

We are committed to helping prevent and address homelessness wherever they may find themselves, and this bill will go a long way in addressing the need to prevent homelessness in rural communities.

H.R. 3620 passed the committee by a vote of 57-0, and I urge all of my colleagues to join me in supporting this important piece of legislation.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Guam (Mr. SAN NICOLAS) that the House suspend the rules and pass the bill, H.R. 3620, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

ENSURING DIVERSE LEADERSHIP ACT OF 2019

Mr. SAN NICOLAS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 281) to amend the Federal Reserve Act to require Federal Reserve banks to interview at least one individual reflective of gender diversity and one individual reflective of racial or ethnic diversity when appointing Federal Reserve bank presidents, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 281

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Ensuring Diverse Leadership Act of 2019”.

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds that—

(1) while significant progress has occurred due to the antidiscrimination amendments to the Federal Reserve Act, barriers continue to pose significant obstacles for candidates reflective of gender diversity and racial or ethnic diversity for Federal Reserve bank president positions in the Federal Reserve System;

(2) the continuing barriers described in paragraph (1) merit the following amendment;

(3) Congress has received and reviewed testimony and documentation of the historical lack of gender, racial, and ethnic diversity from numerous sources, including congressional hearings, scientific reports, reports issued by public and private agencies, news stories, and reports of related barriers by organizations and individuals, which show that race-, ethnicity-, and gender-neutral efforts alone are insufficient to address the problem;

(4) the testimony and documentation described in paragraph (3) demonstrate that barriers across the United States prove problematic for full and fair participation in developing monetary policy by individuals reflective of gender diversity and racial or ethnic diversity; and

(5) the testimony and documentation described in paragraph (3) provide a strong basis that there is a compelling need for the

below amendment to address the historical lack of gender, racial, and ethnic diversity in the Federal Reserve regional bank presidents selection process in the Federal Reserve System.

SEC. 3. FEDERAL RESERVE BANK PRESIDENTS.

(a) IN GENERAL.—The provision designated “fifth” of the fourth undesignated paragraph of section 4 of the Federal Reserve Act (12 U.S.C. 341) is amended by inserting after “employees.” the following: “In making the appointment of a president, the bank shall interview at least one individual reflective of gender diversity and one individual reflective of racial or ethnic diversity.”

(b) REPORT.—Not later than January 1 of each year, each Federal reserve bank shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Financial Services of the House of Representatives, and the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection a report describing the applicant pool demographic for the position of the president of the Federal reserve bank for the preceding fiscal year, if applicable.

SEC. 4. TECHNICAL ADJUSTMENTS.

(a) AMERICAN COMPETITIVENESS AND WORKFORCE IMPROVEMENT ACT OF 1998.—Section 418(b) of the American Competitiveness and Workforce Improvement Act of 1998 (8 U.S.C. 1184 note) is amended by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”.

(b) BRETTON WOODS AGREEMENTS ACT.—The Bretton Woods Agreements Act (22 U.S.C. 286 et seq.) is amended—

(1) in section 4(a), by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”; and

(2) in section 45(a)(1), by striking “chairman of the board of Governors” and inserting “Chair of the Board of Governors”.

(c) DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT.—The Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301 et seq.) is amended by striking “Chairman of the Board” each place such term appears and inserting “Chair of the Board”.

(d) EMERGENCY ECONOMIC STABILIZATION ACT OF 2008.—The Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5201 et seq.) is amended by striking “Chairman of the Board” each place such term appears and inserting “Chair of the Board”.

(e) EMERGENCY LOAN GUARANTEE ACT.—Section 2 of the Emergency Loan Guarantee Act (15 U.S.C. 1841) is amended by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”.

(f) EMERGENCY STEEL LOAN GUARANTEE AND EMERGENCY OIL AND GAS GUARANTEED LOAN ACT OF 1999.—The Emergency Steel Loan Guarantee and Emergency Oil and Gas Guaranteed Loan Act of 1999 (15 U.S.C. 1841 note) is amended—

(1) in section 101(e)(2)—

(A) by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”; and

(B) by striking “Chairman,” and inserting “Chair,”; and

(2) in section 201(d)(2)(B)—

(A) by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”; and

(B) by striking “Chairman,” and inserting “Chair,”.

(g) FARM CREDIT ACT OF 1971.—Section 4.9(d)(1)(C) of the Farm Credit Act of 1971 (12 U.S.C. 2160(d)(1)(C)) is amended by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”.

(h) FEDERAL DEPOSIT INSURANCE ACT.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended—

(1) in section 7(a)(3), by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”; and

(2) in section 10(k)(5)(B)(ii), by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”.

(i) FEDERAL RESERVE ACT.—The Federal Reserve Act (12 U.S.C. 226 et seq.) is amended—

(1) by striking “chairman” each place such term appears and inserting “chair”; and

(2) by striking “Chairman” each place such term appears other than in section 11(r)(2)(B) and inserting “Chair”; and

(3) in section 2, in the sixth undesignated paragraph—

(A) in the second sentence, by striking “his” and inserting “the Comptroller of the Currency’s”; and

(B) in the third sentence, by striking “his” and inserting “the director’s”; and

(4) in section 4—

(A) in the third undesignated paragraph, by striking “his office” and inserting “the Office of the Comptroller of the Currency”; and

(B) in the fourth undesignated paragraph, in the provision designated “fifth”, by striking “his” and inserting “the person’s”; and

(C) in the eighth undesignated paragraph, by striking “his” and inserting “the chair’s”; and

(D) in the seventeenth undesignated paragraph—

(i) by striking “his” and inserting “the officer’s”; and

(ii) by striking “he” and inserting “the individual”; and

(E) in the twentieth undesignated paragraph—

(i) by striking “He” each place such term appears and inserting “The chair”; and

(ii) in the third sentence—

(I) by striking “his” and inserting “the”; and

(II) by striking “he” and inserting a comma; and

(iii) in the fifth sentence, by striking “he” and inserting “the chair”; and

(F) in the twenty-first undesignated paragraph, by striking “his” each place such term appears and inserting “the agent’s”; and

(5) in section 6, in the second undesignated paragraph, by striking “he” and inserting “the Comptroller of the Currency”; and

(6) in section 9A(c)(2)(C), by striking “he” and inserting “the participant”; and

(7) in section 10—

(A) by striking “he” each place such term appears and inserting “the member”; and

(B) in the second undesignated paragraph, by striking “his” and inserting “the member’s”; and

(C) in the fourth undesignated paragraph—

(i) in the second sentence, by striking “his” and inserting “the chair’s”; and

(ii) in the fifth sentence, by striking “his” and inserting “the member’s”; and

(iii) in the sixth sentence, by striking “his” and inserting “the member’s”; and

(8) in section 12, by striking “his” and inserting “the member’s”; and

(9) in section 13, in the tenth undesignated paragraph, by striking “his” and inserting “the assured’s”; and

(10) in section 16—

(A) by striking “he” each place such term appears and inserting “the agent”; and

(B) in the seventh undesignated paragraph—

(i) by striking “his” and inserting “the agent’s”; and

(ii) by striking “himself” and inserting “the agent”; and

(C) in the tenth undesignated paragraph, by striking “his” and inserting “the Secretary’s”; and

(D) in the fifteenth undesignated paragraph, by striking “his” and inserting “the agent’s”;

(11) in section 18, in the eighth undesignated paragraph, by striking “he” and inserting “the Secretary of the Treasury”;

(12) in section 22—

(A) in subsection (f), by striking “his” and inserting “the director’s or officer’s”; and

(B) in subsection (g)—

(i) in paragraph (1)(D)—

(I) by striking “him” and inserting “the officer”; and

(II) by striking “he” and inserting “the officer”; and

(ii) in paragraph (2)(A), by striking “him as his” and inserting “the officer as the officer’s”; and

(13) in section 25A—

(A) in the twelfth undesignated paragraph—

(i) by striking “he” each place such term appears and inserting “the member”; and

(ii) by striking “his” and inserting “the member’s”;

(B) in the fourteenth undesignated paragraph, by striking “his” and inserting “the director’s or officer’s”; and

(C) in the twenty-second undesignated paragraph, by striking “his” each place such term appears and inserting “such individual’s”.

(j) FEDERAL RESERVE REFORM ACT OF 1977.—Section 204(b) of the Federal Reserve Reform Act of 1977 (12 U.S.C. 242 note) is amended by striking “Chairman or Vice Chairman of the Board of Governors” and inserting “Chair or Vice Chair of the Board of Governors”.

(k) FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989.—The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 is amended—

(1) in section 308 (12 U.S.C. 1463 note)—

(A) in subsection (a), by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”; and

(B) in subsection (c), by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”;

(2) in section 1001(a) (12 U.S.C. 1811 note), by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”; and

(3) in section 1205(b)(1)(A) (12 U.S.C. 1818 note)—

(A) by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”; and

(B) by striking “Chairman’s” and inserting “Chair’s”.

(l) FOOD, CONSERVATION, AND ENERGY ACT OF 2008.—Section 13106(a) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 2 note) is amended by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”.

(m) HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992.—Section 1313(a)(3) of the Housing and Community Development Act of 1992 (12 U.S.C. 4513(a)(3)) is amended—

(1) in the heading, by striking “CHAIRMAN” and inserting “CHAIR”;

(2) by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”; and

(3) by striking “Chairman regarding” and inserting “Chair regarding”.

(n) INSPECTOR GENERAL ACT OF 1978.—Section 8G of the Inspector General Act of 1978 is amended by striking “Chairman of the Board of Governors” each place such term appears and inserting “Chair of the Board of Governors”.

(o) INTERNATIONAL LENDING SUPERVISION ACT OF 1983.—Section 908(b)(3)(C) of the International Lending Supervision Act of 1983 (12 U.S.C. 3907(b)(3)(C)) is amended by

striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”.

(p) NEIGHBORHOOD REINVESTMENT CORPORATION ACT.—Section 604(a)(3) of the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8103(a)(3)) is amended by striking “Chairman” each place it appears and inserting “Chair”.

(q) PUBLIC LAW 93-495.—Section 202(a)(1) of Public Law 93-495 (12 U.S.C. 2402(a)(1)) is amended—

(1) by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”; and

(2) by striking “his” and inserting “the Chair’s”.

(r) SARBANES-OXLEY ACT OF 2002.—Section 101(e)(4)(A) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7211(e)(4)(A)) is amended by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”.

(s) SECURITIES EXCHANGE ACT OF 1934.—Section 17A(f)(4)(C) of the Securities Exchange Act of 1934 (15 U.S.C. 78q-1(f)(4)(C)) is amended by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”.

(t) TITLE 31.—Title 31, United States Code, is amended—

(1) in section 1344(b)(7), by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”; and

(2) in section 5318A, by striking “Chairman of the Board of Governors” each place such term appears and inserting “Chair of the Board of Governors”.

(u) TRADE ACT OF 1974.—Section 163(b)(3) of the Trade Act of 1974 (19 U.S.C. 2213(b)(3)) is amended by striking “Chairman of the Board of Governors” and inserting “Chair of the Board of Governors”.

(v) DEEMING OF NAME.—Any reference in a law, regulation, document, paper, or other record of the United States to the Chairman of the Board of Governors of the Federal Reserve System shall be deemed to be a reference to the Chair of the Board of Governors of the Federal Reserve System.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Guam (Mr. SAN NICOLAS) and the gentleman from Ohio (Mr. STIVERS) each will control 20 minutes.

The Chair recognizes the gentleman from Guam.

GENERAL LEAVE

Mr. SAN NICOLAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Guam?

There was no objection.

Mr. SAN NICOLAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentlewoman from Ohio (Mrs. BEATTY), the chair of the Subcommittee on Diversity and Inclusion, for this incredibly important piece of legislation, and the Members on the other side of the aisle who also support this bill.

For far too long, the Federal Reserve system has been very homogenous since its inception in 1913. This only partially changed when, in 2017, Raphael Bostic was appointed as the first

African American and openly gay male to serve as Federal Reserve Bank President. Additionally, only six women have served in a similar capacity, despite America becoming more demographically diverse.

To address this lack of gender and ethnic representation, H.R. 281 would require the Federal Reserve Bank to interview at least one individual reflective of gender diversity and one reflective of racial or ethnic diversity when filling Federal Reserve Bank president vacancies.

To ensure accountability of this diversity effort, the bill would further require the Federal Reserve report annually on the applicant pool demographics. We must ensure the leadership of the Federal Reserve System reflects the growing diversity of our Nation and that gender and racially and ethnically diverse candidates are receiving serious consideration for president vacancies at the 12 Federal Reserve banks.

Increasing diverse leadership representation will ensure that more perspectives are considered when making decisions about America’s economic future.

Again, I thank the gentlewoman from Ohio (Mrs. BEATTY) for pushing this important bill and urge my colleagues to join me in supporting H.R. 281.

Mr. Speaker, I reserve the balance of my time.

Mr. STIVERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as my friend from Guam just explained, the Federal Reserve Bank has had a very long history—130 presidents of Regional Federal Reserve Banks—and it took from 1913 to 2013—100 years—for the first African American to become president of one of those regional banks.

Additionally, only 8 of the 12 regional banks have ever had a woman president. These demographics are not reflective of the people the Federal Reserve serves.

The National Football League had a similar track record when it came to head coaches in the past. In 2003, the league adopted the so-called Rooney Rule, which required every team with a head coaching vacancy to interview at least one or more diverse candidates.

In 2009, the Rooney Rule had expanded to include general manager jobs, and in 2016, the requirement was updated to require every team to interview at least one woman during the hiring process for executive positions.

When the Rooney Rule went into effect, there were only two head coaches of color in the National Football League. The following year there were three, and those numbers have continued to grow. Last season, there was a record eight coaches of color in the NFL, the highest number in league history.

H.R. 281 does not create a quota or hiring mandate. It simply pledges opportunities for women and minorities,

as the Rooney Rule did for coaches of color in the NFL and for women in the executive ranks of the NFL.

At four hearings this year, the Committee on Financial Services heard from numerous witnesses that the effort to increase diversity throughout the financial services sector relies on expanding the pool of candidates to include more women and minorities.

We heard from witnesses how diverse perspectives among the firm's leadership lead to better decisionmaking and better outcomes.

H.R. 281 applies these principles to the Federal Reserve banking system. The bill directs the Federal Reserve Regional Banks to interview at least one individual reflective of gender and racial or ethnic diversity when appointing a Federal Reserve president.

The Rooney Rule has been adopted across the private sector and is considered an industry best practice for firms trying to increase diversity in their senior leadership. We have an opportunity now to expand that concept to the Federal Reserve Bank.

I am proud to have been a cosponsor of this bill with the gentlewoman from Ohio (Mrs. BEATTY), chairwoman, my friend and colleague. I thank her as the chairwoman of the Subcommittee on Diversity and Inclusion for bringing forward such a commonsense idea with a proven track record that is seen as the best practice across the industry.

This legislation will diversify the applicant pool and increase opportunities for women and minority leaders at the Federal Reserve Bank.

Mr. Speaker, I urge my colleagues to support this bill, and I reserve the balance of my time.

Mr. SAN NICOLAS. Mr. Speaker, I yield 5 minutes to the gentlewoman from Ohio (Mrs. BEATTY), the sponsor of this legislation and the chair of the Subcommittee on Diversity and Inclusion.

Mrs. BEATTY. Mr. Speaker, I want to thank the gentleman from Guam (Mr. SAN NICOLAS), vice chair, for his leadership and for all his support. And to the gentleman from Ohio (Mr. STIVERS), my colleague, thank you for your support.

Mr. Speaker, I have the distinct honor to chair the Committee on Financial Services' Subcommittee on Diversity and Inclusion. And we have heard from numerous experts and we had countless research reports that show more diverse executive teams are more likely to outperform their peers on profitability, be more stable, and increase their market share.

According to a study conducted by McKinsey & Company entitled, *Delivering through Diversity*, researchers have found that companies in the top 25 percent for gender and ethnic diversity on executive teams were 21 percent to 33 percent more likely to outperform on profitability.

While companies in the bottom 25 percent for both gender and ethnic diversity were 29 percent less likely, Mr.

Speaker, to achieve above-average profitability.

That is why it is so important that we pass my bill, the Ensuring Diverse Leadership Act of 2019, or better referred to as H.R. 281, which would require at least one individual reflective of gender diversity and one individual reflective of racial or ethnic diversity to be interviewed for each Federal Reserve president vacancy.

□ 1345

Mr. Speaker, as we have heard, it is modeled after the National Football League's Rooney Rule, which requires every team to interview at least one minority candidate in the hiring process for a new head coach.

This bill adopts this proven private-sector diversity initiative and applies it to the Federal Reserve, what I like to call the Beatty rule.

Like the National Football League prior to the implementation of the rule in 2003, the 12 Federal Reserve banks face a diversity problem within the leadership in their institutions. This would help move the needle.

In more than 100 years of existence, the 12 Reserve banks have had only three non-White presidents and seven female presidents. It wasn't until 2009 that the Federal Reserve ever had a non-White Reserve bank president. It wasn't until the historic selection of my friend Raphael Bostic to be the president of the Federal Reserve Bank of Atlanta in 2017 that an African American president of the Federal Reserve was appointed.

Though we have had seven female presidents, 8 of the 12 Reserve banks have never had the distinction of having a female at the helm. That is why we need to adopt the Beatty rule at the Federal Reserve and pass this very important bill.

Reserve bank presidents not only serve as the head of their financial institutions, but they play an incredibly important role in our Nation's economy, from serving on the Federal Open Market Committee, which determines the country's monetary policy and interest rates, to regulating the banks in their regions, to getting cash into their banking systems.

Federal Reserve presidents should be more reflective of the public, and this bill will ensure diverse leaders are in the room and at the table when making decisions that directly impact our economy and directly impact our communities.

I would like to end by thanking Chairwoman WATERS and all of my colleagues on both sides of the aisle who have cosponsored this legislation, including my good friend and colleague from Ohio (Mr. GONZALEZ), who spoke on behalf of this bill and helped to make this bill bipartisan.

Lastly, I would like to thank Jim Rooney and the Rooney family, with whom I have had the opportunity to sit down and discuss this legislation, his philosophy, and his ideas. He is the son of the late Dan Rooney.

This is a very important initiative. I am pleased to have his support and bipartisan support on this bill.

Mr. Speaker, I urge my colleagues to support this bill, and I ask them to vote in the affirmative, "yes," to pass the Beatty rule.

Mr. STIVERS. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. GONZALEZ), who is the vice ranking member of the Financial Services Subcommittee on Diversity and Inclusion and who knows the Rooney Rule firsthand since he was a standout wide receiver for the NFL's Indianapolis Colts.

Mr. GONZALEZ of Ohio. Mr. Speaker, I rise in support of H.R. 281, the Ensuring Diverse Leadership Act of 2019, a.k.a. the Beatty rule.

I thank my friends, Mrs. BEATTY and Chairwoman WATERS, for their work on this legislation and for bringing it to the House floor today.

My friend Mrs. BEATTY has been a tremendous leader on the Financial Services Subcommittee on Diversity and Inclusion, and it has been a pleasure getting to know her in my first term in Congress and working with her on this very important issue.

Frankly, when I am back in my district, the issue that most animates our business leaders, those working day-to-day in our community, is the work that we are doing on the Diversity and Inclusion Subcommittee.

KeyBank, Huntington Bank, folks in Ohio, all have stories about the different initiatives that they have undertaken to expand diversity in the financial services community.

Like many of my colleagues, I am concerned about the historic lack of diversity that we have seen at the highest levels of the Federal Reserve. I think this is an important piece of legislation that will help rectify that.

As Mr. STIVERS alluded to, I consider myself the direct beneficiary of the NFL's Rooney Rule. During my time in the NFL, I was fortunate to play for two men who I consider to be the most incredible and profound leaders with whom I have ever had a chance to work. Both are African American: Tony Dungy, who is in the hall of fame, and Jim Caldwell.

The Rooney Rule has worked. From 1921 until 2003, the NFL had seven minority coaches—from 1921 to 2003, seven. From 2003 to the present, we have seen 18.

This is a step in the right direction in furthering the promotion of increased diversity by taking a page out of the NFL's playbook and by implementing the Beatty rule for regional Federal Reserve banks when interviewing for a new president, modeled off of the successful Rooney Rule.

By providing the opportunity to be interviewed and to showcase their individual talents, this legislation will open more doors for individuals from a diverse background while still being based on merit. This is about expanding opportunities and giving everybody a fair shot.

I look forward to continuing to work with my colleagues on this important issue, and again, I thank and congratulate Mrs. BEATTY for her work on this legislation. I look forward to enthusiastically voting “yes.”

Mr. SAN NICOLAS. Mr. Speaker, I reserve the balance of my time to close.

Mr. STIVERS. Mr. Speaker, H.R. 281 is just common sense. It is a best practice in the industry. It has shown that it will increase the diversity of the staff, and we hope that it will work for the Federal Reserve banks.

The Federal Reserve banks’ record on diversity needs to be improved. I believe this is a great first step.

I congratulate my colleague JOYCE BEATTY from Ohio and my colleague ANTHONY GONZALEZ from Ohio for their incredible efforts on this. I am happy to be a cosponsor and urge adoption.

Mr. Speaker, I yield back the balance of my time.

Mr. SAN NICOLAS. Mr. Speaker, I yield myself the balance of my time.

Once again, I thank Representative BEATTY for bringing forward this legislation. I am excited to read about the Beatty rule in future financial news, and I am excited to see strong bipartisan support for something that is just common sense.

Mr. Speaker, I urge my colleagues to join me in supporting this legislation, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Guam (Mr. SAN NICOLAS) that the House suspend the rules and pass the bill, H.R. 281, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

BANK SERVICE COMPANY EXAMINATION COORDINATION ACT OF 2019

Mr. SAN NICOLAS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 241) to amend the Bank Service Company Act to provide improvements with respect to State banking agencies, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 241

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Bank Service Company Examination Coordination Act of 2019”.

SEC. 2. BANK SERVICE COMPANY ACT IMPROVEMENTS.

The Bank Service Company Act (12 U.S.C. 1861 et seq.) is amended—

(1) in section 1(b)—

(A) by redesignating paragraphs (2) through (9) as paragraphs (3) through (10), respectively; and

(B) by inserting after paragraph (1) the following:

“(2) the term ‘State banking agency’ shall have the same meaning given the term ‘State Bank Supervisor’ under section 3 of the Federal Deposit Insurance Act;”;

(2) in section 5(a), by inserting “, in consultation with the State banking agency,” after “banking agency”; and

(3) in section 7—

(A) in subsection (a)—

(i) in the first sentence, by inserting “or State banking agency” after “appropriate Federal banking agency”; and

(ii) in the second sentence, by striking “Federal banking agency that supervises any other shareholder or member” and inserting “Federal or State banking agency that supervises any other shareholder or member”;

(B) in subsection (c)—

(i) by inserting “or a State banking agency” after “appropriate Federal banking agency”; and

(ii) by striking “such agency” each place such term appears and inserting “such Federal or State agency”;

(C) by redesignating subsection (d) as subsection (f);

(D) by inserting after subsection (c) the following:

“(d) AVAILABILITY OF INFORMATION.—Information obtained pursuant to the regulation and examination of service providers under this section or applicable State law may be furnished by and accessible to Federal and State agencies to the same extent that supervisory information concerning depository institutions is authorized to be furnished to and required to be accessible by Federal and State agencies under section 7(a)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(2)) or State law, as applicable.

“(e) COORDINATION WITH STATE BANKING AGENCIES.—Where a State bank is principal shareholder or principal member of a bank service company or where a State bank is any other shareholder or member of the bank service company, the appropriate Federal banking agency, in carrying out examinations authorized by this section, shall—

“(1) provide reasonable and timely notice to the State banking agency; and

“(2) to the fullest extent possible, coordinate and avoid duplication of examination activities, reporting requirements, and requests for information.”;

(E) in subsection (f), as so redesignated, by inserting “, in consultation with State banking agencies,” after “appropriate Federal banking agencies”; and

(F) by adding at the end the following:

“(g) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as granting authority for a State banking agency to examine a bank service company where no such authority exists in State law.”.

SEC. 3. DETERMINATION OF BUDGETARY EFFECTS.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled “Budgetary Effects of PAYGO Legislation” for this Act, submitted for printing in the Congressional Record by the Chairman of the House Budget Committee, provided that such statement has been submitted prior to the vote on passage.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Guam (Mr. SAN NICOLAS) and the gentleman from Ohio (Mr. STIVERS) each will control 20 minutes.

The Chair recognizes the gentleman from Guam.

GENERAL LEAVE

Mr. SAN NICOLAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Guam?

There was no objection.

Mr. SAN NICOLAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 241, the Bank Service Company Examination Coordination Act of 2019.

I thank the gentleman from Texas, Representative WILLIAMS, for his work on this bill that would promote better coordination between Federal and State banking regulators as they oversee third-party vendors and companies that provide a wide range of services for banks.

In recent years, technology has disrupted every industry, including banking, and has given the significant cybersecurity risks that come with that technology.

In light of the recent Capital One data breach, which involved consumer data the bank stored on a cloud server provided by Amazon Web Services, a third-party service provider, or TSP, used by the bank and many other companies, it is important that Congress ensure there is strong oversight over these third-party companies that work with banks.

Currently, the Bank Service Company Act authorizes Federal regulators to examine TSPs to assess the risks they may pose to the banks with which they work. Similarly, many State banking regulators are authorized to examine bank TSPs under various State laws. These State regulators are responsible for ensuring that these third-party relationships do not pose undue risks to the State-chartered banking system, which accounts for nearly 80 percent of all banks in the United States.

However, the Bank Service Company Act is silent regarding State bank regulators, which could hamper information sharing among State and Federal regulators.

While H.R. 241 would not give States any new authority to conduct TSP exams, it would recognize at the Federal level the supervisory authority that many State regulators already have under current State law and encourage Federal regulators to coordinate with them.

Given the increase in fintech companies that partner with banks, especially State-chartered banks, it is important that we consider ways to encourage innovation, coordination, and consistency among Federal and State regulators in the oversight of TSPs.

Furthermore, in its 2017 annual report, the Financial Stability Oversight Council recommended that Congress pass legislation to strengthen oversight of third-party companies that