

116TH CONGRESS  
1ST SESSION

# H. R. 741

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

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 24, 2019

Mr. TIPTON (for himself, Mr. BUDD, Mr. MARSHALL, Mr. WOMACK, Mr. LUCAS, Mr. RODNEY DAVIS of Illinois, Mr. BARR, Mr. KING of New York, Mr. LOUDERMILK, Mr. MULLIN, Mr. FORTENBERRY, Mr. LATA, Mr. COLLINS of New York, Mr. BUCK, Mr. JOHNSON of Ohio, Mr. COLE, Mr. STIVERS, Mr. ZELDIN, Mr. DAVIDSON of Ohio, Mr. POSEY, Mr. HILL of Arkansas, Mr. RIGGLEMAN, and Mr. KUSTOFF of Tennessee) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

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

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Taking Account of In-  
3 stitutions with Low Operation Risk Act of 2019” or the  
4 “TAILOR Act of 2019”.

5 **SEC. 2. REGULATIONS APPROPRIATE TO BUSINESS MOD-**  
6 **ELS.**

7 (a) IN GENERAL.—For any regulatory action occur-  
8 ring after the date of the enactment of this Act, each Fed-  
9 eral financial institutions regulatory agency shall—

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

13 (2) determine the necessity, appropriateness,  
14 and impact of applying such regulatory action to  
15 such institutions or classes of institutions; and

16 (3) tailor such regulatory action in a manner  
17 that limits the regulatory compliance impact, cost, li-  
18 ability risk, and other burdens, as appropriate, for  
19 the risk profile and business model of the institution  
20 or class of institutions involved.

21 (b) OTHER CONSIDERATIONS.—In carrying out the  
22 requirements of subsection (a), each Federal financial in-  
23 stitutions regulatory agency shall consider—

24 (1) the impact that such regulatory action, both  
25 by itself and in conjunction with the aggregate effect  
26 of other regulations, has on the ability of the appli-

1 cable institution or class of institutions to serve  
2 evolving and diverse customer needs;

3 (2) the potential impact of examination manu-  
4 als, regulatory actions taken with respect to third-  
5 party service providers, or other regulatory directives  
6 that may be in conflict or inconsistent with the tai-  
7 loring of such regulatory action described in sub-  
8 section (a)(3); and

9 (3) the underlying policy objectives of the regu-  
10 latory action and statutory scheme involved.

11 (c) NOTICE OF PROPOSED AND FINAL RULE-  
12 MAKING.—Each Federal financial institutions regulatory  
13 agency shall disclose in every notice of proposed rule-  
14 making and in any final rulemaking for a regulatory ac-  
15 tion how the agency has applied subsections (a) and (b).

16 (d) REPORTS TO CONGRESS.—

17 (1) INDIVIDUAL AGENCY REPORTS.—

18 (A) IN GENERAL.—Not later than 1 year  
19 after the date of the enactment of this Act and  
20 annually thereafter, each Federal financial in-  
21 stitutions regulatory agency shall report 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  
25 on the specific actions taken to tailor the regu-

1 latory actions of the agency pursuant to the re-  
2 quirements of this Act.

3 (B) APPEARANCE BEFORE THE COMMIT-  
4 TEES.—The head of each Federal financial in-  
5 stitution regulatory agency shall appear before  
6 the Committee on Financial Services of the  
7 House of Representatives and the Committee  
8 on Banking, Housing, and Urban Affairs of the  
9 Senate after each report is made pursuant to  
10 subparagraph (A) to testify on the contents of  
11 such report.

12 (2) FIEC REPORTS.—

13 (A) IN GENERAL.—Not later than 3  
14 months after each report is submitted under  
15 paragraph (1), the Financial Institutions Ex-  
16 amination Council shall report to the Com-  
17 mittee on Financial Services of the House of  
18 Representatives and the Committee on Bank-  
19 ing, Housing, and Urban Affairs of the Senate  
20 on—

21 (i) the extent to which regulatory ac-  
22 tions tailored pursuant to this Act result in  
23 different treatment of similarly situated in-  
24 stitutions of diverse charter types; and

1 (ii) the reasons for such differential  
2 treatment.

3 (B) APPEARANCE BEFORE THE COMMIT-  
4 TEES.—The Chairman of the Financial Institu-  
5 tions Examination Council shall appear before  
6 the Committee on Financial Services of the  
7 House of Representatives and the Committee  
8 on Banking, Housing, and Urban Affairs of the  
9 Senate after each report is made pursuant to  
10 subparagraph (A) to testify on the contents of  
11 such report.

12 (e) LIMITED LOOK-BACK APPLICATION.—

13 (1) IN GENERAL.—Each Federal financial insti-  
14 tutions regulatory agency shall conduct a review of  
15 all regulations adopted during the period beginning  
16 on the date that is seven years before the date of the  
17 introduction of this Act in the House of Representa-  
18 tives and ending on the date of the enactment of  
19 this Act, and apply the requirements of this Act to  
20 such regulations.

21 (2) REVISION.—If the application of the re-  
22 quirements of this Act to any such regulation re-  
23 quires such regulation to be revised, the applicable  
24 Federal financial institutions regulatory agency shall

1       revise such regulation within 3 years of the enact-  
2       ment of this Act.

3       (f) DEFINITIONS.—In this Act, the following defini-  
4       tions shall apply:

5               (1) FEDERAL FINANCIAL INSTITUTIONS REGU-  
6       LATORY AGENCIES.—The term “Federal financial in-  
7       stitutions regulatory agencies” means the Office of  
8       the Comptroller of the Currency, the Board of Gov-  
9       ernors of the Federal Reserve System, the Federal  
10      Deposit Insurance Corporation, the National Credit  
11      Union Administration, and the Bureau of Consumer  
12      Financial Protection.

13              (2) REGULATORY ACTION.—The term “regu-  
14      latory action” means any proposed, interim, or final  
15      rule or regulation, guidance, or published interpreta-  
16      tion.

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