 (B) in section 3513(e), by striking “Bu-  
2 reau of Consumer Financial Protection” and in-  
3 serting “Consumer Law Enforcement Agency”.

4 (26) TRUTH IN LENDING ACT.—The Truth in  
5 Lending Act (15 U.S.C. 1601 et seq.) is amended—

6 (A) by amending section 103(b) (15 U.S.C.  
7 1602(b)) to read as follows:

8 “(b) AGENCY.—The term ‘Agency’ means the Con-  
9 sumer Law Enforcement Agency.”;

10 (B) by amending section 103(c) (15 U.S.C.  
11 1602(c)) to read as follows:

12 “(c) BOARD.—The term ‘Board’ means the Board of  
13 Governors of the Federal Reserve System.”; and

14 (C) in section 128(f) (15 U.S.C. 1638(f)),  
15 by striking “Board” each place such term ap-  
16 pears and inserting “Agency”;

17 (D) in sections 129B (15 U.S.C. 1639b)  
18 and 129C (15 U.S.C. 1639c), by striking  
19 “Board” each place such term appears and in-  
20 serting “Agency”;

21 (E) in section 140A (15 U.S.C. 1651), by  
22 striking “in consultation with the Bureau” and  
23 inserting “in consultation with the Federal  
24 Trade Commission”;

1 (F) by striking “Bureau” each place such  
2 term appears in heading or text and inserting  
3 “Agency”; and

4 (G) by striking “BUREAU” and inserting  
5 “AGENCY” in the paragraph headings for—

6 (i) section 122(d)(2) (15 U.S.C.  
7 1632(d)(2));

8 (ii) section 127(c)(5) (15 U.S.C.  
9 1637(c)(5));

10 (iii) section 127(r)(3) (15 U.S.C.  
11 1637(r)(3)); and

12 (iv) section 127A(a)(14) (15 U.S.C.  
13 1637a(a)(14)).

14 (27) TRUTH IN SAVINGS ACT.—The Truth in  
15 Savings Act (12 U.S.C. 4301 et seq.) is amended—

16 (A) by amending paragraph (4) of section  
17 274 (12 U.S.C. 4313(4)) to read as follows:

18 “(4) AGENCY.—The term ‘Agency’ means the  
19 Consumer Law Enforcement Agency.”;

20 (B) by striking “National Credit Union  
21 Administration Bureau” each place such term  
22 appears and inserting “National Credit Union  
23 Administration Board”; and

1 (C) by striking “Bureau” each place such  
2 term appears and inserting “Agency”, except in  
3 section 233(b)(4)(B).

4 **SEC. 712. BRINGING THE AGENCY INTO THE REGULAR AP-**  
5 **PROPRIATIONS PROCESS.**

6 Section 1017 of the Consumer Financial Protection  
7 Act of 2010 (12 U.S.C. 5497) is amended—

8 (1) in subsection (a)—

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

12 (B) by striking paragraphs (1), (2), and  
13 (3);

14 (C) by redesignating paragraphs (4) and  
15 (5) as paragraphs (1) and (2), respectively; and

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

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

19 (3) by redesignating subsections (d) and (e) as  
20 subsections (b) and (c), respectively; and

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

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

24 “(1) AUTHORIZATION OF APPROPRIATIONS.—

25 There is authorized to be appropriated to the Agen-



1 cy for each of fiscal years 2017 and 2018 an amount  
2 equal to the aggregate amount of funds transferred  
3 by the Board of Governors to the Bureau of Con-  
4 sumer Financial Protection during fiscal year  
5 2015.”; and

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

8 **SEC. 713. CONSUMER LAW ENFORCEMENT AGENCY INSPEC-**  
9 **TOR GENERAL REFORM.**

10 (a) APPOINTMENT OF INSPECTOR GENERAL.—The  
11 Inspector General Act of 1978 (5 U.S.C. App.) is amend-  
12 ed—

13 (1) in section 8G—

14 (A) in subsection (a)(2), by striking “and  
15 the Bureau of Consumer Financial Protection”;

16 (B) in subsection (c), by striking “For  
17 purposes of implementing this section” and all  
18 that follows through the end of the subsection;  
19 and

20 (C) in subsection (g)(3), by striking “and  
21 the Bureau of Consumer Financial Protection”;  
22 and

23 (2) in section 12—

24 (A) in paragraph (1), by inserting “the  
25 Consumer Law Enforcement Agency;” after

1 “the President of the Export-Import Bank;”;  
2 and

3 (B) in paragraph (2), by inserting “the  
4 Consumer Law Enforcement Agency,” after  
5 “the Export-Import Bank,”.

6 (b) REQUIREMENTS FOR THE INSPECTOR GENERAL  
7 FOR THE CONSUMER LAW ENFORCEMENT AGENCY.—

8 (1) ESTABLISHMENT.—Section 1011 of the  
9 Consumer Financial Protection Act of 2010 (12  
10 U.S.C. 5491), as amended by section 311, is further  
11 amended by adding at the end the following:

12 “(f) INSPECTOR GENERAL.—There is established the  
13 position of the Inspector General of the Agency.”; and

14 (2) HEARINGS.—Section 1016 of the Consumer  
15 Financial Protection Act of 2010 (12 U.S.C. 5496)  
16 is amended by inserting after subsection (c) the fol-  
17 lowing:

18 “(d) ADDITIONAL REQUIREMENT FOR INSPECTOR  
19 GENERAL.—On a separate occasion from that described  
20 in subsection (a), the Inspector General of the Agency  
21 shall appear before each of the Committee on Banking,  
22 Housing, and Urban Affairs of the Senate and the Com-  
23 mittee on Financial Services of the House of Representa-  
24 tives at semi-annual hearings no less frequently than twice  
25 annually, at a date determined by the chairman of the re-

1 spective committee, to testify regarding the reports re-  
2 quired under subsection (b) and the reports required  
3 under section 5 of the Inspector General Act of 1978 (5  
4 U.S.C. App.).”.

5 (3) PARTICIPATION IN THE COUNCIL OF IN-  
6 SPECTORS GENERAL ON FINANCIAL OVERSIGHT.—  
7 Section 989E(a)(1) of the Dodd-Frank Wall Street  
8 Reform and Consumer Protection Act is amended by  
9 adding at the end the following:

10 “(J) The Consumer Law Enforcement  
11 Agency.”.

12 (4) APPOINTMENT.—The President shall ap-  
13 point an Inspector General for the Consumer Law  
14 Enforcement Agency in accordance with section 3 of  
15 the Inspector General Act of 1978 (5 U.S.C. App.).

16 (c) TRANSITION PERIOD.—The Inspector General of  
17 the Board of Governors of the Federal Reserve System  
18 and the Bureau of Consumer Financial Protection shall  
19 serve in that position until the confirmation of an Inspec-  
20 tor General for the Consumer Law Enforcement Agency.  
21 At that time, the Inspector General of the Board of Gov-  
22 ernors of the Federal Reserve System and the Bureau of  
23 Consumer Financial Protection shall become the Inspector  
24 General of the Board of Governors of the Federal Reserve  
25 System.

1 **SEC. 714. PRIVATE PARTIES AUTHORIZED TO COMPEL THE**  
2 **AGENCY TO SEEK SANCTIONS BY FILING**  
3 **CIVIL ACTIONS; ADJUDICATIONS DEEMED AC-**  
4 **TIONS.**

5 Section 1053 of the Consumer Financial Protection  
6 Act of 2010 (12 U.S.C. 5563) is amended by adding at  
7 the end the following:

8 “(f) PRIVATE PARTIES AUTHORIZED TO COMPEL  
9 THE AGENCY TO SEEK SANCTIONS BY FILING CIVIL AC-  
10 TIONS.—

11 “(1) TERMINATION OF ADMINISTRATIVE PRO-  
12 CEEDING.—In the case of any person who is a party  
13 to a proceeding brought by the Agency under this  
14 section, to which chapter 5 of title 5, United States  
15 Code, applies, and against whom an order imposing  
16 a cease and desist order or a penalty may be issued  
17 at the conclusion of the proceeding, that person  
18 may, not later than 20 days after receiving notice of  
19 such proceeding, and at that person’s discretion, re-  
20 quire the Agency to terminate the proceeding.

21 “(2) CIVIL ACTION AUTHORIZED.—If a person  
22 requires the Agency to terminate a proceeding pur-  
23 suant to paragraph (1), the Agency may bring a civil  
24 action against that person for the same remedy that  
25 might be imposed.

1 “(g) ADJUDICATIONS DEEMED ACTIONS.—Any ad-  
2 ministrative adjudication commenced under this section  
3 shall be deemed an ‘action’ for purposes of section  
4 1054(g).”.

5 **SEC. 715. CIVIL INVESTIGATIVE DEMANDS TO BE AP-**  
6 **PEALED TO COURTS.**

7 Section 1052 of the Consumer Financial Protection  
8 Act of 2010 (12 U.S.C. 5562) is amended—

9 (1) in subsection (c)—

10 (A) in paragraph (2), by inserting after  
11 “shall state” the following: “with specificity”;  
12 and

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

14 “(14) MEETING REQUIREMENT.—The recipient  
15 of a civil investigative demand shall meet and confer  
16 with an Agency investigator within 30 calendar days  
17 after receipt of the demand to discuss and attempt  
18 to resolve all issues regarding compliance with the  
19 civil investigative demand, unless the Agency grants  
20 an extension requested by such recipient.”;

21 (2) in subsection (f)—

22 (A) by amending paragraph (1) to read as  
23 follows:

24 “(1) IN GENERAL.—Not later than 45 days  
25 after the service of any civil investigative demand

1 upon any person under subsection (c), or at any  
2 time before the return date specified in the demand,  
3 whichever period is shorter, or within such period ex-  
4 ceeding 45 days after service or in excess of such re-  
5 turn date as may be prescribed in writing, subse-  
6 quent to service, by any Agency investigator named  
7 in the demand, such person may file, in the district  
8 court of the United States for any judicial district  
9 in which such person resides, is found, or transacts  
10 business, a petition for an order modifying or setting  
11 aside the demand.”; and

12 (B) in paragraph (2), by striking “at the  
13 Bureau”; and

14 (3) in subsection (h)—

15 (A) by striking “(1) IN GENERAL.—”; and

16 (B) by striking paragraph (2).

17 **SEC. 716. AGENCY DUAL MANDATE AND ECONOMIC ANAL-**  
18 **YSIS.**

19 (a) **PURPOSE.**—Section 1021(a) of the Consumer Fi-  
20 nancial Protection Act of 2010 (12 U.S.C. 5511(a)) is  
21 amended by adding at the end the following: “In addition,  
22 the Director shall seek to implement and, where applica-  
23 ble, enforce Federal consumer financial law consistently  
24 for the purpose of strengthening participation in markets  
25 by covered persons, without Government interference or

1 subsidies, to increase competition and enhance consumer  
2 choice.”.

3 (b) OFFICE OF ECONOMIC ANALYSIS.—

4 (1) IN GENERAL.—Section 1013 of the Con-  
5 sumer Financial Protection Act of 2010 (12 U.S.C.  
6 5493), as amended by section 725, is further  
7 amended by adding at the end the following:

8 “(h) OFFICE OF ECONOMIC ANALYSIS.—

9 “(1) ESTABLISHMENT.—The Director shall, not  
10 later than the end of the 60-day period beginning on  
11 the date of the enactment of this subsection, estab-  
12 lish an Office of Economic Analysis.

13 “(2) DIRECT REPORTING.—The head of the Of-  
14 fice of Economic Analysis shall report directly to the  
15 Director.

16 “(3) REVIEW AND ASSESSMENT OF PROPOSED  
17 RULES AND REGULATIONS.—The Office of Economic  
18 Analysis shall—

19 “(A) review all proposed rules and regula-  
20 tions, including regulatory guidance, of the  
21 Agency;

22 “(B) assess the impact of such rules and  
23 regulations, including regulatory guidance, on  
24 consumer choice, price, and access to credit  
25 products; and

1           “(C) publish a report on such reviews and  
2           assessments in the Federal Register.

3           “(4) MEASURING EXISTING RULES AND REGU-  
4           LATIONS.—The Office of Economic Analysis shall—

5           “(A) review each rule and regulation  
6           issued by the Agency after 1, 2, 6, and 11 years  
7           of the date such rule became effective;

8           “(B) measure the rule or regulation’s suc-  
9           cess in solving the problem that the rule or reg-  
10          ulation was intended to solve when issued; and

11          “(C) publish a report on such review and  
12          measurement in the Federal Register.

13          “(5) COST-BENEFIT ANALYSIS RELATED TO AD-  
14          MINISTRATIVE ENFORCEMENT AND CIVIL AC-  
15          TIONS.—The Office of Economic Analysis shall—

16          “(A) carry out a cost-benefit analysis of  
17          any proposed administrative enforcement ac-  
18          tion, civil lawsuit, or consent order of the Agen-  
19          cy; and

20          “(B) assess the impact of such complaint,  
21          lawsuit, or order on consumer choice, price, and  
22          access to credit products.”.

23          (2) CONSIDERATION OF REVIEW AND ASSESS-  
24          MENT; RULEMAKING REQUIREMENTS.—Section  
25          1022(b) of the Consumer Financial Protection Act



1 of 2010 (12 U.S.C. 5512(b)) is amended by adding  
2 at the end the following:

3 “(5) CONSIDERATION OF REVIEW AND ASSESS-  
4 MENT BY THE OFFICE OF ECONOMIC ANALYSIS.—  
5 Before issuing any rule or regulation, the Director  
6 shall consider the review and assessment of such  
7 rule or regulation, including regulatory guidance,  
8 carried out by the Office of Economic Analysis.

9 “(6) IDENTIFICATION OF PROBLEMS AND  
10 METRICS FOR JUDGING SUCCESS.—

11 “(A) IN GENERAL.—The Director shall, in  
12 each proposed rulemaking of the Agency—

13 “(i) identify the problem that the par-  
14 ticular rule or regulations is seeking to  
15 solve; and

16 “(ii) specify the metrics by which the  
17 Agency will measure the success of the rule  
18 or regulation in solving such problem.

19 “(B) REQUIRED METRICS.—The metrics  
20 specified under subparagraph (A)(ii) shall in-  
21 clude a measurement of changes to consumer  
22 access to, and cost of, consumer financial prod-  
23 ucts and services.”.

24 (3) CONSIDERATION OF COST-BENEFIT REVIEW  
25 RELATED TO ADMINISTRATIVE ACTIONS.—The

1 Dodd-Frank Wall Street Reform and Consumer Pro-  
2 tection Act (12 U.S.C. 5301 et seq.) is amended—

3 (A) in subtitle E of title X, by adding at  
4 the end the following:

5 **“SEC. 1059. CONSIDERATION OF COST-BENEFIT ANALYSIS**  
6 **RELATED TO ADMINISTRATIVE ENFORCE-**  
7 **MENT AND CIVIL ACTIONS.**

8 “Before initiating any administrative enforcement ac-  
9 tion or civil lawsuit or entering into a consent order, the  
10 Director shall consider the cost-benefit analysis of such  
11 action, lawsuit, or order carried out by the Office of Eco-  
12 nomic Analysis.”; and

13 (B) in the table of contents under section  
14 1(b), by inserting after the item relating to sec-  
15 tion 1058 the following:

“Sec. 1059. Consideration of cost-benefit analysis related to administrative en-  
forcement and civil actions.”.

16 (c) **AVOIDANCE OF DUPLICATIVE OR UNNECESSARY**  
17 **ANALYSES.**—The Consumer Law Enforcement Agency  
18 may perform any of the analyses required by the amend-  
19 ments made by this section in conjunction with, or as part  
20 of, any other agenda or analysis required by any other  
21 provision of law, if such other agenda or analysis satisfies  
22 the provisions of this section.

1 **SEC. 717. NO DEFERENCE TO AGENCY INTERPRETATION.**

2 The Consumer Financial Protection Act of 2010 (12  
3 U.S.C. 5481 et seq.) is amended—

4 (1) in section 1022(b)(4)—

5 (A) by striking “(A) IN GENERAL.—”; and

6 (B) by striking subparagraph (B); and

7 (2) in section 1061(b)(5)(E)—

8 (A) by striking “affords to the—” and all  
9 that follows through “(i) Federal Trade Com-  
10 mission” and inserting “affords to the Federal  
11 Trade Commission”;

12 (B) by striking “; or” and inserting a pe-  
13 riod; and

14 (C) by striking clause (ii).

15 **Subtitle B—Administrative**  
16 **Enhancements**

17 **SEC. 721. ADVISORY OPINIONS.**

18 Section 1022(b) of the Consumer Financial Protec-  
19 tion Act of 2010 (12 U.S.C. 5512(b)), as amended by sec-  
20 tion 716, is further amended by adding at the end the  
21 following:

22 “(7) ADVISORY OPINIONS.—

23 “(A) ESTABLISHING PROCEDURES.—

24 “(i) IN GENERAL.—The Director shall  
25 establish a procedure and, as necessary,  
26 promulgate rules to provide written opin-

1           ions in response to inquiries concerning the  
2           conformance of specific conduct with Fed-  
3           eral consumer financial law. In establishing  
4           the procedure, the Director shall consult  
5           with the prudential regulators and such  
6           other Federal departments and agencies as  
7           the Director determines appropriate, and  
8           obtain the views of all interested persons  
9           through a public notice and comment pe-  
10          riod.

11           “(ii) SCOPE OF REQUEST.—A request  
12          for an opinion under this paragraph must  
13          relate to specific proposed or prospective  
14          conduct by a covered person contemplating  
15          the proposed or prospective conduct.

16           “(iii) SUBMISSION.—A request for an  
17          opinion under this paragraph may be sub-  
18          mitted to the Director either by or on be-  
19          half of a covered person.

20           “(iv) RIGHT TO WITHDRAW IN-  
21          QUIRY.—Any inquiry under this paragraph  
22          may be withdrawn at any time prior to the  
23          Director issuing an opinion in response to  
24          such inquiry, and any opinion based on an

1 inquiry that has been withdrawn shall have  
2 no force or effect.

3 “(B) ISSUANCE OF OPINIONS.—

4 “(i) IN GENERAL.—The Director  
5 shall, within 90 days of receiving the re-  
6 quest for an opinion under this paragraph,  
7 either—

8 “(I) issue an opinion stating  
9 whether the described conduct would  
10 violate Federal consumer financial  
11 law;

12 “(II) if permissible under clause  
13 (iii), deny the request; or

14 “(III) explain why it is not fea-  
15 sible to issue an opinion.

16 “(ii) EXTENSION.—Notwithstanding  
17 clause (i), if the Director determines that  
18 the Agency requires additional time to  
19 issue an opinion, the Director may make a  
20 single extension of the deadline of 90 days  
21 or less.

22 “(iii) DENIAL OF REQUESTS.—The  
23 Director shall not issue an opinion, and  
24 shall so inform the requestor, if the re-  
25 quest for an opinion—

1                   “(I) asks a general question of  
2                   interpretation;

3                   “(II) asks about a hypothetical  
4                   situation;

5                   “(III) asks about the conduct of  
6                   someone other than the covered per-  
7                   son on whose behalf the request is  
8                   made;

9                   “(IV) asks about past conduct  
10                  that the covered person on whose be-  
11                  half the request is made does not plan  
12                  to continue in the future; or

13                  “(V) fails to provide necessary  
14                  supporting information requested by  
15                  the Agency within a reasonable time  
16                  established by the Agency.

17                  “(iv) AMENDMENT AND REVOCA-  
18                  TION.—An advisory opinion issued under  
19                  this paragraph may be amended or revoked  
20                  at any time.

21                  “(v) PUBLIC DISCLOSURE.—An opin-  
22                  ion rendered pursuant to this paragraph  
23                  shall be placed in the Agency’s public  
24                  record 90 days after the requesting party  
25                  has received the advice, subject to any lim-

1           itations on public disclosure arising from  
2           statutory restrictions, Agency regulations,  
3           or the public interest. The Agency shall re-  
4           dact any personal, confidential, or identi-  
5           fying information about the covered person  
6           or any other persons mentioned in the ad-  
7           visory opinion, unless the covered person  
8           consents to such disclosure.

9           “(vi) REPORT TO CONGRESS.—The  
10          Agency shall, concurrent with the semi-an-  
11          nual report required under section  
12          1016(b), submit information regarding the  
13          number of requests for an advisory opinion  
14          received, the subject of each request, the  
15          number of requests denied pursuant to  
16          clause (iii), and the time needed to respond  
17          to each request.

18          “(C) RELIANCE ON OPINION.—Any person  
19          may rely on an opinion issued by the Director  
20          pursuant to this paragraph that has not been  
21          amended or withdrawn. No liability under Fed-  
22          eral consumer financial law shall attach to con-  
23          duct consistent with an advisory opinion that  
24          had not been amended or withdrawn at the time  
25          the conduct was undertaken.

1           “(D) ASSISTANCE FOR SMALL BUSI-  
2           NESSES.—

3           “(i) IN GENERAL.—The Agency shall  
4           assist, to the maximum extent practicable,  
5           small businesses in preparing inquiries  
6           under this paragraph.

7           “(ii) SMALL BUSINESS DEFINED.—  
8           For purposes of this subparagraph, the  
9           term ‘small business’ has the meaning  
10          given the term ‘small business concern’  
11          under section 3 of the Small Business Act  
12          (15 U.S.C. 632).

13          “(E) INQUIRY FEE.—

14          “(i) IN GENERAL.—The Director shall  
15          develop a system to charge a fee for each  
16          inquiry made under this paragraph in an  
17          amount sufficient, in the aggregate, to pay  
18          for the cost of carrying out this paragraph.

19          “(ii) NOTICE AND COMMENT.—Not  
20          later than 45 days after the date of the en-  
21          actment of this paragraph, the Director  
22          shall publish a description of the fee sys-  
23          tem described in clause (i) in the Federal  
24          Register and shall solicit comments from



1 the public for a period of 60 days after  
2 publication.

3 “(iii) FINALIZATION.—The Director  
4 shall publish a final description of the fee  
5 system and implement such fee system not  
6 later than 30 days after the end of the  
7 public comment period described in clause  
8 (ii).”.

9 **SEC. 722. REFORM OF CONSUMER FINANCIAL CIVIL PEN-**  
10 **ALTY FUND.**

11 (a) SEGREGATED ACCOUNTS.—Section 1017(b) of  
12 the Consumer Financial Protection Act of 2010, as reded-  
13 igned by section 712, is amended by redesignating para-  
14 graph (2) as paragraph (3), and by inserting after para-  
15 graph (1) the following new paragraph:

16 “(2) SEGREGATED ACCOUNTS IN CIVIL PEN-  
17 ALTY FUND.—

18 “(A) IN GENERAL.—The Agency shall es-  
19 tablish and maintain a segregated account in  
20 the Civil Penalty Fund each time the Agency  
21 obtains a civil penalty against any person in  
22 any judicial or administrative action under Fed-  
23 eral consumer financial laws.

24 “(B) DEPOSITS IN SEGREGATED AC-  
25 COUNTS.—The Agency shall deposit each civil

1 penalty collected into the segregated account es-  
2 tablished for such penalty under subparagraph  
3 (A).”.

4 (b) PAYMENT TO VICTIMS.—Paragraph (3) of section  
5 1017(b) of such Act, as redesignated by subsection (a),  
6 is amended to read as follows:

7 “(3) PAYMENT TO VICTIMS.—

8 “(A) IN GENERAL.—

9 “(i) IDENTIFICATION OF CLASS.—Not  
10 later than 60 days after the date of deposit  
11 of amounts in a segregated account in the  
12 Civil Penalty Fund, the Agency shall iden-  
13 tify the class of victims of the violation of  
14 Federal consumer financial laws for which  
15 such amounts were collected and deposited  
16 under paragraph (2).

17 “(ii) PAYMENTS.—The Agency, within  
18 2 years after the date on which such class  
19 of victims is identified, shall locate and  
20 make payments from such amounts to each  
21 victim.

22 “(B) FUNDS DEPOSITED IN TREASURY.—

23 “(i) IN GENERAL.—The Agency shall  
24 deposit into the general fund of the Treas-  
25 ury any amounts remaining in a seg-

1 regated account in the Civil Penalty Fund  
2 at the end of the 2-year period for pay-  
3 ments to victims under subparagraph (A).

4 “(ii) IMPOSSIBLE OR IMPRACTICAL  
5 PAYMENTS.—If the Agency determines be-  
6 fore the end of the 2-year period for pay-  
7 ments to victims under subparagraph (A)  
8 that such victims cannot be located or pay-  
9 ments to such victims are otherwise not  
10 practicable, the Agency shall deposit into  
11 the general fund of the Treasury the  
12 amounts in the segregated account in the  
13 Civil Penalty Fund.”.

14 (c) EFFECTIVE DATE.—

15 (1) IN GENERAL.—The amendments made by  
16 this section shall apply with respect to civil penalties  
17 collected after the date of enactment of this Act.

18 (2) AMOUNTS IN CONSUMER FINANCIAL CIVIL  
19 PENALTY FUND ON DATE OF ENACTMENT.—With  
20 respect to amounts in the Consumer Financial Civil  
21 Penalty Fund on the date of enactment of this Act  
22 that were not allocated for consumer education and  
23 financial literacy programs on or before September  
24 30, 2015, the Consumer Law Enforcement Agency  
25 shall separate such amounts into segregated ac-

1 counts in accordance with, and for purposes of, sec-  
2 tion 1017(d) of the Consumer Financial Protection  
3 Act of 2010, as amended by this section. The date  
4 of deposit of such amounts shall be deemed to be the  
5 date of enactment of this Act.

6 **SEC. 723. AGENCY PAY FAIRNESS.**

7 (a) IN GENERAL.—Section 1013(a)(2) of the Con-  
8 sumer Financial Protection Act of 2010 (12 U.S.C.  
9 5493(a)(2)) is amended to read as follows:

10 “(2) COMPENSATION.—The rates of basic pay  
11 for all employees of the Agency shall be set and ad-  
12 justed by the Director in accordance with the Gen-  
13 eral Schedule set forth in section 5332 of title 5,  
14 United States Code.”.

15 (b) EFFECTIVE DATE.—The amendment made by  
16 subsection (a) shall apply to service by an employee of the  
17 Consumer Law Enforcement Agency following the 90-day  
18 period beginning on the date of enactment of this Act.

19 **SEC. 724. ELIMINATION OF MARKET MONITORING FUNC-**  
20 **TIONS.**

21 The Consumer Financial Protection Act of 2010 (12  
22 U.S.C. 5481 et seq.) is amended—

23 (1) in section 1021(c)—

24 (A) by striking paragraph (3); and

1 (B) by redesignating paragraphs (4), (5),  
2 and (6) as paragraphs (3), (4), and (5), respec-  
3 tively;

4 (2) in section 1022, by striking subsection (c);  
5 and

6 (3) in section 1026(b), by striking “, and to as-  
7 sess and detect risks to consumers and consumer fi-  
8 nancial markets”.

9 **SEC. 725. REFORMS TO MANDATORY FUNCTIONAL UNITS.**

10 The Consumer Financial Protection Act of 2010 (12  
11 U.S.C. 5481 et seq.) is amended—

12 (1) in section 1013—

13 (A) in subsection (b)—

14 (i) in paragraph (1), by striking  
15 “shall establish” and inserting “may estab-  
16 lish”;

17 (ii) in paragraph (2), by striking  
18 “shall establish” and inserting “may estab-  
19 lish”; and

20 (iii) paragraph (3)(D)—

21 (I) by striking “To facilitate  
22 preparation of the reports required  
23 under subparagraph (C), supervision  
24 and enforcement activities, and moni-  
25 toring of the market for consumer fi-

1           nancial products and services, the”  
2           and inserting “The”; and

3                   (II) by adding at the end the fol-  
4           lowing: “Information collected under  
5           this paragraph may not be made pub-  
6           licly available, except as required by  
7           law.”;

8           (B) in subsection (c)—

9                   (i) in paragraph (1), by striking  
10          “shall establish” and inserting “may estab-  
11          lish”; and

12                  (ii) in paragraph (3), by striking  
13          “There is established the” and inserting  
14          “At any time when the Office of Fair  
15          Lending and Equal Opportunity exists  
16          within the Agency, there shall be a”;

17          (C) in subsection (d)—

18                  (i) in paragraph (1), by striking  
19          “shall establish” and inserting “may estab-  
20          lish”;

21                  (ii) in paragraph (3)—

22                   (I) in subparagraph (A), by in-  
23           serting “, if such Office exists within  
24           the Agency,” after “Community Af-  
25           fairs Office”; and

1 (II) in subparagraph (B), by  
2 striking “established by the Director”  
3 and inserting “, if established by the  
4 Director,”; and

5 (iii) in paragraph (4), by striking  
6 “Not later than 24 months after the des-  
7 ignated transfer date, and annually there-  
8 after,” and inserting “Annually, at any  
9 time when the Office of Financial Edu-  
10 cation exists within the Agency,”;

11 (D) in subsection (e)(1), by striking “shall  
12 establish” and inserting “may establish”;

13 (E) by striking subsection (f);

14 (F) by redesignating subsections (g) and  
15 (h) as subsections (f) and (g), respectively; and

16 (G) in subsection (f), as so redesignated—  
17 (i) in paragraph (1)—

18 (I) by striking “Before the end of  
19 the 180-day period beginning on the  
20 designated transfer date, the Director  
21 shall” and inserting “The Director  
22 may”; and

23 (II) by striking “on protection  
24 from unfair, deceptive, and abusive  
25 practices and”;

1 (ii) in paragraph (2), by striking “The  
2 Office” and inserting “At any time when  
3 the Office of Financial Protection for  
4 Older Americans exists within the Agency,  
5 the Office”; and

6 (iii) in paragraph (3)—

7 (I) in subparagraph (A)—

8 (aa) by striking clause (i);

9 (bb) by redesignating  
10 clauses (ii) and (iii) as clauses (i)  
11 and (ii), respectively; and

12 (cc) in clause (ii), as so re-  
13 designated, by striking “to re-  
14 spond to consumer problems  
15 caused by unfair, deceptive, or  
16 abusive practices”;

17 (II) in subparagraph (B), by  
18 striking “and alert the Commission  
19 and State regulators of certifications  
20 or designations that are identified as  
21 unfair, deceptive, or abusive”; and

22 (III) in subparagraph (D)—

23 (aa) by striking clause (i);

24 and



1 (bb) by redesignating  
2 clauses (ii) and (iii) as clauses (i)  
3 and (ii), respectively;

4 (2) in section 1029(e), by inserting after “Af-  
5 fairs,” the following: “if established under this  
6 title,”; and

7 (3) in section 1035—

8 (A) in subsection (a), by striking “shall  
9 designate” and inserting “may designate”; and

10 (B) in subsection (b), by striking “The  
11 Secretary” and inserting “If the Secretary des-  
12 ignates the Ombudsman under subsection (a),  
13 the Secretary”.

14 **SEC. 726. REPEAL OF MANDATORY ADVISORY BOARD.**

15 (a) IN GENERAL.—Section 1014 of the Consumer Fi-  
16 nancial Protection Act of 2010 (12 U.S.C. 5494) is re-  
17 pealed.

18 (b) CLERICAL AMENDMENT.—The table of contents  
19 in section 1(b) of the Dodd-Frank Wall Street Reform and  
20 Consumer Protection Act is amended by striking the item  
21 relation to section 1014.

22 (c) RULE OF CONSTRUCTION.—Nothing in this sec-  
23 tion may be construed as limiting the authority of the Di-  
24 rector of the Consumer Law Enforcement Agency to es-

1 tablish advisory committees pursuant to the Federal Advi-  
2 sory Committee Act.

3 **SEC. 727. ELIMINATION OF SUPERVISION AUTHORITY.**

4 (a) IN GENERAL.—The Consumer Financial Protec-  
5 tion Act of 2010 (12 U.S.C. 5481 et seq.) is amended—

6 (1) in section 1002(15)(B)(ii)(I), by striking  
7 “examination or”;

8 (2) in section 1013(a)(1)(B), by striking “com-  
9 pliance examiners, compliance supervision analysts,”;

10 (3) in section 1016(c)—

11 (A) in paragraph (5), by striking “super-  
12 visory and”; and

13 (B) in paragraph (6), by striking “orders,  
14 and supervisory actions” and inserting “and or-  
15 ders”;

16 (4) in section 1024—

17 (A) in the heading, by striking “**SUPER-**  
18 **VISION OF**” and inserting “**AUTHORITY**  
19 **WITH RESPECT TO CERTAIN**”;

20 (B) in subsection (a)—

21 (i) in paragraph (1)(B), by striking  
22 “as defined by rule in accordance with  
23 paragraph (2)” and inserting “as of the  
24 date of the enactment of the Financial  
25 CHOICE Act of 2017”;

- 1 (ii) by striking paragraph (2);
- 2 (iii) by redesignating paragraph (3) as
- 3 paragraph (2); and
- 4 (iv) in subparagraph (A) of paragraph
- 5 (2), as so redesignated, by striking
- 6 “1025(a) or”;
- 7 (C) by striking subsection (b);
- 8 (D) by redesignating subsections (c), (d),
- 9 (e), and (f) as subsections (b), (c), (d), and (e),
- 10 respectively;
- 11 (E) in subsection (c), as so redesignated—
- 12 (i) in the heading, by striking “AND
- 13 EXAMINATION AUTHORITY”; and
- 14 (ii) by striking “, conduct examina-
- 15 tions,” each place such term appears;
- 16 (F) in subsection (d), as so redesignated—
- 17 (i) by inserting “rulemaking and en-
- 18 forcement, but not supervisory,” before
- 19 “authority of the Bureau”; and
- 20 (ii) by striking “conducting any exam-
- 21 ination or requiring any report from a
- 22 service provider subject to this subsection”
- 23 and inserting “carrying out any authority
- 24 pursuant to this subsection with respect to
- 25 a service provider”;

1 (5) by striking section 1025;

2 (6) in section 1026—

3 (A) by amending subsection (a) to read as  
4 follows:

5 “(a) SCOPE OF COVERAGE.—This section shall apply  
6 to any covered person that is an insured depository insti-  
7 tution or an insured credit union.”;

8 (B) in subsection (b)(3), by striking “re-  
9 port of examination or related”;

10 (C) by striking subsection (c);

11 (D) by redesignating subsections (d) and  
12 (e) as subsections (c) and (d), respectively;

13 (E) in subsection (e), as so redesignated,  
14 by adding at the end the following:

15 “(3) VERY LARGE INSTITUTIONS.—

16 “(A) PRIMARY ENFORCEMENT AUTHOR-  
17 ITY.—Notwithstanding paragraph (1), to the  
18 extent that the Agency and another Federal  
19 agency are authorized to enforce a Federal con-  
20 sumer financial law, the Agency shall have pri-  
21 mary authority to enforce that Federal con-  
22 sumer financial law with respect to an insured  
23 depository institution or insured credit union, if  
24 such depository institution or credit union has

1 total assets of more than \$10,000,000,000, and  
2 any affiliate thereof.

3 “(B) REFERRAL.—Any Federal agency,  
4 other than the Federal Trade Commission, that  
5 is authorized to enforce a Federal consumer fi-  
6 nancial law may recommend, in writing, to the  
7 Agency that the Agency initiate an enforcement  
8 proceeding with respect to a person described in  
9 subparagraph (A), as the Agency is authorized  
10 to do by that Federal consumer financial law.

11 “(C) BACKUP ENFORCEMENT AUTHOR-  
12 ITY.—If the Agency does not, before the end of  
13 the 120-day period beginning on the date on  
14 which the Agency receives a recommendation  
15 under subparagraph (B), initiate an enforce-  
16 ment proceeding, the other agency referred to  
17 in subparagraph (B) may initiate an enforce-  
18 ment proceeding.”; and

19 (F) in subsection (d), as so redesignated—

20 (i) by inserting after “subsection (a)”  
21 the following: “, or to any person described  
22 under subsection (c)(3)(A),”;

23 (ii) by striking “section 1025” and in-  
24 serting “this section”; and

1 (iii) by striking “When conducting  
2 any examination or requiring any report  
3 from a service provider subject to this sub-  
4 section” and inserting “In carrying out  
5 any authority pursuant to this subsection  
6 with respect to a service provider”;

7 (7) in section 1027—

8 (A) by striking “supervisory,” each place  
9 such term appears;

10 (B) in subsection (e)(1), by striking “su-  
11 pervisory or”; and

12 (C) in subsection (p), by striking “section  
13 1024(c)(1)” and inserting “section  
14 1024(b)(1)”;

15 (8) in section 1034—

16 (A) by striking subsections (b) and (c);  
17 and

18 (B) by redesignating subsection (d) as sub-  
19 section (b);

20 (9) in section 1053—

21 (A) in subsection (b)(1)(A), by striking  
22 “sections 1024, 1025, and 1026” and inserting  
23 “sections 1024 and 1026”; and

24 (B) in subsection (c)(3)(B)(ii)(II), by  
25 striking “, by examination or otherwise,”;

1           (10) in section 1054(a), by striking “sections  
2           1024, 1025, and 1026” and inserting “sections  
3           1024 and 1026”;

4           (11) in section 1061—

5                 (A) in subsection (a)(1)—

6                     (i) in subparagraph (A), by striking “;  
7                     and” at the end and inserting a period;

8                     (ii) by striking “means—” and all  
9                     that follows through “(A) all” and insert-  
10                    ing “means all”; and

11                    (iii) by striking subparagraph (B);

12                    and

13                 (B) in subsection (c)—

14                     (i) by amending paragraph (1) to read  
15                     as follows:

16                         “(1) EXAMINATION.—A transferor agency that  
17                         is a prudential regulator shall have exclusive author-  
18                         ity (relative to the Bureau) to require reports from  
19                         and conduct examinations for compliance with Fed-  
20                         eral consumer financial laws with respect to a person  
21                         described in section 1026(a).”; and

22                     (ii) in paragraph (2)—

23                         (I) by striking subparagraph (A);

24                     and

1 (II) by redesignating subpara-  
2 graphs (B) and (C) as subparagraphs  
3 (A) and (B), respectively;

4 (12) in section 1063, by striking “sections  
5 1024, 1025, and 1026” each place such term ap-  
6 pears and inserting “sections 1024 and 1026”; and

7 (13) in section 1067, by striking subsection (e).

8 (b) HOME MORTGAGE DISCLOSURE ACT OF 1975.—  
9 Section 305(d) of the Home Mortgage Disclosure Act of  
10 1975 (12 U.S.C. 2804(d)) is amended by striking “exam-  
11 ine and”.

12 (c) OMNIBUS APPROPRIATIONS ACT, 2009.—Section  
13 626 of the Omnibus Appropriations Act, 2009 (15 U.S.C.  
14 1638 note) is repealed.

15 (d) CLERICAL AMENDMENT.—The table of contents  
16 in section 1(b) of the Dodd-Frank Wall Street Reform and  
17 Consumer Protection Act is amended—

18 (1) in the item relating to section 1024, by  
19 striking “SUPERVISION OF” and inserting “AU-  
20 THORITY WITH RESPECT TO CERTAIN”; and

21 (2) by striking the item relating to section  
22 1025.



1 **SEC. 728. TRANSFER OF OLD OTS BUILDING FROM OCC TO**  
2 **GSA.**

3 (a) **IN GENERAL.**—Within 180 days of the date of  
4 the enactment of this Act, the Comptroller of the Currency  
5 shall transfer, at no cost, the parcel of real property in  
6 the District of Columbia located at 1700 G Street, North-  
7 west, to the administrative jurisdiction, custody, and con-  
8 trol of the Administrator of General Services.

9 (b) **GSA STUDY.**—

10 (1) **STUDY.**—The Administrator of General  
11 Services shall carry out a study to determine—

12 (A) the Consumer Law Enforcement Agen-  
13 cy’s office real estate leasing needs, in light of  
14 the changes to the Agency’s structure made by  
15 this Act;

16 (B) whether the office space referenced in  
17 subsection (a) is the most cost-effective use of  
18 taxpayer money in meeting those needs, relative  
19 to alternative leasing options in the Wash-  
20 ington, D.C. Metropolitan Area; and

21 (C) if there is a Government department  
22 or agency that has building needs that could be  
23 met by moving all or a portion of the employees  
24 of such department or agency to the property  
25 described under subsection (a).

1           (2) REPORT.—Not later than the end of the 6-  
2 month period beginning on the date of the enact-  
3 ment of this Act, the Administrator of General Serv-  
4 ices shall issue a report to the Congress containing  
5 all findings and determinations made in carrying out  
6 the study required under paragraph (1).

7           (3) AUTHORITY TO SELL PROPERTY.—If, after  
8 carrying out the study required under paragraph  
9 (1), the Administrator of General Services deter-  
10 mines that—

11                   (A) the Consumer Law Enforcement Agen-  
12 cy's office real estate leasing needs have  
13 changed in light of the changes to the Agency's  
14 structure made by this Act, and

15                   (B) that there is no Government depart-  
16 ment or agency that has building needs that  
17 could be met by moving all or a portion of the  
18 employees of such department or agency to the  
19 property described under subsection (a),  
20 the Administrator may sell such property to the  
21 highest bidder, so long as the revenue from the sale  
22 exceeds the combined cost of building such property  
23 and the cost of the most recently completed renova-  
24 tion of such property.

1 **SEC. 729. LIMITATION ON AGENCY AUTHORITY.**

2 Section 1027 of the Consumer Financial Protection  
3 Act of 2010 (12 U.S.C. 5517) is amended—

4 (1) in subsection (g)(3)(A), by striking “may  
5 not exercise any rulemaking or enforcement author-  
6 ity” and inserting “may not exercise any rule-  
7 making, enforcement, or other authority”;

8 (2) in subsection (i)(1), by striking “shall have  
9 no authority to exercise any power to enforce this  
10 title” and inserting “may not exercise any rule-  
11 making, enforcement, or other authority”; and

12 (3) in subsection (j)(1), by striking “shall have  
13 no authority to exercise any power to enforce this  
14 title” and inserting “may not exercise any rule-  
15 making, enforcement, or other authority”.

16 **Subtitle C—Policy Enhancements**

17 **SEC. 731. CONSUMER RIGHT TO FINANCIAL PRIVACY.**

18 (a) REQUIREMENT OF THE AGENCY TO OBTAIN PER-  
19 MISSION BEFORE COLLECTING NONPUBLIC PERSONAL  
20 INFORMATION.—Section 1022 of the Consumer Financial  
21 Protection Act of 2010 (12 U.S.C. 5512), as amended by  
22 section 724(2), is further amended by inserting after sub-  
23 section (b) the following:

24 “(c) CONSUMER PRIVACY.—

25 “(1) IN GENERAL.—The Agency may not re-  
26 quest, obtain, access, collect, use, retain, or disclose

1 any nonpublic personal information about a con-  
2 sumer unless—

3 “(A) the Agency clearly and conspicuously  
4 discloses to the consumer, in writing or in an  
5 electronic form, what information will be re-  
6 quested, obtained, accessed, collected, used, re-  
7 tained, or disclosed; and

8 “(B) before such information is requested,  
9 obtained, accessed, collected, used, retained, or  
10 disclosed, the consumer informs the Agency  
11 that such information may be requested, ob-  
12 tained, accessed, collected, used, retained, or  
13 disclosed.

14 “(2) APPLICATION OF REQUIREMENT TO CON-  
15 TRACTORS OF THE AGENCY.—Paragraph (1) shall  
16 apply to any person directed or engaged by the  
17 Agency to collect information to the extent such in-  
18 formation is being collected on behalf of the Agency.

19 “(3) DEFINITION OF NONPUBLIC PERSONAL IN-  
20 FORMATION.—In this subsection, the term ‘non-  
21 public personal information’ has the meaning given  
22 the term in section 509 of the Gramm-Leach-Bliley  
23 Act (15 U.S.C. 6809).”.

24 (b) REMOVAL OF EXEMPTION FOR THE AGENCY  
25 FROM THE RIGHT TO FINANCIAL PRIVACY ACT.—Section

1 1113 of the Right to Financial Privacy Act of 1978 (12  
2 U.S.C. 3413) is amended by striking subsection (r).

3 **SEC. 732. REPEAL OF COUNCIL AUTHORITY TO SET ASIDE**  
4 **AGENCY RULES AND REQUIREMENT OF SAFE-**  
5 **TY AND SOUNDNESS CONSIDERATIONS WHEN**  
6 **ISSUING RULES.**

7 (a) REPEAL OF AUTHORITY.—

8 (1) IN GENERAL.—Section 1023 of the Con-  
9 sumer Financial Protection Act of 2010 (12 U.S.C.  
10 5513) is hereby repealed.

11 (2) CONFORMING AMENDMENT.—Section  
12 1022(b)(2)(C) of the Consumer Financial Protection  
13 Act of 2010 (12 U.S.C. 5512(b)(2)(C)) is amended  
14 by striking “, except that nothing in this clause shall  
15 be construed as altering or limiting the procedures  
16 under section 1023 that may apply to any rule pre-  
17 scribed by the Bureau”.

18 (3) CLERICAL AMENDMENT.—The table of con-  
19 tents under section 1(b) of the Dodd-Frank Wall  
20 Street Reform and Consumer Protection Act is  
21 amended by striking the item relating to section  
22 1023.

23 (b) SAFETY AND SOUNDNESS CHECK.—Section  
24 1022(b)(2)(A) of the Consumer Financial Protection Act  
25 of 2010 (12 U.S.C. 5512(b)(2)(A)) is amended—

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

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

3 and

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

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

8 **SEC. 733. REMOVAL OF AUTHORITY TO REGULATE SMALL-**  
9 **DOLLAR CREDIT.**

10 The Consumer Financial Protection Act of 2010 (12  
11 U.S.C. 5481 et seq.) is amended—

12 (1) in section 1024(a)(1)—

13 (A) in subparagraph (C), by adding “or”  
14 at the end;

15 (B) in subparagraph (D), by striking “;  
16 or” and inserting a period; and

17 (C) by striking subparagraph (E); and

18 (2) in section 1027, by adding at the end the  
19 following:

20 “(t) **NO AUTHORITY TO REGULATE SMALL-DOLLAR**  
21 **CREDIT.**—The Agency may not exercise any rulemaking,  
22 enforcement, or other authority with respect to payday  
23 loans, vehicle title loans, or other similar loans.”.

1 **SEC. 734. REFORMING INDIRECT AUTO FINANCING GUID-**  
2 **ANCE.**

3 (a) NULLIFICATION OF AUTO LENDING GUID-  
4 ANCE.—Bulletin 2013–02 of the Bureau of Consumer Fi-  
5 nancial Protection (published March 21, 2013) shall have  
6 no force or effect.

7 (b) GUIDANCE REQUIREMENTS.—Section 1022(b) of  
8 the Consumer Financial Protection Act of 2010 (12  
9 U.S.C. 5512(b)), as amended by section 721, is further  
10 amended by adding at the end the following:

11 “(8) GUIDANCE ON INDIRECT AUTO FINANC-  
12 ING.—In proposing and issuing guidance primarily  
13 related to indirect auto financing, the Agency  
14 shall—

15 “(A) provide for a public notice and com-  
16 ment period before issuing the guidance in final  
17 form;

18 “(B) make available to the public, includ-  
19 ing on the website of the Agency, all studies,  
20 data, methodologies, analyses, and other infor-  
21 mation relied on by the Agency in preparing  
22 such guidance;

23 “(C) redact such information as necessary  
24 to maintain the nonpublic nature of confidential  
25 information, such as trade secrets and other

1 confidential commercial or financial informa-  
2 tion, and personally identifiable information;

3 “(D) consult with the Board of Governors  
4 of the Federal Reserve System, the Federal  
5 Trade Commission, and the Department of Jus-  
6 tice; and

7 “(E) conduct a study on the costs and im-  
8 pacts of such guidance to consumers and  
9 women-owned, minority-owned, veteran-owned,  
10 and small businesses, including consumers and  
11 small businesses in rural areas.”.

12 (c) **RULE OF CONSTRUCTION.**—Nothing in this sec-  
13 tion shall be construed to apply to guidance issued by the  
14 Consumer Law Enforcement Agency that is not primarily  
15 related to indirect auto financing.

16 **SEC. 735. REMOVAL OF AGENCY UDAAP AUTHORITY.**

17 (a) **IN GENERAL.**—The Consumer Financial Protec-  
18 tion Act of 2010 (12 U.S.C. 5481 et seq.) is amended—

19 (1) in section 1021(b)(2), by striking “from un-  
20 fair, deceptive, or abusive acts and practices and”;

21 (2) by striking section 1031;

22 (3) in section 1036(a)—

23 (A) in paragraph (1)—



1 (i) by striking “provider” and all that  
2 follows through “to offer” and inserting  
3 “provider to offer”;  
4 (ii) by striking subparagraph (B); and  
5 (B) in paragraph (2)(C), by striking “; or”  
6 at the end and inserting a period; and  
7 (C) by striking paragraph (3); and  
8 (4) in section 1061(b)(5)—  
9 (A) in subparagraph (B)—  
10 (i) by striking “(i) In general.—”;  
11 and  
12 (ii) by striking clause (ii);  
13 (B) by striking subparagraph (D); and  
14 (C) by redesignating subparagraph (E) (as  
15 amended by section 717(2)) as subparagraph  
16 (D); and  
17 (5) in section 1076(b)(2), by striking “deter-  
18 mine—” and all that follows through “(B) provide  
19 for” and inserting “determine, provide for”.

20 (b) TELEMARKETING AND CONSUMER FRAUD AND  
21 ABUSE PREVENTION ACT.—Section 3(c) of the Tele-  
22 marketing and Consumer Fraud and Abuse Prevention  
23 Act (15 U.S.C. 6102) is amended—  
24 (1) in paragraph (1), by striking “; and” at the  
25 end and inserting a period;

1 (2) by striking paragraph (2); and

2 (3) by striking “subsection (a)—” and all that  
3 follows through “(1) shall” and inserting “sub-  
4 section (a) shall”.

5 (c) CLERICAL AMENDMENT.—The table of contents  
6 in section 1(b) of the Dodd-Frank Wall Street Reform and  
7 Consumer Protection Act is amended by striking the item  
8 relating to section 1031.

9 **SEC. 736. PRESERVATION OF UDAP AUTHORITY FOR FED-**  
10 **ERAL BANKING REGULATORS.**

11 (a) IN GENERAL.—Section 18(f) of the Federal  
12 Trade Commission Act (15 U.S.C. 57a(f)) is amended to  
13 read as follows:

14 “(f) UNFAIR OR DECEPTIVE ACTS OR PRACTICES BY  
15 DEPOSITORY INSTITUTIONS.—

16 “(1) IN GENERAL.—In order to prevent unfair  
17 or deceptive acts or practices in or affecting com-  
18 merce (including acts or practices which are unfair  
19 or deceptive to consumers) by depository institu-  
20 tions, each Federal banking regulator shall prescribe  
21 regulations to carry out the purposes of this section,  
22 including regulations defining with specificity such  
23 unfair or deceptive acts or practices, and containing  
24 requirements prescribed for the purpose of pre-  
25 venting such acts or practices.

1           “(2) PROMULGATING SUBSTANTIALLY SIMILAR  
2 REGULATIONS.—Whenever the Commission pre-  
3 scribes a rule under subsection (a)(1)(B), then with-  
4 in 60 days after such rule takes effect each Federal  
5 banking regulator shall promulgate substantially  
6 similar regulations prohibiting acts or practices of  
7 depository institutions which are substantially simi-  
8 lar to those prohibited by rules of the Commission  
9 and which impose substantially similar requirements,  
10 unless—

11           “(A) the Federal banking regulator finds  
12 that such acts or practices of depository institu-  
13 tions are not unfair or deceptive; or

14           “(B) the Board of Governors of the Fed-  
15 eral Reserve System finds that implementation  
16 of similar regulations with respect to depository  
17 institutions would seriously conflict with essen-  
18 tial monetary and payments systems policies of  
19 such Board, and publishes any such finding,  
20 and the reasons therefor, in the Federal Reg-  
21 ister.

22           “(3) ENFORCEMENT.—

23           “(A) IN GENERAL.—Compliance with regu-  
24 lations prescribed under this subsection shall be  
25 enforced—

1           “(i) under section 8 of the Federal  
2           Deposit Insurance Act, with respect to a  
3           depository institution other than a Federal  
4           credit union; and

5           “(ii) under sections 120 and 206 of  
6           the Federal Credit Union Act, with respect  
7           to a Federal credit union.

8           “(B) DEEMING OF VIOLATION.—For the  
9           purpose of the exercise by a Federal banking  
10          regulator of the regulator’s powers under any  
11          Act referred to in subparagraph (A), a violation  
12          of any regulation prescribed under this sub-  
13          section shall be deemed to be a violation of a  
14          requirement imposed under that Act.

15          “(C) ENFORCEMENT THROUGH ANY EXIST-  
16          ING AUTHORITY.—In addition to its powers  
17          under any provision of law specifically referred  
18          to in subparagraph (A), each Federal banking  
19          regulator may exercise, for the purpose of en-  
20          forcing compliance with any regulation pre-  
21          scribed under this subsection, any other author-  
22          ity conferred on the regulator by law.

23          “(4) RULE OF CONSTRUCTION.—The authority  
24          of the Board of Governors of the Federal Reserve  
25          System to issue regulations under this subsection

1 does not impair the authority of any other Federal  
2 banking regulator to make rules respecting the regu-  
3 lator's own procedures in enforcing compliance with  
4 regulations prescribed under this subsection.

5 “(5) REPORT TO CONGRESS.—Each Federal  
6 banking regulator exercising authority under this  
7 subsection shall transmit to the Congress each year  
8 a detailed report on its activities under this sub-  
9 section during the preceding calendar year.

10 “(6) DEFINITIONS.—For purposes of this Act:

11 “(A) BANK.—The term ‘bank’ means—

12 “(i) national banks and Federal  
13 branches and Federal agencies of foreign  
14 banks;

15 “(ii) member banks of the Federal  
16 Reserve System (other than national  
17 banks), branches and agencies of foreign  
18 banks (other than Federal branches, Fed-  
19 eral agencies, and insured State branches  
20 of foreign banks), commercial lending com-  
21 panies owned or controlled by foreign  
22 banks, and organizations operating under  
23 section 25 or 25A of the Federal Reserve  
24 Act; and

1           “(iii) banks insured by the Federal  
2           Deposit Insurance Corporation (other than  
3           banks referred to in clause (i) or (ii)) and  
4           insured State branches of foreign banks.

5           “(B) DEPOSITORY INSTITUTION.—The  
6           term ‘depository institution’ means a bank, a  
7           savings and loan institution, or a Federal credit  
8           union.

9           “(C) FEDERAL BANKING REGULATOR.—  
10          The term ‘Federal banking regulator’—

11           “(i) has the meaning given the term  
12           ‘appropriate Federal banking agency’  
13           under section 3 of the Federal Deposit In-  
14           surance Act; and

15           “(ii) means the National Credit Union  
16           Administration, in the case of a Federal  
17           credit union.

18           “(D) FEDERAL CREDIT UNION.—The term  
19           ‘Federal credit union’ has the same meaning as  
20           in section 101 of the Federal Credit Union Act.

21           “(E) SAVINGS AND LOAN INSTITUTION.—  
22           The term ‘savings and loan institution’ has the  
23           same meaning as in section 3 of the Federal  
24           Deposit Insurance Act.

1           “(F) OTHER TERMS.—The terms used in  
2           this paragraph that are not defined in this Act  
3           or otherwise defined in section 3(s) of the Fed-  
4           eral Deposit Insurance Act shall have the mean-  
5           ing given to them in section 1(b) of the Inter-  
6           national Banking Act of 1978.”.

7           (b) CONFORMING AMENDMENTS.—The Federal  
8 Trade Commission Act (15 U.S.C. 41 et seq.) is amend-  
9 ed—

10           (1) in section 6(j)(6), by striking “section  
11           18(f)(3) (15 U.S.C. 57a(f)(3)), a Federal credit  
12           union described in section 18(f)(4) (15 U.S.C.  
13           57a(f)(4))” and inserting “section 18(f), a Federal  
14           credit union described in section 18(f)”;

15           (2) in section 21(b)(6)(C), by striking “section  
16           18(f)(3) of the Federal Trade Commission Act (15  
17           U.S.C. 57a(f)(3)), or a Federal credit union de-  
18           scribed in section 18(f)(4) of the Federal Trade  
19           Commission Act (15 U.S.C. 57a(f)(4))” and insert-  
20           ing “section 18(f), or a Federal credit union de-  
21           scribed in section 18(f)”;

22           (3) by striking “section 18(f)(2)” and inserting  
23           “section 18(f)”;

1           (4) by striking “section 18(f)(3)” each place  
2           such term appears and inserting “section 18(f)”;  
3           and

4           (5) by striking “section 18(f)(4)” each place  
5           such term appears and inserting “section 18(f)”.

6 **SEC. 737. REPEAL OF AUTHORITY TO RESTRICT ARBITRA-**  
7                                   **TION.**

8           (a) **IN GENERAL.**—Section 1028 of the Consumer Fi-  
9           nancial Protection Act of 2010 (12 U.S.C. 5518) is hereby  
10          repealed.

11          (b) **CLERICAL AMENDMENT.**—The table of contents  
12          under section 1(b) of the Dodd-Frank Wall Street Reform  
13          and Consumer Protection Act is amended by striking the  
14          item relating to section 1028.

15          **TITLE VIII—CAPITAL MARKETS**  
16                                   **IMPROVEMENTS**  
17                                   **Subtitle A—SEC Reform,**  
18          **Restructuring, and Accountability**

19 **SEC. 801. AUTHORIZATION OF APPROPRIATIONS.**

20          Section 35 of the Securities Exchange Act of 1934  
21          (15 U.S.C. 78kk) is amended by striking paragraphs (1)  
22          through (5) and inserting the following:

23                                   “(1) for fiscal year 2017, \$1,605,000,000;

24                                   “(2) for fiscal year 2018, \$1,655,000,000;

25                                   “(3) for fiscal year 2019, \$1,705,000,000;



1           “(4) for fiscal year 2020, \$1,755,000,000;  
2           “(5) for fiscal year 2021, \$1,805,000,000; and  
3           “(6) for fiscal year 2022, \$1,855,000,000.”.

4 **SEC. 802. REPORT ON UNOBLIGATED APPROPRIATIONS.**

5           Section 23 of the Securities Exchange Act of 1934  
6 (15 U.S.C. 78w) is amended by adding at the end the fol-  
7 lowing:

8           “(e) REPORT ON UNOBLIGATED APPROPRIATIONS.—  
9 If, at the end of any fiscal year, there remain unobligated  
10 any funds that were appropriated to the Commission for  
11 such fiscal year, the Commission shall, not later than 30  
12 days after the last day of such fiscal year, submit to the  
13 Committee on Financial Services and the Committee on  
14 Appropriations of the House of Representatives and the  
15 Committee on Banking, Housing, and Urban Affairs and  
16 the Committee on Appropriations of the Senate and make  
17 available on the Commission’s website a report stating the  
18 amount of such unobligated funds. If there is any material  
19 change in the amount stated in the report, the Commis-  
20 sion shall, not later than 7 days after determining the  
21 amount of the change, submit to such committees and  
22 make available on the Commission’s website a supple-  
23 mentary report stating the amount of and reason for the  
24 change.”.

1 **SEC. 803. SEC RESERVE FUND ABOLISHED.**

2 Section 4 of the Securities Exchange Act of 1934 (15  
3 U.S.C. 78d) is amended by striking subsection (i).

4 **SEC. 804. FEES TO OFFSET APPROPRIATIONS.**

5 (a) SECTION 31 OF THE SECURITIES EXCHANGE ACT  
6 OF 1934.—Section 31 of the Securities Exchange Act of  
7 1934 (15 U.S.C. 78ee) is amended—

8 (1) by striking subsection (a) and inserting the  
9 following:

10 “(a) COLLECTION.—The Commission shall, in ac-  
11 cordance with this section, collect transaction fees and as-  
12 sessments.”;

13 (2) in subsection (i)—

14 (A) in paragraph (1)(A), by inserting “ex-  
15 cept as provided in paragraph (2),” before  
16 “shall”; and

17 (B) by striking paragraph (2) and insert-  
18 ing the following:

19 “(2) GENERAL REVENUE.—Any fees collected  
20 for a fiscal year pursuant to this section, sections  
21 13(e) and 14(g) of this title, and section 6(b) of the  
22 Securities Act of 1933 in excess of the amount pro-  
23 vided in appropriation Acts for collection for such  
24 fiscal year pursuant to such sections shall be depos-  
25 ited and credited as general revenue of the Treas-  
26 ury.”;

1 (3) in subsection (j)—

2 (A) by striking “the regular appropriation  
3 to the Commission by Congress for such fiscal  
4 year” each place it appears and inserting “the  
5 target offsetting collection amount for such fis-  
6 cal year”; and

7 (B) in paragraph (2), by striking “sub-  
8 section (l)” and inserting “subsection (l)(2)”;  
9 and

10 (4) by striking subsection (l) and inserting the  
11 following:

12 “(l) DEFINITIONS.—For purposes of this section:

13 “(1) TARGET OFFSETTING COLLECTION  
14 AMOUNT.—The target offsetting collection amount  
15 for a fiscal year is—

16 “(A) for fiscal year 2017, \$1,400,000,000;  
17 and

18 “(B) for each succeeding fiscal year, the  
19 target offsetting collection amount for the prior  
20 fiscal year, adjusted by the rate of inflation.

21 “(2) BASELINE ESTIMATE OF THE AGGREGATE  
22 DOLLAR AMOUNT OF SALES.—The baseline estimate  
23 of the aggregate dollar amount of sales for any fiscal  
24 year is the baseline estimate of the aggregate dollar  
25 amount of sales of securities (other than bonds, de-

1        ventures, other evidences of indebtedness, security  
2        futures products, and options on securities indexes  
3        (excluding a narrow-based security index)) to be  
4        transacted on each national securities exchange and  
5        by or through any member of each national securi-  
6        ties association (otherwise than on a national securi-  
7        ties exchange) during such fiscal year as determined  
8        by the Commission, after consultation with the Con-  
9        gressional Budget Office and the Office of Manage-  
10       ment and Budget, using the methodology required  
11       for making projections pursuant to section 257 of  
12       the Balanced Budget and Emergency Deficit Control  
13       Act of 1985.”.

14       (b) SECTION 6(b) OF THE SECURITIES ACT OF  
15       1933.—Section 6(b) of the Securities Act of 1933 (15  
16       U.S.C. 77f(b)) is amended—

17                (1) by striking “target fee collection amount”  
18                each place it appears and inserting “target offsetting  
19                collection amount”;

20                (2) in paragraph (4), by striking the last sen-  
21                tence and inserting the following: “Subject to para-  
22                graphs (6)(B) and (7), an adjusted rate prescribed  
23                under paragraph (2) shall take effect on the later  
24                of—

1           “(A) the first day of the fiscal year to  
2           which such rate applies; or

3           “(B) five days after the date on which a  
4           regular appropriation to the Commission for  
5           such fiscal year is enacted.”;

6           (3) in paragraph (5), by inserting “of the Secu-  
7           rities Exchange Act of 1934” after “sections 13(e)  
8           and 14(g)”;

9           (4) by redesignating paragraph (6) as para-  
10          graph (8);

11          (5) by inserting after paragraph (5) the fol-  
12          lowing:

13          “(6) OFFSETTING COLLECTIONS.—Fees col-  
14          lected pursuant to this subsection for any fiscal  
15          year—

16                 “(A) except as provided in section 31(i)(2)  
17                 of the Securities Exchange Act of 1934, shall  
18                 be deposited and credited as offsetting collec-  
19                 tions to the account providing appropriations to  
20                 the Commission; and

21                 “(B) except as provided in paragraph (7),  
22                 shall not be collected for any fiscal year except  
23                 to the extent provided in advance in appropria-  
24                 tion Acts.

1           “(7) LAPSE OF APPROPRIATION.—If on the  
2 first day of a fiscal year a regular appropriation to  
3 the Commission has not been enacted, the Commis-  
4 sion shall continue to collect fees (as offsetting col-  
5 lections) under this subsection at the rate in effect  
6 during the preceding fiscal year, until 5 days after  
7 the date such a regular appropriation is enacted.”;  
8 and

9           (6) in subparagraph (A) of paragraph (8) (as  
10 so redesignated)—

11           (A) by striking the subparagraph heading  
12 and inserting “TARGET OFFSETTING COLLEC-  
13 TION AMOUNT.—”; and

14           (B) in the heading of the right column of  
15 the table, by striking “**fee**” and inserting “**off-**  
16 **setting**”.

17       (c) SECTION 13(e) OF THE SECURITIES EXCHANGE  
18 ACT OF 1934.—Section 13(e) of the Securities Exchange  
19 Act of 1934 (15 U.S.C. 78m(e)) is amended—

20           (1) by striking paragraph (5) and inserting the  
21 following:

22           “(5) OFFSETTING COLLECTIONS.—Fees col-  
23 lected pursuant to this subsection for any fiscal  
24 year—

1           “(A) except as provided in section 31(i)(2),  
2           shall be deposited and credited as offsetting col-  
3           lections to the account providing appropriations  
4           to the Commission; and

5           “(B) except as provided in paragraph (8),  
6           shall not be collected for any fiscal year except  
7           to the extent provided in advance in appropria-  
8           tions Acts.”; and

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

10           “(8) LAPSE OF APPROPRIATION.—If on the  
11           first day of a fiscal year a regular appropriation to  
12           the Commission has not been enacted, the Commis-  
13           sion shall continue to collect fees (as offsetting col-  
14           lections) under this subsection at the rate in effect  
15           during the preceding fiscal year, until 5 days after  
16           the date such a regular appropriation is enacted.”.

17           (d) SECTION 14(g) OF THE SECURITIES EXCHANGE  
18           ACT OF 1934.—Section 14(g) of the Securities Exchange  
19           Act of 1934 (15 U.S.C. 78n(g)) is amended—

20           (1) by striking paragraph (5) and inserting the  
21           following:

22           “(5) OFFSETTING COLLECTIONS.—Fees col-  
23           lected pursuant to this subsection for any fiscal  
24           year—

1           “(A) except as provided in section 31(i)(2),  
2           shall be deposited and credited as offsetting col-  
3           lections to the account providing appropriations  
4           to the Commission; and

5           “(B) except as provided in paragraph (8),  
6           shall not be collected for any fiscal year except  
7           to the extent provided in advance in appropria-  
8           tions Acts.”;

9           (2) by redesignating paragraph (8) as para-  
10          graph (9); and

11          (3) by inserting after paragraph (7) the fol-  
12          lowing:

13           “(8) LAPSE OF APPROPRIATION.—If on the  
14          first day of a fiscal year a regular appropriation to  
15          the Commission has not been enacted, the Commis-  
16          sion shall continue to collect fees (as offsetting col-  
17          lections) under this subsection at the rate in effect  
18          during the preceding fiscal year, until 5 days after  
19          the date such a regular appropriation is enacted.”.

20          (e) EFFECTIVE DATE.—The amendments made by  
21          this section—

22           (1) shall apply beginning on October 1, 2017,  
23          except that for fiscal year 2018, the Securities and  
24          Exchange Commission shall publish—



1 (A) the rates established under section 31  
2 of the Securities Exchange Act of 1934, as  
3 amended by this section, not later than 30 days  
4 after the date on which an Act making a reg-  
5 ular appropriation to the Commission for fiscal  
6 year 2018 is enacted; and

7 (B) the rate established under section 6(b)  
8 of the Securities Act of 1933, as amended by  
9 this section, not later than August 31, 2017;  
10 and

11 (2) shall not apply with respect to fees for any  
12 fiscal year before fiscal year 2018.

13 **SEC. 805. COMMISSION FEDERAL CONSTRUCTION FUNDING**  
14 **PROHIBITION.**

15 The Securities and Exchange Commission may not  
16 obligate any funds for the purpose of Federal construction  
17 of a new headquarters facility of the Commission.

18 **SEC. 806. IMPLEMENTATION OF RECOMMENDATIONS.**

19 Section 967 of the Dodd-Frank Wall Street Reform  
20 and Consumer Protection Act is amended by adding at  
21 the end the following:

22 “(d) IMPLEMENTATION OF RECOMMENDATIONS.—  
23 Not later than 6 months after the date of enactment of  
24 this subsection, the Securities and Exchange Commission  
25 shall complete an implementation of the recommendations

1 contained in the report of the independent consultant  
2 issued under subsection (b) on March 10, 2011. To the  
3 extent that implementation of certain recommendations  
4 requires legislation, the Commission shall submit a report  
5 to Congress containing a request for legislation granting  
6 the Commission such authority it needs to fully implement  
7 such recommendations.”.

8 **SEC. 807. OFFICE OF CREDIT RATINGS TO REPORT TO THE**  
9 **DIVISION OF TRADING AND MARKETS.**

10 Section 15E(p)(1) of the Securities Exchange Act of  
11 1934 (15 U.S.C. 78o-7(p)(1)) is amended—

12 (1) in subparagraph (A), by striking “within  
13 the Commission” and inserting “within the Division  
14 of Trading and Markets”; and

15 (2) in subparagraph (B), by striking “report to  
16 the Chairman” and inserting “report to the head of  
17 the Division of Trading and Markets”.

18 **SEC. 808. OFFICE OF MUNICIPAL SECURITIES TO REPORT**  
19 **TO THE DIVISION OF TRADING AND MAR-**  
20 **KETS.**

21 Section 979 of the Dodd-Frank Wall Street Reform  
22 and Consumer Protection Act (15 U.S.C. 78o-4a) is  
23 amended—

1 (1) in subsection (a), by inserting “, within the  
2 Division of Trading and Markets,” after “There  
3 shall be in the Commission”; and

4 (2) in subsection (b), by striking “report to the  
5 Chairman” and inserting “report to the head of the  
6 Division of Trading and Markets”.

7 **SEC. 809. INDEPENDENCE OF COMMISSION OMBUDSMAN.**

8 Section 4(g)(8) of the Securities Exchange Act of  
9 1934 (15 U.S.C. 78d(g)(8)) is amended—

10 (1) in subparagraph (A), by striking “the In-  
11 vestor Advocate shall appoint” and all that follows  
12 through “Investor Advocate” and inserting “the  
13 Chairman shall appoint an Ombudsman, who shall  
14 report to the Commission”; and

15 (2) in subparagraph (D)—

16 (A) by striking “report to the Investor Ad-  
17 vocate” and inserting “report to the Commis-  
18 sion”; and

19 (B) by striking the last sentence.

20 **SEC. 810. INVESTOR ADVISORY COMMITTEE IMPROVE-**  
21 **MENTS.**

22 Section 39 of the Securities Exchange Act of 1934  
23 (15 U.S.C. 78pp) is amended—

24 (1) in subsection (a)(2)(B), by striking “sub-  
25 mit” and inserting “in consultation with the Small

1 Business Capital Formation Advisory Committee es-  
2 tablished under section 40, submit”;

3 (2) in subsection (b)—

4 (A) in paragraph (1)—

5 (i) in subparagraph (C), by striking  
6 “and”;

7 (ii) in subparagraph (D)(iv), by strik-  
8 ing the period at the end and inserting “;  
9 and”; and

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

12 “(E) a member of the Small Business Cap-  
13 ital Formation Advisory Committee who shall  
14 be a nonvoting member.”;

15 (B) by amending paragraph (2) to read as  
16 follows:

17 “(2) TERM.—

18 “(A) LENGTH OF TERM FOR MEMBERS OF  
19 THE COMMITTEE.—Each member of the Com-  
20 mittee appointed under paragraph (1), other  
21 than the Investor Advocate, shall serve for a  
22 term of 4 years.

23 “(B) LIMITATION ON MULTIPLE TERMS.—  
24 A member of the Committee may not serve for  
25 more than one term, except for the Investor Ad-

1           vocate, a representative of State securities com-  
2           missions, and the member of the Small Busi-  
3           ness Capital Formation Advisory Committee.”;  
4           and

5           (C) in paragraph (3), by striking “para-  
6           graph (1)(B)” and inserting “paragraph (1)”;

7           (3) in subsection (c), by amending paragraph  
8           (2) to read as follows:

9           “(2) TERM.—

10           “(A) LENGTH OF TERM.—Each member  
11           elected under paragraph (1) shall serve for a  
12           term of 3 years in the capacity for which the  
13           member was elected under paragraph (1).

14           “(B) LIMITATION ON MULTIPLE TERMS.—  
15           A member elected under paragraph (1) may not  
16           serve for more than one term in the capacity  
17           for which the member was elected under para-  
18           graph (1).”; and

19           (4) by striking subsections (i) and (j).

20   **SEC. 811. DUTIES OF INVESTOR ADVOCATE.**

21           Section 4(g)(4) of the Securities Exchange Act of  
22   1934 (15 U.S.C. 78d(g)(4)) is amended—

23           (1) in subparagraph (D)(ii), by striking “and”;

24           (2) in subparagraph (E), by striking the period  
25           at the end and inserting a semicolon; and

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

2 “(F) not take a position on any legislation  
3 pending before Congress other than a legislative  
4 change proposed by the Investor Advocate pur-  
5 suant to subparagraph (E);

6 “(G) consult with the Advocate for Small  
7 Business Capital Formation on proposed rec-  
8 ommendations made under subparagraph (E);  
9 and

10 “(H) advise the Advocate for Small Busi-  
11 ness Capital Formation on issues related to  
12 small business investors.”.

13 **SEC. 812. ELIMINATION OF EXEMPTION OF SMALL BUSI-**  
14 **NESS CAPITAL FORMATION ADVISORY COM-**  
15 **MITTEE FROM FEDERAL ADVISORY COM-**  
16 **MITTEE ACT.**

17 Section 40 of the Securities Exchange Act of 1934  
18 (as added by Public Law 114–284) is amended by striking  
19 subsection (h).

20 **SEC. 813. INTERNAL RISK CONTROLS.**

21 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
22 et seq.) is amended—

23 (1) by inserting after section 4G, as added by  
24 this Act, the following:

1 **“SEC. 4H. INTERNAL RISK CONTROLS.**

2       “(a) IN GENERAL.—Each of the following entities, in  
3 consultation with the Chief Economist, shall develop com-  
4 prehensive internal risk control mechanisms to safeguard  
5 and govern the storage of all market data by such entity,  
6 all market data sharing agreements of such entity, and  
7 all academic research performed at such entity using mar-  
8 ket data:

9               “(1) The Commission.

10              “(2) Each national security association required  
11 to register under section 15A.

12       “(b) CONSOLIDATED AUDIT TRAIL.—The Commis-  
13 sion may not approve a national market system plan pur-  
14 suant to part 242.613 of title 17, Code of Federal Regula-  
15 tions (or any successor regulation), unless the operator of  
16 the consolidated audit trail created by such plan has devel-  
17 oped, in consultation with the Chief Economist, com-  
18 prehensive internal risk control mechanisms to safeguard  
19 and govern the storage of all market data by such oper-  
20 ator, all market data sharing agreements of such operator,  
21 and all academic research performed at such operator  
22 using market data.”;

23              (2) in section 3(a), by redesignating the second  
24 paragraph (80) (relating to funding portals) as  
25 paragraph (81); and

1           (3) in section 3(a), by adding at the end the  
2 following:

3           “(82) CHIEF ECONOMIST.—The term ‘Chief  
4 Economist’ means the Director of the Division of  
5 Economic and Risk Analysis, or an employee of the  
6 Commission with comparable authority, as deter-  
7 mined by the Commission.”.

8 **SEC. 814. APPLICABILITY OF NOTICE AND COMMENT RE-**  
9 **QUIREMENTS OF THE ADMINISTRATIVE PRO-**  
10 **CEDURE ACT TO GUIDANCE VOTED ON BY**  
11 **THE COMMISSION.**

12           The Securities Exchange Act of 1934 (15 U.S.C. 78a  
13 et seq.) is amended by inserting after section 4H, as added  
14 by this Act, the following:

15 **“SEC. 4I. APPLICABILITY OF NOTICE AND COMMENT RE-**  
16 **QUIREMENTS OF THE ADMINISTRATIVE PRO-**  
17 **CEDURE ACT TO GUIDANCE VOTED ON BY**  
18 **THE COMMISSION.**

19           “The notice and comment requirements of section  
20 553 of title 5, United States Code, shall also apply with  
21 respect to any Commission statement or guidance, includ-  
22 ing interpretive rules, general statements of policy, or  
23 rules of Commission organization, procedure, or practice,  
24 that has the effect of implementing, interpreting, or pre-



1 scribing law or policy and that is voted on by the Commis-  
2 sion.”.

3 **SEC. 815. LIMITATION ON PILOT PROGRAMS.**

4 (a) IN GENERAL.—Section 4 of the Securities Ex-  
5 change Act of 1934 (15 U.S.C. 78d), as amended by sec-  
6 tion 371(e), is further amended by adding at the end the  
7 following:

8 “(1) LIMITATION ON PILOT PROGRAMS.—

9 “(1) IN GENERAL.—Any pilot program estab-  
10 lished by self-regulatory organizations, either indi-  
11 vidually or jointly, and filed with the Commission,  
12 including under section 11A or 19, shall terminate  
13 after the end of the 5-year period beginning on the  
14 date that the Commission approved such program,  
15 unless the Commission issues a rule to permanently  
16 continue such program or approves such program on  
17 a permanent basis.

18 “(2) EXTENSION.—With respect to a particular  
19 pilot program described under paragraph (1), the  
20 Commission may extend the 5-year period described  
21 under such paragraph for an additional 3 years if  
22 the Commission determines such extension is nec-  
23 essary or appropriate in the public interest or for  
24 the protection of investors.

1           “(3) LACK OF STATUTORY AUTHORITY.—If,  
2           with respect to a pilot program described under  
3           paragraph (1), the Commission determines that the  
4           pilot program should continue permanently, but the  
5           Commission lacks sufficient statutory authority to  
6           permanently continue the program, the Commission  
7           shall, not later than 1 year before such pilot pro-  
8           gram is scheduled to terminate pursuant to para-  
9           graph (1), notify the Committee on Financial Serv-  
10          ices of the House of Representatives and the Com-  
11          mittee on Banking, Housing, and Urban Affairs of  
12          the Senate that the Commission believes the pro-  
13          gram should continue permanently but does not have  
14          sufficient statutory authority to continue the pro-  
15          gram.”.

16          (b) TREATMENT OF EXISTING PILOT PROGRAMS.—  
17          For purposes of section 4(k) of Securities Exchange Act  
18          of 1934, as added by subsection (a), the date on which  
19          the Commission approved a pilot program that was in ex-  
20          istence on the date of the enactment of this Act shall be  
21          deemed to be the date of the enactment of this Act.

1 **SEC. 816. PROCEDURE FOR OBTAINING CERTAIN INTEL-**  
2 **LECTUAL PROPERTY.**

3 (a) PERSONS UNDER SECURITIES ACT OF 1933.—  
4 Section 8 of the Securities Act of 1933 (15 U.S.C. 77h)  
5 is amended by adding at the end the following:

6 “(g) PROCEDURE FOR OBTAINING CERTAIN INTEL-  
7 LECTUAL PROPERTY.—The Commission is not authorized  
8 to compel under this title a person to produce or furnish  
9 source code, including algorithmic trading source code or  
10 similar intellectual property, to the Commission unless the  
11 Commission first issues a subpoena.”.

12 (b) PERSONS UNDER THE SECURITIES EXCHANGE  
13 ACT OF 1934.—Section 23 of the Securities Exchange Act  
14 of 1934 (15 U.S.C. 78w), as amended by section 802, is  
15 further amended by adding at the end the following:

16 “(f) PROCEDURE FOR OBTAINING CERTAIN INTEL-  
17 LECTUAL PROPERTY.—The Commission is not authorized  
18 to compel under this title a person to produce or furnish  
19 source code, including algorithmic trading source code or  
20 similar intellectual property, to the Commission unless the  
21 Commission first issues a subpoena.”.

22 (c) INVESTMENT COMPANIES.—Section 31 of the In-  
23 vestment Company Act of 1940 (15 U.S.C. 80a–30) is  
24 amended by adding at the end the following:

25 “(e) PROCEDURE FOR OBTAINING CERTAIN INTEL-  
26 LECTUAL PROPERTY.—The Commission is not authorized

1 to compel under this title an investment company to  
2 produce or furnish source code, including algorithmic trad-  
3 ing source code or similar intellectual property, to the  
4 Commission unless the Commission first issues a sub-  
5 poena.”.

6 (d) INVESTMENT ADVISERS.—Section 204 of the In-  
7 vestment Advisers Act of 1940 (15 U.S.C. 80b–4) is  
8 amended—

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

10 “(f) PROCEDURE FOR OBTAINING CERTAIN INTEL-  
11 LECTUAL PROPERTY.—The Commission is not authorized  
12 to compel under this title an investment adviser to produce  
13 or furnish source code, including algorithmic trading  
14 source code or similar intellectual property, to the Com-  
15 mission unless the Commission first issues a subpoena.”;  
16 and

17 (2) in the second subsection (d), by striking  
18 “(d)” and inserting “(e)”.

19 **SEC. 817. PROCESS FOR CLOSING INVESTIGATIONS.**

20 (a) IN GENERAL.—Not later than 180 days after the  
21 date of the enactment of this Act, the Securities and Ex-  
22 change Commission shall establish a process for closing  
23 investigations (including preliminary or informal inves-  
24 tigation) that is designed to ensure that the Commission,  
25 in a timely manner—

1           (1) makes a determination of whether or not to  
2           institute an administrative or judicial action in a  
3           matter or refer the matter to the Attorney General  
4           for potential criminal prosecution; and

5           (2) if the Commission determines not to insti-  
6           tute such an action or refer the matter to the Attor-  
7           ney General, informs the persons who are the sub-  
8           ject of the investigation that the investigation is  
9           closed.

10          (b) **RULE OF CONSTRUCTION.**—Nothing in this sec-  
11          tion shall be construed to affect the authority of the Com-  
12          mission to re-open an investigation if the Commission ob-  
13          tains new evidence after the investigation is closed, subject  
14          to any applicable statute of limitations.

15          **SEC. 818. ENFORCEMENT OMBUDSMAN.**

16          (a) **IN GENERAL.**—Section 4 of the Securities Ex-  
17          change Act of 1934 (15 U.S.C. 78d), as amended by sec-  
18          tion 803, is further amended by inserting after subsection  
19          (h) the following:

20                 “(i) **ENFORCEMENT OMBUDSMAN.**—

21                         “(1) **ESTABLISHMENT.**—The Commission shall  
22                         have an Enforcement Ombudsman, who shall be ap-  
23                         pointed by and report directly to the Commission.

24                         “(2) **DUTIES.**—The Enforcement Ombudsman  
25                         shall—

1           “(A) act as a liaison between the Commis-  
2           sion and any person who is the subject of an in-  
3           vestigation (including a preliminary or informal  
4           investigation) by the Commission or an admin-  
5           istrative or judicial action brought by the Com-  
6           mission in resolving problems that such persons  
7           may have with the Commission or the conduct  
8           of Commission staff; and

9           “(B) establish safeguards to maintain the  
10          confidentiality of communications between the  
11          persons described in subparagraph (A) and the  
12          Enforcement Ombudsman.

13          “(3) LIMITATION.—In carrying out the duties  
14          of the Enforcement Ombudsman under paragraph  
15          (2), the Enforcement Ombudsman shall utilize per-  
16          sonnel of the Commission to the extent practicable.  
17          Nothing in this subsection shall be construed as re-  
18          placing, altering, or diminishing the activities of any  
19          ombudsman or similar office of any other agency.

20          “(4) REPORT.—The Enforcement Ombudsman  
21          shall submit to the Commission and to the Com-  
22          mittee on Financial Services of the House of Rep-  
23          resentatives and the Committee on Banking, Hous-  
24          ing, and Urban Affairs of the Senate an annual re-  
25          port that describes the activities and evaluates the

1 effectiveness of the Enforcement Ombudsman during  
2 the preceding year.”.

3 (b) DEADLINE FOR INITIAL APPOINTMENT.—The  
4 Securities and Exchange Commission shall appoint the ini-  
5 tial Enforcement Ombudsman under subsection (i) of sec-  
6 tion 4 of the Securities Exchange Act of 1934, as added  
7 by subsection (a), not later than 180 days after the date  
8 of the enactment of this Act.

9 **SEC. 819. ADEQUATE NOTICE.**

10 Section 21 of the Securities Exchange Act of 1934  
11 (15 U.S.C. 78u) is amended by adding at the end the fol-  
12 lowing:

13 “(j) ADEQUATE NOTICE REQUIRED BEFORE BRING-  
14 ING AN ENFORCEMENT ACTION.—

15 “(1) IN GENERAL.—No person shall be subject  
16 to an enforcement action by the Commission for an  
17 alleged violation of the securities laws or the rules  
18 and regulations issued thereunder if such person did  
19 not have adequate notice of such law, rule, or regu-  
20 lation.

21 “(2) PUBLISHING OF INTERPRETATION  
22 DEEMED ADEQUATE NOTICE.—With respect to an  
23 enforcement action, adequate notice of a securities  
24 law or a rule or regulation issued thereunder shall  
25 be deemed to have been provided to a person if the

1 Commission approved a statement or guidance, in  
2 accordance with section 4I, with respect to the con-  
3 duct that is the subject of the enforcement action,  
4 prior to the time that the person engaged in the con-  
5 duct that is the subject of the enforcement action.”.

6 **SEC. 820. ADVISORY COMMITTEE ON COMMISSION’S EN-**  
7 **FORCEMENT POLICIES AND PRACTICES.**

8 (a) ESTABLISHMENT.—Not later than 6 months after  
9 the date of the enactment of this Act, the Chairman shall  
10 establish an advisory committee on the Commission’s en-  
11 forcement policies and practices (in this section referred  
12 to as the “Committee”).

13 (b) DUTIES.—

14 (1) ANALYSIS AND RECOMMENDATIONS.—

15 (A) IN GENERAL.—The Committee shall  
16 conduct an analysis of the policies and practices  
17 of the Commission relating to the enforcement  
18 of the securities laws and make recommenda-  
19 tions to the Commission regarding changes to  
20 such policies and practices.

21 (B) SPECIFIC MATTERS INCLUDED.—In  
22 carrying out subparagraph (A), the Committee  
23 shall analyze and make recommendations to the  
24 Commission regarding matters including the  
25 following:



1 (i) How the Commission's enforce-  
2 ment objectives and strategies may be  
3 more effective.

4 (ii) The Commission's enforcement  
5 practices and procedures from the point of  
6 view of due process, the relationship of en-  
7 forcement action to notice of legal require-  
8 ments, the attribution of responsibility for  
9 violations, and the protection of reputation  
10 and rights of privacy.

11 (iii) The Commission's enforcement  
12 policies and practices in light of its statu-  
13 tory responsibility to protect investors,  
14 maintain fair, orderly, and efficient mar-  
15 kets, and facilitate capital formation.

16 (iv) The appropriate blend of regula-  
17 tion, publicity, and formal enforcement ac-  
18 tion and on methods of furthering vol-  
19 untary compliance.

20 (v) Criteria for the selection and dis-  
21 position of enforcement actions, the ade-  
22 quacy of sanctions authorized by law, and  
23 the suitability and effectiveness of sanc-  
24 tions imposed by the Commission pro-  
25 ceedings.

1           (2) REPORT.—Not later than 1 year after the  
2           establishment of the Committee under subsection  
3           (a), the Committee shall submit to the Commission  
4           and the appropriate congressional committees a re-  
5           port containing the results of the analysis and the  
6           recommendations required by paragraph (1)(A).

7           (c) MEMBERSHIP.—

8           (1) NUMBER AND APPOINTMENT.—The Com-  
9           mittee shall be composed of not less than 3 and not  
10          greater than 7 members appointed by the Chairman.

11          (2) CHAIRPERSON.—The Chairperson of the  
12          Committee shall be designated by the Chairman at  
13          the time of appointment of the members.

14          (d) SUPPORT.—The Commission shall provide the  
15          Committee with the administrative, professional, and tech-  
16          nical support required by the Committee to carry out its  
17          responsibilities under this section.

18          (e) TERMINATION OF COMMITTEE.—The Committee  
19          established by subsection (a) shall terminate on the date  
20          that the report required by subsection (b)(2) is submitted.

21          (f) CONSIDERATION AND ADOPTION OF REC-  
22          COMMENDATIONS BY COMMISSION.—Not later than 180  
23          days after the Committee submits the report required by  
24          subsection (b)(2), the Commission shall—

1           (1) consider the analysis and recommendations  
2 included in such report;

3           (2) adopt such recommendations, with any  
4 modifications, as the Commission considers appro-  
5 priate; and

6           (3) submit to the appropriate congressional  
7 committees a report that—

8                 (A) lists each recommendation included in  
9 such report that the Commission does not adopt  
10 or adopts with material modifications; and

11                (B) for each recommendation listed under  
12 subparagraph (A), explains why the Commis-  
13 sion does not consider it appropriate or does  
14 not have sufficient authority to adopt the rec-  
15 ommendation or to adopt the recommendation  
16 without material modification.

17 (g) DEFINITIONS.—In this section:

18           (1) APPROPRIATE CONGRESSIONAL COMMIT-  
19 TEES.—The term “appropriate congressional com-  
20 mittees” means the Committee on Financial Services  
21 of the House of Representatives and the Committee  
22 on Banking, Housing, and Urban Affairs of the Sen-  
23 ate.

24           (2) CHAIRMAN.—The term “Chairman” means  
25 the Chairman of the Commission.

1           (3) COMMISSION.—The term “Commission”  
2 means the Securities and Exchange Commission.

3           (4) SECURITIES LAWS.—The term “securities  
4 laws” has the meaning given such term in section  
5 3(a) of the Securities Exchange Act of 1934 (15  
6 U.S.C. 78c(a)).

7           (h) APPLICATION OF THE FEDERAL ADVISORY COM-  
8 MITTEE ACT.—The Committee is an advisory committee  
9 for purposes of the Federal Advisory Committee Act (5  
10 U.S.C. App.).

11 **SEC. 821. PROCESS TO PERMIT RECIPIENT OF WELLS NOTI-**  
12 **FICATION TO APPEAR BEFORE COMMISSION**  
13 **STAFF IN-PERSON.**

14           (a) IN GENERAL.—Not later than 180 days after the  
15 date of the enactment of this Act, the Securities and Ex-  
16 change Commission shall establish a process under which,  
17 in any instance in which the Commission staff provides  
18 a written Wells notification to an individual informing the  
19 individual that the Commission staff has made a prelimi-  
20 nary determination to recommend that the Commission  
21 bring an administrative or judicial action against the indi-  
22 vidual, the individual shall have the right to make an in-  
23 person presentation before the Commission staff con-  
24 cerning such recommendation and to be represented by

1 counsel at such presentation, at the individual's own ex-  
2 pense.

3 (b) ATTENDANCE BY COMMISSIONERS.—Such proc-  
4 ess shall provide that each Commissioner of the Commis-  
5 sion, or a designee of the Commissioner, may attend any  
6 such presentation.

7 (c) REPORT BY COMMISSION STAFF.—Such process  
8 shall provide that, before any Commission vote on whether  
9 to bring the administrative or judicial action against the  
10 individual, the Commission staff shall provide to each  
11 Commissioner a written report on any such presentation,  
12 including any factual or legal arguments made by the indi-  
13 vidual and any supporting documents provided by the indi-  
14 vidual.

15 **SEC. 822. PUBLICATION OF ENFORCEMENT MANUAL.**

16 (a) IN GENERAL.—Not later than 1 year after the  
17 date of the enactment of this Act, the Securities and Ex-  
18 change Commission shall approve, by vote of the Commis-  
19 sion, and publish an updated manual that sets forth the  
20 policies and practices that the Commission will follow in  
21 the enforcement of the securities laws (as defined in sec-  
22 tion 3(a) of the Securities Exchange Act of 1934 (15  
23 U.S.C. 78c(a))). Such manual shall include policies and  
24 practices required by this Act, and by the amendments  
25 made by this Act, and shall be developed so as to ensure

1 transparency in such enforcement and uniform application  
2 of such laws by the Commission.

3 (b) ENFORCEMENT PLAN AND REPORT.—Beginning  
4 on the date that is one year after the date of enactment  
5 of this Act, and each year thereafter, the Securities and  
6 Exchange Commission shall transmit to Congress and  
7 publish on its Internet website an annual enforcement  
8 plan and report that shall—

9 (1) detail the priorities of the Commission with  
10 regard to enforcement and examination activities for  
11 the forthcoming year;

12 (2) report on the Commission’s enforcement  
13 and examination activities for the previous year, in-  
14 cluding an assessment of how such activities com-  
15 ported with the priorities identified for that year  
16 pursuant to paragraph (1);

17 (3) contain an analysis of litigated decisions  
18 found not in favor of the Commission over the pre-  
19 ceding year;

20 (4) contain a description of any emerging  
21 trends the Commission has focused on as part of its  
22 enforcement program, including whether and how  
23 the Commission has alerted or communicated with  
24 those who may be subject to the Commission’s regu-  
25 lation of emerging trends;

1           (5) contain a description of legal theories or  
2 standards employed by the Commission in enforce-  
3 ment over the preceding year that had not previously  
4 been employed, and a summary justifying each such  
5 theory or standard; and

6           (6) provide an opportunity and mechanism for  
7 public comment.

8 **SEC. 823. PRIVATE PARTIES AUTHORIZED TO COMPEL THE**  
9 **SECURITIES AND EXCHANGE COMMISSION TO**  
10 **SEEK SANCTIONS BY FILING CIVIL ACTIONS.**

11 Title I of the Securities Exchange Act of 1934 (15  
12 U.S.C. 78a et seq.) is amended by adding at the end the  
13 following:

14 **“SEC. 41. PRIVATE PARTIES AUTHORIZED TO COMPEL THE**  
15 **COMMISSION TO SEEK SANCTIONS BY FILING**  
16 **CIVIL ACTIONS.**

17       “(a) TERMINATION OF ADMINISTRATIVE PRO-  
18 CEEDING.—In the case of any person who is a party to  
19 a proceeding brought by the Commission under a securi-  
20 ties law, to which section 554 of title 5, United States  
21 Code, applies, and against whom an order imposing a  
22 cease and desist order and a penalty may be issued at  
23 the conclusion of the proceeding, that person may, not  
24 later than 20 days after receiving notice of such pro-

1 ceeding, and at that person’s discretion, require the Com-  
2 mission to terminate the proceeding.

3 “(b) CIVIL ACTION AUTHORIZED.—If a person re-  
4 quires the Commission to terminate a proceeding pursuant  
5 to subsection (a), the Commission may bring a civil action  
6 against that person for the same remedy that might be  
7 imposed.

8 “(c) STANDARD OF PROOF IN ADMINISTRATIVE PRO-  
9 CEEDING.—Notwithstanding any other provision of law, in  
10 the case of a proceeding brought by the Commission under  
11 a securities law, to which section 554 of title 5, United  
12 States Code, applies, a legal or equitable remedy may be  
13 imposed on the person against whom the proceeding was  
14 brought only on a showing by the Commission of clear and  
15 convincing evidence that the person has violated the rel-  
16 evant provision of law.”.

17 **SEC. 824. CERTAIN FINDINGS REQUIRED TO APPROVE**  
18 **CIVIL MONEY PENALTIES AGAINST ISSUERS.**

19 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
20 et seq.) is amended by inserting after section 4E the fol-  
21 lowing:

22 **“SEC. 4F. CERTAIN FINDINGS REQUIRED TO APPROVE**  
23 **CIVIL MONEY PENALTIES AGAINST ISSUERS.**

24 “The Commission may not seek against or impose on  
25 an issuer a civil money penalty for violation of the securi-



1 ties laws unless the publicly available text of the order ap-  
2 proving the seeking or imposition of such penalty contains  
3 findings, supported by an analysis by the Division of Eco-  
4 nomic and Risk Analysis and certified by the Chief Econo-  
5 mist, of whether—

6           “(1) the alleged violation resulted in direct eco-  
7           nomic benefit to the issuer; and

8           “(2) the penalty will harm the shareholders of  
9           the issuer.”.

10 **SEC. 825. REPEAL OF AUTHORITY OF THE COMMISSION TO**  
11                           **PROHIBIT PERSONS FROM SERVING AS OFFI-**  
12                           **CERS OR DIRECTORS.**

13           (a) UNDER SECURITIES ACT OF 1933.—Subsection  
14 (f) of section 8A of the Securities Act of 1933 (15 U.S.C.  
15 77h–1) is repealed.

16           (b) UNDER SECURITIES EXCHANGE ACT OF 1934.—  
17 Subsection (f) of section 21C of the Securities Exchange  
18 Act of 1934 (15 U.S.C. 78u–3) is repealed.

19 **SEC. 826. SUBPOENA DURATION AND RENEWAL.**

20           Section 21(b) of the Securities Exchange Act of 1934  
21 (15 U.S.C. 78u(b)) is amended—

22           (1) by inserting “SUBPOENA.—” after the enu-  
23           merator;

24           (2) by striking “For the purpose of” and insert-  
25           ing the following:

1 “(1) IN GENERAL.—For the purpose of”; and  
2 (3) by adding at the end the following:

3 “(2) OMNIBUS ORDERS OF INVESTIGATION.—

4 “(A) DURATION AND RENEWAL.—An om-  
5 nibus order of investigation shall not be for an  
6 indefinite duration and may be renewed only by  
7 Commission action.

8 “(B) DEFINITION.—In subparagraph (A),  
9 the term ‘omnibus order of investigation’ means  
10 an order of the Commission authorizing 1 or  
11 more members of the Commission or its staff to  
12 issue subpoenas under paragraph (1) to mul-  
13 tiple persons in relation to a particular subject  
14 matter area.”.

15 **SEC. 827. ELIMINATION OF AUTOMATIC DISQUALIFICA-**  
16 **TIONS.**

17 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
18 et seq.), as amended by this Act, is further amended by  
19 inserting after section 4F the following:

20 **“SEC. 4G. ELIMINATION OF AUTOMATIC DISQUALIFICA-**  
21 **TIONS.**

22 “(a) IN GENERAL.—Notwithstanding any other pro-  
23 vision of law, a non-natural person may not be disqualified  
24 or otherwise made ineligible to use an exemption or reg-  
25 istration provision, engage in an activity, or qualify for

1 any similar treatment under a provision of the securities  
2 laws or the rules issued by the Commission under the se-  
3 curities laws by reason of having, or a person described  
4 in subsection (b) having, been convicted of any felony or  
5 misdemeanor or made the subject of any judicial or admin-  
6 istrative order, judgment, or decree arising out of a gov-  
7 ernmental action (including an order, judgment, or decree  
8 agreed to in a settlement), or having, or a person de-  
9 scribed in subsection (b) having, been suspended or ex-  
10 pelled from membership in, or suspended or barred from  
11 association with a member of, a registered national securi-  
12 ties exchange or a registered national or affiliated securi-  
13 ties association for any act or omission to act constituting  
14 conduct inconsistent with just and equitable principles of  
15 trade, unless the Commission, by order, on the record  
16 after notice and an opportunity for hearing, makes a de-  
17 termination that such non-natural person should be so dis-  
18 qualified or otherwise made ineligible for purposes of such  
19 provision.

20 “(b) PERSON DESCRIBED.—A person is described in  
21 this subsection if the person is—

22 “(1) a natural person who is a director, officer,  
23 employee, partner, member, or shareholder of the  
24 non-natural person referred to in subsection (a) or

1 is otherwise associated or affiliated with such non-  
2 natural person in any way; or

3 “(2) a non-natural person who is associated or  
4 affiliated with the non-natural person referred to in  
5 subsection (a) in any way.

6 “(c) **RULE OF CONSTRUCTION.**—Nothing in this sec-  
7 tion shall be construed to limit any authority of the Com-  
8 mission, by order, on the record after notice and an oppor-  
9 tunity for hearing, to prohibit a person from using an ex-  
10 emption or registration provision, engaging in an activity,  
11 or qualifying for any similar treatment under a provision  
12 of the securities laws, or the rules issued by the Commis-  
13 sion under the securities laws, by reason of a circumstance  
14 referred to in subsection (a) or any similar circumstance.”.

15 **SEC. 828. DENIAL OF AWARD TO CULPABLE WHISTLE-**  
16 **BLOWERS.**

17 Section 21F(c) of the Securities Exchange Act of  
18 1934 (15 U.S.C. 78u-6(c)) is amended—

19 (1) in paragraph (2)—

20 (A) in subparagraph (C), by striking “or”  
21 at the end;

22 (B) in subparagraph (D), by striking the  
23 period and inserting “; or”; and

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

1           “(E) to any whistleblower who is respon-  
2           sible for, or complicit in, the violation of the se-  
3           curities laws for which the whistleblower pro-  
4           vided information to the Commission.”; and  
5           (2) by adding at the end the following:

6           “(3) DEFINITION.—For purposes of paragraph  
7           (2)(E), a person is responsible for, or complicit in,  
8           a violation of the securities laws if, with the intent  
9           to promote or assist the violation, the person—

10           “(A) procures, induces, or causes another  
11           person to commit the offense;

12           “(B) aids or abets another person in com-  
13           mitting the offense; or

14           “(C) having a duty to prevent the viola-  
15           tion, fails to make an effort the person is re-  
16           quired to make.”.

17 **SEC. 829. CLARIFICATION OF AUTHORITY TO IMPOSE SANC-**  
18 **TIONS ON PERSONS ASSOCIATED WITH A**  
19 **BROKER OR DEALER.**

20           Section 15(b)(6)(A)(i) of the Securities Exchange Act  
21 of 1934 (15 U.S.C. 78o(b)(6)(A)(i)) is amended by strik-  
22 ing “enumerated” and all that follows and inserting “enu-  
23 merated in subparagraph (A), (D), (E), (G), or (H) of  
24 paragraph (4) of this subsection;”.

1 **SEC. 830. COMPLAINT AND BURDEN OF PROOF REQUIRE-**  
2 **MENTS FOR CERTAIN ACTIONS FOR BREACH**  
3 **OF FIDUCIARY DUTY.**

4 Section 36(b) of the Investment Company Act of  
5 1940 (15 U.S.C. 80a–35(b)) is amended by adding at the  
6 end the following:

7 “(7) In any such action brought by a security  
8 holder of a registered investment company on behalf  
9 of such company—

10 “(A) the complaint shall state with par-  
11 ticularity all facts establishing a breach of fidu-  
12 ciary duty, and, if an allegation of any such  
13 facts is based on information and belief, the  
14 complaint shall state with particularity all facts  
15 on which that belief is formed; and

16 “(B) such security holder shall have the  
17 burden of proving a breach of fiduciary duty by  
18 clear and convincing evidence.”.

19 **SEC. 831. CONGRESSIONAL ACCESS TO INFORMATION**  
20 **HELD BY THE PUBLIC COMPANY ACCOUNT-**  
21 **ING OVERSIGHT BOARD.**

22 Section 105(b)(5) of the Sarbanes-Oxley Act of 2002  
23 (15 U.S.C. 7215(b)(5)) is amended—

24 (1) in subparagraph (A), by striking “subpara-  
25 graphs (B) and (C)” and inserting “subparagraphs  
26 (B), (C), and (D)”; and

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

2 “(D) AVAILABILITY TO THE CONGRES-  
3 SIONAL COMMITTEES.—The Board shall make  
4 available to the Committees specified under sec-  
5 tion 101(h)—

6 “(i) such information as the Commit-  
7 tees shall request; and

8 “(ii) with respect to any confidential  
9 or privileged information provided in re-  
10 sponse to a request under clause (i), in-  
11 cluding any information subject to section  
12 104(g) and subparagraph (A), or any con-  
13 fidential or privileged information provided  
14 orally in response to such a request, such  
15 information shall maintain the protections  
16 provided in subparagraph (A), and shall  
17 retain its confidential and privileged status  
18 in the hands of the Board and the Com-  
19 mittees.”.

20 **SEC. 832. ABOLISHING INVESTOR ADVISORY GROUP.**

21 The Public Company Accounting Oversight Board  
22 shall abolish the Investor Advisory Group.

1 **SEC. 833. REPEAL OF REQUIREMENT FOR PUBLIC COM-**  
2 **PANY ACCOUNTING OVERSIGHT BOARD TO**  
3 **USE CERTAIN FUNDS FOR MERIT SCHOLAR-**  
4 **SHIP PROGRAM.**

5 (a) IN GENERAL.—Section 109(c) of the Sarbanes-  
6 Oxley Act of 2002 (15 U.S.C. 7219(c)) is amended by  
7 striking paragraph (2).

8 (b) CONFORMING AMENDMENTS.—Section 109 of the  
9 Sarbanes-Oxley Act of 2002 (15 U.S.C. 7219) is amend-  
10 ed—

11 (1) in subsection (c), by striking “USES OF  
12 FUNDS” and all that follows through “The budget”  
13 and inserting “USES OF FUNDS.—The budget”; and

14 (2) in subsection (f), by striking “subsection  
15 (c)(1)” and inserting “subsection (c)”.

16 **SEC. 834. REALLOCATION OF FINES FOR VIOLATIONS OF**  
17 **RULES OF MUNICIPAL SECURITIES RULE-**  
18 **MAKING BOARD.**

19 (a) IN GENERAL.—Section 15B(c)(9) of the Securi-  
20 ties Exchange Act of 1934 (15 U.S.C. 78o–4(c)(9)) is  
21 amended to read as follows:

22 “(9) Fines collected for violations of the rules of the  
23 Board shall be deposited and credited as general revenue  
24 of the Treasury, except as otherwise provided in section  
25 308 of the Sarbanes-Oxley Act of 2002 or section 21F  
26 of this title.”.



1 (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall apply to fines collected after the date  
3 of enactment of this Act.

4 **Subtitle B—Eliminating Excessive**  
5 **Government Intrusion in the**  
6 **Capital Markets**

7 **SEC. 841. REPEAL OF DEPARTMENT OF LABOR FIDUCIARY**  
8 **RULE AND REQUIREMENTS PRIOR TO RULE-**  
9 **MAKING RELATING TO STANDARDS OF CON-**  
10 **DUCT FOR BROKERS AND DEALERS.**

11 (a) REPEAL OF DEPARTMENT OF LABOR FIDUCIARY  
12 RULE.—The final rule of the Department of Labor titled  
13 “Definition of the Term ‘Fiduciary’; Conflict of Interest  
14 Rule—Retirement Investment Advice” and related prohib-  
15 ited transaction exemptions published April 8, 2016 (81  
16 Fed. Reg. 20946) shall have no force or effect.

17 (b) STAY ON RULES DEFINING CERTAIN FIDU-  
18 CIARIES.—After the date of enactment of this Act, the  
19 Secretary of Labor shall not prescribe any regulation  
20 under the Employee Retirement Income Security Act of  
21 1974 (29 U.S.C. 1001 et seq.) defining the circumstances  
22 under which an individual is considered a fiduciary until  
23 the date that is 60 days after the Securities and Exchange  
24 Commission issues a final rule relating to standards of  
25 conduct for brokers and dealers pursuant to the second

1 subsection (k) of section 15 of the Securities Exchange  
2 Act of 1934 (15 U.S.C. 78o(k)).

3 (c) REQUIREMENTS PRIOR TO RULEMAKING RELAT-  
4 ING TO STANDARDS OF CONDUCT FOR BROKERS AND  
5 DEALERS.—The second subsection (k) of section 15 of the  
6 Securities Exchange Act of 1934 (15 U.S.C. 78o(k)), as  
7 added by section 913(g)(1) of the Dodd-Frank Wall Street  
8 Reform and Consumer Protection Act (12 U.S.C. 5301  
9 et seq.), is amended by adding at the end the following:

10 “(3) REQUIREMENTS PRIOR TO RULEMAKING.—

11 The Commission shall not promulgate a rule pursu-  
12 ant to paragraph (1) before providing a report to the  
13 Committee on Financial Services of the House of  
14 Representatives and the Committee on Banking,  
15 Housing, and Urban Affairs of the Senate and mak-  
16 ing such report available on the Commission’s  
17 website describing whether—

18 “(A) retail investors (and such other cus-  
19 tomers as the Commission may provide) are  
20 being harmed due to brokers or dealers oper-  
21 ating under different standards of conduct than  
22 those that apply to investment advisors under  
23 section 211 of the Investment Advisers Act of  
24 1940 (15 U.S.C. 80b–11);

1           “(B) alternative remedies will reduce any  
2           confusion or harm to retail investors due to  
3           brokers or dealers operating under different  
4           standards of conduct than those standards that  
5           apply to investment advisors under section 211  
6           of the Investment Advisers Act of 1940 (15  
7           U.S.C. 80b–11), including—

8                   “(i) simplifying the titles used by bro-  
9                   kers, dealers, and investment advisors; and

10                   “(ii) enhancing disclosure surrounding  
11                   the different standards of conduct cur-  
12                   rently applicable to brokers, dealers, and  
13                   investment advisors;

14           “(C) the adoption of a uniform fiduciary  
15           standard of conduct for brokers, dealers, and  
16           investment advisors would adversely impact the  
17           commissions of brokers and dealers, the avail-  
18           ability of proprietary products offered by bro-  
19           kers and dealers, and the ability of brokers and  
20           dealers to engage in principal transactions with  
21           customers; and

22           “(D) the adoption of a uniform fiduciary  
23           standard of conduct for brokers or dealers and  
24           investment advisors would adversely impact re-  
25           tail investor access to personalized and cost-ef-

1           fective investment advice, recommendations  
2           about securities, or the availability of such ad-  
3           vice and recommendations.

4           “(4) ECONOMIC ANALYSIS.—The Commission’s  
5           conclusions contained in the report described in  
6           paragraph (3) shall be supported by economic anal-  
7           ysis.

8           “(5) REQUIREMENTS FOR PROMULGATING A  
9           RULE.—The Commission shall publish in the Fed-  
10          eral Register alongside the rule promulgated pursu-  
11          ant to paragraph (1) formal findings that such rule  
12          would reduce confusion or harm to retail customers  
13          (and such other customers as the Commission may  
14          by rule provide) due to different standards of con-  
15          duct applicable to brokers, dealers, and investment  
16          advisors.

17          “(6) REQUIREMENTS UNDER INVESTMENT AD-  
18          VISERS ACT OF 1940.—In proposing rules under  
19          paragraph (1) for brokers or dealers, the Commis-  
20          sion shall consider the differences in the registration,  
21          supervision, and examination requirements applica-  
22          ble to brokers, dealers, and investment advisors.”.

1 **SEC. 842. EXEMPTION FROM RISK RETENTION REQUIRE-**  
2 **MENTS FOR NONRESIDENTIAL MORTGAGE.**

3 (a) IN GENERAL.—Section 15G of the Securities Ex-  
4 change Act of 1934 (15 U.S.C. 78o–11) is amended—

5 (1) in subsection (a)—

6 (A) in paragraph (3)(B), by striking “and”  
7 at the end;

8 (B) in paragraph (4)(B), by striking the  
9 period and inserting “; and”; and

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

11 “(5) the term ‘asset-backed security’ refers only  
12 to an asset-backed security that is comprised wholly  
13 of residential mortgages.”;

14 (2) in subsection (b)—

15 (A) by striking paragraph (1); and

16 (B) by striking “(2) RESIDENTIAL MORT-  
17 GAGES.—”;

18 (3) by striking subsection (h) and redesignating  
19 subsection (i) as subsection (h); and

20 (4) in subsection (h) (as so redesignated)—

21 (A) by striking “effective—” and all that  
22 follows through “(1) with respect to” and in-  
23 serting “effective with respect to”;

24 (B) in paragraph (1), by striking “; and”  
25 and inserting a period; and

26 (C) by striking paragraph (2).

1 (b) CONFORMING AMENDMENT.—Section 941 of the  
2 Dodd-Frank Wall Street Reform and Consumer Protec-  
3 tion Act is amended by striking subsection (c).

4 **SEC. 843. FREQUENCY OF SHAREHOLDER APPROVAL OF**  
5 **EXECUTIVE COMPENSATION.**

6 Section 14A(a) of the Securities Exchange Act of  
7 1934 (15 U.S.C. 78n–1(a)) is amended—

8 (1) in paragraph (1), by striking “Not less fre-  
9 quently than once every 3 years” and inserting  
10 “Each year in which there has been a material  
11 change to the compensation of executives of an  
12 issuer from the previous year”; and

13 (2) by striking paragraph (2) and redesignating  
14 paragraph (3) as paragraph (2).

15 **SEC. 844. SHAREHOLDER PROPOSALS.**

16 (a) RESUBMISSION THRESHOLDS.—The Securities  
17 and Exchange Commission shall revise section 240.14a–  
18 8(i)(12) of title 17, Code of Federal Regulations to—

19 (1) in paragraph (i), adjust the 3 percent  
20 threshold to 6 percent;

21 (2) in paragraph (ii), adjust the 6 percent  
22 threshold to 15 percent; and

23 (3) in paragraph (iii), adjust the 10 percent  
24 threshold to 30 percent.

1 (b) HOLDING REQUIREMENT.—The Securities and  
2 Exchange Commission shall revise the holding require-  
3 ment for a shareholder to be eligible to submit a share-  
4 holder proposal to an issuer in section 240.14a–8(b)(1)  
5 of title 17, Code of Federal Regulations, to—

6 (1) eliminate the option to satisfy the holding  
7 requirement by holding a certain dollar amount;

8 (2) require the shareholder to hold 1 percent of  
9 the issuer’s securities entitled to be voted on the  
10 proposal, or such greater percentage as determined  
11 by the Commission; and

12 (3) adjust the 1 year holding period to 3 years.

13 (c) SHAREHOLDER PROPOSALS ISSUED BY PROX-  
14 IES.—Section 14 of the Securities Exchange Act of 1934  
15 (15 U.S.C. 78n) is amended by adding at the end the fol-  
16 lowing:

17 “(j) SHAREHOLDER PROPOSALS BY PROXIES NOT  
18 PERMITTED.—An issuer may not include in its proxy ma-  
19 terials a shareholder proposal submitted by a person in  
20 such person’s capacity as a proxy, representative, agent,  
21 or person otherwise acting on behalf of a shareholder.”.

22 **SEC. 845. PROHIBITION ON REQUIRING A SINGLE BALLOT.**

23 Section 14 of the Securities Exchange Act of 1934  
24 (15 U.S.C. 78n) is amended by adding at the end the fol-  
25 lowing:

1       “(k) PROHIBITION ON REQUIRING A SINGLE BAL-  
2 LOT.—The Commission may not require that a solicitation  
3 of a proxy, consent, or authorization to vote a security  
4 of an issuer in an election of members of the board of  
5 directors of the issuer be made using a single ballot or  
6 card that lists both individuals nominated by (or on behalf  
7 of) the issuer and individuals nominated by (or on behalf  
8 of) other proponents and permits the person granting the  
9 proxy, consent, or authorization to select from among indi-  
10 viduals in both groups.”.

11 **SEC. 846. REQUIREMENT FOR MUNICIPAL ADVISOR FOR**  
12 **ISSUERS OF MUNICIPAL SECURITIES.**

13       Section 15B(d) of the Securities Exchange Act of  
14 1934 (15 U.S.C. 78o–4(d)) is amended by adding at the  
15 end the following:

16       “(3) An issuer of municipal securities shall not be  
17 required to retain a municipal advisor prior to issuing any  
18 such securities.”.

19 **SEC. 847. SMALL ISSUER EXEMPTION FROM INTERNAL**  
20 **CONTROL EVALUATION.**

21       Section 404(c) of the Sarbanes-Oxley Act of 2002 (15  
22 U.S.C. 7262(c)) is amended to read as follows:

23       “(c) EXEMPTION FOR SMALLER ISSUERS.—Sub-  
24 section (b) shall not apply with respect to any audit report  
25 prepared for an issuer that has total market capitalization



1 of less than \$500,000,000, nor to any issuer that is a de-  
2 pository institution with assets of less than  
3 \$1,000,000,000.”.

4 **SEC. 848. STREAMLINING OF APPLICATIONS FOR AN EX-**  
5 **EMPTION FROM THE INVESTMENT COMPANY**  
6 **ACT OF 1940.**

7 Section 6(c) of the Investment Company Act of 1940  
8 (15 U.S.C. 80a–6(c)) is amended—

9 (1) by striking “(c) The Commission” and in-  
10 sserting the following:

11 “(c) GENERAL EXEMPTIVE AUTHORITY.—

12 “(1) IN GENERAL.—The Commission”; and

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

14 “(2) APPLICATION PROCESS.—

15 “(A) IN GENERAL.—A person who wishes  
16 to receive an exemption from the Commission  
17 pursuant to paragraph (1) shall file an applica-  
18 tion with the Commission in such form and  
19 manner and containing such information as the  
20 Commission may require.

21 “(B) PUBLICATION; REJECTION OF IN-  
22 VALID APPLICATIONS.—

23 “(i) IN GENERAL.—Not later than the  
24 end of the 5-day period beginning on the  
25 date that the Commission receives an ap-

1                    plication under subparagraph (A), the  
2                    Commission shall either—

3                    “(I) publish the application, in-  
4                    cluding by publication on the website  
5                    of the Commission; or

6                    “(II) if the Commission deter-  
7                    mines that the application does not  
8                    comply with the proper form, manner,  
9                    or information requirements described  
10                    under subparagraph (A), reject such  
11                    application and notify the applicant of  
12                    the specific reasons the application  
13                    was rejected.

14                    “(ii) FAILURE TO PUBLISH APPLICA-  
15                    TION.—If the Commission does not reject  
16                    an application under clause (i)(II), but  
17                    fails to publish the application by the end  
18                    of the time period specified under clause  
19                    (i), such application shall be deemed to  
20                    have been published on the date that is the  
21                    end of such time period.

22                    “(3) DETERMINATION BY COMMISSION.—

23                    “(A) IN GENERAL.—Not later than 45  
24                    days after the date that the Commission pub-

1 lishes an application pursuant to paragraph  
2 (2)(B), the Commission shall, by order—

3 “(i) approve the application;

4 “(ii) if the Commission determines  
5 that the application would have been ap-  
6 proved had the applicant provided addi-  
7 tional supporting documentation or made  
8 certain amendments to the application—

9 “(I) provide the applicant with  
10 the specific additional supporting doc-  
11 umentation or amendments that the  
12 Commission believes are necessary for  
13 the applicant to provide in order for  
14 the application to be approved; and

15 “(II) request that the applicant  
16 withdraw the application and re-sub-  
17 mit the application with such addi-  
18 tional supporting documentation and  
19 amendments; or

20 “(iii) deny the application.

21 “(B) EXTENSION OF TIME PERIOD.—The  
22 Commission may extend the time period de-  
23 scribed under subparagraph (A) by not more  
24 than an additional 45 days, if—

1           “(i) the Commission determines that a  
2           longer period is appropriate and publishes  
3           the reasons for such determination; or

4           “(ii) the applicant consents to the  
5           longer period.

6           “(C) TIME PERIOD FOR WITHDRAWAL.—If  
7           the Commission makes a request under sub-  
8           paragraph (A)(ii) for an applicant to withdraw  
9           an application, such application shall be deemed  
10          to be denied if the applicant informs the Com-  
11          mission that the applicant will not withdraw the  
12          application or if the applicant does not with-  
13          draw the application before the end of the 30-  
14          day period beginning on the date the Commis-  
15          sion makes such request.

16          “(4) PROCEEDINGS; NOTICE AND HEARING.—If  
17          an application is denied pursuant to paragraph (3),  
18          the Commission shall provide the applicant with—

19                 “(A) a written explanation for why the ap-  
20                 plication was not approved; and

21                 “(B) an opportunity for hearing, if re-  
22                 quested by the applicant not later than 20 days  
23                 after the date of such denial, with such hearing  
24                 to be commenced not later than 30 days after  
25                 the date of such denial.

1           “(5) RESULT OF FAILURE TO INSTITUTE OR  
2           COMMENCE PROCEEDINGS.—An application shall be  
3           deemed to have been approved by the Commission,  
4           if—

5                   “(A) the Commission fails to either ap-  
6                   prove, request the withdrawal of, or deny the  
7                   application, as required under paragraph  
8                   (3)(A), within the time period required under  
9                   paragraph (3)(A), as such time period may  
10                  have been extended pursuant to paragraph  
11                  (3)(B); or

12                   “(B) the applicant requests an opportunity  
13                   for hearing, pursuant to paragraph (4)(B), but  
14                   the Commission does not commence such hear-  
15                   ing within the time period required under para-  
16                   graph (4)(B).

17           “(6) RULEMAKING.—Not later than 180 days  
18           after the date of enactment of this paragraph, the  
19           Commission shall issue rules to carry out this sub-  
20           section.”.

21 **SEC. 849. RESTRICTION ON RECOVERY OF ERRONEOUSLY**  
22 **AWARDED COMPENSATION.**

23           Section 10D(b)(2) of the Securities Exchange Act of  
24           1934 (15 U.S.C. 78j-4(b)(2)) is amended by inserting be-  
25           fore the period the following: “, where such executive offi-

1 cer had control or authority over the financial reporting  
2 that resulted in the accounting restatement”.

3 **SEC. 850. EXEMPTIVE AUTHORITY FOR CERTAIN PROVI-**  
4 **SIONS RELATING TO REGISTRATION OF NA-**  
5 **TIONALLY RECOGNIZED STATISTICAL RAT-**  
6 **ING ORGANIZATIONS.**

7 Section 15E of the Securities Exchange Act of 1934  
8 (15 U.S.C. 78o-7) is amended by adding at the end the  
9 following:

10 “(w) COMMISSION EXEMPTIVE AUTHORITY.—The  
11 Commission, by rules and regulations upon its own mo-  
12 tion, or by order upon application, may conditionally or  
13 unconditionally exempt any person from any provision or  
14 provisions of this title or of any rule or regulation there-  
15 under, if and to the extent it determines that such rule,  
16 regulation, or requirement is creating a barrier to entry  
17 into the market for nationally recognized statistical rating  
18 organizations or impeding competition among such organi-  
19 zations, or that such an exemption is necessary or appro-  
20 priate in the public interest and is consistent with the pro-  
21 tection of investors.”.

1 **SEC. 851. RISK-BASED EXAMINATIONS OF NATIONALLY**  
2 **RECOGNIZED STATISTICAL RATING ORGANI-**  
3 **ZATIONS.**

4 Section 15E(p)(3) of the Securities Exchange Act of  
5 1934 (15 U.S.C. 78o-7(p)(3)) is amended—

6 (1) in subparagraph (A)—

7 (A) in the heading, by striking “ANNUAL”  
8 and inserting “RISK-BASED”;

9 (B) by striking “an examination” and in-  
10 serting “examinations”; and

11 (C) by striking “at least annually”; and

12 (2) in subparagraph (B), in the matter pre-  
13 ceding clause (i), by inserting “, as appropriate,”  
14 after “Each examination under subparagraph (A)  
15 shall include”.

16 **SEC. 852. TRANSPARENCY OF CREDIT RATING METH-**  
17 **ODOLOGIES.**

18 Section 15E(s) of the Securities Exchange Act of  
19 1934 (15 U.S.C. 78o-7(s)) is amended—

20 (1) in paragraph (2)(B), by inserting before the  
21 semicolon the following: “rated by the nationally rec-  
22 ognized statistical rating agency”; and

23 (2) in paragraph (3)—

24 (A) in subparagraph (A)(ix), by inserting  
25 before the period the following: “, except that  
26 the Commission may not require the inclusion

1 of references to statutory or regulatory require-  
2 ments or statutory provision headings or enu-  
3 merators for any specific disclosure”;

4 (B) in subparagraph (B)(iv), by inserting  
5 before the period the following: “, except that  
6 the Commission may not require the inclusion  
7 of references to statutory or regulatory require-  
8 ments or statutory provision headings or enu-  
9 merators for any specific disclosure”; and

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

11 “(C) NO MANDATE ON THE ORGANIZATION  
12 OF DISCLOSURES.—The Commission may not  
13 mandate the specific organization of the disclo-  
14 sures required under this paragraph.”.

15 **SEC. 853. REPEAL OF CERTAIN ATTESTATION REQUIRE-**  
16 **MENTS RELATING TO CREDIT RATINGS.**

17 Section 15E of the Securities Exchange Act of 1934  
18 (15 U.S.C. 78o–7) is amended—

19 (1) in subsection (c)(3)(B)—

20 (A) in clause (i), by adding “and” at the  
21 end;

22 (B) in clause (ii), by striking “; and” and  
23 inserting a period; and

24 (C) by striking clause (iii); and

25 (2) in subsection (q)(2)—



1 (A) in subparagraph (D), by adding “and”  
2 at the end;

3 (B) in subparagraph (E), by striking “;  
4 and” and inserting a period; and

5 (C) by striking subparagraph (F).

6 **SEC. 854. LOOK-BACK REVIEW BY NRSRO.**

7 Section 15E(h)(4)(A) of the Securities Exchange Act  
8 of 1934 (15 U.S.C. 78o–7(h)(4)(A)) is amended—

9 (1) by striking “Each nationally” and inserting  
10 the following:

11 “(i) IN GENERAL.—Each nationally”;

12 (2) by striking “underwriter” and inserting  
13 “lead underwriter”;

14 (3) by striking “in any capacity”;

15 (4) by striking “during the 1-year period pre-  
16 ceding the date an action was taken with respect to  
17 the credit rating”;

18 (5) by redesignating clauses (i) and (ii) as sub-  
19 clauses (I) and (II), respectively, and adjusting the  
20 margin of such subclauses accordingly;

21 (6) in subclause (I), as so redesignated, by in-  
22 serting before the semicolon the following: “during  
23 the 1-year period preceding the departure of the em-  
24 ployee from the nationally recognized statistical rat-  
25 ing organization”; and

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

2 “(ii) MAINTENANCE OF RATINGS AC-  
3 TIONS.—In the case of maintenance of rat-  
4 ings actions, the requirement under clause  
5 (i) shall only apply to employees of a per-  
6 son subject to a credit rating of the nation-  
7 ally recognized statistical rating organiza-  
8 tion or an issuer of a security or money  
9 market instrument subject to a credit rat-  
10 ing of the nationally recognized statistical  
11 rating organization.”.

12 **SEC. 855. APPROVAL OF CREDIT RATING PROCEDURES AND**  
13 **METHODOLOGIES.**

14 Section 15E(r)(1)(A) of the Securities Exchange Act  
15 of 1934 (15 U.S.C. 78o–7(r)(1)(A)) is amended by insert-  
16 ing “, or the Chief Credit Officer” after “performing a  
17 function similar to that of a board”.

18 **SEC. 856. EXCEPTION FOR PROVIDING CERTAIN MATERIAL**  
19 **INFORMATION RELATING TO A CREDIT RAT-**  
20 **ING.**

21 Section 15E(h)(3) of the Securities Exchange Act of  
22 1934 (15 U.S.C. 78o–7(h)(3)) is amended by adding at  
23 the end the following:

24 “(C) EXCEPTION FOR PROVIDING CERTAIN  
25 MATERIAL INFORMATION.—Rules issued under

1           this paragraph may not prohibit a person who  
2           participates in sales or marketing of a product  
3           or service of a nationally recognized statistical  
4           rating organization from providing material in-  
5           formation, or information believed in good faith  
6           to be material, to the issuance or maintenance  
7           of a credit rating to a person who participates  
8           in determining or monitoring the credit rating,  
9           or developing or approving procedures or meth-  
10          odologies used for determining the credit rating,  
11          so long as the information provided is not in-  
12          tended to influence the determination of a cred-  
13          it rating, or the procedures or methodologies  
14          used to determine credit ratings.”.

15 **SEC. 857. REPEALS.**

16           (a) REPEALS.—The following provisions of title IX  
17 of the Dodd-Frank Wall Street Reform and Consumer  
18 Protection Act are repealed, and the provisions of law  
19 amended or repealed by such sections are restored or re-  
20 vived as if such sections had not been enacted:

- 21           (1) Section 912.
- 22           (2) Section 914.
- 23           (3) Section 917.
- 24           (4) Section 918.
- 25           (5) Section 919A.

- 1 (6) Section 919B.
- 2 (7) Section 919C.
- 3 (8) Section 921.
- 4 (9) Section 929T.
- 5 (10) Section 929X.
- 6 (11) Section 929Y.
- 7 (12) Section 929Z.
- 8 (13) Section 931.
- 9 (14) Section 933.
- 10 (15) Section 937.
- 11 (16) Section 939B.
- 12 (17) Section 939C.
- 13 (18) Section 939D.
- 14 (19) Section 939E.
- 15 (20) Section 939F.
- 16 (21) Section 939G.
- 17 (22) Section 939H.
- 18 (23) Section 946.
- 19 (24) Subsection (b) of section 953.
- 20 (25) Section 955.
- 21 (26) Section 956.
- 22 (27) Section 964.
- 23 (28) Section 965.
- 24 (29) Section 968.
- 25 (30) Section 971.

1 (31) Section 972.

2 (32) Section 976.

3 (33) Section 977.

4 (34) Section 978.

5 (35) Section 984.

6 (36) Section 989.

7 (37) Section 989A.

8 (38) Section 989F.

9 (39) Subsection (b) of section 989G.

10 (40) Section 989I.

11 (b) CONFORMING AMENDMENTS.—The Dodd-Frank  
12 Wall Street Reform and Consumer Protection Act (12  
13 U.S.C. 5301) is amended—

14 (1) in the table of contents in section 1(b), by  
15 striking the items relating to the sections described  
16 under paragraphs (1) through (23), (25) through  
17 (38), and (40) of subsection (a);

18 (2) in section 953, by striking “(a) DISCLO-  
19 SURE OF PAY VERSUS PERFORMANCE.—”; and

20 (3) in section 989G, by striking “(a) EXEMP-  
21 TION.—”.

1 **SEC. 858. EXEMPTION OF AND REPORTING BY PRIVATE EQ-**  
2 **UITY FUND ADVISERS.**

3 Section 203 of the Investment Advisers Act of 1940  
4 (15 U.S.C. 80b-3) is amended by adding at the end the  
5 following:

6 “(o) EXEMPTION OF AND REPORTING BY PRIVATE  
7 EQUITY FUND ADVISERS.—

8 “(1) IN GENERAL.—Except as provided in this  
9 subsection, no investment adviser shall be subject to  
10 the registration or reporting requirements of this  
11 title with respect to the provision of investment ad-  
12 vice relating to a private equity fund.

13 “(2) MAINTENANCE OF RECORDS AND ACCESS  
14 BY COMMISSION.—Not later than 6 months after the  
15 date of enactment of this subsection, the Commis-  
16 sion shall issue final rules—

17 “(A) to require investment advisers de-  
18 scribed in paragraph (1) to maintain such  
19 records and provide to the Commission such an-  
20 nual or other reports as the Commission, taking  
21 into account fund size, governance, investment  
22 strategy, risk, and other factors, determines  
23 necessary and appropriate in the public interest  
24 and for the protection of investors; and

25 “(B) to define the term ‘private equity  
26 fund’ for purposes of this subsection.”.

1 **SEC. 859. RECORDS AND REPORTS OF PRIVATE FUNDS.**

2 The Investment Advisers Act of 1940 (15 U.S.C.  
3 80b-1 et seq.) is amended—

4 (1) in section 204(b)—

5 (A) in paragraph (1)—

6 (i) in subparagraph (A), by striking  
7 “investors,” and all that follows and in-  
8 serting “investors.”;

9 (ii) by striking subparagraph (B); and

10 (iii) by striking “this title—” and all  
11 that follows through “to maintain” and in-  
12 serting “this title to maintain”;

13 (B) in paragraph (3)(H)—

14 (i) by striking “, in consultation with  
15 the Council,”; and

16 (ii) by striking “or for the assessment  
17 of systemic risk”;

18 (C) in paragraph (4), by striking “, or for  
19 the assessment of systemic risk”;

20 (D) in paragraph (5), by striking “or for  
21 the assessment of systemic risk”;

22 (E) in paragraph (6)(A)(ii), by striking “,  
23 or for the assessment of systemic risk”;

24 (F) by striking paragraph (7) and redesign-  
25 ating paragraphs (8) through (11) as para-  
26 graphs (7) through (10), respectively; and

1 (G) in paragraph (8) (as so redesignated),  
2 by striking “paragraph (8)” and inserting  
3 “paragraph (7)”; and

4 (2) in section 211(e)—

5 (A) by striking “after consultation with the  
6 Council but”; and

7 (B) by striking “subsection 204(b)” and  
8 inserting “section 204(b)”.

9 **SEC. 860. DEFINITION OF ACCREDITED INVESTOR.**

10 (a) IN GENERAL.—Section 2(a)(15) of the Securities  
11 Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—

12 (1) by redesignating clauses (i) and (ii) as sub-  
13 paragraphs (A) and (G), respectively; and

14 (2) in subparagraph (A) (as so redesignated),  
15 by striking “; or” at the end and inserting a semi-  
16 colon, and inserting after such subparagraph the fol-  
17 lowing:

18 “(B) any natural person whose individual  
19 net worth, or joint net worth with that person’s  
20 spouse, exceeds \$1,000,000 (which amount,  
21 along with the amounts set forth in subpara-  
22 graph (C), shall be adjusted for inflation by the  
23 Commission every 5 years to the nearest  
24 \$10,000 to reflect the change in the Consumer  
25 Price Index for All Urban Consumers published



1 by the Bureau of Labor Statistics) where, for  
2 purposes of calculating net worth under this  
3 subparagraph—

4 “(i) the person’s primary residence  
5 shall not be included as an asset;

6 “(ii) indebtedness that is secured by  
7 the person’s primary residence, up to the  
8 estimated fair market value of the primary  
9 residence at the time of the sale of securi-  
10 ties, shall not be included as a liability (ex-  
11 cept that if the amount of such indebted-  
12 ness outstanding at the time of sale of se-  
13 curities exceeds the amount outstanding 60  
14 days before such time, other than as a re-  
15 sult of the acquisition of the primary resi-  
16 dence, the amount of such excess shall be  
17 included as a liability); and

18 “(iii) indebtedness that is secured by  
19 the person’s primary residence in excess of  
20 the estimated fair market value of the pri-  
21 mary residence at the time of the sale of  
22 securities shall be included as a liability;

23 “(C) any natural person who had an indi-  
24 vidual income in excess of \$200,000 in each of  
25 the 2 most recent years or joint income with

1 that person's spouse in excess of \$300,000 in  
2 each of those years and has a reasonable expect-  
3 tation of reaching the same income level in the  
4 current year;

5 “(D) any natural person who, by reason of  
6 their net worth or income, is an accredited in-  
7 vestor under section 230.215 of title 17, Code  
8 of Federal Regulations (as in effect on the day  
9 before the date of enactment of this subpara-  
10 graph);

11 “(E) any natural person who is currently  
12 licensed or registered as a broker or investment  
13 adviser by the Commission, the Financial In-  
14 dustry Regulatory Authority, or an equivalent  
15 self-regulatory organization (as defined in sec-  
16 tion 3(a)(26) of the Securities Exchange Act of  
17 1934), or the securities division of a State or  
18 the equivalent State division responsible for li-  
19 censing or registration of individuals in connec-  
20 tion with securities activities;

21 “(F) any natural person the Commission  
22 determines, by regulation, to have demonstrable  
23 education or job experience to qualify such per-  
24 son as having professional knowledge of a sub-  
25 ject related to a particular investment, and

1           whose education or job experience is verified by  
2           the Financial Industry Regulatory Authority or  
3           an equivalent self-regulatory organization (as  
4           defined in section 3(a)(26) of the Securities Ex-  
5           change Act of 1934); or”.

6           (b) REPEAL.—Section 413 of the Dodd-Frank Wall  
7 Street Reform and Consumer Protection Act (Public Law  
8 111–203) is hereby repealed.

9   **SEC. 861. REPEAL OF CERTAIN PROVISIONS REQUIRING A**  
10                                   **STUDY AND REPORT TO CONGRESS.**

11           The following provisions of the Dodd-Frank Wall  
12 Street Reform and Consumer Protection Act are repealed:

13           (1) Section 412.

14           (2) Section 415.

15           (3) Section 416.

16           (4) Section 417.

17   **SEC. 862. REPEAL.**

18           (a) REPEAL.—The following sections of title XV of  
19 the Dodd-Frank Wall Street Reform and Consumer Pro-  
20 tection Act are repealed, and the provisions of law amend-  
21 ed or repealed by such sections are restored or revived as  
22 if such sections had not been enacted:

23           (1) Section 1502.

24           (2) Section 1503.

25           (3) Section 1504.

1 (4) Section 1505.

2 (5) Section 1506.

3 (b) CLERICAL AMENDMENT.—The table of contents  
4 in section 1(b) of the Dodd-Frank Wall Street Reform and  
5 Consumer Protection Act is amended by striking the items  
6 relating to sections 1502, 1503, 1504, 1505, and 1506.

7 **Subtitle C—Harmonization of**  
8 **Derivatives Rules**

9 **SEC. 871. COMMISSIONS REVIEW AND HARMONIZATION OF**  
10 **RULES RELATING TO THE REGULATION OF**  
11 **OVER-THE-COUNTER SWAPS MARKETS.**

12 The Securities and Exchange Commission and the  
13 Commodity Futures Trading Commission shall review  
14 each rule, order, and interpretive guidance issued by either  
15 such Commission pursuant to title VII of the Dodd-Frank  
16 Wall Street Reform and Consumer Protection Act (15  
17 U.S.C. 8301 et seq.) and, where the Commissions find in-  
18 consistencies in any such rules, orders, or interpretive  
19 guidance, shall jointly issue new rules, orders, or interpre-  
20 tive guidance to resolve such inconsistencies.

21 **SEC. 872. TREATMENT OF TRANSACTIONS BETWEEN AF-**  
22 **FILIATES.**

23 (a) COMMODITY EXCHANGE ACT.—Section 1a(47) of  
24 the Commodity Exchange Act (7 U.S.C. 1a(47)) is amend-  
25 ed by adding at the end the following:

1                   “(G) TREATMENT OF SWAP TRANSACTIONS  
2 BETWEEN AFFILIATES.—

3                   “(i) EXEMPTION FROM SWAP  
4 RULES.—Except as provided under clause  
5 (ii), the Commission may not regulate a  
6 swap under this Act if all of the following  
7 apply to such swap:

8                   “(I) AFFILIATION.—One  
9 counterparty, directly or indirectly,  
10 holds a majority ownership interest in  
11 the other counterparty, or a third  
12 party, directly or indirectly, holds a  
13 majority ownership interest in both  
14 counterparties.

15                   “(II) FINANCIAL STATEMENTS.—  
16 The affiliated counterparty that holds  
17 the majority interest in the other  
18 counterparty or the third party that,  
19 directly or indirectly, holds the major-  
20 ity interests in both affiliated counter-  
21 parties, reports its financial state-  
22 ments on a consolidated basis under  
23 generally accepted accounting prin-  
24 ciples or International Financial Re-  
25 porting Standards, or other similar

1 standards, and the financial state-  
2 ments include the financial results of  
3 the majority-owned affiliated  
4 counterparty or counterparties.

5 “(ii) REQUIREMENTS FOR EXEMPTED  
6 SWAPS.—With respect to a swap described  
7 under clause (i):

8 “(I) REPORTING REQUIRE-  
9 MENT.—If at least one counterparty is  
10 a swap dealer or major swap partici-  
11 pant, that counterparty shall report  
12 the swap pursuant to section 4r, with-  
13 in such time period as the Commis-  
14 sion may by rule or regulation pre-  
15 scribe—

16 “(aa) to a swap data reposi-  
17 tory; or

18 “(bb) if there is no swap  
19 data repository that would accept  
20 the agreement, contract or trans-  
21 action, to the Commission.

22 “(II) RISK MANAGEMENT RE-  
23 QUIREMENT.—If at least one  
24 counterparty is a swap dealer or  
25 major swap participant, the swap

1 shall be subject to a centralized risk  
2 management program pursuant to  
3 section 4s(j) that is reasonably de-  
4 signed to monitor and to manage the  
5 risks associated with the swap.

6 “(III) ANTI-EVASION REQUIRE-  
7 MENT.—The swap shall not be struc-  
8 tured to evade the Dodd-Frank Wall  
9 Street Reform and Consumer Protec-  
10 tion Act in violation of any rule pro-  
11 mulgated by the Commission pursuant  
12 to section 721(c) of such Act.”.

13 (b) SECURITIES EXCHANGE ACT OF 1934.—Section  
14 3(a)(68) of the Securities Exchange Act of 1934 (15  
15 U.S.C. 78c(a)(68)) is amended by adding at the end the  
16 following:

17 “(F) TREATMENT OF SECURITY-BASED  
18 SWAP TRANSACTIONS BETWEEN AFFILIATES.—

19 “(i) EXEMPTION FROM SECURITY-  
20 BASED SWAP RULES.—Except as provided  
21 under clause (ii), the Commission may not  
22 regulate a security-based swap under this  
23 Act if all of the following apply to such se-  
24 curity-based swap:

1                   “(I)           AFFILIATION.—One  
2                   counterparty, directly or indirectly,  
3                   holds a majority ownership interest in  
4                   the other counterparty, or a third  
5                   party, directly or indirectly, holds a  
6                   majority ownership interest in both  
7                   counterparties.

8                   “(II) FINANCIAL STATEMENTS.—  
9                   The affiliated counterparty that holds  
10                  the majority interest in the other  
11                  counterparty or the third party that,  
12                  directly or indirectly, holds the major-  
13                  ity interests in both affiliated counter-  
14                  parties, reports its financial state-  
15                  ments on a consolidated basis under  
16                  generally accepted accounting prin-  
17                  ciples or International Financial Re-  
18                  porting Standards, or other similar  
19                  standards, and the financial state-  
20                  ments include the financial results of  
21                  the       majority-owned       affiliated  
22                  counterparty or counterparties.

23                  “(ii) REQUIREMENTS FOR EXEMPTED  
24                  SECURITY-BASED SWAPS.—With respect to



1 a security-based swap described under  
2 clause (i):

3 “(I) REPORTING REQUIRE-  
4 MENT.—If at least one counterparty is  
5 a security-based swap dealer or major  
6 security-based swap participant, that  
7 counterparty shall report the security-  
8 based swap pursuant to section 13A,  
9 within such time period as the Com-  
10 mission may by rule or regulation pre-  
11 scribe—

12 “(aa) to a security-based  
13 swap data repository; or

14 “(bb) if there is no security-  
15 based swap data repository that  
16 would accept the agreement, con-  
17 tract or transaction, to the Com-  
18 mission.

19 “(II) RISK MANAGEMENT RE-  
20 QUIREMENT.—If at least one  
21 counterparty is a security-based swap  
22 dealer or major security-based swap  
23 participant, the security-based swap  
24 shall be subject to a centralized risk  
25 management program pursuant to

1 section 15F(j) that is reasonably de-  
2 signed to monitor and to manage the  
3 risks associated with the security-  
4 based swap.

5 “(III) ANTI-EVASION REQUIRE-  
6 MENT.—The security-based swap shall  
7 not be structured to evade the Dodd-  
8 Frank Wall Street Reform and Con-  
9 sumer Protection Act in violation of  
10 any rule promulgated by the Commis-  
11 sion pursuant to section 761(b)(3) of  
12 such Act.”.

13 **TITLE IX—REPEAL OF THE**  
14 **VOLCKER RULE AND OTHER**  
15 **PROVISIONS**

16 **SEC. 901. REPEALS.**

17 (a) IN GENERAL.—The following sections of title VI  
18 of the Dodd-Frank Wall Street Reform and Consumer  
19 Protection Act are repealed, and the provisions of law  
20 amended or repealed by such sections are restored or re-  
21 vived as if such sections had not been enacted:

- 22 (1) Section 603.  
23 (2) Section 618.  
24 (3) Section 619.  
25 (4) Section 620.

1 (5) Section 621.

2 (b) CLERICAL AMENDMENT.—The table of contents  
3 under section 1(b) of the Dodd-Frank Wall Street Reform  
4 and Consumer Protection Act is amended by striking the  
5 items relating to sections 603, 618, 619, 620, and 621.

6 **TITLE X—FED OVERSIGHT**  
7 **REFORM AND MODERNIZATION**

8 **SEC. 1001. REQUIREMENTS FOR POLICY RULES OF THE**  
9 **FEDERAL OPEN MARKET COMMITTEE.**

10 The Federal Reserve Act (12 U.S.C. 221 et seq.) is  
11 amended by inserting after section 2B the following new  
12 section:

13 **“SEC. 2C. DIRECTIVE POLICY RULES OF THE FEDERAL**  
14 **OPEN MARKET COMMITTEE.**

15 “(a) DEFINITIONS.—In this section the following  
16 definitions shall apply:

17 “(1) APPROPRIATE CONGRESSIONAL COMMIT-  
18 TEES.—The term ‘appropriate congressional com-  
19 mittees’ means the Committee on Financial Services  
20 of the House of Representatives and the Committee  
21 on Banking, Housing, and Urban Affairs of the Sen-  
22 ate.

23 “(2) DIRECTIVE POLICY RULE.—The term ‘Di-  
24 rective Policy Rule’ means a policy rule developed by  
25 the Federal Open Market Committee that meets the

1 requirements of subsection (c) and that provides the  
2 basis for the Open Market Operations Directive.

3 “(3) GDP.—The term ‘GDP’ means the gross  
4 domestic product of the United States as computed  
5 and published by the Department of Commerce.

6 “(4) INTERMEDIATE POLICY INPUT.—The term  
7 ‘Intermediate Policy Input’—

8 “(A) may include any variable determined  
9 by the Federal Open Market Committee as a  
10 necessary input to guide open-market oper-  
11 ations;

12 “(B) shall include an estimate of, and the  
13 method of calculation for, the current rate of  
14 inflation or current inflation expectations; and

15 “(C) shall include, specifying whether the  
16 variable or estimate is historical, current, or a  
17 forecast and the method of calculation, at least  
18 one of—

19 “(i) an estimate of real GDP, nominal  
20 GDP, or potential GDP;

21 “(ii) an estimate of the monetary ag-  
22 gregate compiled by the Board of Gov-  
23 ernors of the Federal Reserve System and  
24 Federal reserve banks; or

1                   “(iii) an interactive variable or a net  
2                   estimate composed of the estimates de-  
3                   scribed in clauses (i) and (ii).

4                   “(5) LEGISLATIVE DAY.—The term ‘legislative  
5                   day’ means a day on which either House of Congress  
6                   is in session.

7                   “(6) OPEN MARKET OPERATIONS DIRECTIVE.—  
8                   The term ‘Open Market Operations Directive’ means  
9                   an order to achieve a specified Policy Instrument  
10                  Target provided to the Federal Reserve Bank of  
11                  New York by the Federal Open Market Committee  
12                  pursuant to powers authorized under section 14 of  
13                  this Act that guide open-market operations.

14                  “(7) POLICY INSTRUMENT.—The term ‘Policy  
15                  Instrument’ means—

16                         “(A) the nominal Federal funds rate;

17                         “(B) the nominal rate of interest paid on  
18                         nonborrowed reserves; or

19                         “(C) the discount window primary credit  
20                         interest rate most recently published on the  
21                         Federal Reserve Statistical Release on selected  
22                         interest rates (daily or weekly), commonly re-  
23                         ferred to as the H.15 release.

24                  “(8) POLICY INSTRUMENT TARGET.—The term  
25                  ‘Policy Instrument Target’ means the target for the

1 Policy Instrument specified in the Open Market Op-  
2 erations Directive.

3 “(9) REFERENCE POLICY RULE.—The term  
4 ‘Reference Policy Rule’ means a calculation of the  
5 nominal Federal funds rate as equal to the sum of  
6 the following:

7 “(A) The rate of inflation over the pre-  
8 vious four quarters.

9 “(B) One-half of the percentage deviation  
10 of the real GDP from an estimate of potential  
11 GDP.

12 “(C) One-half of the difference between the  
13 rate of inflation over the previous four quarters  
14 and two percent.

15 “(D) Two percent.

16 “(b) SUBMITTING A DIRECTIVE POLICY RULE.—Not  
17 later than 48 hours after the end of a meeting of the Fed-  
18 eral Open Market Committee, the Chairman of the Fed-  
19 eral Open Market Committee shall submit to the appro-  
20 priate congressional committees and the Comptroller Gen-  
21 eral of the United States a Directive Policy Rule and a  
22 statement that identifies the members of the Federal Open  
23 Market Committee who voted in favor of the Directive Pol-  
24 icy Rule.

1       “(c) REQUIREMENTS FOR A DIRECTIVE POLICY  
2 RULE.—A Directive Policy Rule shall—

3           “(1) identify the Policy Instrument the Direc-  
4 tive Policy Rule is designed to target;

5           “(2) describe the strategy or rule of the Federal  
6 Open Market Committee for the systematic quan-  
7 titative adjustment of the Policy Instrument Target  
8 to respond to a change in the Intermediate Policy  
9 Inputs;

10          “(3) include a function that comprehensively  
11 models the interactive relationship between the In-  
12 termediate Policy Inputs;

13          “(4) include the coefficients of the Directive  
14 Policy Rule that generate the current Policy Instru-  
15 ment Target and a range of predicted future values  
16 for the Policy Instrument Target if changes occur in  
17 any Intermediate Policy Input;

18          “(5) describe the procedure for adjusting the  
19 supply of bank reserves to achieve the Policy Instru-  
20 ment Target;

21          “(6) include a statement as to whether the Di-  
22 rective Policy Rule substantially conforms to the  
23 Reference Policy Rule and, if applicable—

24               “(A) an explanation of the extent to which  
25 it departs from the Reference Policy Rule;

1           “(B) a detailed justification for that depar-  
2           ture; and

3           “(C) a description of the circumstances  
4           under which the Directive Policy Rule may be  
5           amended in the future;

6           “(7) include a certification that the Directive  
7           Policy Rule is expected to support the economy in  
8           achieving stable prices and maximum natural em-  
9           ployment over the long term;

10          “(8) include a calculation that describes with  
11          mathematical precision the expected annual inflation  
12          rate over a 5-year period; and

13          “(9) include a plan to use the most accurate  
14          data, subject to all historical revisions, for inputs  
15          into the Directive Policy Rule and the Reference  
16          Policy Rule.

17          “(d) GAO REPORT.—The Comptroller General of the  
18          United States shall compare the Directive Policy Rule sub-  
19          mitted under subsection (b) with the rule that was most  
20          recently submitted to determine whether the Directive Pol-  
21          icy Rule has materially changed. If the Directive Policy  
22          Rule has materially changed, the Comptroller General  
23          shall, not later than 7 days after each meeting of the Fed-  
24          eral Open Market Committee, prepare and submit a com-  
25          pliance report to the appropriate congressional committees



1 specifying whether the Directive Policy Rule submitted  
2 after that meeting and the Federal Open Market Com-  
3 mittee are in compliance with this section.

4 “(e) CHANGING MARKET CONDITIONS.—

5 “(1) RULE OF CONSTRUCTION.—Nothing in  
6 this Act shall be construed to require that the plans  
7 with respect to the systematic quantitative adjust-  
8 ment of the Policy Instrument Target described  
9 under subsection (c)(2) be implemented if the Fed-  
10 eral Open Market Committee determines that such  
11 plans cannot or should not be achieved due to  
12 changing market conditions.

13 “(2) GAO APPROVAL OF UPDATE.—Upon deter-  
14 mining that plans described in paragraph (1) cannot  
15 or should not be achieved, the Federal Open Market  
16 Committee shall submit an explanation for that de-  
17 termination and an updated version of the Directive  
18 Policy Rule to the Comptroller General of the  
19 United States and the appropriate congressional  
20 committees not later than 48 hours after making the  
21 determination. The Comptroller General shall, not  
22 later than 48 hours after receiving such updated  
23 version, prepare and submit to the appropriate con-  
24 gressional committees a compliance report deter-  
25 mining whether such updated version and the Fed-

1       eral Open Market Committee are in compliance with  
2       this section.

3       “(f) DIRECTIVE POLICY RULE AND FEDERAL OPEN  
4 MARKET COMMITTEE NOT IN COMPLIANCE.—

5               “(1) IN GENERAL.—If the Comptroller General  
6       of the United States determines that the Directive  
7       Policy Rule and the Federal Open Market Com-  
8       mittee are not in compliance with this section in the  
9       report submitted pursuant to subsection (d), or that  
10      the updated version of the Directive Policy Rule and  
11      the Federal Open Market Committee are not in com-  
12      pliance with this section in the report submitted pur-  
13      suant to subsection (e)(2), the Chairman of the  
14      Board of Governors of the Federal Reserve System  
15      shall, if requested by the chairman of either of the  
16      appropriate congressional committees, not later than  
17      7 legislative days after such request, testify before  
18      such committee as to why the Directive Policy Rule,  
19      the updated version, or the Federal Open Market  
20      Committee is not in compliance.

21              “(2) GAO AUDIT.—Notwithstanding subsection  
22      (b) of section 714 of title 31, United States Code,  
23      upon submitting a report of noncompliance pursuant  
24      to subsection (d) or subsection (e)(2) and after the  
25      period of 7 legislative days described in paragraph

1 (1), the Comptroller General shall audit the conduct  
2 of monetary policy by the Board of Governors of the  
3 Federal Reserve System and the Federal Open Mar-  
4 ket Committee upon request of the appropriate con-  
5 gressional committee. Such committee may specify  
6 the parameters of such audit.

7 “(g) CONGRESSIONAL HEARINGS.—The Chairman of  
8 the Board of Governors of the Federal Reserve System  
9 shall, if requested by the chairman of either of the appro-  
10 priate congressional committees and not later than 7 legis-  
11 lative days after such request, appear before such com-  
12 mittee to explain any change to the Directive Policy  
13 Rule.”.

14 **SEC. 1002. FEDERAL OPEN MARKET COMMITTEE BLACK-**  
15 **OUT PERIOD.**

16 Section 12A of the Federal Reserve Act (12 U.S.C.  
17 263) is amended by adding at the end the following new  
18 subsection:

19 “(d) BLACKOUT PERIOD.—

20 “(1) IN GENERAL.—During a blackout period,  
21 the only public communications that may be made  
22 by members and staff of the Committee with respect  
23 to macroeconomic or financial developments or about  
24 current or prospective monetary policy issues are the  
25 following:

1           “(A) The dissemination of published data,  
2           surveys, and reports that have been cleared for  
3           publication by the Board of Governors of the  
4           Federal Reserve System.

5           “(B) Answers to technical questions spe-  
6           cific to a data release.

7           “(C) Communications with respect to the  
8           prudential or supervisory functions of the  
9           Board of Governors.

10          “(2) BLACKOUT PERIOD DEFINED.—For pur-  
11          poses of this subsection, and with respect to a meet-  
12          ing of the Committee described under subsection (a),  
13          the term ‘blackout period’ means the time period  
14          that—

15                 “(A) begins immediately after midnight on  
16                 the day that is one week prior to the date on  
17                 which such meeting takes place; and

18                 “(B) ends at midnight on the day after the  
19                 date on which such meeting takes place.

20          “(3) EXEMPTION FOR CHAIRMAN OF THE  
21          BOARD OF GOVERNORS.—Nothing in this section  
22          shall prohibit the Chairman of the Board of Gov-  
23          ernors of the Federal Reserve System from partici-  
24          pating in or issuing public communications.”.

1 **SEC. 1003. PUBLIC TRANSCRIPTS OF FOMC MEETINGS.**

2 Section 12A of the Federal Reserve Act (12 U.S.C.  
3 263), as amended by section 1002, is further amended by  
4 adding at the end the following:

5 “(e) PUBLIC TRANSCRIPTS OF MEETINGS.—The  
6 Committee shall—

7 “(1) record all meetings of the Committee; and

8 “(2) make the full transcript of such meetings  
9 available to the public.”.

10 **SEC. 1004. MEMBERSHIP OF FEDERAL OPEN MARKET COM-**  
11 **MITTEE.**

12 Section 12A(a) of the Federal Reserve Act (12  
13 U.S.C. 263(a)) is amended—

14 (1) in the first sentence, by striking “five” and  
15 inserting “six”;

16 (2) in the second sentence, by striking “One by  
17 the board of directors” and all that follows through  
18 the period at the end and inserting the following:

19 “One by the boards of directors of the Federal Re-  
20 serve Banks of New York and Boston; one by the  
21 boards of directors of the Federal Reserve Banks of  
22 Philadelphia and Cleveland; one by the boards of di-  
23 rectors of the Federal Reserve Banks of Richmond  
24 and Atlanta; one by the boards of directors of the  
25 Federal Reserve Banks of Chicago and St. Louis;  
26 one by the boards of directors of the Federal Re-

1 serve Banks of Minneapolis and Kansas City; and  
2 one by the boards of directors of the Federal Re-  
3 serve Banks of Dallas and San Francisco.”; and

4 (3) by inserting after the second sentence the  
5 following: “In odd numbered calendar years, one  
6 representative shall be elected from each of the Fed-  
7 eral Reserve Banks of Boston, Philadelphia, Rich-  
8 mond, Chicago, Minneapolis, and Dallas. In even-  
9 numbered calendar years, one representative shall be  
10 elected from each of the Federal Reserve Banks of  
11 New York, Cleveland, Atlanta, St. Louis, Kansas  
12 City, and San Francisco.”.

13 **SEC. 1005. FREQUENCY OF TESTIMONY OF THE CHAIRMAN**  
14 **OF THE BOARD OF GOVERNORS OF THE FED-**  
15 **ERAL RESERVE SYSTEM TO CONGRESS.**

16 (a) IN GENERAL.—Section 2B of the Federal Reserve  
17 Act (12 U.S.C. 225b) is amended—

18 (1) by striking “semi-annual” each place it ap-  
19 pears and inserting “quarterly”; and

20 (2) in subsection (a)(2)—

21 (A) by inserting “and October 20” after  
22 “July 20” each place it appears; and

23 (B) by inserting “and May 20” after  
24 “February 20” each place it appears.

1 (b) CONFORMING AMENDMENT.—Paragraph (12) of  
2 section 10 of the Federal Reserve Act (12 U.S.C.  
3 247b(12)) is amended by striking “semi-annual” and in-  
4 serting “quarterly”.

5 **SEC. 1006. VICE CHAIRMAN FOR SUPERVISION REPORT RE-**  
6 **QUIREMENT.**

7 Paragraph (12) of section 10 of the Federal Reserve  
8 Act (12 U.S.C. 247(b)) is amended—

9 (1) by redesignating such paragraph as para-  
10 graph (11); and

11 (2) in such paragraph, by adding at the end the  
12 following: “In each such appearance, the Vice Chair-  
13 man for Supervision shall provide written testimony  
14 that includes the status of all pending and antici-  
15 pated rulemakings that are being made by the  
16 Board of Governors of the Federal Reserve System.  
17 If, at the time of any appearance described in this  
18 paragraph, the position of Vice Chairman for Super-  
19 vision is vacant, the Vice Chairman for the Board of  
20 Governors of the Federal Reserve System (who has  
21 the responsibility to serve in the absence of the  
22 Chairman) shall appear instead and provide the re-  
23 quired written testimony. If, at the time of any ap-  
24 pearance described in this paragraph, both Vice  
25 Chairman positions are vacant, the Chairman of the

1 Board of Governors of the Federal Reserve System  
2 shall appear instead and provide the required writ-  
3 ten testimony.”.

4 **SEC. 1007. SALARIES, FINANCIAL DISCLOSURES, AND OF-**  
5 **FICE STAFF OF THE BOARD OF GOVERNORS**  
6 **OF THE FEDERAL RESERVE SYSTEM.**

7 (a) IN GENERAL.—Section 11 of the Federal Reserve  
8 Act (12 U.S.C. 248) is amended—

9 (1) by redesignating the second subsection (s)  
10 (relating to “Assessments, Fees, and Other Charges  
11 for Certain Companies”) as subsection (t); and

12 (2) by inserting before subsection (w), as added  
13 by section 371(a), the following new subsections:

14 “(u) **ETHICS STANDARDS FOR MEMBERS AND EM-**  
15 **PLOYEES.**—

16 “(1) **PROHIBITED AND RESTRICTED FINANCIAL**  
17 **INTERESTS AND TRANSACTIONS.**—The members and  
18 employees of the Board of Governors of the Federal  
19 Reserve System shall be subject to the provisions  
20 under section 4401.102 of title 5, Code of Federal  
21 Regulations, to the same extent as such provisions  
22 apply to an employee of the Securities and Exchange  
23 Commission.

24 “(2) **TREATMENT OF BROKERAGE ACCOUNTS**  
25 **AND AVAILABILITY OF ACCOUNT STATEMENTS.**—The



1 members and employees of the Board of Governors  
2 of the Federal Reserve System shall—

3 “(A) disclose all brokerage accounts that  
4 the member or employee maintains, as well as  
5 any accounts in which the member or employee  
6 controls trading or has a financial interest (in-  
7 cluding managed accounts, trust accounts, in-  
8 vestment club accounts, and accounts of  
9 spouses or minor children who live with the  
10 member or employee); and

11 “(B) with respect to any securities account  
12 that the member or employee is required to dis-  
13 close to the Board of Governors, authorize the  
14 brokers and dealers of such account to send du-  
15 plicate account statements directly to Board of  
16 Governors.

17 “(3) PROHIBITIONS RELATED TO OUTSIDE EM-  
18 PLOYMENT AND ACTIVITIES.—The members and em-  
19 ployees of the Board of Governors of the Federal  
20 Reserve System shall be subject to the prohibitions  
21 related to outside employment and activities de-  
22 scribed under section 4401.103(c) of title 5, Code of  
23 Federal Regulations, to the same extent as such pro-  
24 hibitions apply to an employee of the Securities and  
25 Exchange Commission.

1           “(4) ADDITIONAL ETHICS STANDARDS.—The  
2 members and employees of the Board of Governors  
3 of the Federal Reserve System shall be subject to—

4           “(A) the employee responsibilities and con-  
5 duct regulations of the Office of Personnel  
6 Management under part 735 of title 5, Code of  
7 Federal Regulations;

8           “(B) the canons of ethics contained in sub-  
9 part C of part 200 of title 17, Code of Federal  
10 Regulations, to the same extent as such subpart  
11 applies to the employees of the Securities and  
12 Exchange Commission; and

13           “(C) the regulations concerning the con-  
14 duct of members and employees and former  
15 members and employees contained in subpart M  
16 of part 200 of title 17, Code of Federal Regula-  
17 tions, to the same extent as such subpart ap-  
18 plies to the employees of the Securities and Ex-  
19 change Commission.

20           “(v) DISCLOSURE OF STAFF SALARIES AND FINAN-  
21 CIAL INFORMATION.—The Board of Governors of the Fed-  
22 eral Reserve System shall make publicly available, on the  
23 website of the Board of Governors, a searchable database  
24 that contains the names of all members, officers, and em-  
25 ployees of the Board of Governors who receive an annual

1 salary in excess of the annual rate of basic pay for GS—  
2 15 of the General Schedule, and—

3 “(1) the yearly salary information for such indi-  
4 viduals, along with any nonsalary compensation re-  
5 ceived by such individuals; and

6 “(2) any financial disclosures required to be  
7 made by such individuals.”.

8 (b) OFFICE STAFF FOR EACH MEMBER OF THE  
9 BOARD OF GOVERNORS.—Subsection (l) of section 11 of  
10 the Federal Reserve Act (12 U.S.C. 248) is amended by  
11 adding at the end the following: “Each member of the  
12 Board of Governors of the Federal Reserve System may  
13 employ, at a minimum, 2 individuals, with such individuals  
14 selected by such member and the salaries of such individ-  
15 uals set by such member. A member may employ addi-  
16 tional individuals as determined necessary by the Board  
17 of Governors.”.

18 **SEC. 1008. AMENDMENTS TO POWERS OF THE BOARD OF**  
19 **GOVERNORS OF THE FEDERAL RESERVE SYS-**  
20 **TEM.**

21 (a) IN GENERAL.—Section 13(3) of the Federal Re-  
22 serve Act (12 U.S.C. 343(3)), as amended by section  
23 111(b)(3), is further amended—

24 (1) in subparagraph (A)—

1 (A) by inserting “that pose a threat to the  
2 financial stability of the United States” after  
3 “unusual and exigent circumstances”; and

4 (B) by inserting “and by the affirmative  
5 vote of not less than nine presidents of the Fed-  
6 eral reserve banks” after “five members”;

7 (2) in subparagraph (B)—

8 (A) in clause (i), by inserting at the end  
9 the following: “Federal reserve banks may not  
10 accept equity securities issued by the recipient  
11 of any loan or other financial assistance under  
12 this paragraph as collateral. Not later than 6  
13 months after the date of enactment of this sen-  
14 tence, the Board shall, by rule, establish—

15 “(I) a method for determining  
16 the sufficiency of the collateral re-  
17 quired under this paragraph;

18 “(II) acceptable classes of collat-  
19 eral;

20 “(III) the amount of any dis-  
21 count on the value of the collateral  
22 that the Federal reserve banks will  
23 apply for purposes of calculating the  
24 sufficiency of collateral under this  
25 paragraph; and

1                   “(IV) a method for obtaining  
2                   independent appraisals of the value of  
3                   collateral the Federal reserve banks  
4                   receive.”; and

5                   (B) in clause (ii)—

6                   (i) by striking the second sentence;  
7                   and

8                   (ii) by inserting after the first sen-  
9                   tence the following: “A borrower shall not  
10                  be eligible to borrow from any emergency  
11                  lending program or facility unless the  
12                  Board and all Federal banking regulators  
13                  with jurisdiction over the borrower certify  
14                  that, at the time the borrower initially bor-  
15                  rows under the program or facility, the  
16                  borrower is not insolvent.”;

17                  (3) by inserting “financial institution” before  
18                  “participant” each place such term appears;

19                  (4) in subparagraph (D)(i), by inserting “finan-  
20                  cial institution” before “participants”; and

21                  (5) by adding at the end the following new sub-  
22                  paragraphs:

23                               “(E) PENALTY RATE.—

24                                       “(i) IN GENERAL.—Not later than 6  
25                                       months after the date of enactment of this

1           subparagraph, the Board shall, with re-  
2           spect to a recipient of any loan or other fi-  
3           nancial assistance under this paragraph,  
4           establish by rule a minimum interest rate  
5           on the principal amount of any loan or  
6           other financial assistance.

7           “(ii) MINIMUM INTEREST RATE DE-  
8           FINED.—In this subparagraph, the term  
9           ‘minimum interest rate’ shall mean the  
10          sum of—

11                   “(I) the average of the secondary  
12                   discount rate of all Federal Reserve  
13                   banks over the most recent 90-day pe-  
14                   riod; and

15                   “(II) the average of the dif-  
16                   ference between a distressed corporate  
17                   bond yield index (as defined by rule of  
18                   the Board) and a bond yield index of  
19                   debt issued by the United States (as  
20                   defined by rule of the Board) over the  
21                   most recent 90-day period.

22           “(F) FINANCIAL INSTITUTION PARTICI-  
23           PANT DEFINED.—For purposes of this para-  
24           graph, the term ‘financial institution partici-  
25           pant’—

1           “(i) means a company that is pre-  
2           dominantly engaged in financial activities  
3           (as defined in section 102(a) of the Dodd-  
4           Frank Wall Street Reform and Consumer  
5           Protection Act (12 U.S.C. 5311(a))); and

6           “(ii) does not include an agency de-  
7           scribed in subparagraph (W) of section  
8           5312(a)(2) of title 31, United States Code,  
9           or an entity controlled or sponsored by  
10          such an agency.”.

11          (b)       CONFORMING        AMENDMENT.—Section  
12 11(r)(2)(A) of the Federal Reserve Act (12 U.S.C.  
13 248(r)(2)(A)) is amended—

14           (1) in clause (ii)(IV), by striking “; and” and  
15           inserting a semicolon;

16           (2) in clause (iii), by striking the period at the  
17           end and inserting “; and”; and

18           (3) by adding at the end the following new  
19           clause:

20           “(iv) the available members secure the affirma-  
21           tive vote of not less than nine presidents of the Fed-  
22           eral reserve banks.”.

1 **SEC. 1009. INTEREST RATES ON BALANCES MAINTAINED AT**  
2 **A FEDERAL RESERVE BANK BY DEPOSITORY**  
3 **INSTITUTIONS ESTABLISHED BY FEDERAL**  
4 **OPEN MARKET COMMITTEE.**

5 Subparagraph (A) of section 19(b)(12) of the Federal  
6 Reserve Act (12 U.S.C. 461(b)(12)(A)) is amended by in-  
7 serting “established by the Federal Open Market Com-  
8 mittee” after “rate or rates”.

9 **SEC. 1010. AUDIT REFORM AND TRANSPARENCY FOR THE**  
10 **BOARD OF GOVERNORS OF THE FEDERAL RE-**  
11 **SERVE SYSTEM.**

12 (a) IN GENERAL.—Notwithstanding section 714 of  
13 title 31, United States Code, or any other provision of law,  
14 the Comptroller General of the United States shall annu-  
15 ally complete an audit of the Board of Governors of the  
16 Federal Reserve System and the Federal reserve banks  
17 under subsection (b) of such section 714 within 12 months  
18 after the date of the enactment of this Act.

19 (b) REPORT.—

20 (1) IN GENERAL.—Not later than 90 days after  
21 each audit required pursuant to subsection (a) is  
22 completed, the Comptroller General—

23 (A) shall submit to Congress a report on  
24 such audit; and

25 (B) shall make such report available to the  
26 Speaker of the House, the majority and minor-



1           ity leaders of the House of Representatives, the  
2           majority and minority leaders of the Senate, the  
3           Chairman and Ranking Member of the com-  
4           mittee and each subcommittee of jurisdiction in  
5           the House of Representatives and the Senate,  
6           and any other Member of Congress who re-  
7           quests the report.

8           (2) CONTENTS.—The report under paragraph  
9           (1) shall include a detailed description of the find-  
10          ings and conclusion of the Comptroller General with  
11          respect to the audit that is the subject of the report,  
12          together with such recommendations for legislative  
13          or administrative action as the Comptroller General  
14          may determine to be appropriate.

15          (c) REPEAL OF CERTAIN LIMITATIONS.—Subsection  
16          (b) of section 714 of title 31, United States Code, is  
17          amended by striking the second sentence.

18          (d) TECHNICAL AND CONFORMING AMENDMENTS.—

19                  (1) IN GENERAL.—Section 714 of title 31,  
20          United States Code, is amended—

21                          (A) in subsection (d)(3), by striking “or  
22                          (f)” each place such term appears;

23                          (B) in subsection (e), by striking “the  
24                          third undesignated paragraph of section 13”  
25                          and inserting “section 13(3)”; and

1 (C) by striking subsection (f).

2 (2) FEDERAL RESERVE ACT.—Subsection (s)  
3 (relating to “Federal Reserve Transparency and Re-  
4 lease of Information”) of section 11 of the Federal  
5 Reserve Act (12 U.S.C. 248) is amended—

6 (A) in paragraph (4)(A), by striking “has  
7 the same meaning as in section 714(f)(1)(A) of  
8 title 31, United States Code” and inserting  
9 “means a program or facility, including any  
10 special purpose vehicle or other entity estab-  
11 lished by or on behalf of the Board of Gov-  
12 ernors of the Federal Reserve System or a Fed-  
13 eral reserve bank, authorized by the Board of  
14 Governors under section 13(3), that is not sub-  
15 ject to audit under section 714(e) of title 31,  
16 United States Code”;

17 (B) in paragraph (6), by striking “or in  
18 section 714(f)(3)(C) of title 31, United States  
19 Code, the information described in paragraph  
20 (1) and information concerning the transactions  
21 described in section 714(f) of such title,” and  
22 inserting “the information described in para-  
23 graph (1)”;

24 (C) in paragraph (7), by striking “and sec-  
25 tion 13(3)(C), section 714(f)(3)(C) of title 31,

1 United States Code, and” and inserting “, sec-  
2 tion 13(3)(C), and”.

3 **SEC. 1011. ESTABLISHMENT OF A CENTENNIAL MONETARY**  
4 **COMMISSION.**

5 (a) FINDINGS.—Congress finds the following:

6 (1) The Constitution endows Congress with the  
7 power “to coin money, regulate the value thereof”.

8 (2) Following the financial crisis known as the  
9 Panic of 1907, Congress established the National  
10 Monetary Commission to provide recommendations  
11 for the reform of the financial and monetary systems  
12 of the United States.

13 (3) Incorporating several of the recommenda-  
14 tions of the National Monetary Commission, Con-  
15 gress created the Federal Reserve System in 1913.  
16 As currently organized, the Federal Reserve System  
17 consists of the Board of Governors in Washington,  
18 District of Columbia, and the Federal reserve banks  
19 organized into 12 districts around the United States.  
20 The stockholders of the 12 Federal reserve banks in-  
21 clude national and certain State-chartered commer-  
22 cial banks, which operate on a fractional reserve  
23 basis.

24 (4) Originally, Congress gave the Federal Re-  
25 serve System a monetary mandate to provide an

1 elastic currency, within the context of a gold stand-  
2 ard, in response to seasonal fluctuations in the de-  
3 mand for currency.

4 (5) Congress also gave the Federal Reserve  
5 System a financial stability mandate to serve as the  
6 lender of last resort to solvent but illiquid banks  
7 during a financial crisis.

8 (6) In 1977, Congress changed the monetary  
9 mandate of the Federal Reserve System to a dual  
10 mandate for maximum employment and stable  
11 prices.

12 (7) Empirical studies and historical evidence,  
13 both within the United States and in other coun-  
14 tries, demonstrate that price stability is desirable be-  
15 cause both inflation and deflation damage the econ-  
16 omy.

17 (8) The economic challenge of recent years—  
18 most notably the bursting of the housing bubble, the  
19 financial crisis of 2008, and the ensuing anemic re-  
20 covery—have occurred at great cost in terms of lost  
21 jobs and output.

22 (9) Policymakers are reexamining the structure  
23 and functioning of financial institutions and markets  
24 to determine what, if any, changes need to be made

1 to place the financial system on a stronger, more  
2 sustainable path going forward.

3 (10) The Federal Reserve System has taken ex-  
4 traordinary actions in response to the recent eco-  
5 nomic challenges.

6 (11) The Federal Open Market Committee has  
7 engaged in multiple rounds of quantitative easing,  
8 providing unprecedented liquidity to financial mar-  
9 kets, while committing to holding short-term interest  
10 rates low for a seemingly indefinite period, and pur-  
11 suing a policy of credit allocation by purchasing  
12 Federal agency debt and mortgage-backed securities.

13 (12) In the wake of the recent extraordinary ac-  
14 tions of the Federal Reserve System, Congress—con-  
15 sistent with its constitutional responsibilities and as  
16 it has done periodically throughout the history of the  
17 United States—has once again renewed its examina-  
18 tion of monetary policy.

19 (13) Central in such examination has been a re-  
20 newed look at what is the most proper mandate for  
21 the Federal Reserve System to conduct monetary  
22 policy in the 21st century.

23 (b) ESTABLISHMENT OF A CENTENNIAL MONETARY  
24 COMMISSION.—There is established a commission to be

1 known as the “Centennial Monetary Commission” (in this  
2 section referred to as the “Commission”).

3 (c) STUDY AND REPORT ON MONETARY POLICY.—

4 (1) STUDY.—The Commission shall—

5 (A) examine how United States monetary  
6 policy since the creation of the Board of Gov-  
7 ernors of the Federal Reserve System in 1913  
8 has affected the performance of the United  
9 States economy in terms of output, employ-  
10 ment, prices, and financial stability over time;

11 (B) evaluate various operational regimes  
12 under which the Board of Governors of the  
13 Federal Reserve System and the Federal Open  
14 Market Committee may conduct monetary pol-  
15 icy in terms achieving the maximum sustainable  
16 level of output and employment and price sta-  
17 bility over the long term, including—

18 (i) discretion in determining monetary  
19 policy without an operational regime;

20 (ii) price level targeting;

21 (iii) inflation rate targeting;

22 (iv) nominal gross domestic product  
23 targeting (both level and growth rate);

24 (v) the use of monetary policy rules;

25 and

1 (vi) the gold standard;

2 (C) evaluate the use of macro-prudential  
3 supervision and regulation as a tool of mone-  
4 tary policy in terms of achieving the maximum  
5 sustainable level of output and employment and  
6 price stability over the long term;

7 (D) evaluate the use of the lender-of-last-  
8 resort function of the Board of Governors of  
9 the Federal Reserve System as a tool of mone-  
10 tary policy in terms of achieving the maximum  
11 sustainable level of output and employment and  
12 price stability over the long term;

13 (E) recommend a course for United States  
14 monetary policy going forward, including—

15 (i) the legislative mandate;

16 (ii) the operational regime;

17 (iii) the securities used in open-mar-  
18 ket operations; and

19 (iv) transparency issues; and

20 (F) consider the effects of the GDP output  
21 and employment targets of the “dual mandate”  
22 (both from the creation of the dual mandate in  
23 1977 until the present time and estimates of  
24 the future effect of the dual mandate ) on—

25 (i) United States economic activity;

1 (ii) actions of the Board of Governors  
2 of the Federal Reserve System; and

3 (iii) Federal debt.

4 (2) REPORT.—Not later than 1 year after the  
5 date of the enactment of this section, the Commis-  
6 sion shall submit to Congress and make publicly  
7 available a report containing a statement of the find-  
8 ings and conclusions of the Commission in carrying  
9 out the study under paragraph (1), together with  
10 the recommendations the Commission considers ap-  
11 propriate. In making such report, the Commission  
12 shall specifically report on the considerations re-  
13 quired under paragraph (1)(F).

14 (d) MEMBERSHIP.—

15 (1) NUMBER AND APPOINTMENT.—

16 (A) APPOINTED VOTING MEMBERS.—The  
17 Commission shall contain 12 voting members as  
18 follows:

19 (i) Six members appointed by the  
20 Speaker of the House of Representatives,  
21 with four members from the majority party  
22 and two members from the minority party.

23 (ii) Six members appointed by the  
24 President Pro Tempore of the Senate, with



1 four members from the majority party and  
2 two members from the minority party.

3 (B) CHAIRMAN.—The Speaker of the  
4 House of Representatives and the majority  
5 leader of the Senate shall jointly designate one  
6 of the members of the Commission as Chair-  
7 man.

8 (C) NON-VOTING MEMBERS.—The Com-  
9 mission shall contain 2 non-voting members as  
10 follows:

11 (i) One member appointed by the Sec-  
12 retary of the Treasury.

13 (ii) One member who is the president  
14 of a district Federal reserve bank ap-  
15 pointed by the Chair of the Board of Gov-  
16 ernors of the Federal Reserve System.

17 (2) PERIOD OF APPOINTMENT.—Each member  
18 shall be appointed for the life of the Commission.

19 (3) TIMING OF APPOINTMENT.—All members of  
20 the Commission shall be appointed not later than 30  
21 days after the date of the enactment of this section.

22 (4) VACANCIES.—A vacancy in the Commission  
23 shall not affect its powers, and shall be filled in the  
24 manner in which the original appointment was  
25 made.

1 (5) MEETINGS.—

2 (A) INITIAL MEETING.—The Commission  
3 shall hold its initial meeting and begin the oper-  
4 ations of the Commission as soon as is prac-  
5 ticable.

6 (B) FURTHER MEETINGS.—The Commis-  
7 sion shall meet upon the call of the Chair or a  
8 majority of its members.

9 (6) QUORUM.—Seven voting members of the  
10 Commission shall constitute a quorum but a lesser  
11 number may hold hearings.

12 (7) MEMBER OF CONGRESS DEFINED.—In this  
13 subsection, the term “Member of Congress” means  
14 a Senator or a Representative in, or Delegate or  
15 Resident Commissioner to, the Congress.

16 (e) POWERS.—

17 (1) HEARINGS AND SESSIONS.—The Commis-  
18 sion or, on the authority of the Commission, any  
19 subcommittee or member thereof, may, for the pur-  
20 pose of carrying out this section, hold hearings, sit  
21 and act at times and places, take testimony, receive  
22 evidence, or administer oaths as the Commission or  
23 such subcommittee or member thereof considers ap-  
24 propriate.

1           (2) CONTRACT AUTHORITY.—To the extent or  
2           in the amounts provided in advance in appropriation  
3           Acts, the Commission may contract with and com-  
4           pensate government and private agencies or persons  
5           to enable the Commission to discharge its duties  
6           under this section, without regard to section 3709 of  
7           the Revised Statutes (41 U.S.C. 5).

8           (3) OBTAINING OFFICIAL DATA.—

9           (A) IN GENERAL.—The Commission is au-  
10          thorized to secure directly from any executive  
11          department, bureau, agency, board, commission,  
12          office, independent establishment, or instrumen-  
13          tality of the Government, any information, in-  
14          cluding suggestions, estimates, or statistics, for  
15          the purposes of this section.

16          (B) REQUESTING OFFICIAL DATA.—The  
17          head of such department, bureau, agency,  
18          board, commission, office, independent estab-  
19          lishment, or instrumentality of the government  
20          shall, to the extent authorized by law, furnish  
21          such information upon request made by—

22                  (i) the Chair;

23                  (ii) the Chair of any subcommittee  
24                  created by a majority of the Commission;

25                  or

1 (iii) any member of the Commission  
2 designated by a majority of the commission  
3 to request such information.

4 (4) ASSISTANCE FROM FEDERAL AGENCIES.—

5 (A) GENERAL SERVICES ADMINISTRA-  
6 TION.—The Administrator of General Services  
7 shall provide to the Commission on a reimburs-  
8 able basis administrative support and other  
9 services for the performance of the functions of  
10 the Commission.

11 (B) OTHER DEPARTMENTS AND AGEN-  
12 CIES.—In addition to the assistance prescribed  
13 in subparagraph (A), at the request of the  
14 Commission, departments and agencies of the  
15 United States shall provide such services, funds,  
16 facilities, staff, and other support services as  
17 may be authorized by law.

18 (5) POSTAL SERVICE.—The Commission may  
19 use the United States mails in the same manner and  
20 under the same conditions as other departments and  
21 agencies of the United States.

22 (f) COMMISSION PERSONNEL.—

23 (1) APPOINTMENT AND COMPENSATION OF  
24 STAFF.—

1           (A) IN GENERAL.—Subject to rules pre-  
2           scribed by the Commission, the Chair may ap-  
3           point and fix the pay of the executive director  
4           and other personnel as the Chair considers ap-  
5           propriate.

6           (B) APPLICABILITY OF CIVIL SERVICE  
7           LAWS.—The staff of the Commission may be  
8           appointed without regard to the provisions of  
9           title 5, United States Code, governing appoint-  
10          ments in the competitive service, and may be  
11          paid without regard to the provisions of chapter  
12          51 and subchapter III of chapter 53 of that  
13          title relating to classification and General  
14          Schedule pay rates, except that an individual so  
15          appointed may not receive pay in excess of level  
16          V of the Executive Schedule.

17          (2) CONSULTANTS.—The Commission may pro-  
18          cure temporary and intermittent services under sec-  
19          tion 3109(b) of title 5, United States Code, but at  
20          rates for individuals not to exceed the daily equiva-  
21          lent of the rate of pay for a person occupying a posi-  
22          tion at level IV of the Executive Schedule.

23          (3) STAFF OF FEDERAL AGENCIES.—Upon re-  
24          quest of the Commission, the head of any Federal  
25          department or agency may detail, on a reimbursable

1 basis, any of the personnel of such department or  
2 agency to the Commission to assist it in carrying out  
3 its duties under this section.

4 (g) TERMINATION OF COMMISSION.—

5 (1) IN GENERAL.—The Commission shall termi-  
6 nate 6 months after the date on which the report is  
7 submitted under subsection (c)(2).

8 (2) ADMINISTRATIVE ACTIVITIES BEFORE TER-  
9 MINATION.—The Commission may use the period be-  
10 tween the submission of its report and its termi-  
11 nation for the purpose of concluding its activities,  
12 including providing testimony to the committee of  
13 Congress concerning its report.

14 (h) AUTHORIZATION OF APPROPRIATIONS.—There is  
15 authorized to be appropriated to carry out this section  
16 \$1,000,000, which shall remain available until the date on  
17 which the Commission terminates.

1 **TITLE XI—IMPROVING INSUR-**  
2 **ANCE COORDINATION**  
3 **THROUGH AN INDEPENDENT**  
4 **ADVOCATE**

5 **SEC. 1101. REPEAL OF THE FEDERAL INSURANCE OFFICE;**  
6 **CREATION OF THE OFFICE OF THE INDE-**  
7 **PENDENT INSURANCE ADVOCATE.**

8 (a) ESTABLISHMENT.—Section 313 of title 31,  
9 United States Code, is amended to read as follows (and  
10 conforming the table of contents for chapter 3 of such title  
11 accordingly):

12 **“§ 313. Office of the Independent Insurance Advocate**

13 “(a) ESTABLISHMENT.—There is established in the  
14 Department of the Treasury a bureau to be known as the  
15 Office of the Independent Insurance Advocate (in this sec-  
16 tion referred to as the ‘Office’).

17 “(b) INDEPENDENT INSURANCE ADVOCATE.—

18 “(1) ESTABLISHMENT OF POSITION.—The chief  
19 officer of the Office of the Independent Insurance  
20 Advocate shall be known as the Independent Insur-  
21 ance Advocate. The Independent Insurance Advocate  
22 shall perform the duties of such office under the  
23 general direction of the Secretary of the Treasury.

24 “(2) APPOINTMENT.—The Independent Insur-  
25 ance Advocate shall be appointed by the President,

1 by and with the advice and consent of the Senate,  
2 from among persons having insurance expertise.

3 “(3) TERM.—

4 “(A) IN GENERAL.—The Independent In-  
5 surance Advocate shall serve a term of 6 years,  
6 unless sooner removed by the President upon  
7 reasons which shall be communicated to the  
8 Senate.

9 “(B) SERVICE AFTER EXPIRATION.—If a  
10 successor is not nominated and confirmed by  
11 the end of the term of service of the Inde-  
12 pendent Insurance Advocate, the person serving  
13 as Independent Insurance Advocate shall con-  
14 tinue to serve until such time a successor is ap-  
15 pointed and confirmed.

16 “(C) VACANCY.—An Independent Insur-  
17 ance Advocate who is appointed to serve the re-  
18 mainder of a predecessor’s uncompleted term  
19 shall be eligible thereafter to be appointed to a  
20 full 6 year term.

21 “(D) ACTING OFFICIAL ON FINANCIAL  
22 STABILITY OVERSIGHT COUNCIL.—In the event  
23 of a vacancy in the office of the Independent  
24 Insurance Advocate, and pending the appoint-  
25 ment and confirmation of a successor, or during



1           the absence or disability of the Independent In-  
2           surance Advocate, the President shall appoint a  
3           federal official appointed by the President and  
4           confirmed by the Senate from a member agency  
5           of the Financial Stability Oversight Council, not  
6           otherwise serving on the Council, who shall  
7           serve as a member of the Council and act in the  
8           place of the Independent Insurance Advocate  
9           until such vacancy, absence, or disability con-  
10          cludes.

11           “(4) EMPLOYMENT.—The Independent Insur-  
12          ance Advocate shall be an employee of the Federal  
13          Government within the definition of employee under  
14          section 2105 of title 5, United States Code.

15          “(c) INDEPENDENCE; OVERSIGHT.—

16           “(1) INDEPENDENCE.—The Secretary of the  
17          Treasury may not delay or prevent the issuance of  
18          any rule or the promulgation of any regulation by  
19          the Independent Insurance Advocate, and may not  
20          intervene in any matter or proceeding before the  
21          Independent Insurance Advocate, unless otherwise  
22          specifically provided by law.

23           “(2) OVERSIGHT BY INSPECTOR GENERAL.—  
24          The Office of the Independent Insurance Advocate  
25          shall be an office in the establishment of the Depart-

1       ment of the Treasury for purposes of the Inspector  
2       General Act of 1978 (5 U.S.C. App.).

3       “(d) RETENTION OF EXISTING STATE REGULATORY  
4       AUTHORITY.—Nothing in this section or section 314 shall  
5       be construed to establish or provide the Office or the De-  
6       partment of the Treasury with general supervisory or reg-  
7       ulatory authority over the business of insurance.

8       “(e) BUDGET.—

9               “(1) ANNUAL TRANSMITTAL.—For each fiscal  
10       year, the Independent Insurance Advocate shall  
11       transmit a budget estimate and request to the Sec-  
12       retary of the Treasury, which shall specify the ag-  
13       gregate amount of funds requested for such fiscal  
14       year for the operations of the Office of the Inde-  
15       pendent Insurance Advocate.

16              “(2) INCLUSIONS.—In transmitting the pro-  
17       posed budget to the President for approval, the Sec-  
18       retary of the Treasury shall include—

19                   “(A) an aggregate request for the Inde-  
20       pendent Insurance Advocate; and

21                   “(B) any comments of the Independent In-  
22       surance Advocate with respect to the proposal.

23              “(3) PRESIDENT’S BUDGET.—The President  
24       shall include in each budget of the United States  
25       Government submitted to the Congress—

1           “(A) a separate statement of the budget  
2 estimate prepared in accordance with paragraph  
3 (1);

4           “(B) the amount requested by the Presi-  
5 dent for the Independent Insurance Advocate;  
6 and

7           “(C) any comments of the Independent In-  
8 surance Advocate with respect to the proposal if  
9 the Independent Insurance Advocate concludes  
10 that the budget submitted by the President  
11 would substantially inhibit the Independent In-  
12 surance Advocate from performing the duties of  
13 the office.

14       “(f) ASSISTANCE.—The Secretary of the Treasury  
15 shall provide the Independent Insurance Advocate such  
16 services, funds, facilities and other support services as the  
17 Independent Insurance Advocate may request and as the  
18 Secretary may approve.

19       “(g) PERSONNEL.—

20           “(1) EMPLOYEES.—The Independent Insurance  
21 Advocate may fix the number of, and appoint and  
22 direct, the employees of the Office, in accordance  
23 with the applicable provisions of title 5, United  
24 States Code. The Independent Insurance Advocate is  
25 authorized to employ attorneys, analysts, economists,

1 and other employees as may be deemed necessary to  
2 assist the Independent Insurance Advocate to carry  
3 out the duties and functions of the Office. Unless  
4 otherwise provided expressly by law, any individual  
5 appointed under this paragraph shall be an employee  
6 as defined in section 2105 of title 5, United States  
7 Code, and subject to the provisions of such title and  
8 other laws generally applicable to the employees of  
9 the Executive Branch.

10 “(2) COMPENSATION.—Employees of the Office  
11 shall be paid in accordance with the provisions of  
12 chapter 51 and subchapter III of chapter 53 of title  
13 5, United States Code, relating to classification and  
14 General Schedule pay rates.

15 “(3) PROCUREMENT OF TEMPORARY AND  
16 INTERMITTENT SERVICES.—The Independent Insur-  
17 ance Advocate may procure temporary and intermit-  
18 tent services under section 3109(b) of title 5, United  
19 States Code, at rates for individuals which do not  
20 exceed the daily equivalent of the annual rate of  
21 basic pay prescribed for Level V of the Executive  
22 Schedule under section 5316 of such title.

23 “(4) DETAILS.—Any employee of the Federal  
24 Government may be detailed to the Office with or  
25 without reimbursement, and such detail shall be

1 without interruption or loss of civil service status or  
2 privilege. An employee of the Federal Government  
3 detailed to the Office shall report to and be subject  
4 to oversight by the Independent Insurance Advocate  
5 during the assignment to the office, and may be  
6 compensated by the branch, department, or agency  
7 from which the employee was detailed.

8 “(5) INTERGOVERNMENTAL PERSONNEL.—The  
9 Independent Insurance Advocate may enter into  
10 agreements under subchapter VI of chapter 33 of  
11 title 5, United States Code, with State and local  
12 governments, institutions of higher education, Indian  
13 tribal governments, and other eligible organizations  
14 for the assignment of intermittent, part-time, and  
15 full-time personnel, on a reimbursable or non-reim-  
16 bursable basis.

17 “(h) ETHICS.—

18 “(1) DESIGNATED ETHICS OFFICIAL.—The  
19 Legal Counsel of the Financial Stability Oversight  
20 Council, or in the absence of a Legal Counsel of the  
21 Council, the designated ethics official of any Council  
22 member agency, as chosen by the Independent In-  
23 surance Advocate, shall be the ethics official for the  
24 Independent Insurance Advocate.

1           “(2) RESTRICTION ON REPRESENTATION.—In  
2 addition to any restriction under section 205(c) of  
3 title 18, United States Code, except as provided in  
4 subsections (d) through (i) of section 205 of such  
5 title, the Independent Insurance Advocate (except in  
6 the proper discharge of official duties) shall not,  
7 with or without compensation, represent anyone to  
8 or before any officer or employee of—

9           “(A) the Financial Stability Oversight  
10 Council on any matter; or

11           “(B) the Department of Justice with re-  
12 spect to litigation involving a matter described  
13 in subparagraph (A).

14           “(3) COMPENSATION FOR SERVICES PROVIDED  
15 BY ANOTHER.—For purposes of section 203 of title  
16 18, United States Code, and if a special government  
17 employee—

18           “(A) the Independent Insurance Advocate  
19 shall not be subject to the restrictions of sub-  
20 section (a)(1) of section 203, of title 18, United  
21 States Code, for sharing in compensation  
22 earned by another for representations on mat-  
23 ters covered by such section; and

24           “(B) a person shall not be subject to the  
25 restrictions of subsection (a)(2) of such section

1           for sharing such compensation with the Inde-  
2           pendent Insurance Advocate.

3           “(i) ADVISORY, TECHNICAL, AND PROFESSIONAL  
4 COMMITTEES.—The Independent Insurance Advocate may  
5 appoint such special advisory, technical, or professional  
6 committees as may be useful in carrying out the functions  
7 of the Office and the members of such committees may  
8 be staff of the Office, or other persons, or both.

9           “(j) MISSION AND FUNCTIONS.—

10           “(1) MISSION.—In carrying out the functions  
11 under this subsection, the mission of the Office shall  
12 be to act as an independent advocate on behalf of  
13 the interests of United States policyholders on pru-  
14 dential aspects of insurance matters of importance,  
15 and to provide perspective on protecting their inter-  
16 ests, separate and apart from any other Federal  
17 agency or State insurance regulator.

18           “(2) OFFICE.—The Office shall have the au-  
19 thority—

20           “(A) to coordinate Federal efforts on pru-  
21 dential aspects of international insurance mat-  
22 ters, including representing the United States,  
23 as appropriate, in the International Association  
24 of Insurance Supervisors (or a successor entity)  
25 and assisting the Secretary in negotiating cov-

1           ered agreements (as such term is defined in  
2           subsection (q)) in coordination with States (in-  
3           cluding State insurance commissioners) and the  
4           United States Trade Representative;

5           “(B) to consult with the States (including  
6           State insurance regulators) regarding insurance  
7           matters of national importance and prudential  
8           insurance matters of international importance;

9           “(C) to assist the Secretary in admin-  
10          istering the Terrorism Insurance Program es-  
11          tablished in the Department of the Treasury  
12          under the Terrorism Risk Insurance Act of  
13          2002 (15 U.S.C. 6701 note);

14          “(D) to observe all aspects of the insur-  
15          ance industry, including identifying issues or  
16          gaps in the regulation of insurers that could  
17          contribute to a systemic crisis in the insurance  
18          industry or the United States financial system;  
19          and

20          “(E) to make determinations and exercise  
21          the authority under subsection (m) with respect  
22          to covered agreements and State insurance  
23          measures.

24          “(3) MEMBERSHIP ON FINANCIAL STABILITY  
25          OVERSIGHT COUNCIL.—



1           “(A) IN GENERAL.—The Independent In-  
2           surance Advocate shall serve, pursuant to sec-  
3           tion 111(b)(1)(J) of the Financial Stability Act  
4           of 2010 (12 U.S.C. 5321(b)(1)(J)), as a mem-  
5           ber on the Financial Stability Oversight Coun-  
6           cil.

7           “(B) AUTHORITY.—To assist the Financial  
8           Stability Oversight Council with its responsibil-  
9           ities to monitor international insurance develop-  
10          ments, advise the Congress, and make rec-  
11          ommendations, the Independent Insurance Ad-  
12          vocate shall have the authority—

13               “(i) to regularly consult with inter-  
14               national insurance supervisors and inter-  
15               national financial stability counterparts;

16               “(ii) to consult with the Board of  
17               Governors of the Federal Reserve System  
18               and the States with respect to representing  
19               the United States, as appropriate, in the  
20               International Association of Insurance Su-  
21               pervisors (including to become a non-voting  
22               member thereof), particularly on matters  
23               of systemic risk;

24               “(iii) to participate at the Financial  
25               Stability Board of The Group of Twenty

1 and to join with other members from the  
2 United States including on matters related  
3 to insurance; and

4 “(iv) to participate with the United  
5 States delegation to the Organization for  
6 Economic Cooperation and Development  
7 and observe and participate at the Insur-  
8 ance and Private Pensions Committee.

9 “(4) LIMITATIONS ON PARTICIPATION IN SU-  
10 PERVISORY COLLEGES.—The Office may not engage  
11 in any activities that it is not specifically authorized  
12 to engage in under this section or any other provi-  
13 sion of law, including participation in any super-  
14 visory college or other meetings or fora for coopera-  
15 tion and communication between the involved insur-  
16 ance supervisors established for the fundamental  
17 purpose of facilitating the effectiveness of super-  
18 vision of entities which belong to an insurance  
19 group.

20 “(k) SCOPE.—The authority of the Office as specified  
21 and limited in this section shall extend to all lines of insur-  
22 ance except—

23 “(1) health insurance, as determined by the  
24 Secretary in coordination with the Secretary of  
25 Health and Human Services based on section 2791

1 of the Public Health Service Act (42 U.S.C. 300gg-  
2 91);

3 “(2) long-term care insurance, except long-term  
4 care insurance that is included with life or annuity  
5 insurance components, as determined by the Sec-  
6 retary in coordination with the Secretary of Health  
7 and Human Services, and in the case of long-term  
8 care insurance that is included with such compo-  
9 nents, the Secretary shall coordinate with the Sec-  
10 retary of Health and Human Services in performing  
11 the functions of the Office; and

12 “(3) crop insurance, as established by the Fed-  
13 eral Crop Insurance Act (7 U.S.C. 1501 et seq.).

14 “(l) ACCESS TO INFORMATION.—In carrying out the  
15 functions required under subsection (j), the Office may co-  
16 ordinate with any relevant Federal agency and any State  
17 insurance regulator (or other relevant Federal or State  
18 regulatory agency, if any, in the case of an affiliate of an  
19 insurer) and any publicly available sources for the provi-  
20 sion to the Office of publicly available information. Not-  
21 withstanding any other provision of law, each such rel-  
22 evant Federal agency and State insurance regulator or  
23 other Federal or State regulatory agency is authorized to  
24 provide to the Office such data or information.

1       “(m) PREEMPTION PURSUANT TO COVERED AGREE-  
2 MENTS.—

3           “(1) STANDARDS.—A State insurance measure  
4 shall be preempted pursuant to this section or sec-  
5 tion 314 if, and only to the extent that the Inde-  
6 pendent Insurance Advocate determines, in accord-  
7 ance with this subsection, that the measure—

8           “(A) results in less favorable treatment of  
9 a non-United States insurer domiciled in a for-  
10 eign jurisdiction that is subject to a covered  
11 agreement than a United States insurer domi-  
12 ciled, licensed, or otherwise admitted in that  
13 State; and

14           “(B) is inconsistent with a covered agree-  
15 ment.

16       “(2) DETERMINATION.—

17           “(A) NOTICE OF POTENTIAL INCONSIST-  
18 ENCY.—Before making any determination  
19 under paragraph (1), the Independent Insur-  
20 ance Advocate shall—

21           “(i) notify and consult with the appro-  
22 priate State regarding any potential incon-  
23 sistency or preemption;

24           “(ii) notify and consult with the  
25 United States Trade Representative re-

1           garding any potential inconsistency or pre-  
2           emption;

3           “(iii) cause to be published in the  
4           Federal Register notice of the issue re-  
5           garding the potential inconsistency or pre-  
6           emption, including a description of each  
7           State insurance measure at issue and any  
8           applicable covered agreement;

9           “(iv) provide interested parties a rea-  
10          sonable opportunity to submit written com-  
11          ments to the Office; and

12          “(v) consider any comments received.

13          “(B) SCOPE OF REVIEW.—For purposes of  
14          this subsection, any determination of the Inde-  
15          pendent Insurance Advocate regarding State in-  
16          surance measures, and any preemption under  
17          paragraph (1) as a result of such determina-  
18          tion, shall be limited to the subject matter con-  
19          tained within the covered agreement involved  
20          and shall achieve a level of protection for insur-  
21          ance or reinsurance consumers that is substan-  
22          tially equivalent to the level of protection  
23          achieved under State insurance or reinsurance  
24          regulation.

1           “(C) NOTICE OF DETERMINATION OF IN-  
2           CONSISTENCY.—Upon making any determina-  
3           tion under paragraph (1), the Director shall—

4                   “(i) notify the appropriate State of  
5                   the determination and the extent of the in-  
6                   consistency;

7                   “(ii) establish a reasonable period of  
8                   time, which shall not be less than 30 days,  
9                   before the determination shall become ef-  
10                  fective; and

11                  “(iii) notify the Committees on Finan-  
12                  cial Services and Ways and Means of the  
13                  House of Representatives and the Commit-  
14                  tees on Banking, Housing, and Urban Af-  
15                  fairs and Finance of the Senate.

16           “(3) NOTICE OF EFFECTIVENESS.—Upon the  
17           conclusion of the period referred to in paragraph  
18           (2)(C)(ii), if the basis for such determination still  
19           exists, the determination shall become effective and  
20           the Independent Insurance Advocate shall—

21                   “(A) cause to be published a notice in the  
22                   Federal Register that the preemption has be-  
23                   come effective, as well as the effective date; and

24                   “(B) notify the appropriate State.

1           “(4) LIMITATION.—No State may enforce a  
2 State insurance measure to the extent that such  
3 measure has been preempted under this subsection.

4           “(5) APPLICABILITY OF ADMINISTRATIVE PRO-  
5 CEDURES ACT.—Determinations of inconsistency  
6 made pursuant to paragraph (2) shall be subject to  
7 the applicable provisions of subchapter II of chapter  
8 5 of title 5, United States Code (relating to adminis-  
9 trative procedure), and chapter 7 of such title (relat-  
10 ing to judicial review), except that in any action for  
11 judicial review of a determination of inconsistency,  
12 the court shall determine the matter de novo.

13          “(n) CONSULTATION.—The Independent Insurance  
14 Advocate shall consult with State insurance regulators, in-  
15 dividually or collectively, to the extent the Independent In-  
16 surance Advocate determines appropriate, in carrying out  
17 the functions of the Office.

18          “(o) NOTICES AND REQUESTS FOR COMMENT.—In  
19 addition to the other functions and duties specified in this  
20 section, the Independent Insurance Advocate may pre-  
21 scribe such notices and requests for comment in the Fed-  
22 eral Register as are deemed necessary related to and gov-  
23 erning the manner in which the duties and authorities of  
24 the Independent Insurance Advocate are carried out;

1       “(p) SAVINGS PROVISIONS.—Nothing in this section  
2 shall—

3           “(1) preempt—

4               “(A) any State insurance measure that  
5 governs any insurer’s rates, premiums, under-  
6 writing, or sales practices;

7               “(B) any State coverage requirements for  
8 insurance;

9               “(C) the application of the antitrust laws  
10 of any State to the business of insurance; or

11               “(D) any State insurance measure gov-  
12 erning the capital or solvency of an insurer, ex-  
13 cept to the extent that such State insurance  
14 measure results in less favorable treatment of a  
15 non-United State insurer than a United States  
16 insurer; or

17           “(2) affect the preemption of any State insur-  
18 ance measure otherwise inconsistent with and pre-  
19 empted by Federal law.

20       “(q) RETENTION OF AUTHORITY OF FEDERAL FI-  
21 NANCIAL REGULATORY AGENCIES.—Nothing in this sec-  
22 tion or section 314 shall be construed to limit the author-  
23 ity of any Federal financial regulatory agency, including  
24 the authority to develop and coordinate policy, negotiate,  
25 and enter into agreements with foreign governments, au-



1 thorities, regulators, and multinational regulatory commit-  
2 tees and to preempt State measures to affect uniformity  
3 with international regulatory agreements.

4       “(r) RETENTION OF AUTHORITY OF UNITED STATES  
5 TRADE REPRESENTATIVE.—Nothing in this section or  
6 section 314 shall be construed to affect the authority of  
7 the Office of the United States Trade Representative pur-  
8 suant to section 141 of the Trade Act of 1974 (19 U.S.C.  
9 2171) or any other provision of law, including authority  
10 over the development and coordination of United States  
11 international trade policy and the administration of the  
12 United States trade agreements program.

13       “(s) CONGRESSIONAL TESTIMONY.—The Inde-  
14 pendent Insurance Advocate shall appear before the Com-  
15 mittee on Financial Services of the House of Representa-  
16 tives and the Committee on Banking, Housing, and Urban  
17 Affairs at semi-annual hearings and shall provide testi-  
18 mony, which shall include submitting written testimony in  
19 advance of such appearances to such committees and to  
20 the Committee on Ways and Means of the House of Rep-  
21 resentatives and the Committee on Finance of the Senate,  
22 on the following matters:

23               “(1) OFFICE ACTIVITIES.—The efforts, activi-  
24 ties, objectives, and plans of the Office.

1           “(2) SECTION 313(L) ACTIONS.—Any actions  
2 taken by the Office pursuant to subsection (l) (re-  
3 garding preemption pursuant to covered agree-  
4 ments).

5           “(3) INSURANCE INDUSTRY.—The state of, and  
6 developments in, the insurance industry.

7           “(4) U.S. AND GLOBAL INSURANCE AND REIN-  
8 SURANCE MARKETS.—The breadth and scope of the  
9 global insurance and reinsurance markets and the  
10 critical role such markets plays in supporting insur-  
11 ance in the United States and the ongoing impacts  
12 of part II of the Nonadmitted and Reinsurance Re-  
13 form Act of 2010 on the ability of State regulators  
14 to access reinsurance information for regulated com-  
15 panies in their jurisdictions.

16           “(5) OTHER.—Any other matters as deemed  
17 relevant by the Independent Insurance Advocate or  
18 requested by such Committees.

19           “(t) REPORT UPON END OF TERM OF OFFICE.—Not  
20 later than two months prior to the expiration of the term  
21 of office, or discontinuation of service, of each individual  
22 serving as the Independent Insurance Advocate, the Inde-  
23 pendent Insurance Advocate shall submit a report to the  
24 Committees on Financial Services and Ways and Means  
25 of the House of Representatives and the Committees on

1 Banking, Housing, and Urban Affairs and Finance of the  
2 Senate setting forth recommendations regarding the Fi-  
3 nancial Stability Oversight Council and the role, duties,  
4 and functions of the Independent Insurance Advocate.

5 “(u) DEFINITIONS.—In this section and section 314,  
6 the following definitions shall apply:

7 “(1) AFFILIATE.—The term ‘affiliate’ means,  
8 with respect to an insurer, any person who controls,  
9 is controlled by, or is under common control with the  
10 insurer.

11 “(2) COVERED AGREEMENT.—The term ‘cov-  
12 ered agreement’ means a written bilateral or multi-  
13 lateral agreement regarding prudential measures  
14 with respect to the business of insurance or reinsur-  
15 ance that—

16 “(A) is entered into between the United  
17 States and one or more foreign governments,  
18 authorities, or regulatory entities; and

19 “(B) relates to the recognition of pruden-  
20 tial measures with respect to the business of in-  
21 surance or reinsurance that achieves a level of  
22 protection for insurance or reinsurance con-  
23 sumers that is substantially equivalent to the  
24 level of protection achieved under State insur-  
25 ance or reinsurance regulation.

1           “(3) INSURER.—The term ‘insurer’ means any  
2           person engaged in the business of insurance, includ-  
3           ing reinsurance.

4           “(4) FEDERAL FINANCIAL REGULATORY AGEN-  
5           CY.—The term ‘Federal financial regulatory agency’  
6           means the Department of the Treasury, the Board  
7           of Governors of the Federal Reserve System, the Of-  
8           fice of the Comptroller of the Currency, the Office  
9           of Thrift Supervision, the Securities and Exchange  
10          Commission, the Commodity Futures Trading Com-  
11          mission, the Federal Deposit Insurance Corporation,  
12          the Federal Housing Finance Agency, or the Na-  
13          tional Credit Union Administration.

14          “(5) FINANCIAL STABILITY OVERSIGHT COUN-  
15          CIL.—The term ‘Financial Stability Oversight Coun-  
16          cil ’ means the Financial Stability Oversight Council  
17          established under section 111(a) of the Dodd-Frank  
18          Wall Street Reform and Consumer Protection Act  
19          (12 U.S.C. 5321(a)).

20          “(6) MEMBER AGENCY.—The term ‘member  
21          agency’ has the meaning given such term in section  
22          111(a) of the Dodd-Frank Wall Street Reform and  
23          Consumer Protection Act (12 U.S.C. 5321(a)).

24          “(7) NON-UNITED STATES INSURER.—The term  
25          ‘non-United States insurer’ means an insurer that is

1 organized under the laws of a jurisdiction other than  
2 a State, but does not include any United States  
3 branch of such an insurer.

4 “(8) OFFICE.—The term ‘Office’ means the Of-  
5 fice of the Independent Insurance Advocate estab-  
6 lished by this section.

7 “(9) STATE INSURANCE MEASURE.—The term  
8 ‘State insurance measure’ means any State law, reg-  
9 ulation, administrative ruling, bulletin, guideline, or  
10 practice relating to or affecting prudential measures  
11 applicable to insurance or reinsurance.

12 “(10) STATE INSURANCE REGULATOR.—The  
13 term ‘State insurance regulator’ means any State  
14 regulatory authority responsible for the supervision  
15 of insurers.

16 “(11) SUBSTANTIALLY EQUIVALENT TO THE  
17 LEVEL OF PROTECTION ACHIEVED.—The term ‘sub-  
18 stantially equivalent to the level of protection  
19 achieved’ means the prudential measures of a for-  
20 eign government, authority, or regulatory entity  
21 achieve a similar outcome in consumer protection as  
22 the outcome achieved under State insurance or rein-  
23 surance regulation.

24 “(12) UNITED STATES INSURER.—The term  
25 ‘United States insurer’ means—

1           “(A) an insurer that is organized under  
2           the laws of a State; or

3           “(B) a United States branch of a non-  
4           United States insurer.”.

5           (b) PAY AT LEVEL III OF EXECUTIVE SCHEDULE.—  
6           Section 5314 of title 5, United States Code, is amended  
7           by adding at the end the following new item:

8           “Independent Insurance Advocate, Department  
9           of the Treasury.”.

10          (c) INDEPENDENCE.—Section 111 of Public Law 93-  
11          495 (12 U.S.C. 250) is amended—

12           (1) by inserting “the Independent Insurance  
13           Advocate of the Department of the Treasury,” after  
14           “Federal Housing Finance Agency,”; and

15           (2) by inserting “or official” before “submitting  
16           them”.

17          (d) TRANSFER OF EMPLOYEES.—All employees of  
18          the Department of Treasury who are performing staff  
19          functions for the independent member of the Financial  
20          Stability Oversight Council under section 111(b)(2)(J) of  
21          the Dodd-Frank Wall Street Reform and Consumer Pro-  
22          tection Act (12 U.S.C. 5321(b)(2)(J)) on a full-time  
23          equivalent basis as of the date of enactment of this Act  
24          shall be eligible for transfer to the Office of the Inde-  
25          pendent Insurance Advocate established pursuant to the

1 amendment made by subsection (a) of this section for ap-  
2 pointment as an employee and shall be transferred at the  
3 joint discretion of the Independent Insurance Advocate  
4 and the eligible employee. Any employee eligible for trans-  
5 fer that is not appointed within 360 days from the date  
6 of enactment of this Act shall be eligible for detail under  
7 section 313(f)(4) of title 31, United States Code.

8 (e) TEMPORARY SERVICE; TRANSITION.—Notwith-  
9 standing the amendment made by subsection (a) of this  
10 section, during the period beginning on the date of the  
11 enactment of this Act and ending on the date on which  
12 the Independent Insurance Advocate is appointed and con-  
13 firmed pursuant to section 313(b)(2) of title 31, United  
14 States Code, as amended by such amendment, the person  
15 serving, on such date of enactment, as the independent  
16 member of the Financial Stability Oversight Council pur-  
17 suant to section 111(b)(1)(J) of the Dodd-Frank Wall  
18 Street Reform and Consumer Protection Act (12 U.S.C.  
19 5321(b)(1)(J)) shall act for all purposes as, and with the  
20 full powers of, the Independent Insurance Advocate.

21 (f) COMPARABILITY IN COMPENSATION SCHED-  
22 ULES.—Subsection (a) of section 1206 of the Financial  
23 Institutions Reform, Recovery, and Enforcement Act of  
24 1989 (12 U.S.C. 1833b(a)), as amended by section  
25 711(c)(11)(D), is further amended by inserting “the Of-

1 fice of the Independent Insurance Advocate of the Depart-  
2 ment of the Treasury,” before “and the Farm Credit Ad-  
3 ministration,”.

4 (g) SENIOR EXECUTIVES.—Subparagraph (D) of sec-  
5 tion 3132(a)(1) of title 5, United States Code, is amended  
6 by inserting “the Office of the Independent Insurance Ad-  
7 vocate of the Department of the Treasury,” after “Fi-  
8 nance Agency,”.

9 **SEC. 1102. TREATMENT OF COVERED AGREEMENTS.**

10 Subsection (c) of section 314 of title 31, United  
11 States Code is amended—

12 (1) by redesignating paragraphs (1) and (2) as  
13 paragraphs (2) and (3), respectively; and

14 (2) by inserting before paragraph (2), as so re-  
15 designated, the following new paragraph:

16 “(1) the Secretary of the Treasury and the  
17 United States Trade Representative have caused to  
18 be published in the Federal Register, and made  
19 available for public comment for a period of not  
20 fewer than 30 days and not greater than 90 days  
21 (which period may run concurrently with the 90-day  
22 period for the covered agreement referred to in para-  
23 graph (3)), the proposed text of the covered agree-  
24 ment;”.



1                   **TITLE XII—TECHNICAL**  
2                   **CORRECTIONS**

3   **SEC. 1201. TABLE OF CONTENTS; DEFINITIONAL CORREC-**  
4                   **TIONS.**

5           (a) TABLE OF CONTENTS.—The table of contents for  
6 the Dodd-Frank Wall Street Reform and Consumer Pro-  
7 tection Act (Public Law 111–203; 124 Stat. 1376) is  
8 amended by striking the items relating to sections 407  
9 through 414 and inserting the following:

“Sec. 407. Exemption of and reporting by venture capital fund advisers.

“Sec. 408. Exemption of and reporting by certain private fund advisers.

“Sec. 409. Family offices.

“Sec. 410. State and Federal responsibilities; asset threshold for Federal reg-  
istration of investment advisers.

“Sec. 411. Custody of client assets.

“Sec. 414. Rule of construction relating to the Commodity Exchange Act.

“Sec. 418. Qualified client standard.

“Sec. 419. Transition period.”.

10           (b) DEFINITIONS.—Section 2 of the Dodd-Frank  
11 Wall Street Reform and Consumer Protection Act (12  
12 U.S.C. 5301) is amended—

13                   (1) in paragraph (1)—

14                           (A) by striking “section 3” and inserting  
15                           “section 3(w)”; and

16                           (B) by striking “(12 U.S.C. 1813)” and  
17                           inserting “(12 U.S.C. 1813(w))”;

18                   (2) in paragraph (6), by striking “1 et seq.”  
19                   and inserting “1a”; and

20                   (3) in paragraph (18)(A)—

1 (A) by striking “‘bank holding company’,”;

2 and

3 (B) by inserting “‘includes,’” before “‘in-

4 cluding’,”.

5 **SEC. 1202. ANTITRUST SAVINGS CLAUSE CORRECTIONS.**

6 Section 6 of the Dodd-Frank Wall Street Reform and

7 Consumer Protection Act (12 U.S.C. 5303) is amended,

8 in the second sentence—

9 (1) by inserting “(15 U.S.C. 12(a))” after  
10 “Clayton Act”; and

11 (2) by striking “Act, to” and inserting “Act (15  
12 U.S.C. 45) to”.

13 **SEC. 1203. TITLE I CORRECTIONS.**

14 Title I of the Dodd-Frank Wall Street Reform and

15 Consumer Protection Act (12 U.S.C. 5311 et seq.) is

16 amended—

17 (1) in section 102(a)(6) (12 U.S.C.  
18 5311(a)(6)), by inserting “(12 U.S.C. 1843(k))”  
19 after “of 1956” each place that term appears;

20 (2) in section 111(c)(3) (12 U.S.C. 5321(c)(3)),  
21 by striking “that agency or department head” and  
22 inserting “the head of that member agency or de-  
23 partment”;

24 (3) in section 112 (12 U.S.C. 5322)—

25 (A) in subsection (a)(2)—

1 (i) in subparagraph (C) (as redesignated by section 151)—

2  
3 (I) by striking “to monitor” and  
4 inserting “monitor”; and

5 (II) by striking “to advise” and  
6 inserting “advise”;

7 (ii) in subparagraph (H) (as redesignated by section 151), by striking “may”;  
8  
9 and

10 (B) in subsection (d)(5), by striking “subsection and subtitle B” each place such term  
11 appears and inserting “subtitle”; and

12  
13 (4) in section 171(b)(4)(D) (12 U.S.C.  
14 5371(b)(4)(D)), by adding a period at the end.

15 **SEC. 1204. TITLE III CORRECTIONS.**

16 (a) IN GENERAL.—Title III of the Dodd-Frank Wall  
17 Street Reform and Consumer Protection Act (12 U.S.C.  
18 5401 et seq.) is amended—

19 (1) in section 327(b)(5) (12 U.S.C.  
20 5437(b)(5)), by striking “in” and inserting “into”;

21 (2) in section 333(b)(2) (124 Stat. 1539), by  
22 inserting “the second place that term appears” before  
23 “and inserting”; and

24 (3) in section 369(5) (124 Stat. 1559)—

25 (A) in subparagraph (D)(i)—

1 (i) in subclause (III), by redesignating  
2 items (aa), (bb), and (cc) as subitems  
3 (AA), (BB), and (CC), respectively, and  
4 adjusting the margins accordingly;

5 (ii) in subclause (IV), by redesignating  
6 items (aa) and (bb) as subitems  
7 (AA) and (BB), respectively, and adjusting  
8 the margins accordingly;

9 (iii) in subclause (V), by redesignating  
10 items (aa), (bb), and (cc) as subitems  
11 (AA), (BB), and (CC), respectively, and  
12 adjusting the margins accordingly; and

13 (iv) by redesignating subclauses (III),  
14 (IV), and (V) as items (bb), (cc), and (dd),  
15 respectively, and adjusting the margins ac-  
16 cordingly;

17 (B) in subparagraph (F)—

18 (i) in clause (ii), by adding “and” at  
19 the end;

20 (ii) in clause (iii), by striking “and”  
21 at the end and inserting a semicolon; and

22 (iii) by striking clause (iv); and

23 (C) in subparagraph (G)(i), by inserting  
24 “each place such term appears” before “and in-  
25 serting”.

1 (b) EFFECTIVE DATES.—

2 (1) SECTION 333.—The amendment made by  
3 subsection (a)(2) of this section shall take effect as  
4 though enacted as part of subtitle C of title III of  
5 the Dodd-Frank Wall Street Reform and Consumer  
6 Protection Act (124 Stat. 1538).

7 (2) SECTION 369.—The amendments made by  
8 subsection (a)(3) of this section shall take effect as  
9 though enacted as part of subtitle E of title III of  
10 the Dodd-Frank Wall Street Reform and Consumer  
11 Protection Act (124 Stat. 1546).

12 **SEC. 1205. TITLE IV CORRECTION.**

13 Section 414 of the Dodd-Frank Wall Street Reform  
14 and Consumer Protection Act (124 Stat. 1578) is amend-  
15 ed in the section heading by striking “**COMMODITIES**”  
16 and inserting “**COMMODITY**”.

17 **SEC. 1206. TITLE VI CORRECTIONS.**

18 (a) IN GENERAL.—Section 610 of the Dodd-Frank  
19 Wall Street Reform and Consumer Protection Act (124  
20 Stat. 1596) is amended—

21 (1) by striking subsection (b); and

22 (2) by redesignating subsection (c) as sub-  
23 section (b).

24 (b) EFFECTIVE DATE.—The amendments made by  
25 subsection (a) of this section shall take effect as though

1 enacted as part of section 610 of the Dodd-Frank Wall  
2 Street Reform and Consumer Protection Act (124 Stat.  
3 1611).

4 **SEC. 1207. TITLE VII CORRECTIONS.**

5 (a) IN GENERAL.—Title VII of the Dodd-Frank Wall  
6 Street Reform and Consumer Protection Act (15 U.S.C.  
7 8301 et seq.) is amended—

8 (1) in section 719(c)(1)(B) (15 U.S.C.  
9 8307(c)(1)(B)), by adding a period at the end;

10 (2) in section 723(a)(1)(B) (124 Stat. 1675),  
11 by inserting “, as added by section 107 of the Com-  
12 modity Futures Modernization Act of 2000 (Appen-  
13 dix E of Public Law 106–554; 114 Stat. 2763A–  
14 382),” after “subsection (i)”;

15 (3) in section 724(a), by striking “adding at the  
16 end” and inserting “inserting after subsection (e)”;

17 (4) in section 734(b)(1) (124 Stat. 1718), by  
18 striking “is amended” and all that follows through  
19 “(B) in” and inserting “is amended in”;

20 (5) in section 741(b)(10) (124 Stat. 1732), by  
21 striking “1a(19)(A)(iv)(II)” each place it appears  
22 and inserting “1a(18)(A)(iv)(II)”;

23 (6) in section 749 (124 Stat. 1746)—

1 (A) in subsection (a)(2), by striking “add-  
2 ing at the end” and inserting “inserting after  
3 subsection (f)”; and

4 (B) in subsection (h)(1)(B), by inserting  
5 “the second place that term appears” before the  
6 semicolon.

7 (b) EFFECTIVE DATE.—The amendments made by  
8 paragraphs (3), (4), (5), and (6) of subsection (a) of this  
9 section shall take effect as though enacted as part of part  
10 II of subtitle A of title VII of the Dodd-Frank Wall Street  
11 Reform and Consumer Protection Act (124 Stat. 1658).

12 **SEC. 1208. TITLE IX CORRECTIONS.**

13 Section 939(h)(1) of the Dodd-Frank Wall Street Re-  
14 form and Consumer Protection Act (124 Stat. 1887) is  
15 amended—

16 (1) in the matter preceding subparagraph (A),  
17 by inserting “The” before “Commission”; and

18 (2) by striking “feasability” and inserting “fea-  
19 sibility”.

20 **SEC. 1209. TITLE X CORRECTIONS.**

21 (a) IN GENERAL.—Title X of the Dodd-Frank Wall  
22 Street Reform and Consumer Protection Act (12 U.S.C.  
23 5481 et seq.) is amended—

1           (1) in section 1002(12)(G) (12 U.S.C.  
2           5481(12)(G)), by striking “Home Owners” and in-  
3           serting “Homeowners”;

4           (2) in section 1013(a)(1)(C) (12 U.S.C.  
5           5493(a)(1)(C)), by striking “section 11(1) of the  
6           Federal Reserve Act (12 U.S.C. 248(1))” and in-  
7           serting “subsection (l) of section 11 of the Federal  
8           Reserve Act (12 U.S.C. 248(l))”;

9           (3) in section 1017(a)(2) (as so redesignated by  
10          section 712) (12 U.S.C. 5497(a)(5))—

11           (A) in subparagraph (A), in the last sen-  
12          tence by striking “716(e) of title 31, United  
13          States Code” and inserting “716 of title 31,  
14          United States Code”; and

15           (B) in subparagraph (C), by striking “sec-  
16          tion 3709 of the Revised Statutes of the United  
17          States (41 U.S.C. 5)” and inserting “section  
18          6101 of title 41, United States Code”;

19           (4) in section 1027(d)(1)(B) (12 U.S.C.  
20          5517(d)(1)(B)), by inserting a comma after “(A)”;

21           (5) in section 1029(d) (12 U.S.C. 5519(d)), by  
22          striking the period after “Commission Act”;

23           (6) in section 1061(b)(7) (12 U.S.C.  
24          5581(b)(7))—



1 (A) by striking “Secretary of the Depart-  
2 ment of Housing and Urban Development”  
3 each place that term appears and inserting  
4 “Department of Housing and Urban Develop-  
5 ment”; and

6 (B) in subparagraph (A), by striking “(12  
7 U.S.C. 5102 et seq.)” and inserting “(12  
8 U.S.C. 5101 et seq.)”;

9 (7) in section 1063 (12 U.S.C. 5583)—

10 (A) in subsection (f)(1)(B), by striking  
11 “that”; and

12 (B) in subsection (g)(1)(A)—

13 (i) by striking “(12 U.S.C. 5102 et  
14 seq.)” and inserting “(12 U.S.C. 5101 et  
15 seq.)”; and

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

18 (8) in section 1064(i)(1)(A)(iii) (12 U.S.C.  
19 5584(i)(1)(A)(iii)), by inserting a period before “If  
20 an”;

21 (9) in section 1073(c)(2) (12 U.S.C.  
22 5601(c)(2))—

23 (A) in the paragraph heading, by inserting  
24 “AND EDUCATION” after “FINANCIAL LIT-  
25 ERACY”; and

1 (B) by striking “its duties” and inserting  
2 “their duties”;

3 (10) in section 1076(b)(1) (12 U.S.C.  
4 5602(b)(1)), by inserting before the period at the  
5 end the following: “, the Agency may, after notice  
6 and opportunity for comment, prescribe regula-  
7 tions”;

8 (11) in section 1077(b)(4)(F) (124 Stat. 2076),  
9 by striking “associates” and inserting “associate’s”;

10 (12) in section 1084(1) (124 Stat. 2081), by in-  
11 sserting a comma after “2009”;

12 (13) in section 1089 (124 Stat. 2092)—

13 (A) in paragraph (3)—

14 (i) in subparagraph (A), by striking  
15 “and” at the end; and

16 (ii) in subparagraph (B)(vi), by strik-  
17 ing the period at the end and inserting “;  
18 and”; and

19 (B) by redesignating paragraph (4) as sub-  
20 paragraph (C) and adjusting the margins ac-  
21 cordingly; and

22 (14) in section 1098(6) (124 Stat. 2104), by in-  
23 sserting “the first place that term appears” before  
24 “and”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 paragraphs (11), (12), (13), (14), and (15) of subsection  
3 (a) shall take effect as though enacted as part of subtitle  
4 H of title X of the Dodd-Frank Wall Street Reform and  
5 Consumer Protection Act (124 Stat. 2080).

6 **SEC. 1210. TITLE XII CORRECTION.**

7 Title XII of the Dodd-Frank Wall Street Reform and  
8 Consumer Protection Act (124 Stat. 2129) is amended,  
9 in section 1208(b) (12 U.S.C. 5626(b)), by inserting “,  
10 as defined in section 103(10) of the Riegle Community  
11 Development and Regulatory Improvement Act of 1994  
12 (12 U.S.C. 4702(10)),” after “appropriated to the Fund”.

13 **SEC. 1211. TITLE XIV CORRECTION.**

14 Title XIV of the Dodd-Frank Wall Street Reform and  
15 Consumer Protection Act (124 Stat. 2136) is amended,  
16 in section 1451(c) (12 U.S.C. 1701x–1(c)), by striking  
17 “pursuant”.

18 **SEC. 1212. TECHNICAL CORRECTIONS TO OTHER STAT-**

19 **UTES.**

20 (a) ALTERNATIVE MORTGAGE TRANSACTION PARITY  
21 ACT OF 1982.—The Alternative Mortgage Transaction  
22 Parity Act of 1982 (12 U.S.C. 3801 et seq.) is amended—

23 (1) in section 802(a)(3) (12 U.S.C.  
24 3801(a)(3)), by striking “the Director of the Office

1 of Thrift Supervision” and inserting “the Consumer  
2 Law Enforcement Agency”;

3 (2) in section 804 (12 U.S.C. 3803)—

4 (A) in subsection (a), by striking “the Di-  
5 rector of the Office of Thrift Supervision” each  
6 place such term appears and inserting “the  
7 Comptroller of the Currency”; and

8 (B) in subsection (d)(1), by striking the  
9 comma after “Administration”.

10 (b) BANK HOLDING COMPANY ACT AMENDMENTS OF  
11 1970.—Section 106(b)(1) of the Bank Holding Company  
12 Act Amendments of 1970 (12 U.S.C. 1972(1)) is amend-  
13 ed, in the undesignated matter at the end, by striking  
14 “Federal Deposit Insurance Company” and inserting  
15 “Federal Deposit Insurance Corporation”.

16 (c) BALANCED BUDGET AND EMERGENCY DEFICIT  
17 CONTROL ACT.—Section 255(g)(1)(A) of the Balanced  
18 Budget and Emergency Deficit Control Act of 1985 (2  
19 U.S.C. 905(g)(1)(A)) is amended by striking “Office of  
20 Thrift Supervision (20–4108–0–3–373).”.

21 (d) BRETTON WOODS AGREEMENTS ACT.—Section  
22 68(a)(1) of the Bretton Woods Agreements Act (22 U.S.C.  
23 286tt(a)(1)) is amended by striking “Fund ,” and insert-  
24 ing “Fund,”.

1 (e) CAN–SPAM ACT OF 2003.—Section 7(b)(1)(D)  
2 of the CAN–SPAM Act of 2003 (15 U.S.C.  
3 7706(b)(1)(D)) is amended by striking “Director of the  
4 Office of Thrift Supervision” and inserting “Comptroller  
5 of the Currency or the Board of Directors of Federal De-  
6 posit Insurance Corporation, as applicable”.

7 (f) CHILDREN’S ONLINE PRIVACY PROTECTION ACT  
8 OF 1998.—Section 1306(b)(2) of the Children’s Online  
9 Privacy Protection Act of 1998 (15 U.S.C. 6505(b)(2))  
10 is amended by striking “Director of the Office of Thrift  
11 Supervision” and inserting “Comptroller of the Currency  
12 or the Board of Directors of Federal Deposit Insurance  
13 Corporation, as applicable”.

14 (g) COMMUNITY REINVESTMENT ACT OF 1977.—The  
15 Community Reinvestment Act of 1977 (12 U.S.C. 2901  
16 et seq.) is amended—

17 (1) in section 803(1)(C) (12 U.S.C.  
18 2902(1)(C)), by striking the period at the end and  
19 inserting a semicolon; and

20 (2) in section 806 (12 U.S.C. 2905), by striking  
21 “companies,,” and inserting “companies,”.

22 (h) CREDIT REPAIR ORGANIZATIONS ACT.—Section  
23 403(4) of the Credit Repair Organizations Act (15 U.S.C.  
24 1679a(4)) is amended by striking “103(e)” and inserting  
25 “103(f)”.

1 (i) DEPOSITORY INSTITUTION MANAGEMENT INTER-  
2 LOCKS ACT.—Section 205(9) of the Depository Institution  
3 Management Interlocks Act (12 U.S.C. 3204(9)) is  
4 amended by striking “Director of the Office of Thrift Su-  
5 pervision” and inserting “appropriate Federal banking  
6 agency”.

7 (j) ECONOMIC GROWTH AND REGULATORY PAPER-  
8 WORK REDUCTION ACT OF 1996.—Section 2227(a)(1) of  
9 the Economic Growth and Regulatory Paperwork Reduc-  
10 tion Act of 1996 (12 U.S.C. 252(a)(1)) is amended by  
11 striking “the Director of the Office of Thrift Super-  
12 vision,”.

13 (k) ELECTRONIC FUND TRANSFER ACT.—The Elec-  
14 tronic Fund Transfer Act (15 U.S.C. 1693 et seq.) is  
15 amended—

16 (1) in section 903 (15 U.S.C. 1693a)—

17 (A) in paragraph (2), by striking “103(i)”  
18 and inserting “103(j)”; and

19 (B) by redesignating the first paragraph  
20 designated as paragraph (4) (defining the term  
21 “Board”), as paragraph (3);

22 (2) in section 904(a) (15 U.S.C. 1693b(a))—

23 (A) by redesignating the second paragraph  
24 designated as paragraph (1) (relating to con-  
25 sultation with other agencies), the second para-

1 graph designated as paragraph (2) (relating to  
2 the preparation of an analysis of economic im-  
3 pact), paragraph (3), and paragraph (4), as  
4 subparagraphs (A), (B), (C), and (D), respec-  
5 tively, and adjusting the margins accordingly;

6 (B) by striking “In prescribing such regu-  
7 lations, the Board shall:” and inserting the fol-  
8 lowing:

9 “(3) REGULATIONS.—In prescribing regulations  
10 under this subsection, the Agency and the Board  
11 shall—”;

12 (C) in paragraph (3)(C), as so redesign-  
13 nated, by striking “the Board shall”; and

14 (D) in paragraph (3)(D), as so redesign-  
15 nated—

16 (i) by inserting “send promptly” be-  
17 fore “any”; and

18 (ii) by striking “shall be sent prompt-  
19 ly to Congress by the Board” and inserting  
20 “to Congress”;

21 (3) in section 909(c) (15 U.S.C. 1693g(c)), by  
22 striking “103(e)” and inserting “103(f)”;

23 (4) in section 918(a)(4) (15 U.S.C.  
24 1693o(a)(4)), by striking “Act and” and inserting  
25 “Act; and”;

1           (5) by redesignating the section added by sec-  
2           tion 1073(4) of the Dodd-Frank Wall Street Reform  
3           and Consumer Protection Act (relating to remittance  
4           transfers) (15 U.S.C. 1693o–1) as section 920 of  
5           the Electronic Fund Transfer Act;

6           (6) by redesignating the section headed “Rea-  
7           sonable fees and rules for payment card transaction”  
8           (15 U.S.C. 1693o–2) as section 921 of the Elec-  
9           tronic Fund Transfer Act;

10          (7) by redesignating the section headed “Rela-  
11          tion to State laws” (15 U.S.C. 1693q) as section  
12          922 of the Electronic Fund Transfer Act;

13          (8) by redesignating the section headed “Ex-  
14          emption for State regulation” (15 U.S.C. 1693r) as  
15          section 923 of the Electronic Fund Transfer Act;  
16          and

17          (9) by redesignating the section headed “Effec-  
18          tive date” (15 U.S.C. 1693 note) as section 924 of  
19          the Electronic Fund Transfer Act.

20          (l) EMERGENCY ECONOMIC STABILIZATION ACT OF  
21          2008.—Section 101(b) of the Emergency Economic Sta-  
22          bilization Act of 2008 (12 U.S.C. 5211(b)) is amended  
23          by striking “the Director of the Office of Thrift Super-  
24          vision,”.



1 (m) EQUAL CREDIT OPPORTUNITY ACT.—The Equal  
2 Credit Opportunity Act (15 U.S.C. 1691 et seq.) is  
3 amended—

4 (1) in section 703 (15 U.S.C. 1691b)—

5 (A) in each of subsections (c) and (d), by  
6 striking “paragraph” each place that term ap-  
7 pears and inserting “subsection”; and

8 (B) in subsection (g), by adding a period  
9 at the end;

10 (2) in section 704 (15 U.S.C. 1691e)—

11 (A) in subsection (a)—

12 (i) by striking “Consumer Protection  
13 Financial Protection Act of 2010 with”  
14 and inserting “Consumer Financial Protec-  
15 tion Act of 2010, compliance with”;

16 (ii) in paragraph (1)—

17 (I) by striking “section 8” and  
18 inserting “Section 8”; and

19 (II) in subparagraph (C), by  
20 striking “banks;” and inserting  
21 “banks.”;

22 (iii) in each of paragraphs (6) and  
23 (7), by striking the semicolon at the end  
24 and inserting a period; and

1 (iv) in paragraph (8), by striking “;  
2 and” and inserting a period; and

3 (B) in subsection (c), in the second sen-  
4 tence, by striking “subchapter” and inserting  
5 “title”; and

6 (3) in section 706(k) (15 U.S.C. 1691e(k)), by  
7 striking “, (2), or (3)” and inserting “or (2)”.

8 (n) EXPEDITED FUNDS AVAILABILITY ACT.—The  
9 Expedited Funds Availability Act (12 U.S.C. 4001 et seq.)  
10 is amended—

11 (1) in section 605(f)(2)(A) (12 U.S.C.  
12 4004(f)(2)(A)), by striking “,” and inserting a  
13 semicolon; and

14 (2) in section 610(a)(2) (12 U.S.C.  
15 4009(a)(2)), by striking “Director of the Office of  
16 Thrift Supervision” and inserting “Comptroller of  
17 the Currency and the Board of Directors of the Fed-  
18 eral Deposit Insurance Corporation, as appro-  
19 priate,”.

20 (o) FAIR CREDIT REPORTING ACT.—The Fair Credit  
21 Reporting Act (15 U.S.C. 1681 et seq.) is amended—

22 (1) in section 603 (15 U.S.C. 1681a)—

23 (A) in subsection (d)(2)(D), by striking  
24 “(x)” and inserting “(y)”;

1 (B) in subsection (q)(5), by striking  
2 “103(i)” and inserting “103(j)”; and

3 (C) in subsection (v), by striking “Bureau”  
4 and inserting “Federal Trade Commission”;

5 (2) in section 604 (15 U.S.C. 1681b)—

6 (A) in subsection (b)—

7 (i) in paragraph (2)(B)(i), by striking  
8 “section 615(a)(3)” and inserting “section  
9 615(a)(4)”;

10 (ii) in paragraph (3)(B)(ii), by strik-  
11 ing “clause (B)(i)(IV)” and inserting  
12 “clause (i)(IV)”;

13 (iii) in paragraph (4)(A)(ii), by insert-  
14 ing “and” after the semicolon; and

15 (iv) by striking “section 609(c)(3)”  
16 each place that term appears and inserting  
17 “section 609(c)”; and

18 (B) in subsection (g)(5), by striking  
19 “PARAGRAPH (2).—” and all that follows  
20 through “The Bureau” and inserting “PARA-  
21 GRAPH (2).—The Agency”;

22 (3) in section 605 (15 U.S.C. 1681e)—

23 (A) in subsection (f), by striking “who”  
24 and inserting “which”; and

25 (B) in subsection (h)(2)(A)—

1 (i) by striking “shall,” and inserting  
2 “shall,”; and

3 (ii) by striking “Commission,” and  
4 inserting “Commission,”;

5 (4) in paragraphs (1)(A), (1)(B)(i), (2)(A)(i),  
6 and (2)(B) of section 605A(h) (15 U.S.C. 1681c-  
7 1(h))—

8 (A) by striking “103(i)” each place that  
9 term appears and inserting “103(j)” ; and

10 (B) by striking “open-end” each place that  
11 term appears and inserting “open end”;

12 (5) in section 607(e)(3)(A) (15 U.S.C.  
13 1681e(e)(3)(A)), by striking “section  
14 604(b)(4)(E)(i)” and inserting “section  
15 604(b)(4)(D)(i)”;

16 (6) in section 609 (15 U.S.C. 1681g)—

17 (A) in subsection (a)(3)(C)(i), by striking  
18 “section 604(b)(4)(E)(i)” and inserting “sec-  
19 tion 604(b)(4)(D)(i)”;

20 (B) in subsection (c)(1)—

21 (i) in the paragraph heading, by strik-  
22 ing “COMMISSION” and inserting “BU-  
23 REAU”; and

24 (ii) in subparagraph (B)(vi), by strik-  
25 ing “603(w)” and inserting “603(x)”;

1 (C) in subsection (e)(2)(B)(ii)(II), by strik-  
2 ing “an”; and

3 (D) by striking “The Commission” each  
4 place that term appears and inserting “The Bu-  
5 reau”;

6 (7) in section 610 (15 U.S.C. 1681h)—

7 (A) in subsection (b)(1), by inserting “sec-  
8 tion” after “under”; and

9 (B) in subsection (e), by inserting a  
10 comma after “on the report”;

11 (8) in section 611 (15 U.S.C. 1681i), by strik-  
12 ing “The Commission” each place that term appears  
13 and inserting “The Agency”;

14 (9) in section 612 (15 U.S.C. 1681j)—

15 (A) in subsection (a)(1)—

16 (i) by striking “(w)” and inserting  
17 “(x)”; and

18 (ii) in subparagraph (C), by striking  
19 “603(w)” each place that term appears  
20 and inserting “603(x)”;

21 (B) in subsection (g), by striking  
22 “televison” and inserting “television”; and

23 (C) by striking “The Commission” each  
24 place that term appears and inserting “The Bu-  
25 reau”;

1 (10) in section 621 (15 U.S.C. 1681s)—

2 (A) in subsection (a)(1), in the first sen-  
3 tence, by striking “, subsection (b)”;

4 (B) in subsection (e)(2), by inserting a pe-  
5 riod after “provisions of this title”; and

6 (C) in subsection (f)(2), by striking “The  
7 Commission” and inserting “The Agency” and

8 (11) in section 623(a)(5) (15 U.S.C. 1681s-  
9 2(a)(5)), by striking “OF ACCOUNTS.—(A) IN GEN-  
10 ERAL.—A person” and inserting “OF ACCOUNTS.—

11 “(A) IN GENERAL.—A person”.

12 (p) FEDERAL CREDIT UNION ACT.—Section  
13 206(g)(7)(D)(iv) of the Federal Credit Union Act (12  
14 U.S.C. 1786(g)(7)(D)(iv)) is amended by striking the  
15 semicolon at the end and inserting a period.

16 (q) FEDERAL DEPOSIT INSURANCE ACT.—The Fed-  
17 eral Deposit Insurance Act (12 U.S.C. 1811 et seq.) is  
18 amended—

19 (1) in section 3(q)(2)(C) (12 U.S.C.  
20 1813(q)(2)(C)), by adding “and” at the end;

21 (2) in section 7 (12 U.S.C. 1817)—

22 (A) in subsection (b)(2)—

23 (i) in subparagraph (A), by striking  
24 “(D)” and inserting “(C)”; and

1 (ii) by redesignating subparagraphs  
2 (D) and (E) as subparagraphs (C) and  
3 (D), respectively; and

4 (B) in subsection (e)(2)(C), by adding a  
5 period at the end;

6 (3) in section 8 (12 U.S.C. 1818)—

7 (A) in subsection (b)(3), by striking  
8 “Act))” and inserting “Act”); and

9 (B) in subsection (t)(2)(C), by striking  
10 “depositors or” and inserting “depositors; or”;

11 (4) in section 11 (12 U.S.C. 1821)—

12 (A) in subsection (d)(2)(I)(ii), by striking  
13 “and section 21A(b)(4)”); and

14 (B) in subsection (m), in each of para-  
15 graphs (16) and (18), by striking the comma  
16 after “Comptroller of the Currency” each place  
17 it appears; and

18 (5) in section 26(a) (12 U.S.C. 1831c(a)), by  
19 striking “Holding Company Act” each place that  
20 term appears and inserting “Holding Company Act  
21 of 1956”.

22 (r) FEDERAL FIRE PREVENTION AND CONTROL ACT  
23 OF 1974.—Section 31(a)(5)(B) of the Federal Fire Pre-  
24 vention and Control Act of 1974 (15 U.S.C.  
25 2227(a)(5)(B)) is amended by striking “the Federal De-

1 posit Insurance Corporation” and all that follows through  
2 the period and inserting “or the Federal Deposit Insur-  
3 ance Corporation under the affordable housing program  
4 under section 40 of the Federal Deposit Insurance Act.”.

5 (s) FEDERAL HOME LOAN BANK ACT.—The Federal  
6 Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amend-  
7 ed—

8 (1) in section 10(h)(1) (12 U.S.C. 1430(h)(1)),  
9 by striking “Director of the Office of Thrift Super-  
10 vision” and inserting “Comptroller of the Currency  
11 or the Board of Directors of the Federal Deposit In-  
12 surance Corporation, as applicable”; and

13 (2) in section 22(a) (12 U.S.C. 1442(a))—

14 (A) in the matter preceding paragraph (1),  
15 by striking “Comptroller of the Currency” and  
16 all that follows through “Supervision” and in-  
17 serting “Comptroller of the Currency, the  
18 Chairman of the Board of Governors of the  
19 Federal Reserve System, the Chairperson of the  
20 Federal Deposit Insurance Corporation, and the  
21 Chairman of the National Credit Union Admin-  
22 istration”; and

23 (B) in the undesignated matter following  
24 paragraph (2), by striking “Comptroller of the  
25 Currency” and all that follows through “Super-



1 vision” and inserting “Comptroller of the Cur-  
2 rency, the Chairman of the Board of Governors  
3 of the Federal Reserve System, and the Chair-  
4 man of the National Credit Union Administra-  
5 tion”.

6 (t) FEDERAL RESERVE ACT.—Paragraph (8)(B) of  
7 section 11(s) of the Federal Reserve Act (headed “Federal  
8 Reserve Transparency and Release of Information”) (12  
9 U.S.C. 248) is amended by striking “this section” and in-  
10 serting “this subsection”.

11 (u) FINANCIAL INSTITUTIONS REFORM, RECOVERY,  
12 AND ENFORCEMENT ACT OF 1989.—The Financial Insti-  
13 tutions Reform, Recovery, and Enforcement Act of 1989  
14 (Public Law 101–73; 103 Stat. 183) is amended in section  
15 1121(6) (12 U.S.C. 3350(6)), by striking “the Office of  
16 Thrift Supervision,”.

17 (v) GRAMM-LEACH-BLILEY ACT.—The Gramm-  
18 Leach-Bliley Act (Public Law 106–102; 113 Stat. 1338)  
19 is amended—

20 (1) in section 132(a) (12 U.S.C. 1828b(a)), by  
21 striking “the Director of the Office of Thrift Super-  
22 vision,”;

23 (2) in section 206(a) (15 U.S.C. 78e note), by  
24 striking “Except as provided in subsection (e), for”  
25 and inserting “For”;

1 (3) in section 502(e)(5) (15 U.S.C. 6802(e)(5)),  
2 by striking “a Federal” and inserting “, a Federal”;

3 (4) in section 504(a)(2) (15 U.S.C.  
4 6804(a)(2)), by striking “and, as appropriate, and  
5 with” and inserting “and, as appropriate, with”;

6 (5) in section 509(2) (15 U.S.C. 6809(2))—

7 (A) by striking subparagraph (D); and

8 (B) by redesignating subparagraphs (E)  
9 and (F) as subparagraphs (D) and (E), respec-  
10 tively; and

11 (6) in section 522(b)(1)(A)(iv) (15 U.S.C.  
12 6822(b)(1)(A)(iv)), by striking “Director of the Of-  
13 fice of Thrift Supervision” and inserting “Comp-  
14 troller of the Currency and the Board of Directors  
15 of the Federal Deposit Insurance Corporation, as  
16 appropriate”.

17 (w) HELPING FAMILIES SAVE THEIR HOMES ACT OF  
18 2009.—Section 104 of the Helping Families Save Their  
19 Homes Act of 2009 (12 U.S.C. 1715z-25) is amended—

20 (1) in subsection (a)—

21 (A) in the matter preceding paragraph

22 (1)—

23 (i) by striking “and the Director of  
24 the Office of Thrift Supervision, shall  
25 jointly” and inserting “shall”;

1 (ii) by striking “Senate,” and insert-  
2 ing “Senate and”;

3 (iii) by striking “and the Office of  
4 Thrift Supervision”; and

5 (iv) by striking “each such” and in-  
6 serting “such”; and

7 (B) in paragraph (1), by striking “and the  
8 Office of Thrift Supervision”; and

9 (2) in subsection (b)(1)—

10 (A) in subparagraph (A)—

11 (i) in the first sentence—

12 (I) by striking “and the Director  
13 of the Office of Thrift Supervision,”;  
14 and

15 (II) by striking “or the Direc-  
16 tor”; and

17 (ii) in the second sentence, by striking  
18 “and the Director of the Office of Thrift  
19 Supervision”; and

20 (B) in subparagraph (B), by striking “and  
21 the Director of the Office of Thrift Super-  
22 vision”.

23 (x) HOME MORTGAGE DISCLOSURE ACT OF 1975.—

24 The Home Mortgage Disclosure Act of 1975 (12 U.S.C.

25 2801 et seq.) is amended—

1 (1) in section 304—

2 (A) in subsection (b)(5)(A), by striking  
3 “15 U.S.C. 1602(aa)(4)” and inserting “section  
4 103(aa)(4) of the Truth in Lending Act”; and

5 (B) in subsection (j)(3) (12 U.S.C.  
6 2803(j)(3)), by adding a period at the end; and

7 (2) in section 305(b)(1)(A) (12 U.S.C.  
8 2804(b)(1)(A))—

9 (A) in the matter preceding clause (i), by  
10 inserting “by” before “the appropriate Federal  
11 banking agency”; and

12 (B) in clause (iii), by striking “bank as,”  
13 and inserting “bank, as”.

14 (y) HOME OWNERS’ LOAN ACT.—The Home Owners’  
15 Loan Act (12 U.S.C. 1461 et seq.) is amended—

16 (1) in section 5 (12 U.S.C. 1464)—

17 (A) in subsection (d)(2)(E)(ii)—

18 (i) in the first sentence, by striking  
19 “Except as provided in section 21A of the  
20 Federal Home Loan Bank Act, the” and  
21 inserting “The”; and

22 (ii) by striking “, at the Director’s  
23 discretion,”;

24 (B) in subsection (i)(6), by striking “the  
25 Office of Thrift Supervision or”;

1 (C) in subsection (m), by striking “Direc-  
2 tor’s” each place that term appears and insert-  
3 ing “appropriate Federal banking agency’s”;

4 (D) in subsection (n)(9)(B), by striking  
5 “Director’s” and inserting “Comptroller’s”; and

6 (E) in subsection (s)—

7 (i) in paragraph (1)—

8 (I) in the matter preceding sub-  
9 paragraph (A), by striking “of such  
10 Act)” and all that follows through  
11 “shall require” and inserting “of such  
12 Act), the appropriate Federal banking  
13 agency shall require”; and

14 (II) in subparagraph (B), by  
15 striking “other methods” and all that  
16 follows through “determines” and in-  
17 serting “other methods as the appro-  
18 priate Federal banking agency deter-  
19 mines”;

20 (ii) in paragraph (2)—

21 (I) by striking “DETERMINED”  
22 and all that follows through “may,  
23 consistent” and inserting “DETER-  
24 MINED BY APPROPRIATE FEDERAL  
25 BANKING AGENCY CASE-BY-CASE.—

1 The appropriate Federal banking  
2 agency may, consistent”; and

3 (II) by striking “capital-to-as-  
4 sets” and all that follows through  
5 “determines to be necessary” and in-  
6 serting “capital-to-assets as the ap-  
7 propriate Federal banking agency de-  
8 termines to be necessary”; and

9 (iii) in paragraph (3)—

10 (I) by striking “agency, may”  
11 and inserting “agency may”; and

12 (II) by striking “the Comp-  
13 troller” and inserting “the appro-  
14 priate Federal banking agency”;

15 (2) in section 6(c) (12 U.S.C. 1465(c)), by  
16 striking “sections” and inserting “section”;

17 (3) in section 10 (12 U.S.C. 1467a)—

18 (A) in subsection (b)(6), by striking  
19 “time” and all that follows through “release”  
20 and inserting “time, upon the motion or appli-  
21 cation of the Board, release”;

22 (B) in subsection (c)(2)(H)—

23 (i) in the matter preceding clause

24 (i)—

1 (I) by striking “1841(p))” and  
2 inserting “1841(p))”); and

3 (II) by inserting “(12 U.S.C.  
4 1843(k))” before “if—”; and

5 (ii) in clause (i), by inserting “of 1956  
6 (12 U.S.C. 1843(l) and (m))” after “Com-  
7 pany Act”; and

8 (C) in subsection (e)(7)(B)(iii)—

9 (i) by striking “Board of the Office of  
10 Thrift Supervision” and inserting “Direc-  
11 tor of the Office of Thrift Supervision”;  
12 and

13 (ii) by inserting “, as defined in sec-  
14 tion 2 of the Dodd-Frank Wall Street Re-  
15 form and Consumer Protection Act (12  
16 U.S.C. 5301)” after “transfer date”; and

17 (4) in section 13 (12 U.S.C. 1468b), by striking  
18 “the a” and inserting “a”.

19 (z) HOUSING ACT OF 1948.—Section 502(c)(3) of  
20 the Housing Act of 1948 (12 U.S.C. 1701c(e)(3)) is  
21 amended by striking “Federal Home Loan Bank Agency”  
22 and inserting “Federal Housing Finance Agency”.

23 (aa) HOUSING AND URBAN DEVELOPMENT ACT OF  
24 1968.—Section 106(h)(5) of the Housing and Urban De-

1 velopment Act of 1968 (12 U.S.C. 1701x(h)(5)) is amend-  
2 ed by striking “authorised” and inserting “authorized”.

3 (bb) INTERNATIONAL BANKING ACT OF 1978.—Sec-  
4 tion 15 of the International Banking Act of 1978 (12  
5 U.S.C. 3109) is amended—

6 (1) in each of subsections (a) and (b)—

7 (A) by striking “, and Director of the Of-  
8 fice of Thrift Supervision” each place that term  
9 appears; and

10 (B) by inserting “and” before “Federal  
11 Deposit” each place that term appears;

12 (2) in subsection (a), by striking “Comptroller,  
13 Corporation, or Director” and inserting “Comp-  
14 troller of the Currency, or Corporation”; and

15 (3) in subsection (c)(4)—

16 (A) by inserting “and” before “the Federal  
17 Deposit”; and

18 (B) by striking “, and the Director of the  
19 Office of Thrift Supervision”.

20 (cc) INTERNATIONAL LENDING SUPERVISION ACT OF  
21 1983.—Section 912 of the International Lending Super-  
22 vision Act of 1983 (12 U.S.C. 3911) is amended—

23 (1) by amending the section heading to read as  
24 follows: “**EQUAL REPRESENTATION FOR FED-**  
25 **ERAL DEPOSIT INSURANCE CORPORATION**”;



1 (2) by striking “(a) IN GENERAL.—”;

2 (3) by striking subsection (b); and

3 (4) by striking “4” and inserting “3”.

4 (dd) INTERSTATE LAND SALES FULL DISCLOSURE  
5 ACT.—The Interstate Land Sales Full Disclosure Act (15  
6 U.S.C. 1701 et seq.) is amended in each of section  
7 1411(b) (15 U.S.C. 1710(b)) and subsections (b)(4) and  
8 (d) of section 1418a (15 U.S.C. 1717a), by striking “Sec-  
9 retary’s” each place that term appears and inserting “Di-  
10 rector’s”.

11 (ee) INVESTMENT ADVISERS ACT OF 1940.—Section  
12 224 of the Investment Company Act of 1940 (15 U.S.C.  
13 80b–18c) is amended in the heading of the section by  
14 striking “**COMMODITIES**” and inserting “**COM-**  
15 **MODITY**”.

16 (ff) LEGAL CERTAINTY FOR BANK PRODUCTS ACT  
17 OF 2000.—Section 403(b)(1) of the Legal Certainty for  
18 Bank Products Act of 2000 (7 U.S.C. 27a(b)(1)) is  
19 amended by striking “that section” and inserting “sec-  
20 tion”.

21 (gg) PUBLIC LAW 93–495.—Section 111 of Public  
22 Law 93–495 (12 U.S.C. 250) is amended by striking “the  
23 Director of the Office of Thrift Supervision,”.

24 (hh) REVISED STATUTES OF THE UNITED STATES.—  
25 Section 5136C(i) of the Revised Statutes of the United

1 States (12 U.S.C. 25b(i)) is amended by striking “POW-  
2 ERS.—” and all that follows through “In accordance” and  
3 inserting “POWERS.—In accordance”.

4 (ii) RIEGLE COMMUNITY DEVELOPMENT AND REGU-  
5 LATORY IMPROVEMENT ACT OF 1994.—Section 117(e) of  
6 the Riegle Community Development and Regulatory Im-  
7 provement Act of 1994 (12 U.S.C. 4716(e)) is amended  
8 by striking “the Director of the Office of Thrift Super-  
9 vision,”.

10 (jj) S.A.F.E. MORTGAGE LICENSING ACT OF 2008.—  
11 Section 1514 of the S.A.F.E. Mortgage Licensing Act of  
12 2008 (12 U.S.C. 5113) is amended in each of subsections  
13 (b)(5) and (c)(4)(C), by striking “Secretary’s” each place  
14 that term appears and inserting “Director’s”.

15 (kk) SECURITIES EXCHANGE ACT OF 1934.—The  
16 Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.)  
17 is amended—

18 (1) in section 3D(d)(10)(A) (15 U.S.C. 78c-  
19 4(d)(10)(A)), by striking “taking” and inserting  
20 “take”;

21 (2) in section 3E(b)(1) (15 U.S.C. 78c-  
22 5(b)(1)), by striking “though” and inserting  
23 “through”;

1           (3) in section 4(g)(8)(A) (15 U.S.C.  
2       78d(g)(8)(A)), by striking “(2)(A)(i)” and inserting  
3       “(2)(A)(ii)”;

4           (4) in section 15 (15 U.S.C. 78o)—

5           (A) in each of subparagraphs (B)(ii) and  
6       (C) of subsection (b)(4), by striking “dealer  
7       municipal advisor,,” and inserting “dealer, mu-  
8       nicipal advisor,”;

9           (B) by redesignating subsection (j) (relat-  
10       ing to the authority of the Commission) as sub-  
11       section (p) and moving that subsection after  
12       subsection (o);

13          (C) as amended by section 841(d), by re-  
14       designating the second subsection (k) and sec-  
15       ond subsection (l) (relating to standard of con-  
16       duct and other matters, respectively), as added  
17       by section 913(g)(1) of the Dodd-Frank Wall  
18       Street Reform and Consumer Protection Act  
19       (124 Stat. 1828), as subsections (q) and (r), re-  
20       spectively and moving those subsections to the  
21       end; and

22          (D) in subsection (m), by inserting “the”  
23       before “same extent”;

24          (5) in section 15F(h) (15 U.S.C. 78o–10(h))—

25           (A) in paragraph (2)—

1 (i) in subparagraph (A), by inserting  
2 “a” after “that acts as an advisor to”; and  
3 (ii) in subparagraph (B), by inserting  
4 “a” after “offers to enter into”; and  
5 (B) in paragraph (5)(A)(i)—  
6 (i) by inserting “(A)” after “(18)”;  
7 and  
8 (ii) in subclause (VII), by striking  
9 “act of” and inserting “Act of”;  
10 (6) in section 15G (15 U.S.C. 78o–11)—  
11 (A) in subsection (e)(4)(A), by striking  
12 “subsection” and inserting “section”;  
13 (B) in subsection (e)(4)(C)—  
14 (i) by striking “129C(e)(2)” and in-  
15 serting “129C(b)(2)(A)”; and  
16 (ii) by inserting “(15 U.S.C.  
17 1639c(b)(2)(A))” after “Lending Act”;  
18 and  
19 (C) in subsection (e)(5), by striking “sub-  
20 section” and inserting “section”; and  
21 (7) in section 17A (15 U.S.C. 78q–1), by redesi-  
22 gnating subsection (g), as added by section 929W  
23 of the Dodd-Frank Wall Street Reform and Con-  
24 sumer Protection Act (relating to due diligence for  
25 the delivery of dividends, interest, and other valuable

1 property rights) as subsection (n) and moving that  
2 subsection to the end.

3 (ll) TELEMARKETING AND CONSUMER FRAUD AND  
4 ABUSE PREVENTION ACT.—Section 3(b) of the Tele-  
5 marketing and Consumer Fraud and Abuse Prevention  
6 Act (15 U.S.C. 6102(b)) is amended by inserting before  
7 the period at the end the following: “, provided, however,  
8 nothing in this section shall conflict with or supersede sec-  
9 tion 6 of the Federal Trade Commission Act (15 U.S.C.  
10 46)”.

11 (mm) TITLE 5.—Title 5, United States Code, is  
12 amended—

13 (1) in section 3132(a)(1)(D), as amended by  
14 section 711, by striking “the Office of Thrift Super-  
15 vision,, the Resolution Trust Corporation,”; and

16 (2) in section 5314, by striking “Director of the  
17 Office of Thrift Supervision.”.

18 (nn) TITLE 31.—

19 (1) AMENDMENTS.—Title 31, United States  
20 Code, is amended—

21 (A) by striking section 309; and

22 (B) in section 714(d)(3)(B) by striking “a  
23 audit” and inserting “an audit”.

24 (2) ANALYSIS.—The analysis for subchapter I  
25 of chapter 3 of title 31, United States Code, is

1 amended by striking the item relating to section  
2 309.

3 (oo) TRUTH IN LENDING ACT.—The Truth in Lend-  
4 ing Act (15 U.S.C. 1601 et seq.) is amended—

5 (1) in section 105 (15 U.S.C. 1604), by insert-  
6 ing subsection (h), as added by section 1472(c) of  
7 the Dodd-Frank Wall Street Reform and Consumer  
8 Protection Act (124 Stat. 2187), before subsection  
9 (i), as added by section 1100A(7) of that Act (124  
10 Stat. 2108);

11 (2) in section 106(f)(2)(B)(i) (15 U.S.C.  
12 1605(f)(2)(B)(i)), by striking “103(w)” and insert-  
13 ing “103(x)”;

14 (3) in section 121(b) (15 U.S.C. 1631(b)), by  
15 striking “103(f)” and inserting “103(g)”;

16 (4) in section 122(d)(5) (15 U.S.C.  
17 1632(d)(5)), by striking “section 603” and all that  
18 follows through “promulgate” and inserting “section  
19 603), may promulgate”;

20 (5) in section 125(e)(1) (15 U.S.C. 1635(e)(1)),  
21 by striking “103(w)” and inserting “103(x)”;

22 (6) in section 129 (15 U.S.C. 1639)—

23 (A) in subsection (q), by striking “(l)(2)”  
24 and inserting “(p)(2)”;

1 (B) in subsection (u)(3), by striking  
2 “Board” each place that term appears and in-  
3 serting “Agency”;

4 (7) in section 129C (15 U.S.C. 1639c)—

5 (A) in subsection (b)(2)(B), by striking the  
6 second period at the end; and

7 (B) in subsection (c)(1)(B)(ii)(I), by strik-  
8 ing “a original” and inserting “an original”;

9 (8) in section 148(d) (15 U.S.C. 1665e(d)), by  
10 striking “Bureau” and inserting “Board”;

11 (9) in section 149 (15 U.S.C. 1665d)—

12 (A) by striking “the Director of the Office  
13 of Thrift Supervision,” each place that term ap-  
14 pears;

15 (B) by striking “National Credit Union  
16 Administration Bureau” each place that term  
17 appears and inserting “National Credit Union  
18 Administration Board”; and

19 (C) by striking “Bureau of Directors of  
20 the Federal Deposit Insurance Corporation”  
21 each place that term appears and inserting  
22 “Board of Directors of the Federal Deposit In-  
23 surance Corporation”; and

24 (10) in section 181(1) (15 U.S.C. 1667(1)), by  
25 striking “103(g)” and inserting “103(h)”.

1           (pp) TRUTH IN SAVINGS ACT.—The Truth in Sav-  
2 ings Act (12 U.S.C. 4301 et seq.) is amended in each of  
3 sections 269(a)(4) (12 U.S.C. 4308(a)(4)), 270(a)(2) (12  
4 U.S.C. 4309(a)(2)), and 274(6) (12 U.S.C. 4313(6)), by  
5 striking “Administration Bureau” each place that term  
6 appears and inserting “Administration Board”.

Passed the House of Representatives June 8, 2017.

Attest:

KAREN L. HAAS,

*Clerk.*