

# Union Calendar No. 693

114<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5983

**[Report No. 114–883, Part I]**

To create hope and opportunity for consumers, investors, 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.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 9, 2016

Mr. HENSARLING (for himself, Mr. GARRETT, Mr. NEUGEBAUER, Mr. LUETKEMEYER, Mr. HUIZENGA of Michigan, and Mr. DUFFY) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Agriculture, Ways and Means, the Judiciary, Oversight and Government Reform, Transportation and Infrastructure, Rules, the Budget, and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

DECEMBER 20, 2016

Reported from the Committee on Financial Services with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

DECEMBER 20, 2016

The Committees on Agriculture, Ways and Means, the Judiciary, Oversight and Government Reform, Transportation and Infrastructure, Rules, the Budget, and Education and the Workforce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on September 9, 2016]

# **A BILL**

To create hope and opportunity for consumers, investors, 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 “Fi-*  
 5 *nancial CHOICE Act of 2016”.*

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

*Sec. 1. Short title; table of contents.*

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

*Sec. 101. Capital election.*

*Sec. 102. Regulatory relief.*

*Sec. 103. Contingent capital study.*

*Sec. 104. Study on altering the current prompt corrective action rules.*

*Sec. 105. Definitions.*

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

*Subtitle A—Reform of the Financial Stability Act of 2010*

*Sec. 211. Repeal and modification of provisions of the Financial Stability Act of*  
*2010.*

*Subtitle B—Repeal of the Orderly Liquidation Authority*

*Sec. 221. Repeal of the orderly liquidation authority.*

*Subtitle C—Financial Institution Bankruptcy*

*Sec. 231. General provisions relating to covered financial corporations.*

*Sec. 232. Liquidation, reorganization, or recapitalization of a covered financial*  
*corporation.*

*Sec. 233. Amendments to title 28, United States Code.*

*Subtitle D—Ending Government Guarantees*

*Sec. 241. Repeal of obligation guarantee program.*

*Sec. 242. Repeal of systemic risk determination in resolutions.*

*Sec. 243. Restrictions on use of the Exchange Stabilization Fund.*

*Subtitle E—Eliminating Financial Market Utility Designations*

*Sec. 251. Repeal of title VIII.*

*TITLE III—EMPOWERING AMERICANS TO ACHIEVE FINANCIAL  
INDEPENDENCE*

*Subtitle A—Separation of Powers and Liberty Enhancements*

- Sec. 311. Consumer Financial Opportunity Commission.*  
*Sec. 312. Bringing the Commission into the regular appropriations process.*  
*Sec. 313. Consumer Financial Opportunity Commission Inspector General Reform.*  
*Sec. 314. Private parties authorized to compel the Commission to seek sanctions by filing civil actions; Adjudications deemed actions.*  
*Sec. 315. Civil investigative demands to be appealed to courts.*  
*Sec. 316. Commission dual mandate and economic analysis.*  
*Sec. 317. No deference to Commission interpretation.*

*Subtitle B—Administrative Enhancements*

- Sec. 321. Commission Advisory Boards.*  
*Sec. 322. Advisory opinions.*  
*Sec. 323. Reform of Consumer Financial Civil Penalty Fund.*  
*Sec. 324. Commission research paper transparency.*  
*Sec. 325. Commission pay fairness.*  
*Sec. 326. Separation of market monitoring functions and supervisory functions.*  
*Sec. 327. Requirement to verify information in the complaint database before it may be released to the general public.*  
*Sec. 328. Commission supervision limited to banks, thrifts, and credit unions with greater than \$50 billion in assets.*  
*Sec. 329. Transfer of old OTS building from OCC to GSA.*

*Subtitle C—Policy Enhancements*

- Sec. 331. Consumer right to financial privacy.*  
*Sec. 332. Repeal of Council authority to set aside Bureau rules and requirement of safety and soundness considerations when issuing rules.*  
*Sec. 333. State and tribal payday loan regulation 5-year exemption.*  
*Sec. 334. Reforming indirect auto financing guidance.*  
*Sec. 335. Prohibition of Government price controls for payment card transactions.*  
*Sec. 336. Annual studies on ending the conservatorship of Fannie Mae, Freddie Mac, and reforming the housing finance system.*  
*Sec. 337. Removal of “abusive” authority.*  
*Sec. 338. Repeal of authority to restrict arbitration.*

*TITLE IV—CAPITAL MARKETS IMPROVEMENTS*

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

- Sec. 401. Authorization of appropriations.*  
*Sec. 402. Report on unobligated appropriations.*  
*Sec. 403. SEC Reserve Fund abolished.*  
*Sec. 404. Fees to offset appropriations.*  
*Sec. 405. Implementation of recommendations.*  
*Sec. 406. Office of Credit Ratings to report to the Division of Trading and Markets.*  
*Sec. 407. Office of Municipal Securities to report to the Division of Trading and Markets.*  
*Sec. 408. Independence of Commission Ombudsman.*

- Sec. 409. Coordination with the Investor Advisory Committee.*
- Sec. 410. Duties of Investor Advocate.*
- Sec. 411. Internal risk controls.*
- Sec. 412. Applicability of Notice and Comment Requirements of the Administrative Procedure Act to Guidance Voted on by the Commission.*
- Sec. 413. Process for closing investigations.*
- Sec. 414. Enforcement Ombudsman.*
- Sec. 415. Process to ensure enforcement actions are within authority of Commission.*
- Sec. 416. Process to permit recipient of Wells notification to appear before Commission staff in-person.*
- Sec. 417. Publication of enforcement manual.*
- Sec. 418. Private parties authorized to compel the Securities and Exchange Commission to seek sanctions by filing civil actions.*
- Sec. 419. Certain findings required to approve civil money penalties against issuers.*
- Sec. 420. Repeal of authority of the Commission to prohibit persons from serving as officers or directors.*
- Sec. 421. Subpoena duration and renewal.*
- Sec. 422. Elimination of automatic disqualifications.*
- Sec. 423. Confidentiality of records obtained from foreign securities and law enforcement authorities.*
- Sec. 424. Clarification of authority to impose sanctions on persons associated with a broker or dealer.*
- Sec. 425. Congressional access to information held by the Public Company Accounting Oversight Board.*
- Sec. 426. Repeal of requirement for Public Company Accounting Oversight Board to use certain funds for merit scholarship program.*
- Sec. 427. Reallocation of fines for violations of rules of municipal securities rule-making board.*

*Subtitle B—Eliminating Excessive Government Intrusion in the Capital Markets*

- Sec. 441. Repeal of Department of Labor fiduciary rule and requirements prior to rulemaking relating to standards of conduct for brokers and dealers.*
- Sec. 442. Exemption from risk retention requirements for nonresidential mortgage.*
- Sec. 443. Frequency of shareholder approval of executive compensation.*
- Sec. 444. Requirement for municipal advisor for issuers of municipal securities.*
- Sec. 445. Small issuer exemption from internal control evaluation.*
- Sec. 446. Exemptive authority for certain provisions relating to registration of nationally recognized statistical rating organizations.*
- Sec. 447. Restriction on recovery of erroneously awarded compensation.*
- Sec. 448. Risk-Based Examinations of Nationally Recognized Statistical Rating Organizations.*
- Sec. 449. Repeals.*
- Sec. 450. Exemption of and reporting by private equity fund advisers.*
- Sec. 451. Records and reports of private funds.*
- Sec. 452. Definition of accredited investor.*
- Sec. 453. Repeal of certain provisions requiring a study and report to Congress.*
- Sec. 454. Technical correction.*
- Sec. 455. Repeal.*

*Subtitle C—Commodity Futures Trading Commission Reforms*

- Sec. 461. Division directors.*  
*Sec. 462. Procedures governing actions taken by commission staff.*  
*Sec. 463. Strategic technology plan.*  
*Sec. 464. Internal risk controls.*  
*Sec. 465. Subpoena duration and renewal.*  
*Sec. 466. Applicability of notice and comment requirements of the administrative procedure act to guidance voted on by the commission.*  
*Sec. 467. Judicial review of commission rules.*  
*Sec. 468. Cross-border regulation of derivatives transactions.*

*Subtitle D—Harmonization of Derivatives Rules*

- Sec. 471. Agency review and harmonization of rules relating to the regulation of over-the-counter swaps markets.*

*TITLE V—IMPROVING INSURANCE COORDINATION THROUGH AN INDEPENDENT ADVOCATE*

- Sec. 501. Repeal of the Federal Insurance Office; Creation of the Office of the Independent Insurance Advocate.*  
*Sec. 502. Treatment of covered agreements.*

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

*Subtitle A—Cost-Benefit Analyses*

- Sec. 611. Definitions.*  
*Sec. 612. Required regulatory analysis.*  
*Sec. 613. Rule of construction.*  
*Sec. 614. Public availability of data and regulatory analysis.*  
*Sec. 615. Five-year regulatory impact analysis.*  
*Sec. 616. Retrospective review of existing rules.*  
*Sec. 617. Judicial review.*  
*Sec. 618. Chief Economists Council.*  
*Sec. 619. Conforming amendments.*  
*Sec. 620. Other regulatory entities.*  
*Sec. 621. Avoidance of duplicative or unnecessary analyses.*

*Subtitle B—Congressional Review of Federal Financial Agency Rulemaking*

- Sec. 631. Congressional review.*  
*Sec. 632. Congressional approval procedure for major rules.*  
*Sec. 633. Congressional disapproval procedure for nonmajor rules.*  
*Sec. 634. Definitions.*  
*Sec. 635. Judicial review.*  
*Sec. 636. Effective date of certain rules.*  
*Sec. 637. Budgetary effects of rules subject to section 632 of the Financial CHOICE Act of 2016.*

*Subtitle C—Judicial Review of Agency Actions*

- Sec. 641. Scope of judicial review of agency actions.*

*Subtitle D—Leadership of Financial Regulators*

- Sec. 651. Federal Deposit Insurance Corporation.*
- Sec. 652. Federal Housing Finance Agency.*
- Sec. 653. National Credit Union Administration.*
- Sec. 654. Office of the Comptroller of the Currency.*

*Subtitle E—Congressional Oversight of Appropriations*

- Sec. 661. Bringing the Federal Deposit Insurance Corporation into the regular appropriations process.*
- Sec. 662. Bringing the Federal Housing Finance Agency into the regular appropriations process.*
- Sec. 663. Bringing the National Credit Union Administration into the regular appropriations process.*
- Sec. 664. Bringing the Office of the Comptroller of the Currency into the regular appropriations process.*
- Sec. 665. Bringing the non-monetary policy related functions of the Board of Governors of the Federal Reserve System into the regular appropriations process.*

*Subtitle F—International Processes*

- Sec. 671. Requirements for international processes.*

*TITLE VII—FED OVERSIGHT REFORM AND MODERNIZATION*

- Sec. 701. Requirements for policy rules of the Federal Open Market Committee.*
- Sec. 702. Federal Open Market Committee blackout period.*
- Sec. 703. Membership of Federal Open Market Committee.*
- Sec. 704. Frequency of testimony of the Chairman of the Board of Governors of the Federal Reserve System to Congress.*
- Sec. 705. Vice Chairman for Supervision report requirement.*
- Sec. 706. Salaries, financial disclosures, and office staff of the Board of Governors of the Federal Reserve System.*
- Sec. 707. Amendments to powers of the Board of Governors of the Federal Reserve System.*
- Sec. 708. Interest rates on balances maintained at a Federal Reserve bank by depository institutions established by Federal Open Market Committee.*
- Sec. 709. Audit reform and transparency for the Board of Governors of the Federal Reserve System.*
- Sec. 710. Establishment of a Centennial Monetary Commission.*
- Sec. 711. Public transcripts of FOMC meetings.*

*TITLE VIII—DEMANDING ACCOUNTABILITY FROM WALL STREET**Subtitle A—SEC Penalties Modernization*

- Sec. 801. Enhancement of civil penalties for securities laws violations.*
- Sec. 802. Updated civil money penalties of Public Company Accounting Oversight Board.*
- Sec. 803. Updated civil money penalty for controlling persons in connection with insider trading.*
- Sec. 804. Update of certain other penalties.*
- Sec. 805. Monetary sanctions to be used for the relief of victims.*
- Sec. 806. GAO report on use of civil money penalty authority by Commission.*

*Subtitle B—FIRREA Penalties Modernization*

*Sec. 811. Increase of civil and criminal penalties originally established in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.*

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

*Sec. 901. Repeals.*

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

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

*Sec. 1001. Registration exemption for merger and acquisition brokers.*

*Sec. 1002. Effective date.*

*Subtitle B—Encouraging Employee Ownership*

*Sec. 1006. Increased threshold for disclosures relating to compensatory benefit plans.*

*Subtitle C—Small Company Disclosure Simplification*

*Sec. 1011. Exemption from XBRL requirements for emerging growth companies and other smaller companies.*

*Sec. 1012. Analysis by the SEC.*

*Sec. 1013. Report to Congress.*

*Sec. 1014. Definitions.*

*Subtitle D—Securities and Exchange Commission Overpayment Credit*

*Sec. 1016. Refunding or crediting overpayment of section 31 fees.*

*Subtitle E—Fair Access to Investment Research*

*Sec. 1021. Safe harbor for investment fund research.*

*Subtitle F—Accelerating Access to Capital*

*Sec. 1026. Expanded eligibility for use of Form S-3.*

*Subtitle G—SEC Small Business Advocate*

*Sec. 1031. Establishment of Office of the Advocate for Small Business Capital Formation and Small Business Capital Formation Advisory Committee.*

*Subtitle H—Small Business Credit Availability*

*Sec. 1036. Business development company ownership of securities of investment advisers and certain financial companies.*

*Sec. 1037. Expanding access to capital for business development companies.*

*Sec. 1038. Parity for business development companies regarding offering and proxy rules.*



*Subtitle I—Fostering Innovation*

*Sec. 1041. Temporary exemption for low-revenue issuers.*

*Subtitle J—Small Business Capital Formation Enhancement*

*Sec. 1046. Annual review of government-business forum on capital formation.*

*Subtitle K—Helping Angels Lead Our Startups*

*Sec. 1051. Definition of angel investor group.*

*Sec. 1052. Clarification of general solicitation.*

*Subtitle L—Main Street Growth*

*Sec. 1056. Venture exchanges.*

*Subtitle M—Micro Offering Safe Harbor*

*Sec. 1061. Exemptions for micro-offerings.*

*Subtitle N—Private Placement Improvement*

*Sec. 1066. Revisions to SEC Regulation D.*

*Subtitle O—Supporting America’s Innovators*

*Sec. 1071. Investor limitation for qualifying venture capital funds.*

*Subtitle P—Fix Crowdfunding*

*Sec. 1076. Crowdfunding vehicles.*

*Sec. 1077. Crowdfunding exemption from registration.*

*Subtitle Q—Corporate Governance Reform and Transparency*

*Sec. 1081. Definitions.*

*Sec. 1082. Registration of proxy advisory firms.*

*Sec. 1083. Commission annual report.*

*Subtitle R—Senior Safe*

*Sec. 1091. Immunity.*

*Sec. 1092. Training required.*

*Sec. 1093. Relationship to State law.*

*Subtitle S—National Securities Exchange Regulatory Parity*

*Sec. 1096. Application of exemption.*

**TITLE XI—REGULATORY RELIEF FOR MAIN STREET AND  
COMMUNITY FINANCIAL INSTITUTIONS**

*Subtitle A—Preserving Access to Manufactured Housing*

*Sec. 1101. Mortgage originator definition.*

*Sec. 1102. High-Cost mortgage definition.*

*Subtitle B—Mortgage Choice*

*Sec. 1106. Definition of points and fees.*

*Subtitle C—Financial Institution Customer Protection*

- Sec. 1111. Requirements for deposit account termination requests and orders.*  
*Sec. 1112. Amendments to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.*

*Subtitle D—Portfolio Lending and Mortgage Access*

- Sec. 1116. Safe harbor for certain loans held on portfolio.*

*Subtitle E—Application of the Expedited Funds Availability Act*

- Sec. 1121. Application of the Expedited Funds Availability Act.*

*Subtitle F—Small Bank Holding Company Policy Statement*

- Sec. 1126. Changes required to small bank holding company policy statement on assessment of financial and managerial factors.*

*Subtitle G—Community Institution Mortgage Relief*

- Sec. 1131. Community financial institution mortgage relief.*

*Subtitle H—Financial Institutions Examination Fairness and Reform*

- Sec. 1136. Timeliness of examination reports.*

*Subtitle I—National Credit Union Administration Budget Transparency*

- Sec. 1141. Budget transparency for the NCUA.*

*Subtitle J—Taking Account of Institutions With Low Operation Risk*

- Sec. 1146. Regulations appropriate to business models.*

*Subtitle K—Federal Savings Association Charter Flexibility*

- Sec. 1151. Option for Federal savings associations to operate as a covered savings association.*

*Subtitle L—SAFE Transitional Licensing*

- Sec. 1156. Eliminating barriers to jobs for loan originators.*

*Subtitle M—Right to Lend*

- Sec. 1161. Small business loan data collection requirement.*

*Subtitle N—Community Bank Reporting Relief*

- Sec. 1166. Short form call report.*

*Subtitle O—Homeowner Information Privacy Protection*

- Sec. 1171. Study regarding privacy of information collected under the Home Mortgage Disclosure Act of 1975.*

*Subtitle P—Home Mortgage Disclosure Adjustment*

- Sec. 1176. Depository institutions subject to maintenance of records and disclosure requirements.*

*Subtitle Q—National Credit Union Administration Advisory Council**Sec. 1181. Credit Union Advisory Council.**Subtitle R—Credit Union Examination Reform**Sec. 1186. Extension of examination cycle of the National Credit Union Administration to 18 months or longer.**Subtitle S—NCUA Overhead Transparency**Sec. 1191. Fund transparency.*

1 **TITLE I—REGULATORY RELIEF**  
 2 **FOR STRONGLY CAPITALIZED,**  
 3 **WELL MANAGED BANKING OR-**  
 4 **GANIZATIONS**

5 **SEC. 101. CAPITAL ELECTION.**

6 (a) *IN GENERAL.*—A banking organization may make  
 7 an election under this section to be treated as a qualifying  
 8 banking organization for purposes of the regulatory relief  
 9 described under section 102.

10 (b) *REQUIREMENTS.*—A banking organization may  
 11 qualify to be treated as a qualifying banking organization  
 12 if—

13 (1) the banking organization has an average le-  
 14 verage ratio of at least 10 percent;

15 (2) with respect to a banking organization that  
 16 is an insured depository institution or insured credit  
 17 union, the institution received a CAMELS composite  
 18 rating of 1 or 2 under the Uniform Financial Institu-  
 19 tions Rating System (or an equivalent rating under

1       *a comparable rating system) as of the most recent ex-*  
2       *amination of the institution;*

3             *(3) with respect to a depository institution hold-*  
4       *ing company, each insured depository institution sub-*  
5       *subsidiary of the holding company simultaneously makes*  
6       *the election described under subsection (a); and*

7             *(4) with respect to an insured depository institu-*  
8       *tion, any parent depository institution holding com-*  
9       *pany of the institution simultaneously makes the elec-*  
10       *tion described under subsection (a).*

11       *(c) ELECTION PROCESS.—To make an election under*  
12       *this section, a banking organization shall submit an elec-*  
13       *tion to the appropriate Federal banking agency (and any*  
14       *applicable State bank supervisor that regulates the banking*  
15       *organization) containing—*

16             *(1) a notice of such election;*

17             *(2) the banking organization's average leverage*  
18       *ratio, as well as the organization's quarterly leverage*  
19       *ratio for each of the most recently completed four cal-*  
20       *endar quarters;*

21             *(3) if the banking organization is a depository*  
22       *institution holding company, the information de-*  
23       *scribed under paragraph (2) for each of the organiza-*  
24       *tion's insured depository institution subsidiaries; and*

1           (4) *if the banking organization is an insured de-*  
2 *pository institution, the information described under*  
3 *paragraph (2) for any parent depository institution*  
4 *holding company of the institution.*

5           (d) *EFFECTIVE DATE OF ELECTION.—*

6           (1) *IN GENERAL.—An election made under this*  
7 *section shall take effect at the end of the 30-day pe-*  
8 *riod beginning on the date that the appropriate Fed-*  
9 *eral banking agency receives the application described*  
10 *under subsection (c), unless the appropriate Federal*  
11 *banking agency determines that the banking organi-*  
12 *zation has not met the requirements described under*  
13 *subsection (b).*

14           (2) *NOTICE OF FAILURE TO MEET REQUIRE-*  
15 *MENTS.—If the appropriate Federal banking agency*  
16 *determines that a banking organization submitting*  
17 *an election notice under subsection (c) does not meet*  
18 *the requirements described under subsection (b), the*  
19 *agency shall—*

20           (A) *notify the banking organization (and*  
21 *any applicable State bank supervisor that regu-*  
22 *lates the banking organization), in writing, of*  
23 *such determination as soon as possible after such*  
24 *determination is made, but in no case later than*  
25 *the end of the 30-day period beginning on the*

1           date that the appropriate Federal banking agen-  
2           cy receives the election; and

3                   (B) include in such notification the specific  
4           reasons for such determination and steps that the  
5           banking organization can take to meet such re-  
6           quirements.

7           (e) *TREATMENT OF CERTAIN NEW BANKING ORGANI-*  
8           *ZATIONS.*—*In the case of a banking organization that is*  
9           *a newly-chartered insured depository institution or a bank-*  
10          *ing organization that becomes a banking organization be-*  
11          *cause it controls a newly-chartered insured depository insti-*  
12          *tution, such banking organization may be treated as a*  
13          *qualifying banking organization immediately upon becom-*  
14          *ing a banking organization, if—*

15                   (1) *an election to be treated as a qualifying*  
16          *banking organization was included in the application*  
17          *filed with the appropriate Federal banking agency in*  
18          *connection with becoming a banking organization;*  
19          *and*

20                   (2) *as of the date the banking organization be-*  
21          *comes a banking organization, the banking organiza-*  
22          *tion's tangible equity divided by the banking organi-*  
23          *zation's leverage exposure, expressed as a percentage,*  
24          *is at least 10 percent.*

1           (f) *FAILURE TO MAINTAIN QUARTERLY LEVERAGE*  
2 *RATIO AND LOSS OF ELECTION.*—

3                   (1) *EFFECT OF FAILURE TO MAINTAIN QUAR-*  
4 *TERLY LEVERAGE RATIO.*—

5                           (A) *IN GENERAL.*—*If, with respect to the*  
6 *most recently completed calendar quarter, the*  
7 *appropriate Federal banking agency determines*  
8 *that a qualifying banking organization’s quar-*  
9 *terly leverage ratio is below 10 percent—*

10                                   (i) *the appropriate Federal banking*  
11 *agency shall notify the qualifying banking*  
12 *organization and any applicable State bank*  
13 *supervisor that regulates the banking orga-*  
14 *nization of such determination;*

15                                   (ii) *the appropriate Federal banking*  
16 *agency may prohibit the banking organiza-*  
17 *tion from making a capital distribution;*  
18 *and*

19                                   (iii) *the banking organization shall,*  
20 *within 3 months of the first such determina-*  
21 *tion, submit a capital restoration plan to*  
22 *the appropriate Federal banking agency.*

23                           (B) *LOSS OF ELECTION AFTER ONE-YEAR*  
24 *REMEDATION PERIOD.*—*If a banking organiza-*  
25 *tion described under subparagraph (A) does not,*

1           *within the 1-year period beginning on the date*  
2           *of such determination, raise the organization's*  
3           *quarterly leverage ratio for a calendar quarter*  
4           *ending in such 1-year period to at least 10 per-*  
5           *cent, the banking organization's election under*  
6           *this section shall be terminated, and the appro-*  
7           *priate Federal banking agency shall notify any*  
8           *applicable State bank supervisor that regulates*  
9           *the banking organization of such termination.*

10           (C) *EFFECT OF SUBSIDIARY ON PARENT OR-*  
11           *GANIZATION.—With respect to a qualifying bank-*  
12           *ing organization described under subparagraph*  
13           *(A) that is an insured depository institution,*  
14           *any parent depository institution holding com-*  
15           *pany of the qualifying banking organization*  
16           *shall—*

17                   (i) *if the appropriate Federal banking*  
18                   *agency determines it appropriate, be pro-*  
19                   *hibited from making a capital distribution*  
20                   *(other than a capital contribution to such*  
21                   *qualifying banking organization described*  
22                   *under subparagraph (A)); and*

23                   (ii) *if the qualifying banking organiza-*  
24                   *tion has an election terminated under sub-*  
25                   *paragraph (B), any such parent depository*



1                    *institution holding company shall also have*  
2                    *its election under this section terminated.*

3                    (2) *IMMEDIATE LOSS OF ELECTION IF THE*  
4                    *QUARTERLY LEVERAGE RATIO FALLS BELOW 6 PER-*  
5                    *CENT.—*

6                    (A) *IN GENERAL.—If, with respect to the*  
7                    *most recently completed calendar quarter, the*  
8                    *appropriate Federal banking agency determines*  
9                    *that a qualifying banking organization’s quar-*  
10                    *terly leverage ratio is below 6 percent, the bank-*  
11                    *ing organization’s election under this section*  
12                    *shall be terminated, and the appropriate Federal*  
13                    *banking agency shall notify any applicable State*  
14                    *bank supervisor that regulates the banking orga-*  
15                    *nization of such termination.*

16                    (B) *EFFECT OF SUBSIDIARY ON PARENT OR-*  
17                    *GANIZATION.—With respect to a qualifying bank-*  
18                    *ing organization described under subparagraph*  
19                    (A) *that is an insured depository institution,*  
20                    *any parent depository institution holding com-*  
21                    *pany of the qualifying banking organization*  
22                    *shall also have its election under this section ter-*  
23                    *minated.*

24                    (3) *ABILITY TO MAKE FUTURE ELECTIONS.—If a*  
25                    *banking organization has an election under this sec-*

1        *tion terminated, the banking organization may not*  
2        *apply for another election under this section until the*  
3        *banking organization has maintained a quarterly le-*  
4        *verage ratio of at least 10 percent for 8 consecutive*  
5        *calendar quarters.*

6        **SEC. 102. REGULATORY RELIEF.**

7        *(a) IN GENERAL.—A qualifying banking organization*  
8        *shall be exempt from the following:*

9                *(1) Any Federal law, rule, or regulation address-*  
10                *ing capital or liquidity requirements or standards.*

11                *(2) Any Federal law, rule, or regulation that*  
12                *permits an appropriate Federal banking agency to*  
13                *object to a capital distribution.*

14                *(3) Any consideration by an appropriate Federal*  
15                *banking agency of the following:*

16                        *(A) Any risk the qualifying banking organi-*  
17                        *zation may pose to “the stability of the financial*  
18                        *system of the United States”, under section*  
19                        *5(c)(2) of the Bank Holding Company Act of*  
20                        *1956.*

21                        *(B) The “extent to which a proposed acqui-*  
22                        *sition, merger, or consolidation would result in*  
23                        *greater or more concentrated risks to the sta-*  
24                        *bility of the United States banking or financial*  
25                        *system”, under section 3(c)(7) of the Bank Hold-*

1            *ing Company Act of 1956, so long as the banking*  
2            *organization, after such proposed acquisition,*  
3            *merger, or consolidation, would maintain a*  
4            *quarterly leverage ratio of at least 10 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 of*  
10           *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 Holding*  
14           *Company Act of 1956 could possibly pose a “risk*  
15           *to the stability of the United States banking or*  
16           *financial system”, under section 4(j)(2)(A) of the*  
17           *Bank Holding Company Act of 1956, so long as*  
18           *the banking organization, after acquiring control*  
19           *of such company, would maintain a quarterly le-*  
20           *verage ratio of at least 10 percent.*

21           *(E) Whether a merger would pose a “risk to*  
22           *the stability of the United States banking or fi-*  
23           *nancial system”, under section 18(c)(5) of the*  
24           *Federal Deposit Insurance Act, so long as the*  
25           *banking organization, after such proposed merg-*

1            *er, would maintain a quarterly leverage ratio of*  
2            *at least 10 percent.*

3            *(F) Any risk the qualifying banking organi-*  
4            *zation may pose to “the stability of the financial*  
5            *system of the United States”, under section*  
6            *10(b)(4) of the Home Owners’ Loan Act.*

7            *(4) Subsections (i)(8) and (k)(6)(B)(ii) of section*  
8            *4 and section 14 of the Bank Holding Company Act*  
9            *of 1956.*

10           *(5) Section 18(c)(13) of the Federal Deposit In-*  
11           *surance Act.*

12           *(6) Section 163 of the Financial Stability Act of*  
13           *2010.*

14           *(7) Section 10(e)(2)(E) of the Home Owners’*  
15           *Loan Act.*

16           *(8) Any Federal law, rule, or regulation imple-*  
17           *menting standards of the type provided for in sub-*  
18           *sections (b), (c), (d), (e), (g), (h), (i), and (j) of sec-*  
19           *tion 165 of the Financial Stability Act of 2010.*

20           *(9) Any Federal law, rule, or regulation pro-*  
21           *viding limitations on mergers, consolidations, or ac-*  
22           *quisitions of assets or control, to the extent such limi-*  
23           *tations relate to capital or liquidity standards or con-*  
24           *centrations of deposits or assets, so long as the bank-*  
25           *ing organization, after such proposed merger, consoli-*

1        *ation, or acquisition, would maintain a quarterly*  
2        *leverage ratio of at least 10 percent.*

3        *(b) STRESS TEST EXCEPTION.—Notwithstanding sub-*  
4        *section (a), other than paragraph (2) of subsection (a), the*  
5        *appropriate Federal banking agencies may conduct stress*  
6        *tests of qualifying banking organizations. A qualifying*  
7        *banking organization with total consolidated assets of more*  
8        *than \$10,000,000,000 and less than \$50,000,000,000 shall*  
9        *not be required to conduct annual stress tests required*  
10       *under section 165(i)(2)(A) of the Financial Stability Act*  
11       *of 2010.*

12       *(c) QUALIFYING BANKING ORGANIZATIONS TREATED*  
13       *AS WELL CAPITALIZED.—A qualifying banking organiza-*  
14       *tion shall be deemed to be “well capitalized” for purposes*  
15       *of—*

16                *(1) section 216 of the Federal Credit Union Act;*  
17        *and*

18                *(2) sections 29, 38, 44, and 46 of the Federal De-*  
19        *posit Insurance Act.*

20        *(d) TREATMENT OF CERTAIN RISK-WEIGHTED ASSET*  
21        *REQUIREMENTS FOR QUALIFYING BANKING ORGANIZA-*  
22        *TIONS.—*

23                *(1) ACQUISITION SIZE CRITERIA TREATMENT.—*  
24        *A qualifying banking organization shall be deemed to*  
25        *meet the criteria described under section 4(j)(4)(D) of*

1        *the Bank Holding Company Act of 1956, so long as*  
2        *after the proposed transaction the acquiring quali-*  
3        *fying banking organization would maintain a quar-*  
4        *terly leverage ratio of at least 10 percent.*

5            (2) *USE OF LEVERAGE EXPOSURE.—With respect*  
6        *to a qualifying banking organization, in determining*  
7        *whether a proposal qualifies with the criteria de-*  
8        *scribed under subparagraphs (A)(iii) and (B)(i) of*  
9        *section 4(j)(4) of the Bank Holding Company Act of*  
10       *1956, the Board of Governors of the Federal Reserve*  
11       *System shall consider the leverage exposure of an in-*  
12       *sured depository institution instead of the total risk-*  
13       *weighted assets of such institution.*

14       **SEC. 103. CONTINGENT CAPITAL STUDY.**

15        (a) *STUDY.—The Board of Governors of the Federal*  
16       *Reserve System, the Federal Deposit Insurance Corpora-*  
17       *tion, and the Office of the Comptroller of the Currency shall*  
18       *each carry out a study, which shall include holding public*  
19       *hearings, on how to design a requirement that banking or-*  
20       *ganizations issue contingent capital with a market-based*  
21       *conversion trigger.*

22        (b) *REPORT.—Not later than the end of the 1-year pe-*  
23       *riod beginning on the date of the enactment of this Act,*  
24       *each agency described under subsection (a) shall submit a*  
25       *report to the Congress containing—*

1           (1) *all findings and determinations made by the*  
2           *agency in carrying out the study required under sub-*  
3           *section (a); and*

4           (2) *the agency’s recommendations on how the*  
5           *Congress should design a requirement that banking*  
6           *organizations issue contingent capital with a market-*  
7           *based conversion trigger.*

8   **SEC. 104. STUDY ON ALTERING THE CURRENT PROMPT**  
9                                   **CORRECTIVE ACTION RULES.**

10          (a) *STUDY.*—*The Comptroller General of the United*  
11          *States shall conduct a study to assess the benefits and feasi-*  
12          *bility of altering the current prompt corrective action rules*  
13          *and replacing the Basel-based capital ratios with the non-*  
14          *performing asset coverage ratio or NACR as the trigger for*  
15          *specific required supervisory interventions. The Comptroller*  
16          *General shall ensure that such study includes the following:*

17               (1) *An assessment of the performance of an*  
18               *NACR forward-looking measure of a banking organi-*  
19               *zation’s solvency condition relative to the regulatory*  
20               *capital ratios currently used by prompt corrective ac-*  
21               *tion rules.*

22               (2) *An analysis of the performance of alternative*  
23               *definitions of nonperforming assets.*

24               (3) *An assessment of the impact of two alter-*  
25               *native intervention thresholds:*

1           (A) *An initial (high) intervention threshold,*  
2           *below which appropriate Federal banking agency*  
3           *examiners are required to intervene and assess a*  
4           *banking organization’s condition and prescribe*  
5           *remedial measures.*

6           (B) *A lower threshold, below which banking*  
7           *organizations must increase their capital, seek*  
8           *an acquirer, or face mandatory resolution within*  
9           *90 days.*

10       (b) *REPORT.—Not later than the end of the 1-year pe-*  
11       *riod beginning on the date of the enactment of this Act,*  
12       *the Comptroller General shall submit a report to the Con-*  
13       *gress containing—*

14           (1) *all findings and determinations made in car-*  
15           *rying out the study required under subsection (a);*  
16           *and*

17           (2) *recommendations on the most suitable defini-*  
18           *tion of nonperforming assets, as well as the two nu-*  
19           *merical thresholds that trigger specific required super-*  
20           *visory interventions.*

21       **SEC. 105. DEFINITIONS.**

22       *For purposes of this title:*

23           (1) *APPROPRIATE FEDERAL BANKING AGENCY.—*  
24       *The term “appropriate Federal banking agency”—*



1           (A) has the meaning given such term under  
2           section 3 of the Federal Deposit Insurance Act;  
3           and

4           (B) means the National Credit Union Ad-  
5           ministration, in the case of an insured credit  
6           union.

7           (2) *BANKING ORGANIZATION*.—The term “bank-  
8           ing organization” means—

9           (A) an insured depository institution;

10          (B) an insured credit union;

11          (C) a depository institution holding com-  
12          pany;

13          (D) a company that is treated as a bank  
14          holding company for purposes of section 8 of the  
15          International Banking Act; and

16          (E) a U.S. intermediate holding company  
17          established by a foreign banking organization  
18          pursuant to section 252.153 of title 12, Code of  
19          Federal Regulations.

20          (3) *FOREIGN EXCHANGE SWAP* .—The term “for-  
21          eign exchange swap” has the meaning given that term  
22          under section 1a of the Commodity Exchange Act.

23          (4) *INSURED CREDIT UNION*.—The term “insured  
24          credit union” has the meaning given that term under  
25          section 101 of the Federal Credit Union Act.

1           (5) *LEVERAGE EXPOSURE.*—*The term “leverage*  
2 *exposure”*—

3           (A) *with respect to a banking organization*  
4 *other than an insured credit union or a tradi-*  
5 *tional banking organization, has the meaning*  
6 *given the term “total leverage exposure” under*  
7 *section 3.10(c)(4)(ii), 217.10(c)(4), or*  
8 *324.10(c)(4) of title 12, Code of Federal Regula-*  
9 *tions, as applicable, as in effect on January 1,*  
10 *2015;*

11           (B) *with respect to a traditional banking*  
12 *organization other than an insured credit union,*  
13 *means total assets (minus any items deducted*  
14 *from common equity tier 1 capital) as calculated*  
15 *in accordance with generally accepted accounting*  
16 *principles and as reported on the traditional*  
17 *banking organization’s applicable regulatory fil-*  
18 *ing with the banking organization’s appropriate*  
19 *Federal banking agency; and*

20           (C) *with respect to a banking organization*  
21 *that is an insured credit union, has the meaning*  
22 *given the term “total assets” under section 702.2*  
23 *of title 12, Code of Federal Regulations, as in ef-*  
24 *fect on January 1, 2015.*

25           (6) *LEVERAGE RATIO DEFINITIONS.*—

1           (A) *AVERAGE LEVERAGE RATIO.*—With re-  
2           spect to a banking organization, the term “aver-  
3           age leverage ratio” means the average of the  
4           banking organization’s quarterly leverage ratios  
5           for each of the most recently completed four cal-  
6           endar quarters.

7           (B) *QUARTERLY LEVERAGE RATIO.*—With  
8           respect to a banking organization and a cal-  
9           endar quarter, the term “quarterly leverage  
10          ratio” means the organization’s tangible equity  
11          divided by the organization’s leverage exposure,  
12          expressed as a percentage, on the last day of such  
13          quarter.

14         (7) *NACR.*—The term “NACR” means—

15                 (A) *book equity less nonperforming assets*  
16                 *plus loan loss reserves, divided by*

17                 (B) *total banking organization assets.*

18         (8) *NONPERFORMING ASSETS.*—The term “non-  
19         performing assets” means—

20                 (A) *20 percent of assets that are past due*  
21                 *30 to 89 days, plus*

22                 (B) *50 percent of assets that are past due*  
23                 *90 days or more, plus*

24                 (C) *100 percent of nonaccrual assets and*  
25                 *other real estate owned.*

1           (9) *QUALIFYING BANKING ORGANIZATION.*—*The*  
2 *term “qualifying banking organization” means a*  
3 *banking organization that has made an election*  
4 *under section 101 and with respect to which such elec-*  
5 *tion is in effect.*

6           (10) *SECURITY-BASED SWAP .*—*The term “secu-*  
7 *rity-based swap” has the meaning given that term*  
8 *under section 3 of the Securities Exchange Act of*  
9 *1934.*

10          (11) *SWAP .*—*The term “swap” has the meaning*  
11 *given that term under section 1a of the Commodity*  
12 *Exchange Act.*

13          (12) *TANGIBLE EQUITY.*—*The term “tangible eq-*  
14 *uity”—*

15                (A) *with respect to a banking organization*  
16 *other than a credit union, means the sum of—*

17                       (i) *common equity tier 1 capital;*

18                       (ii) *additional tier 1 capital consisting*  
19 *of instruments issued on or before June 1,*  
20 *2016; and*

21                       (iii) *with respect to a depository insti-*  
22 *tution holding company that had less than*  
23 *\$15,000,000,000 in total consolidated assets*  
24 *as of December 31, 2009, or March 31,*  
25 *2010, or a banking organization that was a*

1           *mutual holding company as of May 19,*  
2           *2010, trust preferred securities issued prior*  
3           *to May 19, 2010, to the extent such organi-*  
4           *zation was permitted, as of the date of the*  
5           *enactment of this Act, to consider such secu-*  
6           *rities as tier 1 capital under existing regu-*  
7           *lations of the appropriate Federal banking*  
8           *agency; and*

9           *(B) with respect to a banking organization*  
10          *that is a credit union, has the meaning given the*  
11          *term “net worth” under section 702.2 of title 12,*  
12          *Code of Federal Regulations, as in effect on Jan-*  
13          *uary 1, 2015.*

14          (13) *TRADITIONAL BANKING ORGANIZATION.—*

15          *The term “traditional banking organization” means a*  
16          *banking organization that—*

17                 *(A) has zero trading assets and zero trading*  
18                 *liabilities;*

19                 *(B) does not engage in swaps or security-*  
20                 *based swaps, other than swaps or security-based*  
21                 *swaps referencing interest rates or foreign ex-*  
22                 *change swaps; and*

23                 *(C) has a total notional exposure of swaps*  
24                 *and security-based swaps of not more than*  
25                 *\$8,000,000,000.*

1           (14) *OTHER BANKING TERMS.*—The terms “in-  
2           sured depository institution” and “depository institu-  
3           tion holding company” have the meaning given those  
4           terms, respectively, under section 3 of the Federal De-  
5           posit Insurance Act.

6           (15) *OTHER CAPITAL TERMS.*—With respect to a  
7           banking organization, the terms “additional tier 1  
8           capital” and “common equity tier 1 capital” have the  
9           meaning given such terms, respectively, under section  
10          3.20, 217.20, or 324.20 of title 12, Code of Federal  
11          Regulations, as applicable, as in effect on January 1,  
12          2015.

13       ***TITLE II—ENDING “TOO BIG TO***  
14       ***FAIL” AND BANK BAILOUTS***  
15       ***Subtitle A—Reform of the Financial***  
16       ***Stability Act of 2010***

17       ***SEC. 211. REPEAL AND MODIFICATION OF PROVISIONS OF***  
18       ***THE FINANCIAL STABILITY ACT OF 2010.***

19           (a) *REPEALS.*—The following provisions of the Finan-  
20          cial Stability Act of 2010 are repealed, and the provisions  
21          of law amended or repealed by such provisions are restored  
22          or revived as if such provisions had not been enacted:

23               (1) *Subtitle B.*

24               (2) *Section 113.*

25               (3) *Section 114.*

1           (4) *Section 115.*

2           (5) *Section 116.*

3           (6) *Section 117.*

4           (7) *Section 119.*

5           (8) *Section 120.*

6           (9) *Section 121.*

7           (10) *Section 161.*

8           (11) *Section 162.*

9           (12) *Section 164.*

10          (13) *Section 166.*

11          (14) *Section 167.*

12          (15) *Section 168.*

13          (16) *Section 170.*

14          (17) *Section 172.*

15          (18) *Section 174.*

16          (19) *Section 175.*

17           (b) *ADDITIONAL MODIFICATIONS.—The Financial Sta-*  
18 *bility Act of 2010 (12 U.S.C. 5311 et seq.) is amended—*

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

20           (2) *in section 111—*

21           (A) *in subsection (b)—*

22           (i) *in paragraph (1)—*

23           (I) *by striking “who shall each”*

24           *and inserting “who shall, except as*

25           *provided below, each”; and*

1                   (ii) by amending subparagraphs  
2                   (B) through (I) to read as follows:

3                   “(B) each member of the Board of Gov-  
4                   ernors, who shall collectively have 1 vote on the  
5                   Council;

6                   “(C) each member of the Board of Directors  
7                   of the Office of the Comptroller of the Currency,  
8                   who shall collectively have 1 vote on the Council;

9                   “(D) each member of the Consumer Finan-  
10                  cial Opportunity Commission, who shall collec-  
11                  tively have 1 vote on the Council;

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

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

16                  “(G) each member of the Commodity Fu-  
17                  tures Trading Commission, who shall collectively  
18                  have 1 vote on the Council;

19                  “(H) each member of the Board of Directors  
20                  of the Federal Housing Finance Agency, who  
21                  shall collectively have 1 vote on the Council;

22                  “(I) each member of the National Credit  
23                  Union Administration Board, who shall collec-  
24                  tively have 1 vote on the Council; and”;

25                         (ii) in paragraph (2)—



1                   (I) by striking subparagraph (A);

2                   and

3                   (II) by redesignating subpara-  
4                   graphs (B), (C), (D), and (E) as sub-  
5                   paragraphs (A), (B), (C), and (D), re-  
6                   spectively; and

7                   (iii) by adding at the end the fol-  
8                   lowing:

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

10                   “(A) VOTING WITHIN THE ENTITY.—An en-  
11                   tity described under subparagraph (B) through  
12                   (I) of paragraph (1) shall determine the entity’s  
13                   Council vote by using the voting process nor-  
14                   mally applicable to votes by the entity’s mem-  
15                   bers.

16                   “(B) CASTING OF ENTITY VOTE.—The 1 col-  
17                   lective Council vote of an entity described under  
18                   subparagraph (A) shall be cast by the head of  
19                   such agency or, in the event such head is unable  
20                   to cast such vote, the next most senior member of  
21                   the entity available.”;

22                   (B) in subsection (c), by striking “subpara-  
23                   graphs (C), (D), and (E)” and inserting “sub-  
24                   paragraphs (B), (C), and (D)”;

1           (C) in subsection (e), by adding at the end  
2           the following:

3           “(3) *STAFF ACCESS.*—Any member of the Coun-  
4           cil may select to have one or more individuals on the  
5           member’s staff attend a meeting of the Council, in-  
6           cluding any meeting of representatives of the member  
7           agencies other than the members themselves.

8           “(4) *CONGRESSIONAL OVERSIGHT.*—All meetings  
9           of the Council, whether or not open to the public, shall  
10          be open to the attendance by members of the Com-  
11          mittee on Financial Services of the House of Rep-  
12          resentatives and the Committee on Banking, Housing,  
13          and Urban Affairs of the Senate.

14          “(5) *MEMBER AGENCY MEETINGS.*—Any meeting  
15          of representatives of the member agencies other than  
16          the members themselves shall be open to attendance by  
17          staff of the Committee on Financial Services of the  
18          House of Representatives and the Committee on  
19          Banking, Housing, and Urban Affairs of the Senate.”;

20          (D) by striking subsection (g) (relating to  
21          the nonapplicability of FACA);

22          (E) by inserting after subsection (f) the fol-  
23          lowing:

24          “(g) *OPEN MEETING REQUIREMENT.*—The Council  
25          shall be an agency for purposes of section 552b of title 5,

1 *United States Code (commonly referred to as the ‘Govern-*  
2 *ment in the Sunshine Act’).*

3       “(h) *CONFIDENTIAL CONGRESSIONAL BRIEFINGS.—At*  
4 *the request of the Chairman of the Committee on Financial*  
5 *Services of the House of Representatives or the Chairman*  
6 *of the Committee on Banking, Housing, and Urban Affairs*  
7 *of the Senate, the Chairperson shall appear before Congress*  
8 *to provide a confidential briefing.”; and*

9               *(F) by redesignating subsections (h) through*  
10              *(j) as subsections (i) through (k), respectively;*

11              *(3) in section 112—*

12                      *(A) in subsection (a)(2)—*

13                              *(i) in subparagraph (A), by striking*  
14                              *“direct the Office of Financial Research to”;*

15                              *(ii) by striking subparagraphs (B),*  
16                              *(H), (I), and (J);*

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

21                              *(iv) in subparagraph (J), as so red-*  
22                              *esignated—*

23                                      *(I) in clause (iii), by adding*  
24                                      *“and” at the end;*

1                   (II) by striking clauses (iv) and  
2                   (v); and

3                   (III) by redesignating clause (vi)  
4                   as clause (iv); and

5                   (B) in subsection (d)—

6                   (i) in paragraph (1), by striking “the  
7                   Office of Financial Research, member agen-  
8                   cies, and” and inserting “member agencies  
9                   and”;

10                  (ii) in paragraph (2), by striking “the  
11                  Office of Financial Research, any member  
12                  agency, and” and inserting “any member  
13                  agency and”;

14                  (iii) in paragraph (3)—

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

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

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

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

1 **“SEC. 118. COUNCIL FUNDING.**

2 *“There is authorized to be appropriated to the Council*  
3 *\$4,000,000 for fiscal year 2017 and each fiscal year there-*  
4 *after to carry out the duties of the Council.”;*

5 *(5) in section 163(b)(4)—*

6 *(A) by striking “In addition” and inserting*  
7 *the following:*

8 *“(A) IN GENERAL.—In addition”;* and

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

10 *“(B) EXCEPTION FOR QUALIFYING BANKING*  
11 *ORGANIZATION.—Subparagraph (A) shall not*  
12 *apply to a proposed acquisition by a qualifying*  
13 *banking organization, as defined under section*  
14 *105 of the Financial CHOICE Act of 2016.”;*  
15 *and*

16 *(6) in section 165—*

17 *(A) by striking “nonbank financial compa-*  
18 *nies supervised by the Board of Governors and”*  
19 *each place such term appears;*

20 *(B) by striking “nonbank financial com-*  
21 *pany supervised by the Board of Governors and”*  
22 *each place such term appears;*

23 *(C) in subsection (a), by amending para-*  
24 *graph (2) to read as follows:*

25 *“(2) TAILORED APPLICATION.—In prescribing*  
26 *more stringent prudential standards under this sec-*

1        *tion, the Board of Governors may differentiate among*  
2        *companies on an individual basis or by category, tak-*  
3        *ing into consideration their capital structure, riski-*  
4        *ness, complexity, financial activities (including the fi-*  
5        *ancial activities of their subsidiaries), size, and any*  
6        *other risk-related factors that the Board of Governors*  
7        *deems appropriate.”;*

8                *(D) in subsection (b)—*

9                        *(i) in paragraph (1)(B)(iv), by strik-*  
10                        *ing “, on its own or pursuant to a rec-*  
11                        *ommendation made by the Council in ac-*  
12                        *cordance with section 115,”;*

13                        *(ii) in paragraph (2)—*

14                                *(I) by striking “foreign nonbank*  
15                                *financial company supervised by the*  
16                                *Board of Governors or”;*

17                                *(II) by striking “shall—” and all*  
18                                *that follows through “give due” and in-*  
19                                *serting “shall give due”;*

20                                *(III) in subparagraph (A), by*  
21                                *striking “; and” and inserting a pe-*  
22                                *riod; and*

23                                *(IV) by striking subparagraph*  
24                                *(B);*

25                                *(iii) in paragraph (3)—*

- 1                   (I) in subparagraph (A)—
- 2                   (aa) by striking clause (i);
- 3                   (bb) by redesignating clauses
- 4                   (ii), (iii), and (iv) as clauses (i),
- 5                   (ii), and (iii), respectively; and
- 6                   (cc) in clause (iii), as so re-
- 7                   designated, by adding “and” at
- 8                   the end;
- 9                   (II) by striking subparagraphs
- 10                  (B) and (C); and
- 11                  (III) by redesignating subpara-
- 12                  graph (D) as subparagraph (B); and
- 13                  (iv) in paragraph (4), by striking “a
- 14                  nonbank financial company supervised by
- 15                  the Board of Governors or”;
- 16                  (E) in subsection (c)—
- 17                  (i) in paragraph (1), by striking
- 18                  “under section 115(c)”; and
- 19                  (ii) in paragraph (2)—
- 20                  (I) by amending subparagraph
- 21                  (A) to read as follows:
- 22                  “(A) any recommendations of the Council;”;
- 23                  and
- 24                  (II) in subparagraph (D), by
- 25                  striking “nonbank financial company

1 supervised by the Board of Governors  
2 or”;

3 (F) in subsection (d)—

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

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

10 (iii) in paragraph (3)—

11 (I) by striking “The Board” and  
12 inserting the following:

13 “(A) IN GENERAL.—The Board”;

14 (II) by striking “shall review”  
15 and inserting the following: “shall—  
16 “(i) review”;

17 (III) by striking the period and  
18 inserting “; and”; and

19 (IV) by adding at the end the fol-  
20 lowing:

21 “(ii) not later than the end of the 6-  
22 month period beginning on the date the  
23 bank holding company submits the resolu-  
24 tion plan, provide feedback to the bank  
25 holding company on such plan.



1           “(B) *DISCLOSURE OF ASSESSMENT FRAME-*  
2           *WORK.—The Board of Governors and the Cor-*  
3           *poration shall each publicly disclose the assess-*  
4           *ment framework that is used to review informa-*  
5           *tion under this paragraph and shall provide the*  
6           *public with a notice and comment period before*  
7           *finalizing such assessment framework.”.*

8                     *(iv) in paragraph (6), by striking*  
9                     *“nonbank financial company supervised by*  
10                    *the Board, any bank holding company,”*  
11                    *and inserting “bank holding company”;*

12                    *(G) in subsection (e)—*

13                    *(i) in paragraph (1), by striking “a*  
14                    *nonbank financial company supervised by*  
15                    *the Board of Governors or”;*

16                    *(ii) in paragraph (3), by striking “the*  
17                    *nonbank financial company supervised by*  
18                    *the Board of Governors or” each place such*  
19                    *term appears; and*

20                    *(iii) in paragraph (4), by striking “a*  
21                    *nonbank financial company supervised by*  
22                    *the Board of Governors or”;*

23                    *(H) in subsection (g)(1), by striking “and*  
24                    *any nonbank financial company supervised by*  
25                    *the Board of Governors”;*

1                   (I) in subsection (h)—

2                   (i) by striking paragraph (1);

3                   (ii) by redesignating paragraphs (2),  
4                   (3), and (4) as paragraphs (1), (2), and (3),  
5                   respectively;

6                   (iii) in paragraph (1), as so redesign-  
7                   ated, by striking “paragraph (3)” each  
8                   place such term appears and inserting  
9                   “paragraph (2)”; and

10                  (iv) in paragraph (2), as so redesign-  
11                  ated—

12                   (I) in subparagraph (A), by strik-  
13                   ing “the nonbank financial company  
14                   supervised by the Board of Governors  
15                   or bank holding company described in  
16                   subsection (a), as applicable” and in-  
17                   serting “a bank holding company de-  
18                   scribed in subsection (a)”; and

19                   (II) in subparagraph (B), by  
20                   striking “the nonbank financial com-  
21                   pany supervised by the Board of Gov-  
22                   ernors or a bank holding company de-  
23                   scribed in subsection (a), as applica-  
24                   ble” and inserting “a bank holding  
25                   company described in subsection (a)”; and

1                   *(J) in subsection (i)—*

2                           *(i) in paragraph (1)—*

3                                   *(I) in subparagraph (B)—*

4   *(aa) by amending clause (i)*

5   *to read as follows:*

6   “*(i) shall—*

7   “*(I) issue regulations, after pro-*  
8   *viding for public notice and comment,*  
9   *that provide for at least 3 different sets*  
10   *of conditions under which the evalua-*  
11   *tion required by this subsection shall*  
12   *be conducted, including baseline, ad-*  
13   *verse, and severely adverse, and meth-*  
14   *odologies, including models used to es-*  
15   *timate losses on certain assets; and*

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

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

1                   (cc) in clause (v), by insert-  
2                   ing before the period the following:  
3                   “, including any results of a re-  
4                   submitted test”; and

5                   (II) by adding at the end the fol-  
6                   lowing:

7                   “(C) APPLICATION TO CCAR.—The require-  
8                   ments of subparagraph (B) shall apply to all  
9                   stress tests performed under the Comprehensive  
10                  Capital Analysis and Review exercise established  
11                  by the Board of Governors.”; and

12                  (ii) in paragraph (2)(A)—

13                  (I) by striking “a bank holding  
14                  company” and inserting “bank holding  
15                  company”; and

16                  (II) by striking “All other finan-  
17                  cial companies” and inserting “All  
18                  other bank holding companies”;

19                  (K) in subsection (j)—

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

23                  (ii) in paragraph (2), by striking “the  
24                  factors described in subsections (a) and (b)

1                   of section 113 and any other” and inserting  
2                   “any”;

3                   (L) in subsection (k)(1), by striking “or  
4                   nonbank financial company supervised by the  
5                   Board of Governors”; and

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

7                   “(l) *EXEMPTION FOR QUALIFYING BANKING ORGANI-*  
8                   *ZATIONS.—This section shall not apply to a proposed acqui-*  
9                   *sition by a qualifying banking organization, as defined*  
10                   *under section 105 of the Financial CHOICE Act of 2016.”.*

11                   (c) *ACTIONS TO CREATE A BANK HOLDING COM-*  
12                   *PANY.—Section 3(b)(1) of the Bank Holding Company Act*  
13                   *of 1956 (12 U.S.C. 1842(b)(1)) is amended—*

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

16                   “(A) *IN GENERAL.—Upon receiving*”;

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

19                   “(B) *IMMEDIATE ACTION.—*

20                   “(i) *IN GENERAL.—Notwithstanding*  
21                   *any other provision*”; and

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

23                   “(ii) *EXCEPTION.—The Board may not*  
24                   *take any action pursuant to clause (i) on*  
25                   *an application that would cause any com-*

1           pany to become a bank holding company  
2           unless such application involves the com-  
3           pany acquiring a bank that is critically  
4           undercapitalized (as such term is defined  
5           under section 38(b) of the Federal Deposit  
6           Insurance Act).”.

7           (d) *CONCENTRATION LIMITS APPLIED ONLY TO BANK-*  
8 *ING ORGANIZATIONS.*—Section 14 of the Bank Holding  
9 *Company Act of 1956 (12 U.S.C. 1852) is amended—*

10           (1) by striking “financial company” each place  
11           such term appears and inserting “banking organiza-  
12           tion”;

13           (2) in subsection (a)—

14           (A) by amending paragraph (2) to read as  
15           follows:

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

17           “(A) an insured depository institution;

18           “(B) a bank holding company;

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

20           “(D) a company that controls an insured  
21           depository institution; and

22           “(E) a foreign bank or company that is  
23           treated as a bank holding company for purposes  
24           of this Act; and”;

25           (B) in paragraph (3)—

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

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

5                   (iii) by striking subparagraph (C);  
6                   and

7                   (3) in subsection (b), by striking “financial com-  
8                   panies” and inserting “banking organizations”.

9                   (e) *CONFORMING AMENDMENT.*—Section 3502(5) of  
10 title 44, United States Code, is amended by striking “the  
11 Office of Financial Research,”.

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

18                  ***Subtitle B—Repeal of the Orderly***  
19                               ***Liquidation Authority***

20                  ***SEC. 221. REPEAL OF THE ORDERLY LIQUIDATION AUTHOR-***  
21                               ***ITY.***

22                  (a) *IN GENERAL.*—Title II of the Dodd-Frank Wall  
23 Street Reform and Consumer Protection Act is hereby re-  
24 pealed and any Federal law amended by such title shall,  
25 on and after the effective date of this Act, be effective as

1 *if title II of the Dodd-Frank Wall Street Reform and Con-*  
2 *sumer Protection Act had not been enacted.*

3 (b) *CONFORMING AMENDMENTS.*—

4 (1) *DODD-FRANK WALL STREET REFORM AND*  
5 *CONSUMER PROTECTION ACT.*—*The Dodd-Frank Wall*  
6 *Street Reform and Consumer Protection Act is*  
7 *amended—*

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

10 (B) *in section 151, by amending paragraph*  
11 *(2) to read as follows:*

12 “(2) *the term ‘financial company’ means—*

13 “(A) *any company that is incorporated or*  
14 *organized under any provision of Federal law or*  
15 *the laws of any State;*

16 “(B) *any company that is—*

17 “(i) *a bank holding company, as de-*  
18 *defined in section 2(a) of the Bank Holding*  
19 *Company Act of 1956 (12 U.S.C. 1841(a));*

20 “(ii) *a nonbank financial company su-*  
21 *pervised by the Board of Governors;*

22 “(iii) *any company that is predomi-*  
23 *nantly engaged in activities that the Board*  
24 *of Governors has determined are financial*  
25 *in nature or incidental thereto for purposes*



1           *of section 4(k) of the Bank Holding Com-*  
2           *pany Act of 1956 (12 U.S.C. 1843(k)) other*  
3           *than a company described in clause (i) or*  
4           *(ii); or*

5           *“(iv) any subsidiary of any company*  
6           *described in any of clauses (i) through (iii)*  
7           *that is predominantly engaged in activities*  
8           *that the Board of Governors has determined*  
9           *are financial in nature or incidental thereto*  
10          *for purposes of section 4(k) of the Bank*  
11          *Holding Company Act of 1956 (12 U.S.C.*  
12          *1843(k)) (other than a subsidiary that is an*  
13          *insured depository institution or an insur-*  
14          *ance company);*

15          *“(C) any company that is not a Farm*  
16          *Credit System institution chartered under and*  
17          *subject to the provisions of the Farm Credit Act*  
18          *of 1971, as amended (12 U.S.C. 2001 et seq.), a*  
19          *governmental entity, or a regulated entity, as de-*  
20          *finied under section 1303(20) of the Federal*  
21          *Housing Enterprises Financial Safety and*  
22          *Soundness Act of 1992 (12 U.S.C. 4502(20));*  
23          *and*

24          *“(D) includes an insured depository institu-*  
25          *tion and an insurance company;”;*

1           (C) in section 165(d)(6), by striking “, a re-  
2           ceiver appointed under title II,”; and

3           (D) in section 716(g), by striking “or a cov-  
4           ered financial company under title II”.

5           (2) *FEDERAL DEPOSIT INSURANCE ACT.*—Section  
6           10(b)(3) of the *Federal Deposit Insurance Act* (12  
7           U.S.C. 1820(b)(3)) is amended by striking “, or of  
8           such nonbank financial company supervised by the  
9           Board of Governors or bank holding company de-  
10          scribed in section 165(a) of the *Financial Stability*  
11          *Act of 2010*, for the purpose of implementing its au-  
12          thority to provide for orderly liquidation of any such  
13          company under title II of that Act”.

14          (3) *FEDERAL RESERVE ACT.*—Section 13(3) of  
15          the *Federal Reserve Act* is amended—

16                (A) in subparagraph (B)—

17                   (i) in clause (ii), by striking “, resolu-  
18                   tion under title II of the *Dodd-Frank Wall*  
19                   *Street Reform and Consumer Protection*  
20                   *Act*, or” and inserting “or is subject to reso-  
21                   lution under”; and

22                   (ii) in clause (iii), by striking “, reso-  
23                   lution under title II of the *Dodd-Frank*  
24                   *Wall Street Reform and Consumer Protec-*

1                   tion Act, or” and inserting “or resolution  
2                   under”; and

3                   (B) by striking subparagraph (E).

4                   **Subtitle C—Financial Institution**  
5                   **Bankruptcy**

6                   **SEC. 231. GENERAL PROVISIONS RELATING TO COVERED FI-**  
7                   **NANCIAL CORPORATIONS.**

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

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

17                   “(A) a bank holding company, as defined in  
18                   section 2(a) of the Bank Holding Company Act  
19                   of 1956; or

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

1           “(i) annual gross revenues derived by  
2           the corporation and all of its subsidiaries  
3           from activities that are financial in nature  
4           (as defined in section 4(k) of the Bank  
5           Holding Company Act of 1956) and, if ap-  
6           plicable, from the ownership or control of  
7           one or more insured depository institutions,  
8           represents 85 percent or more of the consoli-  
9           dated annual gross revenues of the corpora-  
10          tion; or

11           “(ii) the consolidated assets of the cor-  
12          poration and all of its subsidiaries related  
13          to activities that are financial in nature (as  
14          defined in section 4(k) of the Bank Holding  
15          Company Act of 1956) and, if applicable,  
16          related to the ownership or control of one or  
17          more insured depository institutions, rep-  
18          resents 85 percent or more of the consoli-  
19          dated assets of the corporation.”.

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

23           “(l) Subchapter V of chapter 11 of this title applies  
24          only in a case under chapter 11 concerning a covered finan-  
25          cial corporation.”.

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

3           (1) *in subsection (b)*—

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

6                 (B) *in paragraph (3)(B)*, by striking the pe-  
7 *riod at the end and inserting “; or”*; and

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

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

10           (2) *in subsection (d)*—

11                 (A) *by striking “and” before “an uninsured*  
12 *State member bank”*;

13                 (B) *by striking “or” before “a corporation”*;  
14 *and*

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

18           (d) *CONVERSION TO CHAPTER 7*.—Section 1112 of title  
19 *11, United States Code*, is amended by adding at the end  
20 *the following*:

21                     “(g) *Notwithstanding section 109(b)*, the court may  
22 *convert a case under subchapter V to a case under chapter*  
23 *7 if*—

24                         “(1) *a transfer approved under section 1185 has*  
25 *been consummated*;

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

3           “(3) the court finds, after notice and a hearing,  
4           that conversion is in the best interest of the creditors  
5           and the estate.”.

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

10          (2) Section 1129(a) of title 11, United States Code,  
11          is amended by inserting after paragraph (16) the following:

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

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

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

1 **SEC. 232. LIQUIDATION, REORGANIZATION, OR RECAPITAL-**  
2 **IZATION OF A COVERED FINANCIAL COR-**  
3 **PORATION.**

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

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

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

11 *“Sections 303 and 321(c) do not apply in a case under*  
12 *this subchapter concerning a covered financial corporation.*  
13 *Section 365 does not apply to a transfer under section 1185,*  
14 *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 Gov-*  
19 *ernors 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 eq-*  
23 *uity securities of which may be transferred to a spe-*  
24 *cial 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 a*  
2       *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 section*  
13       *761.*

14               “(6) *The term ‘special trustee’ means the trustee*  
15       *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 covered*  
19       *financial corporation may be commenced by the filing of*  
20       *a petition with the court by the debtor under section 301*  
21       *only if the debtor states to the best of its knowledge under*  
22       *penalty of perjury in the petition that it is a covered finan-*  
23       *cial corporation.*

24               “(b) *The commencement of a case under subsection (a)*  
25       *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 or*  
7 *in connection with such a petition or a transfer under sec-*  
8 *tion 1185 or section 1186, whether prior to or after com-*  
9 *mencement of the case.*

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

21       **“§ 1184. Regulators**

22       *“The Board, the Securities Exchange Commission, the*  
23 *Office of the Comptroller of the Currency of the Department*  
24 *of the Treasury, the Commodity Futures Trading Commis-*  
25 *sion, and the Federal Deposit Insurance Corporation may*

1 raise and may appear and be heard on any issue in any  
2 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 the  
6 order for relief, the court may order a transfer under this  
7 section of property of the estate, and the assignment of exec-  
8 utory contracts, unexpired leases, and qualified financial  
9 contracts of the debtor, to a bridge company. Upon the entry  
10 of an order approving such transfer, any property trans-  
11 ferred, and any executory contracts, unexpired leases, and  
12 qualified financial contracts assigned under such order  
13 shall no longer be property of the estate. Except as provided  
14 under this section, the provisions of section 363 shall apply  
15 to a transfer and assignment under this section.

16       “(b) Unless the court orders otherwise, notice of a re-  
17 quest for an order under subsection (a) shall consist of elec-  
18 tronic or telephonic notice of not less than 24 hours to—

19               “(1) the debtor;

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

22               “(3) the holders of the 20 largest unsecured  
23 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 Corporation;

6           “(7) the Secretary of the Treasury and the Office  
7           of the Comptroller of the Currency of the Treasury;

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

10          “(9) the Securities and Exchange Commission;

11          “(10) the United States trustee or bankruptcy  
12          administrator; and

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

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

21                 “(1) the transfer under this section is necessary  
22                 to prevent serious adverse effects on financial stability  
23                 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 transfer  
5           to the bridge company of any property of the estate  
6           that is subject to a lien securing a debt, executory  
7           contract, unexpired lease or agreement (including a  
8           qualified financial contract) of the debtor unless—

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

19           “(ii) the court has determined that assump-  
20           tion of such debt, executory contract, unexpired  
21           lease or agreement (including a qualified finan-  
22           cial contract) by the bridge company is in the  
23           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 transfer  
13          of the equity of the debtor;

14          “(6) the trustee has demonstrated that the bridge  
15          company is not likely to fail to meet the obligations  
16          of any debt, executory contract, qualified financial  
17          contract, or unexpired lease assumed and assigned to  
18          the bridge company;

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

23          “(8) after giving effect to the transfer, adequate  
24          provision has been made for the fees, costs, and ex-  
25          penses 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 estate.

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

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

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

16 **“§ 1186. Special trustee**

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

1 *the court as in the best interests of the estate, and shall*  
2 *exist for the sole purpose of holding and administering, and*  
3 *shall be permitted to dispose of, the equity securities of the*  
4 *bridge company in accordance with the trust agreement.*

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

10       “(b) *The trust agreement governing the trust shall pro-*  
11 *vide—*

12               “(1) *for the payment of the fees, costs, expenses,*  
13 *and indemnities of the special trustee from the assets*  
14 *of the debtor’s estate;*

15               “(2) *that the special trustee provide—*

16                       “(A) *quarterly reporting to the estate, which*  
17 *shall be filed with the court; and*

18                       “(B) *information about the bridge company*  
19 *reasonably requested by a party in interest to*  
20 *prepare a disclosure statement for a plan pro-*  
21 *viding for distribution of any securities of the*  
22 *bridge company if such information is necessary*  
23 *to prepare such disclosure statement;*

24               “(3) *that for as long as the equity securities of*  
25 *the bridge company are held by the trust, the special*

1 trustee shall file a notice with the court in connection  
2 with—

3 “(A) any change in a director or senior offi-  
4 cer of the bridge company;

5 “(B) any modification to the governing doc-  
6 uments of the bridge company; and

7 “(C) any material corporate action of the  
8 bridge company, including—

9 “(i) recapitalization;

10 “(ii) a material borrowing;

11 “(iii) termination of an intercompany  
12 debt or guarantee;

13 “(iv) a transfer of a substantial por-  
14 tion of the assets of the bridge company; or

15 “(v) the issuance or sale of any securi-  
16 ties of the bridge company;

17 “(4) that any sale of any equity securities of the  
18 bridge company shall not be consummated until the  
19 special trustee consults with the Federal Deposit In-  
20 surance Corporation and the Board regarding such  
21 sale and discloses the results of such consultation with  
22 the court;

23 “(5) that, subject to reserves for payments per-  
24 mitted under paragraph (1) provided for in the trust  
25 agreement, the proceeds of the sale of any equity secu-



1        *rities of the bridge company by the special trustee be*  
2        *held in trust for the benefit of or transferred to the*  
3        *estate;*

4            *“(6) the process and guidelines for the replace-*  
5        *ment of the special trustee; and*

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

9            *“(c)(1) The special trustee shall distribute the assets*  
10       *held in trust—*

11            *“(A) if the court confirms a plan in the case, in*  
12        *accordance with the plan on the effective date of the*  
13        *plan; or*

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

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

20            *“(d) After a transfer to the special trustee under this*  
21        *section, the special trustee shall be subject only to applicable*  
22        *nonbankruptcy law, and the actions and conduct of the spe-*  
23        *cial trustee shall no longer be subject to approval by the*  
24        *court in the case under this subchapter.*

1 **“§ 1187. Temporary and supplemental automatic stay;**  
2 **assumed debt**

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

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

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

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

17 “(ii) the commencement of a case under this  
18 title concerning the debtor;

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

23 “(iv) a credit rating agency rating, or ab-  
24 sence or withdrawal of a credit rating agency  
25 rating—

1           “(I) of the debtor at any time after the  
2           commencement of the case;

3           “(II) of an affiliate during the period  
4           from the commencement of the case until 48  
5           hours after such order is entered;

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

10                   “(aa) the bridge company; or

11                   “(bb) the affiliate, if all of the di-  
12                   rect or indirect interests in the affiliate  
13                   that are property of the estate are  
14                   transferred under section 1185; or

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

19                   “(aa) the bridge company; or

20                   “(bb) the affiliate, if all of the di-  
21                   rect or indirect interests in the affiliate  
22                   that are property of the estate are  
23                   transferred under section 1185.

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

1           “(A) any debt (other than capital structure  
2           debt), executory contract, or unexpired lease of the  
3           debtor (other than a qualified financial contract);

4           “(B) any agreement under which the debtor  
5           issued or is obligated for debt (other than capital  
6           structure debt);

7           “(C) any debt, executory contract, or unexpired  
8           lease of an affiliate (other than a qualified financial  
9           contract); or

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

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

13                 “(A) for the benefit of the debtor, upon the ear-  
14                 liest of—

15                         “(i) 48 hours after the commencement of the  
16                         case;

17                         “(ii) assumption of the debt, contract, lease,  
18                         or agreement by the bridge company under an  
19                         order authorizing a transfer under section 1185;

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

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

23                 “(B) for the benefit of an affiliate, upon the ear-  
24                 liest of—

1           “(i) the entry of an order authorizing a  
2 transfer under section 1185 in which the direct  
3 or indirect interests in the affiliate that are  
4 property of the estate are not transferred under  
5 section 1185;

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

8           “(iii) 48 hours after the commencement of  
9 the case if the court has not ordered a transfer  
10 under section 1185; or

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

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

14           “(b) A debt, executory contract (other than a qualified  
15 financial contract), or unexpired lease of the debtor, or an  
16 agreement under which the debtor has issued or is obligated  
17 for any debt, may be assumed by a bridge company in a  
18 transfer under section 1185 notwithstanding any provision  
19 in an agreement or in applicable nonbankruptcy law  
20 that—

21           “(1) prohibits, restricts, or conditions the assign-  
22 ment of the debt, contract, lease, or agreement; or

23           “(2) accelerates, terminates, or modifies, or per-  
24 mits a party other than the debtor to terminate or

1       *modify, the debt, contract, lease, or agreement on ac-*  
2       *count of—*

3               “(A) *the assignment of the debt, contract,*  
4               *lease, or agreement; or*

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

7       “(c)(1) *A debt, contract, lease, or agreement of the kind*  
8       *described in subparagraph (A) or (B) of subsection (a)(2)*  
9       *may not be accelerated, terminated, or modified, and any*  
10       *right or obligation under such debt, contract, lease, or agree-*  
11       *ment may not be accelerated, terminated, or modified, as*  
12       *to the bridge company solely because of a provision in the*  
13       *debt, contract, lease, or agreement or in applicable non-*  
14       *bankruptcy law—*

15               “(A) *of the kind described in subsection (a)(1)(B)*  
16               *as applied to the debtor;*

17               “(B) *that prohibits, restricts, or conditions the*  
18               *assignment of the debt, contract, lease, or agreement;*  
19               *or*

20               “(C) *that accelerates, terminates, or modifies, or*  
21               *permits a party other than the debtor to terminate or*  
22               *modify, the debt, contract, lease or agreement on ac-*  
23               *count of—*

24               “(i) *the assignment of the debt, contract,*  
25               *lease, or agreement; or*

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

3                   “(2) If there is a default by the debtor under a provi-  
4                   sion other than the kind described in paragraph (1) in a  
5                   debt, contract, lease or agreement of the kind described in  
6                   subparagraph (A) or (B) of subsection (a)(2), the bridge  
7                   company may assume such debt, contract, lease, or agree-  
8                   ment only if the bridge company—

9                   “(A) shall cure the default;

10                   “(B) compensates, or provides adequate assur-  
11                   ance in connection with a transfer under section 1185  
12                   that the bridge company will promptly compensate, a  
13                   party other than the debtor to the debt, contract, lease,  
14                   or agreement, for any actual pecuniary loss to the  
15                   party resulting from the default; and

16                   “(C) provides adequate assurance in connection  
17                   with a transfer under section 1185 of future perform-  
18                   ance under the debt, contract, lease, or agreement, as  
19                   determined by the court under section 1185(c)(4).

20                   **“§ 1188. Treatment of qualified financial contracts**  
21                   **and affiliate contracts**

22                   “(a) Notwithstanding sections 362(b)(6), 362(b)(7),  
23                   362(b)(17), 362(b)(27), 362(o), 555, 556, 559, 560, and 561,  
24                   a petition filed under section 1183 operates as a stay, dur-

1 *ing the period specified in section 1187(a)(3)(A), applicable*  
2 *to all entities, of the exercise of a contractual right—*

3 *“(1) to cause the modification, liquidation, ter-*  
4 *mination, or acceleration of a qualified financial con-*  
5 *tract of the debtor or an affiliate;*

6 *“(2) to offset or net out any termination value,*  
7 *payment amount, or other transfer obligation arising*  
8 *under or in connection with a qualified financial con-*  
9 *tract of the debtor or an affiliate; or*

10 *“(3) under any security agreement or arrange-*  
11 *ment or other credit enhancement forming a part of*  
12 *or related to a qualified financial contract of the debt-*  
13 *or or an affiliate.*

14 *“(b)(1) During the period specified in section*  
15 *1187(a)(3)(A), the trustee or the affiliate shall perform all*  
16 *payment and delivery obligations under such qualified fi-*  
17 *nancial contract of the debtor or the affiliate, as the case*  
18 *may be, that become due after the commencement of the*  
19 *case. The stay provided under subsection (a) terminates as*  
20 *to a qualified financial contract of the debtor or an affiliate*  
21 *immediately upon the failure of the trustee or the affiliate,*  
22 *as the case may be, to perform any such obligation during*  
23 *such period.*

24 *“(2) Any failure by a counterparty to any qualified*  
25 *financial contract of the debtor or any affiliate to perform*



1 *any payment or delivery obligation under such qualified*  
2 *financial contract, including during the pendency of the*  
3 *stay provided under subsection (a), shall constitute a breach*  
4 *of such qualified financial contract by the counterparty.*

5       “(c) *Subject to the court’s approval, a qualified finan-*  
6 *cial contract between an entity and the debtor may be as-*  
7 *signed to or assumed by the bridge company in a transfer*  
8 *under, and in accordance with, section 1185 if and only*  
9 *if—*

10               “(1) *all qualified financial contracts between the*  
11 *entity and the debtor are assigned to and assumed by*  
12 *the bridge company in the transfer under section*  
13 *1185;*

14               “(2) *all claims of the entity against the debtor*  
15 *in respect of any qualified financial contract between*  
16 *the entity and the debtor (other than any claim that,*  
17 *under the terms of the qualified financial contract, is*  
18 *subordinated to the claims of general unsecured credi-*  
19 *tors) are assigned to and assumed by the bridge com-*  
20 *pany;*

21               “(3) *all claims of the debtor against the entity*  
22 *under any qualified financial contract between the*  
23 *entity and the debtor are assigned to and assumed by*  
24 *the bridge company; and*

1           “(4) all property securing or any other credit en-  
2           hancement furnished by the debtor for any qualified  
3           financial contract described in paragraph (1) or any  
4           claim described in paragraph (2) or (3) under any  
5           qualified financial contract between the entity and  
6           the debtor is assigned to and assumed by the bridge  
7           company.

8           “(d) Notwithstanding any provision of a qualified fi-  
9           nancial contract or of applicable nonbankruptcy law, a  
10          qualified financial contract of the debtor that is assumed  
11          or assigned in a transfer under section 1185 may not be  
12          accelerated, terminated, or modified, after the entry of the  
13          order approving a transfer under section 1185, and any  
14          right or obligation under the qualified financial contract  
15          may not be accelerated, terminated, or modified, after the  
16          entry of the order approving a transfer under section 1185  
17          solely because of a condition described in section 1187(c)(1),  
18          other than a condition of the kind specified in section  
19          1187(b) that occurs after property of the estate no longer  
20          includes a direct beneficial interest or an indirect beneficial  
21          interest through the special trustee, in more than 50 percent  
22          of the equity securities of the bridge company.

23          “(e) Notwithstanding any provision of any agreement  
24          or in applicable nonbankruptcy law, an agreement of an  
25          affiliate (including an executory contract, an unexpired

1 *lease, qualified financial contract, or an agreement under*  
2 *which the affiliate issued or is obligated for debt) and any*  
3 *right or obligation under such agreement may not be accel-*  
4 *erated, terminated, or modified, solely because of a condi-*  
5 *tion described in section 1187(c)(1), other than a condition*  
6 *of the kind specified in section 1187(b) that occurs after*  
7 *the bridge company is no longer a direct or indirect bene-*  
8 *ficial holder of more than 50 percent of the equity securities*  
9 *of the affiliate, at any time after the commencement of the*  
10 *case if—*

11           “(1) *all direct or indirect interests in the affil-*  
12 *iate that are property of the estate are transferred*  
13 *under section 1185 to the bridge company within the*  
14 *period specified in subsection (a);*

15           “(2) *the bridge company assumes—*

16                   “(A) *any guarantee or other credit enhance-*  
17 *ment issued by the debtor relating to the agree-*  
18 *ment of the affiliate; and*

19                   “(B) *any obligations in respect of rights of*  
20 *setoff, netting arrangement, or debt of the debtor*  
21 *that directly arises out of or directly relates to*  
22 *the guarantee or credit enhancement; and*

23           “(3) *any property of the estate that directly*  
24 *serves as collateral for the guarantee or credit en-*  
25 *hancement is transferred to the bridge company.*

1 **“§ 1189. Licenses, permits, and registrations**

2       “(a) Notwithstanding any otherwise applicable non-  
3 bankruptcy law, if a request is made under section 1185  
4 for a transfer of property of the estate, any Federal, State,  
5 or local license, permit, or registration that the debtor or  
6 an affiliate had immediately before the commencement of  
7 the case and that is proposed to be transferred under section  
8 1185 may not be accelerated, terminated, or modified at  
9 any time after the request solely on account of—

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

12               “(2) the commencement of a case under this title  
13 concerning the debtor;

14               “(3) the appointment of or taking possession by  
15 a trustee in a case under this title concerning the  
16 debtor or by a custodian before the commencement of  
17 the case; or

18               “(4) a transfer under section 1185.

19       “(b) Notwithstanding any otherwise applicable non-  
20 bankruptcy law, any Federal, State, or local license, permit,  
21 or registration that the debtor had immediately before the  
22 commencement of the case that is included in a transfer  
23 under section 1185 shall be valid and all rights and obliga-  
24 tions thereunder shall vest in the bridge company.

1 **“§ 1190. Exemption from securities laws**

2       *“For purposes of section 1145, a security of the bridge*  
3 *company shall be deemed to be a security of a successor*  
4 *to the debtor under a plan if the court approves the disclo-*  
5 *sure statement for the plan as providing adequate informa-*  
6 *tion (as defined in section 1125(a)) about the bridge com-*  
7 *pany and the security.*

8 **“§ 1191. Inapplicability of certain avoiding powers**

9       *“A transfer made or an obligation incurred by the*  
10 *debtor to an affiliate prior to or after the commencement*  
11 *of the case, including any obligation released by the debtor*  
12 *or the estate to or for the benefit of an affiliate, in con-*  
13 *templation of or in connection with a transfer under section*  
14 *1185 is not avoidable under section 544, 547, 548(a)(1)(B),*  
15 *or 549, or under any similar nonbankruptcy law.*

16 **“§ 1192. Consideration of financial stability**

17       *“The court may consider the effect that any decision*  
18 *in connection with this subchapter may have on financial*  
19 *stability in the United States.”.*

20 **SEC. 233. AMENDMENTS TO TITLE 28, UNITED STATES**  
21 **CODE.**

22       *(a) AMENDMENT TO CHAPTER 13.—Chapter 13 of title*  
23 *28, United States Code, is amended by adding at the end*  
24 *the following:*

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

3 “(a)(1) Notwithstanding section 295, the Chief Justice  
4 of the United States shall designate not fewer than 10 bank-  
5 ruptcy judges to be available to hear a case under sub-  
6 chapter V of chapter 11 of title 11. Bankruptcy judges may  
7 request to be considered by the Chief Justice of the United  
8 States for such designation.

9 “(2) Notwithstanding section 155, a case under sub-  
10 chapter V of chapter 11 of title 11 shall be heard under  
11 section 157 by a bankruptcy judge designated under para-  
12 graph (1), who shall be randomly assigned to hear such case  
13 by the chief judge of the court of appeals for the circuit  
14 embracing the district in which the case is pending. To the  
15 greatest extent practicable, the approvals required under  
16 section 155 should be obtained.

17 “(3) If the bankruptcy judge assigned to hear a case  
18 under paragraph (2) is not assigned to the district in which  
19 the case is pending, the bankruptcy judge shall be tempo-  
20 rarily assigned to the district.

21 “(b) A case under subchapter V of chapter 11 of title  
22 11, and all proceedings in the case, shall take place in the  
23 district in which the case is pending.

24 “(c) In this section, the term ‘covered financial cor-  
25 poration’ has the meaning given that term in section  
26 101(9A) of title 11.”.

1           (b) *AMENDMENT TO SECTION 1334 OF TITLE 28.*—*Sec-*  
 2 *tion 1334 of title 28, United States Code, is amended by*  
 3 *adding at the end the following:*

4           “(f) *This section does not grant jurisdiction to the dis-*  
 5 *trict court after a transfer pursuant to an order under sec-*  
 6 *tion 1185 of title 11 of any proceeding related to a special*  
 7 *trustee appointed, or to a bridge company formed, in con-*  
 8 *nection with a case under subchapter V of chapter 11 of*  
 9 *title 11.”.*

10          (c) *TECHNICAL AND CONFORMING AMENDMENT.*—*The*  
 11 *table of sections for chapter 13 of title 28, United States*  
 12 *Code, is amended by adding at the end the following:*

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

13           ***Subtitle D—Ending Government***  
 14   ***Guarantees***

15           ***SEC. 241. REPEAL OF OBLIGATION GUARANTEE PROGRAM.***

16           (a) *IN GENERAL.*—*The following sections of the Dodd-*  
 17 *Frank Wall Street Reform and Consumer Protection Act*  
 18 *(12 U.S.C. 5301 et seq.) are repealed:*

19                           (1) *Section 1104.*

20                           (2) *Section 1105.*

21                           (3) *Section 1106.*

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

1 **SEC. 242. REPEAL OF SYSTEMIC RISK DETERMINATION IN**  
2 **RESOLUTIONS.**

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

5 **SEC. 243. RESTRICTIONS ON USE OF THE EXCHANGE STA-**  
6 **BILIZATION FUND.**

7 *(a) IN GENERAL.—Section 5302 of title 31, United*  
8 *States Code, is amended by adding at the end the following:*

9 *“(e) Amounts in the fund may not be used for the es-*  
10 *tablishment of a guaranty program for any nongovern-*  
11 *mental entity.”.*

12 *(b) CONFORMING AMENDMENT.—Section 131(b) of the*  
13 *Emergency Economic Stabilization Act of 2008 (12 U.S.C.*  
14 *5236(b)) is amended by inserting “, or for the purposes of*  
15 *preventing the liquidation or insolvency of any entity” be-*  
16 *fore the period.*

17 **Subtitle E—Eliminating Financial**  
18 **Market Utility Designations**

19 **SEC. 251. REPEAL OF TITLE VIII.**

20 *(a) REPEAL.—Title VIII of the Dodd-Frank Wall*  
21 *Street Reform and Consumer Protection Act (12 U.S.C.*  
22 *5461 et seq.) is repealed, and provisions of law amended*  
23 *by such title are restored and revived as if such title had*  
24 *never been enacted.*

25 *(b) CLERICAL AMENDMENT.—The table of contents in*  
26 *section 1(b) of the Dodd-Frank Wall Street Reform and*



1 *Consumer Protection Act is amended by striking the items*  
 2 *relating to title VIII.*

3 **TITLE III—EMPOWERING AMERI-**  
 4 **CANS TO ACHIEVE FINANCIAL**  
 5 **INDEPENDENCE**

6 **Subtitle A—Separation of Powers**  
 7 **and Liberty Enhancements**

8 **SEC. 311. CONSUMER FINANCIAL OPPORTUNITY COMMIS-**  
 9 **SION.**

10 (a) *MAKING THE BUREAU AN INDEPENDENT CON-*  
 11 *SUMER FINANCIAL OPPORTUNITY COMMISSION.—The Con-*  
 12 *sumer Financial Protection Act of 2010 (12 U.S.C. 5481*  
 13 *et seq.) is amended—*

14 (1) *in section 1011—*

15 (A) *in the heading of such section, by strik-*  
 16 *ing “BUREAU OF CONSUMER FINANCIAL*  
 17 *PROTECTION” and inserting “CONSUMER FI-*  
 18 *NANCIAL OPPORTUNITY COMMISSION”;*

19 (B) *in subsection (a)—*

20 (i) *in the heading of such subsection,*  
 21 *by striking “BUREAU” and inserting “COM-*  
 22 *MISSION”;*

23 (ii) *by striking “in the Federal Reserve*  
 24 *System,”;*

1                   (iii) by striking “independent bureau”  
2                   and inserting “independent commission”;

3                   (iv) by striking “Bureau of Consumer  
4                   Financial Protection” and inserting “Con-  
5                   sumer Financial Opportunity Commission  
6                   (hereinafter in this section referred to as the  
7                   ‘Commission’)”; and

8                   (v) by striking “Bureau” each place  
9                   such term appears and inserting “Commis-  
10                  sion”;

11                  (C) by striking subsections (b), (c), and (d);

12                  (D) by redesignating subsection (e) as sub-  
13                  section (h);

14                  (E) in subsection (h), as so redesignated—

15                   (i) by striking “, including in cities in  
16                   which the Federal reserve banks, or branches  
17                   of such banks, are located,”; and

18                   (ii) by striking “Bureau” each place  
19                   such term appears and inserting “Commis-  
20                   sion”; and

21                  (F) by inserting after subsection (a) the fol-  
22                  lowing new subsections:

23                  “(b) COMPOSITION OF THE COMMISSION.—

24                   “(1) IN GENERAL.—The Commission shall be  
25                   composed of 5 members who shall be appointed by the

1       *President, by and with the advice and consent of the*  
2       *Senate, from among individuals who—*

3               “(A) *are citizens of the United States; and*

4               “(B) *have strong competencies and experi-*  
5               *ences related to consumer financial products and*  
6               *services.*

7               “(2) *STAGGERING.—The members of the Com-*  
8               *mission shall serve staggered terms, which initially*  
9               *shall be established by the President for terms of 1, 2,*  
10              *3, 4, and 5 years, respectively.*

11              “(3) *TERMS.—*

12              “(A) *IN GENERAL.—Each member of the*  
13              *Commission, including the Chair, shall serve for*  
14              *a term of 5 years.*

15              “(B) *REMOVAL.—The President may re-*  
16              *move any member of the Commission for ineffi-*  
17              *ciency, neglect of duty, or malfeasance in office.*

18              “(C) *VACANCIES.—Any member of the Com-*  
19              *mission appointed to fill a vacancy occurring be-*  
20              *fore the expiration of the term to which that*  
21              *member’s predecessor was appointed (including*  
22              *the Chair) shall be appointed only for the re-*  
23              *mainder of the term.*

24              “(D) *CONTINUATION OF SERVICE.—Each*  
25              *member of the Commission may continue to*

1           *serve after the expiration of the term of office to*  
2           *which that member was appointed until a suc-*  
3           *cessor has been appointed by the President and*  
4           *confirmed by the Senate, except that a member*  
5           *may not continue to serve more than 1 year after*  
6           *the date on which that member's term would oth-*  
7           *erwise expire.*

8           “(E) *OTHER EMPLOYMENT PROHIBITED.*—

9           *No member of the Commission shall engage in*  
10          *any other business, vocation, or employment.*

11          “(c) *AFFILIATION.*—*Not more than 3 members of the*  
12          *Commission shall be members of any one political party.*

13          “(d) *CHAIR OF THE COMMISSION.*—

14                 “(1) *APPOINTMENT.*—*The Chair of the Commis-*  
15                 *sion shall be appointed by the President from among*  
16                 *the members of the Commission.*

17                 “(2) *AUTHORITY.*—*The Chair shall be the prin-*  
18                 *cipal executive officer of the Commission, and shall*  
19                 *exercise all of the executive and administrative func-*  
20                 *tions of the Commission, including with respect to—*

21                         “(A) *the appointment and supervision of*  
22                         *personnel employed under the Commission (other*  
23                         *than personnel employed regularly and full time*  
24                         *in the immediate offices of members of the Com-*  
25                         *mission other than the Chair);*

1           “(B) *the distribution of business among per-*  
2           *sonnel appointed and supervised by the Chair*  
3           *and among administrative units of the Commis-*  
4           *sion; and*

5           “(C) *the use and expenditure of funds.*

6           “(3) *LIMITATION.—In carrying out any of the*  
7           *Chair’s functions under the provisions of this sub-*  
8           *section the Chair shall be governed by general policies*  
9           *of the Commission and by such regulatory decisions,*  
10          *findings, and determinations as the Commission may*  
11          *by law be authorized to make.*

12          “(4) *REQUESTS OR ESTIMATES RELATED TO AP-*  
13          *PROPRIATIONS.—Requests or estimates for regular,*  
14          *supplemental, or deficiency appropriations on behalf*  
15          *of the Commission may not be submitted by the Chair*  
16          *without the prior approval of the Commission.*

17          “(e) *NO IMPAIRMENT BY REASON OF VACANCIES.—No*  
18          *vacancy in the members of the Commission shall impair*  
19          *the right of the remaining members of the Commission to*  
20          *exercise all the powers of the Commission. Three members*  
21          *of the Commission shall constitute a quorum for the trans-*  
22          *action of business, except that if there are only 3 members*  
23          *serving on the Commission because of vacancies in the Com-*  
24          *mission, 2 members of the Commission shall constitute a*  
25          *quorum for the transaction of business. If there are only*

1 *2 members serving on the Commission because of vacancies*  
2 *in the Commission, 2 members shall constitute a quorum*  
3 *for the 6-month period beginning on the date of the vacancy*  
4 *which caused the number of Commission members to decline*  
5 *to 2.*

6 “(f) *SEAL.—The Commission shall have an official*  
7 *seal.*

8 “(g) *COMPENSATION.—*

9 “(1) *CHAIR.—The Chair shall receive compensa-*  
10 *tion at the rate prescribed for level I of the Executive*  
11 *Schedule under section 5313 of title 5, United States*  
12 *Code.*

13 “(2) *OTHER MEMBERS OF THE COMMISSION.—*  
14 *The 4 other members of the Commission shall each re-*  
15 *ceive compensation at the rate prescribed for level II*  
16 *of the Executive Schedule under section 5314 of title*  
17 *5, United States Code.”;*

18 (2) *in section 1012(c), by striking paragraphs*  
19 *(2), (3), (4), and (5); and*

20 (3) *in section 1014(b), by striking “Not fewer*  
21 *than 6 members shall be appointed upon the rec-*  
22 *ommendation of the regional Federal Reserve Bank*  
23 *Presidents, on a rotating basis.”.*

24 (b) *DEEMING OF NAME.—Any reference in a law, regu-*  
25 *lation, document, paper, or other record of the United*

1 *States to the Bureau of Consumer Financial Protection*  
2 *shall be deemed a reference to the Consumer Financial Op-*  
3 *portunity Commission.*

4 *(c) CONFORMING AMENDMENTS.—*

5 *(1) CONSUMER FINANCIAL PROTECTION ACT OF*  
6 *2010.—*

7 *(A) REPLACEMENT OF REFERENCES TO DI-*  
8 *RECTOR.—*

9 *(i) IN GENERAL.—Except as provided*  
10 *under clause (ii) and subparagraph (B), the*  
11 *Consumer Financial Protection Act of 2010*  
12 *(12 U.S.C. 5481 et seq.) is amended—*

13 *(I) by striking “Director of the*  
14 *Bureau” each place such term appears*  
15 *and inserting “Consumer Financial*  
16 *Opportunity Commission”;*

17 *(II) by striking “Director” each*  
18 *place such term appears and inserting*  
19 *“Consumer Financial Opportunity*  
20 *Commission”;* and

21 *(III) in section 1002, by striking*  
22 *paragraph (10).*

23 *(ii) EXCEPTIONS.—The amendments*  
24 *described under clause (i) shall not apply to*

1                   the following provisions of the Consumer Fi-  
2                   nancial Protection Act of 2010:

3                   (I) Paragraphs (5) and (6) of sec-  
4                   tion 1013(d).

5                   (II) The second instance of “Di-  
6                   rector” under section 1017(a)(1), as re-  
7                   designated by section 312.

8                   (III) Section 1043.

9                   (IV) Section 1061(b)(3).

10                  (V) Subsections (a)(1) and (b)(1)  
11                  of section 1062.

12                  (VI) Section 1063(f).

13                  (VII) Subsection (a)(5)(A) and  
14                  subparagraphs (E) and (G)(iii) of sub-  
15                  section (i)(2) of section 1064.

16                  (VIII) Section 1065(a).

17                  (B) EXCEPTIONS.—The Consumer Finan-  
18                  cial Protection Act of 2010 (12 U.S.C. 5481 et  
19                  seq.) is amended—

20                  (i) in section 1013(c)(3)—

21                  (I) by striking “Assistant Director  
22                  of the Bureau for” and inserting  
23                  “Head of the Office of”; and



1                   (ii) in subparagraph (B), by  
2                   striking “Assistant Director” and in-  
3                   serting “Head of the Office”;

4                   (iii) in section 1013(g)(2)—

5                   (I) by striking “ASSISTANT DI-  
6                   RECTOR” and inserting “HEAD OF  
7                   THE OFFICE”; and

8                   (II) by striking “an assistant di-  
9                   rector” and inserting “a Head of the  
10                  Office of Financial Protection for  
11                  Older Americans”;

12                  (iii) in section 1016(a), by striking  
13                  “Director of the Bureau” and inserting  
14                  “Chair of the Consumer Financial Oppor-  
15                  tunity Commission”; and

16                  (iv) in section 1027(l)(1), by striking  
17                  “Director and the Bureau” and inserting  
18                  “Chair of the Consumer Financial Oppor-  
19                  tunity Commission and the Consumer Fi-  
20                  nancial Opportunity Commission”; and

21                  (v) in section 1066(a), by striking “Di-  
22                  rector of the Bureau is” and inserting “first  
23                  member of the Commission is”.

24                  (2) DODD-FRANK WALL STREET REFORM AND  
25                  CONSUMER PROTECTION ACT.—The Dodd-Frank Wall

1 *Street Reform and Consumer Protection Act (12*  
2 *U.S.C. 5301 et seq.) is amended—*

3 *(A) in the item relating to section 1011 in*  
4 *table of contents in section 1(b) of such Act, by*  
5 *striking “Bureau of Consumer Financial Protec-*  
6 *tion” and inserting “Consumer Financial Op-*  
7 *portunity Commission”; and*

8 *(B) in section 1447, by striking “Director of*  
9 *the Bureau” each place such term appears and*  
10 *inserting “Consumer Financial Opportunity*  
11 *Commission”.*

12 *(3) EXPEDITED FUNDS AVAILABILITY ACT.—The*  
13 *Expedited Funds Availability Act (12 U.S.C. 4001 et*  
14 *seq.), as amended by section 1086 of the Consumer Fi-*  
15 *nancial Protection Act of 2010, is amended by strik-*  
16 *ing “Director of the Bureau” each place such term*  
17 *appears and inserting “Consumer Financial Oppor-*  
18 *tunity Commission”.*

19 *(4) FEDERAL FINANCIAL INSTITUTIONS EXAMINA-*  
20 *TION COUNCIL ACT OF 1978.—Section 1004(a)(4) of*  
21 *the Federal Financial Institutions Examination*  
22 *Council Act of 1978 (12 U.S.C. 3303(a)(4)), as*  
23 *amended by section 1091 of the Consumer Financial*  
24 *Protection Act of 2010, is amended by striking “Di-*  
25 *rector of the Consumer Financial Protection Bureau”*

1       and inserting “Chair of the Consumer Financial Op-  
2       portunity Commission”.

3               (5) *FINANCIAL LITERACY AND EDUCATION IM-*  
4       *PROVEMENT ACT.*—Section 513 of the *Financial Lit-*  
5       *eracy and Education Improvement Act (20 U.S.C.*  
6       *9702), as amended by section 1013(d)(5) of the Con-*  
7       *sumer Financial Protection Act of 2010, is amended*  
8       *by striking “Director of the Bureau of Consumer Fi-*  
9       *nancial Protection” each place such term appears and*  
10       *inserting “Chair of the Consumer Financial Oppor-*  
11       *tunity Commission”.*

12              (6) *HOME MORTGAGE DISCLOSURE ACT OF*  
13       *1975.*—Section 307 of the *Home Mortgage Disclosure*  
14       *Act of 1975, as amended by section 1094(6) of the*  
15       *Consumer Financial Protection Act of 2010, is*  
16       *amended by striking “Director of the Bureau of Con-*  
17       *sumer Financial Protection” each place such term ap-*  
18       *pears and inserting “Consumer Financial Oppor-*  
19       *tunity Commission”.*

20              (7) *INTERSTATE LAND SALES FULL DISCLOSURE*  
21       *ACT.*—The *Interstate Land Sales Full Disclosure Act,*  
22       *as amended by section 1098A of the Consumer Finan-*  
23       *cial Protection Act of 2010, is amended—*

24                       (A) *by amending section 1402(1) to read as*  
25       *follows:*

1           “(1) ‘Chair’ means the Chair of the Consumer  
2     *Financial Opportunity Commission*”; and

3           (B) in section 1416(a), by striking “*Director*  
4     *of the Bureau of Consumer Financial Protec-*  
5     *tion*” and inserting “*Chair*”.

6           (8) *REAL ESTATE SETTLEMENT PROCEDURES*  
7     *ACT OF 1974*.—Section 5 of the *Real Estate Settlement*  
8     *Procedures Act of 1974 (12 U.S.C. 2604)*, as amended  
9     by section 1450 of the *Dodd-Frank Wall Street Re-*  
10    *form and Consumer Protection Act*, is amended—

11          (A) by striking “*The Director of the Bureau*  
12       *of Consumer Financial Protection (hereafter in*  
13       *this section referred to as the ‘Director’)*” and in-  
14       serting “*The Consumer Financial Opportunity*  
15       *Commission*”;

16          (B) by striking “*Director*” each place such  
17       term appears and inserting “*Consumer Finan-*  
18       *cial Opportunity Commission*”; and

19          (C) by striking “*Director*” each place such  
20       term appears and inserting “*Chair*”.

21           (9) *S.A.F.E. MORTGAGE LICENSING ACT OF*  
22     2008.—The *S.A.F.E. Mortgage Licensing Act of 2008*  
23     (12 U.S.C. 5101 et seq.), as amended by section 1100  
24     of the *Consumer Financial Protection Act of 2010*, is  
25     amended—

1           (A) by striking “Director” each place such  
 2           term appears in headings and text and inserting  
 3           “Consumer Financial Opportunity Commis-  
 4           sion”; and

5           (B) in section 1503, by striking paragraph  
 6           (10).

7           (10) *TITLE 44, UNITED STATES CODE.—Section*  
 8           *3513(c) of title 44, United States Code, as amended*  
 9           *by section 1100D(b) of the Consumer Financial Pro-*  
 10          *tection Act of 2010, is amended by striking “Director*  
 11          *of the Bureau” and inserting “Consumer Financial*  
 12          *Opportunity Commission”.*

13 **SEC. 312. BRINGING THE COMMISSION INTO THE REGULAR**  
 14           **APPROPRIATIONS PROCESS.**

15          Section 1017 of the Consumer Financial Protection  
 16          Act of 2010 (12 U.S.C. 5497) is amended—

17           (1) in subsection (a)—

18           (A) by amending the heading of such sub-  
 19           section to read as follows: “*BUDGET, FINANCIAL*  
 20           *MANAGEMENT, AND AUDIT.—*”;

21           (B) by striking paragraphs (1), (2), and  
 22           (3);

23           (C) by redesignating paragraphs (4) and  
 24           (5) as paragraphs (1) and (2), respectively; and

1           (D) by striking subparagraphs (E) and (F)  
 2           of paragraph (1), as so redesignated;  
 3           (2) by striking subsections (b) and (c);  
 4           (3) by redesignating subsections (d) and (e) as  
 5           subsections (b) and (c), respectively; and  
 6           (4) in subsection (c), as so redesignated—

7           (A) by striking paragraphs (1), (2), and (3)  
 8           and inserting the following:

9           “(1) *AUTHORIZATION OF APPROPRIATIONS.*—  
 10           *There is authorized to be appropriated to the Com-*  
 11           *mission for fiscal year 2017 an amount equal to the*  
 12           *aggregate amount of funds transferred by the Board*  
 13           *of Governors to the Bureau of Consumer Financial*  
 14           *Protection during fiscal year 2015.”; and*

15           (B) by redesignating paragraph (4) as  
 16           paragraph (2).

17 **SEC. 313. CONSUMER FINANCIAL OPPORTUNITY COMMIS-**  
 18 **SION INSPECTOR GENERAL REFORM.**

19           (a) *APPOINTMENT OF INSPECTOR GENERAL.*—*The In-*  
 20 *spector General Act of 1978 (5 U.S.C. App.) is amended—*

21           (1) *in section 8G—*

22           (A) *in subsection (a)(2), by striking “and*  
 23           *the Bureau of Consumer Financial Protection”;*

1           (B) in subsection (c), by striking “For pur-  
2           poses of implementing this section” and all that  
3           follows through the end of the subsection; and

4           (C) in subsection (g)(3), by striking “and  
5           the Bureau of Consumer Financial Protection”;  
6           and

7           (2) in section 12—

8           (A) in paragraph (1), by inserting “the  
9           Consumer Financial Opportunity Commission;”  
10          after “the President of the Export-Import  
11          Bank;”; and

12          (B) in paragraph (2), by inserting “the  
13          Consumer Financial Opportunity Commission,”  
14          after “the Export-Import Bank,”.

15          (b) *REQUIREMENTS FOR THE INSPECTOR GENERAL*  
16          *FOR THE CONSUMER FINANCIAL OPPORTUNITY COMMIS-*  
17          *SION.—*

18           (1) *ESTABLISHMENT.—Section 1011 of the Con-*  
19           *sumer Financial Protection Act of 2010 (12 U.S.C.*  
20           *5491), as amended by section 311, is further amended*  
21           *by adding at the end the following:*

22           “(i) *INSPECTOR GENERAL.—There is established the*  
23           *position of the Inspector General of the Commission.”; and*

24           (2) *HEARINGS.—Section 1016 of the Consumer*  
25           *Financial Protection Act of 2010 (12 U.S.C. 5496) is*

1       amended by inserting after subsection (c) the fol-  
2       lowing:

3       “(d) *ADDITIONAL REQUIREMENT FOR INSPECTOR*  
4 *GENERAL.—On a separate occasion from that described in*  
5 *subsection (a), the Inspector General of the Commission*  
6 *shall appear, upon invitation, before the Committee on*  
7 *Banking, Housing, and Urban Affairs of the Senate and*  
8 *the Committee on Financial Services and the Committee*  
9 *on Energy and Commerce of the House of Representatives*  
10 *at semi-annual hearings regarding the reports required*  
11 *under subsection (b) and the reports required under section*  
12 *5 of the Inspector General Act of 1978 (5 U.S.C. App.).”.*

13               (3) *PARTICIPATION IN THE COUNCIL OF INSPEC-*  
14 *TORS GENERAL ON FINANCIAL OVERSIGHT.—Section*  
15 *989E(a)(1) of the Dodd-Frank Wall Street Reform*  
16 *and Consumer Protection Act is amended by adding*  
17 *at the end the following:*

18                       “(J) *The Consumer Financial Opportunity*  
19                       *Commission.”.*

20               (4) *DEADLINE FOR APPOINTMENT.—Not later*  
21 *than 60 days after the date of the enactment of this*  
22 *Act, the President shall appoint an Inspector General*  
23 *for the Consumer Financial Opportunity Commission*  
24 *in accordance with section 3 of the Inspector General*  
25 *Act of 1978 (5 U.S.C. App.).*



1           (c) *TRANSITION PERIOD.*—*The Inspector General of*  
 2 *the Board of Governors of the Federal Reserve System and*  
 3 *the Bureau of Consumer Financial Protection shall serve*  
 4 *in that position until the confirmation of an Inspector Gen-*  
 5 *eral for the Consumer Financial Opportunity Commission.*  
 6 *At that time, the Inspector General of the Board of Gov-*  
 7 *ernors of the Federal Reserve System and the Bureau of*  
 8 *Consumer Financial Protection shall become the Inspector*  
 9 *General of the Board of Governors of the Federal Reserve*  
 10 *System.*

11 **SEC. 314. PRIVATE PARTIES AUTHORIZED TO COMPEL THE**  
 12 **COMMISSION TO SEEK SANCTIONS BY FILING**  
 13 **CIVIL ACTIONS; ADJUDICATIONS DEEMED AC-**  
 14 **TIONS.**

15           Section 1053 of the Consumer Financial Protection  
 16 Act of 2010 (12 U.S.C. 5563) is amended by adding at the  
 17 end the following:

18           “(f) *PRIVATE PARTIES AUTHORIZED TO COMPEL THE*  
 19 *COMMISSION TO SEEK SANCTIONS BY FILING CIVIL AC-*  
 20 *TIONS.*—

21                   “(1) *TERMINATION OF ADMINISTRATIVE PRO-*  
 22 *CEEDING.*—*In the case of any person who is a party*  
 23 *to a proceeding brought by the Commission under this*  
 24 *section, to which chapter 5 of title 5, United States*  
 25 *Code, applies, and against whom an order imposing*

1        *a cease and desist order or a penalty may be issued*  
2        *at the conclusion of the proceeding, that person may,*  
3        *not later than 20 days after receiving notice of such*  
4        *proceeding, and at that person’s discretion, require*  
5        *the Commission to terminate the proceeding.*

6                *“(2) CIVIL ACTION AUTHORIZED.—If a person*  
7        *requires the Commission to terminate a proceeding*  
8        *pursuant to paragraph (1), the Commission may*  
9        *bring a civil action against that person for the same*  
10        *remedy that might be imposed.*

11                *“(g) ADJUDICATIONS DEEMED ACTIONS.—Any admin-*  
12        *istrative adjudication commenced under this section shall*  
13        *be deemed an ‘action’ for purposes of section 1054(g).”.*

14        **SEC. 315. CIVIL INVESTIGATIVE DEMANDS TO BE APPEALED**  
15                **TO COURTS.**

16        *Section 1052 of the Consumer Financial Protection*  
17        *Act of 2010 (12 U.S.C. 5562) is amended—*

18                *(1) in subsection (c)—*

19                        *(A) in paragraph (2), by inserting after*  
20                *“shall state” the following: “with specificity”;*  
21                *and*

22                        *(B) by adding at the end the following:*

23                *“(14) MEETING REQUIREMENT.—The recipient of*  
24        *a civil investigative demand shall meet and confer*  
25        *with a Commission investigator within 30 calendar*

1        *days after receipt of the demand to discuss and at-*  
2        *tempt to resolve all issues regarding compliance with*  
3        *the civil investigative demand, unless the Commission*  
4        *grants an extension requested by such recipient.”;*

5                *(2) in subsection (f)—*

6                        *(A) by amending paragraph (1) to read as*  
7                *follows:*

8                *“(1) IN GENERAL.—Not later than 45 days after*  
9        *the service of any civil investigative demand upon*  
10        *any person under subsection (c), or at any time before*  
11        *the return date specified in the demand, whichever pe-*  
12        *riod is shorter, or within such period exceeding 45*  
13        *days after service or in excess of such return date as*  
14        *may be prescribed in writing, subsequent to service,*  
15        *by any Commission investigator named in the de-*  
16        *mand, such person may file, in the district court of*  
17        *the United States for any judicial district in which*  
18        *such person resides, is found, or transacts business, a*  
19        *petition for an order modifying or setting aside the*  
20        *demand.”; and*

21                        *(B) in paragraph (2), by striking “at the*  
22                *Bureau”; and*

23                *(3) in subsection (h)—*

24                        *(A) by striking “(1) IN GENERAL.—” ; and*

25                        *(B) by striking paragraph (2).*

1 **SEC. 316. COMMISSION DUAL MANDATE AND ECONOMIC**  
2 **ANALYSIS.**

3 (a) *PURPOSE.*—Section 1021(a) of the Consumer Fi-  
4 nancial Protection Act of 2010 (12 U.S.C. 5511(a)) is  
5 amended—

6 (1) by striking “fair, transparent, and competi-  
7 tive” and inserting: “fair and transparent”; and

8 (2) by adding at the end the following: “In addi-  
9 tion, the Commission shall seek to implement and,  
10 where applicable, enforce Federal consumer financial  
11 law consistently for the purpose of strengthening par-  
12 ticipation in markets by covered persons, without  
13 Government interference or subsidies, to increase com-  
14 petition and enhance consumer choice.”; and

15 (b) *OFFICE OF ECONOMIC ANALYSIS.*—

16 (1) *IN GENERAL.*—Section 1013 of the Consumer  
17 Financial Protection Act of 2010 (12 U.S.C. 5493) is  
18 amended by adding at the end the following:

19 “(i) *OFFICE OF ECONOMIC ANALYSIS.*—

20 “(1) *ESTABLISHMENT.*—The Chair shall estab-  
21 lish an Office of Economic Analysis.

22 “(2) *REVIEW AND ASSESSMENT OF PROPOSED*  
23 *RULES AND REGULATIONS.*—The Office of Economic  
24 Analysis shall—

25 “(A) review all proposed rules and regula-  
26 tions of the Commission;

1           “(B) assess the impact of such rules and  
2 regulations on consumer choice, price, and access  
3 to credit products; and

4           “(C) publish a report on such reviews and  
5 assessments in the Federal Register.

6           “(3) MEASURING EXISTING RULES AND REGULA-  
7 TIONS.—The Office of Economic Analysis shall—

8           “(A) review each rule and regulation issued  
9 by the Commission after 1, 2, 5, and 10 years;

10           “(B) measure the rule or regulation’s suc-  
11 cess in solving the problem that the rule or regu-  
12 lation was intended to solve when issued; and

13           “(C) publish a report on such review and  
14 measurement in the Federal Register.”.

15           (2) CONSIDERATION OF REVIEW AND ASSESS-  
16 MENT; RULEMAKING REQUIREMENTS.—Section  
17 1022(b) of the Consumer Financial Protection Act of  
18 2010 (12 U.S.C. 5512(b)) is amended by adding at  
19 the end the following:

20           “(5) CONSIDERATION OF REVIEW AND ASSESS-  
21 MENT BY THE OFFICE OF ECONOMIC ANALYSIS.—

22           “(A) IN GENERAL.—Before issuing any rule  
23 or regulation, the Chair shall consider the review  
24 and assessment of such rule or regulation carried  
25 out by the Office of Economic Analysis.

1           “(B) NOTICE OF DISAGREEMENT.—If a  
2 member of the Commission disagrees with any  
3 part of a review and assessment described under  
4 subparagraph (A) with respect to any rule or  
5 regulation, the member shall accompany any  
6 such rule or regulation with a statement explain-  
7 ing why the member so disagrees.

8           “(6) IDENTIFICATION OF PROBLEMS AND  
9 METRICS FOR JUDGING SUCCESS.—

10           “(A) IN GENERAL.—The Chair shall, in  
11 each proposed rulemaking of the Commission—

12           “(i) identify the problem that the par-  
13 ticular rule or regulations is seeking to  
14 solve; and

15           “(ii) specify the metrics by which the  
16 Commission will measure the success of the  
17 rule or regulation in solving such problem.

18           “(B) REQUIRED METRICS.—The metrics  
19 specified under subparagraph (A)(ii) shall in-  
20 clude a measurement of changes to consumer ac-  
21 cess to, and cost of, consumer financial products  
22 and services.”.

23           “(c) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY  
24 ANALYSES.—The Commission may perform any of the  
25 analyses required by this section in conjunction with, or

1 *as part of, any other agenda or analysis required by any*  
 2 *other provision of law, if such other agenda or analysis sat-*  
 3 *isfies the provisions of this section.*

4 **SEC. 317. NO DEFERENCE TO COMMISSION INTERPRETA-**  
 5 **TION.**

6 *The Consumer Financial Protection Act of 2010 (12*  
 7 *U.S.C. 5481 et seq.) is amended—*

8 *(1) in section 1022(b)(4)—*

9 *(A) by striking “(A) IN GENERAL.—”; and*

10 *(B) by striking subparagraph (B); and*

11 *(2) in section 1061(b)(5)(E)—*

12 *(A) by striking “affords to the—” and all*  
 13 *that follows through “(i) Federal Trade Commis-*  
 14 *sion” and inserting “affords to the Federal*  
 15 *Trade Commission”;*

16 *(B) by striking “; or” and inserting a pe-*  
 17 *riod; and*

18 *(C) by striking clause (ii).*

19 ***Subtitle B—Administrative***  
 20 ***Enhancements***

21 **SEC. 321. COMMISSION ADVISORY BOARDS.**

22 *(a) IN GENERAL.—The Consumer Financial Protec-*  
 23 *tion Act of 2010 is amended by inserting after section 1014*  
 24 *(12 U.S.C. 5494) the following new section:*

1 **“SEC. 1014A. ADVISORY BOARDS.**

2 “(a) *SMALL BUSINESS ADVISORY BOARD.*—

3 “(1) *ESTABLISHMENT.*—*The Commission shall*  
4 *establish a Small Business Advisory Board—*

5 “(A) *to advise and consult with the Com-*  
6 *mission in the exercise of the Commission’s func-*  
7 *tions under the Federal consumer financial laws*  
8 *applicable to eligible financial products or serv-*  
9 *ices; and*

10 “(B) *to provide information on emerging*  
11 *practices of small business concerns that provide*  
12 *eligible financial products or services, including*  
13 *regional trends, concerns, and other relevant in-*  
14 *formation.*

15 “(2) *MEMBERSHIP.*—

16 “(A) *NUMBER.*—*The Commission shall ap-*  
17 *point no fewer than 15 and no more than 20*  
18 *members to the Small Business Advisory Board.*

19 “(B) *QUALIFICATION.*—*Members appointed*  
20 *pursuant to subparagraph (A) shall be represent-*  
21 *atives of small business concerns that—*

22 “(i) *provide eligible financial products*  
23 *or services;*

24 “(ii) *are service providers to covered*  
25 *persons; and*



1                   “(iii) use consumer financial products  
2                   or services in financing the business activi-  
3                   ties of such concern.

4                   “(3) MEETINGS.—The Small Business Advisory  
5 Board—

6                   “(A) shall meet from time to time at the  
7 call of the Commission; and

8                   “(B) shall meet at least twice each year.

9                   “(b) CREDIT UNION ADVISORY COUNCIL.—

10                  “(1) ESTABLISHMENT.—The Commission shall  
11 establish a Credit Union Advisory Council to advise  
12 and consult with the Commission on consumer finan-  
13 cial products or services that impact credit unions.

14                  “(2) MEMBERSHIP.—The Commission shall ap-  
15 point no fewer than 15 and no more than 20 members  
16 to the Credit Union Advisory Council.

17                  “(3) MEETINGS.—The Credit Union Advisory  
18 Council—

19                  “(A) shall meet from time to time at the  
20 call of the Commission; and

21                  “(B) shall meet at least twice each year.

22                  “(c) COMMUNITY BANK ADVISORY COUNCIL.—

23                  “(1) ESTABLISHMENT.—The Commission shall  
24 establish a Community Bank Advisory Council to ad-  
25 vise and consult with the Commission on consumer fi-

1        *nancial products or services that impact community*  
2        *banks.*

3            “(2) *MEMBERSHIP.*—*The Commission shall ap-*  
4        *point no fewer than 15 and no more than 20 members*  
5        *to the Community Bank Advisory Council.*

6            “(3) *MEETINGS.*—*The Community Bank Advi-*  
7        *sory Council—*

8            “(A) *shall meet from time to time at the*  
9            *call of the Commission; and*

10          “(B) *shall meet at least twice each year.*

11          “(d) *COMPENSATION AND TRAVEL EXPENSES.*—*Mem-*  
12        *bers of the Small Business Advisory Board, the Credit*  
13        *Union Advisory Council, or the Community Bank Advisory*  
14        *Council who are not full-time employees of the United*  
15        *States shall—*

16          “(1) *be entitled to receive compensation at a rate*  
17        *fixed by the Commission while attending meetings of*  
18        *the Small Business Advisory Board, the Credit Union*  
19        *Advisory Council, or the Community Bank Advisory*  
20        *Council, including travel time; and*

21          “(2) *be allowed travel expenses, including trans-*  
22        *portation and subsistence, while away from their*  
23        *homes or regular places of business.*

24          “(e) *DEFINITIONS.*—*In this section—*

1           “(1) the term ‘eligible financial product or serv-  
 2           ice’ means a financial product or service that is of-  
 3           ferred or provided for use by consumers primarily for  
 4           personal, family, or household purposes as described  
 5           in clause (i), (iii), (v), (vi), or (ix) of section  
 6           1002(15)(A); and

7           “(2) the term ‘small business concern’ has the  
 8           meaning given such term in section 3 of the Small  
 9           Business Act (15 U.S.C. 632).”.

10          (b) *TABLE OF CONTENTS AMENDMENT.*—The table of  
 11 contents in section 1 of the Dodd-Frank Wall Street Reform  
 12 and Consumer Protection Act (12 U.S.C. 5301 et seq.) is  
 13 amended by inserting after the item relating to section 1014  
 14 the following new item:

          “Sec. 1014A. Advisory Boards.”.

15          **SEC. 322. ADVISORY OPINIONS.**

16          Section 1022(b) of the Consumer Financial Protection  
 17 Act of 2010 (12 U.S.C. 5512(b)), as amended by section  
 18 316, is further amended by adding at the end the following:

19                 “(7) *ADVISORY OPINIONS.*—

20                         “(A) *ESTABLISHING PROCEDURES.*—

21                                 “(i) *IN GENERAL.*—The Chair shall es-  
 22                                 tablish a procedure and, as necessary, pro-  
 23                                 mulgate rules to provide written opinions  
 24                                 in response to inquiries concerning the con-  
 25                                 formance of specific conduct with Federal

1            *consumer financial law. In establishing the*  
2            *procedure the Chair shall consult with the*  
3            *prudential regulators and such other Fed-*  
4            *eral departments and agencies as the Chair*  
5            *determines appropriate, and obtain the*  
6            *views of all interested persons through a*  
7            *public notice and comment period.*

8            *“(ii) SCOPE OF REQUEST.—A request*  
9            *for an opinion under this paragraph must*  
10           *relate to specific proposed or prospective*  
11           *conduct by a covered person contemplating*  
12           *the proposed or prospective conduct.*

13           *“(iii) SUBMISSION.—A request for an*  
14           *opinion under this paragraph may be sub-*  
15           *mitted to the Chair either by or on behalf*  
16           *of a covered person.*

17           *“(iv) RIGHT TO WITHDRAW INQUIRY.—*  
18           *Any inquiry under this paragraph may be*  
19           *withdrawn at any time prior to the Chair*  
20           *issuing an opinion in response to such in-*  
21           *quiry, and any opinion based on an in-*  
22           *quiry that has been withdrawn shall have*  
23           *no force or effect.*

24           *“(B) ISSUANCE OF OPINIONS.—*

1           “(i) *IN GENERAL.*—*The Chair shall,*  
2           *within 90 days of receiving the request for*  
3           *an opinion under this paragraph, either—*

4                   “(I) *issue an opinion stating*  
5                   *whether the described conduct would*  
6                   *violate Federal consumer financial*  
7                   *law;*

8                   “(II) *if permissible under clause*  
9                   *(iii), deny the request; or*

10                   “(III) *explain why it is not fea-*  
11                   *sible to issue an opinion.*

12           “(ii) *EXTENSION.*—*Notwithstanding*  
13           *clause (i), if the Chair determines that the*  
14           *Commission requires additional time to*  
15           *issue an opinion, the Chair may make a*  
16           *single extension of the deadline of 90 days*  
17           *or less.*

18           “(iii) *DENIAL OF REQUESTS.*—*The*  
19           *Chair shall not issue an opinion, and shall*  
20           *so inform the requestor, if the request for an*  
21           *opinion—*

22                   “(I) *asks a general question of in-*  
23                   *terpretation;*

24                   “(II) *asks about a hypothetical*  
25                   *situation;*

1           “(III) asks about the conduct of  
2 someone other than the covered person  
3 on whose behalf the request is made;

4           “(IV) asks about past conduct  
5 that the covered person on whose behalf  
6 the request is made does not plan to  
7 continue in the future; or

8           “(V) fails to provide necessary  
9 supporting information requested by  
10 the Commission within a reasonable  
11 time established by the Commission.

12           “(iv) *AMENDMENT AND REVOCATION.*—  
13 An advisory opinion issued under this  
14 paragraph may be amended or revoked at  
15 any time.

16           “(v) *PUBLIC DISCLOSURE.*—An opin-  
17 ion rendered pursuant to this paragraph  
18 shall be placed in the Commission’s public  
19 record 90 days after the requesting party  
20 has received the advice, subject to any limi-  
21 tations on public disclosure arising from  
22 statutory restrictions, Commission regula-  
23 tions, or the public interest. The Commis-  
24 sion shall redact any personal, confidential,  
25 or identifying information about the covered

1           *person or any other persons mentioned in*  
2           *the advisory opinion, unless the covered per-*  
3           *son consents to such disclosure.*

4           “(vi) *REPORT TO CONGRESS.*—*The*  
5           *Commission shall, concurrent with the semi-*  
6           *annual report required under section*  
7           *1016(b), submit information regarding the*  
8           *number of requests for an advisory opinion*  
9           *received, the subject of each request, the*  
10          *number of requests denied pursuant to*  
11          *clause (iii), and the time needed to respond*  
12          *to each request.*

13          “(C) *RELIANCE ON OPINION.*—*Any person*  
14          *may rely on an opinion issued by the Chair pur-*  
15          *suant to this paragraph that has not been*  
16          *amended or withdrawn. No liability under Fed-*  
17          *eral consumer financial law shall attach to con-*  
18          *duct consistent with an advisory opinion that*  
19          *had not been amended or withdrawn at the time*  
20          *the conduct was undertaken.*

21          “(D) *CONFIDENTIALITY.*—*Any document or*  
22          *other material that is received by the Commis-*  
23          *sion or any other Federal department or agency*  
24          *in connection with an inquiry under this para-*  
25          *graph shall be exempt from disclosure under sec-*

1           tion 552 of title 5, United States Code (com-  
2           monly referred to as the ‘Freedom of Information  
3           Act’) and may not, except with the consent of the  
4           covered person making such inquiry, be made  
5           publicly available, regardless of whether the  
6           Chair responds to such inquiry or the covered  
7           person withdraws such inquiry before receiving  
8           an opinion.

9           “(E) ASSISTANCE FOR SMALL BUSI-  
10          NESSES.—

11           “(i) IN GENERAL.—The Commission  
12          shall assist, to the maximum extent prac-  
13          ticable, small businesses in preparing in-  
14          quiries under this paragraph.

15           “(ii) SMALL BUSINESS DEFINED.—For  
16          purposes of this subparagraph, the term  
17          ‘small business’ has the meaning given the  
18          term ‘small business concern’ under section  
19          3 of the Small Business Act (15 U.S.C.  
20          632).

21          “(F) INQUIRY FEE.—

22           “(i) IN GENERAL.—The Chair shall de-  
23          velop a system to charge a fee for each in-  
24          quiry made under this paragraph in an



1           *amount sufficient, in the aggregate, to pay*  
 2           *for the cost of carrying out this paragraph.*

3           “(ii) *NOTICE AND COMMENT.*—*Not*  
 4           *later than 45 days after the date of the en-*  
 5           *actment of this paragraph, the Chair shall*  
 6           *publish a description of the fee system de-*  
 7           *scribed in clause (i) in the Federal Register*  
 8           *and shall solicit comments from the public*  
 9           *for a period of 60 days after publication.*

10           “(iii) *FINALIZATION.*—*The Chair shall*  
 11           *publish a final description of the fee system*  
 12           *and implement such fee system not later*  
 13           *than 30 days after the end of the public*  
 14           *comment period described in clause (ii).”.*

15 **SEC. 323. REFORM OF CONSUMER FINANCIAL CIVIL PEN-**  
 16 **ALTY FUND.**

17           (a) *SEGREGATED ACCOUNTS.*—*Section 1017(b) of the*  
 18 *Consumer Financial Protection Act of 2010, as redesignated*  
 19 *by section 312, is amended by redesignating paragraph (2)*  
 20 *as paragraph (3), and by inserting after paragraph (1) the*  
 21 *following new paragraph:*

22           “(2) *SEGREGATED ACCOUNTS IN CIVIL PENALTY*  
 23 *FUND.*—

24           “(A) *IN GENERAL.*—*The Commission shall*  
 25           *establish and maintain a segregated account in*

1           *the Civil Penalty Fund each time the Commis-*  
2           *sion obtains a civil penalty against any person*  
3           *in any judicial or administrative action under*  
4           *Federal consumer financial laws.*

5           “(B) *DEPOSITS IN SEGREGATED AC-*  
6           *COUNTS.—The Commission shall deposit each*  
7           *civil penalty collected into the segregated account*  
8           *established for such penalty under subparagraph*  
9           *(A).”.*

10          **(b) PAYMENT TO VICTIMS.—***Paragraph (3) of section*  
11          *1017(b) of such Act, as redesignated by subsection (a), is*  
12          *amended to read as follows:*

13               “(3) *PAYMENT TO VICTIMS.—*

14                       “(A) *IN GENERAL.—*

15                               “(i) *IDENTIFICATION OF CLASS.—Not*  
16                               *later than 60 days after the date of deposit*  
17                               *of amounts in a segregated account in the*  
18                               *Civil Penalty Fund, the Commission shall*  
19                               *identify the class of victims of the violation*  
20                               *of Federal consumer financial laws for*  
21                               *which such amounts were collected and de-*  
22                               *posited under paragraph (2).*

23                               “(ii) *PAYMENTS.—The Commission,*  
24                               *within 2 years after the date on which such*  
25                               *class of victims is identified, shall locate*

1           *and make payments from such amounts to*  
2           *each victim.*

3           “(B) *FUNDS DEPOSITED IN TREASURY.*—

4                   “(i) *IN GENERAL.*—*The Commission*  
5                   *shall deposit into the general fund of the*  
6                   *Treasury any amounts remaining in a seg-*  
7                   *regated account in the Civil Penalty Fund*  
8                   *at the end of the 2-year period for payments*  
9                   *to victims under subparagraph (A).*

10                   “(ii) *IMPOSSIBLE OR IMPRACTICAL*  
11                   *PAYMENTS.*—*If the Commission determines*  
12                   *before the end of the 2-year period for pay-*  
13                   *ments to victims under subparagraph (A)*  
14                   *that such victims cannot be located or pay-*  
15                   *ments to such victims are otherwise not*  
16                   *practicable, the Commission shall deposit*  
17                   *into the general fund of the Treasury the*  
18                   *amounts in the segregated account in the*  
19                   *Civil Penalty Fund.”.*

20           “(c) *EFFECTIVE DATE.*—

21                   “(1) *IN GENERAL.*—*The amendments made by*  
22                   *this section shall apply with respect to civil penalties*  
23                   *collected after the date of enactment of this Act.*

24                   “(2) *AMOUNTS IN CONSUMER FINANCIAL CIVIL*  
25                   *PENALTY FUND ON DATE OF ENACTMENT.*—*With re-*

1        *spect to amounts in the Consumer Financial Civil*  
2        *Penalty Fund on the date of enactment of this Act*  
3        *that were not allocated for consumer education and*  
4        *financial literacy programs on or before September*  
5        *30, 2015, the Consumer Financial Opportunity Com-*  
6        *mission shall separate such amounts into segregated*  
7        *accounts in accordance with, and for purposes of, sec-*  
8        *tion 1017(d) of the Consumer Financial Protection*  
9        *Act of 2010, as amended by this section. The date of*  
10       *deposit of such amounts shall be deemed to be the date*  
11       *of enactment of this Act.*

12       **SEC. 324. COMMISSION RESEARCH PAPER TRANSPARENCY.**

13       *Section 1013 of the Consumer Financial Protection*  
14       *Act of 2010 (12 U.S.C. 5493), as amended by section 316,*  
15       *is further amended by adding at the end the following:*

16       “(j) *RESEARCH PAPER TRANSPARENCY.—Any time*  
17       *the Commission, either through the research unit established*  
18       *by the Chair under subsection (b)(1) or otherwise, issues*  
19       *a research paper that is available to the public, the Com-*  
20       *mission shall accompany such paper with all studies, data,*  
21       *and other analyses on which the paper was based.”.*

22       **SEC. 325. COMMISSION PAY FAIRNESS.**

23       (a) *IN GENERAL.—Section 1013(a)(2) of the Consumer*  
24       *Financial Protection Act of 2010 (12 U.S.C. 5493(a)(2))*  
25       *is amended to read as follows:*

1           “(2) *COMPENSATION.*—*The rates of basic pay for*  
2           *all employees of the Commission shall be set and ad-*  
3           *justed by the Commission in accordance with the*  
4           *General Schedule set forth in section 5332 of title 5,*  
5           *United States Code.”.*

6           **(b) *EFFECTIVE DATE.***—*The amendment made by sub-*  
7           *section (a) shall apply to service by an employee of the Con-*  
8           *sumer Financial Opportunity Commission following the*  
9           *90-day period beginning on the date of enactment of this*  
10          *Act.*

11       **SEC. 326. SEPARATION OF MARKET MONITORING FUNC-**  
12                               **TIONS AND SUPERVISORY FUNCTIONS.**

13           *The Consumer Financial Protection Act of 2010 (12*  
14       *U.S.C. 5481 et seq.) is amended—*

15                       *(1) in section 1022(c)—*

16                               *(A) in paragraph (1), by striking “In order*  
17                               *to support its rulemaking and other functions,*  
18                               *the” and inserting “The”; and*

19                               *(B) in paragraph (4)—*

20                                       *(i) in subparagraph (A), by inserting*  
21                                       *after “gather information” the following:*  
22                                       *“on a sampling basis”;*

23                                       *(ii) in subparagraph (B)—*

24   *(I) in clause (i), by striking “a*  
25   *variety of sources, including examina-*

1                    *tion reports concerning covered persons*  
2                    *or service providers”*; and

3                    (II) *in clause (ii), by inserting*  
4                    *after “require” the following: “, on a*  
5                    *sampling basis,”*; and

6                    (iii) *in subparagraph (C), by inserting*  
7                    *before the period the following: “or for pur-*  
8                    *poses of assessing such covered persons’ or*  
9                    *service providers’ compliance with the re-*  
10                    *quirements of Federal consumer financial*  
11                    *law”*;

12                    (2) *in section 1024(b)(1)—*

13                    (A) *in subparagraph (A), by adding “and”*  
14                    *at the end;*

15                    (B) *in subparagraph (B), by striking “;*  
16                    *and” and inserting a period; and*

17                    (C) *by striking subparagraph (C);*

18                    (3) *in section 1025(b)(1)—*

19                    (A) *in subparagraph (A), by adding “and”*  
20                    *at the end;*

21                    (B) *in subparagraph (B), by striking “;*  
22                    *and” and inserting a period; and*

23                    (C) *by striking subparagraph (C); and*

1           (4) in section 1026(b), by striking “, and to as-  
2           sess and detect risks to consumers and consumer fi-  
3           nancial markets”.

4   **SEC. 327. REQUIREMENT TO VERIFY INFORMATION IN THE**  
5                           **COMPLAINT DATABASE BEFORE IT MAY BE**  
6                           **RELEASED TO THE GENERAL PUBLIC.**

7           Section 1013(b)(3)(A) of the Consumer Financial Pro-  
8           tection Act of 2010 (12 U.S.C. 5493(b)(3)(A)) is amended  
9           by adding at the end the following: “The Chair may not  
10          make any information about a consumer complaint in such  
11          database available to the public without first verifying the  
12          accuracy of all facts alleged in such complaint.”.

13   **SEC. 328. COMMISSION SUPERVISION LIMITED TO BANKS,**  
14                           **THRIFTS, AND CREDIT UNIONS WITH GREAT-**  
15                           **ER THAN \$50 BILLION IN ASSETS.**

16          The Consumer Financial Protection Act of 2010 (12  
17          U.S.C. 5481 et seq.) is amended—

18           (1) in section 1025(a), by striking  
19           “\$10,000,000,000” each place such term appears and  
20           inserting “\$50,000,000,000”; and

21           (2) in section 1026(a), by striking  
22           “\$10,000,000,000” each place such term appears and  
23           inserting “\$50,000,000,000”.

1 **SEC. 329. TRANSFER OF OLD OTS BUILDING FROM OCC TO**  
2 **GSA.**

3 *Not later than 180 days after the date of enactment*  
4 *of this Act, the Chair of the Board of Directors of the Office*  
5 *of the Comptroller of the Currency shall transfer adminis-*  
6 *trative jurisdiction over the Federal property located at*  
7 *1700 G Street, Northwest, in the District of Columbia to*  
8 *the Administrator of General Services.*

9 ***Subtitle C—Policy Enhancements***

10 **SEC. 331. CONSUMER RIGHT TO FINANCIAL PRIVACY.**

11 *(a) REQUIREMENT OF THE COMMISSION TO OBTAIN*  
12 *PERMISSION BEFORE COLLECTING NONPUBLIC PERSONAL*  
13 *INFORMATION.—*

14 *(1) REQUIRED NOTIFICATION AND PERMIS-*  
15 *SION.—Section 1022(c)(9)(A) of the Consumer Finan-*  
16 *cial Protection Act of 2010 (12 U.S.C. 5512(c)(9)(A))*  
17 *is amended—*

18 *(A) by striking “may not obtain from a*  
19 *covered person or service provider” and inserting*  
20 *“may not request, obtain, access, collect, use, re-*  
21 *tain, or disclose”;*

22 *(B) by striking “personally identifiable fi-*  
23 *nancial” and inserting “nonpublic personal”;*  
24 *and*



1           (C) by striking “from the financial records”  
2           and all that follows through the period at the end  
3           and inserting “unless—

4                   “(i) the Commission clearly and con-  
5                   spicuously discloses to the consumer, in  
6                   writing or in an electronic form, what in-  
7                   formation will be requested, obtained,  
8                   accessed, collected, used, retained, or dis-  
9                   closed; and

10                   “(ii) before such information is re-  
11                   quested, obtained, accessed, collected, used,  
12                   retained, or disclosed, the consumer informs  
13                   the Commission that such information may  
14                   be requested, obtained, accessed, collected,  
15                   used, retained, or disclosed.”.

16           (2) *APPLICATION OF REQUIREMENT TO CONTRAC-*  
17           *TORS OF THE COMMISSION.*—Section 1022(c)(9)(B) of  
18           such Act (12 U.S.C. 5512(c)(9)(B)) is amended to  
19           read as follows:

20                   “(B) *APPLICATION OF REQUIREMENT TO*  
21                   *CONTRACTORS OF THE COMMISSION.*—Subpara-  
22                   graph (A) shall apply to any person directed or  
23                   engaged by the Commission to collect informa-  
24                   tion to the extent such information is being col-  
25                   lected on behalf of the Commission.”.

1           (3) *DEFINITION OF NONPUBLIC PERSONAL IN-*  
2 *FORMATION.—Section 1022(c)(9) of such Act (12*  
3 *U.S.C. 5512(c)(9)) is amended by adding at the end*  
4 *the following:*

5                   “(C) *DEFINITION OF NONPUBLIC PERSONAL*  
6 *INFORMATION.—In this paragraph, the term*  
7 *‘nonpublic personal information’ has the mean-*  
8 *ing given the term in section 509 of the Gramm-*  
9 *Leach-Bliley Act (15 U.S.C. 6809).”.*

10       (b) *REMOVAL OF EXEMPTION FOR THE COMMISSION*  
11 *FROM THE RIGHT TO FINANCIAL PRIVACY ACT.—Section*  
12 *1113 of the Right to Financial Privacy Act of 1978 (12*  
13 *U.S.C. 3413) is amended by striking subsection (r).*

14 **SEC. 332. REPEAL OF COUNCIL AUTHORITY TO SET ASIDE**  
15 **BUREAU RULES AND REQUIREMENT OF SAFE-**  
16 **TY AND SOUNDNESS CONSIDERATIONS WHEN**  
17 **ISSUING RULES.**

18       (a) *REPEAL OF AUTHORITY.—*

19           (1) *IN GENERAL.—Section 1023 of the Consumer*  
20 *Financial Protection Act of 2010 (12 U.S.C. 5513) is*  
21 *hereby repealed.*

22           (2) *CONFORMING AMENDMENT.—Section*  
23 *1022(b)(2)(C) of the Consumer Financial Protection*  
24 *Act of 2010 (12 U.S.C. 5512(b)(2)(C)) is amended by*  
25 *striking “, except that nothing in this clause shall be*

1 *construed as altering or limiting the procedures under*  
 2 *section 1023 that may apply to any rule prescribed*  
 3 *by the Bureau”.*

4 (3) *CLERICAL AMENDMENT.—The table of con-*  
 5 *tents under section 1(b) of the Dodd-Frank Wall*  
 6 *Street Reform and Consumer Protection Act is*  
 7 *amended by striking the item relating to section 1023.*

8 (b) *SAFETY AND SOUNDNESS CHECK.—Section*  
 9 *1022(b)(2)(A) of the Consumer Financial Protection Act of*  
 10 *2010 (12 U.S.C. 5512(b)(2)(A)) is amended—*

11 (1) *in clause (i), by striking “and” at the end;*

12 (2) *in clause (ii), by adding “and” at the end;*

13 *and*

14 (3) *by adding at the end the following:*

15 “(iii) *the impact of such rule on the fi-*  
 16 *ancial safety or soundness of an insured*  
 17 *depository institution;”.*

18 **SEC. 333. STATE AND TRIBAL PAYDAY LOAN REGULATION 5-**

19 **YEAR EXEMPTION.**

20 *Section 1022 of the Consumer Financial Protection*  
 21 *Act of 2010 (12 U.S.C. 5512) is amended by adding at the*  
 22 *end the following:*

23 “(e) *STATE AND TRIBAL PAYDAY LOAN REGULATION*  
 24 *5-YEAR EXEMPTION.—*

1           “(1) *IN GENERAL.*—With respect to a final rule  
2           or regulation issued by the Bureau of Consumer Fi-  
3           nancial Protection to regulate payday loans, vehicle  
4           title loans, or other similar loans, if a State or a fed-  
5           erally recognized Indian tribe requests, in writing, for  
6           the Commission to provide the State or tribe with a  
7           waiver from such rule or regulation, the Commission  
8           shall grant a 5-year waiver to such State or tribe,  
9           during which such rule or regulation shall not apply  
10          within such State or land held in trust for the benefit  
11          of such federally recognized Indian tribe.

12           “(2) *EXTENSION OF WAIVER.*—A State or a fed-  
13          erally recognized Indian tribe receiving a waiver  
14          under paragraph (1) shall have the right to an un-  
15          limited number of 5-year extensions of such waiver,  
16          which shall be granted upon the request, in writing,  
17          for such waiver by the State or tribe.”.

18 **SEC. 334. REFORMING INDIRECT AUTO FINANCING GUID-**  
19 **ANCE.**

20           (a) *NULLIFICATION OF AUTO LENDING GUIDANCE.*—  
21 *Bulletin 2013–02 of the Bureau of Consumer Financial*  
22 *Protection (published March 21, 2013) shall have no force*  
23 *or effect.*

24           (b) *GUIDANCE REQUIREMENTS.*—Section 1022(b) of  
25 *the Consumer Financial Protection Act of 2010 (12 U.S.C.*

1 5512(b)), as amended by section 322, is further amended  
2 by adding at the end the following:

3           “(8) *GUIDANCE ON INDIRECT AUTO FINANC-*  
4           *ING.—In proposing and issuing guidance primarily*  
5           *related to indirect auto financing, the Commission*  
6           *shall—*

7                     “(A) *provide for a public notice and com-*  
8                     *ment period before issuing the guidance in final*  
9                     *form;*

10                    “(B) *make available to the public, including*  
11                    *on the website of the Commission, all studies,*  
12                    *data, methodologies, analyses, and other infor-*  
13                    *mation relied on by the Commission in pre-*  
14                    *paring such guidance;*

15                    “(C) *redact any information that is exempt*  
16                    *from disclosure under paragraph (3), (4), (6),*  
17                    *(7), or (8) of section 552(b) of title 5, United*  
18                    *States Code;*

19                    “(D) *consult with the Board of Governors of*  
20                    *the Federal Reserve System, the Federal Trade*  
21                    *Commission, and the Department of Justice; and*

22                    “(E) *conduct a study on the costs and im-*  
23                    *pacts of such guidance to consumers and women-*  
24                    *owned, minority-owned, veteran-owned, and*

1           *small businesses, including consumers and small*  
2           *businesses in rural areas.”.*

3           (c) *RULE OF CONSTRUCTION.*—*Nothing in this section*  
4 *shall be construed to apply to guidance issued by the Con-*  
5 *sumer Financial Opportunity Commission that is not pri-*  
6 *marily related to indirect auto financing.*

7   **SEC. 335. PROHIBITION OF GOVERNMENT PRICE CONTROLS**  
8                                   **FOR PAYMENT CARD TRANSACTIONS.**

9           (a) *IN GENERAL.*—*Section 1075 of the Consumer Fi-*  
10 *nancial Protection Act of 2010 is hereby repealed and the*  
11 *provisions of law amended by such section are revived or*  
12 *restored as if such section had not been enacted.*

13          (b) *CLERICAL AMENDMENT.*—*The table of contents*  
14 *under section 1(b) of the Dodd-Frank Wall Street Reform*  
15 *and Consumer Protection Act is amended by striking the*  
16 *item relating to section 1075.*

17   **SEC. 336. ANNUAL STUDIES ON ENDING THE CON-**  
18                                   **SERVATORSHIP OF FANNIE MAE, FREDDIE**  
19                                   **MAC, AND REFORMING THE HOUSING FI-**  
20                                   **NANCE SYSTEM.**

21          *Section 1074 of the Consumer Financial Protection*  
22 *Act of 2010 is amended—*

23                   (1) *in subsection (a)—*

1           (A) in paragraph (1), by inserting after  
2           “Secretary of the Treasury shall” the following:  
3           “, on an annual basis,”; and

4           (B) in paragraph (2), by striking “The  
5           study” and inserting “Each study”;

6           (2) by amending subsection (b) to read as fol-  
7           lows:

8           “(b) *REPORT AND RECOMMENDATIONS.*—The Sec-  
9           retary of the Treasury shall submit a report on each study  
10           required under subsection (a), along with recommendations  
11           developed in such study, to the President, the Committee  
12           on Banking, Housing, and Urban Affairs of the Senate, and  
13           the Committee on Financial Services of the House of Rep-  
14           resentatives.”; and

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

16           “(c) *APPEARANCES BEFORE CONGRESS.*—The Sec-  
17           retary of the Treasury shall appear before the Committee  
18           on Banking, Housing, and Urban Affairs of the Senate and  
19           the Committee on Financial Services of the House of Rep-  
20           resentatives at annual hearings regarding each report re-  
21           quired under subsection (b).”.

22           **SEC. 337. REMOVAL OF “ABUSIVE” AUTHORITY.**

23           *The Consumer Financial Protection Act of 2010 (12*  
24           *U.S.C. 5481 et seq.) is amended—*

25           (1) in section 1013(g)—

1           (A) by striking “, deceptive, and abusive”  
2 each place such term appears and inserting “and  
3 deceptive”; and

4           (B) by striking “, deceptive, or abusive”  
5 each place such term appears and inserting “or  
6 deceptive”;

7           (2) in section 1021(b)(2), by striking “, decep-  
8 tive, or abusive” and inserting “or deceptive”;

9           (3) in section 1031—

10           (A) in the heading of such section, by strik-  
11 ing “, **DECEPTIVE, OR ABUSIVE**” and insert-  
12 ing “**OR DECEPTIVE**”;

13           (B) by striking “, deceptive, or abusive”  
14 each place such term appears and inserting “or  
15 deceptive”;

16           (C) by striking subsection (d); and

17           (D) by redesignating subsections (e) and (f)  
18 as subsections (d) and (e), respectively;

19           (4) in section 1036(a)(1)(B), by striking “, de-  
20 ceptive, or abusive” and inserting “or deceptive”; and

21           (5) in section 1076(b)(2)(A), by striking “, de-  
22 ceptive, or abusive” and inserting “or deceptive”.



1 **SEC. 338. REPEAL OF AUTHORITY TO RESTRICT ARBITRA-**  
 2 **TION.**

3 (a) *IN GENERAL.*—Section 1028 of the Consumer Fi-  
 4 nancial Protection Act of 2010 (12 U.S.C. 5518) is hereby  
 5 repealed.

6 (b) *CLERICAL AMENDMENT.*—The table of contents  
 7 under section 1(b) of the Dodd-Frank Wall Street Reform  
 8 and Consumer Protection Act is amended by striking the  
 9 item relating to section 1028.

10 **TITLE IV—CAPITAL MARKETS**  
 11 **IMPROVEMENTS**  
 12 **Subtitle A—SEC Reform,**  
 13 **Restructuring, and Accountability**

14 **SEC. 401. AUTHORIZATION OF APPROPRIATIONS.**

15 Section 35 of the Securities Exchange Act of 1934 (15  
 16 U.S.C. 78kk) is amended by striking paragraphs (1)  
 17 through (5) and inserting the following:

- 18 “(1) for fiscal year 2017, \$1,555,000,000;  
 19 “(2) for fiscal year 2018, \$1,605,000,000;  
 20 “(3) for fiscal year 2019, \$1,655,000,000;  
 21 “(4) for fiscal year 2020, \$1,705,000,000; and  
 22 “(5) for fiscal year 2021, \$1,755,000,000.”

23 **SEC. 402. REPORT ON UNOBLIGATED APPROPRIATIONS.**

24 Section 23 of the Securities Exchange Act of 1934 (15  
 25 U.S.C. 78w) is amended by adding at the end the following:

1           “(e) *REPORT ON UNOBLIGATED APPROPRIATIONS.*—If,  
2 *at the end of any fiscal year, there remain unobligated any*  
3 *funds that were appropriated to the Commission for such*  
4 *fiscal year, the Commission shall, not later than 30 days*  
5 *after the last day of such fiscal year, submit to the Com-*  
6 *mittee on Financial Services and the Committee on Appro-*  
7 *priations of the House of Representatives and the Com-*  
8 *mittee on Banking, Housing, and Urban Affairs and the*  
9 *Committee on Appropriations of the Senate a report stating*  
10 *the amount of such unobligated funds. If there is any mate-*  
11 *rial change in the amount stated in the report, the Commis-*  
12 *sion shall, not later than 7 days after determining the*  
13 *amount of the change, submit to such committees a supple-*  
14 *mentary report stating the amount of and reason for the*  
15 *change.”.*

16 **SEC. 403. SEC RESERVE FUND ABOLISHED.**

17           *Section 4 of the Securities Exchange Act of 1934 (15*  
18 *U.S.C. 78d) is amended by striking subsection (i).*

19 **SEC. 404. FEES TO OFFSET APPROPRIATIONS.**

20           *(a) SECTION 31 OF THE SECURITIES EXCHANGE ACT*  
21 *OF 1934.*—*Section 31 of the Securities Exchange Act of*  
22 *1934 (15 U.S.C. 78ee) is amended—*

23                   *(1) by striking subsection (a) and inserting the*  
24           *following:*

1       “(a) *COLLECTION.*—*The Commission shall, in accord-*  
2 *ance with this section, collect transaction fees and assess-*  
3 *ments.*”;

4           (2) *in subsection (i)*—

5               (A) *in paragraph (1)(A), by inserting “ex-*  
6 *cept as provided in paragraph (2),” before*  
7 *“shall”; and*

8               (B) *by striking paragraph (2) and inserting*  
9 *the following:*

10           “(2) *GENERAL REVENUE.*—*Any fees collected for*  
11 *a fiscal year pursuant to this section, sections 13(e)*  
12 *and 14(g) of this title, and section 6(b) of the Securi-*  
13 *ties Act of 1933 in excess of the amount provided in*  
14 *appropriation Acts for collection for such fiscal year*  
15 *pursuant to such sections shall be deposited and cred-*  
16 *ited as general revenue of the Treasury.*”;

17           (3) *in subsection (j)*—

18               (A) *by striking “the regular appropriation*  
19 *to the Commission by Congress for such fiscal*  
20 *year” each place it appears and inserting “the*  
21 *target offsetting collection amount for such fiscal*  
22 *year”; and*

23               (B) *in paragraph (2), by striking “sub-*  
24 *section (l)” and inserting “subsection (l)(2)”;*  
25 *and*

1           (4) *by striking subsection (l) and inserting the*  
2 *following:*

3           “(l) *DEFINITIONS.—For purposes of this section:*

4           “(1) *TARGET OFFSETTING COLLECTION*  
5 *AMOUNT.—The target offsetting collection amount for*  
6 *a fiscal year is—*

7           “(A) *for fiscal year 2017, \$1,400,000,000;*

8           *and*

9           “(B) *for each succeeding fiscal year, the tar-*  
10 *get offsetting collection amount for the prior fis-*  
11 *cal year, adjusted by the rate of inflation.*

12           “(2) *BASELINE ESTIMATE OF THE AGGREGATE*  
13 *DOLLAR AMOUNT OF SALES.—The baseline estimate of*  
14 *the aggregate dollar amount of sales for any fiscal*  
15 *year is the baseline estimate of the aggregate dollar*  
16 *amount of sales of securities (other than bonds, deben-*  
17 *tures, other evidences of indebtedness, security futures*  
18 *products, and options on securities indexes (excluding*  
19 *a narrow-based security index)) to be transacted on*  
20 *each national securities exchange and by or through*  
21 *any member of each national securities association*  
22 *(otherwise than on a national securities exchange)*  
23 *during such fiscal year as determined by the Commis-*  
24 *sion, after consultation with the Congressional Budget*  
25 *Office and the Office of Management and Budget,*

1       *using the methodology required for making projections*  
2       *pursuant to section 257 of the Balanced Budget and*  
3       *Emergency Deficit Control Act of 1985.”.*

4       **(b) SECTION 6(b) OF THE SECURITIES ACT OF 1933.—**  
5       *Section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b))*  
6       *is amended—*

7               (1) *by striking “target fee collection amount”*  
8               *each place it appears and inserting “target offsetting*  
9               *collection amount”;*

10              (2) *in paragraph (4), by striking the last sen-*  
11              *tence and inserting the following: “Subject to para-*  
12              *graphs (6)(B) and (7), an adjusted rate prescribed*  
13              *under paragraph (2) shall take effect on the later of—*

14                        *“(A) the first day of the fiscal year to which*  
15                        *such rate applies; or*

16                        *“(B) five days after the date on which a*  
17                        *regular appropriation to the Commission for*  
18                        *such fiscal year is enacted.”;*

19              (3) *in paragraph (5), by inserting “of the Secu-*  
20              *rities Exchange Act of 1934” after “sections 13(e) and*  
21              *14(g)”;*

22              (4) *by redesignating paragraph (6) as para-*  
23              *graph (8);*

24              (5) *by inserting after paragraph (5) the fol-*  
25              *lowing:*

1           “(6) *OFFSETTING COLLECTIONS.*—*Fees collected*  
2           *pursuant to this subsection for any fiscal year—*

3                   “(A) *except as provided in section 31(i)(2)*  
4                   *of the Securities Exchange Act of 1934, shall be*  
5                   *deposited and credited as offsetting collections to*  
6                   *the account providing appropriations to the*  
7                   *Commission; and*

8                   “(B) *except as provided in paragraph (7),*  
9                   *shall not be collected for any fiscal year except*  
10                   *to the extent provided in advance in appropria-*  
11                   *tion Acts.*

12           “(7) *LAPSE OF APPROPRIATION.*—*If on the first*  
13           *day of a fiscal year a regular appropriation to the*  
14           *Commission has not been enacted, the Commission*  
15           *shall continue to collect fees (as offsetting collections)*  
16           *under this subsection at the rate in effect during the*  
17           *preceding fiscal year, until 5 days after the date such*  
18           *a regular appropriation is enacted.”; and*

19                   (6) *in subparagraph (A) of paragraph (8) (as so*  
20                   *redesignated)—*

21                           (A) *by striking the subparagraph heading*  
22                           *and inserting “TARGET OFFSETTING COLLEC-*  
23                           *TION AMOUNT.—”; and*

1           (B) in the heading of the right column of  
2           the table, by striking “**fee**” and inserting “**off-**  
3           **setting**”.

4           (c) SECTION 13(e) OF THE SECURITIES EXCHANGE  
5           ACT OF 1934.—Section 13(e) of the Securities Exchange Act  
6           of 1934 (15 U.S.C. 78m(e)) is amended—

7           (1) by striking paragraph (5) and inserting the  
8           following:

9           “(5) OFFSETTING COLLECTIONS.—Fees collected  
10           pursuant to this subsection for any fiscal year—

11           “(A) except as provided in section 31(i)(2),  
12           shall be deposited and credited as offsetting col-  
13           lections to the account providing appropriations  
14           to the Commission; and

15           “(B) except as provided in paragraph (8),  
16           shall not be collected for any fiscal year except  
17           to the extent provided in advance in appropria-  
18           tions Acts.”; and

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

20           “(8) LAPSE OF APPROPRIATION.—If on the first  
21           day of a fiscal year a regular appropriation to the  
22           Commission has not been enacted, the Commission  
23           shall continue to collect fees (as offsetting collections)  
24           under this subsection at the rate in effect during the

1       *preceding fiscal year, until 5 days after the date such*  
2       *a regular appropriation is enacted.”.*

3       (d) *SECTION 14(g) OF THE SECURITIES EXCHANGE*  
4 *ACT OF 1934.—Section 14(g) of the Securities Exchange*  
5 *Act of 1934 (15 U.S.C. 78n(g)) is amended—*

6             (1) *by striking paragraph (5) and inserting the*  
7       *following:*

8             “(5) *OFFSETTING COLLECTIONS.—Fees collected*  
9       *pursuant to this subsection for any fiscal year—*

10            “(A) *except as provided in section 31(i)(2),*  
11       *shall be deposited and credited as offsetting col-*  
12       *lections to the account providing appropriations*  
13       *to the Commission; and*

14            “(B) *except as provided in paragraph (8),*  
15       *shall not be collected for any fiscal year except*  
16       *to the extent provided in advance in appropria-*  
17       *tions Acts.”;*

18            (2) *by redesignating paragraph (8) as para-*  
19       *graph (9); and*

20            (3) *by inserting after paragraph (7) the fol-*  
21       *lowing:*

22            “(8) *LAPSE OF APPROPRIATION.—If on the first*  
23       *day of a fiscal year a regular appropriation to the*  
24       *Commission has not been enacted, the Commission*  
25       *shall continue to collect fees (as offsetting collections)*



1        *under this subsection at the rate in effect during the*  
2        *preceding fiscal year, until 5 days after the date such*  
3        *a regular appropriation is enacted.”.*

4        *(e) EFFECTIVE DATE.—The amendments made by this*  
5        *section—*

6                *(1) shall apply beginning on October 1, 2016, ex-*  
7        *cept that for fiscal year 2017, the Securities and Ex-*  
8        *change Commission shall publish—*

9                        *(A) the rates established under section 31 of*  
10        *the Securities Exchange Act of 1934, as amended*  
11        *by this section, not later than 30 days after the*  
12        *date on which an Act making a regular appro-*  
13        *priation to the Commission for fiscal year 2017*  
14        *is enacted; and*

15                        *(B) the rate established under section 6(b)*  
16        *of the Securities Act of 1933, as amended by this*  
17        *section, not later than August 31, 2016; and*

18                *(2) shall not apply with respect to fees for any*  
19        *fiscal year before fiscal year 2017.*

20        **SEC. 405. IMPLEMENTATION OF RECOMMENDATIONS.**

21        *Section 967 of the Dodd-Frank Wall Street Reform*  
22        *and Consumer Protection Act is amended by adding at the*  
23        *end the following:*

24                *“(d) IMPLEMENTATION OF RECOMMENDATIONS.—Not*  
25        *later than 6 months after the date of enactment of this sub-*

1 *section, the Securities and Exchange Commission shall com-*  
2 *plete an implementation of the recommendations contained*  
3 *in the report of the independent consultant issued under*  
4 *subsection (b) on March 10, 2011. To the extent that imple-*  
5 *mentation of certain recommendations requires legislation,*  
6 *the Commission shall submit a report to Congress con-*  
7 *taining a request for legislation granting the Commission*  
8 *such authority it needs to fully implement such rec-*  
9 *ommendations.”.*

10 **SEC. 406. OFFICE OF CREDIT RATINGS TO REPORT TO THE**  
11 **DIVISION OF TRADING AND MARKETS.**

12 *Section 15E(p)(1) of the Securities Exchange Act of*  
13 *1934 (15 U.S.C. 78o-7(p)(1)) is amended—*

14 *(1) in subparagraph (A), by striking “within the*  
15 *Commission” and inserting “within the Division of*  
16 *Trading and Markets”; and*

17 *(2) in subparagraph (B), by striking “report to*  
18 *the Chairman” and inserting “report to the head of*  
19 *the Division of Trading and Markets”.*

20 **SEC. 407. OFFICE OF MUNICIPAL SECURITIES TO REPORT**  
21 **TO THE DIVISION OF TRADING AND MARKETS.**

22 *Section 979 of the Dodd-Frank Wall Street Reform*  
23 *and Consumer Protection Act (15 U.S.C. 78o-4a) is amend-*  
24 *ed—*

1           (1) *in subsection (a), by inserting “, within the*  
2 *Division of Trading and Markets,” after “There shall*  
3 *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. 408. INDEPENDENCE OF COMMISSION OMBUDSMAN.**

8           *Section 4(g)(8) of the Securities Exchange Act of 1934*  
9 *(15 U.S.C. 78d(g)(8)) is amended—*

10           (1) *in subparagraph (A), by striking “the Inves-*  
11 *tor 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. 409. COORDINATION WITH THE INVESTOR ADVISORY**  
21 **COMMITTEE.**

22           *Section 39 of the Securities Exchange Act of 1934 (15*  
23 *U.S.C. 78pp) is amended—*

24           (1) *in subsection (a)(2)(B), by striking “submit”*  
25 *and inserting, “in consultation with the Small Busi-*

1 *ness Capital Formation Advisory Committee estab-*  
2 *lished under section 40, submit”;*

3 *(2) in subsection (b)(1)—*

4 *(A) in subparagraph (C), by striking*  
5 *“and”;*

6 *(B) in subparagraph (D)(iv), by striking*  
7 *the period at the end and inserting “; and”; and*

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

9 *“(E) a member of the Small Business Cap-*  
10 *ital Formation Advisory Committee who shall be*  
11 *a nonvoting member.”; and*

12 *(3) by striking subsections (i) and (j).*

13 **SEC. 410. DUTIES OF INVESTOR ADVOCATE.**

14 *Section 4(g)(4) of the Securities Exchange Act of 1934*  
15 *(15 U.S.C. 78d(g)(4)) is amended—*

16 *(1) in subparagraph (D)(ii), by striking “and”;*

17 *(2) in subparagraph (E), by striking the period*  
18 *at the end and inserting a semicolon; and*

19 *(3) by adding at the end the following:*

20 *“(F) not take a position on any legislation*  
21 *pending before Congress other than a legislative*  
22 *change proposed by the Investor Advocate pursu-*  
23 *ant to subparagraph (E);*

24 *“(G) consult with the Advocate for Small*  
25 *Business Capital Formation on proposed rec-*

1           *ommendations made under subparagraph (E);*  
2           *and*

3           “(H) *advise the Advocate for Small Busi-*  
4           *ness Capital Formation on issues related to*  
5           *small business investors.”.*

6 **SEC. 411. INTERNAL RISK CONTROLS.**

7           *The Securities Exchange Act of 1934 (15 U.S.C. 78a*  
8           *et seq.) is amended—*

9           (1) *by inserting after section 4G, as added by*  
10          *this Act, the following:*

11 **“SEC. 4H. INTERNAL RISK CONTROLS.**

12          *“The Commission, in consultation with the Chief*  
13          *Economist, shall develop comprehensive internal risk con-*  
14          *trol mechanisms to safeguard and govern the storage of all*  
15          *market data by the Commission, all market data sharing*  
16          *agreements of the Commission, and all academic research*  
17          *performed at the Commission using market data.”;*

18          (2) *in section 3(a), by redesignating the second*  
19          *paragraph (80) (relating to funding portals) as para-*  
20          *graph (81); and*

21          (3) *in section 3(a), by adding at the end the fol-*  
22          *lowing:*

23          “(82) *CHIEF ECONOMIST.—The term ‘Chief*  
24          *Economist’ means the Director of the Division of Eco-*  
25          *nomics and Risk Analysis, or an employee of the Com-*

1       *mission with comparable authority, as determined by*  
2       *the Commission.”.*

3       **SEC. 412. APPLICABILITY OF NOTICE AND COMMENT RE-**  
4                               **QUIREMENTS OF THE ADMINISTRATIVE PRO-**  
5                               **CEDURE ACT TO GUIDANCE VOTED ON BY**  
6                               **THE COMMISSION.**

7       *The Securities Exchange Act of 1934 (15 U.S.C. 78a*  
8       *et seq.) is amended by inserting after section 4H, as added*  
9       *by this Act, the following:*

10      **“SEC. 4I. APPLICABILITY OF NOTICE AND COMMENT RE-**  
11                               **QUIREMENTS OF THE ADMINISTRATIVE PRO-**  
12                               **CEDURE ACT TO GUIDANCE VOTED ON BY**  
13                               **THE COMMISSION.**

14      *“The notice and comment requirements of section 553*  
15      *of title 5, United States Code, shall also apply with respect*  
16      *to any Commission statement or guidance, including inter-*  
17      *pretive rules, general statements of policy, or rules of Com-*  
18      *mission organization, procedure, or practice, that has the*  
19      *effect of implementing, interpreting, or prescribing law or*  
20      *policy and that is voted on by the Commission.”.*

21      **SEC. 413. PROCESS FOR CLOSING INVESTIGATIONS.**

22      *(a) IN GENERAL.—Not later than 180 days after the*  
23      *date of the enactment of this Act, the Securities and Ex-*  
24      *change Commission shall establish a process for closing in-*  
25      *vestigations (including preliminary or informal investiga-*

1 tions) that is designed to ensure that the Commission, in  
2 a timely manner—

3           (1) makes a determination of whether or not to  
4 institute an administrative or judicial action in a  
5 matter or refer the matter to the Attorney General for  
6 potential criminal prosecution; and

7           (2) if the Commission determines not to institute  
8 such an action or refer the matter to the Attorney  
9 General, informs the persons who are the subject of  
10 the investigation that the investigation is closed.

11       (b) *RULE OF CONSTRUCTION.*—Nothing in this section  
12 shall be construed to affect the authority of the Commission  
13 to re-open an investigation if the Commission obtains new  
14 evidence after the investigation is closed, subject to any ap-  
15 plicable statute of limitations.

16 **SEC. 414. ENFORCEMENT OMBUDSMAN.**

17       (a) *IN GENERAL.*—Section 4 of the Securities Ex-  
18 change Act of 1934 (15 U.S.C. 78d), as amended by this  
19 Act, is further amended by adding at the end 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 adminis-  
5 trative or judicial action brought by the Com-  
6 mission in resolving problems that such persons  
7 may have with the Commission or the conduct of  
8 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 of  
14 the Enforcement Ombudsman under paragraph (2),  
15 the Enforcement Ombudsman shall utilize personnel  
16 of the Commission to the extent practicable. Nothing  
17 in this subsection shall be construed as replacing, al-  
18 tering, or diminishing the activities of any ombuds-  
19 man or similar office of any other agency.

20           “(4) *REPORT.*—The Enforcement Ombudsman  
21 shall submit to the Commission and to the Committee  
22 on Financial Services of the House of Representatives  
23 and the Committee on Banking, Housing, and Urban  
24 Affairs of the Senate an annual report that describes



1        *the activities and evaluates the effectiveness of the En-*  
2        *forcement Ombudsman during the preceding year.”.*

3        (b) *DEADLINE FOR INITIAL APPOINTMENT.*—*The Secu-*  
4        *rities and Exchange Commission shall appoint the initial*  
5        *Enforcement Ombudsman under subsection (i) of section 4*  
6        *of the Securities Exchange Act of 1934, as added by sub-*  
7        *section (a), not later than 180 days after the date of the*  
8        *enactment of this Act.*

9        **SEC. 415. PROCESS TO ENSURE ENFORCEMENT ACTIONS**  
10        **ARE WITHIN AUTHORITY OF COMMISSION.**

11        *Not later than 180 days after the date of the enactment*  
12        *of this Act, the Securities and Exchange Commission shall*  
13        *establish a process to ensure that administrative and judi-*  
14        *cial actions brought by the Commission under the securities*  
15        *laws (as defined in section 3(a) of the Securities Exchange*  
16        *Act of 1934 (15 U.S.C. 78c(a))) do not exceed the authority*  
17        *of the Commission under such laws and, in the case of ad-*  
18        *ministrative actions, are conducted consistently with sub-*  
19        *chapter II of chapter 5 of title 5, United States Code (com-*  
20        *monly referred to as the “Administrative Procedure Act”).*

21        **SEC. 416. PROCESS TO PERMIT RECIPIENT OF WELLS NOTI-**  
22        **FICATION TO APPEAR BEFORE COMMISSION**  
23        **STAFF IN-PERSON.**

24        (a) *IN GENERAL.*—*Not later than 180 days after the*  
25        *date of the enactment of this Act, the Securities and Ex-*

1 *change Commission shall establish a process under which,*  
2 *in any instance in which the Commission staff provides a*  
3 *written Wells notification to an individual informing the*  
4 *individual that the Commission staff has made a prelimi-*  
5 *nary determination to recommend that the Commission*  
6 *bring an administrative or judicial action against the indi-*  
7 *vidual, the individual shall have the right to make an in-*  
8 *person presentation before the Commission staff concerning*  
9 *such recommendation and to be represented by counsel at*  
10 *such presentation, at the individual's own expense.*

11       **(b) ATTENDANCE BY COMMISSIONERS.**—*Such process*  
12 *shall provide that each Commissioner of the Commission,*  
13 *or a designee of the Commissioner, may attend any such*  
14 *presentation.*

15       **(c) REPORT BY COMMISSION STAFF.**—*Such process*  
16 *shall provide that, before any Commission vote on whether*  
17 *to bring the administrative or judicial action against the*  
18 *individual, the Commission staff shall provide to each Com-*  
19 *missioner a written report on any such presentation, in-*  
20 *cluding any factual or legal arguments made by the indi-*  
21 *vidual and any supporting documents provided by the indi-*  
22 *vidual.*

23 **SEC. 417. PUBLICATION OF ENFORCEMENT MANUAL.**

24       **(a) IN GENERAL.**—*Not later than 1 year after the date*  
25 *of the enactment of this Act, the Securities and Exchange*

1 *Commission shall approve, by vote of the Commission, and*  
2 *publish an updated manual that sets forth the policies and*  
3 *practices that the Commission will follow in the enforce-*  
4 *ment of the securities laws (as defined in section 3(a) of*  
5 *the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))).*  
6 *Such manual shall include policies and practices required*  
7 *by this Act, and by the amendments made by this Act, and*  
8 *shall be developed so as to ensure transparency in such en-*  
9 *forcement and uniform application of such laws by the*  
10 *Commission.*

11 *(b) ENFORCEMENT PLAN AND REPORT.—Beginning on*  
12 *the date that is one year after the date of enactment of this*  
13 *Act, and each year thereafter, and the Securities and Ex-*  
14 *change Commission shall transmit to Congress and publish*  
15 *on its Internet website an annual enforcement plan and re-*  
16 *port that shall—*

17 *(1) detail the priorities of the Commission with*  
18 *regard to enforcement and examination activities for*  
19 *the forthcoming year;*

20 *(2) report on the Commission’s enforcement and*  
21 *examination activities for the previous year, includ-*  
22 *ing an assessment of how such activities comported*  
23 *with the priorities identified for that year pursuant*  
24 *to paragraph (1); and*

1           (3) provide an opportunity and mechanism for  
2           public comment.

3   **SEC. 418. PRIVATE PARTIES AUTHORIZED TO COMPEL THE**  
4                           **SECURITIES AND EXCHANGE COMMISSION TO**  
5                           **SEEK SANCTIONS BY FILING CIVIL ACTIONS.**

6           Title I of the Securities Exchange Act of 1934 (15  
7 U.S.C. 78a et seq.) is amended by adding at the end the  
8 following:

9   **“SEC. 41. PRIVATE PARTIES AUTHORIZED TO COMPEL THE**  
10                           **COMMISSION TO SEEK SANCTIONS BY FILING**  
11                           **CIVIL ACTIONS.**

12           “(a) *TERMINATION OF ADMINISTRATIVE PRO-*  
13 *CEEDING.*—In the case of any person who is a party to a  
14 proceeding brought by the Commission under a securities  
15 law, to which section 554 of title 5, United States Code,  
16 applies, and against whom an order imposing a cease and  
17 desist order and a penalty may be issued at the conclusion  
18 of the proceeding, that person may, not later than 20 days  
19 after receiving notice of such proceeding, and at that per-  
20 son’s discretion, require the Commission to terminate the  
21 proceeding.

22           “(b) *CIVIL ACTION AUTHORIZED.*—If a person re-  
23 quires the Commission to terminate a proceeding pursuant  
24 to subsection (a), the Commission may bring a civil action

1 *against that person for the same remedy that might be im-*  
2 *posed.*

3       “(c) *STANDARD OF PROOF IN ADMINISTRATIVE PRO-*  
4 *CEEDING.*—*Notwithstanding any other provision of law, in*  
5 *the case of a proceeding brought by the Commission under*  
6 *a securities law, to which section 554 of title 5, United*  
7 *States Code, applies, a legal or equitable remedy may be*  
8 *imposed on the person against whom the proceeding was*  
9 *brought only on a showing by the Commission of clear and*  
10 *convincing evidence that the person has violated the rel-*  
11 *evant provision of law.”.*

12 **SEC. 419. CERTAIN FINDINGS REQUIRED TO APPROVE CIVIL**  
13 **MONEY PENALTIES AGAINST ISSUERS.**

14       *The Securities Exchange Act of 1934 (15 U.S.C. 78a*  
15 *et seq.) is amended by inserting after section 4E the fol-*  
16 *lowing:*

17 **“SEC. 4F. CERTAIN FINDINGS REQUIRED TO APPROVE CIVIL**  
18 **MONEY PENALTIES AGAINST ISSUERS.**

19       *“The Commission may not seek against or impose on*  
20 *an issuer a civil money penalty for violation of the securi-*  
21 *ties laws unless the publicly available text of the order ap-*  
22 *proving the seeking or imposition of such penalty contains*  
23 *findings, supported by an analysis by the Division of Eco-*  
24 *nomics and Risk Analysis and certified by the Chief Econo-*  
25 *mist, of whether—*

1           “(1) the alleged violation resulted in direct eco-  
2           nomic benefit to the issuer; and

3           “(2) the penalty will harm the shareholders of  
4           the issuer.”.

5   **SEC. 420. REPEAL OF AUTHORITY OF THE COMMISSION TO**  
6                   **PROHIBIT PERSONS FROM SERVING AS OFFI-**  
7                   **CERS OR DIRECTORS.**

8           (a) UNDER SECURITIES ACT OF 1933.—Subsection (f)  
9           of section 8A of the Securities Act of 1933 (15 U.S.C. 77h–  
10          1) is repealed.

11          (b) UNDER SECURITIES EXCHANGE ACT OF 1934.—  
12          Subsection (f) of section 21C of the Securities Exchange Act  
13          of 1934 (15 U.S.C. 78u–3) is repealed.

14   **SEC. 421. SUBPOENA DURATION AND RENEWAL.**

15          Section 21(b) of the Securities Exchange Act of 1934  
16          (15 U.S.C. 78u(b)) is amended—

17                 (1) by inserting “SUBPOENA.—”after the enu-  
18                 merator;

19                 (2) by striking “For the purpose of” and insert-  
20                 ing the following:

21                         “(1) IN GENERAL.—For the purpose of”; and

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

23                         “(2) OMNIBUS ORDERS OF INVESTIGATION.—

24                                 “(A) DURATION AND RENEWAL.—An omni-  
25                                 bus order of investigation shall not be for an in-

1           *definite duration and may be renewed only by*  
2           *Commission action.*

3           “(B) *DEFINITION.*—*In paragraph (A), the*  
4           *term ‘omnibus order of investigation’ means an*  
5           *order of the Commission authorizing 1 of more*  
6           *members of the Commission or its staff to issue*  
7           *subpoenas under paragraph (1) to multiple per-*  
8           *sons in relation to a particular subject matter*  
9           *area.’.*”

10 **SEC. 422. ELIMINATION OF AUTOMATIC DISQUALIFICA-**  
11           **TIONS.**

12           *The Securities Exchange Act of 1934 (15 U.S.C. 78a*  
13 *et seq.), as amended by this Act, is further amended by in-*  
14 *serting after section 4F the following:*

15 **“SEC. 4G. ELIMINATION OF AUTOMATIC DISQUALIFICA-**  
16           **TIONS.**

17           “(a) *IN GENERAL.*—*Notwithstanding any other provi-*  
18 *sion of law, a non-natural person may not be disqualified*  
19 *or otherwise made ineligible to use an exemption or reg-*  
20 *istration provision, engage in an activity, or qualify for*  
21 *any similar treatment under a provision of the securities*  
22 *laws or the rules issued by the Commission under the securi-*  
23 *ties laws by reason of having, or a person described in sub-*  
24 *section (b) having, been convicted of any felony or mis-*  
25 *demeanor or made the subject of any judicial or adminis-*

1 *trative order, judgment, or decree arising out of a govern-*  
2 *mental action (including an order, judgment, or decree*  
3 *agreed to in a settlement), or having, or a person described*  
4 *in subsection (b) having, been suspended or expelled from*  
5 *membership in, or suspended or barred from association*  
6 *with a member of, a registered national securities exchange*  
7 *or a registered national or affiliated securities association*  
8 *for any act or omission to act constituting conduct incon-*  
9 *sistent with just and equitable principles of trade, unless*  
10 *the Commission, by order, on the record after notice and*  
11 *an opportunity for hearing, makes a determination that*  
12 *such non-natural person should be so disqualified or other-*  
13 *wise made ineligible for purposes of such provision.*

14       “(b) *PERSON DESCRIBED.*—A person is described in  
15 *this subsection if the person is—*

16               “(1) *a natural person who is a director, officer,*  
17 *employee, partner, member, or shareholder of the non-*  
18 *natural person referred to in subsection (a) or is oth-*  
19 *erwise associated or affiliated with such non-natural*  
20 *person in any way; or*

21               “(2) *a non-natural person who is associated or*  
22 *affiliated with the non-natural person referred to in*  
23 *subsection (a) in any way.*

24       “(c) *RULE OF CONSTRUCTION.*—Nothing in this sec-  
25 *tion shall be construed to limit any authority of the Com-*



1 mission, by order, on the record after notice and an oppor-  
2 tunity for hearing, to prohibit a person from using an ex-  
3 emption or registration provision, engaging in an activity,  
4 or qualifying for any similar treatment under a provision  
5 of the securities laws, or the rules issued by the Commission  
6 under the securities laws, by reason of a circumstance re-  
7 ferred to in subsection (a) or any similar circumstance.”.

8 **SEC. 423. CONFIDENTIALITY OF RECORDS OBTAINED FROM**  
9 **FOREIGN SECURITIES AND LAW ENFORCE-**  
10 **MENT AUTHORITIES.**

11 Section 24(d) of the Securities Exchange Act of 1934  
12 (15 U.S.C. 78x(d)) is amended to read as follows:

13 “(d) RECORDS OBTAINED FROM FOREIGN SECURITIES  
14 AND LAW ENFORCEMENT AUTHORITIES.—Except as pro-  
15 vided in subsection (g), the Commission shall not be com-  
16 pelled to disclose records obtained from a foreign securities  
17 authority, or from a foreign law enforcement authority as  
18 defined in subsection (f)(4), if—

19 “(1) the foreign securities authority or foreign  
20 law enforcement authority has in good faith deter-  
21 mined and represented to the Commission that the  
22 records are confidential under the laws of the country  
23 of such authority; and

24 “(2) the Commission obtains such records pursu-  
25 ant to—

1           “(A) such procedure as the Commission  
2           may authorize for use in connection with the ad-  
3           ministration or enforcement of the securities  
4           laws; or

5           “(B) a memorandum of understanding.

6           For purposes of section 552 of title 5, United States Code,  
7           this subsection shall be considered a statute described in  
8           subsection (b)(3)(B) of such section 552.”.

9   **SEC. 424. CLARIFICATION OF AUTHORITY TO IMPOSE SANC-**  
10                   **TIONS ON PERSONS ASSOCIATED WITH A**  
11                   **BROKER OR DEALER.**

12           Section 15(b)(6)(A)(i) of the Securities Exchange Act  
13           of 1934 (15 U.S.C. 78o(b)(6)(A)(i)) is amended by striking  
14           “enumerated” and all that follows and inserting “enumer-  
15           ated in subparagraph (A), (D), (E), (G), or (H) of para-  
16           graph (4) of this subsection;”.

17   **SEC. 425. CONGRESSIONAL ACCESS TO INFORMATION HELD**  
18                   **BY THE PUBLIC COMPANY ACCOUNTING**  
19                   **OVERSIGHT BOARD.**

20           Section 105(b)(5) of the Sarbanes-Oxley Act of 2002  
21           (15 U.S.C. 7215(b)(5)) is amended—

22           (1) in subparagraph (A), by striking “subpara-  
23           graphs (B) and (C)” and inserting “subparagraphs  
24           (B), (C) and (D)”; and

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

1           “(D) *AVAILABILITY TO THE CONGRESSIONAL*  
2           *COMMITTEES.—The Board shall make available*  
3           *to the Committees specified under section*  
4           *101(h)—*

5                   “(i) *such information as the Commit-*  
6                   *tees shall request; and*

7                   “(ii) *with respect to any confidential*  
8                   *or privileged information provided in re-*  
9                   *sponse to a request under clause (i), includ-*  
10                   *ing any information subject to section*  
11                   *104(g) and subparagraph (A), or any con-*  
12                   *fidential or privileged information provided*  
13                   *orally in response to such a request, such*  
14                   *information shall maintain the protections*  
15                   *provided in subparagraph (A), and shall re-*  
16                   *tain its confidential and privileged status*  
17                   *in the hands of the Board and the Commit-*  
18                   *tees.”.*

19   **SEC. 426. REPEAL OF REQUIREMENT FOR PUBLIC COMPANY**  
20                   **ACCOUNTING OVERSIGHT BOARD TO USE**  
21                   **CERTAIN FUNDS FOR MERIT SCHOLARSHIP**  
22                   **PROGRAM.**

23           (a) *IN GENERAL.—Section 109(c) of the Sarbanes-*  
24           *Oxley Act of 2002 (15 U.S.C. 7219(c)) is amended by strik-*  
25           *ing paragraph (2).*

1       (b) *CONFORMING AMENDMENTS.*—Section 109 of the  
2 *Sarbanes-Oxley Act of 2002 (15 U.S.C. 7219)* is amended—

3           (1) *in subsection (c), by striking “USES OF*  
4 *FUNDS” and all that follows through “The budget”*  
5 *and inserting “USES OF FUNDS.—The budget”; and*

6           (2) *in subsection (f), by striking “subsection*  
7 *(c)(1)” and inserting “subsection (c)”.*

8 **SEC. 427. REALLOCATION OF FINES FOR VIOLATIONS OF**  
9                           **RULES OF MUNICIPAL SECURITIES RULE-**  
10                           **MAKING BOARD.**

11       (a) *IN GENERAL.*—Section 15B(c)(9) of the *Securities*  
12 *Exchange Act of 1934 (15 U.S.C. 78o–4(c)(9))* is amended  
13 *to read as follows:*

14       “(9) *Fines collected for violations of the rules of the*  
15 *Board shall be deposited and credited as general revenue*  
16 *of the Treasury, except as otherwise provided in section 308*  
17 *of the Sarbanes-Oxley Act of 2002 or section 21F of this*  
18 *title.”.*

19       (b) *EFFECTIVE DATE.*—*The amendment made by sub-*  
20 *section (a) shall apply to fines collected after the date of*  
21 *enactment of this Act.*

1 ***Subtitle B—Eliminating Excessive***  
2 ***Government Intrusion in the***  
3 ***Capital Markets***

4 ***SEC. 441. REPEAL OF DEPARTMENT OF LABOR FIDUCIARY***  
5 ***RULE AND REQUIREMENTS PRIOR TO RULE-***  
6 ***MAKING RELATING TO STANDARDS OF CON-***  
7 ***DUCT FOR BROKERS AND DEALERS.***

8 (a) *REPEAL OF DEPARTMENT OF LABOR FIDUCIARY*  
9 *RULE.—The final rule of the Department of Labor titled*  
10 *“Definition of the Term ‘Fiduciary’; Conflict of Interest*  
11 *Rule—Retirement Investment Advice” and related prohib-*  
12 *ited transaction exemptions published April 8, 2016 (81*  
13 *Fed. Reg. 20946) shall have no force or effect.*

14 (b) *STAY ON RULES DEFINING CERTAIN FIDU-*  
15 *CIARIES.—After the date of enactment of this Act, the Sec-*  
16 *retary of Labor shall not prescribe any regulation under*  
17 *the Employee Retirement Income Security Act of 1974 (29*  
18 *U.S.C. 1001 et seq.) defining the circumstances under which*  
19 *an individual is considered a fiduciary until the date that*  
20 *is 60 days after the Securities and Exchange Commission*  
21 *issues a final rule relating to standards of conduct for bro-*  
22 *kers and dealers pursuant to the second subsection (k) of*  
23 *section 15 of the Securities Exchange Act of 1934 (15 U.S.C.*  
24 *780(k))*

1           (c) *REQUIREMENTS PRIOR TO RULEMAKING RELATING*  
2 *TO STANDARDS OF CONDUCT FOR BROKERS AND DEAL-*  
3 *ERS.*—*The second subsection (k) of section 15 of the Securi-*  
4 *ties Exchange Act of 1934 (15 U.S.C. 78o(k)), as added by*  
5 *section 913(g)(1) of the Dodd-Frank Wall Street Reform*  
6 *and Consumer Protection Act (12 U.S.C. 5301 et seq.), is*  
7 *amended by adding at the end the following:*

8           “(3) *REQUIREMENTS PRIOR TO RULEMAKING.*—  
9           *The Commission shall not promulgate a rule pursu-*  
10 *ant to paragraph (1) before providing a report to the*  
11 *Committee on Financial Services of the House of Rep-*  
12 *resentatives and the Committee on Banking, Housing,*  
13 *and Urban Affairs of the Senate describing whether—*

14           “(A) *retail investors (and such other cus-*  
15 *tomers as the Commission may provide) are*  
16 *being harmed due to brokers or dealers operating*  
17 *under different standards of conduct than those*  
18 *that apply to investment advisors under section*  
19 *211 of the Investment Advisers Act of 1940 (15*  
20 *U.S.C. 80b–11);*

21           “(B) *alternative remedies will reduce any*  
22 *confusion or harm to retail investors due to bro-*  
23 *kers or dealers operating under different stand-*  
24 *ards of conduct than those standards that apply*  
25 *to investment advisors under section 211 of the*

1           *Investment Advisers Act of 1940 (15 U.S.C. 80b–*  
2           *11), including—*

3                     *“(i) simplifying the titles used by bro-*  
4                     *kers, dealers, and investment advisers; and*

5                     *“(ii) enhancing disclosure surrounding*  
6                     *the different standards of conduct currently*  
7                     *applicable to brokers, dealers, and invest-*  
8                     *ment advisers;*

9                     *“(C) the adoption of a uniform fiduciary*  
10                    *standard of conduct for brokers, dealers, and in-*  
11                    *vestment advisors would adversely impact the*  
12                    *commissions of brokers and dealers, the avail-*  
13                    *ability of proprietary products offered by brokers*  
14                    *and dealers, and the ability of brokers and deal-*  
15                    *ers to engage in principal transactions with cus-*  
16                    *tomers; and*

17                    *“(D) the adoption of a uniform fiduciary*  
18                    *standard of conduct for brokers or dealers and*  
19                    *investment advisors would adversely impact re-*  
20                    *tail investor access to personalized and cost-effec-*  
21                    *tive investment advice, recommendations about*  
22                    *securities, or the availability of such advice and*  
23                    *recommendations.*

1           “(4) *ECONOMIC ANALYSIS.*—*The Commission’s*  
2           *conclusions contained in the report described in para-*  
3           *graph (3) shall be supported by economic analysis.*

4           “(5) *REQUIREMENTS FOR PROMULGATING A*  
5           *RULE.*—*The Commission shall publish in the Federal*  
6           *Register alongside the rule promulgated pursuant to*  
7           *paragraph (1) formal findings that such rule would*  
8           *reduce confusion or harm to retail customers (and*  
9           *such other customers as the Commission may by rule*  
10           *provide) due to different standards of conduct appli-*  
11           *cable to brokers, dealers, and investment advisors.*

12           “(6) *REQUIREMENTS UNDER INVESTMENT ADVIS-*  
13           *ERS ACT OF 1940.*—*In proposing rules under para-*  
14           *graph (1) for brokers or dealers, the Commission shall*  
15           *consider the differences in the registration, super-*  
16           *vision, and examination requirements applicable to*  
17           *brokers, dealers, and investment advisors.”.*

18 **SEC. 442. EXEMPTION FROM RISK RETENTION REQUIRE-**  
19           **MENTS FOR NONRESIDENTIAL MORTGAGE.**

20           (a) *IN GENERAL.*—*Section 15G of the Securities Ex-*  
21           *change Act of 1934 (15 U.S.C. 78o–11) is amended—*

22                   (1) *in subsection (a)—*

23                           (A) *in paragraph (3)(B), by striking “and”*  
24                           *at the end;*



1                   (B) in paragraph (4)(B), by striking the pe-  
2                   riod and inserting “; and”; and

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

4                   “(5) the term ‘asset-backed security’ refers only  
5                   to an asset-backed security that is comprised wholly  
6                   of residential mortgages.”;

7                   (2) in subsection (b)—

8                   (A) by striking paragraph (1); and

9                   (B) by striking “(2) RESIDENTIAL MORT-  
10                  GAGES.—”;

11                  (3) by striking subsection (h) and redesignating  
12                  subsection (i) as subsection (h); and

13                  (4) in subsection (h) (as so redesignated)—

14                  (A) by striking “effective—” and all that  
15                  follows through “(1) with respect to” and insert-  
16                  ing “effective with respect to”;

17                  (B) in paragraph (1), by striking “; and”  
18                  and inserting a period; and

19                  (C) by striking paragraph (2).

20                  (b) CONFORMING AMENDMENT.—Section 941 of the  
21                  Dodd-Frank Wall Street Reform and Consumer Protection  
22                  Act is amended by striking subsection (c).”.

1 **SEC. 443. FREQUENCY OF SHAREHOLDER APPROVAL OF EX-**  
2 **ECUTIVE COMPENSATION.**

3 *Section 14A(a) of the Securities Exchange Act of 1934*  
4 *(15 U.S.C. 78n-1(a)) is amended—*

5 *(1) in paragraph (1), by striking “Not less fre-*  
6 *quently than once every 3 years” and inserting “Each*  
7 *year in which there has been a material change to the*  
8 *compensation of executives of an issuer from the pre-*  
9 *vious year”; and*

10 *(2) by striking paragraph (2) and redesignating*  
11 *paragraph (3) as paragraph (2).*

12 **SEC. 444. REQUIREMENT FOR MUNICIPAL ADVISOR FOR**  
13 **ISSUERS OF MUNICIPAL SECURITIES.**

14 *Section 15B(d) of the Securities Exchange Act of 1934*  
15 *(15 U.S.C. 78o-4(d)) is amended by adding at the end the*  
16 *following:*

17 *“(3) An issuer of municipal securities shall not be re-*  
18 *quired to retain a municipal advisor prior to issuing any*  
19 *such securities.”.*

20 **SEC. 445. SMALL ISSUER EXEMPTION FROM INTERNAL CON-**  
21 **TROL EVALUATION.**

22 *Section 404(c) of the Sarbanes-Oxley Act of 2002 (15*  
23 *U.S.C. 7262(c)) is amended to read as follows:*

24 *“(c) EXEMPTION FOR SMALLER ISSUERS.—Subsection*  
25 *(b) shall not apply with respect to any audit report pre-*  
26 *pared for an issuer that has total market capitalization of*

1 *less than \$250,000,000, nor to any issuer that is a deposi-*  
2 *tory institution with assets of less than \$1,000,000,000.”.*

3 **SEC. 446. EXEMPTIVE AUTHORITY FOR CERTAIN PROVI-**  
4 **SIONS RELATING TO REGISTRATION OF NA-**  
5 **TIONALLY RECOGNIZED STATISTICAL RATING**  
6 **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 motion,*  
12 *or by order upon application, may conditionally or uncon-*  
13 *ditionally exempt any person from any provision or provi-*  
14 *sions of this title or of any rule or regulation thereunder,*  
15 *if and to the extent it determines that such rule, regulation,*  
16 *or requirement is creating a barrier to entry into the mar-*  
17 *ket for nationally recognized statistical rating organiza-*  
18 *tions or impeding competition among such organizations,*  
19 *or that such an exemption is necessary or appropriate in*  
20 *the public interest and is consistent with the protection of*  
21 *investors.”.*

22 **SEC. 447. RESTRICTION ON RECOVERY OF ERRONEOUSLY**  
23 **AWARDED COMPENSATION.**

24 *Section 10D(b)(2) of the Securities Exchange Act of*  
25 *1934 (15 U.S.C. 78j-4(b)(2)) is amended by inserting before*

1 *the period the following: “, where such executive officer had*  
 2 *control or authority over the financial reporting that re-*  
 3 *sulted in the accounting restatement”.*

4 **SEC. 448. RISK-BASED EXAMINATIONS OF NATIONALLY REC-**  
 5 **OGNIZED STATISTICAL RATING ORGANIZA-**  
 6 **TIONS.**

7 *Section 15E(p)(3)(B) of the Securities Exchange Act*  
 8 *of 1934 (15 U.S.C. 78o–7(p)(3)(B)) is amended in the mat-*  
 9 *ter preceding clause (i), by inserting “, as appropriate,”*  
 10 *after “Each examination under subparagraph (A) shall in-*  
 11 *clude”.*

12 **SEC. 449. REPEALS.**

13 *(a) REPEALS.—The following provisions of title IX of*  
 14 *the Dodd-Frank Wall Street Reform and Consumer Protec-*  
 15 *tion Act are repealed, and the provisions of law amended*  
 16 *or repealed by such sections are restored or revived as if*  
 17 *such sections had not been enacted:*

18 *(1) Section 912.*

19 *(2) Section 914.*

20 *(3) Section 917.*

21 *(4) Section 918.*

22 *(5) Section 919A.*

23 *(6) Section 919B.*

24 *(7) Section 919C.*

25 *(8) Section 921.*

- 1           (9) *Section 929T.*
- 2           (10) *Section 929X.*
- 3           (11) *Section 929Y.*
- 4           (12) *Section 929Z.*
- 5           (13) *Section 931.*
- 6           (14) *Section 933.*
- 7           (15) *Section 937.*
- 8           (16) *Section 939B.*
- 9           (17) *Section 939C.*
- 10          (18) *Section 939D.*
- 11          (19) *Section 939E.*
- 12          (20) *Section 939F.*
- 13          (21) *Section 939G.*
- 14          (22) *Section 939H.*
- 15          (23) *Section 946.*
- 16          (24) *Subsection (b) of section 953.*
- 17          (25) *Section 955.*
- 18          (26) *Section 956.*
- 19          (27) *Section 964.*
- 20          (28) *Section 965.*
- 21          (29) *Section 968.*
- 22          (30) *Section 971.*
- 23          (31) *Section 972.*
- 24          (32) *Section 976.*
- 25          (33) *Section 977.*

1           (34) *Section 978.*

2           (35) *Section 984.*

3           (36) *Section 989.*

4           (37) *Section 989A.*

5           (38) *Section 989F.*

6           (39) *Subsection (b) of section 989G.*

7           (40) *Section 989I.*

8           (b) *CONFORMING AMENDMENTS.—The Dodd-Frank*  
 9 *Wall Street Reform and Consumer Protection Act (12*  
 10 *U.S.C. 5301) is amended—*

11           (1) *in the table of contents in section 1(b), by*  
 12 *striking the items relating to the sections described*  
 13 *under paragraphs (1) through (23), (25) through (38),*  
 14 *and (40) of subsection (a);*

15           (2) *in section 953, by striking “(a) DISCLOSURE*  
 16 *OF PAY VERSUS PERFORMANCE.—”; and*

17           (3) *in section 989G, by striking “(a) EXEMP-*  
 18 *TION.—”.*

19 **SEC. 450. EXEMPTION OF AND REPORTING BY PRIVATE EQ-**  
 20 **UITY FUND ADVISERS.**

21           *Section 203 of the Investment Advisers Act of 1940 (15*  
 22 *U.S.C. 80b–3) is amended by adding at the end the fol-*  
 23 *lowing:*

24           “(o) **EXEMPTION OF AND REPORTING BY PRIVATE EQ-**  
 25 **UITY FUND ADVISERS.—**

1           “(1) *IN GENERAL.*—*Except as provided in this*  
2           *subsection, no investment adviser shall be subject to*  
3           *the registration or reporting requirements of this title*  
4           *with respect to the provision of investment advice re-*  
5           *lating to a private equity fund.*

6           “(2) *MAINTENANCE OF RECORDS AND ACCESS BY*  
7           *COMMISSION.*—*Not later than 6 months after the date*  
8           *of enactment of this subsection, the Commission shall*  
9           *issue final rules—*

10                   “(A) *to require investment advisers de-*  
11                   *scribed in paragraph (1) to maintain such*  
12                   *records and provide to the Commission such an-*  
13                   *ual or other reports as the Commission, taking*  
14                   *into account fund size, governance, investment*  
15                   *strategy, risk, and other factors, determines nec-*  
16                   *essary and appropriate in the public interest*  
17                   *and for the protection of investors; and*

18                   “(B) *to define the term ‘private equity fund’*  
19                   *for purposes of this subsection.”.*

20   **SEC. 451. RECORDS AND REPORTS OF PRIVATE FUNDS.**

21           *The Investment Advisers Act of 1940 (15 U.S.C. 80b–*  
22   *1 et seq.) is amended—*

23                   (1) *in section 204(b)—*

24                           (A) *in paragraph (1)—*

- 1                   (i) in subparagraph (A), by striking  
2                   “investors,” and all that follows and insert-  
3                   ing “investors.”;
- 4                   (ii) by striking subparagraph (B); and
- 5                   (iii) by striking “this title—” and all  
6                   that follows through “to maintain” and in-  
7                   serting “this title to maintain”;
- 8                   (B) in paragraph (3)(H)—
- 9                   (i) by striking “, in consultation with  
10                  the Council,”; and
- 11                  (ii) by striking “or for the assessment  
12                  of systemic risk”;
- 13                  (C) in paragraph (4), by striking “, or for  
14                  the assessment of systemic risk”;
- 15                  (D) in paragraph (5), by striking “or for  
16                  the assessment of systemic risk”;
- 17                  (E) in paragraph (6)(A)(ii), by striking “,  
18                  or for the assessment of systemic risk”;
- 19                  (F) by striking paragraph (7) and redesign-  
20                  ating paragraphs (8) through (11) as para-  
21                  graphs (7) through (10), respectively; and
- 22                  (G) in paragraph (8) (as so redesignated),  
23                  by striking “paragraph (8)” and inserting  
24                  “paragraph (7)”;
- 25                  (2) in section 211(e)—



1           (A) by striking “after consultation with the  
2           Council but”; and

3           (B) by striking “subsection 204(b)” and in-  
4           serting “section 204(b)”.

5 **SEC. 452. DEFINITION OF ACCREDITED INVESTOR.**

6           (a) *IN GENERAL.*—Section 2(a)(15) of the Securities  
7 *Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—*

8           (1) by redesignating clauses (i) and (ii) as sub-  
9           paragraphs (A) and (F), respectively; and

10           (2) in subparagraph (A) (as so redesignated), by  
11           striking “; or” at the end and inserting a semicolon,  
12           and inserting after such subparagraph the following:

13           “(B) any natural person whose individual  
14           net worth, or joint net worth with that person’s  
15           spouse, exceeds \$1,000,000 (which amount, along  
16           with the amounts set forth in subparagraph (C),  
17           shall be adjusted for inflation by the Commission  
18           every 5 years to the nearest \$10,000 to reflect the  
19           change in the Consumer Price Index for All  
20           Urban Consumers published by the Bureau of  
21           Labor Statistics) where, for purposes of calcu-  
22           lating net worth under this subparagraph—

23           “(i) the person’s primary residence  
24           shall not be included as an asset;

1           “(ii) indebtedness that is secured by  
2           the person’s primary residence, up to the es-  
3           timated fair market value of the primary  
4           residence at the time of the sale of securities,  
5           shall not be included as a liability (except  
6           that if the amount of such indebtedness out-  
7           standing at the time of sale of securities ex-  
8           ceeds the amount outstanding 60 days be-  
9           fore such time, other than as a result of the  
10          acquisition of the primary residence, the  
11          amount of such excess shall be included as  
12          a liability); and

13           “(iii) indebtedness that is secured by  
14          the person’s primary residence in excess of  
15          the estimated fair market value of the pri-  
16          mary residence at the time of the sale of se-  
17          curities shall be included as a liability;

18           “(C) any natural person who had an indi-  
19          vidual income in excess of \$200,000 in each of  
20          the 2 most recent years or joint income with that  
21          person’s spouse in excess of \$300,000 in each of  
22          those years and has a reasonable expectation of  
23          reaching the same income level in the current  
24          year;

1           “(D) any natural person who is currently  
2 licensed or registered as a broker or investment  
3 adviser by the Commission, the Financial Indus-  
4 try Regulatory Authority, or an equivalent self-  
5 regulatory organization (as defined in section  
6 3(a)(26) of the Securities Exchange Act of 1934),  
7 or the securities division of a State or the equiv-  
8 alent State division responsible for licensing or  
9 registration of individuals in connection with se-  
10 curities activities;

11           “(E) any natural person the Commission  
12 determines, by regulation, to have demonstrable  
13 education or job experience to qualify such per-  
14 son as having professional knowledge of a subject  
15 related to a particular investment, and whose  
16 education or job experience is verified by the Fi-  
17 nancial Industry Regulatory Authority or an  
18 equivalent self-regulatory organization (as de-  
19 fined in section 3(a)(26) of the Securities Ex-  
20 change Act of 1934); or”.

21 (b) REPEAL.—

22           (1) IN GENERAL.—Section 413 of the Dodd-  
23 Frank Wall Street Reform and Consumer Protection  
24 Act (Public Law 111–203) is hereby repealed.

1           (2) *CLERICAL AMENDMENT.*—*The table of con-*  
2           *tents in section 1(b) of the Dodd-Frank Wall Street*  
3           *Reform and Consumer Protection Act is amended by*  
4           *striking the items relating to section 413.*

5   **SEC. 453. REPEAL OF CERTAIN PROVISIONS REQUIRING A**  
6                                   **STUDY AND REPORT TO CONGRESS.**

7           (a) *REPEAL.*—*The following provisions of the Dodd-*  
8           *Frank Wall Street Reform and Consumer Protection Act*  
9           *are repealed:*

10                   (1) *Section 412.*

11                   (2) *Section 415.*

12                   (3) *Section 416.*

13                   (4) *Section 417.*

14           (b) *CLERICAL AMENDMENT.*—*The table of contents in*  
15           *section 1(b) of the Dodd-Frank Wall Street Reform and*  
16           *Consumer Protection Act is amended by striking the items*  
17           *relating to sections 412, 415, 416, and 417.*

18   **SEC. 454. TECHNICAL CORRECTION.**

19           *Section 224 of the Investment Advisers Act of 1940 (15*  
20           *U.S.C. 80b–18c) is amended by striking “COMMODITIES”*  
21           *and inserting “COMMODITY”.*

22   **SEC. 455. REPEAL.**

23           (a) *REPEAL.*—*The following sections of title XV of the*  
24           *Dodd-Frank Wall Street Reform and Consumer Protection*  
25           *Act are repealed, and the provisions of law amended or re-*

1 *pealed by such sections are restored or revived as if such*  
 2 *sections had not been enacted:*

3 (1) *Section 1502.*

4 (2) *Section 1503.*

5 (3) *Section 1504.*

6 (4) *Section 1505.*

7 (5) *Section 1506.*

8 (b) *CLERICAL AMENDMENT.—The table of contents in*  
 9 *section 1(b) of the Dodd-Frank Wall Street Reform and*  
 10 *Consumer Protection Act is amended by striking the items*  
 11 *relating to sections 1502, 1503, 1504, 1505, and 1506.*

12 ***Subtitle C—Commodity Futures***  
 13 ***Trading Commission Reforms***

14 ***SEC. 461. DIVISION DIRECTORS.***

15 *Section 2(a)(6)(C) of the Commodity Exchange Act (7*  
 16 *U.S.C. 2(a)(6)(C)) is amended by inserting “, and the heads*  
 17 *of the units shall serve at the pleasure of the Commission”*  
 18 *before the period.*

19 ***SEC. 462. PROCEDURES GOVERNING ACTIONS TAKEN BY***  
 20 ***COMMISSION STAFF.***

21 *Section 2(a)(12) of the Commodity Exchange Act (7*  
 22 *U.S.C. 2(a)(12)) is amended—*

23 (1) *by striking “(12) The” and inserting the fol-*  
 24 *lowing:*

25 *“(12) RULES AND REGULATIONS.—*

1           “(A) *IN GENERAL.*—Subject to the other  
2           provisions of this paragraph, the”;

3           (2) by adding after and below the end the fol-  
4           lowing new subparagraph:

5           “(B) *NOTICE TO COMMISSIONERS.*—The  
6           Commission shall develop and publish internal  
7           procedures governing the issuance by any divi-  
8           sion or office of the Commission of any response  
9           to a formal, written request or petition from any  
10          member of the public for an exemptive, a no-ac-  
11          tion, or an interpretive letter and such proce-  
12          dures shall provide that the commissioners be  
13          provided with the final version of the matter to  
14          be issued with sufficient notice to review the  
15          matter prior to its issuance.”.

16 **SEC. 463. STRATEGIC TECHNOLOGY PLAN.**

17          Section 2(a) of the Commodity Exchange Act (7 U.S.C.  
18          2(a)), is amended by adding at the end the following:

19                 “(16) *STRATEGIC TECHNOLOGY PLAN.*—

20                 “(A) *IN GENERAL.*—Every 5 years, the  
21                 Commission shall develop and submit to the  
22                 Committee on Agriculture of the House of Rep-  
23                 resentatives and the Committee on Agriculture,  
24                 Nutrition, and Forestry of the Senate a detailed

1           *plan focused on the acquisition and use of tech-*  
2           *nology by the Commission.*

3           “(B) CONTENTS.—*The plan shall—*

4                   “(i) *include for each related division or*  
5                   *office a detailed technology strategy focused*  
6                   *on market surveillance and risk detection,*  
7                   *market data collection, aggregation, inter-*  
8                   *pretation, standardization, harmonization,*  
9                   *normalization, validation, streamlining or*  
10                   *other data analytic processes, and internal*  
11                   *management and protection of data col-*  
12                   *lected by the Commission, including a de-*  
13                   *tailed accounting of how the funds provided*  
14                   *for technology will be used and the prior-*  
15                   *ities that will apply in the use of the funds;*

16                   “(ii) *set forth annual goals to be ac-*  
17                   *complished and annual budgets needed to*  
18                   *accomplish the goals; and*

19                   “(iii) *include a summary of any plan*  
20                   *of action and milestones to address any*  
21                   *known information security vulnerability,*  
22                   *as identified pursuant to a widely accepted*  
23                   *industry or Government standard, includ-*  
24                   *ing—*

1                   “(I) *specific information about*  
2                   *the industry or Government standard*  
3                   *used to identify the known information*  
4                   *security vulnerability;*

5                   “(II) *a detailed time line with*  
6                   *specific deadlines for addressing the*  
7                   *known information security vulner-*  
8                   *ability; and*

9                   “(III) *an update of any such time*  
10                  *line and the rationale for any devi-*  
11                  *ation from the time line.”.*

12 **SEC. 464. INTERNAL RISK CONTROLS.**

13           (a) *IN GENERAL.*—Section 2(a)(12) of the *Commodity*  
14 *Exchange Act (7 U.S.C. 2(a)(12)), as amended by section*  
15 *462, is further amended by adding at the end the following:*

16                   “(C) *INTERNAL RISK CONTROLS.*—*The Com-*  
17                   *mission, in consultation with the Chief Econo-*  
18                   *mist, shall develop comprehensive internal risk*  
19                   *control mechanisms to safeguard and govern the*  
20                   *storage of all market data by the Commission,*  
21                   *all market data sharing agreements of the Com-*  
22                   *mission, and all academic research performed at*  
23                   *the Commission using market data.”.*

24           (b) *DEFINITION OF CHIEF ECONOMIST.*—Section 1a of  
25 *the Commodity Exchange Act (7 U.S.C. 1a) is amended—*



1           (1) by redesignating paragraphs (8) through (51)  
2 as paragraphs (9) through (52); and

3           (2) by inserting after paragraph (7) the fol-  
4 lowing:

5           “(8) *CHIEF ECONOMIST.*—The term ‘Chief Econ-  
6 omist’ means the Chief Economist of the Commission,  
7 or an employee of the Commission with comparable  
8 authority, as determined by the Commission.”.

9 **SEC. 465. SUBPOENA DURATION AND RENEWAL.**

10       Section 6(c)(5) of the Commodity Exchange Act (7  
11 U.S.C. 9(5)) is amended—

12           (1) by striking “For the purpose of securing”  
13 and inserting the following:

14           “(A) *IN GENERAL.*—For the purpose of se-  
15 curing”; and

16           (2) by adding after and below the end the fol-  
17 lowing:

18           “(B) *OMNIBUS ORDERS OF INVESTIGA-*  
19 *TION.*—

20           “(i) *DURATION AND RENEWAL.*—An  
21 omnibus order of investigation shall not be  
22 for an indefinite duration and may be re-  
23 newed only by Commission action.

24           “(ii) *DEFINITION.*—In clause (i), the  
25 term ‘omnibus order of investigation’ means

1            *an order of the Commission authorizing 1 of*  
2            *more members of the Commission or its staff*  
3            *to issue subpoenas under subparagraph (A)*  
4            *to multiple persons in relation to a par-*  
5            *ticular subject matter area.”.*

6    **SEC. 466. APPLICABILITY OF NOTICE AND COMMENT RE-**  
7            **QUIREMENTS OF THE ADMINISTRATIVE PRO-**  
8            **CEDURE ACT TO GUIDANCE VOTED ON BY**  
9            **THE COMMISSION.**

10        *Section 2(a)(12) of the Commodity Exchange Act (7*  
11        *U.S.C. 2(a)(12)), as amended by section 464, is further*  
12        *amended by adding at the end the following:*

13            *“(D) APPLICABILITY OF NOTICE AND COM-*  
14            *MENT RULES TO GUIDANCE VOTED ON BY THE*  
15            *COMMISSION.—The notice and comment require-*  
16            *ments of section 553 of title 5, United States*  
17            *Code, shall also apply with respect to any Com-*  
18            *mission statement or guidance, including inter-*  
19            *pretive rules, general statements of policy, or*  
20            *rules of Commission organization, procedure, or*  
21            *practice, that has the effect of implementing, in-*  
22            *terpreting or prescribing law or policy and that*  
23            *is voted on by the Commission.”.*

1 **SEC. 467. JUDICIAL REVIEW OF COMMISSION RULES.**

2       *The Commodity Exchange Act (7 U.S.C. 1 et seq.) is*  
3 *amended by adding at the end the following:*

4 **“SEC. 24. JUDICIAL REVIEW OF COMMISSION RULES.**

5       “(a) *A person adversely affected by a rule of the Com-*  
6 *mission promulgated under this Act may obtain review of*  
7 *the rule in the United States Court of Appeals for the Dis-*  
8 *trict of Columbia Circuit or the United States Court of Ap-*  
9 *peals for the circuit where the party resides or has the prin-*  
10 *cipal place of business, by filing in the court, within 60*  
11 *days after publication in the Federal Register of the entry*  
12 *of the rule, a written petition requesting that the rule be*  
13 *set aside.*

14       “(b) *A copy of the petition shall be transmitted forth-*  
15 *with by the clerk of the court to an officer designated by*  
16 *the Commission for that purpose. Thereupon the Commis-*  
17 *sion shall file in the court the record on which the rule com-*  
18 *plained of is entered, as provided in section 2112 of title*  
19 *28, United States Code, and the Federal Rules of Appellate*  
20 *Procedure.*

21       “(c) *On the filing of the petition, the court has juris-*  
22 *diction, which becomes exclusive on the filing of the record,*  
23 *to affirm and enforce or to set aside the rule in whole or*  
24 *in part.*

25       “(d) *The court shall affirm and enforce the rule unless*  
26 *the Commission’s action in promulgating the rule is found*

1 *to be arbitrary, capricious, an abuse of discretion, or other-*  
2 *wise not in accordance with law; contrary to constitutional*  
3 *right, power, privilege, or immunity; in excess of statutory*  
4 *jurisdiction, authority, or limitations, or short of statutory*  
5 *right; or without observance of procedure required by law.”.*

6 **SEC. 468. CROSS-BORDER REGULATION OF DERIVATIVES**  
7 **TRANSACTIONS.**

8 *(a) RULEMAKING REQUIRED.—Within 1 year after the*  
9 *date of the enactment of this subtitle, the Commodity Fu-*  
10 *tures Trading Commission shall issue a rule that address-*  
11 *es—*

12 *(1) the nature of the connections to the United*  
13 *States that require a non-United States person to reg-*  
14 *ister as a swap dealer or a major swap participant*  
15 *under the Commodity Exchange Act and the regula-*  
16 *tions issued under such Act;*

17 *(2) which of the United States swaps require-*  
18 *ments apply to the swap activities of non-United*  
19 *States persons and United States persons and their*  
20 *branches, agencies, subsidiaries, and affiliates outside*  
21 *of the United States, and the extent to which the re-*  
22 *quirements apply; and*

23 *(3) the circumstances under which a United*  
24 *States person or non-United States person in compli-*  
25 *ance with the swaps regulatory requirements of a for-*

1 *foreign jurisdiction shall be exempt from United States*  
2 *swaps requirements.*

3 *(b) CONTENT OF THE RULE.—*

4 *(1) CRITERIA.—In the rule, the Commission*  
5 *shall establish criteria for determining that 1 or more*  
6 *categories of the swaps regulatory requirements of a*  
7 *foreign jurisdiction are comparable to and as com-*  
8 *prehensive as United States swaps requirements. The*  
9 *criteria shall include—*

10 *(A) the scope and objectives of the swaps*  
11 *regulatory requirements of the foreign jurisdic-*  
12 *tion;*

13 *(B) the effectiveness of the supervisory com-*  
14 *pliance program administered;*

15 *(C) the enforcement authority exercised by*  
16 *the foreign jurisdiction; and*

17 *(D) such other factors as the Commission,*  
18 *by rule, determines to be necessary or appro-*  
19 *priate in the public interest.*

20 *(2) COMPARABILITY.—In the rule, the Commis-*  
21 *sion shall—*

22 *(A) provide that any non-United States*  
23 *person or any transaction between 2 non-United*  
24 *States persons shall be exempt from United*  
25 *States swaps requirements if the person or trans-*

1           *action is in compliance with the swaps regu-*  
2           *latory requirements of a foreign jurisdiction*  
3           *which the Commission has determined to be com-*  
4           *parable to and as comprehensive as United*  
5           *States swaps requirements; and*

6           *(B) set forth the circumstances in which a*  
7           *United States person or a transaction between a*  
8           *United States person and a non-United States*  
9           *person shall be exempt from United States swaps*  
10           *requirements if the person or transaction is in*  
11           *compliance with the swaps regulatory require-*  
12           *ments of a foreign jurisdiction which the Com-*  
13           *mission has determined to be comparable to and*  
14           *as comprehensive as United States swaps re-*  
15           *quirements.*

16           *(3) OUTCOMES-BASED COMPARISON.—In devel-*  
17           *oping and applying the criteria, the Commission*  
18           *shall emphasize the results and outcomes of, rather*  
19           *than the design and construction of, foreign swaps*  
20           *regulatory requirements.*

21           *(4) RISK-BASED RULEMAKING.—In the rule, the*  
22           *Commission shall not take into account, for the pur-*  
23           *poses of determining the applicability of United*  
24           *States swaps requirements, the location of personnel*  
25           *that arrange, negotiate, or execute swaps.*

1           (5) *PRESERVATION OF ANTIFRAUD AND*  
2 *ANTIMANIPULATION AUTHORITY.*—*No part of any*  
3 *rulemaking under this section shall limit the Commis-*  
4 *sion’s antifraud or antimanipulation authority.*

5           (c) *APPLICATION OF THE RULE.*—

6           (1) *ASSESSMENTS OF FOREIGN JURISDIC-*  
7 *TIONS.*—*Beginning on the date on which a final rule*  
8 *is issued under this section, the Commission shall*  
9 *begin to assess the swaps regulatory requirements of*  
10 *foreign jurisdictions, in the order the Commission de-*  
11 *termines appropriate, in accordance with the criteria*  
12 *established pursuant to subsection (b)(1). Following*  
13 *each assessment, the Commission shall determine, by*  
14 *rule or by order, whether the swaps regulatory re-*  
15 *quirements of the foreign jurisdiction are comparable*  
16 *to and as comprehensive as United States swaps re-*  
17 *quirements.*

18           (2) *SUBSTITUTED COMPLIANCE FOR UNASSESSED*  
19 *MAJOR MARKETS.*—*Beginning 18 months after the*  
20 *date of enactment of this Act—*

21           (A) *the swaps regulatory requirements of*  
22 *each of the 8 foreign jurisdictions with the larg-*  
23 *est swaps markets, as calculated by notional*  
24 *value during the 12-month period ending with*  
25 *such date of enactment, except those with respect*

1           to which a determination has been made under  
2           paragraph (1), shall be considered to be com-  
3           parable to and as comprehensive as United  
4           States swaps requirements; and

5                   (B) a non-United States person or a trans-  
6           action between 2 non-United States persons shall  
7           be exempt from United States swaps require-  
8           ments if the person or transaction is in compli-  
9           ance with the swaps regulatory requirements of  
10          any of such unexcepted foreign jurisdictions.

11          (3) *SUSPENSION OF SUBSTITUTED COMPLI-*  
12          *ANCE.—If the Commission determines, by rule or by*  
13          *order, that—*

14                   (A) the swaps regulatory requirements of a  
15          foreign jurisdiction are not comparable to and as  
16          comprehensive as United States swaps require-  
17          ments, using the categories and criteria estab-  
18          lished under subsection (b)(1);

19                   (B) the foreign jurisdiction does not exempt  
20          from its swaps regulatory requirements United  
21          States persons who are in compliance with  
22          United States swaps requirements; or

23                   (C) the foreign jurisdiction is not providing  
24          equivalent recognition of, or substituted compli-  
25          ance for, registered entities (as defined in section



1           1a(41) of the Commodity Exchange Act) domi-  
2           ciled in the United States,  
3           the Commission may suspend, in whole or in part, a  
4           determination made under paragraph (1) or a consid-  
5           eration granted under paragraph (2).

6           (d) *PETITION FOR REVIEW OF FOREIGN JURISDICTION*  
7 *PRACTICES.*—A registered entity, commercial market par-  
8 ticipant (as defined in section 1a(7) of the Commodity Ex-  
9 change Act), or Commission registrant (within the meaning  
10 of such Act) who petitions the Commission to make or  
11 change a determination under subsection (c)(1) or (c)(3) of  
12 this section shall be entitled to expedited consideration of  
13 the petition. A petition shall include any evidence or other  
14 supporting materials to justify why the petitioner believes  
15 the Commission should make or change the determination.  
16 Petitions under this section shall be considered by the Com-  
17 mission any time following the enactment of this Act. With-  
18 in 180 days after receipt of a petition for a rulemaking  
19 under this section, the Commission shall take final action  
20 on the petition. Within 90 days after receipt of a petition  
21 to issue an order or change an order issued under this sec-  
22 tion, the Commission shall take final action on the petition.  
23           (e) *REPORT TO CONGRESS.*—If the Commission makes  
24 a determination described in this section through an order,  
25 the Commission shall articulate the basis for the determina-

1 *tion in a written report published in the Federal Register*  
2 *and transmitted to the Committee on Agriculture of the*  
3 *House of Representatives and Committee on Agriculture,*  
4 *Nutrition, and Forestry of the Senate within 15 days of*  
5 *the determination. The determination shall not be effective*  
6 *until 15 days after the committees receive the report.*

7 (f) *DEFINITIONS.—As used in this section and for pur-*  
8 *poses of the rules issued pursuant to this section, the fol-*  
9 *lowing definitions apply:*

10 (1) *UNITED STATES PERSON.—The term “United*  
11 *States person”—*

12 (A) *means—*

13 (i) *any natural person resident in the*  
14 *United States;*

15 (ii) *any partnership, corporation,*  
16 *trust, or other legal person organized or in-*  
17 *corporated under the laws of the United*  
18 *States or having its principal place of busi-*  
19 *ness in the United States;*

20 (iii) *any account (whether discre-*  
21 *tionary or non-discretionary) of a United*  
22 *States person; and*

23 (iv) *any other person as the Commis-*  
24 *sion may further define to more effectively*  
25 *carry out the purposes of this section; and*

1           (B) does not include the International Mon-  
2           etary Fund, the International Bank for Recon-  
3           struction and Development, the Inter-American  
4           Development Bank, the Asian Development  
5           Bank, the African Development Bank, the United  
6           Nations, their agencies or pension plans, or any  
7           other similar international organizations or  
8           their agencies or pension plans.

9           (2) UNITED STATES SWAPS REQUIREMENTS.—

10          The term “United States swaps requirements” means  
11          the provisions relating to swaps contained in the  
12          Commodity Exchange Act (7 U.S.C. 1a et seq.) that  
13          were added by title VII of the Dodd-Frank Wall  
14          Street Reform and Consumer Protection Act (15  
15          U.S.C. 8301 et seq.) and any rules or regulations pre-  
16          scribed by the Commodity Futures Trading Commis-  
17          sion pursuant to such provisions.

18          (3) FOREIGN JURISDICTION.—The term “foreign  
19          jurisdiction” means any national or supranational  
20          political entity with common rules governing swaps  
21          transactions.

22          (4) SWAPS REGULATORY REQUIREMENTS.—The  
23          term “swaps regulatory requirements” means any  
24          provisions of law, and any rules or regulations pursu-

1        *ant to the provisions, governing swaps transactions or*  
2        *the counterparties to swaps transactions.*

3        *(g) CONFORMING AMENDMENT.—Section 4(c)(1)(A) of*  
4        *the Commodity Exchange Act (7 U.S.C. 6(c)(1)(A)) is*  
5        *amended by inserting “or except as necessary to effectuate*  
6        *the purposes of the Commodity End-User Relief Act,” after*  
7        *“to grant exemptions,”.*

8                    ***Subtitle D—Harmonization of***  
9                    ***Derivatives Rules***

10        ***SEC. 471. AGENCY REVIEW AND HARMONIZATION OF RULES***  
11                    ***RELATING TO THE REGULATION OF OVER-***  
12                    ***THE-COUNTER SWAPS MARKETS.***

13        *The Securities and Exchange Commission and the*  
14        *Commodity Futures Trading Commission shall review each*  
15        *rule, order, and interpretive guidance issued by either such*  
16        *Commission pursuant to title VII of the Dodd-Frank Wall*  
17        *Street Reform and Consumer Protection Act (15 U.S.C.*  
18        *8301 et seq.) and, where the Commissions find inconsist-*  
19        *encies in any such rules, orders, or interpretive guidance,*  
20        *shall jointly issue new rules, orders, or interpretive guid-*  
21        *ance to resolve such inconsistencies.*

1 **TITLE V—IMPROVING INSUR-**  
2 **ANCE COORDINATION**  
3 **THROUGH AN INDEPENDENT**  
4 **ADVOCATE**

5 **SEC. 501. 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, United*  
9 *States Code, is amended to read as follows (and conforming*  
10 *the table of contents for chapter 3 of such title accordingly):*

11 **“§313. Office of the Independent Insurance Advocate**

12 *“(a) ESTABLISHMENT.—There is established in the De-*  
13 *partment of the Treasury a bureau to be known as the Office*  
14 *of the Independent Insurance Advocate (in this section re-*  
15 *ferred to as the ‘Office’).*

16 *“(b) INDEPENDENT INSURANCE ADVOCATE.—*

17 *“(1) ESTABLISHMENT OF POSITION.—The chief*  
18 *officer of the Office of the Independent Insurance Ad-*  
19 *vocate shall be known as the Independent Insurance*  
20 *Advocate. The Independent Insurance Advocate shall*  
21 *perform the duties of such office under the general di-*  
22 *rection of the Secretary of the Treasury.*

23 *“(2) APPOINTMENT.—The Independent Insurance*  
24 *Advocate shall be appointed by the President, by and*

1       *with the advice and consent of the Senate, from*  
2       *among persons having insurance expertise.*

3           “(3) *TERM.*—

4                   “(A) *IN GENERAL.*—*The Independent Insur-*  
5                   *ance Advocate shall serve a term of 6 years, un-*  
6                   *less sooner removed by the President upon rea-*  
7                   *sons which shall be communicated to the Senate.*

8                   “(B) *SERVICE AFTER EXPIRATION.*—*If a*  
9                   *successor is not nominated and confirmed by the*  
10                   *end of the term of service of the Independent In-*  
11                   *surance Advocate, the person serving as Inde-*  
12                   *pendent Insurance Advocate shall continue to*  
13                   *serve until such time a successor is appointed*  
14                   *and confirmed.*

15                   “(C) *VACANCY.*—*An Independent Insurance*  
16                   *Advocate who is appointed to serve the remain-*  
17                   *der of a predecessor’s uncompleted term shall be*  
18                   *eligible thereafter to be appointed to a full 6 year*  
19                   *term.*

20                   “(D) *ACTING OFFICIAL ON FINANCIAL STA-*  
21                   *BILITY OVERSIGHT COUNCIL.*—*In the event of a*  
22                   *vacancy in the office of the Independent Insur-*  
23                   *ance Advocate, and pending the appointment*  
24                   *and confirmation of a successor, or during the*  
25                   *absence or disability of the Independent Insur-*

1           *ance Advocate, the Independent Member shall ap-*  
2           *point a federal official appointed by the Presi-*  
3           *dent and confirmed by the Senate from a mem-*  
4           *ber agency of the Financial Stability Oversight*  
5           *Council, not otherwise serving on the Council,*  
6           *who shall serve as a member of the Council and*  
7           *act in the place of the Independent Insurance*  
8           *Advocate until such vacancy, absence, or dis-*  
9           *ability concludes.*

10           “(4) *EMPLOYMENT.*—*The Independent Insurance*  
11           *Advocate shall be an employee of the Federal Govern-*  
12           *ment within the definition of employee under section*  
13           *2105 of title 5, United States Code.*

14           “(c) *INDEPENDENCE; OVERSIGHT.*—

15           “(1) *INDEPENDENCE.*—*The Secretary of the*  
16           *Treasury may not delay or prevent the issuance of*  
17           *any rule or the promulgation of any regulation by the*  
18           *Independent Insurance Advocate, and may not inter-*  
19           *vene in any matter or proceeding before the Inde-*  
20           *pendent Insurance Advocate, unless otherwise specifi-*  
21           *cally provided by law.*

22           “(2) *OVERSIGHT BY INSPECTOR GENERAL.*—*The*  
23           *Office of the Independent Insurance Advocate shall be*  
24           *an office in the establishment of the Department of*

1       *the Treasury for purposes of the Inspector General*  
2       *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 Depart-*  
6 *ment of the Treasury with general supervisory or regulatory*  
7 *authority over the business of insurance.*

8       “(e) *BUDGET.*—

9               “(1) *ANNUAL TRANSMITTAL.*—*For each fiscal*  
10 *year, the Independent Insurance Advocate shall trans-*  
11 *mit a budget estimate and request to the Secretary of*  
12 *the Treasury, which shall specify the aggregate*  
13 *amount of funds requested for such fiscal year for the*  
14 *operations of the Office of the Independent Insurance*  
15 *Advocate.*

16               “(2) *INCLUSIONS.*—*In transmitting the proposed*  
17 *budget to the President for approval, the Secretary of*  
18 *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 shall*  
24 *include in each budget of the United States Govern-*  
25 *ment submitted to the Congress—*



1           “(A) a separate statement of the budget esti-  
2           mate prepared in accordance with paragraph  
3           (1);

4           “(B) the amount requested by the President  
5           for the Independent Insurance Advocate; and

6           “(C) any comments of the Independent In-  
7           surance Advocate with respect to the proposal if  
8           the Independent Insurance Advocate concludes  
9           that the budget submitted by the President would  
10          substantially inhibit the Independent Insurance  
11          Advocate from performing the duties of the office.

12          “(f) ASSISTANCE.—The Secretary of the Treasury shall  
13          provide the Independent Insurance Advocate such services,  
14          funds, facilities and other support services as the Inde-  
15          pendent Insurance Advocate may request and as the Sec-  
16          retary may approve.

17          “(g) PERSONNEL.—

18                 “(1) EMPLOYEES.—The Independent Insurance  
19          Advocate may fix the number of, and appoint and di-  
20          rect, the employees of the Office, in accordance with  
21          the applicable provisions of title 5, United States  
22          Code. The Independent Insurance Advocate is author-  
23          ized to employ attorneys, analysts, economists, and  
24          other employees as may be deemed necessary to assist  
25          the Independent Insurance Advocate to carry out the

1 *duties and functions of the Office. Unless otherwise*  
2 *provided expressly by law, any individual appointed*  
3 *under this paragraph shall be an employee as defined*  
4 *in section 2105 of title 5, United States Code, and*  
5 *subject to the provisions of such title and other laws*  
6 *generally applicable to the employees of the Executive*  
7 *Branch.*

8 “(2) *COMPENSATION.—Employees of the Office*  
9 *shall be paid in accordance with the provisions of*  
10 *chapter 51 and subchapter III of chapter 53 of title*  
11 *5, United States Code, relating to classification and*  
12 *General Schedule pay rates.*

13 “(3) *PROCUREMENT OF TEMPORARY AND INTER-*  
14 *MITTENT SERVICES.—The Independent Insurance Ad-*  
15 *vocate may procure temporary and intermittent serv-*  
16 *ices under section 3109(b) of title 5, United States*  
17 *Code, at rates for individuals which do not exceed the*  
18 *daily equivalent of the annual rate of basic pay pre-*  
19 *scribed for Level V of the Executive Schedule under*  
20 *section 5316 of such title.*

21 “(4) *DETAILS.—Any employee of the Federal*  
22 *Government may be detailed to the Office with or*  
23 *without reimbursement, and such detail shall be with-*  
24 *out interruption or loss of civil service status or*  
25 *privilege. An employee of the Federal Government de-*

1       tailed to the Office shall report to and be subject to  
2       oversight by the Independent Insurance Advocate dur-  
3       ing the assignment to the office, and may be com-  
4       pensated by the branch, department, or agency from  
5       which the employee was detailed.

6               “(5) *INTERGOVERNMENTAL PERSONNEL.*—The  
7       Independent Insurance Advocate may enter into  
8       agreements under subchapter VI of chapter 33 of title  
9       5, United States Code, with State and local govern-  
10      ments, institutions of higher education, Indian tribal  
11      governments, and other eligible organizations for the  
12      assignment of intermittent, part-time, and full-time  
13      personnel, on a reimbursable or non-reimbursable  
14      basis.

15      “(h) *ETHICS.*—

16               “(1) *DESIGNATED ETHICS OFFICIAL.*—The Legal  
17      Counsel of the Financial Stability Oversight Council,  
18      or in the absence of a Legal Counsel of the Council,  
19      the designated ethics official of any Council member  
20      agency, as chosen by the Independent Insurance Advo-  
21      cate, shall be the ethics official for the Independent  
22      Insurance Advocate.

23               “(2) *RESTRICTION ON REPRESENTATION.*—In  
24      addition to any restriction under section 205(c) of  
25      title 18, United States Code, except as provided in

1        *subsections (d) through (i) of section 205 of such title,*  
2        *the Independent Insurance Advocate (except in the*  
3        *proper discharge of official duties) shall not, with or*  
4        *without compensation, represent anyone to or before*  
5        *any officer or employee of—*

6                *“(A) the Financial Stability Oversight*  
7                *Council on any matter; or*

8                *“(B) the Department of Justice with respect*  
9                *to litigation involving a matter described in sub-*  
10                *paragraph (A).*

11                *“(3) COMPENSATION FOR SERVICES PROVIDED BY*  
12        *ANOTHER.—For purposes of section 203 of title 18,*  
13        *United States Code, and if a special government em-*  
14        *ployee—*

15                *“(A) the Independent Insurance Advocate*  
16                *shall not be subject to the restrictions of sub-*  
17                *section (a)(1) of section 203, of title 18, United*  
18                *States Code, for sharing in compensation earned*  
19                *by another for representations on matters covered*  
20                *by such section; and*

21                *“(B) a person shall not be subject to the re-*  
22                *strictions of subsection (a)(2) of such section for*  
23                *sharing such compensation with the Independent*  
24                *Insurance Advocate.*

1       “(i) *ADVISORY, TECHNICAL, AND PROFESSIONAL COM-*  
2 *MITTEES.*—*The Independent Insurance Advocate may ap-*  
3 *point such special advisory, technical, or professional com-*  
4 *mittees as may be useful in carrying out the functions of*  
5 *the Office and the members of such committees may be staff*  
6 *of the Office, or other persons, or both.*

7       “(j) *MISSION AND FUNCTIONS.*—

8               “(1) *MISSION.*—*In carrying out the functions*  
9 *under this subsection, the mission of the Office shall*  
10 *be to act as an independent advocate on behalf of the*  
11 *interests of United States policyholders on prudential*  
12 *aspects of insurance matters of importance, and to*  
13 *provide perspective on protecting their interests, sepa-*  
14 *rate and apart from any other Federal agency or*  
15 *State insurance regulator.*

16              “(2) *OFFICE.*—*The Office shall have the author-*  
17 *ity—*

18                      “(A) *to coordinate Federal efforts on pru-*  
19 *dential aspects of international insurance mat-*  
20 *ters, including representing the United States, as*  
21 *appropriate, in the International Association of*  
22 *Insurance Supervisors (or a successor entity)*  
23 *and assisting the Secretary in negotiating cov-*  
24 *ered agreements (as such term is defined in sub-*  
25 *section (q)) in coordination with States (includ-*

1           ing State insurance commissioners) and the  
2           United States Trade Representative;

3           “(B) to consult with the States (including  
4           State insurance regulators) regarding insurance  
5           matters of national importance and prudential  
6           insurance matters of international importance;

7           “(C) to assist the Secretary in admin-  
8           istering the Terrorism Insurance Program estab-  
9           lished in the Department of the Treasury under  
10          the Terrorism Risk Insurance Act of 2002 (15  
11          U.S.C. 6701 note);

12          “(D) to observe all aspects of the insurance  
13          industry, including identifying issues or gaps in  
14          the regulation of insurers that could contribute  
15          to a systemic crisis in the insurance industry or  
16          the United States financial system; and

17          “(E) to make determinations and exercise  
18          the authority under subsection (m) with respect  
19          to covered agreements and State insurance meas-  
20          ures.

21          “(3) MEMBERSHIP ON FINANCIAL STABILITY  
22          OVERSIGHT COUNCIL.—

23          “(A) IN GENERAL.—The Independent Insur-  
24          ance Advocate shall serve, pursuant to section  
25          111(b)(1)(J) of the Financial Stability Act of

1           2010 (12 U.S.C. 5321(b)(1)(J)), as a member on  
2           the *Financial Stability Oversight Council*.

3           “(B) *AUTHORITY*.—To assist the *Financial*  
4           *Stability Oversight Council* with its responsibil-  
5           ities to monitor international insurance develop-  
6           ments, advise the Congress, and make rec-  
7           ommendations, the *Independent Insurance Advo-*  
8           cate shall have the authority—

9                   “(i) to regularly consult with inter-  
10                  national insurance supervisors and inter-  
11                  national financial stability counterparts;

12                  “(ii) to consult with the Board of Gov-  
13                  ernors of the Federal Reserve System and  
14                  the States with respect to representing the  
15                  United States, as appropriate, in the Inter-  
16                  national Association of Insurance Super-  
17                  visors (including to become a non-voting  
18                  member thereof), particularly on matters of  
19                  systemic risk;

20                  “(iii) to participate at the *Financial*  
21                  *Stability Board of The Group of Twenty*  
22                  and to join with other members from the  
23                  United States including on matters related  
24                  to insurance; and

1                   “(iv) to participate with the United  
2                   States delegation to the Organization for  
3                   Economic Cooperation and Development  
4                   and observe and participate at the Insur-  
5                   ance and Private Pensions Committee.

6                   “(4) LIMITATIONS ON PARTICIPATION IN SUPER-  
7                   VISORY COLLEGES.—The Office may not engage in  
8                   any activities that it is not specifically authorized to  
9                   engage in under this section or any other provision  
10                  of law, including participation in any supervisory  
11                  college or other meetings or fora for cooperation and  
12                  communication between the involved insurance super-  
13                  visors established for the fundamental purpose of fa-  
14                  cilitating the effectiveness of supervision of entities  
15                  which belong to an insurance group.

16                  “(k) SCOPE.—The authority of the Office as specified  
17                  and limited in this section shall extend to all lines of insur-  
18                  ance except—

19                         “(1) health insurance, as determined by the Sec-  
20                         retary in coordination with the Secretary of Health  
21                         and Human Services based on section 2791 of the  
22                         Public Health Service Act (42 U.S.C. 300gg-91);

23                         “(2) long-term care insurance, except long-term  
24                         care insurance that is included with life or annuity  
25                         insurance components, as determined by the Secretary



1       *in coordination with the Secretary of Health and*  
2       *Human Services, and in the case of long-term care*  
3       *insurance that is included with such components, the*  
4       *Secretary shall coordinate with the Secretary of*  
5       *Health and Human Services in performing the func-*  
6       *tions of the Office; and*

7               “(3) *crop insurance, as established by the Fed-*  
8       *eral Crop Insurance Act (7 U.S.C. 1501 et seq.).*

9               “(l) *ACCESS TO INFORMATION.—In carrying out the*  
10       *functions required under subsection (j), the Office may co-*  
11       *ordinate with any relevant Federal agency and any State*  
12       *insurance regulator (or other relevant Federal or State reg-*  
13       *ulatory agency, if any, in the case of an affiliate of an in-*  
14       *surer) and any publicly available sources for the provision*  
15       *to the Office of publicly available information. Notwith-*  
16       *standing any other provision of law, each such relevant*  
17       *Federal agency and State insurance regulator or other Fed-*  
18       *eral or State regulatory agency is authorized to provide to*  
19       *the Office such data or information.*

20               “(m) *PREEMPTION PURSUANT TO COVERED AGREE-*  
21       *MENTS.—*

22               “(1) *STANDARDS.—A State insurance measure*  
23       *shall be preempted pursuant to this section or section*  
24       *314 if, and only to the extent that the Independent*

1        *Insurance Advocate determines, in accordance with*  
2        *this subsection, that the measure—*

3                *“(A) results in less favorable treatment of a*  
4                *non-United States insurer domiciled in a foreign*  
5                *jurisdiction that is subject to a covered agree-*  
6                *ment than a United States insurer domiciled, li-*  
7                *censed, or otherwise admitted in that State; and*

8                *“(B) is inconsistent with a covered agree-*  
9                *ment.*

10              *“(2) DETERMINATION.—*

11                      *“(A) NOTICE OF POTENTIAL INCONSIST-*  
12                      *ENCY.—Before making any determination under*  
13                      *paragraph (1), the Independent Insurance Advo-*  
14                      *cate shall—*

15                              *“(i) notify and consult with the appro-*  
16                              *priate State regarding any potential incon-*  
17                              *sistency or preemption;*

18                              *“(ii) notify and consult with the*  
19                              *United States Trade Representative regard-*  
20                              *ing any potential inconsistency or preemp-*  
21                              *tion;*

22                              *“(iii) cause to be published in the Fed-*  
23                              *eral Register notice of the issue regarding*  
24                              *the potential inconsistency or preemption,*  
25                              *including a description of each State insur-*

1            *ance measure at issue and any applicable*  
2            *covered agreement;*

3            *“(iv) provide interested parties a rea-*  
4            *sonable opportunity to submit written com-*  
5            *ments to the Office; and*

6            *“(v) consider any comments received.*

7            *“(B) SCOPE OF REVIEW.—For purposes of*  
8            *this subsection, any determination of the Inde-*  
9            *pendent Insurance Advocate regarding State in-*  
10           *surance measures, and any preemption under*  
11           *paragraph (1) as a result of such determination,*  
12           *shall be limited to the subject matter contained*  
13           *within the covered agreement involved and shall*  
14           *achieve a level of protection for insurance or re-*  
15           *insurance consumers that is substantially equiv-*  
16           *alent to the level of protection achieved under*  
17           *State insurance or reinsurance regulation.*

18           *“(C) NOTICE OF DETERMINATION OF INCON-*  
19           *SISTENCY.—Upon making any determination*  
20           *under paragraph (1), the Director shall—*

21           *“(i) notify the appropriate State of the*  
22           *determination and the extent of the incon-*  
23           *sistency;*

24           *“(ii) establish a reasonable period of*  
25           *time, which shall not be less than 30 days,*

1           *before the determination shall become effec-*  
2           *tive; and*

3           *“(iii) notify the Committees on Finan-*  
4           *cial Services and Ways and Means of the*  
5           *House of Representatives and the Commit-*  
6           *tees on Banking, Housing, and Urban Af-*  
7           *airs and Finance of the Senate.*

8           *“(3) NOTICE OF EFFECTIVENESS.—Upon the*  
9           *conclusion of the period referred to in paragraph*  
10          *(2)(C)(ii), if the basis for such determination still ex-*  
11          *ists, the determination shall become effective and the*  
12          *Independent Insurance Advocate shall—*

13           *“(A) cause to be published a notice in the*  
14           *Federal Register that the preemption has become*  
15           *effective, as well as the effective date; and*

16           *“(B) notify the appropriate State.*

17          *“(4) LIMITATION.—No State may enforce a State*  
18          *insurance measure to the extent that such measure*  
19          *has been preempted under this subsection.*

20          *“(5) APPLICABILITY OF ADMINISTRATIVE PROCE-*  
21          *DURES ACT.—Determinations of inconsistency made*  
22          *pursuant to paragraph (2) shall be subject to the ap-*  
23          *plicable provisions of subchapter II of chapter 5 of*  
24          *title 5, United States Code (relating to administrative*  
25          *procedure), and chapter 7 of such title (relating to ju-*

1        *dicial review), except that in any action for judicial*  
2        *review of a determination of inconsistency, the court*  
3        *shall determine the matter de novo.*

4        “(n) *CONSULTATION.—The Independent Insurance Ad-*  
5        *vocate shall consult with State insurance regulators, indi-*  
6        *vidually or collectively, to the extent the Independent Insur-*  
7        *ance Advocate determines appropriate, in carrying out the*  
8        *functions of the Office.*

9        “(o) *NOTICES AND REQUESTS FOR COMMENT.—In ad-*  
10       *dition to the other functions and duties specified in this*  
11       *section, the Independent Insurance Advocate may prescribe*  
12       *such notices and requests for comment in the Federal Reg-*  
13       *ister as are deemed necessary related to and governing the*  
14       *manner in which the duties and authorities of the Inde-*  
15       *pendent Insurance Advocate are carried out;*

16       “(p) *SAVINGS PROVISIONS.—Nothing in this section*  
17       *shall—*

18                “(1) *preempt—*

19                        “(A) *any State insurance measure that gov-*  
20                        *erns any insurer’s rates, premiums, under-*  
21                        *writing, or sales practices;*

22                        “(B) *any State coverage requirements for*  
23                        *insurance;*

24                        “(C) *the application of the antitrust laws of*  
25                        *any State to the business of insurance; or*

1           “(D) any State insurance measure gov-  
2           erning the capital or solvency of an insurer, ex-  
3           cept to the extent that such State insurance  
4           measure results in less favorable treatment of a  
5           non-United State insurer than a United States  
6           insurer; or

7           “(2) affect the preemption of any State insur-  
8           ance measure otherwise inconsistent with and pre-  
9           empted by Federal law.

10          “(q) *RETENTION OF AUTHORITY OF FEDERAL FINAN-*  
11 *CIAL REGULATORY AGENCIES.*—Nothing in this section or  
12 section 314 shall be construed to limit the authority of any  
13 Federal financial regulatory agency, including the author-  
14 ity to develop and coordinate policy, negotiate, and enter  
15 into agreements with foreign governments, authorities, reg-  
16 ulators, and multinational regulatory committees and to  
17 preempt State measures to affect uniformity with inter-  
18 national regulatory agreements.

19          “(r) *RETENTION OF AUTHORITY OF UNITED STATES*  
20 *TRADE REPRESENTATIVE.*—Nothing in this section or sec-  
21 tion 314 shall be construed to affect the authority of the  
22 Office of the United States Trade Representative pursuant  
23 to section 141 of the Trade Act of 1974 (19 U.S.C. 2171)  
24 or any other provision of law, including authority over the  
25 development and coordination of United States inter-

1 *national trade policy and the administration of the United*  
2 *States trade agreements program.*

3       “(s) *CONGRESSIONAL TESTIMONY.—The Independent*  
4 *Insurance Advocate shall appear before the Committee on*  
5 *Financial Services of the House of Representatives and the*  
6 *Committee on Banking, Housing, and Urban Affairs at*  
7 *semi-annual hearings and shall provide testimony, which*  
8 *shall include submitting written testimony in advance of*  
9 *such appearances to such committees and to the Committee*  
10 *on Ways and Means of the House of Representatives and*  
11 *the Committee on Finance of the Senate, on the following*  
12 *matters:*

13               “(1) *OFFICE ACTIVITIES.—The efforts, activities,*  
14 *objectives, and plans of the Office.*

15               “(2) *SECTION 313(L) ACTIONS.—Any actions*  
16 *taken by the Office pursuant to subsection (l) (regard-*  
17 *ing preemption pursuant to covered agreements).*

18               “(3) *INSURANCE INDUSTRY.—The state of, and*  
19 *developments in, the insurance industry.*

20               “(4) *U.S. AND GLOBAL INSURANCE AND REIN-*  
21 *SURANCE MARKETS.—The breadth and scope of the*  
22 *global insurance and reinsurance markets and the*  
23 *critical role such markets plays in supporting insur-*  
24 *ance in the United States and the ongoing impacts of*  
25 *part II of the Nonadmitted and Reinsurance Reform*

1       *Act of 2010 on the ability of State regulators to access*  
2       *reinsurance information for regulated companies in*  
3       *their jurisdictions.*

4               “(5) *OTHER.*—*Any other matters as deemed rel-*  
5       *evant by the Independent Insurance Advocate or re-*  
6       *quested by such Committees.*

7               “(t) *REPORT UPON END OF TERM OF OFFICE.*—*Not*  
8       *later than two months prior to the expiration of the term*  
9       *of office, or discontinuation of service, of each individual*  
10       *serving as the Independent Insurance Advocate, the Inde-*  
11       *pendent Insurance Advocate shall submit a report to the*  
12       *Committees on Financial Services and Ways and Means*  
13       *of the House of Representatives and the Committees on*  
14       *Banking, Housing, and Urban Affairs and Finance of the*  
15       *Senate setting forth recommendations regarding the Finan-*  
16       *cial Stability Oversight Council and the role, duties, and*  
17       *functions of the Independent Insurance Advocate.*

18               “(u) *DEFINITIONS.*—*In this section and section 314,*  
19       *the following definitions shall apply:*

20               “(1) *AFFILIATE.*—*The term ‘affiliate’ means,*  
21       *with respect to an insurer, any person who controls,*  
22       *is controlled by, or is under common control with the*  
23       *insurer.*

24               “(2) *COVERED AGREEMENT.*—*The term ‘covered*  
25       *agreement’ means a written bilateral or multilateral*



1 *agreement regarding prudential measures with respect*  
2 *to the business of insurance or reinsurance that—*

3 *“(A) is entered into between the United*  
4 *States and one or more foreign governments, au-*  
5 *thorities, or regulatory entities; and*

6 *“(B) relates to the recognition of prudential*  
7 *measures with respect to the business of insur-*  
8 *ance or reinsurance that achieves a level of pro-*  
9 *tection for insurance or reinsurance consumers*  
10 *that is substantially equivalent to the level of*  
11 *protection achieved under State insurance or re-*  
12 *insurance regulation.*

13 *“(3) INSURER.—The term ‘insurer’ means any*  
14 *person engaged in the business of insurance, includ-*  
15 *ing reinsurance.*

16 *“(4) FEDERAL FINANCIAL REGULATORY AGEN-*  
17 *CY.—The term ‘Federal financial regulatory agency’*  
18 *means the Department of the Treasury, the Board of*  
19 *Governors of the Federal Reserve System, the Office of*  
20 *the Comptroller of the Currency, the Office of Thrift*  
21 *Supervision, the Securities and Exchange Commis-*  
22 *sion, the Commodity Futures Trading Commission,*  
23 *the Federal Deposit Insurance Corporation, the Fed-*  
24 *eral Housing Finance Agency, or the National Credit*  
25 *Union Administration.*

1           “(5) *FINANCIAL STABILITY OVERSIGHT COUN-*  
2           *CIL.—The term ‘Financial Stability Oversight Coun-*  
3           *cil’ means the Financial Stability Oversight Council*  
4           *established under section 111(a) of the Dodd-Frank*  
5           *Wall Street Reform and Consumer Protection Act (12*  
6           *U.S.C. 5321(a)).*

7           “(6) *MEMBER AGENCY.—The term ‘member*  
8           *agency’ has the meaning given such term in section*  
9           *111(a) of the Dodd-Frank Wall Street Reform and*  
10           *Consumer Protection Act (12 U.S.C. 5321(a)).*

11           “(7) *NON-UNITED STATES INSURER.—The term*  
12           *‘non-United States insurer’ means an insurer that is*  
13           *organized under the laws of a jurisdiction other than*  
14           *a State, but does not include any United States*  
15           *branch of such an insurer.*

16           “(8) *OFFICE.—The term ‘Office’ means the Office*  
17           *of the Independent Insurance Advocate established by*  
18           *this section.*

19           “(9) *STATE INSURANCE MEASURE.—The term*  
20           *‘State insurance measure’ means any State law, regu-*  
21           *lation, administrative ruling, bulletin, guideline, or*  
22           *practice relating to or affecting prudential measures*  
23           *applicable to insurance or reinsurance.*

24           “(10) *STATE INSURANCE REGULATOR.—The term*  
25           *‘State insurance regulator’ means any State regu-*

1        *latory authority responsible for the supervision of in-*  
2        *surers.*

3            “(11) *SUBSTANTIALLY EQUIVALENT TO THE*  
4        *LEVEL OF PROTECTION ACHIEVED.—The term ‘sub-*  
5        *stantially equivalent to the level of protection*  
6        *achieved’ means the prudential measures of a foreign*  
7        *government, authority, or regulatory entity achieve a*  
8        *similar outcome in consumer protection as the out-*  
9        *come achieved under State insurance or reinsurance*  
10       *regulation.*

11           “(12) *UNITED STATES INSURER.—The term*  
12       *‘United States insurer’ means—*

13                “(A) *an insurer that is organized under the*  
14                *laws of a State; or*

15                “(B) *a United States branch of a non-*  
16                *United States insurer.”.*

17        (b) *PAY AT LEVEL III OF EXECUTIVE SCHEDULE.—*  
18        *Section 5314 of title 5, United States Code, is amended by*  
19        *adding at the end the following new item:*

20                “*Independent Insurance Advocate, Department*  
21                *of the Treasury.”.*

22        (c) *VOTING MEMBER OF FSOC.—Paragraph (1) of sec-*  
23        *tion 111(b) of the Dodd-Frank Wall Street Reform and Con-*  
24        *sumer Protection Act (12 U.S.C. 5321(b)(1)) is amended*

1 *by striking subparagraph (J) and inserting the following*  
2 *new subparagraph:*

3                   “(J) *the Independent Insurance Advocate*  
4                   *appointed pursuant to section 313 of title 31,*  
5                   *United States Code.*”.

6           (d) *INDEPENDENCE.*—*Section 111 of Public Law 93–*  
7 *495 (12 U.S.C. 250) is amended—*

8                   (1) *by inserting “the Independent Insurance Ad-*  
9                   *vocate of the Department of the Treasury,” after*  
10                   *“Federal Housing Finance Agency,”; and*

11                   (2) *by inserting “or official” before “submitting*  
12                   *them”.*

13           (e) *TRANSFER OF EMPLOYEES.*—*All employees of the*  
14 *Department of Treasury who are performing staff functions*  
15 *for the independent member of the Financial Stability*  
16 *Oversight Council under section 111(b)(2)(J) of the Dodd-*  
17 *Frank Wall Street Reform and Consumer Protection Act*  
18 *(12 U.S.C. 5321(b)(2)(J)) on a full-time equivalent basis*  
19 *as of the date of enactment of this Act shall be eligible for*  
20 *transfer to the Office of the Independent Insurance Advocate*  
21 *established pursuant to the amendment made by subsection*  
22 *(a) of this section for appointment as an employee and shall*  
23 *be transferred at the joint discretion of the Independent In-*  
24 *surance Advocate and the eligible employee. Any employee*  
25 *eligible for transfer that is not appointed within 360 days*

1 *from the date of enactment of this Act shall be eligible for*  
2 *detail under section 313(f)(4) of title 31, United States*  
3 *Code.*

4       (f) *TEMPORARY SERVICE; TRANSITION.*—*Notwith-*  
5 *standing the amendment made by subsection (a) of this sec-*  
6 *tion, during the period beginning on the date of the enact-*  
7 *ment of this Act and ending on the date on which the Inde-*  
8 *pendent Insurance Advocate is appointed and confirmed*  
9 *pursuant to section 313(b)(2) of title 31, United States*  
10 *Code, as amended by such amendment, the person serving,*  
11 *on such date of enactment, as the independent member of*  
12 *the Financial Stability Oversight Council pursuant to sec-*  
13 *tion 111(b)(1)(J) of the Dodd-Frank Wall Street Reform*  
14 *and Consumer Protection Act (12 U.S.C. 5321(b)(1)(J))*  
15 *shall act for all purposes as, and with the full powers of,*  
16 *the Independent Insurance Advocate.*

17       (g) *COMPARABILITY IN COMPENSATION SCHEDULES.*—  
18 *Subsection (a) of section 1206 of the Financial Institutions*  
19 *Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C.*  
20 *1833b(a)) is amended by inserting “and the Office of the*  
21 *Independent Insurance Advocate of the Department of the*  
22 *Treasury,” after “Farm Credit Administration,”.*

23       (h) *SENIOR EXECUTIVES.*—*Subparagraph (D) of sec-*  
24 *tion 3132(a)(1) of title 5, United States Code, is amended*  
25 *by inserting “the Office of the Independent Insurance Advo-*

1 *cate of the Department of the Treasury,” after “Finance*  
 2 *Agency,”.*

3 **SEC. 502. TREATMENT OF COVERED AGREEMENTS.**

4 *Subsection (c) of section 314 of title 31, United States*  
 5 *Code is amended—*

6 *(1) by designating paragraphs (1) and (2) as*  
 7 *paragraphs (2) and (3), respectively; and*

8 *(2) by inserting before paragraph (2), as so re-*  
 9 *designated, the following new paragraph:*

10 *“(1) the Secretary of the Treasury and the*  
 11 *United States Trade Representative have caused to be*  
 12 *published in the Federal Register, and made available*  
 13 *for public comment for a period of not fewer than 30*  
 14 *days and not greater than 90 days (which period*  
 15 *may run concurrently with the 90-day period for the*  
 16 *covered agreement referred to in paragraph (3)), the*  
 17 *proposed text of the covered agreement;”.*

18 **TITLE VI—DEMANDING AC-**  
 19 **COUNTABILITY FROM FINAN-**  
 20 **CIAL REGULATORS AND DE-**  
 21 **VOLVING POWER AWAY FROM**  
 22 **WASHINGTON**

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

24 **SEC. 611. DEFINITIONS.**

25 *As used in this subtitle—*

1           (1) *the term “agency” means the Board of Gov-*  
2           *ernors of the Federal Reserve System, the Consumer*  
3           *Financial Opportunity Commission, the Commodity*  
4           *Futures Trading Commission, the Federal Deposit In-*  
5           *surance Corporation, the Federal Housing Finance*  
6           *Agency, the Office of the Comptroller of the Currency,*  
7           *the National Credit Union Administration, and the*  
8           *Securities and Exchange Commission;*

9           (2) *the term “chief economist” means—*

10           (A) *with respect to the Board of Governors*  
11           *of the Federal Reserve System, the Director of the*  
12           *Division of Research and Statistics, or an em-*  
13           *ployee of the agency with comparable authority;*

14           (B) *with respect to the Consumer Financial*  
15           *Opportunity Commission, the Head of the Office*  
16           *of Economic Analysis, or an employee of the*  
17           *agency with comparable authority;*

18           (C) *with respect to the Commodity Futures*  
19           *Trading Commission, the Chief Economist, or an*  
20           *employee of the agency with comparable author-*  
21           *ity;*

22           (D) *with respect to the Federal Deposit In-*  
23           *surance Corporation, the Director of the Division*  
24           *of Insurance and Research, or an employee of the*  
25           *agency with comparable authority;*

1           (E) with respect to the Federal Housing Fi-  
2 nance Agency, the Chief Economist, or an em-  
3 ployee of the agency with comparable authority;

4           (F) with respect to the Office of the Comp-  
5 troller of the Currency, the Director for Policy  
6 Analysis, or an employee of the agency with  
7 comparable authority;

8           (G) with respect to the National Credit  
9 Union Administration, the Chief Economist, or  
10 an employee of the agency with comparable au-  
11 thority; and

12           (H) with respect to the Securities and Ex-  
13 change Commission, the Director of the Division  
14 of Economic and Risk Analysis, or an employee  
15 of the agency with comparable authority;

16           (3) the term “Council” means the Chief Econo-  
17 mists Council established under section 618; and

18           (4) the term “regulation”—

19           (A) means an agency statement of general  
20 applicability and future effect that is designed to  
21 implement, interpret, or prescribe law or policy  
22 or to describe the procedure or practice require-  
23 ments of an agency, including rules, orders of  
24 general applicability, interpretive releases, and  
25 other statements of general applicability that the



1           *agency intends to have the force and effect of*  
2           *law; and*

3           *(B) does not include—*

4                   *(i) a regulation issued in accordance*  
5                   *with the formal rulemaking provisions of*  
6                   *section 556 or 557 of title 5, United States*  
7                   *Code;*

8                   *(ii) a regulation that is limited to*  
9                   *agency organization, management, or per-*  
10                   *sonnel matters;*

11                   *(iii) a regulation promulgated pursu-*  
12                   *ant to statutory authority that expressly*  
13                   *prohibits compliance with this provision;*

14                   *(iv) a regulation that is certified by*  
15                   *the agency to be an emergency action, if*  
16                   *such certification is published in the Fed-*  
17                   *eral Register;*

18                   *(v) a regulation that is promulgated by*  
19                   *the Board of Governors of the Federal Re-*  
20                   *serve System or the Federal Open Market*  
21                   *Committee under section 10A, 10B, 13,*  
22                   *13A, or 19 of the Federal Reserve Act, or*  
23                   *any of subsections (a) through (f) of section*  
24                   *14 of that Act; or*

1                   (vi) a regulation filed with the Com-  
2                   mission by a self-regulatory organization—

3                   (I) that meets the criteria for im-  
4                   mediate effectiveness under section  
5                   240.19b-4(f) of title 17, Code of Federal  
6                   Regulations; or

7                   (II) for which the self-regulatory  
8                   organization has itself conducted the  
9                   cost-benefit analysis and otherwise  
10                  complied with the requirements of sec-  
11                  tion 612.

12 **SEC. 612. REQUIRED REGULATORY ANALYSIS.**

13           (a) *REQUIREMENTS FOR NOTICES OF PROPOSED*  
14 *RULEMAKING.*—An agency may not issue a notice of pro-  
15 posed rulemaking unless the agency includes in the notice  
16 of proposed rulemaking an analysis that contains, at a  
17 minimum, with respect to each regulation that is being pro-  
18 posed—

19                   (1) an identification of the need for the regula-  
20                   tion and the regulatory objective, including identifica-  
21                   tion of the nature and significance of the market fail-  
22                   ure, regulatory failure, or other problem that neces-  
23                   sitates the regulation;

1           (2) *an explanation of why the private market or*  
2           *State, local, or tribal authorities cannot adequately*  
3           *address the identified market failure or other problem;*

4           (3) *an analysis of the adverse impacts to regu-*  
5           *lated entities, other market participants, economic ac-*  
6           *tivity, or agency effectiveness that are engendered by*  
7           *the regulation and the magnitude of such adverse im-*  
8           *pacts;*

9           (4) *a quantitative and qualitative assessment of*  
10          *all anticipated direct and indirect costs and benefits*  
11          *of the regulation (as compared to a benchmark that*  
12          *assumes the absence of the regulation), including—*

13                 (A) *compliance costs;*

14                 (B) *effects on economic activity, net job cre-*  
15                 *ation (excluding jobs related to ensuring compli-*  
16                 *ance with the regulation), efficiency, competi-*  
17                 *tion, and capital formation;*

18                 (C) *regulatory administrative costs; and*

19                 (D) *costs imposed by the regulation on*  
20                 *State, local, or tribal governments or other regu-*  
21                 *latory authorities;*

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

24          (6) *an identification and assessment of all avail-*  
25          *able alternatives to the regulation, including modi-*

1        *fication of an existing regulation or statute, together*  
2        *with—*

3                *(A) an explanation of why the regulation*  
4                *meets the objectives of the regulation more effec-*  
5                *tively than the alternatives, and if the agency is*  
6                *proposing multiple alternatives, an explanation*  
7                *of why a notice of proposed rulemaking, rather*  
8                *than an advanced notice of proposed rulemaking,*  
9                *is appropriate; and*

10                *(B) if the regulation is not a pilot program,*  
11                *an explanation of why a pilot program is not*  
12                *appropriate;*

13                *(7) if the regulation specifies the behavior or*  
14                *manner of compliance, an explanation of why the*  
15                *agency did not instead specify performance objectives;*

16                *(8) an assessment of how the burden imposed by*  
17                *the regulation will be distributed among market par-*  
18                *ticipants, including whether consumers, investors, or*  
19                *small businesses will be disproportionately burdened;*

20                *(9) an assessment of the extent to which the regu-*  
21                *lation is inconsistent, incompatible, or duplicative*  
22                *with the existing regulations of the agency or those of*  
23                *other domestic and international regulatory authori-*  
24                *ties with overlapping jurisdiction;*

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

3           (11) an assessment of the degree to which the key  
4 assumptions underlying the analysis are subject to  
5 uncertainty; and

6           (12) an explanation of predicted changes in  
7 market structure and infrastructure and in behavior  
8 by market participants, including consumers and in-  
9 vestors, assuming that they will pursue their economic  
10 interests.

11       (b) *REQUIREMENTS FOR NOTICES OF FINAL RULE-*  
12 *MAKING.*—

13           (1) *IN GENERAL.*—Notwithstanding any other  
14 provision of law, an agency may not issue a notice  
15 of final rulemaking with respect to a regulation un-  
16 less the agency—

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

19                   (B) has conducted and includes in the no-  
20 tice of final rulemaking an analysis that con-  
21 tains, at a minimum, the elements required  
22 under subsection (a); and

23                   (C) includes in the notice of final rule-  
24 making regulatory impact metrics selected by the

1           *chief economist to be used in preparing the re-*  
2           *port required pursuant to section 615.*

3           (2) *CONSIDERATION OF COMMENTS.*—*The agency*  
4           *shall incorporate in the elements described in para-*  
5           *graph (1)(B) the data and analyses provided to the*  
6           *agency by commenters during the comment period, or*  
7           *explain why the data or analyses are not being incor-*  
8           *porated.*

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

12                 (A) *has allowed at least 90 days from the*  
13                 *date of publication in the Federal Register of the*  
14                 *notice of proposed rulemaking for the submission*  
15                 *of public comments; or*

16                 (B) *includes in the notice of final rule-*  
17                 *making an explanation of why the agency was*  
18                 *not able to provide a 90-day comment period.*

19          (4) *PROHIBITED RULES.*—

20                 (A) *IN GENERAL.*—*An agency may not pub-*  
21                 *lish a notice of final rulemaking if the agency,*  
22                 *in its analysis under paragraph (1)(B), deter-*  
23                 *mines that the quantified costs are greater than*  
24                 *the quantified benefits under subsection (a)(5).*

1           (B) *PUBLICATION OF ANALYSIS.*—If the  
2           agency is precluded by subparagraph (A) from  
3           publishing a notice of final rulemaking, the  
4           agency shall publish in the *Federal Register* and  
5           on the public website of the agency its analysis  
6           under paragraph (1)(B), and provide the anal-  
7           ysis to each House of Congress.

8           (C) *CONGRESSIONAL WAIVER.*—If the agen-  
9           cy is precluded by subparagraph (A) from pub-  
10          lishing a notice of final rulemaking, Congress, by  
11          joint resolution pursuant to the procedures set  
12          forth for joint resolutions in section 802 of title  
13          5, *United States Code*, may direct the agency to  
14          publish a notice of final rulemaking notwith-  
15          standing the prohibition contained in subpara-  
16          graph (A). In applying section 802 of title 5,  
17          *United States Code*, for purposes of this para-  
18          graph, section 802(e)(2) shall not apply and the  
19          terms—

20               (i) “joint resolution” or “joint resolu-  
21               tion described in subsection (a)” means only  
22               a joint resolution introduced during the pe-  
23               riod beginning on the submission or publi-  
24               cation date and ending 60 days thereafter  
25               (excluding days either House of Congress is

1           *adjourned for more than 3 days during a*  
2           *session of Congress), the matter after the re-*  
3           *solving clause of which is as follows: “That*  
4           *Congress directs, notwithstanding the prohi-*  
5           *bition contained in section 612(b)(4)(A) of*  
6           *the Financial CHOICE Act of 2016, the*  
7           *\_\_\_\_\_ to publish the notice of final rule-*  
8           *making for the regulation or regulations*  
9           *that were the subject of the analysis sub-*  
10          *mitted by the \_\_\_\_\_ to Congress on \_\_\_\_\_.”*  
11          *(The blank spaces being appropriately filled*  
12          *in.); and*

13                   *(ii) “submission or publication date”*  
14                   *means—*

15                           *(I) the date on which the analysis*  
16                           *under paragraph (1)(B) is submitted*  
17                           *to Congress under paragraph (4)(B);*  
18                           *or*

19                           *(II) if the analysis is submitted to*  
20                           *Congress less than 60 session days or*  
21                           *60 legislative days before the date on*  
22                           *which the Congress adjourns a session*  
23                           *of Congress, the date on which the*  
24                           *same or succeeding Congress first con-*  
25                           *venes its next session.*



1 **SEC. 613. RULE OF CONSTRUCTION.**

2 *For purposes of the Paperwork Reduction Act (44*  
3 *U.S.C. 3501 et seq.), obtaining, causing to be obtained, or*  
4 *soliciting information for purposes of complying with sec-*  
5 *tion 612 with respect to a proposed rulemaking shall not*  
6 *be construed to be a collection of information, provided that*  
7 *the agency has first issued an advanced notice of proposed*  
8 *rulemaking in connection with the regulation, identifies*  
9 *that advanced notice of proposed rulemaking in its solicita-*  
10 *tion of information, and informs the person from whom the*  
11 *information is obtained or solicited that the provision of*  
12 *information is voluntary.*

13 **SEC. 614. PUBLIC AVAILABILITY OF DATA AND REGULATORY**  
14 **ANALYSIS.**

15 *(a) IN GENERAL.—At or before the commencement of*  
16 *the public comment period with respect to a regulation, the*  
17 *agency shall make available on its public website sufficient*  
18 *information about the data, methodologies, and assump-*  
19 *tions underlying the analyses performed pursuant to section*  
20 *612 so that the analytical results of the agency are capable*  
21 *of being substantially reproduced, subject to an acceptable*  
22 *degree of imprecision or error.*

23 *(b) CONFIDENTIALITY.—The agency shall comply with*  
24 *subsection (a) in a manner that preserves the confiden-*  
25 *tiality of nonpublic information, including confidential*  
26 *trade secrets, confidential commercial or financial informa-*

1 *tion, and confidential information about positions, trans-*  
2 *actions, or business practices.*

3 **SEC. 615. 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 the  
11 report required by subsection (a), the chief economist shall  
12 employ the regulatory impact metrics included in the notice  
13 of final rulemaking pursuant to section 612(b)(1)(C).

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

19 (d) *CONFIDENTIALITY.*—The agency shall comply with  
20 subsection (c) in a manner that preserves the confidentiality  
21 of nonpublic information, including confidential trade se-  
22 crets, confidential commercial or financial information,  
23 and confidential information about positions, transactions,  
24 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. The  
6 Commodity Futures Trading Commission shall also submit  
7 its report to the Committee on Agriculture, Nutrition, and  
8 Forestry of the Senate and the Committee on Agriculture  
9 of the House of Representatives.

10 **SEC. 616. RETROSPECTIVE REVIEW OF EXISTING RULES.**

11       (a) *REGULATORY IMPROVEMENT PLAN.*—Not later  
12 than 1 year after the date of enactment of this Act and  
13 every 5 years thereafter, each agency shall develop, submit  
14 to the Committee on Banking, Housing, and Urban Affairs  
15 of the Senate and the Committee on Financial Services of  
16 the House of Representatives, and post on the public website  
17 of the agency a plan, consistent with law and its resources  
18 and regulatory priorities, under which the agency will mod-  
19 ify, streamline, expand, or repeal existing regulations so as  
20 to make the regulatory program of the agency more effective  
21 or less burdensome in achieving the regulatory objectives.  
22 The Commodity Futures Trading Commission shall also  
23 submit its plan to the Committee on Agriculture, Nutrition,  
24 and Forestry of the Senate and the Committee on Agri-  
25 culture of the House of Representatives.

1           (b) *IMPLEMENTATION PROGRESS REPORT.*—Two  
2 *years after the date of submission of each plan required*  
3 *under subsection (a), each agency shall develop, submit to*  
4 *the Committee on Banking, Housing, and Urban Affairs*  
5 *of the Senate and the Committee on Financial Services of*  
6 *the House of Representatives, and post on the public website*  
7 *of the agency a report of the steps that it has taken to imple-*  
8 *ment the plan, steps that remain to be taken to implement*  
9 *the plan, and, if any parts of the plan will not be imple-*  
10 *mented, reasons for not implementing those parts of the*  
11 *plan. The Commodity Futures Trading Commission shall*  
12 *also submit its plan to the Committee on Agriculture, Nu-*  
13 *trition, and Forestry of the Senate and the Committee on*  
14 *Agriculture of the House of Representatives.*

15 **SEC. 617. JUDICIAL REVIEW.**

16           (a) *IN GENERAL.*—Notwithstanding any other provi-  
17 *sion of law, during the period beginning on the date on*  
18 *which a notice of final rulemaking for a regulation is pub-*  
19 *lished in the Federal Register and ending 1 year later, a*  
20 *person that is adversely affected or aggrieved by the regula-*  
21 *tion is entitled to bring an action in the United States*  
22 *Court of Appeals for the District of Columbia Circuit for*  
23 *judicial review of agency compliance with the requirements*  
24 *of section 612.*

1           (b) *STAY.*—*The court may stay the effective date of the*  
2 *regulation or any provision thereof.*

3           (c) *RELIEF.*—*If the court finds that an agency has not*  
4 *complied with the requirements of section 612, the court*  
5 *shall vacate the subject regulation, unless the agency shows*  
6 *by clear and convincing evidence that vacating the regula-*  
7 *tion would result in irreparable harm. Nothing in this sec-*  
8 *tion affects other limitations on judicial review or the power*  
9 *or duty of the court to dismiss any action or deny relief*  
10 *on any other appropriate legal or equitable ground.*

11 **SEC. 618. CHIEF ECONOMISTS COUNCIL.**

12           (a) *ESTABLISHMENT.*—*There is established the Chief*  
13 *Economists Council.*

14           (b) *MEMBERSHIP.*—*The Council shall consist of the*  
15 *chief economist of each agency. The members of the Council*  
16 *shall select the first chairperson of the Council. Thereafter*  
17 *the position of Chairperson shall rotate annually among the*  
18 *members of the Council.*

19           (c) *MEETINGS.*—*The Council shall meet at the call of*  
20 *the Chairperson, but not less frequently than quarterly.*

21           (d) *REPORT.*—*One year after the effective date of this*  
22 *Act and annually thereafter, the Council shall prepare and*  
23 *submit to the Committee on Banking, Housing, and Urban*  
24 *Affairs and the Committee on Agriculture, Nutrition, and*  
25 *Forestry of the Senate and the Committee on Financial*

1 *Services and the Committee on Agriculture of the House*  
2 *of Representatives a report on—*

3           (1) *the benefits and costs of regulations adopted*  
4 *by the agencies during the past 12 months;*

5           (2) *the regulatory actions planned by the agen-*  
6 *cies for the upcoming 12 months;*

7           (3) *the cumulative effect of the existing regula-*  
8 *tions of the agencies on economic activity, innovation,*  
9 *international competitiveness of entities regulated by*  
10 *the agencies, and net job creation (excluding jobs re-*  
11 *lated to ensuring compliance with the regulation);*

12           (4) *the training and qualifications of the persons*  
13 *who prepared the cost-benefit analyses of each agency*  
14 *during the past 12 months;*

15           (5) *the sufficiency of the resources available to*  
16 *the chief economists during the past 12 months for the*  
17 *conduct of the activities required by this subtitle; and*

18           (6) *recommendations for legislative or regulatory*  
19 *action to enhance the efficiency and effectiveness of fi-*  
20 *nancial regulation in the United States.*

21 **SEC. 619. CONFORMING AMENDMENTS.**

22       *Section 15(a) of the Commodity Exchange Act (7*  
23 *U.S.C. 19(a)) is amended—*

24           (1) *by striking paragraph (1);*

1           (2) in paragraph (2), by striking “(2)” and all  
2           that follows through “light of—” and inserting the  
3           following:

4           “(1) *CONSIDERATIONS*.—Before promulgating a  
5           regulation under this chapter or issuing an order (ex-  
6           cept as provided in paragraph (2)), the Commission  
7           shall take into consideration—”;

8           (3) in paragraph (1), as so redesignated—

9           (A) in subparagraph (B), by striking “fu-  
10          tures” and inserting “the relevant”;

11          (B) in subparagraph (C), by adding “and”  
12          at the end;

13          (C) in subparagraph (D), by striking “;  
14          and” and inserting a period; and

15          (D) by striking subparagraph (E); and

16          (4) by redesignating paragraph (3) as para-  
17          graph (2).

18 **SEC. 620. OTHER REGULATORY ENTITIES.**

19          (a) *SECURITIES AND EXCHANGE COMMISSION*.—Not  
20          later than 1 year after the date of enactment of this Act,  
21          the Securities and Exchange Commission shall provide to  
22          the Committee on Banking, Housing, and Urban Affairs  
23          of the Senate and the Committee on Financial Services of  
24          the House of Representatives a report setting forth a plan  
25          for subjecting the Public Company Accounting Oversight

1 *Board, the Municipal Securities Rulemaking Board, and*  
2 *any national securities association registered under section*  
3 *15A of the Securities Exchange Act of 1934 (15 U.S.C. 780–*  
4 *4(a)) to the requirements of this subtitle, other than direct*  
5 *representation on the Council.*

6 (b) *COMMODITY FUTURES TRADING COMMISSION.—*  
7 *Not later than 1 year after the date of enactment of this*  
8 *Act, the Commodity Futures Trading Commission shall*  
9 *provide to the Committee on Banking, Housing, and Urban*  
10 *Affairs of the Senate, the Committee on Financial Services*  
11 *of the House of Representatives, the Committee on Agri-*  
12 *culture, Nutrition, and Forestry of the Senate, and the*  
13 *Committee on Agriculture of the House of Representatives*  
14 *a report setting forth a plan for subjecting any futures asso-*  
15 *ciation registered under section 17 of the Commodity Ex-*  
16 *change Act (7 U.S.C. 21) to the requirements of this subtitle,*  
17 *other than direct representation on the Council.*

18 **SEC. 621. AVOIDANCE OF DUPLICATIVE OR UNNECESSARY**

19 **ANALYSES.**

20 *An agency may perform the analyses required by this*  
21 *subtitle in conjunction with, or as a part of, any other agen-*  
22 *da or analysis required by any other provision of law, if*  
23 *such other analysis satisfies the provisions of this subtitle.*



1 **Subtitle B—Congressional Review**  
2 **of Federal Financial Agency**  
3 **Rulemaking**

4 **SEC. 631. CONGRESSIONAL REVIEW.**

5 (a)(1)(A) *Before a rule may take effect, a Federal fi-*  
6 *nancial agency shall publish in the Federal Register a list*  
7 *of information on which the rule is based, including data,*  
8 *scientific and economic studies, and cost-benefit analyses,*  
9 *and identify how the public can access such information*  
10 *online, and shall submit to each House of the Congress and*  
11 *to the 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 classi-*  
17 *fication specifically addressing each criteria for a*  
18 *major rule contained within subparagraphs (A)*  
19 *through (C) of section 634(2);*

20 (iv) *a list of any other related regulatory actions*  
21 *intended to implement the same statutory provision*  
22 *or regulatory objective as well as the individual and*  
23 *aggregate economic effects of those actions; and*

24 (v) *the proposed effective date of the rule.*

1           (B) *On the date of the submission of the report under*  
2 *subparagraph (A), the Federal financial agency shall sub-*  
3 *mit to the Comptroller General and make available to each*  
4 *House of Congress—*

5           (i) *a complete copy of the cost-benefit analysis of*  
6 *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 Federal financial agency's actions pursu-*  
10 *ant to sections 603, 604, 605, 607, and 609 of title*  
11 *5, United States Code;*

12           (iii) *the Federal financial agency's actions pur-*  
13 *suant to sections 202, 203, 204, and 205 of the Un-*  
14 *funded Mandates Reform Act of 1995; 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 subpara-*  
19 *graph (A), each House shall provide copies of the report*  
20 *to the chairman and ranking member of each standing com-*  
21 *mittee with jurisdiction under the rules of the House of Rep-*  
22 *resentatives or the Senate to report a bill to amend the pro-*  
23 *vision of law under which the rule is issued.*

24           (2)(A) *The Comptroller General shall provide a report*  
25 *on each major rule to the committees of jurisdiction by the*

1 *end of 15 calendar days after the submission or publication*  
2 *date. The report of the Comptroller General shall include*  
3 *an assessment of the Federal financial agency's compliance*  
4 *with procedural steps required by paragraph (1)(B) and*  
5 *an assessment of whether the major rule imposes any new*  
6 *limits or mandates on private-sector activity.*

7 *(B) Federal financial agencies shall cooperate with the*  
8 *Comptroller General by providing information relevant to*  
9 *the Comptroller General's report under subparagraph (A).*

10 *(3) A major rule relating to a report submitted under*  
11 *paragraph (1) shall take effect upon enactment of a joint*  
12 *resolution of approval described in section 632 or as pro-*  
13 *vided for in the rule following enactment of a joint resolu-*  
14 *tion of approval described in section 632, whichever is later.*

15 *(4) A nonmajor rule shall take effect as provided by*  
16 *section 633 after submission to Congress under paragraph*  
17 *(1).*

18 *(5) If a joint resolution of approval relating to a major*  
19 *rule is not enacted within the period provided in subsection*  
20 *(b)(2), then a joint resolution of approval relating to the*  
21 *same rule may not be considered under this subtitle in the*  
22 *same Congress by either the House of Representatives or the*  
23 *Senate.*

1           (b)(1) *A major rule shall not take effect unless the Con-*  
2 *gress enacts a joint resolution of approval described under*  
3 *section 632.*

4           (2) *If a joint resolution described in subsection (a) is*  
5 *not enacted into law by the end of 70 session days or legisla-*  
6 *tive days, as applicable, beginning on the date on which*  
7 *the report referred to in subsection (a)(1)(A) is received by*  
8 *Congress (excluding days either House of Congress is ad-*  
9 *journing for more than 3 days during a session of Congress),*  
10 *then the rule described in that resolution shall be deemed*  
11 *not to be approved and such rule shall not take effect.*

12          (c)(1) *Notwithstanding any other provision of this sec-*  
13 *tion (except subject to paragraph (3)), a major rule may*  
14 *take effect for one 90-calendar-day period if the President*  
15 *makes a determination under paragraph (2) and submits*  
16 *written notice of such determination to the Congress.*

17          (2) *Paragraph (1) applies to a determination made*  
18 *by the President by Executive order that the major rule*  
19 *should take effect because such rule is—*

20               (A) *necessary because of an imminent threat to*  
21 *health or safety or other emergency;*

22               (B) *necessary for the enforcement of criminal*  
23 *laws;*

24               (C) *necessary for national security; or*

1           (D) issued pursuant to any statute implementing  
2           an international trade agreement.

3           (3) An exercise by the President of the authority under  
4 this subsection shall have no effect on the procedures under  
5 section 632.

6           (d)(1) In addition to the opportunity for review other-  
7 wise provided under this subtitle, in the case of any rule  
8 for which a report was submitted in accordance with sub-  
9 section (a)(1)(A) during the period beginning on the date  
10 occurring—

11           (A) in the case of the Senate, 60 session days; or

12           (B) in the case of the House of Representatives,  
13           60 legislative days,

14 before the date the Congress is scheduled to adjourn a session  
15 of Congress through the date on which the same or suc-  
16 ceeding Congress first convenes its next session, sections 632  
17 and 633 shall apply to such rule in the succeeding session  
18 of Congress.

19           (2)(A) In applying sections 632 and 633 for purposes  
20 of such additional review, a rule described under paragraph  
21 (1) shall be treated as though—

22           (i) such rule were published in the Federal Reg-  
23           ister on—

24           (I) in the case of the Senate, the 15th ses-  
25           sion day; or

1                   (II) *in the case of the House of Representa-*  
 2                   *tives, the 15th legislative day,*  
 3                   *after the succeeding session of Congress first convenes;*  
 4                   *and*

5                   (ii) *a report on such rule were submitted to Con-*  
 6                   *gress under subsection (a)(1) on such date.*

7                   (B) *Nothing in this paragraph shall be construed to*  
 8                   *affect the requirement under subsection (a)(1) that a report*  
 9                   *shall be submitted to Congress before a rule can take effect.*

10                  (3) *A rule described under paragraph (1) shall take*  
 11                  *effect as otherwise provided by law (including other sub-*  
 12                  *sections of this section).*

13   **SEC. 632. CONGRESSIONAL APPROVAL PROCEDURE FOR**  
 14                   **MAJOR RULES.**

15                  (a)(1) *For purposes of this section, the term “joint res-*  
 16                  *olution” means only a joint resolution addressing a report*  
 17                  *classifying a rule as major pursuant to section*  
 18                  *631(a)(1)(A)(iii) that—*

19                   (A) *bears no preamble;*

20                   (B) *bears the following title (with blanks filled as*  
 21                   *appropriate): “Approving the rule submitted by*  
 22                   \_\_\_\_\_ *relating to \_\_\_\_\_.”;*

23                   (C) *includes after its resolving clause only the*  
 24                   *following (with blanks filled as appropriate): “That*

1 Congress approves the rule submitted by \_\_\_\_\_ re-  
2 lating to \_\_\_\_\_.”; and

3 (D) is introduced pursuant to paragraph (2).

4 (2) After a House of Congress receives a report  
5 classifying a rule as major pursuant to section  
6 631(a)(1)(A)(iii), the majority leader of that House (or his  
7 or her respective designee) shall introduce (by request, if ap-  
8 propriate) a joint resolution described in paragraph (1)—

9 (A) in the case of the House of Representatives,  
10 within 3 legislative days; and

11 (B) in the case of the Senate, within 3 session  
12 days.

13 (3) A joint resolution described in paragraph (1) shall  
14 not be subject to amendment at any stage of proceeding.

15 (b) A joint resolution described in subsection (a) shall  
16 be referred in each House of Congress to the committees hav-  
17 ing jurisdiction over the provision of law under which the  
18 rule is issued.

19 (c) In the Senate, if the committee or committees to  
20 which a joint resolution described in subsection (a) has been  
21 referred have not reported it at the end of 15 session days  
22 after its introduction, such committee or committees shall  
23 be automatically discharged from further consideration of  
24 the resolution and it shall be placed on the calendar. A vote  
25 on final passage of the resolution shall be taken on or before

1 *the close of the 15th session day after the resolution is re-*  
2 *ported by the committee or committees to which it was re-*  
3 *ferred, or after such committee or committees have been dis-*  
4 *charged from further consideration of the resolution.*

5 *(d)(1) In the Senate, when the committee or commit-*  
6 *tees to which a joint resolution is referred have reported,*  
7 *or when a committee or committees are discharged (under*  
8 *subsection (c)) from further consideration of a joint resolu-*  
9 *tion described in subsection (a), it is at any time thereafter*  
10 *in order (even though a previous motion to the same effect*  
11 *has been disagreed to) for a motion to proceed to the consid-*  
12 *eration of the joint resolution, and all points of order*  
13 *against the joint resolution (and against consideration of*  
14 *the joint resolution) are waived. The motion is not subject*  
15 *to amendment, or to a motion to postpone, or to a motion*  
16 *to proceed to the consideration of other business. A motion*  
17 *to reconsider the vote by which the motion is agreed to or*  
18 *disagreed to shall not be in order. If a motion to proceed*  
19 *to the consideration of the joint resolution is agreed to, the*  
20 *joint resolution shall remain the unfinished business of the*  
21 *Senate until disposed of.*

22 *(2) In the Senate, debate on the joint resolution, and*  
23 *on all debatable motions and appeals in connection there-*  
24 *with, shall be limited to not more than 2 hours, which shall*  
25 *be divided equally between those favoring and those oppos-*



1 *ing the joint resolution. A motion to further limit debate*  
2 *is in order and not debatable. An amendment to, or a mo-*  
3 *tion to postpone, or a motion to proceed to the consideration*  
4 *of other business, or a motion to recommit the joint resolu-*  
5 *tion is not in order.*

6       (3) *In the Senate, immediately following the conclu-*  
7 *sion of the debate on a joint resolution described in sub-*  
8 *section (a), and a single quorum call at the conclusion of*  
9 *the debate if requested in accordance with the rules of the*  
10 *Senate, the vote on final passage of the joint resolution shall*  
11 *occur.*

12       (4) *Appeals from the decisions of the Chair relating*  
13 *to the application of the rules of the Senate to the procedure*  
14 *relating to a joint resolution described in subsection (a)*  
15 *shall be decided without debate.*

16       (e) *In the House of Representatives, if any committee*  
17 *to which a joint resolution described in subsection (a) has*  
18 *been referred has not reported it to the House at the end*  
19 *of 15 legislative days after its introduction, such committee*  
20 *shall be discharged from further consideration of the joint*  
21 *resolution, and it shall be placed on the appropriate cal-*  
22 *endar. On the second and fourth Thursdays of each month*  
23 *it shall be in order at any time for the Speaker to recognize*  
24 *a Member who favors passage of a joint resolution that has*  
25 *appeared on the calendar for at least 5 legislative days to*

1 *call up that joint resolution for immediate consideration*  
2 *in the House without intervention of any point of order.*  
3 *When so called up a joint resolution shall be considered as*  
4 *read and shall be debatable for 1 hour equally divided and*  
5 *controlled by the proponent and an opponent, and the pre-*  
6 *vious question shall be considered as ordered to its passage*  
7 *without intervening motion. It shall not be in order to re-*  
8 *consider the vote on passage. If a vote on final passage of*  
9 *the joint resolution has not been taken by the third Thurs-*  
10 *day on which the Speaker may recognize a Member under*  
11 *this subsection, such vote shall be taken on that day.*

12 *(f)(1) If, before passing a joint resolution described in*  
13 *subsection (a), one House receives from the other a joint*  
14 *resolution having the same text, then—*

15 *(A) the joint resolution of the other House shall*  
16 *not be referred to a committee; and*

17 *(B) the procedure in the receiving House shall be*  
18 *the same as if no joint resolution had been received*  
19 *from the other House until the vote on passage, when*  
20 *the joint resolution received from the other House*  
21 *shall supplant the joint resolution of the receiving*  
22 *House.*

23 *(2) This subsection shall not apply to the House of*  
24 *Representatives if the joint resolution received from the Sen-*  
25 *ate is a revenue measure.*

1       (g) *If either House has not taken a vote on final pas-*  
2 *sage of the joint resolution by the last day of the period*  
3 *described in section 631(b)(2), then such vote shall be taken*  
4 *on that day.*

5       (h) *This section and section 633 are enacted by Con-*  
6 *gress—*

7           (1) *as an exercise of the rulemaking power of the*  
8 *Senate and House of Representatives, respectively,*  
9 *and as such is deemed to be part of the rules of each*  
10 *House, respectively, but applicable only with respect*  
11 *to the procedure to be followed in that House in the*  
12 *case of a joint resolution described in subsection (a)*  
13 *and superseding other rules only where explicitly so;*  
14 *and*

15           (2) *with full recognition of the Constitutional*  
16 *right of either House to change the rules (so far as*  
17 *they relate to the procedure of that House) at any*  
18 *time, in the same manner and to the same extent as*  
19 *in the case of any other rule of that House.*

20 **SEC. 633. CONGRESSIONAL DISAPPROVAL PROCEDURE FOR**  
21 **NONMAJOR RULES.**

22       (a) *For purposes of this section, the term “joint resolu-*  
23 *tion” means only a joint resolution introduced in the period*  
24 *beginning on the date on which the report referred to in*  
25 *section 631(a)(1)(A) is received by Congress and ending 60*

1 days thereafter (excluding days either House of Congress is  
2 adjourned for more than 3 days during a session of Con-  
3 gress), the matter after the resolving clause of which is as  
4 follows: “That Congress disapproves the nonmajor rule sub-  
5 mitted by the \_\_\_\_\_ relating to \_\_\_\_\_, and such rule  
6 shall have no force or effect.” (The blank spaces being appro-  
7 priately filled in).

8 (b) A joint resolution described in subsection (a) shall  
9 be referred to the committees in each House of Congress with  
10 jurisdiction.

11 (c) In the Senate, if the committee to which is referred  
12 a joint resolution described in subsection (a) has not re-  
13 ported such joint resolution (or an identical joint resolu-  
14 tion) at the end of 15 session days after the date of introduc-  
15 tion of the joint resolution, such committee may be dis-  
16 charged from further consideration of such joint resolution  
17 upon a petition supported in writing by 30 Members of the  
18 Senate, and such joint resolution shall be placed on the cal-  
19 endar.

20 (d)(1) In the Senate, when the committee to which a  
21 joint resolution is referred has reported, or when a com-  
22 mittee is discharged (under subsection (c)) from further con-  
23 sideration of a joint resolution described in subsection (a),  
24 it is at any time thereafter in order (even though a previous  
25 motion to the same effect has been disagreed to) for a motion

1 to proceed to the consideration of the joint resolution, and  
2 all points of order against the joint resolution (and against  
3 consideration of the joint resolution) are waived. The mo-  
4 tion is not subject to amendment, or to a motion to post-  
5 pone, or to a motion to proceed to the consideration of other  
6 business. A motion to reconsider the vote by which the mo-  
7 tion is agreed to or disagreed to shall not be in order. If  
8 a motion to proceed to the consideration of the joint resolu-  
9 tion is agreed to, the joint resolution shall remain the unfin-  
10 ished business of the Senate until disposed of.

11 (2) In the Senate, debate on the joint resolution, and  
12 on all debatable motions and appeals in connection there-  
13 with, shall be limited to not more than 10 hours, which  
14 shall be divided equally between those favoring and those  
15 opposing the joint resolution. A motion to further limit de-  
16 bate is in order and not debatable. An amendment to, or  
17 a motion to postpone, or a motion to proceed to the consid-  
18 eration of other business, or a motion to recommit the joint  
19 resolution is not in order.

20 (3) In the Senate, immediately following the conclu-  
21 sion of the debate on a joint resolution described in sub-  
22 section (a), and a single quorum call at the conclusion of  
23 the debate if requested in accordance with the rules of the  
24 Senate, the vote on final passage of the joint resolution shall  
25 occur.

1       (4) *Appeals from the decisions of the Chair relating*  
2 *to the application of the rules of the Senate to the procedure*  
3 *relating to a joint resolution described in subsection (a)*  
4 *shall be decided without debate.*

5       (e) *In the Senate, the procedure specified in subsection*  
6 *(c) or (d) shall not apply to the consideration of a joint*  
7 *resolution respecting a nonmajor rule—*

8           (1) *after the expiration of the 60 session days be-*  
9 *ginning with the applicable submission or publication*  
10 *date; or*

11           (2) *if the report under section 631(a)(1)(A) was*  
12 *submitted during the period referred to in section*  
13 *631(d)(1), after the expiration of the 60 session days*  
14 *beginning on the 15th session day after the succeeding*  
15 *session of Congress first convenes.*

16       (f) *If, before the passage by one House of a joint resolu-*  
17 *tion of that House described in subsection (a), that House*  
18 *receives from the other House a joint resolution described*  
19 *in subsection (a), then the following procedures shall apply:*

20           (1) *The joint resolution of the other House shall*  
21 *not be referred to a committee.*

22           (2) *With respect to a joint resolution described in*  
23 *subsection (a) of the House receiving the joint resolu-*  
24 *tion—*

1           (A) the procedure in that House shall be the  
2           same as if no joint resolution had been received  
3           from the other House; but

4           (B) the vote on final passage shall be on the  
5           joint resolution of the other House.

6 **SEC. 634. DEFINITIONS.**

7           For purposes of this subtitle:

8           (1) The term “Federal financial agency” means  
9           the Consumer Financial Opportunity Commission,  
10          Board of Governors of the Federal Reserve System, the  
11          Commodity Futures Trading Commission, the Federal  
12          Deposit Insurance Corporation, the Federal Housing  
13          Finance Agency, the Office of the Comptroller of the  
14          Currency, the National Credit Union Administration,  
15          and the Securities and Exchange Commission.

16          (2) The term “major rule” means any rule, in-  
17          cluding an interim final rule, that the Administrator  
18          of the Office of Information and Regulatory Affairs of  
19          the Office of Management and Budget finds has re-  
20          sulted in or is likely to result in—

21                (A) an annual effect on the economy of \$100  
22                million or more;

23                (B) a major increase in costs or prices for  
24                consumers, individual industries, Federal, State,

1           or local government agencies, or geographic re-  
2           gions; or

3           (C) significant adverse effects on competi-  
4           tion, employment, investment, productivity, in-  
5           novation, or on the ability of United States-  
6           based enterprises to compete with foreign-based  
7           enterprises in domestic and export markets.

8           (3) The term “nonmajor rule” means any rule  
9           that is not a major rule.

10          (4) The term “rule” has the meaning given such  
11          term in section 551 of title 5, United States Code, ex-  
12          cept that such term does not include—

13               (A) any rule of particular applicability, in-  
14               cluding a rule that approves or prescribes for the  
15               future rates, wages, prices, services, or allow-  
16               ances therefore, corporate or financial structures,  
17               reorganizations, mergers, or acquisitions thereof,  
18               or accounting practices or disclosures bearing on  
19               any of the foregoing;

20               (B) any rule relating to agency manage-  
21               ment or personnel; or

22               (C) any rule of agency organization, proce-  
23               dure, or practice that does not substantially af-  
24               fect the rights or obligations of non-agency par-  
25               ties.



1           (5) *The term “submission date or publication*  
2 *date”, except as otherwise provided in this subtitle,*  
3 *means—*

4                   (A) *in the case of a major rule, the date on*  
5 *which the Congress receives the report submitted*  
6 *under section 631(a)(1)(A); and*

7                   (B) *in the case of a nonmajor rule, the later*  
8 *of—*

9                           (i) *the date on which the Congress re-*  
10 *ceives the report submitted under section*  
11 *631(a)(1)(A); and*

12                           (ii) *the date on which the nonmajor*  
13 *rule is published in the Federal Register, if*  
14 *so published.*

15 **SEC. 635. JUDICIAL REVIEW.**

16           (a) *No determination, finding, action, or omission*  
17 *under this subtitle shall be subject to judicial review.*

18           (b) *Notwithstanding subsection (a), a court may deter-*  
19 *mine whether a Federal financial agency has completed the*  
20 *necessary requirements under this subtitle for a rule to take*  
21 *effect.*

22           (c) *The enactment of a joint resolution of approval*  
23 *under section 632 shall not be interpreted to serve as a*  
24 *grant or modification of statutory authority by Congress*  
25 *for the promulgation of a rule, shall not extinguish or affect*

1 *any claim, whether substantive or procedural, against any*  
2 *alleged defect in a rule, and shall not form part of the record*  
3 *before the court in any judicial proceeding concerning a*  
4 *rule except for purposes of determining whether or not the*  
5 *rule is in effect.*

6 **SEC. 636. EFFECTIVE DATE OF CERTAIN RULES.**

7 *Notwithstanding section 631—*

8 *(1) any rule that establishes, modifies, opens,*  
9 *closes, or conducts a regulatory program for a com-*  
10 *mercial, recreational, or subsistence activity related to*  
11 *hunting, fishing, or camping; or*

12 *(2) any rule other than a major rule which the*  
13 *Federal financial agency for good cause finds (and*  
14 *incorporates the finding and a brief statement of rea-*  
15 *sons therefore in the rule issued) that notice and pub-*  
16 *lic procedure thereon are impracticable, unnecessary,*  
17 *or contrary to the public interest,*

18 *shall take effect at such time as the Federal financial agency*  
19 *promulgating the rule determines.*

20 **SEC. 637. BUDGETARY EFFECTS OF RULES SUBJECT TO**  
21 **SECTION 632 OF THE FINANCIAL CHOICE ACT**  
22 **OF 2016.**

23 *Section 257(b)(2) of the Balanced Budget and Emer-*  
24 *gency Deficit Control Act of 1985 is amended by adding*  
25 *at the end the following new subparagraph:*

1           “(E) *BUDGETARY EFFECTS OF RULES SUBJECT*  
2           *TO SECTION 632 OF THE FINANCIAL CHOICE ACT OF*  
3           *2016.—Any rules subject to the congressional approval*  
4           *procedure set forth in section 632 of the Financial*  
5           *CHOICE Act of 2016 affecting budget authority, out-*  
6           *lays, or receipts shall be assumed to be effective unless*  
7           *it is not approved in accordance with such section.”.*

8           ***Subtitle C—Judicial Review of***  
9           ***Agency Actions***

10       ***SEC. 641. SCOPE OF JUDICIAL REVIEW OF AGENCY AC-***  
11       ***TIONS.***

12           *(a) IN GENERAL.—Notwithstanding any other provi-*  
13           *sion of law, in any judicial review of an agency action pur-*  
14           *suant to chapter 7 of title 5, United States Code, to the*  
15           *extent necessary to decision and when presented, the review-*  
16           *ing court shall determine the meaning or applicability of*  
17           *the terms of an agency action and decide de novo all rel-*  
18           *evant questions of law, including the interpretation of con-*  
19           *stitutional and statutory provisions, and rules made by an*  
20           *agency. Notwithstanding any other provision of law, this*  
21           *section shall apply in any action for judicial review of*  
22           *agency action authorized under any provision of law. No*  
23           *law may exempt any such civil action from the application*  
24           *of this section except by specific reference to this section.*

1       (b) *AGENCY DEFINED.*—For purposes of this section,  
2 the term “agency” means the Consumer Financial Oppor-  
3 tunity Commission, the Board of Governors of the Federal  
4 Reserve System, the Commodity Futures Trading Commis-  
5 sion, the Federal Deposit Insurance Corporation, the Fed-  
6 eral Housing Finance Agency, the Office of the Comptroller  
7 of the Currency, the National Credit Union Administration,  
8 and the Securities and Exchange Commission.

9                                   **Subtitle D—Leadership of**  
10                                   **Financial Regulators**

11 **SEC. 651. FEDERAL DEPOSIT INSURANCE CORPORATION.**

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

14                   (1) in subsection (a)(1), by striking “5 members”  
15                   and all that follows through “3 of whom” and insert-  
16                   ing the following: “5 members, who”;

17                   (2) by amending subsection (d) to read as fol-  
18                   lows:

19                   “(d) *VACANCY.*—Any vacancy on the Board of Direc-  
20                   tors shall be filled in the manner in which the original ap-  
21                   pointment was made.”; and

22                   (3) in subsection (f)—

23                                   (A) by striking paragraph (2); and

24                                   (B) by redesignating paragraph (3) as  
25                   paragraph (2).

1 **SEC. 652. FEDERAL HOUSING FINANCE AGENCY.**

2 (a) *ESTABLISHMENT OF BOARD.*—Section 1312 of the  
3 *Federal Housing Enterprises Financial Safety and Sound-*  
4 *ness Act of 1992 (12 U.S.C. 4512) is amended—*

5 (1) *in the heading of such section, by striking*  
6 *“DIRECTOR” and inserting “BOARD OF DIREC-*  
7 *TORS”;* and

8 (2) *by striking subsections (a) and (b) and in-*  
9 *serting the following:*

10 “(a) *ESTABLISHMENT.*—*There is established the Board*  
11 *of Directors of the Agency, which shall serve as the head*  
12 *of the Agency.*

13 “(b) *BOARD OF DIRECTORS.*—

14 “(1) *COMPOSITION OF THE BOARD.*—

15 “(A) *IN GENERAL.*—*The Board shall be*  
16 *composed of 5 members who shall be appointed*  
17 *by the President, by and with the advice and*  
18 *consent of the Senate, from among individuals*  
19 *who—*

20 “(i) *are citizens of the United States;*

21 *and*

22 “(ii) *have a demonstrated under-*  
23 *standing of financial management or over-*  
24 *sight, and have a demonstrated under-*  
25 *standing of capital markets, including the*

1 mortgage securities markets and housing fi-  
2 nance.

3 “(B) *STAGGERING.*—The members of the  
4 Board shall serve staggered terms, which ini-  
5 tially shall be established by the President for  
6 terms of 1, 2, 3, 4, and 5 years, respectively.

7 “(C) *TERMS.*—

8 “(i) *IN GENERAL.*—Each member of  
9 the Board, including the Chair, shall serve  
10 for a term of 5 years.

11 “(ii) *REMOVAL.*—The President may  
12 remove any member of the Board for ineffi-  
13 ciency, neglect of duty, or malfeasance in  
14 office.

15 “(iii) *VACANCIES.*—Any member of the  
16 Board appointed to fill a vacancy occurring  
17 before the expiration of the term to which  
18 that member’s predecessor was appointed  
19 (including the Chair) shall be appointed  
20 only for the remainder of the term.

21 “(iv) *CONTINUATION OF SERVICE.*—  
22 Each member of the Board may continue to  
23 serve after the expiration of the term of of-  
24 fice to which that member was appointed  
25 until a successor has been appointed by the

1           *President and confirmed by the Senate, ex-*  
2           *cept that a member may not continue to*  
3           *serve more than 1 year after the date on*  
4           *which that member's term would otherwise*  
5           *expire.*

6           “(v) *OTHER EMPLOYMENT PROHIB-*  
7           *ITED.—No member of the Board shall en-*  
8           *gage in any other business, vocation, or em-*  
9           *ployment.*

10          “(2) *AFFILIATION.—Not more than 3 members of*  
11         *the Board shall be members of any one political*  
12         *party.*

13          “(3) *CHAIR OF THE BOARD.—*

14                 “(A) *APPOINTMENT.—The Chair of the*  
15                 *Board shall be appointed by the President.*

16                 “(B) *AUTHORITY.—The Chair shall be the*  
17                 *principal executive officer of the Agency, and*  
18                 *shall exercise all of the executive and administra-*  
19                 *tive functions of the Agency, including with re-*  
20                 *spect to—*

21                         “(i) *the appointment and supervision*  
22                         *of personnel employed under the Agency*  
23                         *(other than personnel employed regularly*  
24                         *and full time in the immediate offices of*  
25                         *members of the Board other than the Chair);*

1           “(ii) *the distribution of business*  
2           *among personnel appointed and supervised*  
3           *by the Chair and among administrative*  
4           *units of the Agency; and*

5           “(iii) *the use and expenditure of funds.*

6           “(C) *LIMITATION.—In carrying out any of*  
7           *the Chair’s functions under the provisions of this*  
8           *paragraph the Chair shall be governed by general*  
9           *policies of the Agency and by such regulatory de-*  
10           *isions, findings, and determinations as the*  
11           *Agency may by law be authorized to make.*

12           “(4) *NO IMPAIRMENT BY REASON OF VACAN-*  
13           *CIES.—No vacancy in the members of the Board shall*  
14           *impair the right of the remaining members of the*  
15           *Board to exercise all the powers of the Board. Three*  
16           *members of the Board shall constitute a quorum for*  
17           *the transaction of business, except that if there are*  
18           *only 3 members serving on the Board because of va-*  
19           *cancies in the Board, 2 members of the Board shall*  
20           *constitute a quorum for the transaction of business. If*  
21           *there are only 2 members serving on the Board be-*  
22           *cause of vacancies in the Board, 2 members shall con-*  
23           *stitute a quorum for the 6-month period beginning on*  
24           *the date of the vacancy which caused the number of*  
25           *Board members to decline to 2.*



1           “(5) *COMPENSATION.*—

2                   “(A) *CHAIR.*—*The Chair shall receive com-*  
3                   *pen- sation at the rate prescribed for level I of the*  
4                   *Executive Schedule under section 5313 of title 5,*  
5                   *United States Code.*

6                   “(B) *OTHER MEMBERS OF THE BOARD.*—  
7                   *The 4 other members of the Board shall each re-*  
8                   *ceive compensation at the rate prescribed for*  
9                   *level II of the Executive Schedule under section*  
10                  *5314 of title 5, United States Code.*

11                  “(6) *INITIAL QUORUM ESTABLISHED.*—*During*  
12                  *any time period prior to the confirmation of at least*  
13                  *two members of the Board, one member of the Board*  
14                  *shall constitute a quorum for the transaction of busi-*  
15                  *ness. Following the confirmation of at least 2 addi-*  
16                  *tional members of the Board, the quorum require-*  
17                  *ments of paragraph (4) shall apply.”.*

18                  “(b) *CONFORMING AMENDMENT.*—*Section 5313 of title*  
19                  *5, United States Code, is amended by striking “Director*  
20                  *of the Federal Housing Finance Agency.”.*

21                  “(c) *DEEMING.*—*Any reference in a law, regulation,*  
22                  *document, paper, or other record of the United States to*  
23                  *the position of the Director of the Federal Housing Finance*  
24                  *Agency shall be deemed a reference to the Board of Directors*  
25                  *of the Federal Housing Finance Agency.*

1 **SEC. 653. NATIONAL CREDIT UNION ADMINISTRATION.**

2 *Section 102 of the Federal Credit Union Act (12*  
 3 *U.S.C. 1752a) is amended—*

4 *(1) in subsection (b)(1)—*

5 *(A) by striking “three” and inserting*  
 6 *“five”; and*

7 *(B) by striking “two” and inserting*  
 8 *“three”; and*

9 *(2) by amending subsection (c) to read as fol-*  
 10 *lows:*

11 *“(c) TERMS.—The term of office of each member of the*  
 12 *Board shall be five years, and the members shall serve stag-*  
 13 *gered terms. Board members shall not be appointed to suc-*  
 14 *ceed themselves. Any Board member may continue to serve*  
 15 *as such after the expiration of said member’s term until*  
 16 *a successor has qualified.”.*

17 **SEC. 654. OFFICE OF THE COMPTROLLER OF THE CUR-**  
 18 **RENCY.**

19 *(a) ESTABLISHMENT OF BOARD.—Subsection (b) of*  
 20 *section 324 of the Revised Statutes of the United States (12*  
 21 *U.S.C. 1) is amended to read as follows:*

22 *“(b) BOARD OF DIRECTORS.—*

23 *“(1) ESTABLISHMENT.—There is established the*  
 24 *Board of Directors of the Office of the Comptroller of*  
 25 *the Currency (hereinafter referred to as the ‘Board’),*  
 26 *which shall serve as the head of the Office.*

1           “(2) *COMPOSITION OF THE BOARD.*—

2                   “(A) *IN GENERAL.*—*The Board shall be*  
3                   *composed of 5 members who shall be appointed*  
4                   *by the President, by and with the advice and*  
5                   *consent of the Senate, from among individuals*  
6                   *who—*

7                           “(i) *are citizens of the United States;*

8                           *and*

9                           “(ii) *have strong competencies and ex-*  
10                          *periences related to the banking industry.*

11                   “(B) *STAGGERING.*—*The members of the*  
12                   *Board shall serve staggered terms, which ini-*  
13                   *tially shall be established by the President for*  
14                   *terms of 1, 2, 3, 4, and 5 years, respectively.*

15                   “(C) *TERMS.*—

16                           “(i) *IN GENERAL.*—*Each member of*  
17                          *the Board, including the Chair, shall serve*  
18                          *for a term of 5 years.*

19                           “(ii) *REMOVAL.*—*The President may*  
20                          *remove any member of the Board for ineffi-*  
21                          *ciency, neglect of duty, or malfeasance in*  
22                          *office.*

23                           “(iii) *VACANCIES.*—*Any member of the*  
24                          *Board appointed to fill a vacancy occurring*  
25                          *before the expiration of the term to which*

1           that member's predecessor was appointed  
2           (including the Chair) shall be appointed  
3           only for the remainder of the term.

4           “(iv) *CONTINUATION OF SERVICE.*—  
5           Each member of the Board may continue to  
6           serve after the expiration of the term of of-  
7           fice to which that member was appointed  
8           until a successor has been appointed by the  
9           President and confirmed by the Senate, ex-  
10          cept that a member may not continue to  
11          serve more than 1 year after the date on  
12          which that member's term would otherwise  
13          expire.

14          “(v) *OTHER EMPLOYMENT PROHIB-*  
15          *ITED.*—No member of the Board shall en-  
16          gage in any other business, vocation, or em-  
17          ployment.

18          “(3) *AFFILIATION.*—Not more than 3 members of  
19          the Board shall be members of any one political  
20          party.

21          “(4) *CHAIR OF THE BOARD.*—

22                  “(A) *APPOINTMENT.*—The Chair of the  
23          Board shall be appointed by the President.

24                  “(B) *AUTHORITY.*—The Chair shall be the  
25          principal executive officer of the Office, and shall

1           *exercise all of the executive and administrative*  
2           *functions of the Office, including with respect*  
3           *to—*

4                   “(i) *the appointment and supervision*  
5                   *of personnel employed under the Office*  
6                   *(other than personnel employed regularly*  
7                   *and full time in the immediate offices of*  
8                   *members of the Board other than the Chair);*

9                   “(ii) *the distribution of business*  
10                   *among personnel appointed and supervised*  
11                   *by the Chair and among administrative*  
12                   *units of the Office; and*

13                   “(iii) *the use and expenditure of funds.*

14                   “(C) *LIMITATION.—In carrying out any of*  
15                   *the Chair’s functions under the provisions of this*  
16                   *paragraph the Chair shall be governed by general*  
17                   *policies of the Office and by such regulatory deci-*  
18                   *sions, findings, and determinations as the Office*  
19                   *may by law be authorized to make.*

20                   “(5) *NO IMPAIRMENT BY REASON OF VACAN-*  
21                   *CIES.—No vacancy in the members of the Board shall*  
22                   *impair the right of the remaining members of the*  
23                   *Board to exercise all the powers of the Board. Three*  
24                   *members of the Board shall constitute a quorum for*  
25                   *the transaction of business, except that if there are*

1       *only 3 members serving on the Board because of va-*  
2       *cancies in the Board, 2 members of the Board shall*  
3       *constitute a quorum for the transaction of business. If*  
4       *there are only 2 members serving on the Board be-*  
5       *cause of vacancies in the Board, 2 members shall con-*  
6       *stitute a quorum for the 6-month period beginning on*  
7       *the date of the vacancy which caused the number of*  
8       *Board members to decline to 2.*

9               “(6) *COMPENSATION.—*

10               “(A) *CHAIR.—The Chair shall receive com-*  
11               *penetration at the rate prescribed for level I of the*  
12               *Executive Schedule under section 5313 of title 5,*  
13               *United States Code.*

14               “(B) *OTHER MEMBERS OF THE BOARD.—*  
15               *The 4 other members of the Board shall each re-*  
16               *ceive compensation at the rate prescribed for*  
17               *level II of the Executive Schedule under section*  
18               *5314 of title 5, United States Code.*

19               “(7) *INITIAL QUORUM ESTABLISHED.—During*  
20               *any time period prior to the confirmation of at least*  
21               *two members of the Board, one member of the Board*  
22               *shall constitute a quorum for the transaction of busi-*  
23               *ness. Following the confirmation of at least 2 addi-*  
24               *tional members of the Board, the quorum require-*  
25               *ments of paragraph (5) shall apply.”.*

1       (b) *CONFORMING AMENDMENT.*—Section 5314 of title  
2 5, United States Code, is amended by striking “Comptroller  
3 of the Currency.”.

4       (c) *DEEMING.*—Any reference in a law, regulation,  
5 document, paper, or other record of the United States to  
6 the position of the Comptroller of the Currency shall be  
7 deemed a reference to the Board of Directors of the Office  
8 of the Comptroller of the Currency.

9                               **Subtitle E—Congressional**  
10                              **Oversight of Appropriations**

11 **SEC. 661. BRINGING THE FEDERAL DEPOSIT INSURANCE**  
12                              **CORPORATION INTO THE REGULAR APPRO-**  
13                              **PRIATIONS PROCESS.**

14       (a) *IN GENERAL.*—Section 10 of the Federal Deposit  
15 Insurance Act (12 U.S.C. 1820) is amended—

16               (1) *in subsection (a)*—

17                              (A) *by striking “(a) The” and inserting the*  
18                              *following:*

19                              “(a) *POWERS.*—

20                                      “(1) *IN GENERAL.*—*The*”;

21                                      (B) *by inserting “, subject to paragraph (2)*  
22                                      *and subsection (l),” after “The Board of Direc-*  
23                                      *tors of the Corporation”;* and

24                                      (C) *by adding at the end the following new*  
25                                      *paragraph:*

1           “(2) *APPROPRIATIONS REQUIREMENT.*—*The Cor-*  
2           *poration may only incur obligations or allow and*  
3           *pay expenses pursuant to an appropriations Act,*  
4           *other than with respect to obligations or expenses*  
5           *paid for with funds from the Deposit Insurance Fund*  
6           *or incurred, allowed, or paid for the purpose of car-*  
7           *rying out the insurance function of the Corporation.”;*  
8           *and*

9           (2) *by adding at the end the following new sub-*  
10          *section:*

11          “(1) *NON-INSURANCE FEES AS OFFSETTING COLLEC-*  
12          *TIONS.*—*Any fees collected by the Corporation, except pur-*  
13          *suant to section 5(d), shall be deposited and credited as off-*  
14          *setting collections to the account providing appropriations*  
15          *to the Corporation.”.*

16          (b) *EFFECTIVE DATE.*—*The amendments made by this*  
17          *section shall apply with respect to expenses paid and fees*  
18          *collected on or after the date that is 90 days after the date*  
19          *of the enactment of the first appropriation Act that provides*  
20          *for appropriations to the Federal Deposit Insurance Cor-*  
21          *poration and that is enacted after the date of the enactment*  
22          *of this Act.*



1 **SEC. 662. BRINGING THE FEDERAL HOUSING FINANCE**  
2 **AGENCY INTO THE REGULAR APPROPRIA-**  
3 **TIONS PROCESS.**

4 *(a) IN GENERAL.—Section 1316(f) of the Housing and*  
5 *Community Development Act of 1992 (12 U.S.C. 4516(f))*  
6 *is amended to read as follows:*

7 *“(f) APPROPRIATIONS REQUIREMENT; ASSESSMENTS*  
8 *DEPOSITED AS OFFSETTING COLLECTIONS.—*

9 *“(1) APPROPRIATIONS REQUIREMENT.—The*  
10 *Agency may only incur obligations or allow and pay*  
11 *expenses pursuant to an appropriations Act.*

12 *“(2) OFFSETTING COLLECTIONS.—Any assess-*  
13 *ments or other fees collected by the Agency shall be de-*  
14 *posited and credited as offsetting collections to the ac-*  
15 *count providing appropriations to the Agency.”.*

16 *(b) EFFECTIVE DATE.—The amendments made by this*  
17 *section shall apply with respect to expenses paid and fees*  
18 *collected on or after the date that is 90 days after the date*  
19 *of the enactment of the first appropriation Act that provides*  
20 *for appropriations to the Federal Housing Finance Agency*  
21 *and that is enacted after the date of the enactment of this*  
22 *Act.*

1 **SEC. 663. BRINGING THE NATIONAL CREDIT UNION ADMIN-**  
2 **ISTRATION INTO THE REGULAR APPROPRIA-**  
3 **TIONS PROCESS.**

4 (a) *IN GENERAL.*—Section 105 of the Federal Credit  
5 Union Act (12 U.S.C. 1755) is amended by striking sub-  
6 sections (d) and (e) and inserting the following:

7 “(d) *APPROPRIATIONS REQUIREMENT.*—The Adminis-  
8 tration may only incur obligations or allow and pay ex-  
9 penses pursuant to an appropriations Act, other than with  
10 respect to obligations or expenses paid for with funds from  
11 the National Credit Union Share Insurance Fund or in-  
12 curred, allowed, or paid for the purpose of carrying out the  
13 insurance function of the Administration.

14 “(e) *NON-INSURANCE FEES AS OFFSETTING COLLEC-*  
15 *TIONS.*—Any fees collected by the Administration, except for  
16 insurance fees collected under title II, shall be deposited and  
17 credited as offsetting collections to the account providing  
18 appropriations to the Administration.”.

19 (b) *EFFECTIVE DATE.*—The amendments made by this  
20 section shall apply with respect to expenses paid and fees  
21 collected on or after the date that is 90 days after the date  
22 of the enactment of the first appropriation Act that provides  
23 for appropriations to the National Credit Union Adminis-  
24 tration and that is enacted after the date of the enactment  
25 of this Act.

1 **SEC. 664. BRINGING THE OFFICE OF THE COMPTROLLER OF**  
2 **THE CURRENCY INTO THE REGULAR APPRO-**  
3 **PRIATIONS PROCESS.**

4 (a) *IN GENERAL.*—Section 5240A of the Revised Stat-  
5 *utes of the United States is amended—*

6 (1) *by striking “Sec. 5240A. The Comptroller of*  
7 *the Currency may” and inserting the following:*

8 **“SEC. 5240A. APPROPRIATIONS REQUIREMENT; ASSESS-**  
9 **MENTS DEPOSITED AS OFFSETTING COLLEC-**  
10 **TIONS.**

11 *“(a) IN GENERAL.—The Board of Directors of the Of-*  
12 *fice of the Comptroller of the Currency may”;*

13 (2) *by striking “Funds derived” and all that fol-*  
14 *lows through the end of the section; and*

15 (3) *by adding at the end the following:*

16 *“(b) APPROPRIATIONS REQUIREMENT.—The Chair of*  
17 *the Board of Directors of the Office of the Comptroller of*  
18 *the Currency may only incur obligations or allow and pay*  
19 *expenses pursuant to an appropriations Act.*

20 *“(c) OFFSETTING COLLECTIONS.—Any assessments or*  
21 *other fees collected by the Chair shall be deposited and cred-*  
22 *ited as offsetting collections to the account providing appro-*  
23 *priations to the Board of Directors of the Office of the*  
24 *Comptroller of the Currency.”.*

25 (b) *EFFECTIVE DATE.*—*The amendments made by this*  
26 *section shall apply with respect to expenses paid and fees*

1 collected on or after the date that is 90 days after the date  
 2 of the enactment of the first appropriation Act that provides  
 3 for appropriations to the Board of Directors of the Office  
 4 of the Comptroller of the Currency and that is enacted after  
 5 the date of the enactment of this Act.

6 **SEC. 665. BRINGING THE NON-MONETARY POLICY RELATED**  
 7 **FUNCTIONS OF THE BOARD OF GOVERNORS**  
 8 **OF THE FEDERAL RESERVE SYSTEM INTO**  
 9 **THE REGULAR APPROPRIATIONS PROCESS.**

10 *The Federal Reserve Act is amended by inserting after*  
 11 *section 11B the following:*

12 **“SEC. 11C. APPROPRIATIONS REQUIREMENT FOR NON-MON-**  
 13 **ETARY POLICY RELATED ADMINISTRATIVE**  
 14 **COSTS.**

15 *“(a) APPROPRIATIONS REQUIREMENT.—The Board of*  
 16 *Governors of the Federal Reserve System and the Federal*  
 17 *reserve banks may only incur obligations or allow and pay*  
 18 *expenses with respect to non-monetary policy related ad-*  
 19 *ministrative costs pursuant to an appropriations Act.*

20 *“(b) EARNINGS AND ASSESSMENTS USED TO RECOVER*  
 21 *THE COST OF APPROPRIATIONS.—*

22 *“(1) IN GENERAL.—Except as provided under*  
 23 *paragraph (2) and notwithstanding any other provi-*  
 24 *sion of law, all earnings of the Board of Governors of*  
 25 *the Federal Reserve System and the Federal reserve*

1        *banks and all amounts collected pursuant to section*  
2        *11(t) that would, absent this section, be used to fund*  
3        *the non-monetary policy related administrative costs*  
4        *of the Board of Governors of the Federal Reserve Sys-*  
5        *tem and each of the Federal reserve banks shall be de-*  
6        *posited into the general fund of the Treasury and*  
7        *credited as offsetting collections for the amounts ap-*  
8        *propriated to fund such non-monetary policy related*  
9        *administrative costs.*

10            *“(2) NO DEPOSITS IN EXCESS OF APPROPRIA-*  
11            *TIONS.—The amount deposited pursuant to para-*  
12            *graph (1) with respect to a fiscal year shall not exceed*  
13            *the amount appropriated to fund the non-monetary*  
14            *policy related administrative costs of the Board of*  
15            *Governors of the Federal Reserve System and each of*  
16            *the Federal reserve banks for such fiscal year.*

17            *“(c) DEFINITIONS.—For purposes of this section:*

18            *“(1) MONETARY POLICY.—The term ‘monetary*  
19            *policy’ means a strategy for producing a generally ac-*  
20            *ceptable exchange medium that supports the produc-*  
21            *tive employment of economic resources by reliably*  
22            *servicing as both a unit of account and store of value.*

23            *“(2) NON-MONETARY POLICY RELATED ADMINIS-*  
24            *TRATIVE COSTS.—The term ‘non-monetary policy re-*  
25            *lated administrative costs’ means administrative costs*

1       *not related to the conduct of monetary policy, and in-*  
2       *clude—*

3               “(A) *direct operating expenses for super-*  
4               *vising and regulating entities supervised and*  
5               *regulated by the Board of Governors of the Fed-*  
6               *eral Reserve System, including conducting ex-*  
7               *aminations, conducting stress tests, commu-*  
8               *nicating with the entities regarding supervisory*  
9               *matters and laws, and regulations;*

10              “(B) *operating expenses for activities inte-*  
11              *gral to carrying out supervisory and regulatory*  
12              *responsibilities, such as training staff in the su-*  
13              *pervisory function, research and analysis func-*  
14              *tions including library subscription services, and*  
15              *collecting and processing regulatory reports filed*  
16              *by supervised institutions; and*

17              “(C) *support, overhead, and pension ex-*  
18              *penses related to the items described under sub-*  
19              *paragraphs (A) and (B).”.*

## 20       ***Subtitle F—International Processes***

### 21       ***SEC. 671. REQUIREMENTS FOR INTERNATIONAL PROC-*** 22       ***ESSES.***

23              *(a) BOARD OF GOVERNORS REQUIREMENTS.—Section*  
24       *11 of the Federal Reserve Act (12 U.S.C. 248), as amended*

1 *by section 706, is further amended by adding at the end*  
2 *the following new subsection:*

3       “(w) *INTERNATIONAL PROCESSES.*—

4               “(1) *NOTICE OF PROCESS; CONSULTATION.*—*At*  
5 *least 30 calendar days before any member or em-*  
6 *ployee of the Board of Governors of the Federal Re-*  
7 *serve System participates in a process of setting fi-*  
8 *nancial standards as a part of any foreign or multi-*  
9 *national entity, the Board of Governors shall—*

10               “(A) *issue a notice of the process, including*  
11 *the subject matter, scope, and goals of the proc-*  
12 *ess, to the Committee on Financial Services of*  
13 *the House of Representatives and the Committee*  
14 *on Banking, Housing, and Urban Affairs of the*  
15 *Senate;*

16               “(B) *make such notice available to the pub-*  
17 *lic, including on the website of the Board of Gov-*  
18 *ernors; and*

19               “(C) *solicit public comment, and consult*  
20 *with the committees described under subpara-*  
21 *graph (A), with respect to the subject matter,*  
22 *scope, and goals of the process.*

23               “(2) *PUBLIC REPORTS ON PROCESS.*—*After the*  
24 *end of any process described under paragraph (1), the*  
25 *Board of Governors shall issue a public report on the*

1        *topics that were discussed during the process and any*  
2        *new or revised rulemakings or policy changes that the*  
3        *Board of Governors believes should be implemented as*  
4        *a result of the process.*

5            *“(3) NOTICE OF AGREEMENTS; CONSULTATION.—*  
6        *At least 90 calendar days before any member or em-*  
7        *ployee of the Board of Governors of the Federal Re-*  
8        *serve System participates in a process of setting fi-*  
9        *nancial standards as a part of any foreign or multi-*  
10       *national entity, the Board of Governors shall—*

11            *“(A) issue a notice of agreement to the Com-*  
12        *mittee on Financial Services of the House of*  
13        *Representatives and the Committee on Banking,*  
14        *Housing, and Urban Affairs of the Senate;*

15            *“(B) make such notice available to the pub-*  
16        *lic, including on the website of the Board of Gov-*  
17        *ernors; and*

18            *“(C) consult with the committees described*  
19        *under subparagraph (A) with respect to the na-*  
20        *ture of the agreement and any anticipated effects*  
21        *such agreement will have on the economy.*

22            *“(4) DEFINITION.—For purposes of this sub-*  
23        *section, the term ‘process’ shall include any official*  
24        *proceeding or meeting on financial regulation of a*  
25        *recognized international organization with authority*



1       to set financial standards on a global or regional  
2       level, including the Financial Stability Board, the  
3       Basel Committee on Banking Supervision (or a simi-  
4       lar organization), and the International Association  
5       of Insurance Supervisors (or a similar organiza-  
6       tion).”.

7       (b) *FDIC REQUIREMENTS.*—The Federal Deposit In-  
8       surance Act (12 U.S.C. 1811 et seq.) is amended by adding  
9       at the end the following new section:

10      **“SEC. 51. INTERNATIONAL PROCESSES.**

11           “(a) *NOTICE OF PROCESS; CONSULTATION.*—At least  
12      30 calendar days before the Board of Directors participates  
13      in a process of setting financial standards as a part of any  
14      foreign or multinational entity, the Board of Directors  
15      shall—

16                   “(1) issue a notice of the process, including the  
17      subject matter, scope, and goals of the process, to the  
18      Committee on Financial Services of the House of Rep-  
19      resentatives and the Committee on Banking, Housing,  
20      and Urban Affairs of the Senate;

21                   “(2) make such notice available to the public, in-  
22      cluding on the website of the Corporation; and

23                   “(3) solicit public comment, and consult with the  
24      committees described under paragraph (1), with re-

1        *spect to the subject matter, scope, and goals of the*  
2        *process.*

3        “(b) *PUBLIC REPORTS ON PROCESS.*—*After the end of*  
4        *any process described under subsection (a), the Board of*  
5        *Directors shall issue a public report on the topics that were*  
6        *discussed at the process and any new or revised rulemakings*  
7        *or policy changes that the Board of Directors believes should*  
8        *be implemented as a result of the process.*

9        “(c) *NOTICE OF AGREEMENTS; CONSULTATION.*—*At*  
10       *least 90 calendar days before the Board of Directors partici-*  
11       *pates in a process of setting financial standards as a part*  
12       *of any foreign or multinational entity, the Board of Direc-*  
13       *tors shall—*

14                “(1) *issue a notice of agreement to the Committee*  
15                *on Financial Services of the House of Representatives*  
16                *and the Committee on Banking, Housing, and Urban*  
17                *Affairs of the Senate;*

18                “(2) *make such notice available to the public, in-*  
19                *cluding on the website of the Corporation; and*

20                “(3) *consult with the committees described under*  
21                *paragraph (1) with respect to the nature of the agree-*  
22                *ment and any anticipated effects such agreement will*  
23                *have on the economy.*

24        “(d) *DEFINITION.*—*For purposes of this section, the*  
25        *term ‘process’ shall include any official proceeding or meet-*

1 *ing on financial regulation of a recognized international*  
2 *organization with authority to set financial standards on*  
3 *a global or regional level, including the Financial Stability*  
4 *Board, the Basel Committee on Banking Supervision (or*  
5 *a similar organization), and the International Association*  
6 *of Insurance Supervisors (or a similar organization).”.*

7 *(c) TREASURY REQUIREMENTS.—Section 325 of title*  
8 *31, United States Code, is amended by adding at the end*  
9 *the following new subsection:*

10 *“(d) INTERNATIONAL PROCESSES.—*

11 *“(1) NOTICE OF PROCESS; CONSULTATION.—At*  
12 *least 30 calendar days before the Secretary partici-*  
13 *pates in a process of setting financial standards as a*  
14 *part of any foreign or multinational entity, the Sec-*  
15 *retary shall—*

16 *“(A) issue a notice of the process, including*  
17 *the subject matter, scope, and goals of the proc-*  
18 *ess, to the Committee on Financial Services of*  
19 *the House of Representatives and the Committee*  
20 *on Banking, Housing, and Urban Affairs of the*  
21 *Senate;*

22 *“(B) make such notice available to the pub-*  
23 *lic, including on the website of the Department*  
24 *of the Treasury; and*

1           “(C) solicit public comment, and consult  
2           with the committees described under subpara-  
3           graph (A), with respect to the subject matter,  
4           scope, and goals of the process.

5           “(2) PUBLIC REPORTS ON PROCESS.—After the  
6           end of any process described under paragraph (1), the  
7           Secretary shall issue a public report on the topics  
8           that were discussed at the process and any new or re-  
9           vised rulemakings or policy changes that the Sec-  
10          retary believes should be implemented as a result of  
11          the process.

12          “(3) NOTICE OF AGREEMENTS; CONSULTATION.—  
13          At least 90 calendar days before the Secretary partici-  
14          pates in a process of setting financial standards as a  
15          part of any foreign or multinational entity, the Sec-  
16          retary shall—

17                 “(A) issue a notice of agreement to the Com-  
18                 mittee on Financial Services of the House of  
19                 Representatives and the Committee on Banking,  
20                 Housing, and Urban Affairs of the Senate;

21                 “(B) make such notice available to the pub-  
22                 lic, including on the website of the Department  
23                 of the Treasury; and

24                 “(C) consult with the committees described  
25                 under subparagraph (A) with respect to the na-

1           *ture of the agreement and any anticipated effects*  
2           *such agreement will have on the economy.*

3           “(4) *DEFINITION.*—*For purposes of this sub-*  
4           *section, the term ‘process’ shall include any official*  
5           *proceeding or meeting on financial regulation of a*  
6           *recognized international organization with authority*  
7           *to set financial standards on a global or regional*  
8           *level, including the Financial Stability Board, the*  
9           *Basel Committee on Banking Supervision (or a simi-*  
10           *lar organization), and the International Association*  
11           *of Insurance Supervisors (or a similar organiza-*  
12           *tion).”.*

13           “(d) *OCC REQUIREMENTS.*—*Chapter one of title LXII*  
14           *of the Revised Statutes of the United States (12 U.S.C. 21*  
15           *et seq.) is amended—*

16                   (1) *by adding at the end the following new sec-*  
17           *tion:*

18           “**SEC. 5156B. INTERNATIONAL PROCESSES.**

19           “(a) *NOTICE OF PROCESS; CONSULTATION.*—*At least*  
20           *30 calendar days before the Board of Directors of the Office*  
21           *of the Comptroller of the Currency participates in a process*  
22           *of setting financial standards as a part of any foreign or*  
23           *multinational entity, the Board of Directors shall—*

24                   (1) *issue a notice of the process, including the*  
25           *subject matter, scope, and goals of the process, to the*

1        *Committee on Financial Services of the House of Rep-*  
2        *resentatives and the Committee on Banking, Housing,*  
3        *and Urban Affairs of the Senate;*

4            *“(2) make such notice available to the public, in-*  
5        *cluding on the website of the Office of the Comptroller*  
6        *of the Currency; and*

7            *“(3) solicit public comment, and consult with the*  
8        *committees described under paragraph (1), with re-*  
9        *spect to the subject matter, scope, and goals of the*  
10       *process.*

11        *“(b) PUBLIC REPORTS ON PROCESS.—After the end of*  
12       *any process described under subsection (a), the Board of*  
13       *Directors shall issue a public report on the topics that were*  
14       *discussed at the process and any new or revised rulemakings*  
15       *or policy changes that the Board of Directors believes should*  
16       *be implemented as a result of the process.*

17        *“(c) NOTICE OF AGREEMENTS; CONSULTATION.—At*  
18       *least 90 calendar days before the Board of Directors partici-*  
19       *pates in a process of setting financial standards as a part*  
20       *of any foreign or multinational entity, the Board of Direc-*  
21       *tors shall—*

22            *“(1) issue a notice of agreement to the Committee*  
23        *on Financial Services of the House of Representatives*  
24        *and the Committee on Banking, Housing, and Urban*  
25        *Affairs of the Senate;*

1           “(2) make such notice available to the public, in-  
2           cluding on the website of the Office of the Comptroller  
3           of the Currency; and

4           “(3) consult with the committees described under  
5           paragraph (1) with respect to the nature of the agree-  
6           ment and any anticipated effects such agreement will  
7           have on the economy.

8           “(d) *DEFINITION.*—For purposes of this section, the  
9           term ‘process’ shall include any official proceeding or meet-  
10          ing on financial regulation of a recognized international  
11          organization with authority to set financial standards on  
12          a global or regional level, including the Financial Stability  
13          Board, the Basel Committee on Banking Supervision (or  
14          a similar organization), and the International Association  
15          of Insurance Supervisors (or a similar organization).”; and

16          (2) in the table of contents for such chapter, by  
17          adding at the end the following new item:

“5156B. *International processes.*”.

18          (e) *SECURITIES AND EXCHANGE COMMISSION RE-*  
19          *QUIREMENTS.*—Section 4 of the Securities Exchange Act of  
20          1934 (15 U.S.C. 78d) is amended by adding at the end the  
21          following new subsection:

22          “(j) *INTERNATIONAL PROCESSES.*—

23                 “(1) *NOTICE OF PROCESS; CONSULTATION.*—At  
24                 least 30 calendar days before the Commission partici-  
25                 pates in a process of setting financial standards as a

1 *part of any foreign or multinational entity, the Com-*  
2 *mission shall—*

3 *“(A) issue a notice of the process, including*  
4 *the subject matter, scope, and goals of the proc-*  
5 *ess, to the Committee on Financial Services of*  
6 *the House of Representatives and the Committee*  
7 *on Banking, Housing, and Urban Affairs of the*  
8 *Senate;*

9 *“(B) make such notice available to the pub-*  
10 *lic, including on the website of the Commission;*  
11 *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), the*  
18 *Commission shall issue a public report on the topics*  
19 *that were discussed at the process and any new or re-*  
20 *vised rulemakings or policy changes that the Commis-*  
21 *sion believes should be implemented as a result of the*  
22 *process.*

23 *“(3) NOTICE OF AGREEMENTS; CONSULTATION.—*  
24 *At least 90 calendar days before the Commission par-*  
25 *ticipates in a process of setting financial standards as*



1       *a part of any foreign or multinational entity, the*  
2       *Commission shall—*

3               *“(A) issue a notice of agreement to the Com-*  
4               *mittee on Financial Services of the House of*  
5               *Representatives and the Committee on Banking,*  
6               *Housing, and Urban Affairs of the Senate;*

7               *“(B) make such notice available to the pub-*  
8               *lic, including on the website of the Commission;*  
9               *and*

10              *“(C) consult with the committees described*  
11              *under subparagraph (A) with respect to the na-*  
12              *ture of the agreement and any anticipated effects*  
13              *such agreement will have on the economy.*

14              *“(4) DEFINITION.—For purposes of this sub-*  
15              *section, the term ‘process’ shall include any official*  
16              *proceeding or meeting on financial regulation of a*  
17              *recognized international organization with authority*  
18              *to set financial standards on a global or regional*  
19              *level, including the Financial Stability Board, the*  
20              *Basel Committee on Banking Supervision (or a simi-*  
21              *lar organization), and the International Association*  
22              *of Insurance Supervisors (or a similar organiza-*  
23              *tion).”.*

1           (f) *COMMODITY FUTURES TRADING COMMISSION RE-*  
2 *QUIREMENTS.*—Section 2 of the *Commodity Exchange Act*  
3 *(7 U.S.C. 2)* is amended by adding at the end the following:

4           “(k) *INTERNATIONAL PROCESSES.*—

5                   “(1) *NOTICE OF PROCESS; CONSULTATION.*—At  
6 *least 30 calendar days before the Commission partici-*  
7 *pates in a process of setting financial standards as a*  
8 *part of any foreign or multinational entity, the Com-*  
9 *mission shall—*

10                           “(A) *issue a notice of the process, including*  
11 *the subject matter, scope, and goals of the proc-*  
12 *ess, to—*

13                                   “(i) *the Committees on Financial Serv-*  
14 *ices and Agriculture of the House of Rep-*  
15 *resentatives; and*

16                                   “(ii) *the Committees on Banking,*  
17 *Housing, and Urban Affairs and Agri-*  
18 *culture, Nutrition, and Forestry of the Sen-*  
19 *ate;*

20                           “(B) *make such notice available to the pub-*  
21 *lic, including on the website of the Commission;*  
22 *and*

23                           “(C) *solicit public comment, and consult*  
24 *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), the*  
5           *Commission shall issue a public report on the topics*  
6           *that were discussed during the process and any new*  
7           *or revised rulemakings or policy changes that the*  
8           *Commission believes should be implemented as a re-*  
9           *sult of the process.*

10           “(3) *NOTICE OF AGREEMENTS; CONSULTATION.*—  
11           *At least 90 calendar days before the Commission par-*  
12           *ticipates in a process of setting financial standards as*  
13           *a part of any foreign or multinational entity, the*  
14           *Commission shall—*

15                   “(A) *issue a notice of agreement to—*

16                           “(i) *the Committees on Financial Serv-*  
17                           *ices and Agriculture of the House of Rep-*  
18                           *resentatives; and*

19                           “(ii) *the Committees on Banking,*  
20                           *Housing, and Urban Affairs and Agri-*  
21                           *culture, Nutrition, and Forestry of the Sen-*  
22                           *ate;*

23                           “(B) *make such notice available to the pub-*  
24                           *lic, including on the website of the Commission;*  
25                           *and*

1           “(C) *consult with the committees described*  
 2           *under subparagraph (A) with respect to the na-*  
 3           *nure of the agreement and any anticipated effects*  
 4           *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           ***TITLE VII—FED OVERSIGHT***  
 16           ***REFORM AND MODERNIZATION***

17           ***SEC. 701. REQUIREMENTS FOR POLICY RULES OF THE FED-***  
 18           ***ERAL OPEN MARKET COMMITTEE.***

19           *The Federal Reserve Act (12 U.S.C. 221 et seq.) is*  
 20           *amended by inserting after section 2B the following new*  
 21           *section:*

22           ***“SEC. 2C. DIRECTIVE POLICY RULES OF THE FEDERAL***  
 23           ***OPEN MARKET COMMITTEE.***

24           “(a) *DEFINITIONS.—In this section the following defi-*  
 25           *nitions shall apply:*

1           “(1) *APPROPRIATE CONGRESSIONAL COMMIT-*  
2           *TEES.*—*The term ‘appropriate congressional commit-*  
3           *tees’ means the Committee on Financial Services of*  
4           *the House of Representatives and the Committee on*  
5           *Banking, Housing, and Urban Affairs of the Senate.*

6           “(2) *DIRECTIVE POLICY RULE.*—*The term ‘Direc-*  
7           *tive Policy Rule’ means a policy rule developed by the*  
8           *Federal Open Market Committee that meets the re-*  
9           *quirements of subsection (c) and that provides the*  
10          *basis for the Open Market Operations Directive.*

11          “(3) *GDP.*—*The term ‘GDP’ means the gross do-*  
12          *mestic product of the United States as computed and*  
13          *published by the Department of Commerce.*

14          “(4) *INTERMEDIATE POLICY INPUT.*—*The term*  
15          *‘Intermediate Policy Input’—*

16                 “(A) *may include any variable determined*  
17                 *by the Federal Open Market Committee as a nec-*  
18                 *essary input to guide open-market operations;*

19                 “(B) *shall include an estimate of, and the*  
20                 *method of calculation for, the current rate of in-*  
21                 *flation or current inflation expectations; and*

22                 “(C) *shall include, specifying whether the*  
23                 *variable or estimate is historical, current, or a*  
24                 *forecast and the method of calculation, at least*  
25                 *one of—*

1                   “(i) an estimate of real GDP, nominal  
2                   GDP, or potential GDP;

3                   “(ii) an estimate of the monetary ag-  
4                   gregate compiled by the Board of Governors  
5                   of the Federal Reserve System and Federal  
6                   reserve banks; or

7                   “(iii) an interactive variable or a net  
8                   estimate composed of the estimates described  
9                   in clauses (i) and (ii).

10                  “(5) *LEGISLATIVE DAY*.—The term ‘legislative  
11                  day’ means a day on which either House of Congress  
12                  is in session.

13                  “(6) *OPEN MARKET OPERATIONS DIRECTIVE*.—  
14                  The term ‘Open Market Operations Directive’ means  
15                  an order to achieve a specified Policy Instrument  
16                  Target provided to the Federal Reserve Bank of New  
17                  York by the Federal Open Market Committee pursu-  
18                  ant to powers authorized under section 14 of this Act  
19                  that guide open-market operations.

20                  “(7) *POLICY INSTRUMENT*.—The term ‘Policy In-  
21                  strument’ means—

22                         “(A) the nominal Federal funds rate;

23                         “(B) the nominal rate of interest paid on  
24                         nonborrowed reserves; or

1           “(C) *the discount window primary credit*  
2           *interest rate most recently published on the Fed-*  
3           *eral Reserve Statistical Release on selected inter-*  
4           *est rates (daily or weekly), commonly referred to*  
5           *as the H.15 release.*

6           “(8) *POLICY INSTRUMENT TARGET.*—*The term*  
7           *‘Policy Instrument Target’ means the target for the*  
8           *Policy Instrument specified in the Open Market Oper-*  
9           *ations Directive.*

10           “(9) *REFERENCE POLICY RULE.*—*The term ‘Ref-*  
11           *erence Policy Rule’ means a calculation of the nomi-*  
12           *nal Federal funds rate as equal to the sum of the fol-*  
13           *lowing:*

14                   “(A) *The rate of inflation over the previous*  
15                   *four quarters.*

16                   “(B) *One-half of the percentage deviation of*  
17                   *the real GDP from an estimate of potential*  
18                   *GDP.*

19                   “(C) *One-half of the difference between the*  
20                   *rate of inflation over the previous four quarters*  
21                   *and two percent.*

22                   “(D) *Two percent.*

23           “(b) *SUBMITTING A DIRECTIVE POLICY RULE.*—*Not*  
24           *later than 48 hours after the end of a meeting of the Federal*  
25           *Open Market Committee, the Chairman of the Federal Open*

1 *Market Committee shall submit to the appropriate congress-*  
2 *sional committees and the Comptroller General of the*  
3 *United States a Directive Policy Rule and a statement that*  
4 *identifies the members of the Federal Open Market Com-*  
5 *mittee who voted in favor of the Rule.*

6       “(c) *REQUIREMENTS FOR A DIRECTIVE POLICY*  
7 *RULE.—A Directive Policy Rule shall—*

8               “(1) *identify the Policy Instrument the Directive*  
9 *Policy Rule is designed to target;*

10              “(2) *describe the strategy or rule of the Federal*  
11 *Open Market Committee for the systematic quan-*  
12 *titative adjustment of the Policy Instrument Target to*  
13 *respond to a change in the Intermediate Policy In-*  
14 *puts;*

15              “(3) *include a function that comprehensively*  
16 *models the interactive relationship between the Inter-*  
17 *mediate Policy Inputs;*

18              “(4) *include the coefficients of the Directive Pol-*  
19 *icy Rule that generate the current Policy Instrument*  
20 *Target and a range of predicted future values for the*  
21 *Policy Instrument Target if changes occur in any In-*  
22 *termediate Policy Input;*

23              “(5) *describe the procedure for adjusting the sup-*  
24 *ply of bank reserves to achieve the Policy Instrument*  
25 *Target;*



1           “(6) include a statement as to whether the Direc-  
2           tive Policy Rule substantially conforms to the Ref-  
3           erence Policy Rule and, if applicable—

4                   “(A) an explanation of the extent to which  
5                   it departs from the Reference Policy Rule;

6                   “(B) a detailed justification for that depar-  
7                   ture; and

8                   “(C) a description of the circumstances  
9                   under which the Directive Policy Rule may be  
10                  amended in the future;

11           “(7) include a certification that such Rule is ex-  
12           pected to support the economy in achieving stable  
13           prices and maximum natural employment over the  
14           long term;

15           “(8) include a calculation that describes with  
16           mathematical precision the expected annual inflation  
17           rate over a 5-year period; and

18           “(9) include a plan to use the most accurate  
19           data, subject to all historical revisions, for inputs into  
20           the Directive Policy Rule and the Reference Policy  
21           Rule.

22           “(d) GAO REPORT.—The Comptroller General of the  
23           United States shall compare the Directive Policy Rule sub-  
24           mitted under subsection (b) with the rule that was most  
25           recently submitted to determine whether the Directive Pol-

1 *icy Rule has materially changed. If the Directive Policy*  
2 *Rule has materially changed, the Comptroller General shall,*  
3 *not later than 7 days after each meeting of the Federal Open*  
4 *Market Committee, prepare and submit a compliance report*  
5 *to the appropriate congressional committees specifying*  
6 *whether the Directive Policy Rule submitted after that meet-*  
7 *ing and the Federal Open Market Committee are in compli-*  
8 *ance with this section.*

9 “(e) *CHANGING MARKET CONDITIONS.*—

10 “(1) *RULE OF CONSTRUCTION.*—*Nothing in this*  
11 *Act shall be construed to require that the plans with*  
12 *respect to the systematic quantitative adjustment of*  
13 *the Policy Instrument Target described under sub-*  
14 *section (c)(2) be implemented if the Federal Open*  
15 *Market Committee determines that such plans cannot*  
16 *or should not be achieved due to changing market con-*  
17 *ditions.*

18 “(2) *GAO APPROVAL OF UPDATE.*—*Upon deter-*  
19 *mining that plans described in paragraph (1) cannot*  
20 *or should not be achieved, the Federal Open Market*  
21 *Committee shall submit an explanation for that deter-*  
22 *mination and an updated version of the Directive*  
23 *Policy Rule to the Comptroller General of the United*  
24 *States and the appropriate congressional committees*  
25 *not later than 48 hours after making the determina-*

1        *tion. The Comptroller General shall, not later than 48*  
2        *hours after receiving such updated version, prepare*  
3        *and submit to the appropriate congressional commit-*  
4        *tees a compliance report determining whether such*  
5        *updated version and the Federal Open Market Com-*  
6        *mittee are in compliance with this section.*

7        *“(f) DIRECTIVE POLICY RULE AND FEDERAL OPEN*  
8        *MARKET COMMITTEE NOT IN COMPLIANCE.—*

9                *“(1) IN GENERAL.—If the Comptroller General of*  
10        *the United States determines that the Directive Policy*  
11        *Rule and the Federal Open Market Committee are not*  
12        *in compliance with this section in the report sub-*  
13        *mitted pursuant to subsection (d), or that the updated*  
14        *version of the Directive Policy Rule and the Federal*  
15        *Open Market Committee are not in compliance with*  
16        *this section in the report submitted pursuant to sub-*  
17        *section (e)(2), the Chairman of the Board of Gov-*  
18        *ernors of the Federal Reserve System shall, if re-*  
19        *quested by the chairman of either of the appropriate*  
20        *congressional committees, not later than 7 legislative*  
21        *days after such request, testify before such committee*  
22        *as to why the Directive Policy Rule, the updated*  
23        *version, or the Federal Open Market Committee is not*  
24        *in compliance.*

1           “(2) *GAO AUDIT.*—*Notwithstanding subsection*  
2           *(b) of section 714 of title 31, United States Code,*  
3           *upon submitting a report of noncompliance pursuant*  
4           *to subsection (d) or subsection (e)(2) and after the pe-*  
5           *riod of 7 legislative days described in paragraph (1),*  
6           *the Comptroller General shall audit the conduct of*  
7           *monetary policy by the Board of Governors of the*  
8           *Federal Reserve System and the Federal Open Market*  
9           *Committee upon request of the appropriate congres-*  
10           *sional committee. Such committee may specify the pa-*  
11           *rameters of such audit.*

12           “(g) *CONGRESSIONAL HEARINGS.*—*The Chairman of*  
13           *the Board of Governors of the Federal Reserve System shall,*  
14           *if requested by the chairman of either of the appropriate*  
15           *congressional committees and not later than 7 legislative*  
16           *days after such request, appear before such committee to ex-*  
17           *plain any change to the Directive Policy Rule.”.*

18           **SEC. 702. FEDERAL OPEN MARKET COMMITTEE BLACKOUT**

19                           **PERIOD.**

20           *Section 12A of the Federal Reserve Act (12 U.S.C. 263)*  
21           *is amended by adding at the end the following new sub-*  
22           *section:*

23           “(d) *BLACKOUT PERIOD.*—

24                           “(1) *IN GENERAL.*—*During a blackout period,*  
25           *the only public communications that may be made by*

1 *members and staff of the Committee with respect to*  
2 *macroeconomic or financial developments or about*  
3 *current or prospective monetary policy issues are the*  
4 *following:*

5 *“(A) The dissemination of published data,*  
6 *surveys, and reports that have been cleared for*  
7 *publication by the Board of Governors of the*  
8 *Federal Reserve System.*

9 *“(B) Answers to technical questions specific*  
10 *to a data release.*

11 *“(C) Communications with respect to the*  
12 *prudential or supervisory functions of the Board*  
13 *of Governors.*

14 *“(2) BLACKOUT PERIOD DEFINED.—For pur-*  
15 *poses of this subsection, and with respect to a meeting*  
16 *of the Committee described under subsection (a), the*  
17 *term ‘blackout period’ means the time period that—*

18 *“(A) begins immediately after midnight on*  
19 *the day that is one week prior to the date on*  
20 *which such meeting takes place; and*

21 *“(B) ends at midnight on the day after the*  
22 *date on which such meeting takes place.*

23 *“(3) EXEMPTION FOR CHAIRMAN OF THE BOARD*  
24 *OF GOVERNORS.—Nothing in this section shall pro-*  
25 *hibit the Chairman of the Board of Governors of the*

1 *Federal Reserve System from participating in or*  
2 *issuing public communications.”.*

3 **SEC. 703. MEMBERSHIP OF FEDERAL OPEN MARKET COM-**  
4 **MITTEE.**

5 *Section 12A(a) of the Federal Reserve Act (12 U.S.C.*  
6 *263(a)) is amended—*

7 *(1) in the first sentence, by striking “five” and*  
8 *inserting “six”;*

9 *(2) in the second sentence, by striking “One by*  
10 *the board of directors” and all that follows through*  
11 *the period at the end and inserting the following:*  
12 *“One by the boards of directors of the Federal Reserve*  
13 *Banks of New York and Boston; one by the boards of*  
14 *directors of the Federal Reserve Banks of Philadelphia*  
15 *and Cleveland; one by the boards of directors of the*  
16 *Federal Reserve Banks of Richmond and Atlanta; one*  
17 *by the boards of directors of the Federal Reserve*  
18 *Banks of Chicago and St. Louis; one by the boards of*  
19 *directors of the Federal Reserve Banks of Minneapolis*  
20 *and Kansas City; and one by the boards of directors*  
21 *of the Federal Reserve Banks of Dallas and San*  
22 *Francisco.”; and*

23 *(3) by inserting after the second sentence the fol-*  
24 *lowing: “In odd numbered calendar years, one rep-*  
25 *resentative shall be elected from each of the Federal*

1       *Reserve Banks of Boston, Philadelphia, Richmond,*  
2       *Chicago, Minneapolis, and Dallas. In even-numbered*  
3       *calendar years, one representative shall be elected*  
4       *from each of the Federal Reserve Banks of New York,*  
5       *Cleveland, Atlanta, St. Louis, Kansas City, and San*  
6       *Francisco.”.*

7       **SEC. 704. FREQUENCY OF TESTIMONY OF THE CHAIRMAN**  
8                               **OF THE BOARD OF GOVERNORS OF THE FED-**  
9                               **ERAL RESERVE SYSTEM TO CONGRESS.**

10       *(a) IN GENERAL.—Section 2B of the Federal Reserve*  
11       *Act (12 U.S.C. 225b) is amended—*

12               *(1) by striking “semi-annual” each place it ap-*  
13       *pears and inserting “quarterly”; and*

14               *(2) in subsection (a)(2)—*

15                       *(A) by inserting “and October 20” after*  
16       *“July 20” each place it appears; and*

17                       *(B) by inserting “and May 20” after “Feb-*  
18       *ruary 20” each place it appears.*

19       *(b) CONFORMING AMENDMENT.—Paragraph (12) of*  
20       *section 10 of the Federal Reserve Act (12 U.S.C. 247b(12))*  
21       *is amended by striking “semi-annual” and inserting “quar-*  
22       *terly”.*

1 **SEC. 705. VICE CHAIRMAN FOR SUPERVISION REPORT RE-**  
2 **QUIREMENT.**

3 *Paragraph (12) of section 10 of the Federal Reserve*  
4 *Act (12 U.S.C. 247(b)) is amended—*

5 *(1) by redesignating such paragraph as para-*  
6 *graph (11); and*

7 *(2) in such paragraph, by adding at the end the*  
8 *following: “In each such appearance, the Vice Chair-*  
9 *man for Supervision shall provide written testimony*  
10 *that includes the status of all pending and antici-*  
11 *pated rulemakings that are being made by the Board*  
12 *of Governors of the Federal Reserve System. If, at the*  
13 *time of any appearance described in this paragraph,*  
14 *the position of Vice Chairman for Supervision is va-*  
15 *cant, the Vice Chairman for the Board of Governors*  
16 *of the Federal Reserve System (who has the responsi-*  
17 *bility to serve in the absence of the Chairman) shall*  
18 *appear instead and provide the required written testi-*  
19 *mony. If, at the time of any appearance described in*  
20 *this paragraph, both Vice Chairman positions are va-*  
21 *cant, the Chairman of the Board of Governors of the*  
22 *Federal Reserve System shall appear instead and pro-*  
23 *vide the required written testimony.”.*



1 **SEC. 706. SALARIES, FINANCIAL DISCLOSURES, AND OFFICE**  
2 **STAFF OF THE BOARD OF GOVERNORS OF**  
3 **THE FEDERAL RESERVE SYSTEM.**

4 (a) *IN GENERAL.*—Section 11 of the Federal Reserve  
5 Act (12 U.S.C. 248) is amended—

6 (1) *by redesignating the second subsection (s)*  
7 *(relating to “Assessments, Fees, and Other Charges for*  
8 *Certain Companies”)* as subsection (t); and

9 (2) *by adding at the end the following new sub-*  
10 *sections:*

11 “(u) *ETHICS STANDARDS FOR MEMBERS AND EM-*  
12 *PLOYEES.*—

13 “(1) *PROHIBITED AND RESTRICTED FINANCIAL*  
14 *INTERESTS AND TRANSACTIONS.*—*The members and*  
15 *employees of the Board of Governors of the Federal*  
16 *Reserve System shall be subject to the provisions*  
17 *under section 4401.102 of title 5, Code of Federal*  
18 *Regulations, to the same extent as such provisions*  
19 *apply to an employee of the Securities and Exchange*  
20 *Commission.*

21 “(2) *TREATMENT OF BROKERAGE ACCOUNTS AND*  
22 *AVAILABILITY OF ACCOUNT STATEMENTS.*—*The mem-*  
23 *bers and employees of the Board of Governors of the*  
24 *Federal Reserve System shall—*

25 “(A) *disclose all brokerage accounts that*  
26 *they maintain, as well as those in which they*

1 control trading or have a financial interest (in-  
2 cluding managed accounts, trust accounts, in-  
3 vestment club accounts, and the accounts of  
4 spouses or minor children who live with the  
5 member or employee); and

6 “(B) with respect to any securities account  
7 that the member or employee is required to dis-  
8 close to the Board of Governors, authorize their  
9 brokers and dealers to send duplicate account  
10 statements directly to Board of Governors.

11 “(3) *PROHIBITIONS RELATED TO OUTSIDE EM-*  
12 *PLOYMENT AND ACTIVITIES.*—*The members and em-*  
13 *ployees of the Board of Governors of the Federal Re-*  
14 *serve System shall be subject to the prohibitions re-*  
15 *lated to outside employment and activities described*  
16 *under section 4401.103(c) of title 5, Code of Federal*  
17 *Regulations, to the same extent as such prohibitions*  
18 *apply to an employee of the Securities and Exchange*  
19 *Commission.*

20 “(4) *ADDITIONAL ETHICS STANDARDS.*—*The*  
21 *members and employees of the Board of Governors of*  
22 *the Federal Reserve System shall be subject to—*

23 “(A) *the employee responsibilities and con-*  
24 *duct regulations of the Office of Personnel Man-*

1           *agement under part 735 of title 5, Code of Fed-*  
2           *eral Regulations;*

3           “(B) *the canons of ethics contained in sub-*  
4           *part C of part 200 of title 17, Code of Federal*  
5           *Regulations, to the same extent as such subpart*  
6           *applies to the employees of the Securities and*  
7           *Exchange Commission; and*

8           “(C) *the regulations concerning the conduct*  
9           *of members and employees and former members*  
10          *and employees contained in subpart M of part*  
11          *200 of title 17, Code of Federal Regulations, to*  
12          *the same extent as such subpart applies to the*  
13          *employees of the Securities and Exchange Com-*  
14          *mission.*

15          “(v) *DISCLOSURE OF STAFF SALARIES AND FINANCIAL*  
16          *INFORMATION.—The Board of Governors of the Federal Re-*  
17          *serve System shall make publicly available, on the website*  
18          *of the Board of Governors, a searchable database that con-*  
19          *tains the names of all members, officers, and employees of*  
20          *the Board of Governors who receive an annual salary in*  
21          *excess of the annual rate of basic pay for GS–15 of the Gen-*  
22          *eral Schedule, and—*

23                 “(1) *the yearly salary information for such indi-*  
24                 *viduals, along with any nonsalary compensation re-*  
25                 *ceived by such individuals; and*

1           “(2) any financial disclosures required to be  
2           made by such individuals.”

3           (b) *OFFICE STAFF FOR EACH MEMBER OF THE BOARD*  
4 *OF GOVERNORS.*—Subsection (l) of section 11 of the Federal  
5 Reserve Act (12 U.S.C. 248) is amended by adding at the  
6 end the following: “Each member of the Board of Governors  
7 of the Federal Reserve System may employ, at a minimum,  
8 2 individuals, with such individuals selected by such mem-  
9 ber and the salaries of such individuals set by such member.  
10 A member may employ additional individuals as deter-  
11 mined necessary by the Board of Governors.”

12 **SEC. 707. AMENDMENTS TO POWERS OF THE BOARD OF**  
13 **GOVERNORS OF THE FEDERAL RESERVE SYS-**  
14 **TEM.**

15           (a) *IN GENERAL.*—Section 13(3) of the Federal Re-  
16 serve Act (12 U.S.C. 343(3)), as amended by section 221,  
17 is further amended—

18           (1) in subparagraph (A)—

19                   (A) by inserting “that pose a threat to the  
20 financial stability of the United States” after  
21 “unusual and exigent circumstances”; and

22                   (B) by inserting “and by the affirmative  
23 vote of not less than nine presidents of the Fed-  
24 eral reserve banks” after “five members”;

25           (2) in subparagraph (B)—

1           (A) in clause (i), by inserting at the end the  
2 following: “Federal reserve banks may not accept  
3 equity securities issued by the recipient of any  
4 loan or other financial assistance under this  
5 paragraph as collateral. Not later than 6 months  
6 after the date of enactment of this sentence, the  
7 Board shall, by rule, establish—

8                   “(I) a method for determining the  
9 sufficiency of the collateral required  
10 under this paragraph;

11                   “(II) acceptable classes of collat-  
12 eral;

13                   “(III) the amount of any discount  
14 of such value that the Federal reserve  
15 banks will apply for purposes of calcu-  
16 lating the sufficiency of collateral  
17 under this paragraph; and

18                   “(IV) a method for obtaining  
19 independent appraisals of the value of  
20 collateral the Federal reserve banks re-  
21 ceive.”; and

22           (B) in clause (ii)—

23                   (i) by striking the second sentence; and

24                   (ii) by inserting after the first sentence  
25 the following: “A borrower shall not be eligi-

1            *ble to borrow from any emergency lending*  
2            *program or facility unless the Board and*  
3            *all federal banking regulators with jurisdic-*  
4            *tion over the borrower certify that, at the*  
5            *time the borrower initially borrows under*  
6            *the program or facility, the borrower is not*  
7            *insolvent.”;*

8            (3) *by inserting “financial institution” before*  
9            *“participant” each place such term appears;*

10           (4) *in subparagraph (D)(i), by inserting “finan-*  
11           *cial institution” before “participants”; and*

12           (5) *by adding at the end the following new sub-*  
13           *paragraphs:*

14                    *“(E) PENALTY RATE.—*

15                            *“(i) IN GENERAL.—Not later than 6*  
16                            *months after the date of enactment of this*  
17                            *subparagraph, the Board shall, with respect*  
18                            *to a recipient of any loan or other financial*  
19                            *assistance under this paragraph, establish*  
20                            *by rule a minimum interest rate on the*  
21                            *principal amount of any loan or other fi-*  
22                            *nancial assistance.*

23                            *“(ii) MINIMUM INTEREST RATE DE-*  
24                            *FINED.—In this subparagraph, the term*

1           *‘minimum interest rate’ shall mean the sum*  
2           *of—*

3                   *“(I) the average of the secondary*  
4                   *discount rate of all Federal Reserve*  
5                   *banks over the most recent 90-day pe-*  
6                   *riod; and*

7                   *“(II) the average of the difference*  
8                   *between a distressed corporate bond*  
9                   *yield index (as defined by rule of the*  
10                   *Board) and a bond yield index of debt*  
11                   *issued by the United States (as defined*  
12                   *by rule of the Board) over the most re-*  
13                   *cent 90-day period.*

14                   *“(F) FINANCIAL INSTITUTION PARTICIPANT*  
15                   *DEFINED.—For purposes of this paragraph, the*  
16                   *term ‘financial institution participant’—*

17                   *“(i) means a company that is pre-*  
18                   *dominantly engaged in financial activities*  
19                   *(as defined in section 102(a) of the Dodd-*  
20                   *Frank Wall Street Reform and Consumer*  
21                   *Protection Act (12 U.S.C. 5311(a)); and*

22                   *“(ii) does not include an agency de-*  
23                   *scribed in subparagraph (W) of section*  
24                   *5312(a)(2) of title 31, United States Code,*

1                   or an entity controlled or sponsored by such  
2                   an agency.”.

3           (b) *CONFORMING AMENDMENT.*—Section 11(r)(2)(A)  
4 of such Act is amended—

5                   (1) in clause (ii)(IV), by striking “; and” and  
6                   inserting a semicolon;

7                   (2) in clause (iii), by striking the period at the  
8                   end and inserting “; and”; and

9                   (3) by adding at the end the following new  
10                  clause:

11                   “(iv) the available members secure the affirma-  
12                  tive vote of not less than nine presidents of the Fed-  
13                  eral reserve banks.”.

14 **SEC. 708. INTEREST RATES ON BALANCES MAINTAINED AT**  
15                   **A FEDERAL RESERVE BANK BY DEPOSITORY**  
16                   **INSTITUTIONS ESTABLISHED BY FEDERAL**  
17                   **OPEN MARKET COMMITTEE.**

18                  Subparagraph (A) of section 19(b)(12) of the Federal  
19 Reserve Act (12 U.S.C. 461(b)(12)(A)) is amended by in-  
20 serting “established by the Federal Open Market Com-  
21 mittee” after “rate or rates”.



1 **SEC. 709. AUDIT REFORM AND TRANSPARENCY FOR THE**  
2 **BOARD OF GOVERNORS OF THE FEDERAL RE-**  
3 **SERVE SYSTEM.**

4 (a) *IN GENERAL.*—Notwithstanding section 714 of title  
5 31, United States Code, or any other provision of law, the  
6 Comptroller General of the United States shall annually  
7 complete an audit of the Board of Governors of the Federal  
8 Reserve System and the Federal reserve banks under sub-  
9 section (b) of such section 714 within 12 months after the  
10 date of the enactment of this Act.

11 (b) *REPORT.*—

12 (1) *IN GENERAL.*—Not later than 90 days after  
13 each audit required pursuant to subsection (a) is  
14 completed, the Comptroller General—

15 (A) shall submit to Congress a report on  
16 such audit; and

17 (B) shall make such report available to the  
18 Speaker of the House, the majority and minority  
19 leaders of the House of Representatives, the ma-  
20 jority and minority leaders of the Senate, the  
21 Chairman and Ranking Member of the com-  
22 mittee and each subcommittee of jurisdiction in  
23 the House of Representatives and the Senate, and  
24 any other Member of Congress who requests the  
25 report.

1           (2) *CONTENTS.*—*The report under paragraph (1)*  
2           *shall include a detailed description of the findings*  
3           *and conclusion of the Comptroller General with re-*  
4           *spect to the audit that is the subject of the report, to-*  
5           *gether with such recommendations for legislative or*  
6           *administrative action as the Comptroller General*  
7           *may determine to be appropriate.*

8           (c) *REPEAL OF CERTAIN LIMITATIONS.*—*Subsection*  
9           *(b) of section 714 of title 31, United States Code, is amend-*  
10          *ed by striking the second sentence.*

11          (d) *TECHNICAL AND CONFORMING AMENDMENTS.*—

12           (1) *IN GENERAL.*—*Section 714 of title 31,*  
13          *United States Code, is amended—*

14                  (A) *in subsection (d)(3), by striking “or (f)”*  
15                  *each place such term appears;*

16                  (B) *in subsection (e), by striking “the third*  
17                  *undesignated paragraph of section 13” and in-*  
18                  *serting “section 13(3)”;* and

19                  (C) *by striking subsection (f).*

20           (2) *FEDERAL RESERVE ACT.*—*Subsection (s) (re-*  
21          *lating to “Federal Reserve Transparency and Release*  
22          *of Information”)* of section 11 of the Federal Reserve  
23          *Act (12 U.S.C. 248) is amended—*

24                  (A) *in paragraph (4)(A), by striking “has*  
25                  *the same meaning as in section 714(f)(1)(A) of*

1           *title 31, United States Code” and inserting*  
2           *“means a program or facility, including any*  
3           *special purpose vehicle or other entity established*  
4           *by or on behalf of the Board of Governors of the*  
5           *Federal Reserve System or a Federal reserve*  
6           *bank, authorized by the Board of Governors*  
7           *under section 13(3), that is not subject to audit*  
8           *under section 714(e) of title 31, United States*  
9           *Code”;*

10           *(B) in paragraph (6), by striking “or in*  
11           *section 714(f)(3)(C) of title 31, United States*  
12           *Code, the information described in paragraph*  
13           *(1) and information concerning the transactions*  
14           *described in section 714(f) of such title,” and in-*  
15           *serting “the information described in paragraph*  
16           *(1)”;* and

17           *(C) in paragraph (7), by striking “and sec-*  
18           *tion 13(3)(C), section 714(f)(3)(C) of title 31,*  
19           *United States Code, and” and inserting “, sec-*  
20           *tion 13(3)(C), and”.*

21 **SEC. 710. ESTABLISHMENT OF A CENTENNIAL MONETARY**

22 **COMMISSION.**

23           *(a) FINDINGS.—Congress finds the following:*

24                   *(1) The Constitution endows Congress with the*  
25           *power “to coin money, regulate the value thereof”.*

1           (2) *Following the financial crisis known as the*  
2 *Panic of 1907, Congress established the National*  
3 *Monetary Commission to provide recommendations*  
4 *for the reform of the financial and monetary systems*  
5 *of the United States.*

6           (3) *Incorporating several of the recommendations*  
7 *of the National Monetary Commission, Congress cre-*  
8 *ated the Federal Reserve System in 1913. As cur-*  
9 *rently organized, the Federal Reserve System consists*  
10 *of the Board of Governors in Washington, District of*  
11 *Columbia, and the Federal Reserve Banks organized*  
12 *into 12 districts around the United States. The stock-*  
13 *holders of the 12 Federal Reserve Banks include na-*  
14 *tional and certain State-chartered commercial banks,*  
15 *which operate on a fractional reserve basis.*

16           (4) *Originally, Congress gave the Federal Re-*  
17 *serve System a monetary mandate to provide an elas-*  
18 *tic currency, within the context of a gold standard, in*  
19 *response to seasonal fluctuations in the demand for*  
20 *currency.*

21           (5) *Congress also gave the Federal Reserve Sys-*  
22 *tem a financial stability mandate to serve as the*  
23 *lender of last resort to solvent but illiquid banks dur-*  
24 *ing a financial crisis.*

1           (6) *In 1977, Congress changed the monetary*  
2           *mandate of the Federal Reserve System to a dual*  
3           *mandate for maximum employment and stable prices.*

4           (7) *Empirical studies and historical evidence,*  
5           *both within the United States and in other countries,*  
6           *demonstrate that price stability is desirable because*  
7           *both inflation and deflation damage the economy.*

8           (8) *The economic challenge of recent years—most*  
9           *notably the bursting of the housing bubble, the finan-*  
10          *cial crisis of 2008, and the ensuing anemic recov-*  
11          *ery—have occurred at great cost in terms of lost jobs*  
12          *and output.*

13          (9) *Policymakers are reexamining the structure*  
14          *and functioning of financial institutions and markets*  
15          *to determine what, if any, changes need to be made*  
16          *to place the financial system on a stronger, more sus-*  
17          *tainable path going forward.*

18          (10) *The Federal Reserve System has taken ex-*  
19          *traordinary actions in response to the recent economic*  
20          *challenges.*

21          (11) *The Federal Open Market Committee has*  
22          *engaged in multiple rounds of quantitative easing,*  
23          *providing unprecedented liquidity to financial mar-*  
24          *kets, while committing to holding short-term interest*  
25          *rates low for a seemingly indefinite period, and pur-*

1        *su*ing a policy of credit allocation by purchasing Fed-  
2        *er*al agency debt and mortgage-backed securities.

3            (12) *In the wake of the recent extraordinary ac-*  
4        *tions of the Federal Reserve System, Congress—con-*  
5        *sistent with its constitutional responsibilities and as*  
6        *it has done periodically throughout the history of the*  
7        *United States—has once again renewed its examina-*  
8        *tion of monetary policy.*

9            (13) *Central in such examination has been a re-*  
10       *newed look at what is the most proper mandate for*  
11       *the Federal Reserve System to conduct monetary pol-*  
12       *icy in the 21st century.*

13        (b) *ESTABLISHMENT OF A CENTENNIAL MONETARY*  
14       *COMMISSION.—There is established a commission to be*  
15       *known as the “Centennial Monetary Commission” (in this*  
16       *section referred to as the “Commission”).*

17        (c) *STUDY AND REPORT ON MONETARY POLICY.—*

18            (1) *STUDY.—The Commission shall—*

19            (A) *examine how United States monetary*  
20        *policy since the creation of the Board of Gov-*  
21        *ernors of the Federal Reserve System in 1913 has*  
22        *affected the performance of the United States*  
23        *economy in terms of output, employment, prices,*  
24        *and financial stability over time;*

1           (B) evaluate various operational regimes  
2 under which the Board of Governors of the Fed-  
3 eral Reserve System and the Federal Open Mar-  
4 ket Committee may conduct monetary policy in  
5 terms achieving the maximum sustainable level  
6 of output and employment and price stability  
7 over the long term, including—

8                   (i) discretion in determining monetary  
9 policy without an operational regime;

10                   (ii) price level targeting;

11                   (iii) inflation rate targeting;

12                   (iv) nominal gross domestic product  
13 targeting (both level and growth rate);

14                   (v) the use of monetary policy rules;

15                   and

16                   (vi) the gold standard;

17           (C) evaluate the use of macro-prudential su-  
18 pervision and regulation as a tool of monetary  
19 policy in terms of achieving the maximum sus-  
20 tainable level of output and employment and  
21 price stability over the long term;

22           (D) evaluate the use of the lender-of-last-re-  
23 sort function of the Board of Governors of the  
24 Federal Reserve System as a tool of monetary  
25 policy in terms of achieving the maximum sus-

1            *tainable level of output and employment and*  
2            *price stability over the long term;*

3            *(E) recommend a course for United States*  
4            *monetary policy going forward, including—*

5                    *(i) the legislative mandate;*

6                    *(ii) the operational regime;*

7                    *(iii) the securities used in open market*  
8                    *operations; and*

9                    *(iv) transparency issues; and*

10            *(F) consider the effects of the GDP output*  
11            *and employment targets of the “dual mandate”*  
12            *(both from the creation of the dual mandate in*  
13            *1977 until the present time and estimates of the*  
14            *future effect of the dual mandate ) on—*

15                    *(i) United States economic activity;*

16                    *(ii) Federal Reserve actions; and*

17                    *(iii) Federal debt.*

18            *(2) REPORT.—Not later than December 1, 2017,*  
19            *the Commission shall submit to Congress and make*  
20            *publicly available a report containing a statement of*  
21            *the findings and conclusions of the Commission in*  
22            *carrying out the study under paragraph (1), together*  
23            *with the recommendations the Commission considers*  
24            *appropriate. In making such report, the Commission*



1 *shall specifically report on the considerations required*  
2 *under paragraph (1)(F).*

3 *(d) MEMBERSHIP.—*

4 *(1) NUMBER AND APPOINTMENT.—*

5 *(A) APPOINTED VOTING MEMBERS.—The*  
6 *Commission shall contain 12 voting members as*  
7 *follows:*

8 *(i) Six members appointed by the*  
9 *Speaker of the House of Representatives,*  
10 *with four members from the majority party*  
11 *and two members from the minority party.*

12 *(ii) Six members appointed by the*  
13 *President Pro Tempore of the Senate, with*  
14 *four members from the majority party and*  
15 *two members from the minority party.*

16 *(B) CHAIRMAN.—The Speaker of the House*  
17 *of Representatives and the majority leader of the*  
18 *Senate shall jointly designate one of the members*  
19 *of the Commission as Chairman.*

20 *(C) NON-VOTING MEMBERS.—The Commis-*  
21 *sion shall contain 2 non-voting members as fol-*  
22 *lows:*

23 *(i) One member appointed by the Sec-*  
24 *retary of the Treasury.*

1                   (ii) *One member who is the president*  
2                   *of a district Federal reserve bank appointed*  
3                   *by the Chair of the Board of Governors of*  
4                   *the Federal Reserve System.*

5                   (2) *PERIOD OF APPOINTMENT.—Each member*  
6                   *shall be appointed for the life of the Commission.*

7                   (3) *TIMING OF APPOINTMENT.—All members of*  
8                   *the Commission shall be appointed not later than 30*  
9                   *days after the date of the enactment of this section.*

10                  (4) *VACANCIES.—A vacancy in the Commission*  
11                  *shall not affect its powers, and shall be filled in the*  
12                  *manner in which the original appointment was*  
13                  *made.*

14                  (5) *MEETINGS.—*

15                         (A) *INITIAL MEETING.—The Commission*  
16                         *shall hold its initial meeting and begin the oper-*  
17                         *ations of the Commission as soon as is prac-*  
18                         *ticable.*

19                         (B) *FURTHER MEETINGS.—The Commission*  
20                         *shall meet upon the call of the Chair or a major-*  
21                         *ity of its members.*

22                  (6) *QUORUM.—Seven voting members of the*  
23                  *Commission shall constitute a quorum but a lesser*  
24                  *number may hold hearings.*

1           (7) *MEMBER OF CONGRESS DEFINED.*—*In this*  
2 *subsection, the term “Member of Congress” means a*  
3 *Senator or a Representative in, or Delegate or Resi-*  
4 *dent Commissioner to, the Congress.*

5           *(e) POWERS.*—

6           (1) *HEARINGS AND SESSIONS.*—*The Commission*  
7 *or, on the authority of the Commission, any sub-*  
8 *committee or member thereof, may, for the purpose of*  
9 *carrying out this section, hold hearings, sit and act*  
10 *at times and places, take testimony, receive evidence,*  
11 *or administer oaths as the Commission or such sub-*  
12 *committee or member thereof considers appropriate.*

13           (2) *CONTRACT AUTHORITY.*—*To the extent or in*  
14 *the amounts provided in advance in appropriation*  
15 *Acts, the Commission may contract with and com-*  
16 *pensate government and private agencies or persons*  
17 *to enable the Commission to discharge its duties*  
18 *under this section, without regard to section 3709 of*  
19 *the Revised Statutes (41 U.S.C. 5).*

20           (3) *OBTAINING OFFICIAL DATA.*—

21           (A) *IN GENERAL.*—*The Commission is au-*  
22 *thorized to secure directly from any executive de-*  
23 *partment, bureau, agency, board, commission, of-*  
24 *fice, independent establishment, or instrumen-*  
25 *tality of the Government, any information, in-*

1           *cluding suggestions, estimates, or statistics, for*  
2           *the purposes of this section.*

3           *(B) REQUESTING OFFICIAL DATA.—The*  
4           *head of such department, bureau, agency, board,*  
5           *commission, office, independent establishment, or*  
6           *instrumentality of the government shall, to the*  
7           *extent authorized by law, furnish such informa-*  
8           *tion upon request made by—*

9                     *(i) the Chair;*

10                    *(ii) the Chair of any subcommittee cre-*  
11                    *ated by a majority of the Commission; or*

12                    *(iii) any member of the Commission*  
13                    *designated by a majority of the commission*  
14                    *to request such information.*

15           *(4) ASSISTANCE FROM FEDERAL AGENCIES.—*

16                    *(A) GENERAL SERVICES ADMINISTRA-*  
17                    *TION.—The Administrator of General Services*  
18                    *shall provide to the Commission on a reimburs-*  
19                    *able basis administrative support and other serv-*  
20                    *ices for the performance of the functions of the*  
21                    *Commission.*

22                    *(B) OTHER DEPARTMENTS AND AGEN-*  
23                    *CIES.—In addition to the assistance prescribed*  
24                    *in subparagraph (A), at the request of the Com-*  
25                    *mission, departments and agencies of the United*

1           *States shall provide such services, funds, facili-*  
2           *ties, staff, and other support services as may be*  
3           *authorized by law.*

4           (5) *POSTAL SERVICE.*—*The Commission may use*  
5           *the United States mails in the same manner and*  
6           *under the same conditions as other departments and*  
7           *agencies of the United States.*

8           (f) *COMMISSION PERSONNEL.*—

9           (1) *APPOINTMENT AND COMPENSATION OF*  
10          *STAFF.*—

11           (A) *IN GENERAL.*—*Subject to rules pre-*  
12           *scribed by the Commission, the Chair may ap-*  
13           *point and fix the pay of the executive director*  
14           *and other personnel as the Chair considers ap-*  
15           *propriate.*

16           (B) *APPLICABILITY OF CIVIL SERVICE*  
17           *LAWS.*—*The staff of the Commission may be ap-*  
18           *pointed without regard to the provisions of title*  
19           *5, United States Code, governing appointments*  
20           *in the competitive service, and may be paid*  
21           *without regard to the provisions of chapter 51*  
22           *and subchapter III of chapter 53 of that title re-*  
23           *lating to classification and General Schedule pay*  
24           *rates, except that an individual so appointed*

1           *may not receive pay in excess of level V of the*  
2           *Executive Schedule.*

3           (2) *CONSULTANTS.*—*The Commission may pro-*  
4           *cedure temporary and intermittent services under sec-*  
5           *tion 3109(b) of title 5, United States Code, but at*  
6           *rates for individuals not to exceed the daily equiva-*  
7           *lent of the rate of pay for a person occupying a posi-*  
8           *tion at level IV of the Executive Schedule.*

9           (3) *STAFF OF FEDERAL AGENCIES.*—*Upon re-*  
10          *quest of the Commission, the head of any Federal de-*  
11          *partment or agency may detail, on a reimbursable*  
12          *basis, any of the personnel of such department or*  
13          *agency to the Commission to assist it in carrying out*  
14          *its duties under this section.*

15          (g) *TERMINATION OF COMMISSION.*—

16               (1) *IN GENERAL.*—*The Commission shall termi-*  
17               *nate on June 1, 2017.*

18               (2) *ADMINISTRATIVE ACTIVITIES BEFORE TERMI-*  
19               *NATION.*—*The Commission may use the period be-*  
20               *tween the submission of its report and its termination*  
21               *for the purpose of concluding its activities, including*  
22               *providing testimony to the committee of Congress con-*  
23               *cerning its report.*

24               (h) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*  
25               *authorized to be appropriated to carry out this section*

1 \$1,000,000, which shall remain available until the date on  
2 which the Commission terminates.

3 **SEC. 711. PUBLIC TRANSCRIPTS OF FOMC MEETINGS.**

4 Section 12A of the Federal Reserve Act (12 U.S.C.  
5 263), as amended by this Act, is further amended by adding  
6 at the end the following:

7 “(e) *PUBLIC TRANSCRIPTS OF MEETINGS.*—The Com-  
8 mittee shall—

9 “(1) record all meetings of the Committee; and

10 “(2) make the full transcript of such meetings  
11 available to the public.”.

12 **TITLE VIII—DEMANDING AC-**  
13 **COUNTABILITY FROM WALL**  
14 **STREET**

15 **Subtitle A—SEC Penalties**  
16 **Modernization**

17 **SEC. 801. ENHANCEMENT OF CIVIL PENALTIES FOR SECURI-**  
18 **TIES LAWS VIOLATIONS.**

19 (a) *UPDATED CIVIL MONEY PENALTIES.*—

20 (1) *SECURITIES ACT OF 1933.*—

21 (A) *MONEY PENALTIES IN ADMINISTRATIVE*  
22 *ACTIONS.*—Section 8A(g)(2) of the Securities Act  
23 of 1933 (15 U.S.C. 77h–1(g)(2)) is amended—

24 (i) in subparagraph (A)—

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

3                   (II) by striking “\$75,000” and in-  
4                   serting “\$100,000”;

5                   (ii) in subparagraph (B)—

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

8                   (II) by striking “\$375,000” 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 act or omission shall  
16                  not exceed the amount specified in clause  
17                  (ii) if—

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

23                  “(II) such act or omission directly  
24                  or indirectly resulted in—



1                   “(aa) substantial losses or  
2                   created a significant risk of sub-  
3                   stantial losses to other persons; or

4                   “(bb) substantial pecuniary  
5                   gain to the person who committed  
6                   the act or omission.

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

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

12                   “(II) 3 times the gross amount of  
13                   pecuniary gain to the person who com-  
14                   mitted the act or omission; or

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

18                   (B) *MONEY PENALTIES IN CIVIL ACTIONS.—*  
19                   *Section 20(d)(2) of the Securities Act of 1933 (15*  
20                   *U.S.C. 77t(d)(2)) is amended—*

21                   (i) in subparagraph (A)—

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

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

1                   (ii) in subparagraph (B)—

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

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

6                         (iii) by striking subparagraph (C) and  
7                         inserting the following:

8                   “(C) *THIRD TIER.*—

9                         “(i) *IN GENERAL.*—Notwithstanding  
10                         subparagraphs (A) and (B), the amount of  
11                         penalty for each such violation shall not ex-  
12                         ceed the amount specified in clause (ii) if—

13                                 “(I) the violation described in  
14                                 paragraph (1) involved fraud, deceit,  
15                                 manipulation, or deliberate or reckless  
16                                 disregard of a regulatory requirement;  
17                                 and

18                                 “(II) such violation directly or in-  
19                                 directly resulted in substantial losses  
20                                 or created a significant risk of substan-  
21                                 tial losses to other persons.

22                         “(ii) *MAXIMUM AMOUNT OF PEN-*  
23                         *ALTY.*—The amount referred to in clause (i)  
24                         is the greatest of—

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

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

6           “(III) the amount of losses in-  
7           curred by victims as a result of the vio-  
8           lation.”.

9           (2) *SECURITIES EXCHANGE ACT OF 1934.*—

10           (A) *MONEY PENALTIES IN CIVIL ACTIONS.*—

11           Section 21(d)(3)(B) of the Securities Exchange  
12           Act of 1934 (15 U.S.C. 78u(d)(3)(B)) is amend-  
13           ed—

14           (i) in clause (i)—

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

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

19           (ii) in clause (ii)—

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

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

24           (iii) by striking clause (iii) and insert-  
25           ing the following:

1                   “(iii) *THIRD TIER.*—

2                   “(I) *IN GENERAL.*—*Notwithstanding*  
3                   *clauses (i) and (ii), the amount of penalty*  
4                   *for each such violation shall not exceed the*  
5                   *amount specified in subclause (II) if—*

6                   “(aa) *the violation described in*  
7                   *subparagraph (A) involved fraud, de-*  
8                   *ceit, manipulation, or deliberate or*  
9                   *reckless disregard of a regulatory re-*  
10                   *quirement; and*

11                   “(bb) *such violation directly or*  
12                   *indirectly resulted in substantial losses*  
13                   *or created a significant risk of substan-*  
14                   *tial losses to other persons.*

15                   “(II) *MAXIMUM AMOUNT OF PEN-*  
16                   *ALTY.*—*The amount referred to in subclause*  
17                   *(I) is the greatest of—*

18                   “(aa) *\$300,000 for a natural per-*  
19                   *son or \$1,450,000 for any other person;*

20                   “(bb) *3 times the gross amount of*  
21                   *pecuniary gain to such defendant as a*  
22                   *result of the violation; or*

23                   “(cc) *the amount of losses in-*  
24                   *curring by victims as a result of the vio-*  
25                   *lation.”.*

1                   (B) *MONEY PENALTIES IN ADMINISTRATIVE*  
2 *ACTIONS.*—Section 21B(b) of the Securities Ex-  
3 *change Act of 1934 (15 U.S.C. 78u-2(b)) is*  
4 *amended—*

5                   (i) *in paragraph (1)—*

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

8                   (II) *by striking “\$50,000” and in-*  
9 *serting “\$100,000”;*

10                  (ii) *in paragraph (2)—*

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

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

15                  (iii) *by striking paragraph (3) and in-*  
16 *serting the following:*

17                  “(3) *THIRD TIER.*—

18                  “(A) *IN GENERAL.*—Notwithstanding para-  
19 *graphs (1) and (2), the amount of penalty for*  
20 *each such act or omission shall not exceed the*  
21 *amount specified in subparagraph (B) if—*

22                  “(i) *the act or omission described in*  
23 *subsection (a) involved fraud, deceit, ma-*  
24 *nipulation, or deliberate or reckless dis-*  
25 *regard of a regulatory requirement; and*

1           “(ii) such act or omission directly or  
2           indirectly resulted in substantial losses or  
3           created a significant risk of substantial  
4           losses to other persons or resulted in sub-  
5           stantial pecuniary gain to the person who  
6           committed the act or omission.

7           “(B) *MAXIMUM AMOUNT OF PENALTY.*—The  
8           amount referred to in subparagraph (A) is the  
9           greatest of—

10           “(i) \$300,000 for a natural person or  
11           \$1,450,000 for any other person;

12           “(ii) 3 times the gross amount of pecu-  
13           niary gain to the person who committed the  
14           act or omission; or

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

17           (3) *INVESTMENT COMPANY ACT OF 1940.*—

18           (A) *MONEY PENALTIES IN ADMINISTRATIVE*  
19           *ACTIONS.*—Section 9(d)(2) of the *Investment*  
20           *Company Act of 1940 (15 U.S.C. 80a-9(d)(2))* is  
21           amended—

22           (i) in subparagraph (A)—

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

1                   (II) by striking “\$50,000” and in-  
2                   serting “\$100,000”;

3                   (ii) in subparagraph (B)—

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

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

8                   (iii) by striking subparagraph (C) and  
9                   inserting the following:

10                  “(C) *THIRD TIER.*—

11                   “(i) *IN GENERAL.*—Notwithstanding  
12                   subparagraphs (A) and (B), the amount of  
13                   penalty for each such act or omission shall  
14                   not exceed the amount specified in clause  
15                   (ii) if—

16                   “(I) the act or omission described  
17                   in paragraph (1) involved fraud, de-  
18                   ceit, manipulation, or deliberate or  
19                   reckless disregard of a regulatory re-  
20                   quirement; and

21                   “(II) such act or omission directly  
22                   or indirectly resulted in substantial  
23                   losses or created a significant risk of  
24                   substantial losses to other persons or  
25                   resulted in substantial pecuniary gain

1           to the person who committed the act or  
2           omission.

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

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

8                     “(II) 3 times the gross amount of  
9                     pecuniary gain to the person who com-  
10                    mitted the act or omission; or

11                    “(III) the amount of losses in-  
12                    curred by victims as a result of the act  
13                    or omission.”.

14           (B) *MONEY PENALTIES IN CIVIL ACTIONS.—*  
15           Section 42(e)(2) of the Investment Company Act  
16           of 1940 (15 U.S.C. 80a-41(e)(2)) is amended—

17                   (i) in subparagraph (A)—

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

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

22                   (ii) in subparagraph (B)—

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 subparagraph (C) and  
4                   inserting the following:

5                   “(C) *THIRD TIER.*—

6                   “(i) *IN GENERAL.*—Notwithstanding  
7                   subparagraphs (A) and (B), the amount of  
8                   penalty for each such violation shall not ex-  
9                   ceed the amount specified in clause (i) if—

10                   “(I) the violation described in  
11                   paragraph (1) involved fraud, deceit,  
12                   manipulation, or deliberate or reckless  
13                   disregard of a regulatory requirement;  
14                   and

15                   “(II) such violation directly or in-  
16                   directly resulted in substantial losses  
17                   or created a significant risk of substan-  
18                   tial losses to other persons.

19                   “(ii) *MAXIMUM AMOUNT OF PEN-*  
20                   *ALTY.*—The amount referred to in clause (i)  
21                   is the greatest of—

22                   “(I) \$300,000 for a natural per-  
23                   son or \$1,450,000 for any other person;

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

4                   “(III) the amount of losses in-  
5                   curred by victims as a result of the vio-  
6                   lation.”.

7                   (4) INVESTMENT ADVISERS ACT OF 1940.—

8                   (A) MONEY PENALTIES IN ADMINISTRATIVE  
9                   ACTIONS.—Section 203(i)(2) of the Investment  
10                  Advisers Act of 1940 (15 U.S.C. 80b-3(i)(2)) is  
11                  amended—

12                  (i) in subparagraph (A)—

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

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

17                  (ii) in subparagraph (B)—

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

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

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

24                         “(C) THIRD TIER.—

1           “(i) *IN GENERAL.*—Notwithstanding  
2           subparagraphs (A) and (B), the amount of  
3           penalty for each such act or omission shall  
4           not exceed the amount specified in clause  
5           (ii) if—

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

11                     “(II) such act or omission directly  
12                     or indirectly resulted in substantial  
13                     losses or created a significant risk of  
14                     substantial losses to other persons or  
15                     resulted in substantial pecuniary gain  
16                     to the person who committed the act or  
17                     omission.

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

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

23                     “(II) 3 times the gross amount of  
24                     pecuniary gain to the person who com-  
25                     mitted the act or omission; or

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

4                   (B) *MONEY PENALTIES IN CIVIL ACTIONS.*—  
5                   Section 209(e)(2) of the Investment Advisers Act  
6                   of 1940 (15 U.S.C. 80b-9(e)(2)) is amended—

7                   (i) in subparagraph (A)—

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

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

12                  (ii) in subparagraph (B)—

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

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

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

19                  “(C) *THIRD TIER.*—

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

24                  “(I) the violation described in  
25                  paragraph (1) involved fraud, deceit,

1           *manipulation, or deliberate or reckless*  
2           *disregard of a regulatory requirement;*  
3           *and*

4           “(II) *such violation directly or in-*  
5           *directly resulted in substantial losses*  
6           *or created a significant risk of substan-*  
7           *tial losses to other persons.*

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

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

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           *curring by victims as a result of the vio-*  
18           *lation.”.*

19          **(b) PENALTIES FOR RECIDIVISTS.—**

20           **(1) SECURITIES ACT OF 1933.—**

21           **(A) MONEY PENALTIES IN ADMINISTRATIVE**  
22           **ACTIONS.—Section 8A(g)(2) of the Securities Act**  
23           **of 1933 (15 U.S.C. 77h–1(g)(2)) is amended by**  
24           **adding at the end the following:**

1           “(D) *FOURTH TIER.*—Notwithstanding sub-  
2           paragraphs (A), (B), and (C), the maximum  
3           amount of penalty for each such act or omission  
4           shall be 3 times the otherwise applicable amount  
5           in such subparagraphs if, within the 5-year pe-  
6           riod preceding such act or omission, the person  
7           who committed the act or omission was crimi-  
8           nally convicted for securities fraud or became  
9           subject to a judgment or order imposing mone-  
10          etary, equitable, or administrative relief in any  
11          Commission action alleging fraud by that per-  
12          son.”.

13           (B) *MONEY PENALTIES IN CIVIL ACTIONS.*—  
14          Section 20(d)(2) of the Securities Act of 1933 (15  
15          U.S.C. 77t(d)(2)) is amended by adding at the  
16          end the following:

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

1           *any Commission action alleging fraud by that*  
2           *defendant.”.*

3           (2) *SECURITIES EXCHANGE ACT OF 1934.—*

4                 (A) *MONEY PENALTIES IN CIVIL ACTIONS.—*

5           *Section 21(d)(3)(B) of the Securities Exchange*  
6           *Act of 1934 (15 U.S.C. 78u(d)(3)(B)) is amended*  
7           *by adding at the end the following:*

8                     “(iv) *FOURTH TIER.—Notwithstanding*  
9                     *clauses (i), (ii), and (iii), the maximum*  
10                    *amount of penalty for each such violation*  
11                    *shall be 3 times the otherwise applicable*  
12                    *amount in such clauses if, within the 5-year*  
13                    *period preceding such violation, the defend-*  
14                    *ant was criminally convicted for securities*  
15                    *fraud or became subject to a judgment or*  
16                    *order imposing monetary, equitable, or ad-*  
17                    *ministrative relief in any Commission ac-*  
18                    *tion alleging fraud by that defendant.”.*

19                 (B) *MONEY PENALTIES IN ADMINISTRATIVE*

20           *ACTIONS.—Section 21B(b) of the Securities Ex-*  
21           *change Act of 1934 (15 U.S.C. 78u-2(b)) is*  
22           *amended by adding at the end the following:*

23                     “(4) *FOURTH TIER.—Notwithstanding para-*  
24                    *graphs (1), (2), and (3), the maximum amount of*  
25                    *penalty for each such act or omission shall be 3 times*

1 *the otherwise applicable amount in such paragraphs*  
2 *if, within the 5-year period preceding such act or*  
3 *omission, the person who committed the act or omis-*  
4 *sion was criminally convicted for securities fraud or*  
5 *became subject to a judgment or order imposing mon-*  
6 *etary, equitable, or administrative relief in any Com-*  
7 *mission action alleging fraud by that person.”.*

8 (3) *INVESTMENT COMPANY ACT OF 1940.*—

9 (A) *MONEY PENALTIES IN ADMINISTRATIVE*  
10 *ACTIONS.*—Section 9(d)(2) of the *Investment*  
11 *Company Act of 1940 (15 U.S.C. 80a–9(d)(2)) is*  
12 *amended by adding at the end the following:*

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



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

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

16          (4) *INVESTMENT ADVISERS ACT OF 1940.*—

17          (A) *MONEY PENALTIES IN ADMINISTRATIVE*  
18          *ACTIONS.*—Section 203(i)(2) of the Investment  
19          Advisers Act of 1940 (15 U.S.C. 80b-3(i)(2)) is  
20          amended by adding at the end the following:

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

1           *riod preceding such act or omission, the person*  
2           *who committed the act or omission was crimi-*  
3           *nally convicted for securities fraud or became*  
4           *subject to a judgment or order imposing mone-*  
5           *tary, equitable, or administrative relief in any*  
6           *Commission action alleging fraud by that per-*  
7           *son.”.*

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

12          *“(D) FOURTH TIER.—Notwithstanding sub-*  
13          *paragraphs (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          *(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 inserting*  
10    *the following:*

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

13           “(A) *IN GENERAL.—Each separate violation*  
14    *of an injunction or order described in subpara-*  
15    *graph (B) shall be a separate offense, except that*  
16    *in the case of a violation through a continuing*  
17    *failure to comply with such injunction or order,*  
18    *each day of the failure to comply with the in-*  
19    *junction or order shall be deemed a separate of-*  
20    *fense.*

21           “(B) *INJUNCTIONS AND ORDERS.—Subpara-*  
22    *graph (A) shall apply with respect to any action*  
23    *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 ac-  
4           tivities or functions of, or prohibits the ac-  
5           tivities 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 1934  
11          (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 case  
24           of a violation through a continuing failure to  
25           comply with such injunction or order, each day

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

3           “(i) *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 ac-*  
11                    *tivities or functions of, or prohibits the ac-*  
12                    *tivities 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.*—*Section*  
17           *42(e) of the Investment Company Act of 1940 (15*  
18           *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 inserting*  
25                    *the following:*

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

3           “(A) *IN GENERAL.—Each separate violation*  
4           *of an injunction or order described in subpara-*  
5           *graph (B) shall be a separate offense, except that*  
6           *in the case of a violation through a continuing*  
7           *failure to comply with such injunction or order,*  
8           *each day of the failure to comply with the in-*  
9           *junction or order shall be deemed a separate of-*  
10          *fense.*

11          “(B) *INJUNCTIONS AND ORDERS.—Subpara-*  
12          *graph (A) shall apply with respect to any action*  
13          *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 ac-*  
19               *tivities or functions of, or prohibits the ac-*  
20               *tivities 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.*—Section  
2           *209(e) of the Investment Advisers Act of 1940 (15*  
3           *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 inserting*  
10                  *the following:*

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

13                   “(A) *IN GENERAL.—Each separate violation*  
14                   *of an injunction or order described in subpara-*  
15                   *graph (B) shall be a separate offense, except that*  
16                   *in the case of a violation through a continuing*  
17                   *failure to comply with such injunction or order,*  
18                   *each day of the failure to comply with the in-*  
19                   *junction or order shall be deemed a separate of-*  
20                   *fense.*

21                   “(B) *INJUNCTIONS AND ORDERS.—Subpara-*  
22                   *graph (A) shall apply with respect to any action*  
23                   *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 ac-  
4                   tivities or functions of, or prohibits the ac-  
5                   tivities 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 this  
10 section shall apply with respect to conduct that occurs after  
11 the date of the enactment of this Act.

12 **SEC. 802. 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 inserting  
21                           “\$4,000,000”; and

22                   (2) in clause (ii)—

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



1                   (B) by striking “\$15,000,000” and inserting  
2                   “\$20,000,000”.

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

6 **SEC. 803. 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 Securities*  
10 *Exchange Act of 1934 (15 U.S.C. 78u-1(a)(3)) is amended*  
11 *by striking “\$1,000,000” and inserting “\$2,000,000”.*

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

15 **SEC. 804. UPDATE OF CERTAIN OTHER PENALTIES.**

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

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

20                   (2) *in subsection (c)—*

21                           (A) *in paragraph (1)—*

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

24 *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”; and

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

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

11 **SEC. 805. MONETARY SANCTIONS TO BE USED FOR THE RE-**  
12 **LIEF OF VICTIMS.**

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

16           “(a) *MONETARY SANCTIONS TO BE USED FOR THE*  
17 *RELIEF OF VICTIMS.*—If, in any judicial or administrative  
18 action brought by the Commission under the securities laws,  
19 the Commission obtains a monetary sanction (as defined  
20 in section 21F(a) of the Securities Exchange Act of 1934)  
21 against any person for a violation of such laws, or such  
22 person agrees, in settlement of any such action, to such  
23 monetary sanction, the amount of such monetary sanction  
24 shall, on the motion or at the direction of the Commission,  
25 be added to and become part of a disgorgement fund or other

1 *fund established for the benefit of the victims of such viola-*  
2 *tion.”.*

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

7 (c) *EFFECTIVE DATE.*—The amendments made by this  
8 section apply with respect to any monetary sanction or-  
9 dered or required to be paid before or after the date of enact-  
10 ment of this Act.

11 **SEC. 806. GAO REPORT ON USE OF CIVIL MONEY PENALTY**  
12 **AUTHORITY BY COMMISSION.**

13 (a) *IN GENERAL.*—Not later than 2 years after the  
14 date of the enactment of this Act, the Comptroller General  
15 of the United States shall submit to the Committee on Fi-  
16 nancial Services of the House of Representatives and the  
17 Committee on Banking, Housing, and Urban Affairs of the  
18 Senate a report on the use by the Commission of the author-  
19 ity to impose or obtain civil money penalties for violations  
20 of the securities laws during the period beginning on June  
21 1, 2010, and ending on the date of the enactment of this  
22 Act.

23 (b) *MATTERS REQUIRED TO BE INCLUDED.*—The mat-  
24 ters covered by the report required by subsection (a) shall  
25 include the following:

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

3           (2) *The types of persons on whom civil money*  
4           *penalties were imposed or from whom such penalties*  
5           *were obtained.*

6           (3) *The number and dollar amount of civil*  
7           *money penalties imposed or obtained, disaggregated*  
8           *as follows:*

9                   (A) *Penalties imposed in administrative ac-*  
10                  *tions and penalties obtained in judicial actions.*

11                  (B) *Penalties imposed on or obtained from*  
12                  *issuers (individual and aggregate filers) and*  
13                  *penalties imposed on or obtained from other per-*  
14                  *sons.*

15                  (C) *Penalties permitted to be retained for*  
16                  *use by the Commission and penalties deposited*  
17                  *in the general fund of the Treasury of the United*  
18                  *States.*

19           (4) *For penalties imposed on or obtained from*  
20           *issuers:*

21                   (A) *Whether the violations involved resulted*  
22                   *in direct economic benefit to the issuers.*

23                   (B) *The impact of the penalties on the*  
24                   *shareholders of the issuers.*

1           (c) *DEFINITIONS.*—*In this section, the terms “Commis-*  
2 *sion”, “issuer”, and “securities laws” have the meanings*  
3 *given such terms in section 3(a) of the Securities Exchange*  
4 *Act of 1934 (15 U.S.C. 78c(a)).*

5           ***Subtitle B—FIRREA Penalties***  
6                           ***Modernization***

7           ***SECTION 811. INCREASE OF CIVIL AND CRIMINAL PEN-***  
8                           ***ALTIES ORIGINALLY ESTABLISHED IN THE FI-***  
9                           ***NANCIAL INSTITUTIONS REFORM, RECOVERY,***  
10                          ***AND ENFORCEMENT ACT OF 1989.***

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

14                   (1) *in paragraph (1), by striking “\$1,000,000”*  
15                   *and inserting “\$1,500,000”; and*

16                   (2) *in paragraph (2), by striking “\$1,000,000*  
17 *per day or \$5,000,000” and inserting “\$1,500,000 per*  
18 *day or \$7,500,000”.*

19           (b) *AMENDMENTS TO THE HOME OWNERS’ LOAN*  
20 *ACT.*—*The Home Owners’ Loan Act (12 U.S.C. 1461 et*  
21 *seq.) is amended—*

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

24                   (2) *in section 10—*

1           (A) in subsection (r)(3), by striking  
2           “\$1,000,000” and inserting “\$1,500,000”; and

3           (B) in subsection (i)(1)(B), by striking  
4           “\$1,000,000” and inserting “\$1,500,000”.

5           (c) *AMENDMENTS TO THE FEDERAL DEPOSIT INSUR-*  
6 *ANCE ACT.—The Federal Deposit Insurance Act (12 U.S.C.*  
7 *1811 et seq.) is amended—*

8           (1) in section 7—

9           (A) in subsection (a)(1), by striking  
10           “\$1,000,000” and inserting “\$1,500,000”; and

11           (B) in subsection (j)(16)(D), by striking  
12           “\$1,000,000” each place such term appears and  
13           inserting “\$1,500,000”;

14           (2) in section 8—

15           (A) in subsection (i)(2)(D), by striking  
16           “\$1,000,000” each place such term appears and  
17           inserting “\$1,500,000”; and

18           (B) in subsection (j), by striking  
19           “\$1,000,000” and inserting “\$1,500,000”; and

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

22           (d) *AMENDMENTS TO THE FEDERAL CREDIT UNION*  
23 *ACT.—The Federal Credit Union Act (12 U.S.C. 1751 et*  
24 *seq.) is amended—*

1           (1) in section 202(a)(3), by striking  
2           “\$1,000,000” and inserting “\$1,500,000”;

3           (2) in section 205(d)(3), by striking  
4           “\$1,000,000” and inserting “\$1,500,000”; and

5           (3) in section 206—

6                 (A) in subsection (k)(2)(D), by striking  
7                 “\$1,000,000” each place such term appears and  
8                 inserting “\$1,500,000”; and

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

11           (e) *AMENDMENTS TO THE REVISED STATUTES OF THE*  
12 *UNITED STATES.*—*Title LXII of the Revised Statutes of the*  
13 *United States is amended—*

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

16                 (2) in section 5239(b)(4), by striking  
17                 “\$1,000,000” each place such term appears and in-  
18                 serting “\$1,500,000”.

19           (f) *AMENDMENTS TO THE FEDERAL RESERVE ACT.*—  
20 *The Federal Reserve Act (12 U.S.C. 221 et seq.) is amend-*  
21 *ed—*

22                 (1) in the 6th undesignated paragraph of section  
23                 9, by striking “\$1,000,000” and inserting  
24                 “\$1,500,000”;

1           (2) *in section 19(l)(4), by striking “\$1,000,000”*  
2           *each place such term appears and inserting*  
3           *“\$1,500,000”; and*

4           (3) *in section 29(d), by striking “\$1,000,000”*  
5           *each place such term appears and inserting*  
6           *“\$1,500,000”.*

7           (g) *AMENDMENTS TO THE BANK HOLDING COMPANY*  
8 *ACT AMENDMENTS OF 1970.—Section 106(b)(2)(F)(iv) of*  
9 *the Bank Holding Company Act Amendments of 1970 (12*  
10 *U.S.C. 1978(b)(2)(F)(iv)) is amended by striking*  
11 *“\$1,000,000” each place such term appears and inserting*  
12 *“\$1,500,000”.*

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

16           (1) *in subsection (a)(2), by striking*  
17           *“\$1,000,000” and inserting “\$1,500,000”; and*

18           (2) *in subsection (d)(3), by striking*  
19           *“\$1,000,000” and inserting “\$1,500,000”.*

20          (i) *AMENDMENTS TO TITLE 18, UNITED STATES*  
21 *CODE.—Title 18, United States Code, is amended—*

22           (1) *in section 215(a) of chapter 11, by striking*  
23           *“\$1,000,000” and inserting “\$1,500,000”;*

24           (2) *in chapter 31—*



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

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

5           (3) in chapter 47—

6           (A) in section 1005, by striking  
7 “\$1,000,000” and inserting “\$1,500,000”;

8           (B) in section 1006, by striking  
9 “\$1,000,000” and inserting “\$1,500,000”;

10          (C) in section 1007, by striking  
11 “\$1,000,000” and inserting “\$1,500,000”; and

12          (D) in section 1014, by striking  
13 “\$1,000,000” and inserting “\$1,500,000”; and

14          (4) in chapter 63—

15          (A) in section 1341, by striking  
16 “\$1,000,000” and inserting “\$1,500,000”;

17          (B) in section 1343, by striking  
18 “\$1,000,000” and inserting “\$1,500,000”; and

19          (C) in section 1344, by striking  
20 “\$1,000,000” and inserting “\$1,500,000”.

1 **TITLE IX—REPEAL OF THE**  
2 **VOLCKER RULE AND OTHER**  
3 **PROVISIONS**

4 **SEC. 901. REPEALS.**

5 (a) *IN GENERAL.*—*The following sections of title VI*  
6 *of the Dodd-Frank Wall Street Reform and Consumer Pro-*  
7 *tection Act are repealed, and the provisions of law amended*  
8 *or repealed by such sections are restored or revived as if*  
9 *such sections had not been enacted:*

10 (1) *Section 603.*

11 (2) *Section 618.*

12 (3) *Section 619.*

13 (4) *Section 620.*

14 (5) *Section 621.*

15 (b) *CLERICAL AMENDMENT.*—*The table of contents*  
16 *under section 1(b) of the Dodd-Frank Wall Street Reform*  
17 *and Consumer Protection Act is amended by striking the*  
18 *items relating to sections 603, 618, 619, 620, and 621.*

1 **TITLE X—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 Bro-**  
8 **kerage Simplification**

9 **SEC. 1001. 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 this*  
21 *paragraph if such broker does any of the fol-*  
22 *lowing:*

23 *“(i) Directly or indirectly, in connec-*  
24 *tion with the transfer of ownership of an el-*  
25 *igible privately held company, receives,*

1           *holds, transmits, or has custody of the funds*  
2           *or securities to be exchanged by the parties*  
3           *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 broker*  
16          *is not exempt from registration under this para-*  
17          *graph 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 sec-*  
24                 *tion 926 of the Investor Protection and Se-*

1                    *curities Reform Act of 2010 (15 U.S.C. 77d*  
2                    *note); or*

3                    “(iv) *a final order described in para-*  
4                    *graph (4)(H).*

5                    “(D) *RULE OF CONSTRUCTION.—Nothing in*  
6                    *this paragraph shall be construed to limit any*  
7                    *other authority of the Commission to exempt any*  
8                    *person, or any class of persons, from any provi-*  
9                    *sion of this title, or from any provision of any*  
10                   *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 com-*  
15                   *pany, whether through ownership of securi-*  
16                   *ties, by contract, or otherwise. There is a*  
17                   *presumption of control for any person*  
18                   *who—*

19                   “(I) *is a director, general partner,*  
20                   *member or manager of a limited liabil-*  
21                   *ity company, or officer exercising exec-*  
22                   *utive responsibility (or has similar sta-*  
23                   *tus or functions);*

24                   “(II) *has the right to vote 20 per-*  
25                   *cent or more of a class of voting securi-*

1            *ties or the power to sell or direct the*  
2            *sale of 20 percent or more of a class of*  
3            *voting securities; or*

4            *“(III) in the case of a partnership*  
5            *or limited liability company, has the*  
6            *right to receive upon dissolution, or*  
7            *has contributed, 20 percent or more of*  
8            *the capital.*

9            *“(ii) ELIGIBLE PRIVATELY HELD COM-*  
10           *PANY.—The term ‘eligible privately held*  
11           *company’ means a privately held company*  
12           *that meets both of the following conditions:*

13           *“(I) The company does not have*  
14           *any class of securities registered, or re-*  
15           *quired to be registered, with the Com-*  
16           *mission under section 12 or with re-*  
17           *spect to which the company files, or is*  
18           *required to file, periodic information,*  
19           *documents, and reports under sub-*  
20           *section (d).*

21           *“(II) In the fiscal year ending im-*  
22           *mediately before the fiscal year in*  
23           *which the services of the M&A broker*  
24           *are initially engaged with respect to*  
25           *the securities transaction, the company*

1                    *meets either or both of the following*  
2                    *conditions (determined in accordance*  
3                    *with the historical financial account-*  
4                    *ing records of the company):*

5                    *“(aa) The earnings of the*  
6                    *company before interest, taxes, de-*  
7                    *preciation, and amortization are*  
8                    *less than \$25,000,000.*

9                    *“(bb) The gross revenues of*  
10                    *the company are less than*  
11                    *\$250,000,000.*

12                    *“(iii) M&A BROKER.—The term ‘M&A*  
13                    *broker’ means a broker, and any person as-*  
14                    *sociated with a broker, engaged in the busi-*  
15                    *ness of effecting securities transactions sole-*  
16                    *ly in connection with the transfer of owner-*  
17                    *ship of an eligible privately held company,*  
18                    *regardless of whether the broker acts on be-*  
19                    *half of a seller or buyer, through the pur-*  
20                    *chase, sale, exchange, issuance, repurchase,*  
21                    *or redemption of, or a business combination*  
22                    *involving, securities or assets of the eligible*  
23                    *privately held company, if the broker rea-*  
24                    *sonably 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 secu-  
12          rities in exchange for securities or as-  
13          sets of the eligible privately held com-  
14          pany, such person will, prior to becom-  
15          ing legally bound to consummate the  
16          transaction, receive or have reasonable  
17          access to the most recent fiscal year-  
18          end financial statements of the issuer  
19          of the securities as customarily pre-  
20          pared by the management of the issuer  
21          in the normal course of operations and,  
22          if the financial statements of the issuer  
23          are audited, reviewed, or compiled, any  
24          related statement by the independent  
25          accountant, a balance sheet dated not



1           *more than 120 days before the date of*  
2           *the offer, and information pertaining*  
3           *to the management, business, results of*  
4           *operations for the period covered by the*  
5           *foregoing financial statements, and*  
6           *material loss contingencies of the*  
7           *issuer.*

8           “(iv) *PUBLIC SHELL COMPANY.*—*The*  
9           *term ‘public shell company’ is a company*  
10          *that at the time of a transaction with an el-*  
11          *igible privately held company—*

12                 “(I) *has any class of securities*  
13                 *registered, or required to be registered,*  
14                 *with the Commission under section 12*  
15                 *or that is required to file reports pur-*  
16                 *suant to subsection (d);*

17                 “(II) *has no or nominal oper-*  
18                 *ations; and*

19                 “(III) *has—*

20                         “(aa) *no or nominal assets;*

21                         “(bb) *assets consisting solely*  
22                         *of cash and cash equivalents; or*

23                         “(cc) *assets consisting of any*  
24                         *amount of cash and cash equiva-*  
25                         *lents and nominal other assets.*

1                   “(F) *INFLATION ADJUSTMENT.*—

2                   “*(i) IN GENERAL.*—On the date that is  
3                   5 years after the date of the enactment of  
4                   this paragraph, and every 5 years there-  
5                   after, each dollar amount in subparagraph  
6                   (E)(i)(II) shall be adjusted by—

7                   “*(I) dividing the annual value of*  
8                   *the Employment Cost Index For Wages*  
9                   *and Salaries, Private Industry Work-*  
10                  *ers (or any successor index), as pub-*  
11                  *lished by the Bureau of Labor Statis-*  
12                  *tics, for the calendar year preceding*  
13                  *the calendar year in which the adjust-*  
14                  *ment is being made by the annual*  
15                  *value of such index (or successor) for*  
16                  *the calendar year ending December 31,*  
17                  *2012; and*

18                  “*(II) multiplying such dollar*  
19                  *amount by the quotient obtained under*  
20                  *subclause (I).*

21                  “*(ii) ROUNDING.*—Each dollar amount  
22                  determined under clause (i) shall be round-  
23                  ed to the nearest multiple of \$100,000.”.

1 **SEC. 1002. EFFECTIVE DATE.**

2 *This subtitle and any amendment made by this sub-*  
3 *title shall take effect on the date that is 90 days after the*  
4 *date of the enactment of this Act.*

5 **Subtitle B—Encouraging Employee**  
6 **Ownership**

7 **SEC. 1006. INCREASED THRESHOLD FOR DISCLOSURES RE-**  
8 **LATING TO COMPENSATORY BENEFIT PLANS.**

9 *Not later than 60 days after the date of the enactment*  
10 *of this Act, the Securities and Exchange Commission shall*  
11 *revise section 230.701(e) of title 17, Code of Federal Regula-*  
12 *tions, so as to increase from \$5,000,000 to \$10,000,000 the*  
13 *aggregate sales price or amount of securities sold during*  
14 *any consecutive 12-month period in excess of which the*  
15 *issuer is required under such section to deliver an addi-*  
16 *tional disclosure to investors. The Commission shall index*  
17 *for inflation such aggregate sales price or amount every 5*  
18 *years to reflect the change in the Consumer Price Index for*  
19 *All Urban Consumers published by the Bureau of Labor*  
20 *Statistics, rounding to the nearest \$1,000,000.*

1           **Subtitle C—Small Company**  
2           **Disclosure Simplification**

3   **SEC. 1011. EXEMPTION FROM XBRL REQUIREMENTS FOR**  
4                   **EMERGING GROWTH COMPANIES AND OTHER**  
5                   **SMALLER COMPANIES.**

6           (a) *EXEMPTION FOR EMERGING GROWTH COMPANIES.*—Emerging growth companies are exempted from the  
7 requirements to use Extensible Business Reporting Lan-  
8 guage (XBRL) for financial statements and other periodic  
9 reporting required to be filed with the Commission under  
10 the securities laws. Such companies may elect to use XBRL  
11 for such reporting.  
12

13           (b) *EXEMPTION FOR OTHER SMALLER COMPANIES.*—  
14 Issuers with total annual gross revenues of less than  
15 \$250,000,000 are exempt from the requirements to use  
16 XBRL for financial statements and other periodic reporting  
17 required to be filed with the Commission under the securi-  
18 ties laws. Such issuers may elect to use XBRL for such re-  
19 porting. An exemption under this subsection shall continue  
20 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 determina-  
24 tion by the Commission, by order after conducting the  
25 analysis required by section 3, that the benefits of

1        *such requirements to such issuers outweigh the costs,*  
2        *but no earlier than three years after enactment of this*  
3        *Act.*

4        *(c) MODIFICATIONS TO REGULATIONS.—Not later than*  
5        *60 days after the date of enactment of this Act, the Commis-*  
6        *sion shall revise its regulations under parts 229, 230, 232,*  
7        *239, 240, and 249 of title 17, Code of Federal Regulations,*  
8        *to reflect the exemptions set forth in subsections (a) and*  
9        *(b).*

10        **SEC. 1012. ANALYSIS BY THE SEC.**

11        *The Commission shall conduct an analysis of the costs*  
12        *and benefits to issuers described in section 1011(b) of the*  
13        *requirements to use XBRL for financial statements and*  
14        *other periodic reporting required to be filed with the Com-*  
15        *mission under the securities laws. Such analysis shall in-*  
16        *clude an assessment of—*

17                *(1) how such costs and benefits may differ from*  
18        *the costs and benefits identified by the Commission in*  
19        *the order relating to interactive data to improve fi-*  
20        *nancial reporting (dated January 30, 2009; 74 Fed.*  
21        *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 from*  
25        *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 issuer*  
5           *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, assess*  
12           *the potential outcomes of regulatory alternatives, and*  
13           *enhance investor participation in corporate govern-*  
14           *ance and promote capital formation; and*

15           (5) *the effectiveness of standards in the United*  
16           *States for interactive filing data relative to the stand-*  
17           *ards of international counterparts.*

18 **SEC. 1013. REPORT TO CONGRESS.**

19           *Not later than one year after the date of enactment*  
20           *of this Act, the Commission shall provide the Committee*  
21           *on Financial Services of the House of Representatives and*  
22           *the Committee on Banking, Housing, and Urban Affairs*  
23           *of the Senate a report regarding—*

24                   (1) *the progress in implementing XBRL report-*  
25           *ing within the Commission;*

1           (2) *the use of XBRL data by Commission offi-*  
2           *cials;*

3           (3) *the use of XBRL data by investors;*

4           (4) *the results of the analysis required by section*  
5           *1012; and*

6           (5) *any additional information the Commission*  
7           *considers relevant for increasing transparency, de-*  
8           *creasing costs, and increasing efficiency of regulatory*  
9           *filings with the Commission.*

10 **SEC. 1014. DEFINITIONS.**

11       *As used in this subtitle, the terms “Commission”,*  
12       *“emerging growth company”, “issuer”, and “securities*  
13       *laws” have the meanings given such terms in section 3 of*  
14       *the Securities Exchange Act of 1934 (15 U.S.C. 78c).*

15 **Subtitle D—Securities and Ex-**  
16       **change Commission Overpay-**  
17       **ment Credit**

18 **SEC. 1016. REFUNDING OR CREDITING OVERPAYMENT OF**

19               **SECTION 31 FEES.**

20       (a) *IN GENERAL.*—*Section 31 of the Securities Ex-*  
21       *change Act of 1934 (15 U.S.C. 78ee) is amended by adding*  
22       *at the end the following:*

23           “(n) *OVERPAYMENT.*—*If a national securities ex-*  
24       *change or national securities association pays to the Com-*  
25       *mission an amount in excess of fees and assessments due*

1 *under this section and informs the Commission of such*  
2 *amount paid in excess within 10 years of the date of the*  
3 *payment, the Commission shall offset future fees and assess-*  
4 *ments due by such exchange or association in an amount*  
5 *equal to such excess amount.”.*

6 (b) *APPLICABILITY.—The amendment made by this*  
7 *section shall apply to any fees and assessments paid before,*  
8 *on, or after the date of enactment of this section.*

9 ***Subtitle E—Fair Access to***  
10 ***Investment Research***

11 ***SEC. 1021. SAFE HARBOR FOR INVESTMENT FUND RE-***  
12 ***SEARCH.***

13 (a) *EXPANSION OF THE SAFE HARBOR.—Not later*  
14 *than the end of the 45-day period beginning on the date*  
15 *of enactment of this Act, the Securities and Exchange Com-*  
16 *mission shall propose, and not later than the end of the*  
17 *180-day period beginning on such date, the Commission*  
18 *shall adopt, upon such terms, conditions, or requirements*  
19 *as the Commission may determine necessary or appropriate*  
20 *in the public interest, for the protection of investors, and*  
21 *for the promotion of capital formation, revisions to section*  
22 *230.139 of title 17, Code of Federal Regulations, to provide*  
23 *that a covered investment fund research report that is pub-*  
24 *lished or distributed by a broker or dealer—*



1           (1) shall be deemed, for purposes of sections  
2           2(a)(10) and 5(c) of the Securities Act of 1933 (15  
3           U.S.C. 77b(a)(10), 77e(c)), not to constitute an offer  
4           for sale or an offer to sell a security that is the subject  
5           of an offering pursuant to a registration statement  
6           that is effective, even if the broker or dealer is partici-  
7           pating or will participate in the registered offering of  
8           the covered investment fund’s securities; and

9           (2) shall be deemed to satisfy the conditions of  
10          subsection (a)(1) or (a)(2) of section 230.139 of title  
11          17, Code of Federal Regulations, or any successor pro-  
12          visions, for purposes of the Commission’s rules and  
13          regulations under the Federal securities laws and the  
14          rules of any self-regulatory organization.

15          (b) IMPLEMENTATION OF SAFE HARBOR.—In imple-  
16          menting the safe harbor pursuant to subsection (a), the  
17          Commission shall—

18               (1) not, in the case of a covered investment fund  
19               with a class of securities in substantially continuous  
20               distribution, condition the safe harbor on whether the  
21               broker’s or dealer’s publication or distribution of a  
22               covered investment fund research report constitutes  
23               such broker’s or dealer’s initiation or reinitiation of  
24               research coverage on such covered investment fund or  
25               its securities;

1           (2) *not—*

2                   (A) *require the covered investment fund to*  
3 *have been registered as an investment company*  
4 *under the Investment Company Act of 1940 (15*  
5 *U.S.C. 80a–1 et seq.) or subject to the reporting*  
6 *requirements of section 13 or 15(d) of the Securi-*  
7 *ties Exchange Act of 1934 (15 U.S.C. 78m,*  
8 *78o(d)) for any period exceeding the period of*  
9 *time referenced under paragraph (a)(1)(i)(A)(1)*  
10 *of section 230.139 of title 17, Code of Federal*  
11 *Regulations; or*

12                   (B) *impose a minimum float provision ex-*  
13 *ceeding that referenced in paragraph*  
14 *(a)(1)(i)(A)(1)(i) of section 230.139 of title 17,*  
15 *Code of Federal Regulations;*

16           (3) *provide that a self-regulatory organization*  
17 *may not maintain or enforce any rule that would—*

18                   (A) *prohibit the ability of a member to pub-*  
19 *lish or distribute a covered investment fund re-*  
20 *search report solely because the member is also*  
21 *participating in a registered offering or other*  
22 *distribution of any securities of such covered in-*  
23 *vestment fund; or*

24                   (B) *prohibit the ability of a member to par-*  
25 *ticipate in a registered offering or other distribu-*

1            *tion of securities of a covered investment fund*  
2            *solely because the member has published or dis-*  
3            *tributed a covered investment fund research re-*  
4            *port about such covered investment fund or its*  
5            *securities; and*

6            *(4) provide that a covered investment fund re-*  
7            *search report shall not be subject to section 24(b) of*  
8            *the Investment Company Act of 1940 (15 U.S.C. 80a-*  
9            *24(b)) or the rules and regulations thereunder, except*  
10           *that such report may still be subject to such section*  
11           *and the rules and regulations thereunder to the extent*  
12           *that it is otherwise not subject to the content stand-*  
13           *ards in the rules of any self-regulatory organization*  
14           *related to research reports, including those contained*  
15           *in the rules governing communications with the pub-*  
16           *lic regarding investment companies or substantially*  
17           *similar standards.*

18           *(c) RULES OF CONSTRUCTION.—Nothing in this Act*  
19           *shall be construed as in any way limiting—*

20           *(1) the applicability of the antifraud or*  
21           *antimanipulation provisions of the Federal securities*  
22           *laws and rules adopted thereunder to a covered invest-*  
23           *ment fund research report, including section 17 of the*  
24           *Securities Act of 1933 (15 U.S.C. 77q), section 34(b)*  
25           *of the Investment Company Act of 1940 (15 U.S.C.*

1 80a–33), and sections 9 and 10 of the Securities Ex-  
2 change Act of 1934 (15 U.S.C. 78i, 78j); or

3 (2) the authority of any self-regulatory organiza-  
4 tion to examine or supervise a member’s practices in  
5 connection with such member’s publication or dis-  
6 tribution of a covered investment fund research report  
7 for compliance with applicable provisions of the Fed-  
8 eral securities laws or self-regulatory organization  
9 rules related to research reports, including those con-  
10 tained in rules governing communications with the  
11 public.

12 (d) *INTERIM EFFECTIVENESS OF SAFE HARBOR.*—

13 (1) *IN GENERAL.*—From and after the 180-day  
14 period beginning on the date of enactment of this Act,  
15 if the Commission has not adopted revisions to section  
16 230.139 of title 17, Code of Federal Regulations, as  
17 required by subsection (a), and until such time as the  
18 Commission has done so, a broker or dealer distrib-  
19 uting or publishing a covered investment fund re-  
20 search report after such date shall be able to rely on  
21 the provisions of section 230.139 of title 17, Code of  
22 Federal Regulations, and the broker or dealer’s publi-  
23 cation of such report shall be deemed to satisfy the  
24 conditions of subsection (a)(1) or (a)(2) of section  
25 230.139 of title 17, Code of Federal Regulations, if the

1 covered investment fund that is the subject of such re-  
2 port satisfies the reporting history requirements  
3 (without regard to Form S-3 or Form F-3 eligi-  
4 bility) and minimum float provisions of such sub-  
5 sections for purposes of the Commission's rules and  
6 regulations under the Federal securities laws and the  
7 rules of any self-regulatory organization, as if revised  
8 and implemented in accordance with subsections (a)  
9 and (b).

10 (2) *STATUS OF COVERED INVESTMENT FUND.*—

11 After such period and until the Commission has  
12 adopted revisions to section 230.139 and FINRA has  
13 revised rule 2210, for purposes of subsection (c)(7)(O)  
14 of such rule, a covered investment fund shall be  
15 deemed to be a security that is listed on a national  
16 securities exchange and that is not subject to section  
17 24(b) of the Investment Company Act of 1940 (15  
18 U.S.C. 80a-24(b)). Communications concerning only  
19 covered investment funds that fall within the scope of  
20 such section shall not be required to be filed with  
21 FINRA.

22 (e) *DEFINITIONS.*—For purposes of this section:

23 (1) The term “covered investment fund research  
24 report” means a research report published or distrib-  
25 uted by a broker or dealer about a covered investment

1       *fund or any securities issued by the covered invest-*  
2       *ment fund, but not including a research report to the*  
3       *extent that it is published or distributed by the cov-*  
4       *ered investment fund or any affiliate of the covered*  
5       *investment fund.*

6           (2) *The term “covered investment fund” means—*

7               (A) *an investment company registered*  
8               *under, or that has filed an election to be treated*  
9               *as a business development company under, the*  
10              *Investment Company Act of 1940 and that has*  
11              *filed a registration statement under the Securi-*  
12              *ties Act of 1933 for the public offering of a class*  
13              *of its securities, which registration statement has*  
14              *been declared effective by the Commission; and*

15              (B) *a trust or other person—*

16                   (i) *issuing securities in an offering*  
17                   *registered under the Securities Act of 1933*  
18                   *and which class of securities is listed for*  
19                   *trading on a national securities exchange;*

20                   (ii) *the assets of which consist pri-*  
21                   *marily of commodities, currencies, or deriv-*  
22                   *ative instruments that reference commod-*  
23                   *ities or currencies, or interests in the fore-*  
24                   *going; and*

1                   (iii) that provides in its registration  
2                   statement under the Securities Act of 1933  
3                   that a class of its securities are purchased  
4                   or redeemed, subject to conditions or limita-  
5                   tions, for a ratable share of its assets.

6                   (3) The term “FINRA” means the Financial In-  
7                   dustry Regulatory Authority.

8                   (4) The term “research report” has the meaning  
9                   given that term under section 2(a)(3) of the Securities  
10                  Act of 1933 (15 U.S.C. 77b(a)(3)), except that such  
11                  term shall not include an oral communication.

12                  (5) The term “self-regulatory organization” has  
13                  the meaning given to that term under section 3(a)(26)  
14                  of the Securities Exchange Act of 1934 (15 U.S.C.  
15                  78c(a)(26)).

## 16   **Subtitle F—Accelerating Access to** 17   **Capital**

### 18   **SEC. 1026. EXPANDED ELIGIBILITY FOR USE OF FORM S-3.**

19                  Not later than 45 days after the date of the enactment  
20                  of this Act, the Securities and Exchange Commission shall  
21                  revise Form S-3—

22                         (1) so as to permit securities to be registered  
23                         pursuant to General Instruction I.B.1. of such form  
24                         provided that either—

1           (A) the aggregate market value of the voting  
2           and non-voting common equity held by non-af-  
3           filiates of the registrant is \$75,000,000 or more;  
4           or

5           (B) the registrant has at least one class of  
6           common equity securities listed and registered on  
7           a national securities exchange; and

8           (2) so as to remove the requirement of paragraph  
9           (c) from General Instruction I.B.6. of such form.

10           ***Subtitle G—SEC Small Business***  
11                                   ***Advocate***

12           ***SEC. 1031. ESTABLISHMENT OF OFFICE OF THE ADVOCATE***  
13                                   ***FOR SMALL BUSINESS CAPITAL FORMATION***  
14                                   ***AND SMALL BUSINESS CAPITAL FORMATION***  
15                                   ***ADVISORY COMMITTEE.***

16           (a) *OFFICE OF THE ADVOCATE FOR SMALL BUSINESS*  
17           *CAPITAL FORMATION.*—Section 4 of the Securities Ex-  
18           change Act of 1934 (15 U.S.C. 78d), as amended by title  
19           VI, is further amended by adding at the end the following:

20           “(k) *OFFICE OF THE ADVOCATE FOR SMALL BUSINESS*  
21           *CAPITAL FORMATION.*—

22                                   “(1) *OFFICE ESTABLISHED.*—There is established  
23           within the Commission the Office of the Advocate for  
24           Small Business Capital Formation (hereafter in this  
25           subsection referred to as the ‘Office’).



1           “(2) *ADVOCATE FOR SMALL BUSINESS CAPITAL*  
2           *FORMATION.*—

3           “(A) *IN GENERAL.*—*The head of the Office*  
4           *shall be the Advocate for Small Business Capital*  
5           *Formation, who shall—*

6                     “(i) *report directly to the Commission;*  
7                     *and*

8                     “(ii) *be appointed by the Commission,*  
9                     *from among individuals having experience*  
10                    *in advocating for the interests of small busi-*  
11                    *nesses and encouraging small business cap-*  
12                    *ital formation.*

13           “(B) *COMPENSATION.*—*The annual rate of*  
14           *pay for the Advocate for Small Business Capital*  
15           *Formation shall be equal to the highest rate of*  
16           *annual pay for other senior executives who re-*  
17           *port directly to the Commission.*

18           “(C) *NO CURRENT EMPLOYEE OF THE COM-*  
19           *MISSION.*—*An individual may not be appointed*  
20           *as the Advocate for Small Business Capital For-*  
21           *mation if the individual is currently employed*  
22           *by the Commission.*

23           “(3) *STAFF OF OFFICE.*—*The Advocate for Small*  
24           *Business Capital Formation, after consultation with*  
25           *the Commission, may retain or employ independent*

1 *counsel, research staff, and service staff, as the Advo-*  
2 *cate for Small Business Capital Formation deter-*  
3 *mines to be necessary to carry out the functions of the*  
4 *Office.*

5 *“(4) FUNCTIONS OF THE ADVOCATE FOR SMALL*  
6 *BUSINESS CAPITAL FORMATION.—The Advocate for*  
7 *Small Business Capital Formation shall—*

8 *“(A) assist small businesses and small busi-*  
9 *ness investors in resolving significant problems*  
10 *such businesses and investors may have with the*  
11 *Commission or with self-regulatory organiza-*  
12 *tions;*

13 *“(B) identify areas in which small busi-*  
14 *nesses and small business investors would benefit*  
15 *from changes in the regulations of the Commis-*  
16 *sion or the rules of self-regulatory organizations;*

17 *“(C) identify problems that small businesses*  
18 *have with securing access to capital, including*  
19 *any unique challenges to minority-owned and*  
20 *women-owned small businesses;*

21 *“(D) analyze the potential impact on small*  
22 *businesses and small business investors of—*

23 *“(i) proposed regulations of the Com-*  
24 *mission that are likely to have a significant*

1           *economic impact on small businesses and*  
2           *small business capital formation; and*

3           “(ii) *proposed rules that are likely to*  
4           *have a significant economic impact on*  
5           *small businesses and small business capital*  
6           *formation of self-regulatory organizations*  
7           *registered under this title;*

8           “(E) *conduct outreach to small businesses*  
9           *and small business investors, including through*  
10          *regional roundtables, in order to solicit views on*  
11          *relevant capital formation issues;*

12          “(F) *to the extent practicable, propose to the*  
13          *Commission changes in the regulations or orders*  
14          *of the Commission and to Congress any legisla-*  
15          *tive, administrative, or personnel changes that*  
16          *may be appropriate to mitigate problems identi-*  
17          *fied under this paragraph and to promote the in-*  
18          *terests of small businesses and small business in-*  
19          *vestors;*

20          “(G) *consult with the Investor Advocate on*  
21          *proposed recommendations made under subpara-*  
22          *graph (F); and*

23          “(H) *advise the Investor Advocate on issues*  
24          *related to small businesses and small business in-*  
25          *vestors.*

1           “(5) *ACCESS TO DOCUMENTS.*—*The Commission*  
2           *shall ensure that the Advocate for Small Business*  
3           *Capital Formation has full access to the documents*  
4           *and information of the Commission and any self-reg-*  
5           *ulatory organization, as necessary to carry out the*  
6           *functions of the Office.*

7           “(6) *ANNUAL REPORT ON ACTIVITIES.*—

8           “(A) *IN GENERAL.*—*Not later than Decem-*  
9           *ber 31 of each year after 2015, the Advocate for*  
10           *Small Business Capital Formation shall submit*  
11           *to the Committee on Banking, Housing, and*  
12           *Urban Affairs of the Senate and the Committee*  
13           *on Financial Services of the House of Represent-*  
14           *atives a report on the activities of the Advocate*  
15           *for Small Business Capital Formation during*  
16           *the immediately preceding fiscal year.*

17           “(B) *CONTENTS.*—*Each report required*  
18           *under subparagraph (A) shall include—*

19                   “(i) *appropriate statistical informa-*  
20                   *tion and full and substantive analysis;*

21                   “(ii) *information on steps that the Ad-*  
22                   *vocate for Small Business Capital Forma-*  
23                   *tion has taken during the reporting period*  
24                   *to improve small business services and the*  
25                   *responsiveness of the Commission and self-*

1 *regulatory organizations to small business*  
2 *and small business investor concerns;*

3 *“(iii) a summary of the most serious*  
4 *issues encountered by small businesses and*  
5 *small business investors, including any*  
6 *unique issues encountered by minority-*  
7 *owned and women-owned small businesses*  
8 *and their investors, during the reporting pe-*  
9 *riod;*

10 *“(iv) an inventory of the items sum-*  
11 *marized under clause (iii) (including items*  
12 *summarized under such clause for any prior*  
13 *reporting period on which no action has*  
14 *been taken or that have not been resolved to*  
15 *the satisfaction of the Advocate for Small*  
16 *Business Capital Formation as of the begin-*  
17 *ning of the reporting period covered by the*  
18 *report) that includes—*

19 *“(I) identification of any action*  
20 *taken by the Commission or the self-*  
21 *regulatory organization and the result*  
22 *of such action;*

23 *“(II) the length of time that each*  
24 *item has remained on such inventory;*  
25 *and*

1                   “(III) for items on which no ac-  
2                   tion has been taken, the reasons for in-  
3                   action, and an identification of any of-  
4                   ficial who is responsible for such ac-  
5                   tion;

6                   “(v) recommendations for such changes  
7                   to the regulations, guidance and orders of  
8                   the Commission and such legislative actions  
9                   as may be appropriate to resolve problems  
10                  with the Commission and self-regulatory or-  
11                  ganizations encountered by small businesses  
12                  and small business investors and to encour-  
13                  age small business capital formation; and

14                  “(vi) any other information, as deter-  
15                  mined appropriate by the Advocate for  
16                  Small Business Capital Formation.

17                  “(C) CONFIDENTIALITY.—No report re-  
18                  quired by subparagraph (A) may contain con-  
19                  fidential information.

20                  “(D) INDEPENDENCE.—Each report re-  
21                  quired under subparagraph (A) shall be provided  
22                  directly to the committees of Congress listed in  
23                  such subparagraph without any prior review or  
24                  comment from the Commission, any commis-  
25                  sioner, any other officer or employee of the Com-

1           *mission, or the Office of Management and Budg-*  
2           *et.*

3           “(7) *REGULATIONS.*—*The Commission shall es-*  
4           *tablish procedures requiring a formal response to all*  
5           *recommendations submitted to the Commission by the*  
6           *Advocate for Small Business Capital Formation, not*  
7           *later than 3 months after the date of such submission.*

8           “(8) *GOVERNMENT-BUSINESS FORUM ON SMALL*  
9           *BUSINESS CAPITAL FORMATION.*—*The Advocate for*  
10          *Small Business Capital Formation shall be respon-*  
11          *sible for planning, organizing, and executing the an-*  
12          *nuual Government-Business Forum on Small Business*  
13          *Capital Formation described in section 503 of the*  
14          *Small Business Investment Incentive Act of 1980 (15*  
15          *U.S.C. 80c-1).*

16          “(9) *RULE OF CONSTRUCTION.*—*Nothing in this*  
17          *subsection may be construed as replacing or reducing*  
18          *the responsibilities of the Investor Advocate with re-*  
19          *spect to small business investors.”.*

20          “(b) *SMALL BUSINESS CAPITAL FORMATION ADVISORY*  
21          *COMMITTEE.*—*The Securities Exchange Act of 1934 (15*  
22          *U.S.C. 78a et seq.) is amended by inserting after section*  
23          *39 the following:*

1 **“SEC. 40. SMALL BUSINESS CAPITAL FORMATION ADVISORY**  
2 **COMMITTEE.**

3 “(a) *ESTABLISHMENT AND PURPOSE.*—

4 “(1) *ESTABLISHMENT.*—*There is established*  
5 *within the Commission the Small Business Capital*  
6 *Formation Advisory Committee (hereafter in this sec-*  
7 *tion referred to as the ‘Committee’).*

8 “(2) *FUNCTIONS.*—

9 “(A) *IN GENERAL.*—*The Committee shall*  
10 *provide the Commission with advice on the Com-*  
11 *mission’s rules, regulations, and policies with re-*  
12 *gard to the Commission’s mission of protecting*  
13 *investors, maintaining fair, orderly, and effi-*  
14 *cient markets, and facilitating capital forma-*  
15 *tion, as such rules, regulations, and policies re-*  
16 *late to—*

17 “(i) *capital raising by emerging, pri-*  
18 *vately held small businesses (‘emerging com-*  
19 *panies’) and publicly traded companies*  
20 *with less than \$250,000,000 in public mar-*  
21 *ket capitalization (‘smaller public compa-*  
22 *nies’) through securities offerings, including*  
23 *private and limited offerings and initial*  
24 *and other public offerings;*



1           “(ii) trading in the securities of emerg-  
2           ing companies and smaller public compa-  
3           nies; and

4           “(iii) public reporting and corporate  
5           governance requirements of emerging com-  
6           panies and smaller public companies.

7           “(B) *LIMITATION.*—The Committee shall  
8           not provide any advice with respect to any poli-  
9           cies, practices, actions, or decisions concerning  
10          the Commission’s enforcement program.

11       “(b) *MEMBERSHIP.*—

12           “(1) *IN GENERAL.*—The members of the Com-  
13          mittee shall be—

14           “(A) the Advocate for Small Business Cap-  
15          ital Formation;

16           “(B) not fewer than 10, and not more than  
17          20, members appointed by the Commission, from  
18          among individuals—

19           “(i) who represent—

20           “(I) emerging companies engaging  
21          in private and limited securities offer-  
22          ings or considering initial public offer-  
23          ings (‘IPO’) (including the companies’  
24          officers and directors);

1           “(II) the professional advisors of  
2 such companies (including attorneys,  
3 accountants, investment bankers, and  
4 financial advisors); and

5           “(III) the investors in such com-  
6 panies (including angel investors, ven-  
7 ture capital funds, and family offices);

8           “(ii) who are officers or directors of  
9 minority-owned small businesses and  
10 women-owned small businesses;

11           “(iii) who represent—

12           “(I) smaller public companies (in-  
13 cluding the companies’ officers and di-  
14 rectors);

15           “(II) the professional advisors of  
16 such companies (including attorneys,  
17 auditors, underwriters, and financial  
18 advisors); and

19           “(III) the pre-IPO and post-IPO  
20 investors in such companies (both in-  
21 stitutional, such as venture capital  
22 funds, and individual, such as angel  
23 investors); and

24           “(iv) who represent participants in the  
25 marketplace for the securities of emerging

1            *companies and smaller public companies,*  
2            *such as securities exchanges, alternative*  
3            *trading systems, analysts, information proc-*  
4            *essors, and transfer agents; and*

5            *“(C) 3 non-voting members—*

6                    *“(i) 1 of whom shall be appointed by*  
7                    *the Investor Advocate;*

8                    *“(ii) 1 of whom shall be appointed by*  
9                    *the North American Securities Administra-*  
10                   *tors Association; and*

11                   *“(iii) 1 of whom shall be appointed by*  
12                   *the Administrator of the Small Business*  
13                   *Administration.*

14                   *“(2) TERM.—Each member of the Committee ap-*  
15                   *pointed under subparagraph (B), (C)(ii), or (C)(iii)*  
16                   *of paragraph (1) shall serve for a term of 4 years.*

17                   *“(3) MEMBERS NOT COMMISSION EMPLOYEES.—*  
18                   *Members appointed under subparagraph (B), (C)(ii),*  
19                   *or (C)(iii) of paragraph (1) shall not be treated as*  
20                   *employees or agents of the Commission solely because*  
21                   *of membership on the Committee.*

22                   *“(c) CHAIRMAN; VICE CHAIRMAN; SECRETARY; AS-*  
23                   *SISTANT SECRETARY.—*

1           “(1) *IN GENERAL.*—*The members of the Com-*  
2           *mittee shall elect, from among the members of the*  
3           *Committee—*

4                     “(A) *a chairman;*

5                     “(B) *a vice chairman;*

6                     “(C) *a secretary; and*

7                     “(D) *an assistant secretary.*

8           “(2) *TERM.*—*Each member elected under para-*  
9           *graph (1) shall serve for a term of 3 years in the ca-*  
10           *capacity for which the member was elected under para-*  
11           *graph (1).*

12           “(d) *MEETINGS.*—

13                     “(1) *FREQUENCY OF MEETINGS.*—*The Committee*  
14           *shall meet—*

15                             “(A) *not less frequently than four times an-*  
16                             *nually, at the call of the chairman of the Com-*  
17                             *mittee; and*

18                             “(B) *from time to time, at the call of the*  
19                             *Commission.*

20                     “(2) *NOTICE.*—*The chairman of the Committee*  
21           *shall give the members of the Committee written no-*  
22           *tice of each meeting, not later than 2 weeks before the*  
23           *date of the meeting.*

1       “(e) *COMPENSATION AND TRAVEL EXPENSES.*—Each  
2 member of the Committee who is not a full-time employee  
3 of the United States shall—

4               “(1) be entitled to receive compensation at a rate  
5 not to exceed the daily equivalent of the annual rate  
6 of basic pay in effect for a position at level V of the  
7 Executive Schedule under section 5316 of title 5,  
8 United States Code, for each day during which the  
9 member is engaged in the actual performance of the  
10 duties of the Committee; and

11               “(2) while away from the home or regular place  
12 of business of the member in the performance of serv-  
13 ices for the Committee, be allowed travel expenses, in-  
14 cluding per diem in lieu of subsistence, in the same  
15 manner as persons employed intermittently in the  
16 Government service are allowed expenses under sec-  
17 tion 5703 of title 5, United States Code.

18       “(f) *STAFF.*—The Commission shall make available to  
19 the Committee such staff as the chairman of the Committee  
20 determines are necessary to carry out this section.

21       “(g) *REVIEW BY COMMISSION.*—The Commission  
22 shall—

23               “(1) review the findings and recommendations of  
24 the Committee; and

1           “(2) each time the Committee submits a finding  
2           or recommendation to the Commission, promptly  
3           issue a public statement—

4                   “(A) assessing the finding or recommenda-  
5                   tion of the Committee; and

6                   “(B) disclosing the action, if any, the Com-  
7                   mission intends to take with respect to the find-  
8                   ing or recommendation.”.

9           (c) *ANNUAL GOVERNMENT-BUSINESS FORUM ON*  
10 *SMALL BUSINESS CAPITAL FORMATION.*—Section 503(a) of  
11 *the Small Business Investment Incentive Act of 1980 (15*  
12 *U.S.C. 80c–1(a)) is amended by inserting “(acting through*  
13 *the Office of the Advocate for Small Business Capital For-*  
14 *mation and in consultation with the Small Business Cap-*  
15 *ital Formation Advisory Committee)” after “Securities and*  
16 *Exchange Commission”.*

17           ***Subtitle H—Small Business Credit***  
18                                   ***Availability***

19           ***SEC. 1036. BUSINESS DEVELOPMENT COMPANY OWNERSHIP***  
20                                   ***OF SECURITIES OF INVESTMENT ADVISERS***  
21                                   ***AND CERTAIN FINANCIAL COMPANIES.***

22           (a) *IN GENERAL.*—

23                   (1) *IN GENERAL.*—Not later than 1 year after  
24                   the date of enactment of this Act, the Securities and  
25                   Exchange Commission shall promulgate regulations to

1       *codify the order in Investment Company Act Release*  
2       *No. 30024, dated March 30, 2012. If the Commission*  
3       *fails to complete the regulations as required by this*  
4       *subsection, a business development company shall be*  
5       *entitled to treat such regulations as having been com-*  
6       *pleted in accordance with the actions required to be*  
7       *taken by the Commission until such time as such reg-*  
8       *ulations are completed by the Commission.*

9               (2) *RULE OF CONSTRUCTION.—Nothing in this*  
10       *subsection shall prevent the Commission from issuing*  
11       *rules to address potential conflicts of interest between*  
12       *business development companies and investment ad-*  
13       *visers.*

14       (b) *PERMISSIBLE ASSETS OF AN ELIGIBLE PORTFOLIO*  
15       *COMPANY.—Section 55 of the Investment Company Act of*  
16       *1940 (15 U.S.C. 80a–54) is amended by adding at the end*  
17       *the following:*

18               “(c) *SECURITIES DEEMED TO BE PERMISSIBLE AS-*  
19       *SETS.—Notwithstanding subsection (a), securities that*  
20       *would be described in paragraphs (1) through (6) of such*  
21       *subsection except that the issuer is a company described in*  
22       *paragraph (2), (3), (4), (5), (6), or (9) of section 3(c) may*  
23       *be deemed to be assets described in paragraphs (1) through*  
24       *(6) of subsection (a) to the extent necessary for the sum of*  
25       *the assets to equal 70 percent of the value of a business de-*

1 *velopment company's total assets (other than assets de-*  
2 *scribed in paragraph (7) of subsection (a)), provided that*  
3 *the aggregate value of such securities counting toward such*  
4 *70 percent shall not exceed 20 percent of the value of the*  
5 *business development company's total assets."*

6 **SEC. 1037. EXPANDING ACCESS TO CAPITAL FOR BUSINESS**

7 **DEVELOPMENT COMPANIES.**

8 *(a) IN GENERAL.—Section 61(a) of the Investment*  
9 *Company Act of 1940 (15 U.S.C. 80a–60(a)) is amended—*

10 *(1) by redesignating paragraphs (2) through (4)*  
11 *as paragraphs (3) through (5), respectively;*

12 *(2) by striking paragraph (1) and inserting the*  
13 *following:*

14 *“(1) Except as provided in paragraph (2), the*  
15 *asset coverage requirements of subparagraphs (A) and*  
16 *(B) of section 18(a)(1) (and any related rule promul-*  
17 *gated under this Act) applicable to business develop-*  
18 *ment companies shall be 200 percent.*

19 *“(2) The asset coverage requirements of subpara-*  
20 *graphs (A) and (B) of section 18(a)(1) and of sub-*  
21 *paragraphs (A) and (B) of section 18(a)(2) (and any*  
22 *related rule promulgated under this Act) applicable to*  
23 *a business development company shall be 150 percent*  
24 *if—*



1           “(A) *within five business days of the ap-*  
2 *proval of the adoption of the asset coverage re-*  
3 *quirements described in clause (ii), the business*  
4 *development company discloses such approval*  
5 *and the date of its effectiveness in a Form 8–K*  
6 *filed with the Commission and in a notice on its*  
7 *website and discloses in its periodic filings made*  
8 *under section 13 of the Securities Exchange Act*  
9 *of 1934 (15 U.S.C. 78m)—*

10           “(i) *the aggregate value of the senior*  
11 *securities issued by such company and the*  
12 *asset coverage percentage as of the date of*  
13 *such company’s most recent financial state-*  
14 *ments; and*

15           “(ii) *that such company has adopted*  
16 *the asset coverage requirements of this sub-*  
17 *paragraph and the effective date of such re-*  
18 *quirements;*

19           “(B) *with respect to a business development*  
20 *company that issues equity securities that are*  
21 *registered on a national securities exchange, the*  
22 *periodic filings of the company under section*  
23 *13(a) of the Securities Exchange Act of 1934 (15*  
24 *U.S.C. 78m) include disclosures reasonably de-*

1           *signed to ensure that shareholders are informed*  
2           *of—*

3                     *“(i) the amount of indebtedness and*  
4                     *asset coverage ratio of the company, deter-*  
5                     *mined as of the date of the financial state-*  
6                     *ments of the company dated on or most re-*  
7                     *cently before the date of such filing; and*

8                     *“(ii) the principal risk factors associ-*  
9                     *ated with such indebtedness, to the extent*  
10                    *such risk is incurred by the company; and*

11                    *“(C)(i) the application of this paragraph to*  
12                    *the company is approved by the required major-*  
13                    *ity (as defined in section 57(o)) of the directors*  
14                    *of or general partners of such company who are*  
15                    *not interested persons of the business develop-*  
16                    *ment company, which application shall become*  
17                    *effective on the date that is 1 year after the date*  
18                    *of the approval, and, with respect to a business*  
19                    *development company that issues equity securi-*  
20                    *ties that are not registered on a national securi-*  
21                    *ties exchange, the company extends, to each per-*  
22                    *son who is a shareholder as of the date of the ap-*  
23                    *proval, an offer to repurchase the equity securi-*  
24                    *ties held by such person as of such approval date,*  
25                    *with 25 percent of such securities to be repur-*

1           *chased in each of the four quarters following such*  
2           *approval date; or*

3           *“(ii) the company obtains, at a special or*  
4           *annual meeting of shareholders or partners at*  
5           *which a quorum is present, the approval of more*  
6           *than 50 percent of the votes cast of the applica-*  
7           *tion of this paragraph to the company, which*  
8           *application shall become effective on the date im-*  
9           *mediately after the date of the approval.”;*

10          *(3) in paragraph (3) (as redesignated), by in-*  
11          *serting “or which is a stock, provided that all such*  
12          *stock is issued in accordance with paragraph (6)”*  
13          *after “indebtedness”;*

14          *(4) in subparagraph (A) of paragraph (4) (as re-*  
15          *designated)—*

16                 *(A) in the matter preceding clause (i), by*  
17                 *striking “voting”; and*

18                 *(B) by amending clause (iii) to read as fol-*  
19                 *lows:*

20                         *“(iii) the exercise or conversion price*  
21                         *at the date of issuance of such warrants, op-*  
22                         *tions, or rights is not less than—*

23                                 *“(I) the market value of the secu-*  
24                                 *rities issuable upon the exercise of such*  
25                                 *warrants, options, or rights at the date*

1                   of issuance of such warrants, options,  
2                   or rights; or

3                   “(II) if no such market value ex-  
4                   ists, the net asset value of the securities  
5                   issuable upon the exercise of such war-  
6                   rants, options, or rights at the date of  
7                   issuance of such warrants, options, or  
8                   rights; and”; and

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

10                   “(6)(A) QUALIFIED INSTITUTIONAL BUYER.—*Ex-*  
11                   *cept as provided in subparagraph (B), the following*  
12                   *shall not apply to a senior security which is a stock*  
13                   *and which is issued to and held by a qualified insti-*  
14                   *tutional buyer (as defined in section 3(a)(64) of the*  
15                   *Securities Exchange Act of 1934):*

16                   “(i) Subparagraphs (C) and (D) of section  
17                   18(a)(2).

18                   “(ii) Subparagraph (E) of section 18(a)(2),  
19                   to the extent such subparagraph requires any  
20                   priority over any other class of stock as to dis-  
21                   tribution of assets upon liquidation.

22                   “(iii) With respect to a senior security  
23                   which is a stock, subsections (c) and (i) of sec-  
24                   tion 18.

1           “(B) *INDIVIDUAL INVESTORS WHO ARE NOT*  
2           *QUALIFIED INSTITUTIONAL BUYERS.*—Subparagraph  
3           (A) shall not apply with respect to a senior security  
4           which is a stock and which is issued to a person who  
5           is not known by the business development company to  
6           be a qualified institutional buyer (as defined in sec-  
7           tion 3(a) of the Securities Exchange Act of 1934).

8           “(7) *RULE OF CONSTRUCTION.*—Notwithstanding  
9           any other provision of law, any additional class of  
10          stock issued pursuant to this section must be issued  
11          in accordance with all investor protections contained  
12          in all applicable federal securities laws administered  
13          by the Commission.”.

14          (b) *CONFORMING AMENDMENTS.*—The Investment  
15          Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amend-  
16          ed—

17                 (1) in section 57—

18                         (A) in subsection (j)(1), by striking “section  
19                         61(a)(3)(B)” and inserting “section  
20                         61(a)(4)(B)”; and

21                         (B) in subsection (n)(2), by striking “sec-  
22                         tion 61(a)(3)(B)” and inserting “section  
23                         61(a)(4)(B)”; and

24                 (2) in section 63(3), by striking “section  
25                 61(a)(3)” and inserting “section 61(a)(4)”.

1 **SEC. 1038. PARITY FOR BUSINESS DEVELOPMENT COMPA-**  
2 **NIES REGARDING OFFERING AND PROXY**  
3 **RULES.**

4 (a) *REVISION TO RULES.*—Not later than 1 year after  
5 the date of enactment of this Act, the Securities and Ex-  
6 change Commission shall revise any rules to the extent nec-  
7 essary to allow a business development company that has  
8 filed an election pursuant to section 54 of the Investment  
9 Company Act of 1940 (15 U.S.C. 80a–53) to use the securi-  
10 ties offering and proxy rules that are available to other  
11 issuers that are required to file reports under section 13  
12 or section 15(d) of the Securities Exchange Act of 1934 (15  
13 U.S.C. 78m; 78o(d)). Any action that the Commission takes  
14 pursuant to this subsection shall include the following:

15 (1) *The Commission shall revise rule 405 under*  
16 *the Securities Act of 1933 (17 C.F.R. 230.405)—*

17 (A) *to remove the exclusion of a business de-*  
18 *velopment company from the definition of a*  
19 *well-known seasoned issuer provided by that rule;*  
20 *and*

21 (B) *to add registration statements filed on*  
22 *Form N–2 to the definition of automatic shelf*  
23 *registration statement provided by that rule.*

24 (2) *The Commission shall revise rules 168 and*  
25 *169 under the Securities Act of 1933 (17 C.F.R.*  
26 *230.168 and 230.169) to remove the exclusion of a*

1 *business development company from an issuer that*  
2 *can use the exemptions provided by those rules.*

3 (3) *The Commission shall revise rules 163 and*  
4 *163A under the Securities Act of 1933 (17 C.F.R.*  
5 *230.163 and 230.163A) to remove a business develop-*  
6 *ment company from the list of issuers that are ineli-*  
7 *gible to use the exemptions provided by those rules.*

8 (4) *The Commission shall revise rule 134 under*  
9 *the Securities Act of 1933 (17 C.F.R. 230.134) to re-*  
10 *move the exclusion of a business development com-*  
11 *pany from that rule.*

12 (5) *The Commission shall revise rules 138 and*  
13 *139 under the Securities Act of 1933 (17 C.F.R.*  
14 *230.138 and 230.139) to specifically include a busi-*  
15 *ness development company as an issuer to which those*  
16 *rules apply.*

17 (6) *The Commission shall revise rule 164 under*  
18 *the Securities Act of 1933 (17 C.F.R. 230.164) to re-*  
19 *move a business development company from the list*  
20 *of issuers that are excluded from that rule.*

21 (7) *The Commission shall revise rule 433 under*  
22 *the Securities Act of 1933 (17 C.F.R. 230.433) to spe-*  
23 *cifically include a business development company that*  
24 *is a well-known seasoned issuer as an issuer to which*  
25 *that rule applies.*

1           (8) *The Commission shall revise rule 415 under*  
2 *the Securities Act of 1933 (17 C.F.R. 230.415)—*

3           (A) *to state that the registration for securi-*  
4 *ties provided by that rule includes securities reg-*  
5 *istered by a business development company on*  
6 *Form N-2; and*

7           (B) *to provide an exception for a business*  
8 *development company from the requirement that*  
9 *a Form N-2 registrant must furnish the under-*  
10 *takings required by item 34.4 of Form N-2.*

11          (9) *The Commission shall revise rule 497 under*  
12 *the Securities Act of 1933 (17 C.F.R. 230.497) to in-*  
13 *clude a process for a business development company*  
14 *to file a form of prospectus that is parallel to the*  
15 *process for filing a form of prospectus under rule*  
16 *424(b).*

17          (10) *The Commission shall revise rules 172 and*  
18 *173 under the Securities Act of 1933 (17 C.F.R.*  
19 *230.172 and 230.173) to remove the exclusion of an*  
20 *offering of a business development company from*  
21 *those rules.*

22          (11) *The Commission shall revise rule 418 under*  
23 *the Securities Act of 1933 (17 C.F.R. 230.418) to pro-*  
24 *vide that a business development company that would*  
25 *otherwise meet the eligibility requirements of General*



1        *Instruction I.A of Form S-3 shall be exempt from*  
2        *paragraph (a)(3) of that rule.*

3            *(12) The Commission shall revise rule 14a-101*  
4        *under the Securities Exchange Act of 1934 (17 C.F.R.*  
5        *240.14a-101) to provide that a business development*  
6        *company that would otherwise meet the requirements*  
7        *of General Instruction I.A of Form S-3 shall be*  
8        *deemed to meet the requirements of Form S-3 for*  
9        *purposes of Schedule 14A.*

10           *(13) The Commission shall revise rule 103 under*  
11        *Regulation FD (17 C.F.R. 243.103) to provide that*  
12        *paragraph (a) of that rule applies for purposes of*  
13        *Form N-2.*

14        *(b) REVISION TO FORM N-2.—Not later than 1 year*  
15        *after the date of enactment of this Act, the Commission shall*  
16        *revise Form N-2—*

17           *(1) to include an item or instruction that is*  
18        *similar to item 12 on Form S-3 to provide that a*  
19        *business development company that would otherwise*  
20        *meet the requirements of Form S-3 shall incorporate*  
21        *by reference its reports and documents filed under the*  
22        *Securities Exchange Act of 1934 into its registration*  
23        *statement filed on Form N-2; and*

24           *(2) to include an item or instruction that is*  
25        *similar to the instruction regarding automatic shelf*



1           “(A) ceased to be an emerging growth com-  
2           pany on the last day of the fiscal year of the  
3           issuer following the fifth anniversary of the date  
4           of the first sale of common equity securities of  
5           the issuer pursuant to an effective registration  
6           statement under the Securities Act of 1933;

7           “(B) had average annual gross revenues of  
8           less than \$50,000,000 as of its most recently  
9           completed fiscal year; and

10          “(C) is not a large accelerated filer.

11          “(2) EXPIRATION OF TEMPORARY EXEMPTION.—  
12          An issuer ceases to be eligible for the exemption de-  
13          scribed under paragraph (1) at the earliest of—

14               “(A) the last day of the fiscal year of the  
15               issuer following the tenth anniversary of the date  
16               of the first sale of common equity securities of  
17               the issuer pursuant to an effective registration  
18               statement under the Securities Act of 1933;

19               “(B) the last day of the fiscal year of the  
20               issuer during which the average annual gross  
21               revenues of the issuer exceed \$50,000,000; or

22               “(C) the date on which the issuer becomes a  
23               large accelerated filer.

24          “(3) DEFINITIONS.—For purposes of this sub-  
25          section:

1           “(A) *AVERAGE ANNUAL GROSS REVENUES.*—*The term ‘average annual gross revenues’*  
 2           *means the total gross revenues of an issuer over*  
 3           *its most recently completed three fiscal years di-*  
 4           *vided by three.*

6           “(B) *EMERGING GROWTH COMPANY.*—*The*  
 7           *term ‘emerging growth company’ has the mean-*  
 8           *ing given such term under section 3 of the Secu-*  
 9           *rities Exchange Act of 1934 (15 U.S.C. 78c).*

10           “(C) *LARGE ACCELERATED FILER.*—*The*  
 11           *term ‘large accelerated filer’ has the meaning*  
 12           *given that term under section 240.12b–2 of title*  
 13           *17, Code of Federal Regulations, or any successor*  
 14           *thereto.”.*

15           ***Subtitle J—Small Business Capital***  
 16           ***Formation Enhancement***

17           ***SEC. 1046. ANNUAL REVIEW OF GOVERNMENT-BUSINESS***  
 18           ***FORUM ON CAPITAL FORMATION.***

19           *Section 503 of the Small Business Investment Incen-*  
 20           *tive Act of 1980 (15 U.S.C. 80c–1) is amended by adding*  
 21           *at the end the following:*

22           “(e) *The Commission shall—*

23               “(1) *review the findings and recommendations of*  
 24               *the forum; and*

1           “(2) each time the forum submits a finding or  
2           recommendation to the Commission, promptly issue a  
3           public statement—

4                   “(A) assessing the finding or recommenda-  
5                   tion of the forum; and

6                   “(B) disclosing the action, if any, the Com-  
7                   mission intends to take with respect to the find-  
8                   ing or recommendation.”.

9           ***Subtitle K—Helping Angels Lead***  
10           ***Our Startups***

11 ***SEC. 1051. DEFINITION OF ANGEL INVESTOR GROUP.***

12           *As used in this subtitle, the term “angel investor*  
13 *group” means any group that—*

14                   (1) *is composed of accredited investors interested*  
15 *in investing personal capital in early-stage compa-*  
16 *nies;*

17                   (2) *holds regular meetings and has defined proc-*  
18 *esses and procedures for making investment decisions,*  
19 *either individually or among the membership of the*  
20 *group as a whole; and*

21                   (3) *is neither associated nor affiliated with bro-*  
22 *kers, dealers, or investment advisers.*

23 ***SEC. 1052. CLARIFICATION OF GENERAL SOLICITATION.***

24           (a) *IN GENERAL.—Not later than 6 months after the*  
25 *date of enactment of this Act, the Securities and Exchange*

1 *Commission shall revise Regulation D of its rules (17*  
2 *C.F.R. 230.500 et seq.) to require that in carrying out the*  
3 *prohibition against general solicitation or general adver-*  
4 *tising contained in section 230.502(c) of title 17, Code of*  
5 *Federal Regulations, the prohibition shall not apply to a*  
6 *presentation or other communication made by or on behalf*  
7 *of an issuer which is made at an event—*

8 *(1) sponsored by—*

9 *(A) the United States or any territory*  
10 *thereof, by the District of Columbia, by any*  
11 *State, by a political subdivision of any State or*  
12 *territory, or by any agency or public instrumen-*  
13 *tality of any of the foregoing;*

14 *(B) a college, university, or other institu-*  
15 *tion of higher education;*

16 *(C) a nonprofit organization;*

17 *(D) an angel investor group;*

18 *(E) a venture forum, venture capital asso-*  
19 *ciation, or trade association; or*

20 *(F) any other group, person or entity as the*  
21 *Securities and Exchange Commission may deter-*  
22 *mine by rule;*

23 *(2) where any advertising for the event does not*  
24 *reference any specific offering of securities by the*  
25 *issuer;*

1           (3) *the sponsor of which—*

2                   (A) *does not make investment recommenda-*  
3                   *tions or provide investment advice to event*  
4                   *attendees;*

5                   (B) *does not engage in an active role in any*  
6                   *investment negotiations between the issuer and*  
7                   *investors attending the event;*

8                   (C) *does not charge event attendees any fees*  
9                   *other than administrative fees; and*

10                  (D) *does not receive any compensation with*  
11                  *respect to such event that would require registra-*  
12                  *tion of the sponsor as a broker or a dealer under*  
13                  *the Securities Exchange Act of 1934, or as an in-*  
14                  *vestment advisor under the Investment Advisers*  
15                  *Act of 1940; and*

16           (4) *where no specific information regarding an*  
17           *offering of securities by the issuer is communicated or*  
18           *distributed by or on behalf of the issuer, other than—*

19                   (A) *that the issuer is in the process of offer-*  
20                   *ing securities or planning to offer securities;*

21                   (B) *the type and amount of securities being*  
22                   *offered;*

23                   (C) *the amount of securities being offered*  
24                   *that have already been subscribed for; and*

1                   (D) the intended use of proceeds of the offer-  
2                   ing.

3           (b) *RULE OF CONSTRUCTION.*—Subsection (a) may  
4 only be construed as requiring the Securities and Exchange  
5 Commission to amend the requirements of Regulation D  
6 with respect to presentations and communications, and not  
7 with respect to purchases or sales.

## 8           ***Subtitle L—Main Street Growth***

### 9           ***SEC. 1056. VENTURE EXCHANGES.***

10           (a) *SECURITIES EXCHANGE ACT OF 1934.*—Section 6  
11 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) is  
12 amended by adding at the end the following:

13           “(m) *VENTURE EXCHANGE.*—

14                   “(1) *REGISTRATION.*—

15                           “(A) *IN GENERAL.*—A national securities  
16 exchange may elect to be treated (or for a listing  
17 tier of such exchange to be treated) as a venture  
18 exchange by notifying the Commission of such  
19 election, either at the time the exchange applies  
20 to be registered as a national securities exchange  
21 or after registering as a national securities ex-  
22 change.

23                           “(B) *DETERMINATION TIME PERIOD.*—With  
24 respect to a securities exchange electing to be



1           *treated (or for a listing tier of such exchange to*  
2           *be treated) as a venture exchange—*

3                   “(i) *at the time the exchange applies to*  
4                   *be registered as a national securities ex-*  
5                   *change, such application and election shall*  
6                   *be deemed to have been approved by the*  
7                   *Commission unless the Commission denies*  
8                   *such application before the end of the 6-*  
9                   *month period beginning on the date the*  
10                  *Commission received such application; and*

11                  “(ii) *after registering as a national se-*  
12                  *curities exchange, such election shall be*  
13                  *deemed to have been approved by the Com-*  
14                  *mission unless the Commission denies such*  
15                  *approval before the end of the 6-month pe-*  
16                  *riod beginning on the date the Commission*  
17                  *received notification of such election.*

18                  “(2) *POWERS AND RESTRICTIONS.—A venture*  
19                  *exchange—*

20                       “(A) *may only constitute, maintain, or pro-*  
21                       *vide a market place or facilities for bringing to-*  
22                       *gether purchasers and sellers of venture securi-*  
23                       *ties;*

1           “(B) may determine the increment to be  
2 used for quoting and trading venture securities  
3 on the exchange;

4           “(C) shall disseminate last sale and  
5 quotation information on terms that are fair  
6 and reasonable and not unreasonably discrimi-  
7 natory;

8           “(D) may choose to carry out periodic auc-  
9 tions for the sale of a venture security instead of  
10 providing continuous trading of the venture se-  
11 curity; and

12           “(E) may not extend unlisted trading privi-  
13 leges to any venture security.

14           “(3) EXEMPTIONS FROM CERTAIN NATIONAL SE-  
15 CURITY EXCHANGE REGULATIONS.—A venture ex-  
16 change shall not be required to—

17           “(A) comply with any of sections 242.600  
18 through 242.612 of title 17, Code of Federal Reg-  
19 ulations;

20           “(B) comply with any of sections 242.300  
21 through 242.303 of title 17, Code of Federal Reg-  
22 ulations;

23           “(C) submit any data to a securities infor-  
24 mation processor; or

25           “(D) use decimal pricing.

1           “(4) *TREATMENT OF CERTAIN EXEMPTED SECURITIES.*—*A security that is exempt from registration*  
2           *pursuant to section 3(b) of the Securities Act of 1933*  
3           *shall be exempt from section 12(a) of this title with*  
4           *respect to the trading of such security on a venture*  
5           *exchange, if the issuer of such security is in compli-*  
6           *ance with all disclosure obligations of such section*  
7           *3(b) and the regulations issued under such section.*

9           “(5) *DEFINITIONS.*—*For purposes of this sub-*  
10          *section:*

11           “(A) *EARLY-STAGE, GROWTH COMPANY.*—

12           “(i) *IN GENERAL.*—*The term ‘early-*  
13          *stage, growth company’ means an issuer—*

14           “(I) *that has not made an initial*  
15          *public offering of any securities of the*  
16          *issuer; and*

17           “(II) *with a market capitalization*  
18          *of \$1,000,000,000 (as such amount is*  
19          *indexed for inflation every 5 years by*  
20          *the Commission to reflect the change in*  
21          *the Consumer Price Index for All*  
22          *Urban Consumers published by the Bu-*  
23          *reau of Labor Statistics, setting the*  
24          *threshold to the nearest \$1,000,000) or*  
25          *less.*

1                   “(i) *TREATMENT WHEN MARKET CAP-*  
2                   *ITALIZATION EXCEEDS THRESHOLD.—*

3                   “(I) *IN GENERAL.—In the case of*  
4                   *an issuer that is an early-stage, growth*  
5                   *company the securities of which are*  
6                   *traded on a venture exchange, such*  
7                   *issuer shall not cease to be an early-*  
8                   *stage, growth company by reason of the*  
9                   *market capitalization of such issuer ex-*  
10                  *ceeding the threshold specified in clause*  
11                  *(i)(II) until the end of the period of 24*  
12                  *consecutive months during which the*  
13                  *market capitalization of such issuer ex-*  
14                  *ceeds \$2,000,000,000 (as such amount*  
15                  *is indexed for inflation every 5 years*  
16                  *by the Commission to reflect the change*  
17                  *in the Consumer Price Index for All*  
18                  *Urban Consumers published by the Bu-*  
19                  *reau of Labor Statistics, setting the*  
20                  *threshold to the nearest \$1,000,000).*

21                  “(II) *EXEMPTIONS.—If an issuer*  
22                  *would cease to be an early-stage,*  
23                  *growth company under subclause (I),*  
24                  *the venture exchange may, at the re-*  
25                  *quest of the issuer, exempt the issuer*

1                   *from the market capitalization require-*  
2                   *ments of this subparagraph for the 1-*  
3                   *year period that begins on the day*  
4                   *after the end of the 24-month period*  
5                   *described in such subclause. The ven-*  
6                   *ture exchange may, at the request of*  
7                   *the issuer, extend the exemption for 1*  
8                   *additional year.*

9                   “(B) *VENTURE SECURITY.*—*The term ‘ven-*  
10                  *ture security’ means—*

11                    “(i) *securities of an early-stage, growth*  
12                    *company that are exempt from registration*  
13                    *pursuant to section 3(b) of the Securities*  
14                    *Act of 1933; and*

15                    “(ii) *securities of an emerging growth*  
16                    *company.*”.

17                  (b) *SECURITIES ACT OF 1933.*—*Section 18(b)(1) of the*  
18                  *Securities Act of 1933 (15 U.S.C. 77r(b)(1)) is amended—*

19                    (1) *in subparagraph (B), by striking “or” at the*  
20                    *end;*

21                    (2) *in subparagraph (C), by striking the period*  
22                    *and inserting “; or”; and*

23                    (3) *by adding at the end the following:*

1                   “(D) a venture security, as defined under  
2                   section 6(m)(5) of the Securities Exchange Act of  
3                   1934.”.

4           (c) *SENSE OF CONGRESS.*—It is the sense of the Con-  
5 gress that the Securities and Exchange Commission  
6 should—

7                   (1) when necessary or appropriate in the public  
8                   interest and consistent with the protection of inves-  
9                   tors, make use of the Commission’s general exemptive  
10                  authority under section 36 of the Securities Exchange  
11                  Act of 1934 (15 U.S.C. 78mm) with respect to the  
12                  provisions added by this section; and

13                  (2) if the Commission determines appropriate,  
14                  create an Office of Venture Exchanges within the  
15                  Commission’s Division of Trading and Markets.

16           (d) *RULE OF CONSTRUCTION.*—Nothing in this section  
17 or the amendments made by this section shall be construed  
18 to impair or limit the construction of the antifraud provi-  
19 sions of the securities laws (as defined in section 3(a) of  
20 the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)))  
21 or the authority of the Securities and Exchange Commis-  
22 sion under those provisions.

23           (e) *EFFECTIVE DATE FOR TIERS OF EXISTING NA-*  
24 *TIONAL SECURITIES EXCHANGES.*—In the case of a securi-  
25 ties exchange that is registered as a national securities ex-

1 *change under section 6 of the Securities Exchange Act of*  
2 *1934 (15 U.S.C. 78f) on the date of the enactment of this*  
3 *Act, any election for a listing tier of such exchange to be*  
4 *treated as a venture exchange under subsection (m) of such*  
5 *section shall not take effect before the date that is 180 days*  
6 *after such date of enactment.*

7       ***Subtitle M—Micro Offering Safe***  
8                               ***Harbor***

9       ***SEC. 1061. EXEMPTIONS FOR MICRO-OFFERINGS.***

10       *(a) IN GENERAL.—Section 4 of the Securities Act of*  
11 *1933 (15 U.S.C. 77d) is amended—*

12               *(1) in subsection (a), by adding at the end the*  
13 *following:*

14               *“(8) transactions meeting the requirements of*  
15 *subsection (f).”;* and

16               *(2) by adding at the end the following:*

17       *“(f) CERTAIN MICRO-OFFERINGS.—The transactions*  
18 *referred to in subsection (a)(8) are transactions involving*  
19 *the sale of securities by an issuer (including all entities con-*  
20 *trolled by or under common control with the issuer) that*  
21 *meet all of the following requirements:*

22               *“(1) PRE-EXISTING RELATIONSHIP.—Each pur-*  
23 *chaser has a substantive pre-existing relationship*  
24 *with an officer of the issuer, a director of the issuer,*

1       or a shareholder holding 10 percent or more of the  
2       shares of the issuer.

3               “(2) 35 OR FEWER PURCHASERS.—There are no  
4       more than, or the issuer reasonably believes that there  
5       are no more than, 35 purchasers of securities from the  
6       issuer that are sold in reliance on the exemption pro-  
7       vided under subsection (a)(8) during the 12-month  
8       period preceding such transaction.

9               “(3) SMALL OFFERING AMOUNT.—The aggregate  
10       amount of all securities sold by the issuer, including  
11       any amount sold in reliance on the exemption pro-  
12       vided under subsection (a)(8), during the 12-month  
13       period preceding such transaction, does not exceed  
14       \$500,000.”.

15       (b) EXEMPTION UNDER STATE REGULATIONS.—Sec-  
16       tion 18(b)(4) of the Securities Act of 1933 (15 U.S.C.  
17       77r(b)(4)) is amended—

18               (1) in subparagraph (F), by striking “or” at the  
19       end;

20               (2) in subparagraph (G), by striking the period  
21       and inserting “; or”; and

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

23                       “(H) section 4(a)(8).”.



1           ***Subtitle N—Private Placement***  
2                           ***Improvement***

3   **SEC. 1066. REVISIONS TO SEC REGULATION D.**

4           *Not later than 45 days following the date of the enact-*  
5 *ment of this Act, the Securities and Exchange Commission*  
6 *shall revise Regulation D (17 C.F.R. 501 et seq.) in accord-*  
7 *ance with the following:*

8                   (1) *The Commission shall revise Form D filing*  
9 *requirements to require an issuer offering or selling*  
10 *securities in reliance on an exemption provided under*  
11 *Rule 506 of Regulation D to file with the Commission*  
12 *a single notice of sales containing the information re-*  
13 *quired by Form D for each new offering of securities*  
14 *no earlier than 15 days after the date of the first sale*  
15 *of securities in the offering. The Commission shall not*  
16 *require such an issuer to file any notice of sales con-*  
17 *taining the information required by Form D except*  
18 *for the single notice described in the previous sen-*  
19 *tence.*

20                   (2) *The Commission shall make the information*  
21 *contained in each Form D filing available to the secu-*  
22 *rities commission (or any agency or office performing*  
23 *like functions) of each State and territory of the*  
24 *United States and the District of Columbia.*

1           (3) *The Commission shall not condition the*  
2 *availability of any exemption for an issuer under*  
3 *Rule 506 of Regulation D (17 C.F.R. 230.506) on the*  
4 *issuer’s or any other person’s filing with the Commis-*  
5 *sion of a Form D or any similar report.*

6           (4) *The Commission shall not require issuers to*  
7 *submit written general solicitation materials to the*  
8 *Commission in connection with a Rule 506(c) offer-*  
9 *ing, except when the Commission requests such mate-*  
10 *rials pursuant to the Commission’s authority under*  
11 *section 8A or section 20 of the Securities Act of 1933*  
12 *(15 U.S.C. 77h-1 or 77t) or section 9, 10(b), 21A,*  
13 *21B, or 21C of the Securities Exchange Act of 1934*  
14 *(15 U.S.C. 78i, 78j(b), 78u-1, 78u-2, or 78u-3).*

15           (5) *The Commission shall not extend the require-*  
16 *ments contained in Rule 156 to private funds.*

17           (6) *The Commission shall revise Rule 501(a) of*  
18 *Regulation D to provide that a person who is a*  
19 *“knowledgeable employee” of a private fund or the*  
20 *fund’s investment adviser, as defined in Rule 3c-*  
21 *5(a)(4) (17 C.F.R. 270.3c-5(a)(4)), shall be an ac-*  
22 *credited investor for purposes of a Rule 506 offering*  
23 *of a private fund with respect to which the person is*  
24 *a knowledgeable employee.*

1     **Subtitle O—Supporting America’s**  
 2                     **Innovators**

3     **SEC. 1071. INVESTOR LIMITATION FOR QUALIFYING VEN-**  
 4                     **TURE CAPITAL FUNDS.**

5             *Section 3(c)(1) of the Investment Company Act of 1940*  
 6 *(15 U.S.C. 80a-3(c)(1)) is amended—*

7                     *(1) by inserting after “one hundred persons” the*  
 8 *following: “(or, with respect to a qualifying venture*  
 9 *capital fund, 250 persons)”;* and

10                    *(2) by adding at the end the following:*

11                             *“(C) The term ‘qualifying venture capital*  
 12 *fund’ means any venture capital fund (as de-*  
 13 *defined pursuant to section 203(l)(1) of the Invest-*  
 14 *ment Advisers Act of 1940 (15 U.S.C. 80b-*  
 15 *3(l)(1)) with no more than \$10,000,000 in in-*  
 16 *vested capital, as such dollar amount is annu-*  
 17 *ally adjusted by the Commission to reflect the*  
 18 *change in the Consumer Price Index for All*  
 19 *Urban Consumers published by the Bureau of*  
 20 *Labor Statistics of the Department of Labor.”.*

21             **Subtitle P—Fix Crowdfunding**

22     **SEC. 1076. CROWDFUNDING VEHICLES.**

23             *(a) AMENDMENTS TO THE SECURITIES ACT OF*  
 24 *1933.—The Securities Act of 1933 (15 U.S.C. 77a et seq.)*  
 25 *is amended—*

1           (1) *in section 4A(f)(3), by inserting “by any of*  
2 *paragraphs (1) through (14) of” before “section 3(c)”;*  
3 *and*

4           (2) *in section 4(a)(6)(B), by inserting after “any*  
5 *investor” the following: “, other than a crowdfunding*  
6 *vehicle (as defined in section 2(a) of the Investment*  
7 *Company Act of 1940),”.*

8           (b) *AMENDMENTS TO THE INVESTMENT COMPANY ACT*  
9 *OF 1940.—The Investment Company Act of 1940 (15*  
10 *U.S.C. 80a–1 et seq.) is amended—*

11           (1) *in section 2(a), by adding at the end the fol-*  
12 *lowing:*

13           “(55) *The term ‘crowdfunding vehicle’ means a*  
14 *company—*

15           “(A) *whose purpose (as set forth in its orga-*  
16 *nizational documents) is limited to acquiring,*  
17 *holding, and disposing securities issued by a sin-*  
18 *gle company in one or more transactions and*  
19 *made pursuant to section 4(a)(6) of the Securi-*  
20 *ties Act of 1933;*

21           “(B) *which issues only one class of securi-*  
22 *ties;*

23           “(C) *which receives no compensation in*  
24 *connection with such acquisition, holding, or dis-*  
25 *position of securities;*

1           “(D) no associated person of which receives  
2 any compensation in connection with such ac-  
3 quisition, holding or disposition of securities un-  
4 less such person is acting as or on behalf of an  
5 investment adviser registered under the Invest-  
6 ment Advisers Act of 1940 or registered as an in-  
7 vestment adviser in the State in which the in-  
8 vestment adviser maintains its principal office  
9 and place of business;

10           “(E) the securities of which have been issued  
11 in a transaction made pursuant to section  
12 4(a)(6) of the Securities Act of 1933, where both  
13 the crowdfunding vehicle and the company whose  
14 securities it holds are co-issuers;

15           “(F) which is current in its ongoing disclo-  
16 sure obligations under Rule 202 of Regulation  
17 Crowdfunding (17 C.F.R. 227.202);

18           “(G) the company whose securities it holds  
19 is current in its ongoing disclosure obligations  
20 under Rule 202 of Regulation Crowdfunding (17  
21 C.F.R. 227.202); and

22           “(H) is advised by an investment adviser  
23 registered under the Investment Advisers Act of  
24 1940 or registered as an investment adviser in  
25 the State in which the investment adviser main-

1           *tains its principal office and place of business.”;*

2           *and*

3           *(2) in section 3(c), by adding at the end the fol-*

4           *lowing:*

5           *“(15) Any crowdfunding vehicle.”.*

6   **SEC. 1077. CROWDFUNDING EXEMPTION FROM REGISTRA-**

7                                   **TION.**

8           *Section 12(g)(6) of the Securities Exchange Act of*  
9   *1934 (15 U.S.C. 78l(g)(6)) is amended—*

10           *(1) by striking “The Commission” and inserting*  
11           *the following:*

12                           *“(A) IN GENERAL.—The Commission”;*

13           *(2) by striking “section 4(6)” and inserting “sec-*  
14           *tion 4(a)(6)”;* *and*

15           *(3) by adding at the end the following:*

16                           *“(B) TREATMENT OF SECURITIES ISSUED*  
17           *BY CERTAIN ISSUERS.—An exemption under sub-*  
18           *paragraph (A) shall be unconditional for securi-*  
19           *ties offered by an issuer that had a public float*  
20           *of less than \$75,000,000 as of the last business*  
21           *day of the issuer’s most recently completed semi-*  
22           *annual period, computed by multiplying the ag-*  
23           *gregate worldwide number of shares of the*  
24           *issuer’s common equity securities held by non-af-*  
25           *filiates by the price at which such securities were*

1           *last sold (or the average bid and asked prices of*  
2           *such securities) in the principal market for such*  
3           *securities or, in the event the result of such pub-*  
4           *lic float calculation is zero, had annual revenues*  
5           *of less than \$50,000,000 as of the issuer’s most*  
6           *recently completed fiscal year.”.*

7           ***Subtitle Q—Corporate Governance***  
8           ***Reform and Transparency***

9           ***SEC. 1081. DEFINITIONS.***

10           *(a) SECURITIES EXCHANGE ACT OF 1934.—Section*  
11           *3(a) of the Securities Exchange Act of 1934 (15 U.S.C.*  
12           *78c(a)) is amended by adding at the end the following new*  
13           *paragraphs:*

14                     *“(83) PROXY ADVISORY FIRM.—The term ‘proxy*  
15                     *advisory firm’ means any person who is primarily*  
16                     *engaged in the business of providing proxy voting re-*  
17                     *search, analysis, or recommendations to clients, which*  
18                     *conduct constitutes a solicitation within the meaning*  
19                     *of section 14 and the Commission’s rules and regula-*  
20                     *tions thereunder, except to the extent that the person*  
21                     *is exempted by such rules and regulations from re-*  
22                     *quirements otherwise applicable to persons engaged in*  
23                     *a solicitation.*

24                     *“(84) PERSON ASSOCIATED WITH A PROXY ADVI-*  
25                     *SORY FIRM.—The term ‘person associated with’ a*

1     *proxy advisory firm means any partner, officer, or*  
2     *director of a proxy advisory firm (or any person oc-*  
3     *cupying a similar status or performing similar func-*  
4     *tions), any person directly or indirectly controlling,*  
5     *controlled by, or under common control with a proxy*  
6     *advisory firm, or any employee of a proxy advisory*  
7     *firm, except that persons associated with a proxy ad-*  
8     *visory firm whose functions are clerical or ministerial*  
9     *shall not be included in the meaning of such term.*  
10    *The Commission may by rules and regulations clas-*  
11    *sify, for purposes or any portion or portions of this*  
12    *Act, persons, including employees controlled by a*  
13    *proxy advisory firm.”.*

14    **(b) APPLICABLE DEFINITIONS.**—*As used in this sub-*  
15    *title—*

16            (1) *the term “Commission” means the Securities*  
17            *and Exchange Commission; and*

18            (2) *the term “proxy advisory firm” has the same*  
19            *meaning as in section 3(a)(83) of the Securities Ex-*  
20            *change Act of 1934, as added by this subtitle.*

21    **SEC. 1082. REGISTRATION OF PROXY ADVISORY FIRMS.**

22            **(a) AMENDMENT.**—*The Securities Exchange Act of*  
23            *1934 is amended by inserting after section 15G the fol-*  
24            *lowing new section:*



1 **“SEC. 15H. REGISTRATION OF PROXY ADVISORY FIRMS.**

2       “(a) *CONDUCT PROHIBITED.*—*It shall be unlawful for*  
3 *a proxy advisory firm to make use of the mails or any*  
4 *means or instrumentality of interstate commerce to provide*  
5 *proxy voting research, analysis, or recommendations to any*  
6 *client, unless such proxy advisory firm is registered under*  
7 *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 Commission*  
13 *shall require, by rule or regulation, and con-*  
14 *taining the information described in subpara-*  
15 *graph (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 methodologies*  
24 *that the applicant uses in developing proxy*  
25 *voting recommendations, including whether*  
26 *and how the applicant considers the size of*

1           *a company when making proxy voting rec-*  
2           *ommendations;*

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 rea-*  
7           *sons 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 if*  
16          *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 the*  
23          *Commission, by rule, may prescribe as nec-*  
24          *essary or appropriate in the public interest*  
25          *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 determine*  
10 *whether registration should be denied.*

11           “(B) *CONDUCT OF PROCEEDINGS.*—

12                   “(i) *CONTENT.*—*Proceedings referred to*  
13 *in subparagraph (A)(ii) shall—*

14                           “(I) *include notice of the grounds*  
15 *for denial under consideration and an*  
16 *opportunity for hearing; and*

17                           “(II) *be concluded not later than*  
18 *120 days after the date on which the*  
19 *application for registration is filed*  
20 *with the Commission under paragraph*  
21 *(1).*

22                   “(ii) *DETERMINATION.*—*At the conclu-*  
23 *sion of such proceedings, the Commission,*  
24 *by order, shall grant or deny such applica-*  
25 *tion for registration.*

1           “(iii) *EXTENSION AUTHORIZED.*—*The*  
2           *Commission may extend the time for con-*  
3           *clusion of such proceedings for not longer*  
4           *than 90 days, if it finds good cause for such*  
5           *extension and publishes its reasons for so*  
6           *finding, or for such longer period as to*  
7           *which the applicant consents.*

8           “(C) *GROUND FOR DECISION.*—*The Com-*  
9           *mission shall grant registration under this sub-*  
10          *section—*

11           “(i) *if the Commission finds that the*  
12           *requirements of this section are satisfied;*  
13           *and*

14           “(ii) *unless the Commission finds (in*  
15           *which case the Commission shall deny such*  
16           *registration) that—*

17           “(I) *the applicant has failed to*  
18           *certify to the Commission’s satisfaction*  
19           *that it has adequate financial and*  
20           *managerial resources to consistently*  
21           *provide proxy advice based on accurate*  
22           *information and to materially comply*  
23           *with the procedures and methodologies*  
24           *disclosed under paragraph (1)(B) and*  
25           *with subsections (f) and (g); or*

1                   “(II) if the applicant were so reg-  
2                   istered, its registration would be sub-  
3                   ject to suspension or revocation under  
4                   subsection (e).

5                   “(3) *PUBLIC AVAILABILITY OF INFORMATION.*—  
6                   Subject to section 24, the Commission shall make the  
7                   information and documents submitted to the Commis-  
8                   sion by a proxy advisory firm in its completed appli-  
9                   cation for registration, or in any amendment sub-  
10                  mitted under paragraph (1) or (2) of subsection (c),  
11                  publicly available on the Commission’s website, or  
12                  through another comparable, readily accessible means.

13                  “(c) *UPDATE OF REGISTRATION.*—

14                  “(1) *UPDATE.*—Each registered proxy advisory  
15                  firm shall promptly amend and update its applica-  
16                  tion for registration under this section if any infor-  
17                  mation or document provided therein becomes materi-  
18                  ally inaccurate, except that a registered proxy advi-  
19                  sory firm is not required to amend the information  
20                  required to be filed under subsection (b)(1)(B)(i) by  
21                  filing information under this paragraph, but shall  
22                  amend such information in the annual submission of  
23                  the organization under paragraph (2) of this sub-  
24                  section.

1           “(2) *CERTIFICATION.*—*Not later than 90 cal-*  
2           *endar days after the end of each calendar year, each*  
3           *registered proxy advisory firm shall file with the*  
4           *Commission an amendment to its registration, in*  
5           *such form as the Commission, by rule, may prescribe*  
6           *as necessary or appropriate in the public interest or*  
7           *for the protection of investors—*

8                   “(A) *certifying that the information and*  
9                   *documents in the application for registration of*  
10                  *such registered proxy advisory firm continue to*  
11                  *be accurate in all material respects; and*

12                   “(B) *listing any material change that oc-*  
13                  *curred to such information or documents during*  
14                  *the previous calendar year.*

15           “(d) *CENSURE, DENIAL, OR SUSPENSION OF REG-*  
16           *ISTRATION; NOTICE AND HEARING.*—*The Commission, by*  
17           *order, shall censure, place limitations on the activities,*  
18           *functions, or operations of, suspend for a period not exceed-*  
19           *ing 12 months, or revoke the registration of any registered*  
20           *proxy advisory firm if the Commission finds, on the record*  
21           *after notice and opportunity for hearing, that such censure,*  
22           *placing of limitations, suspension, or revocation is nec-*  
23           *essary for the protection of investors and in the public inter-*  
24           *est and that such registered proxy advisory firm, or any*

1 *person associated with such an organization, whether prior*  
2 *to or subsequent to becoming so associated—*

3           “(1) *has committed or omitted any act, or is*  
4 *subject to an order or finding, enumerated in sub-*  
5 *paragraph (A), (D), (E), (H), or (G) of section*  
6 *15(b)(4), has been convicted of any offense specified in*  
7 *section 15(b)(4)(B), or is enjoined from any action,*  
8 *conduct, or practice specified in subparagraph (C) of*  
9 *section 15(b)(4), during the 10-year period preceding*  
10 *the date of commencement of the proceedings under*  
11 *this subsection, or at any time thereafter;*

12           “(2) *has been convicted during the 10-year pe-*  
13 *riod preceding the date on which an application for*  
14 *registration is filed with the Commission under this*  
15 *section, or at any time thereafter, of—*

16           “(A) *any crime that is punishable by im-*  
17 *prisonment for one or more years, and that is*  
18 *not described in section 15(b)(4)(B); or*

19           “(B) *a substantially equivalent crime by a*  
20 *foreign court of competent jurisdiction;*

21           “(3) *is subject to any order of the Commission*  
22 *barring or suspending the right of the person to be as-*  
23 *sociated with a registered proxy advisory firm;*

24           “(4) *fails to furnish the certifications required*  
25 *under subsections (b)(2)(C)(i)(I) and (c)(2);*

1           “(5) *has engaged in one or more prohibited acts*  
2           *enumerated in paragraph (1); or*

3           “(6) *fails to maintain adequate financial and*  
4           *managerial resources to consistently offer advisory*  
5           *services with integrity, including by failing to comply*  
6           *with subsections (f) or (g).*

7           “(e) *TERMINATION OF REGISTRATION.—*

8           “(1) *VOLUNTARY WITHDRAWAL.—A registered*  
9           *proxy advisory firm may, upon such terms and con-*  
10           *ditions as the Commission may establish as necessary*  
11           *in the public interest or for the protection of investors,*  
12           *which terms and conditions shall include at a min-*  
13           *imum that the registered proxy advisory firm will no*  
14           *longer conduct such activities as to bring it within*  
15           *the definition of proxy advisory firm in section*  
16           *3(a)(83) of the Securities Exchange Act of 1934, with-*  
17           *draw from registration by filing a written notice of*  
18           *withdrawal to the Commission.*

19           “(2) *COMMISSION AUTHORITY.—In addition to*  
20           *any other authority of the Commission under this*  
21           *title, if the Commission finds that a registered proxy*  
22           *advisory firm is no longer in existence or has ceased*  
23           *to do business as a proxy advisory firm, the Commis-*  
24           *sion, by order, shall cancel the registration under this*  
25           *section of such registered proxy advisory firm.*



1       “(f) *MANAGEMENT OF CONFLICTS OF INTEREST.*—

2               “(1) *ORGANIZATION POLICIES AND PROCE-*  
3       *DURES.*—*Each registered proxy advisory firm shall*  
4       *establish, maintain, and enforce written policies and*  
5       *procedures reasonably designed, taking into consider-*  
6       *ation the nature of the business of such registered*  
7       *proxy advisory firm and associated persons, to ad-*  
8       *dress and manage any conflicts of interest that can*  
9       *arise from such business.*

10              “(2) *COMMISSION AUTHORITY.*—*The Commission*  
11       *shall issue final rules to prohibit, or require the man-*  
12       *agement and disclosure of, any conflicts of interest re-*  
13       *lating to the offering of proxy advisory services by a*  
14       *registered proxy advisory firm, including, without*  
15       *limitation, conflicts of interest relating to—*

16                      “(A) *the manner in which a registered*  
17                      *proxy advisory firm is compensated by the cli-*  
18                      *ent, or any affiliate of the client, for providing*  
19                      *proxy advisory services;*

20                      “(B) *the provision of consulting, advisory,*  
21                      *or other services by a registered proxy advisory*  
22                      *firm, or any person associated with such reg-*  
23                      *istered proxy advisory firm, to the client;*

24                      “(C) *business relationships, ownership in-*  
25                      *terests, or any other financial or personal inter-*

1           *ests between a registered proxy advisory firm, or*  
2           *any person associated with such registered proxy*  
3           *advisory firm, and any client, or any affiliate of*  
4           *such client;*

5           “(D) *transparency around the formulation*  
6           *of proxy voting policies;*

7           “(E) *the execution of proxy votes if such*  
8           *votes are based upon recommendations made by*  
9           *the proxy advisory firm in which someone other*  
10          *than the issuer is a proponent;*

11          “(F) *issuing recommendations where proxy*  
12          *advisory firms provide advisory services to a*  
13          *company; and*

14          “(G) *any other potential conflict of interest,*  
15          *as the Commission deems necessary or appro-*  
16          *priate in the public interest or for the protection*  
17          *of investors.*

18          “(g) *RELIABILITY OF PROXY ADVISORY FIRM SERV-*  
19          *ICES.—*

20                 “(1) *IN GENERAL.—Each registered proxy advi-*  
21                 *sory firm shall have staff sufficient to produce proxy*  
22                 *voting recommendations that are based on accurate*  
23                 *and current information. Each registered proxy advi-*  
24                 *sory firm shall detail procedures sufficient to permit*  
25                 *companies receiving proxy advisory firm rec-*

1        *ommendations access in a reasonable time to the draft*  
2        *recommendations, with an opportunity to provide*  
3        *meaningful comment thereon, including the oppor-*  
4        *tunity to present details to the person responsible for*  
5        *developing the recommendation in person or tele-*  
6        *phonically. Each registered proxy advisory firm shall*  
7        *employ an ombudsman to receive complaints about*  
8        *the accuracy of voting information used in making*  
9        *recommendations from the subjects of the proxy advi-*  
10       *sory firm’s voting recommendations, and shall resolve*  
11       *those complaints in a timely fashion and in any*  
12       *event prior to voting on the matter to which the rec-*  
13       *ommendation relates.*

14                *“(2) DRAFT RECOMMENDATIONS DEFINED.—For*  
15        *purposes of this subsection, the term ‘draft rec-*  
16        *ommendations’—*

17                        *“(A) means the overall conclusions of proxy*  
18        *voting recommendations prepared for the clients*  
19        *of a proxy advisory firm, including any public*  
20        *data cited therein, any company information or*  
21        *substantive analysis impacting the recommenda-*  
22        *tion, and the specific voting recommendations on*  
23        *individual proxy ballot issues; and*

24                        *“(B) does not include the entirety of the*  
25        *proxy advisory firm’s final report to its clients.*

1       “(h) *DESIGNATION OF COMPLIANCE OFFICER.*—Each  
2 registered proxy advisory firm shall designate an indi-  
3 vidual responsible for administering the policies and proce-  
4 dures that are required to be established pursuant to sub-  
5 sections (f) and (g), and for ensuring compliance with the  
6 securities laws and the rules and regulations thereunder,  
7 including those promulgated by the Commission pursuant  
8 to this section.

9       “(i) *PROHIBITED CONDUCT.*—

10           “(1) *PROHIBITED ACTS AND PRACTICES.*—The  
11 Commission shall issue final rules to prohibit any act  
12 or practice relating to the offering of proxy advisory  
13 services by a registered proxy advisory firm that the  
14 Commission determines to be unfair or coercive, in-  
15 cluding any act or practice relating to—

16                   “(A) conditioning a voting recommendation  
17 or other proxy advisory firm recommendation on  
18 the purchase by an issuer or an affiliate thereof  
19 of other services or products, of the registered  
20 proxy advisory firm or any person associated  
21 with such registered proxy advisory firm; and

22                   “(B) modifying a voting recommendation or  
23 otherwise departing from its adopted systematic  
24 procedures and methodologies in the provision of  
25 proxy advisory services, based on whether an

1           *issuer, or affiliate thereof, subscribes or will sub-*  
2           *scribe to other services or product of the reg-*  
3           *istered proxy advisory firm or any person asso-*  
4           *ciated with such organization.*

5           “(2) *RULE OF CONSTRUCTION.*—*Nothing in*  
6           *paragraph (1), or in any rules or regulations adopted*  
7           *thereunder, may be construed to modify, impair, or*  
8           *supersede the operation of any of the antitrust laws*  
9           *(as defined in the first section of the Clayton Act, ex-*  
10          *cept that such term includes section 5 of the Federal*  
11          *Trade Commission Act, to the extent that such section*  
12          *5 applies to unfair methods of competition).*

13          “(j) *STATEMENTS OF FINANCIAL CONDITION.*—*Each*  
14          *registered proxy advisory firm shall, on a confidential*  
15          *basis, file with the Commission, at intervals determined by*  
16          *the Commission, such financial statements, certified (if re-*  
17          *quired by the rules or regulations of the Commission) by*  
18          *an independent public auditor, and information concerning*  
19          *its financial condition, as the Commission, by rule, may*  
20          *prescribe as necessary or appropriate in the public interest*  
21          *or for the protection of investors.*

22          “(k) *ANNUAL REPORT.*—*Each registered proxy advi-*  
23          *sory firm shall, at the beginning of each fiscal year of such*  
24          *firm, report to the Commission on the number of share-*  
25          *holder proposals its staff reviewed in the prior fiscal year,*

1 *the number of recommendations made in the prior fiscal*  
2 *year, the number of staff who reviewed and made rec-*  
3 *ommendations on such proposals in the prior fiscal year,*  
4 *and the number of recommendations made in the prior fis-*  
5 *cal year where the proponent of such recommendation was*  
6 *a client of or received services from the proxy advisory firm.*

7       “(l) *TRANSPARENT POLICIES.—Each registered proxy*  
8 *advisory firm shall file with the Commission and make*  
9 *publicly available its methodology for the formulation of*  
10 *proxy voting policies and voting recommendations.*

11       “(m) *RULES OF CONSTRUCTION.—*

12               “(1) *NO WAIVER OF RIGHTS, PRIVILEGES, OR DE-*  
13 *FENSES.—Registration under and compliance with*  
14 *this section does not constitute a waiver of, or other-*  
15 *wise diminish, any right, privilege, or defense that a*  
16 *registered proxy advisory firm may otherwise have*  
17 *under any provision of State or Federal law, includ-*  
18 *ing any rule, regulation, or order thereunder.*

19               “(2) *NO PRIVATE RIGHT OF ACTION.—Nothing in*  
20 *this section may be construed as creating any private*  
21 *right of action, and no report filed by a registered*  
22 *proxy advisory firm in accordance with this section*  
23 *or section 17 shall create a private right of action*  
24 *under section 18 or any other provision of law.*

25       “(n) *REGULATIONS.—*

1           “(1) *NEW PROVISIONS.*—Such rules and regula-  
2           tions as are required by this section or are otherwise  
3           necessary to carry out this section, including the ap-  
4           plication form required under subsection (a)—

5                   “(A) shall be issued by the Commission, not  
6                   later than 180 days after the date of enactment  
7                   of this section; and

8                   “(B) shall become effective not later than 1  
9                   year after the date of enactment of this section.

10           “(2) *REVIEW OF EXISTING REGULATIONS.*—Not  
11           later than 270 days after the date of enactment of this  
12           section, the Commission shall—

13                   “(A) review its existing rules and regula-  
14                   tions which affect the operations of proxy advi-  
15                   sory firms;

16                   “(B) amend or revise such rules and regula-  
17                   tions in accordance with the purposes of this sec-  
18                   tion, and issue such guidance, as the Commis-  
19                   sion may prescribe as necessary or appropriate  
20                   in the public interest or for the protection of in-  
21                   vestors; and

22                   “(C) direct Commission staff to withdraw  
23                   the Egan Jones Proxy Services (May 27, 2004)  
24                   and Institutional Shareholder Services, Inc.  
25                   (September 15, 2004) no-action letters.

1       “(o) *APPLICABILITY.*—*This section, other than sub-*  
2 *section (n), which shall apply on the date of enactment of*  
3 *this section, shall apply on the earlier of—*

4               “(1) *the date on which regulations are issued in*  
5 *final form under subsection (n)(1); or*

6               “(2) *270 days after the date of enactment of this*  
7 *section.*”.

8       “(b) *CONFORMING AMENDMENT.*—*Section 17(a)(1) of*  
9 *the Securities Exchange Act of 1934 (15 U.S.C. 78q(a)(1))*  
10 *is amended by inserting “proxy advisory firm,” after “na-*  
11 *tionally recognized statistical rating organization.”.*

12 **SEC. 1083. COMMISSION ANNUAL REPORT.**

13       *The Commission shall make an annual report publicly*  
14 *available on the Commission’s Internet website. Such report*  
15 *shall, with respect to the year to which the report relates—*

16               (1) *identify applicants for registration under*  
17 *section 15H of the Securities Exchange Act of 1934,*  
18 *as added by this subtitle;*

19               (2) *specify the number of and actions taken on*  
20 *such applications;*

21               (3) *specify the views of the Commission on the*  
22 *state of competition, transparency, policies and meth-*  
23 *odologies, and conflicts of interest among proxy advi-*  
24 *sory firms;*



1           (4) include the determination of the Commission  
2 with regard to—

3           (A) the quality of proxy advisory services  
4 issued by proxy advisory firms;

5           (B) the financial markets;

6           (C) competition among proxy advisory  
7 firms;

8           (D) the incidence of undisclosed conflicts of  
9 interest by proxy advisory firms;

10          (E) the process for registering as a proxy  
11 advisory firm; and

12          (F) such other matters relevant to the im-  
13 plementation of this subtitle and the amend-  
14 ments made by this subtitle, as the Commission  
15 determines necessary to bring to the attention of  
16 the Congress;

17          (5) identify problems, if any, that have resulted  
18 from the implementation of this subtitle and the  
19 amendments made by this subtitle; and

20          (6) recommend solutions, including any legisla-  
21 tive or regulatory solutions, to any problems identi-  
22 fied under paragraphs (4) and (5).

## 23           **Subtitle R—Senior Safe**

### 24   **SEC. 1091. IMMUNITY.**

25          (a) *DEFINITIONS.*—In this subtitle—

1           (1) *the term “Bank Secrecy Act Officer” means*  
2 *an individual responsible for ensuring compliance*  
3 *with the requirements mandated by subchapter II of*  
4 *chapter 53 of title 31, United States Code;*

5           (2) *the term “broker-dealer” means a broker or*  
6 *dealer, as those terms are defined, respectively, in sec-*  
7 *tion 3(a) of the Securities Exchange Act of 1934 (15*  
8 *U.S.C. 78c(a));*

9           (3) *the term “covered agency” means—*

10           (A) *a State financial regulatory agency, in-*  
11 *cluding a State securities or law enforcement au-*  
12 *thority and a State insurance regulator;*

13           (B) *each of the Federal financial institu-*  
14 *tions regulatory agencies;*

15           (C) *the Securities and Exchange Commis-*  
16 *sion;*

17           (D) *a law enforcement agency;*

18           (E) *and State or local agency responsible*  
19 *for administering adult protective service laws;*  
20 *and*

21           (F) *a State attorney general.*

22           (4) *the term “covered financial institution”*  
23 *means—*

24           (A) *a credit union;*

25           (B) *a depository institution;*

1                   (C) an investment advisor;

2                   (D) a broker-dealer;

3                   (E) an insurance company; and

4                   (F) a State attorney general.

5                   (5) the term “credit union” means a Federal  
6                   credit union, State credit union, or State-chartered  
7                   credit union, as those terms are defined in section 101  
8                   of the Federal Credit Union Act (12 U.S.C. 1752);

9                   (6) the term “depository institution” has the  
10                  meaning given the term in section 3(c) of the Federal  
11                  Deposit Insurance Act (12 U.S.C. 1813(c));

12                  (7) the term “exploitation” means the fraudulent  
13                  or otherwise illegal, unauthorized, or improper act or  
14                  process of an individual, including a caregiver or fi-  
15                  diciary, that—

16                         (A) uses the resources of a senior citizen for  
17                         monetary personal benefit, profit, or gain; or

18                         (B) results in depriving a senior citizen of  
19                         rightful access to or use of benefits, resources, be-  
20                         longings or assets;

21                   (8) the term “Federal financial institutions reg-  
22                   ulatory agencies” has the meaning given the term in  
23                   section 1003 of the Federal Financial Institutions Ex-  
24                   amination Council Act of 1978 (12 U.S.C. 3302);

1           (9) *the term “investment adviser” has the mean-*  
2 *ing given the term in section 202 of the Investment*  
3 *Advisers Act of 1940 (15 U.S.C. 80b–2);*

4           (10) *the term “insurance company” has the*  
5 *meaning given the term in section 2(a) of the Invest-*  
6 *ment Company Act of 1940 (15 U.S.C. 80a–2(a));*

7           (11) *the term “registered representative” means*  
8 *an individual who represents a broker-dealer in effect-*  
9 *ing or attempting to affect a purchase or sale of secu-*  
10 *rities;*

11           (12) *the term “senior citizen” means an indi-*  
12 *vidual who is not less than 65 years of age;*

13           (13) *the term “State insurance regulator” has*  
14 *the meaning given such term in section 315 of the*  
15 *Gramm-Leach-Bliley Act (15 U.S.C. 6735); and*

16           (14) *the term “State securities or law enforce-*  
17 *ment authority” has the meaning given the term in*  
18 *section 24(f)(4) of the Securities Exchange Act of*  
19 *1934 (15 U.S.C. 78x(f)(4)).*

20       (b) *IMMUNITY FROM SUIT.—*

21           (1) *IMMUNITY FOR INDIVIDUALS.—An individual*  
22 *who has received the training described in section*  
23 *1092 shall not be liable, including in any civil or ad-*  
24 *ministrative proceeding, for disclosing the possible ex-*

1 *exploitation of a senior citizen to a covered agency if*  
2 *the individual, at the time of the disclosure—*

3 *(A) served as a supervisor, compliance offi-*  
4 *cer (including a Bank Secrecy Act Officer), or*  
5 *registered representative for a covered financial*  
6 *institution; and*

7 *(B) made the disclosure with reasonable*  
8 *care including reasonable efforts to avoid disclo-*  
9 *sure other than to a covered agency.*

10 *(2) IMMUNITY FOR COVERED FINANCIAL INSTITU-*  
11 *TIONS.—A covered financial institution shall not be*  
12 *liable, including in any civil or administrative pro-*  
13 *ceeding, for a disclosure made by an individual de-*  
14 *scribed in paragraph (1) if—*

15 *(A) the individual was employed by, or, in*  
16 *the case of a registered representative, affiliated*  
17 *or associated with, the covered financial institu-*  
18 *tion at the time of the disclosure; and*

19 *(B) before the time of the disclosure, the cov-*  
20 *ered financial institution provided the training*  
21 *described in section 1092 to each individual de-*  
22 *scribed in section 1092(a).*

23 **SEC. 1092. TRAINING REQUIRED.**

24 *(a) IN GENERAL.—A covered financial institution*  
25 *may provide training described in subsection (b)(1) to each*

1 *officer or employee of, or registered representative affiliated*  
2 *or associated with, the covered financial institution who—*

3 *(1) is described in section 1091(b)(1)(A);*

4 *(2) may come into contact with a senior citizen*  
5 *as a regular part of the duties of the officer, employee,*  
6 *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 this*  
13 *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 *tomers of a covered financial institution; and*

20 *(C) be appropriate to the job responsibilities*  
21 *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 represent-*

1        *ative begins employment with or becomes affiliated or*  
2        *associated with the covered financial institution.*

3            (3) *BANK SECRECY ACT OFFICER.*—*An indi-*  
4        *vidual who is designated as a compliance officer*  
5        *under an anti-money laundering program established*  
6        *pursuant to section 5318(h) of title 31, United States*  
7        *Code, shall be deemed to have received the training*  
8        *described under this subsection.*

9        **SEC. 1093. RELATIONSHIP TO STATE LAW.**

10        *Nothing in this Act shall be construed to preempt or*  
11        *limit any provision of State law, except only to the extent*  
12        *that section 1091 provides a greater level of protection*  
13        *against liability to an individual described in section*  
14        *1091(b)(1) or to a covered financial institution described*  
15        *in section 1091(b)(2) than is provided under State law.*

16            ***Subtitle S—National Securities***  
17            ***Exchange Regulatory Parity***

18        **SEC. 1096. APPLICATION OF EXEMPTION.**

19        *Section 18(b)(1) of the Securities Act of 1933 (15*  
20        *U.S.C. 77r(b)(1)), as amended by section 1056(b) of this*  
21        *Act, is further amended—*

22            (1) *by striking subparagraph (A);*

23            (2) *in subparagraph (B), by striking “that the*  
24        *Commission determines by rule (on its own initiative*  
25        *or on the basis of a petition) are substantially similar*

1 to the listing standards applicable to securities de-  
2 scribed in subparagraph (A)” and inserting “that  
3 have been approved by the Commission”;

4 (3) in subparagraph (C), by striking “or (B)”;  
5 and

6 (4) by redesignating subparagraphs (B), (C),  
7 and (D) as subparagraphs (A), (B), and (C), respec-  
8 tively.

9 **TITLE XI—REGULATORY RELIEF**  
10 **FOR MAIN STREET AND COM-**  
11 **MUNITY FINANCIAL INSTITU-**  
12 **TIONS**

13 **Subtitle A—Preserving Access to**  
14 **Manufactured Housing**

15 **SEC. 1101. MORTGAGE ORIGINATOR DEFINITION.**

16 Section 103 of the Truth in Lending Act (15 U.S.C.  
17 1602) is amended—

18 (1) by redesignating the second subsection (cc)  
19 and subsection (dd) as subsections (dd) and (ee), re-  
20 spectively; and

21 (2) in paragraph (2)(C) of subsection (dd), as so  
22 redesignated, by striking “an employee of a retailer of  
23 manufactured homes who is not described in clause  
24 (i) or (iii) of subparagraph (A) and who does not ad-  
25 vise a consumer on loan terms (including rates, fees,



1       *and other costs)*” and inserting “*a retailer of manu-*  
2       *factured or modular homes or its employees unless*  
3       *such retailer or its employees receive compensation or*  
4       *gain for engaging in activities described in subpara-*  
5       *graph (A) that is in excess of any compensation or*  
6       *gain received in a comparable cash transaction*”.

7       **SEC. 1102. HIGH-COST MORTGAGE DEFINITION.**

8       *Section 103 of the Truth in Lending Act (15 U.S.C.*  
9       *1602), as amended by section 1101, is further amended—*

10               *(1) by redesignating subsection (aa) (relating to*  
11               *disclosure of greater amount or percentage), as so des-*  
12               *ignated by section 1100A of the Consumer Financial*  
13               *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 subsection*  
18               *to immediately follow subsection (z); and*

19               *(3) in subsection (aa)(1)(A), as so redesign-*  
20               *ated—*

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 trans-*

1           *action that does not include the purchase of real*  
2           *property on which a dwelling is to be placed,*  
3           *and the transaction is for less than \$75,000 (as*  
4           *such amount is adjusted by the Consumer Fi-*  
5           *nancial Opportunity Commission to reflect the*  
6           *change in the Consumer Price Index))”;* and

7                   *(B) in clause (ii)—*

8                           *(i) in subclause (I), by striking “or” at*  
9                   *the end; and*

10                           *(ii) by adding at the end the following:*

11                                   *“(III) in the case of a transaction*  
12                                   *for less than \$75,000 (as such amount*  
13                                   *is adjusted by the Consumer Financial*  
14                                   *Opportunity Commission to reflect the*  
15                                   *change in the Consumer Price Index)*  
16                                   *in which the dwelling is personal prop-*  
17                                   *erty (or is a consumer credit trans-*  
18                                   *action that does not include the pur-*  
19                                   *chase of real property on which a*  
20                                   *dwelling is to be placed) the greater of*  
21                                   *5 percent of the total transaction*  
22                                   *amount or \$3,000 (as such amount is*  
23                                   *adjusted by the Consumer Financial*  
24                                   *Opportunity Commission to reflect the*

1                    *change in the Consumer Price Index);*  
2                    *or”.*

### 3                    ***Subtitle B—Mortgage Choice***

#### 4                    ***SEC. 1106. DEFINITION OF POINTS AND FEES.***

5                    *(a) AMENDMENT TO SECTION 103 OF TILA.—Para-*  
6 *graph (4) of section 103(aa) of the Truth in Lending Act,*  
7 *as redesignated by section 1102, is amended—*

8                    *(1) by striking “paragraph (1)(B)” and insert-*  
9 *ing “paragraph (1)(A) and section 129C”;*

10                    *(2) in subparagraph (C)—*

11                    *(A) by inserting “and insurance” after*  
12 *“taxes”;*

13                    *(B) in clause (ii), by inserting “, except as*  
14 *retained by a creditor or its affiliate as a result*  
15 *of their participation in an affiliated business*  
16 *arrangement (as defined in section 3(7) of the*  
17 *Real Estate Settlement Procedures Act of 1974*  
18 *(12 U.S.C. 2602(7))” after “compensation”; and*

19                    *(C) by striking clause (iii) and inserting*  
20 *the following:*

21                    *“(iii) the charge is—*

22                    *“(I) a bona fide third-party charge not*  
23 *retained by the mortgage originator, cred-*  
24 *itor, or an affiliate of the creditor or mort-*  
25 *gage originator; or*

1                   “(II) a charge set forth in section  
 2                   106(e)(1);” and  
 3                   (3) in subparagraph (D)—  
 4                   (A) by striking “accident;” and  
 5                   (B) by striking “or any payments” and in-  
 6                   serting “and any payments”.

7                   (b) AMENDMENT TO SECTION 129C OF TILA.—Section  
 8                   129C of the Truth in Lending Act (15 U.S.C. 1639c) is  
 9                   amended—

10                   (1) in subsection (a)(5)(C), by striking “103”  
 11                   and all that follows through “or mortgage originator”  
 12                   and inserting “103(aa)(4);” and

13                   (2) in subsection (b)(2)(C)(i), by striking “103”  
 14                   and all that follows through “or mortgage origi-  
 15                   nator)” and inserting “103(aa)(4)”.

16                   **Subtitle C—Financial Institution**  
 17                   **Customer Protection**

18                   **SEC. 1111. REQUIREMENTS FOR DEPOSIT ACCOUNT TERMI-**  
 19                   **NATION REQUESTS AND ORDERS.**

20                   (a) **TERMINATION REQUESTS OR ORDERS MUST BE**  
 21                   **MATERIAL.**—

22                   (1) **IN GENERAL.**—An appropriate Federal bank-  
 23                   ing agency may not formally or informally request or  
 24                   order a depository institution to terminate a specific  
 25                   customer account or group of customer accounts or to

1 *otherwise restrict or discourage a depository institu-*  
2 *tion from entering into or maintaining a banking re-*  
3 *lationship with a specific customer or group of cus-*  
4 *tomers unless—*

5 *(A) the agency has a material reason for*  
6 *such request or order; and*

7 *(B) such reason is not based solely on rep-*  
8 *utation risk.*

9 *(2) TREATMENT OF NATIONAL SECURITY*  
10 *THREATS.—If an appropriate Federal banking agen-*  
11 *cy believes a specific customer or group of customers*  
12 *is, or is acting as a conduit for, an entity which—*

13 *(A) poses a threat to national security;*

14 *(B) is involved in terrorist financing;*

15 *(C) is an agency of the government of Iran,*  
16 *North Korea, Syria, or any country listed from*  
17 *time to time on the State Sponsors of Terrorism*  
18 *list;*

19 *(D) is located in, or is subject to the juris-*  
20 *isdiction of, any country specified in subpara-*  
21 *graph (C); or*

22 *(E) does business with any entity described*  
23 *in subparagraph (C) or (D), unless the appro-*  
24 *priate Federal banking agency determines that*  
25 *the customer or group of customers has used due*

1           *diligence to avoid doing business with any entity*  
2           *described in subparagraph (C) or (D),*  
3           *such belief shall satisfy the requirement under para-*  
4           *graph (1).*

5           ***(b) NOTICE REQUIREMENT.—***

6           ***(1) IN GENERAL.—****If an appropriate Federal*  
7           *banking agency formally or informally requests or or-*  
8           *ders a depository institution to terminate a specific*  
9           *customer account or a group of customer accounts, the*  
10           *agency shall—*

11                   ***(A) provide such request or order to the in-***  
12                   ***stitution in writing; and***

13                   ***(B) accompany such request or order with***  
14                   ***a written justification for why such termination***  
15                   ***is needed, including any specific laws or regula-***  
16                   ***tions the agency believes are being violated by***  
17                   ***the customer or group of customers, if any.***

18           ***(2) JUSTIFICATION REQUIREMENT.—****A justifica-*  
19           *tion described under paragraph (1)(B) may not be*  
20           *based solely on the reputation risk to the depository*  
21           *institution.*

22           ***(c) CUSTOMER NOTICE.—***

23           ***(1) NOTICE REQUIRED.—****Except as provided*  
24           *under paragraph (2), if an appropriate Federal bank-*  
25           *ing agency orders a depository institution to termi-*

1        *nate a specific customer account or a group of cus-*  
2        *tomers accounts, the depository institution shall in-*  
3        *form the customer or customers of the justification for*  
4        *the customer's account termination described under*  
5        *subsection (b).*

6                *(2) NOTICE PROHIBITED IN CASES OF NATIONAL*  
7        *SECURITY.—If an appropriate Federal banking agen-*  
8        *cy requests or orders a depository institution to ter-*  
9        *minate a specific customer account or a group of cus-*  
10        *tomers accounts based on a belief that the customer or*  
11        *customers pose a threat to national security, or are*  
12        *otherwise described under subsection (a)(2), neither*  
13        *the depository institution nor the appropriate Federal*  
14        *banking agency may inform the customer or cus-*  
15        *tomers of the justification for the customer's account*  
16        *termination.*

17                *(d) REPORTING REQUIREMENT.—Each appropriate*  
18        *Federal banking agency shall issue an annual report to the*  
19        *Congress stating—*

20                *(1) the aggregate number of specific customer ac-*  
21        *counts that the agency requested or ordered a deposi-*  
22        *tory institution to terminate during the previous*  
23        *year; and*

24                *(2) the legal authority on which the agency re-*  
25        *lied in making such requests and orders and the fre-*

1        *quency on which the agency relied on each such au-*  
2        *thority.*

3        *(e) DEFINITIONS.—For purposes of this section:*

4                *(1) APPROPRIATE FEDERAL BANKING AGENCY.—*  
5        *The term “appropriate Federal banking agency”*  
6        *means—*

7                *(A) the appropriate Federal banking agen-*  
8        *cy, as defined under section 3 of the Federal De-*  
9        *posit Insurance Act (12 U.S.C. 1813); and*

10                *(B) the National Credit Union Administra-*  
11        *tion, in the case of an insured credit union.*

12                *(2) DEPOSITORY INSTITUTION.—The term “de-*  
13        *pository institution” means—*

14                *(A) a depository institution, as defined*  
15        *under section 3 of the Federal Deposit Insurance*  
16        *Act (12 U.S.C. 1813); and*

17                *(B) an insured credit union.*

18        **SEC. 1112. AMENDMENTS TO THE FINANCIAL INSTITUTIONS**  
19                **REFORM, RECOVERY, AND ENFORCEMENT**  
20                **ACT OF 1989.**

21        *Section 951 of the Financial Institutions Reform, Re-*  
22        *covery, and Enforcement Act of 1989 (12 U.S.C. 1833a) is*  
23        *amended—*

24                *(1) in subsection (c)(2), by striking “affecting a*  
25        *federally insured financial institution” and inserting*



1       *“against a federally insured financial institution or*  
2       *by a federally insured financial institution against*  
3       *an unaffiliated third person”*; and

4             (2) *in subsection (g)—*

5                 (A) *in the heading, by striking “SUB-*  
6                 *POENAS” and inserting “INVESTIGATIONS”*; and

7                 (B) *by amending paragraph (1)(C) to read*  
8                 *as follows:*

9                     *“(C) summon witnesses and require the pro-*  
10                    *duction of any books, papers, correspondence,*  
11                    *memoranda, or other records which the Attorney*  
12                    *General deems relevant or material to the in-*  
13                    *quiry, if the Attorney General—*

14                         *“(i) requests a court order from a court*  
15                         *of competent jurisdiction for such actions*  
16                         *and offers specific and articulable facts*  
17                         *showing that there are reasonable grounds*  
18                         *to believe that the information or testimony*  
19                         *sought is relevant and material for con-*  
20                         *ducting an investigation under this section;*  
21                         *or*

22                         *“(ii) either personally or through dele-*  
23                         *gation no lower than the Deputy Attorney*  
24                         *General, issues and signs a subpoena for*  
25                         *such actions and such subpoena is sup-*

1           ported by specific and articulable facts  
2           showing that there are reasonable grounds  
3           to believe that the information or testimony  
4           sought is relevant for conducting an inves-  
5           tigation under this section.”.

6           **Subtitle D—Portfolio Lending and**  
7           **Mortgage Access**

8           **SEC. 1116. SAFE HARBOR FOR CERTAIN LOANS HELD ON**  
9           **PORTFOLIO.**

10           (a) *IN GENERAL.*—Section 129C of the Truth in Lend-  
11           ing Act (15 U.S.C. 1639c) is amended by adding at the  
12           end the following:

13           “(j) *SAFE HARBOR FOR CERTAIN LOANS HELD ON*  
14           *PORTFOLIO.*—

15           “(1) *SAFE HARBOR FOR CREDITORS THAT ARE*  
16           *DEPOSITORY INSTITUTIONS.*—

17           “(A) *IN GENERAL.*—A creditor that is a de-  
18           pository institution shall not be subject to suit  
19           for failure to comply with subsection (a), (c)(1),  
20           or (f)(2) of this section or section 129H with re-  
21           spect to a residential mortgage loan, and the  
22           banking regulators shall treat such loan as a  
23           qualified mortgage, if—

1           “(i) the creditor has, since the origina-  
2           tion of the loan, held the loan on the bal-  
3           ance sheet of the creditor; and

4           “(ii) all prepayment penalties with re-  
5           spect to the loan comply with the limita-  
6           tions described under subsection (c)(3).

7           “(B) *EXCEPTION FOR CERTAIN TRANS-*  
8           *FERS.—In the case of a depository institution*  
9           *that transfers a loan originated by that institu-*  
10           *tion to another depository institution by reason*  
11           *of the bankruptcy or failure of the originating*  
12           *depository institution or the purchase of the*  
13           *originating depository institution, the depository*  
14           *institution transferring such loan shall be*  
15           *deemed to have complied with the requirement*  
16           *under subparagraph (A)(i).*

17           “(2) *SAFE HARBOR FOR MORTGAGE ORIGINA-*  
18           *TORS.—A mortgage originator shall not be subject to*  
19           *suit for a violation of section 129B(c)(3)(B) for steer-*  
20           *ing a consumer to a residential mortgage loan if—*

21           “(A) the creditor of such loan is a deposi-  
22           tory institution and has informed the mortgage  
23           originator that the creditor intends to hold the  
24           loan on the balance sheet of the creditor for the  
25           life of the loan; and

1           “(B) *the mortgage originator informs the*  
2           *consumer that the creditor intends to hold the*  
3           *loan on the balance sheet of the creditor for the*  
4           *life of the loan.*

5           “(3) *DEFINITIONS.—For purposes of this sub-*  
6           *section:*

7           “(A) *BANKING REGULATORS.—The term*  
8           *‘banking regulators’ means the Federal banking*  
9           *agencies, the Consumer Financial Opportunity*  
10           *Commission, and the National Credit Union Ad-*  
11           *ministration.*

12           “(B) *DEPOSITORY INSTITUTION.—The term*  
13           *‘depository institution’ has the meaning given*  
14           *that term under section 19(b)(1) of the Federal*  
15           *Reserve Act (12 U.S.C. 505(b)(1)).*

16           “(C) *FEDERAL BANKING AGENCIES.—The*  
17           *term ‘Federal banking agencies’ has the meaning*  
18           *given that term under section 3 of the Federal*  
19           *Deposit Insurance Act.”.*

20           “(b) *RULE OF CONSTRUCTION.—Nothing in the amend-*  
21           *ment made by this section may be construed as preventing*  
22           *a balloon loan from qualifying for the safe harbor provided*  
23           *under section 129C(j) of the Truth in Lending Act if the*  
24           *balloon loan otherwise meets all of the requirements under*  
25           *such subsection (j), regardless of whether the balloon loan*

1 *meets the requirements described under clauses (i) through*  
2 *(iv) of section 129C(b)(2)(E) of such Act.*

3       ***Subtitle E—Application of the***  
4       ***Expedited Funds Availability Act***

5       ***SEC. 1121. APPLICATION OF THE EXPEDITED FUNDS AVAIL-***  
6       ***ABILITY ACT.***

7       *(a) IN GENERAL.—The Expedited Funds Availability*  
8 *Act (12 U.S.C. 4001 et seq.) is amended—*

9               *(1) in section 602(20) (12 U.S.C. 4001(20)) by*  
10 *inserting “, located in the United States,” after*  
11 *“ATM”;*

12               *(2) in section 602(21) (12 U.S.C. 4001(21)) by*  
13 *inserting “American Samoa, the Commonwealth of*  
14 *the Northern Mariana Islands,” after “Puerto Rico,”;*

15               *(3) in section 602(23) (12 U.S.C. 4001(23)) by*  
16 *inserting “American Samoa, the Commonwealth of*  
17 *the Northern Mariana Islands,” after “Puerto Rico,”;*  
18 *and*

19               *(4) in section 603(d)(2)(A) (12 U.S.C.*  
20 *4002(d)(2)(A)), by inserting “American Samoa, the*  
21 *Commonwealth of the Northern Mariana Islands,”*  
22 *after “Puerto Rico,”.*

23       *(b) EFFECTIVE DATE.—This section shall take effect*  
24 *on January 1, 2017.*

1     **Subtitle F—Small Bank Holding**  
2             **Company Policy Statement**

3     **SEC. 1126. CHANGES REQUIRED TO SMALL BANK HOLDING**  
4                     **COMPANY POLICY STATEMENT ON ASSESS-**  
5                     **MENT OF FINANCIAL AND MANAGERIAL FAC-**  
6                     **TORS.**

7             (a) *IN GENERAL.*—Before the end of the 6-month pe-  
8     riod beginning on the date of the enactment of this Act,  
9     the Board of Governors of the Federal Reserve System shall  
10    revise the Small Bank Holding Company Policy Statement  
11    on Assessment of Financial and Managerial Factors (12  
12    C.F.R. part 225—appendix C) to raise the consolidated  
13    asset threshold under such policy statement from  
14    \$1,000,000,000 (as adjusted by Public Law 113–250) to  
15    \$5,000,000,000.

16            (b) *CONFORMING AMENDMENT.*—Subparagraph (C) of  
17    section 171(b)(5) of the Dodd-Frank Wall Street Reform  
18    and Consumer Protection Act (12 U.S.C. 5371(b)(5)) is  
19    amended to read as follows:

20                     “(C) any bank holding company or savings  
21                     and loan holding company that is subject to the  
22                     application of the Small Bank Holding Com-  
23                     pany Policy Statement on Assessment of Finan-  
24                     cial and Managerial Factors of the Board of  
25                     Governors (12 C.F.R. part 225—appendix C).”.

1    **Subtitle G—Community Institution**  
2                    **Mortgage Relief**

3    **SEC. 1131. COMMUNITY FINANCIAL INSTITUTION MORT-**  
4                    **GAGE RELIEF.**

5            (a) *EXEMPTION FROM ESCROW REQUIREMENTS FOR*  
6    *LOANS HELD BY SMALLER CREDITORS.*—Section 129D of  
7    *the Truth in Lending Act (15 U.S.C. 1639d) is amended—*

8                    (1) *by adding at the end the following:*

9                    “(k) *SAFE HARBOR FOR LOANS HELD BY SMALLER*  
10    *CREDITORS.*—

11                    “(1) *IN GENERAL.*—A creditor shall not be in  
12    *violation of subsection (a) with respect to a loan if—*

13                            “(A) *the creditor has consolidated assets of*  
14                            *\$10,000,000,000 or less; and*

15                            “(B) *the creditor holds the loan on the bal-*  
16                            *ance sheet of the creditor for the 3-year period*  
17                            *beginning on the date of the origination of the*  
18                            *loan.*

19                    “(2) *EXCEPTION FOR CERTAIN TRANSFERS.*—*In*  
20    *the case of a creditor that transfers a loan to another*  
21    *person by reason of the bankruptcy or failure of the*  
22    *creditor, the purchase of the creditor, or a supervisory*  
23    *act or recommendation from a State or Federal regu-*  
24    *lator, the creditor shall be deemed to have complied*  
25    *with the requirement under paragraph (1)(B).”;* and

1           (2) *by striking the term “Board” each place such*  
 2           *term appears and inserting “Consumer Financial*  
 3           *Opportunity Commission”.*

4           (b) *MODIFICATION TO EXEMPTION FOR SMALL*  
 5           *SERVICERS OF MORTGAGE LOANS.—Section 6 of the Real*  
 6           *Estate Settlement Procedures Act of 1974 (12 U.S.C. 2605)*  
 7           *is amended by adding at the end the following:*

8           “*(n) SMALL SERVICER EXEMPTION.—The Consumer*  
 9           *Financial Opportunity Commission shall, by regulation,*  
 10           *provide exemptions to, or adjustments for, the provisions*  
 11           *of this section for a servicer that annually services 20,000*  
 12           *or fewer mortgage loans, in order to reduce regulatory bur-*  
 13           *dens while appropriately balancing consumer protections.”.*

14           ***Subtitle H—Financial Institutions***  
 15           ***Examination Fairness and Reform***

16           ***SEC. 1136. TIMELINESS OF EXAMINATION REPORTS.***

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

20           ***“SEC. 1012. TIMELINESS OF EXAMINATION REPORTS.***

21           “*(a) IN GENERAL.—*

22                   “*(1) FINAL EXAMINATION REPORT.—A Federal*  
 23           *financial institutions regulatory agency shall provide*  
 24           *a final examination report to a financial institution*  
 25           *not later than 60 days after the later of—*



1           “(A) *the exit interview for an examination*  
2           *of the institution; or*

3           “(B) *the provision of additional informa-*  
4           *tion by the institution relating to the examina-*  
5           *tion.*

6           “(2) *EXIT INTERVIEW.—If a financial institu-*  
7           *tion is not subject to a resident examiner program,*  
8           *the exit interview shall occur not later than the end*  
9           *of the 9-month period beginning on the commence-*  
10          *ment of the examination, except that such period may*  
11          *be extended by the Federal financial institutions regu-*  
12          *latory agency by providing written notice to the insti-*  
13          *tution and the Independent Examination Review Di-*  
14          *rector describing with particularity the reasons that*  
15          *a longer period is needed to complete the examina-*  
16          *tion.*

17          “(b) *EXAMINATION MATERIALS.—Upon the request of*  
18          *a financial institution, the Federal financial institutions*  
19          *regulatory agency shall include with the final report an ap-*  
20          *pendix listing all examination or other factual information*  
21          *relied upon by the agency in support of a material super-*  
22          *visory determination.*

23          **“SEC. 1013. EXAMINATION STANDARDS.**

24          “(a) *IN GENERAL.—In the examination of a financial*  
25          *institution—*

1           “(1) a commercial loan shall not be placed in  
2           non-accrual status solely because the collateral for  
3           such loan has deteriorated in value;

4           “(2) a modified or restructured commercial loan  
5           shall be removed from non-accrual status if the bor-  
6           rower demonstrates the ability to perform on such  
7           loan over a maximum period of 6 months, except that  
8           with respect to loans on a quarterly, semiannual, or  
9           longer repayment schedule such period shall be a  
10          maximum of 3 consecutive repayment periods;

11          “(3) a new appraisal on a performing commer-  
12          cial loan shall not be required unless an advance of  
13          new funds is involved; and

14          “(4) in classifying a commercial loan in which  
15          there has been deterioration in collateral value, the  
16          amount to be classified shall be the portion of the defi-  
17          ciency relating to the decline in collateral value and  
18          repayment capacity of the borrower.

19          “(b) *WELL CAPITALIZED INSTITUTIONS.*—The Federal  
20          financial institutions regulatory agencies may not require  
21          a financial institution that is well capitalized to raise addi-  
22          tional capital in lieu of an action prohibited under sub-  
23          section (a).

24          “(c) *CONSISTENT LOAN CLASSIFICATIONS.*—The Fed-  
25          eral financial institutions regulatory agencies shall develop

1 *and apply identical definitions and reporting requirements*  
2 *for non-accrual loans.*

3 **“SEC. 1014. OFFICE OF INDEPENDENT EXAMINATION RE-**  
4 **VIEW.**

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

8 *“(b) HEAD OF OFFICE.—There is established the posi-*  
9 *tion of the Independent Examination Review Director (the*  
10 *‘Director’), as the head of the Office. The Director shall be*  
11 *appointed by the Council and shall be independent from*  
12 *any member agency of the Council.*

13 *“(c) STAFFING.—The Director is authorized to hire*  
14 *staff to support the activities of the Office.*

15 *“(d) DUTIES.—The Director shall—*

16 *“(1) receive and, at the Director’s discretion, in-*  
17 *vestigate complaints from financial institutions, their*  
18 *representatives, or another entity acting on behalf of*  
19 *such institutions, concerning examinations, examina-*  
20 *tion practices, or examination reports;*

21 *“(2) hold meetings, at least once every three*  
22 *months and in locations designed to encourage par-*  
23 *ticipation from all sections of the United States, with*  
24 *financial institutions, their representatives, or an-*  
25 *other entity acting on behalf of such institutions, to*

1 *discuss examination procedures, examination prac-*  
2 *tices, or examination policies;*

3 *“(3) review examination procedures of the Fed-*  
4 *eral financial institutions regulatory agencies to en-*  
5 *sure that the written examination policies of those*  
6 *agencies are being followed in practice and adhere to*  
7 *the standards for consistency established by the Coun-*  
8 *cil;*

9 *“(4) conduct a continuing and regular review of*  
10 *examination quality assurance for all examination*  
11 *types conducted by the Federal financial institutions*  
12 *regulatory agencies;*

13 *“(5) adjudicate any supervisory appeal initiated*  
14 *under section 1015; and*

15 *“(6) report annually to the Committee on Finan-*  
16 *cial Services of the House of Representatives, the*  
17 *Committee on Banking, Housing, and Urban Affairs*  
18 *of the Senate, and the Council, on the reviews carried*  
19 *out pursuant to paragraphs (3) and (4), including*  
20 *compliance with the requirements set forth in section*  
21 *1012 regarding timeliness of examination reports,*  
22 *and the Council’s recommendations for improvements*  
23 *in examination procedures, practices, and policies.*

1       “(e) *CONFIDENTIALITY.*—*The Director shall keep con-*  
2 *fidential all meetings with, discussions with, and informa-*  
3 *tion provided by financial institutions.*

4       “**SEC. 1015. RIGHT TO INDEPENDENT REVIEW OF MATERIAL**  
5                                   **SUPERVISORY DETERMINATIONS.**

6       “(a) *IN GENERAL.*—*A financial institution shall have*  
7 *the right to obtain an independent review of a material su-*  
8 *pervisory determination contained in a final report of ex-*  
9 *amination.*

10       “(b) *NOTICE.*—

11               “(1) *TIMING.*—*A financial institution seeking re-*  
12 *view of a material supervisory determination under*  
13 *this section shall file a written notice with the Inde-*  
14 *pendent Examination Review Director (the ‘Director’)*  
15 *within 60 days after receiving the final report of ex-*  
16 *amination that is the subject of such review.*

17               “(2) *IDENTIFICATION OF DETERMINATION.*—*The*  
18 *written notice shall identify the material supervisory*  
19 *determination that is the subject of the independent*  
20 *examination review, and a statement of the reasons*  
21 *why the institution believes that the determination is*  
22 *incorrect or should otherwise be modified.*

23               “(3) *INFORMATION TO BE PROVIDED TO INSTITU-*  
24 *TION.*—*Any information relied upon by the agency in*  
25 *the final report that is not in the possession of the fi-*

1        *financial institution may be requested by the financial*  
2        *institution and shall be delivered promptly by the*  
3        *agency to the financial institution.*

4        “(c) *RIGHT TO HEARING.*—

5                “(1) *IN GENERAL.*—*The Director shall determine*  
6        *the merits of the appeal on the record or, at the finan-*  
7        *cial institution’s election, shall refer the appeal to an*  
8        *Administrative Law Judge to conduct a confidential*  
9        *hearing pursuant to the procedures set forth under*  
10        *sections 556 and 557 of title 5, United States Code,*  
11        *which hearing shall take place not later than 60 days*  
12        *after the petition for review was received by the Di-*  
13        *rector, and to issue a proposed decision to the Direc-*  
14        *tor based upon the record established at such hearing.*

15                “(2) *STANDARD OF REVIEW.*—*In rendering a de-*  
16        *termination or recommendation under this subsection,*  
17        *neither the Administrative Law Judge nor the Direc-*  
18        *tor shall defer to the opinions of the examiner or*  
19        *agency, but shall conduct a de novo review to inde-*  
20        *pendently determine the appropriateness of the agen-*  
21        *cy’s decision based upon the relevant statutes, regula-*  
22        *tions, and other appropriate guidance, as well as evi-*  
23        *dence adduced at any hearing.*

24                “(d) *FINAL DECISION.*—*A decision by the Director on*  
25        *an independent review under this section shall—*

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

3           “(2) be deemed final agency action and shall  
4           bind the agency whose supervisory determination was  
5           the subject of the review and the financial institution  
6           requesting the review.

7           “(e) *RIGHT TO JUDICIAL REVIEW.*—A financial insti-  
8           tution shall have the right to petition for review of final  
9           agency action under this section by filing a *Petition for*  
10          *Review* within 60 days of the Director’s decision in the  
11          *United States Court of Appeals for the District of Columbia*  
12          *Circuit or the Circuit in which the financial institution*  
13          *is located.*

14          “(f) *REPORT.*—The Director shall report annually to  
15          the *Committee on Financial Services of the House of Rep-*  
16          *resentatives and the Committee on Banking, Housing, and*  
17          *Urban Affairs of the Senate* on actions taken under this  
18          section, including the types of issues that the Director has  
19          reviewed and the results of those reviews. In no case shall  
20          such a report contain information about individual finan-  
21          cial institutions or any confidential or privileged informa-  
22          tion shared by financial institutions.

23          “(g) *RETALIATION PROHIBITED.*—A Federal financial  
24          institutions regulatory agency may not—

1           “(1) retaliate against a financial institution, in-  
2           cluding service providers, or any institution-affiliated  
3           party (as defined under section 3 of the Federal De-  
4           posit Insurance Act), for exercising appellate rights  
5           under this section; or

6           “(2) delay or deny any agency action that would  
7           benefit a financial institution or any institution-af-  
8           filiated party on the basis that an appeal under this  
9           section is pending under this section.

10          “(h) *RULE OF CONSTRUCTION.*—Nothing in this sec-  
11          tion may be construed—

12                 “(1) to affect the right of a Federal financial in-  
13                 stitutions regulatory agency to take enforcement or  
14                 other supervisory actions related to a material super-  
15                 visory determination under review under this section;  
16                 or

17                 “(2) to prohibit the review under this section of  
18                 a material supervisory determination with respect to  
19                 which there is an ongoing enforcement or other super-  
20                 visory action.”.

21          (b) *ADDITIONAL AMENDMENTS.*—

22                 (1) *RIEGLE COMMUNITY DEVELOPMENT AND*  
23                 *REGULATORY IMPROVEMENT ACT OF 1994.*—Section  
24                 309 of the Riegle Community Development and Regu-



1        *latory Improvement Act of 1994 (12 U.S.C. 4806) is*  
2        *amended—*

3                (A) *in subsection (a), by inserting after*  
4                *“appropriate Federal banking agency” the fol-*  
5                *lowing: “, the Consumer Financial Opportunity*  
6                *Commission,”;*

7                (B) *in subsection (b)—*

8                        (i) *in paragraph (2), by striking “the*  
9                        *appellant from retaliation by agency exam-*  
10                        *iners” and inserting “the insured depository*  
11                        *institution or insured credit union from re-*  
12                        *taliation by the agencies referred to in sub-*  
13                        *section (a)”;* and

14                        (ii) *by adding at the end the following*  
15                        *flush-left text:*

16        *“For purposes of this subsection and subsection (e), retali-*  
17        *ation includes delaying consideration of, or withholding ap-*  
18        *proval of, any request, notice, or application that otherwise*  
19        *would have been approved, but for the exercise of the institu-*  
20        *tion’s or credit union’s rights under this section.”;*

21                (C) *in subsection (e)(2)—*

22                        (i) *in subparagraph (B), by striking*  
23                        *“and” at the end;*

24                        (ii) *in subparagraph (C), by striking*  
25                        *the period and inserting “; and”;* and

1                   (iii) by adding at the end the fol-  
2                   lowing:

3                   “(D) ensure that appropriate safeguards  
4                   exist for protecting the insured depository insti-  
5                   tution or insured credit union from retaliation  
6                   by any agency referred to in subsection (a) for  
7                   exercising its rights under this subsection.”; and

8                   (D) in subsection (f)(1)(A)—

9                   (i) in clause (ii), by striking “and” at  
10                  the end;

11                  (ii) in clause (iii), by striking “and”  
12                  at the end; and

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

15                  “(iv) any issue specifically listed in an  
16                  exam report as a matter requiring attention  
17                  by the institution’s management or board of  
18                  directors; and

19                  “(v) any suspension or removal of an  
20                  institution’s status as eligible for expedited  
21                  processing of applications, requests, notices,  
22                  or filings on the grounds of a supervisory or  
23                  compliance concern, regardless of whether  
24                  that concern has been cited as a basis for  
25                  another material supervisory determination

1           or matter requiring attention in an exam-  
2           ination report, provided that the conduct at  
3           issue did not involve violation of any crimi-  
4           nal law; and”.

5           (2) *FEDERAL CREDIT UNION ACT*.—Section  
6           205(j) of the *Federal Credit Union Act* (12 U.S.C.  
7           1785(j)) is amended by inserting “the Consumer Fi-  
8           nancial Opportunity Commission,” before “the Ad-  
9           ministration” each place such term appears.

10          (3) *FEDERAL FINANCIAL INSTITUTIONS EXAMINA-*  
11          *TION COUNCIL ACT OF 1978*.—The *Federal Financial*  
12          *Institutions Examination Council Act of 1978* (12  
13          U.S.C. 3301 *et seq.*) is amended—

14               (A) in section 1003, by amending para-  
15               graph (1) to read as follows:

16               “(1) the term ‘Federal financial institutions reg-  
17               ulatory agencies’—

18               “(A) means the Office of the Comptroller of  
19               the Currency, the Board of Governors of the Fed-  
20               eral Reserve System, the Federal Deposit Insur-  
21               ance Corporation, and the National Credit  
22               Union Administration; and

23               “(B) for purposes of sections 1012, 1013,  
24               1014, and 1015, includes the Consumer Finan-  
25               cial Opportunity Commission;”; and

1                   (B) in section 1005, by striking “One-fifth”  
2                   and inserting “One-fourth”.

3     **Subtitle I—National Credit Union**  
4             **Administration Budget Trans-**  
5             **parency**

6     **SEC. 1141. BUDGET TRANSPARENCY FOR THE NCUA.**

7             Section 209(b) of the Federal Credit Union Act (12  
8     U.S.C. 1789) is amended—

9                   (1) by redesignating paragraphs (1) and (2) as  
10                   paragraphs (2) and (3), respectively;

11                   (2) by inserting before paragraph (2), as so re-  
12                   designated, the following:

13                   “(1) on an annual basis and prior to the sub-  
14                   mission of the detailed business-type budget required  
15                   under paragraph (2)—

16                   “(A) make publicly available and cause to  
17                   be printed in the Federal Register a draft of such  
18                   detailed business-type budget; and

19                   “(B) hold a public hearing, with public no-  
20                   tice provided of such hearing, wherein the public  
21                   can submit comments on the draft of such de-  
22                   tailed business-type budget;”;

23                   (3) in paragraph (2), as so redesignated—

24                   (A) by inserting “detailed” after “submit  
25                   a”; and

1           (B) by inserting “, and where such budget  
2           shall address any comments submitted by the  
3           public pursuant to paragraph (1)(B)” after  
4           “Control Act”.

5   ***Subtitle J—Taking Account of Insti-***  
6   ***tutions With Low Operation Risk***

7   ***SEC. 1146. REGULATIONS APPROPRIATE TO BUSINESS MOD-***  
8           ***ELS.***

9           (a) *IN GENERAL.*—For any regulatory action occur-  
10          ring subsequent to enactment of this section, and notwith-  
11          standing any other provision of law, the Federal financial  
12          institutions regulatory agencies shall—

13               (1) *take into consideration the risk profile and*  
14               *business models of the various institutions or classes*  
15               *of institutions subject to the regulatory action;*

16               (2) *determine the necessity, appropriateness, and*  
17               *impact of applying such regulatory action to such in-*  
18               *stitutions or classes of institutions; and*

19               (3) *tailor such regulatory action applicable to*  
20               *such institutions or class of institutions in a manner*  
21               *that limits the regulatory compliance impact, cost, li-*  
22               *ability risk, and other burdens as is appropriate for*  
23               *the risk profile and business model involved.*

24           (b) *OTHER CONSIDERATIONS.*—In satisfying the re-  
25          quirements of subsection (a) and when implementing such

1 *regulatory action, the Federal financial institutions regu-*  
2 *latory agencies shall also consider—*

3           (1) *the impact that such regulatory action, both*  
4 *by itself and in conjunction with the aggregate effect*  
5 *of other regulations, has on the ability of the institu-*  
6 *tion or class of institutions to flexibly serve evolving*  
7 *and diverse customer needs;*

8           (2) *the potential unintended impact of examina-*  
9 *tion manuals or other regulatory directives that work*  
10 *in conflict with the tailoring of such regulatory action*  
11 *described in subsection (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 RULEMAKING.—*  
15 *The Federal financial institutions regulatory agencies shall*  
16 *disclose in every notice of proposed rulemaking and in any*  
17 *final rulemaking for a regulatory action how the agency*  
18 *has applied subsections (a) and (b).*

19           (d) *REPORTS TO CONGRESS.—*

20           (1) *INDIVIDUAL AGENCY REPORTS.—*

21           (A) *IN GENERAL.—The Federal financial*  
22 *institutions regulatory agencies shall individ-*  
23 *ually report to the Committee on Financial*  
24 *Services of the House of Representatives and the*  
25 *Committee on Banking, Housing, and Urban Af-*

1       *fairs of the Senate, within twelve months of en-*  
2       *actment of this section and annually thereafter,*  
3       *on the specific actions taken to tailor the agen-*  
4       *cy's regulatory actions pursuant to the require-*  
5       *ments of this section.*

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

14       (2) *FIEC REPORTS.—*

15               (A) *IN GENERAL.—The Financial Institu-*  
16        *tions Examination Council shall report to the*  
17        *Committee on Financial Services of the House of*  
18        *Representatives and the Committee on Banking,*  
19        *Housing, and Urban Affairs of the Senate, with-*  
20        *in three months after the reports required under*  
21        *paragraph (1)—*

22                       (i) *on the extent to which regulatory*  
23                        *actions tailored pursuant to this section re-*  
24                        *sult in differential regulation of similarly-*

1           *situated institutions of diverse charter types*  
2           *with respect to comparable regulations; 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 on*  
10           *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.—The Federal*  
15           *financial institutions regulatory agencies shall conduct a*  
16           *review of all regulations adopted during the period begin-*  
17           *ning on the date that is five years before the date of the*  
18           *introduction of this Act in the House of Representatives and*  
19           *ending on the date of the enactment of this Act and apply*  
20           *the requirements of this section to such regulations. If the*  
21           *application of the requirements of this section to any such*  
22           *regulation requires such regulation to be revised, the agency*  
23           *shall revise such regulation within three years of the enact-*  
24           *ment of this section.*



1           (f) *DEFINITIONS.*—*For purposes of this section, the fol-*  
 2 *lowing definitions shall apply:*

3           (1) *FEDERAL FINANCIAL INSTITUTIONS REGU-*  
 4 *LATORY AGENCIES.*—*The term “Federal financial in-*  
 5 *stitutions regulatory agencies” means the Office of the*  
 6 *Comptroller of the Currency, the Board of Governors*  
 7 *of the Federal Reserve System, the Federal Deposit*  
 8 *Insurance Corporation, the National Credit Union*  
 9 *Administration, and the Consumer Financial Oppor-*  
 10 *tunity Commission.*

11           (2) *REGULATORY ACTION.*—*The term “regulatory*  
 12 *action” means any proposed, interim, or final rule or*  
 13 *regulation, guidance, or published interpretation.*

14           ***Subtitle K—Federal Savings***  
 15 ***Association Charter Flexibility***

16 ***SEC. 1151. OPTION FOR FEDERAL SAVINGS ASSOCIATIONS***  
 17 ***TO OPERATE AS A COVERED SAVINGS ASSO-***  
 18 ***CIATION.***

19           *The Home Owners’ Loan Act is amended by inserting*  
 20 *after section 5 (12 U.S.C. 1464) the following:*

21 ***“SEC. 5A. ELECTION TO OPERATE AS A COVERED SAVINGS***  
 22 ***ASSOCIATION.***

23           *“(a) DEFINITION.—In this section, the term ‘covered*  
 24 *savings association’ means a Federal savings association*  
 25 *that makes an election approved under subsection (b).*

1       “(b) *ELECTION.*—

2               “(1) *IN GENERAL.*—Upon issuance of the rules  
3       described in subsection (f), a Federal savings associa-  
4       tion may elect to operate as a covered savings associa-  
5       tion by submitting a notice to the Comptroller of such  
6       election.

7               “(2) *APPROVAL.*—A Federal savings association  
8       shall be deemed to be approved to operate as a covered  
9       savings association on the date that is 60 days after  
10      the date on which the Comptroller receives the notice  
11      under paragraph (1), unless the Comptroller notifies  
12      the Federal savings association otherwise.

13      “(c) *RIGHTS AND DUTIES.*—Notwithstanding any  
14      other provision of law and except as otherwise provided in  
15      this section, a covered savings association shall—

16              “(1) have the same rights and privileges as a na-  
17      tional bank that has its main office situated in the  
18      same location as the home office of the covered savings  
19      association; and

20              “(2) be subject to the same duties, restrictions,  
21      penalties, liabilities, conditions, and limitations that  
22      would apply to such a national bank.

23      “(d) *TREATMENT OF COVERED SAVINGS ASSOCIA-*  
24      *TIONS.*—A covered savings association shall be treated as  
25      a Federal savings association for the purposes—

1           “(1) of governance of the covered savings associa-  
2           tion, including incorporation, bylaws, boards of direc-  
3           tors, shareholders, and distribution of dividends;

4           “(2) of consolidation, merger, dissolution, conver-  
5           sion (including conversion to a stock bank or to an-  
6           other charter), conservatorship, and receivership; and

7           “(3) determined by regulation of the Comptroller.

8           “(e) *EXISTING BRANCHES*.—A covered savings associa-  
9           tion may continue to operate any branch or agency the cov-  
10          ered savings association operated on the date on which an  
11          election under subsection (b) is approved.

12          “(f) *RULEMAKING*.—The Comptroller shall issue rules  
13          to carry out this section—

14                 “(1) that establish streamlined standards and  
15                 procedures that clearly identify required documenta-  
16                 tion or timelines for an election under subsection (b);

17                 “(2) that require a Federal savings association  
18                 that makes an election under subsection (b) to iden-  
19                 tify specific assets and subsidiaries—

20                         “(A) that do not conform to the require-  
21                         ments for assets and subsidiaries of a national  
22                         bank; and

23                         “(B) that are held by the Federal savings  
24                         association on the date on which the Federal sav-  
25                         ings association submits a notice of such election;

1           “(3) that establish—

2                   “(A) a transition process for bringing such  
3           assets and subsidiaries into conformance with  
4           the requirements for a national bank; and

5                   “(B) procedures for allowing the Federal  
6           savings association to provide a justification for  
7           grandfathering such assets and subsidiaries after  
8           electing to operate as a covered savings associa-  
9           tion;

10           “(4) that establish standards and procedures to  
11           allow a covered savings association to terminate an  
12           election under subsection (b) after an appropriate pe-  
13           riod of time or to make a subsequent election;

14           “(5) that clarify requirements for the treatment  
15           of covered savings associations, including the provi-  
16           sions of law that apply to covered savings associa-  
17           tions; and

18           “(6) as the Comptroller deems necessary and in  
19           the interests of safety and soundness.”.

1           **Subtitle L—SAFE Transitional**  
2                           **Licensing**

3   **SEC. 1156. ELIMINATING BARRIERS TO JOBS FOR LOAN**  
4                           **ORIGINATORS.**

5           (a) *IN GENERAL.*—*The S.A.F.E. Mortgage Licensing*  
6   *Act of 2008 (12 U.S.C. 5101 et seq.) is amended by adding*  
7   *at the end the following:*

8   **“SEC. 1518. EMPLOYMENT TRANSITION OF LOAN ORIGINA-**  
9                           **TORS.**

10           “(a) *TEMPORARY AUTHORITY TO ORIGINATE LOANS*  
11   *FOR LOAN ORIGINATORS MOVING FROM A DEPOSITORY IN-*  
12   *STITUTION TO A NON-DEPOSITORY INSTITUTION.—*

13                   “(1) *IN GENERAL.*—*Upon employment by a*  
14           *State-licensed mortgage company, an individual who*  
15           *is a registered loan originator shall be deemed to have*  
16           *temporary authority to act as a loan originator in an*  
17           *application State for the period described in para-*  
18           *graph (2) if the individual—*

19                           “(A) *has not had an application for a loan*  
20           *originator license denied, or had such a license*  
21           *revoked or suspended in any governmental juris-*  
22           *isdiction;*

23                           “(B) *has not been subject to or served with*  
24           *a cease and desist order in any governmental ju-*  
25           *risdiction or as described in section 1514(c);*

1           “(C) has not been convicted of a felony that  
2 would preclude licensure under the law of the ap-  
3 plication State;

4           “(D) has submitted an application to be a  
5 State-licensed loan originator in the application  
6 State; and

7           “(E) was registered in the Nationwide  
8 Mortgage Licensing System and Registry as a  
9 loan originator during the 12-month period pre-  
10 ceeding the date of submission of the information  
11 required under section 1505(a).

12           “(2) PERIOD.—The period described in para-  
13 graph (1) shall begin on the date that the individual  
14 submits the information required under section  
15 1505(a) and shall end on the earliest of—

16           “(A) the date that the individual withdraws  
17 the application to be a State-licensed loan origi-  
18 nator in the application State;

19           “(B) the date that the application State de-  
20 nies, or issues a notice of intent to deny, the ap-  
21 plication;

22           “(C) the date that the application State  
23 grants a State license; or

24           “(D) the date that is 120 days after the date  
25 on which the individual submits the application,

1           *if the application is listed on the Nationwide*  
2           *Mortgage Licensing System and Registry as in-*  
3           *complete.*

4           “(b) *TEMPORARY AUTHORITY TO ORIGINATE LOANS*  
5 *FOR STATE-LICENSED LOAN ORIGINATORS MOVING INTER-*  
6 *STATE.—*

7           “(1) *IN GENERAL.—A State-licensed loan origi-*  
8           *nator shall be deemed to have temporary authority to*  
9           *act as a loan originator in an application State for*  
10           *the period described in paragraph (2) if the State-li-*  
11           *icensed loan originator—*

12                   “(A) *meets the requirements of subpara-*  
13                   *graphs (A), (B), (C), and (D) of subsection*  
14                   *(a)(1);*

15                   “(B) *is employed by a State-licensed mort-*  
16                   *gage company in the application State; and*

17                   “(C) *was licensed in a State that is not the*  
18                   *application State during the 30-day period pre-*  
19                   *ceding the date of submission of the information*  
20                   *required under section 1505(a) in connection*  
21                   *with the application submitted to the application*  
22                   *State.*

23           “(2) *PERIOD.—The period described in para-*  
24           *graph (1) shall begin on the date that the State-li-*  
25           *icensed loan originator submits the information re-*

1        *quired under section 1505(a) in connection with the*  
2        *application submitted to the application State and*  
3        *end on the earliest of—*

4                *“(A) the date that the State-licensed loan*  
5                *originator withdraws the application to be a*  
6                *State-licensed loan originator in the application*  
7                *State;*

8                *“(B) the date that the application State de-*  
9                *nies, or issues a notice of intent to deny, the ap-*  
10                *plication;*

11                *“(C) the date that the application State*  
12                *grants a State license; or*

13                *“(D) the date that is 120 days after the date*  
14                *on which the State-licensed loan originator sub-*  
15                *mits the application, if the application is listed*  
16                *on the Nationwide Mortgage Licensing System*  
17                *and Registry as incomplete.*

18        *“(c) APPLICABILITY.—*

19                *“(1) Any person employing an individual who is*  
20                *deemed to have temporary authority to act as a loan*  
21                *originator in an application State pursuant to this*  
22                *section shall be subject to the requirements of this title*  
23                *and to applicable State law to the same extent as if*  
24                *such individual was a State-licensed loan originator*  
25                *licensed by the application State.*



1           “(2) *Any individual who is deemed to have tem-*  
2           *porary authority to act as a loan originator in an*  
3           *application State pursuant to this section and who*  
4           *engages in residential mortgage loan origination ac-*  
5           *tivities shall be subject to the requirements of this title*  
6           *and to applicable State law to the same extent as if*  
7           *such individual was a State-licensed loan originator*  
8           *licensed by the application State.*

9           “(d) *DEFINITIONS.—In this section, the following defi-*  
10          *initions shall apply:*

11           “(1) *STATE-LICENSED MORTGAGE COMPANY.—*  
12          *The term ‘State-licensed mortgage company’ means*  
13          *an entity licensed or registered under the law of any*  
14          *State to engage in residential mortgage loan origina-*  
15          *tion and processing activities.*

16           “(2) *APPLICATION STATE.—The term ‘applica-*  
17          *tion State’ means a State in which a registered loan*  
18          *originator or a State-licensed loan originator seeks to*  
19          *be licensed.”.*

20          “(b) *TABLE OF CONTENTS AMENDMENT.—The table of*  
21          *contents in section 1(b) of the Housing and Economic Re-*  
22          *covery Act of 2008 (42 U.S.C. 4501 note) is amended by*  
23          *inserting after the item relating to section 1517 the fol-*  
24          *lowing:*

          “*Sec. 1518. Employment transition of loan originators.”.*

1           (c) *AMENDMENT TO CIVIL LIABILITY OF THE CON-*  
2 *SUMER FINANCIAL OPPORTUNITY COMMISSION AND OTHER*  
3 *OFFICIALS.*—Section 1513 of the *S.A.F.E. Mortgage Licens-*  
4 *ing Act of 2008 (12 U.S.C. 5112)* is amended by striking  
5 “are loan originators or are applying for licensing or reg-  
6 *istration as loan originators”* and inserting “are applying  
7 *for licensing or registration using the Nationwide Mortgage*  
8 *Licensing System and Registry”*.

9           ***Subtitle M—Right to Lend***

10 ***SEC. 1161. SMALL BUSINESS LOAN DATA COLLECTION RE-***  
11 ***QUIREMENT.***

12           (a) *REPEAL.*—Section 704B of the *Equal Credit Op-*  
13 *portunity Act (15 U.S.C. 1691c–2)* is repealed.

14           (b) *CONFORMING AMENDMENTS.*—Section 701(b) of the  
15 *Equal Credit Opportunity Act (15 U.S.C. 1691(b))* is  
16 *amended—*

17                   (1) *in paragraph (3), by inserting “or” at the*  
18 *end;*

19                   (2) *in paragraph (4), by striking “; or” and in-*  
20 *serting a period; and*

21                   (3) *by striking paragraph (5).*

22           (c) *CLERICAL AMENDMENT.*—The table of sections for  
23 *title VII of the Consumer Credit Protection Act* is amended  
24 *by striking the item relating to section 704B.*

1           **Subtitle N—Community Bank**  
2                           **Reporting Relief**

3   **SEC. 1166. SHORT FORM CALL REPORT.**

4           (a) *IN GENERAL.*—Section 7(a) of the Federal Deposit  
5   *Insurance Act (12 U.S.C. 1817(a)) is amended by adding*  
6   *at the end the following:*

7                   “(12) *SHORT FORM REPORTING.*—

8                           “(A) *IN GENERAL.*—The appropriate Fed-  
9                           *eral banking agencies shall issue regulations al-*  
10                           *lowing for a reduced reporting requirement for*  
11                           *covered depository institutions when making the*  
12                           *first and third report of condition for a year, as*  
13                           *required pursuant to paragraph (3).*

14                           “(B) *COVERED DEPOSITORY INSTITUTION*  
15                           *DEFINED.*—For purposes of this paragraph, the  
16                           *term ‘covered depository institution’ means an*  
17                           *insured depository institution that—*

18                                   “(i) *is highly rated and well capital-*  
19                                   *ized (as defined under section 38(b)); and*

20                                   “(ii) *satisfies such other criteria as the*  
21                                   *appropriate Federal banking agencies deter-*  
22                                   *mine appropriate.”.*

23           (b) *REPORT TO CONGRESS.*—Not later than 180 days  
24   *after the date of the enactment of this Act, and every 365*  
25   *days thereafter until the appropriate Federal banking agen-*

1 *cies (as defined under section 3 of the Federal Deposit In-*  
 2 *surance Act) have issued the regulations required under sec-*  
 3 *tion 7(a)(12)(A) of the Federal Deposit Insurance Act, such*  
 4 *agencies shall submit to the Committee on Financial Serv-*  
 5 *ices of the House of Representatives and the Committee on*  
 6 *Banking, Housing, and Urban Affairs of the Senate a re-*  
 7 *port describing the progress made in issuing such regula-*  
 8 *tions.*

9 ***Subtitle O—Homeowner***  
 10 ***Information Privacy Protection***

11 ***SEC. 1171. STUDY REGARDING PRIVACY OF INFORMATION***  
 12 ***COLLECTED UNDER THE HOME MORTGAGE***  
 13 ***DISCLOSURE ACT OF 1975.***

14 *(a) STUDY.—The Comptroller General of the United*  
 15 *States shall conduct a study to determine whether the data*  
 16 *required to be published, made available, or disclosed under*  
 17 *the final rule, in connection with other publicly available*  
 18 *data sources, including data made publicly available under*  
 19 *Regulation C (12 C.F.R. 1003) before the effective date of*  
 20 *the final rule, could allow for or increase the probability*  
 21 *of—*

22 *(1) exposure of the identity of mortgage appli-*  
 23 *cants or mortgagors through reverse engineering;*

1           (2) *exposure of mortgage applicants or mortga-*  
2           *gors to identity theft or the loss of sensitive personal*  
3           *financial information;*

4           (3) *the marketing or sale of unfair or deceptive*  
5           *financial products to mortgage applicants or mortga-*  
6           *gors based on such data;*

7           (4) *personal financial loss or emotional distress*  
8           *resulting from the exposure of mortgage applicants or*  
9           *mortgagors to identify theft or the loss of sensitive*  
10          *personal financial information; and*

11          (5) *the potential legal liability facing the Con-*  
12          *sumer Financial Opportunity Commission and mar-*  
13          *ket participants in the event the data required to be*  
14          *published, made available, or disclosed under the final*  
15          *rule leads or contributes to identity theft or the cap-*  
16          *ture of sensitive personal financial information.*

17          (b) *REPORT.—The Comptroller General of the United*  
18          *States shall submit to the Committee on Financial Services*  
19          *of the House of Representatives and the Committee on*  
20          *Banking, Housing, and Urban Affairs of the Senate a re-*  
21          *port that includes—*

22                (1) *the findings and conclusions of the Comp-*  
23                *troller General with respect to the study required*  
24                *under subsection (a); and*

1           (2) *any recommendations for legislative or regu-*  
2           *latory actions that—*

3                   (A) *would enhance the privacy of a con-*  
4                   *sumer when accessing mortgage credit; and*

5                   (B) *are consistent with consumer protec-*  
6                   *tions and safe and sound banking operations.*

7           (c) *SUSPENSION OF DATA SHARING REQUIRE-*  
8           *MENTS.—Notwithstanding any other provision of law, in-*  
9           *cluding the final rule—*

10                   (1) *depository institutions shall not be required*  
11                   *to publish, disclose, or otherwise make available to the*  
12                   *public, pursuant to the Home Mortgage Disclosure*  
13                   *Act of 1975 (or regulations issued under such Act)*  
14                   *any data that was not required to be published, dis-*  
15                   *closed, or otherwise made available pursuant to such*  
16                   *Act (or regulations issued under such Act) on the day*  
17                   *before the date of the enactment of the Dodd-Frank*  
18                   *Wall Street Reform and Consumer Protection Act;*  
19                   *and*

20                   (2) *the Consumer Financial Opportunity Com-*  
21                   *mission and the Financial Institutions Examination*  
22                   *Council shall not publish, disclose, or otherwise make*  
23                   *available to the public any such information received*  
24                   *from a depository institution pursuant to the final*  
25                   *rule.*

1       (d) *DEFINITIONS.*—*For purposes of this section:*

2               (1) *DEPOSITORY INSTITUTION.*—*The term “de-*  
3 *pository institution” has the meaning given that term*  
4 *under section 303 of the Home Mortgage Disclosure*  
5 *Act of 1975 (12 U.S.C. 2802).*

6               (2) *FINAL RULE.*—*The term “final rule” means*  
7 *the final rule issued by the Bureau of Consumer Fi-*  
8 *nancial Protection titled “Home Mortgage Disclosure*  
9 *(Regulation C)” (October 28, 2015; 80 Fed. Reg.*  
10 *66128).*

11                       ***Subtitle P—Home Mortgage***  
12                       ***Disclosure Adjustment***

13 ***SEC. 1176. DEPOSITORY INSTITUTIONS SUBJECT TO MAIN-***  
14 ***TENANCE OF RECORDS AND DISCLOSURE RE-***  
15 ***QUIREMENTS.***

16       (a) *IN GENERAL.*—*Section 304 of the Home Mortgage*  
17 *Disclosure Act of 1975 (12 U.S.C. 2803) is amended—*

18               (1) *by redesignating subsection (i) as paragraph*

19 *(2) and adjusting the margin appropriately; and*

20               (2) *by inserting before such paragraph (2) the*  
21 *following:*

22               “(i) *EXEMPTIONS.*—

23                       “(1) *IN GENERAL.*—*With respect to a depository*  
24 *institution, the requirements of subsections (a) and*

25 *(b) shall not apply—*

1           “(A) with respect to closed-end mortgage  
2           loans, if such depository institution originated  
3           less than 100 closed-end mortgage loans in each  
4           of the two preceding calendar years; and

5           “(B) with respect to open-end lines of cred-  
6           it, if such depository institution originated less  
7           than 200 open-end lines of credit in each of the  
8           two preceding calendar years.”.

9           (b) *TECHNICAL CORRECTION.*—Section 304(i)(2) of  
10          such Act, as redesignated by subsection (a), is amended by  
11          striking “section 303(2)(A)” and inserting “section  
12          303(3)(A)”.

13          ***Subtitle Q—National Credit Union***  
14          ***Administration Advisory Council***

15          ***SEC. 1181. CREDIT UNION ADVISORY COUNCIL.***

16          Section 102 of the Federal Credit Union Act (12  
17          U.S.C. 1752a) is amended by adding at the end the fol-  
18          lowing:

19                 “(g) *CREDIT UNION ADVISORY COUNCIL.*—

20                         “(1) *ESTABLISHMENT.*—The Board shall estab-  
21                         lish the Credit Union Advisory Council to advise and  
22                         consult with the Board in the exercise of the Board’s  
23                         functions and to provide information on emerging  
24                         credit union practices, including regional trends, con-  
25                         cerns, and other relevant information.



1           “(2) *MEMBERSHIP.*—*The Board shall appoint no*  
2           *fewer than 15 and no more than 20 members to the*  
3           *Credit Union Advisory Council. In appointing such*  
4           *members, the Board shall include members rep-*  
5           *resenting credit unions predominantly serving tradi-*  
6           *tionally underserved communities and populations*  
7           *and their interests, without regard to party affili-*  
8           *ation.*

9           “(3) *MEETINGS.*—*The Credit Union Advisory*  
10          *Council—*

11                 “(A) *shall meet from time to time at the*  
12                 *call of the Board; and*

13                 “(B) *shall meet at least twice each year.*

14          “(4) *COMPENSATION AND TRAVEL EXPENSES.*—  
15          *Members of the Credit Union Advisory Council who*  
16          *are not full-time employees of the United States*  
17          *shall—*

18                 “(A) *be entitled to receive compensation at*  
19                 *a rate fixed by the Board, while attending meet-*  
20                 *ings of the Credit Union Advisory Council; and*

21                 “(B) *be allowed travel expenses, including*  
22                 *transportation and subsistence, while away from*  
23                 *their homes or regular places of business.”.*

1                   **Subtitle R—Credit Union**  
2                   **Examination Reform**

3   **SEC. 1186. EXTENSION OF EXAMINATION CYCLE OF THE NA-**  
4                   **TIONAL CREDIT UNION ADMINISTRATION TO**  
5                   **18 MONTHS OR LONGER.**

6           (a) *FEDERAL CREDIT UNION EXAMINATIONS.*—*Sec-*  
7   *tion 106 of the Federal Credit Union Act (12 U.S.C. 1756)*  
8   *is amended—*

9                   (1) *by striking “Federal credit unions” and in-*  
10                   *serting the following:*

11                   “*(a) IN GENERAL.—Federal credit unions*”; and

12                   (2) *by adding at the end the following:*

13                   “*(b) 18-MONTH OR LONGER EXAMINATION CYCLE FOR*  
14   *CERTAIN CREDIT UNIONS.—*

15                   “*(1) IN GENERAL.—An examination of a Federal*  
16   *credit union described under subsection (a) may only*  
17   *be carried out once during each 18-month period with*  
18   *respect to a Federal credit union that—*

19                   “*(A) has total assets of less than*  
20   *\$1,000,000,000;*

21                   “*(B) is well capitalized, as such term is de-*  
22   *finied under section 216(c)(1);*

23                   “*(C) was found in its most recent examina-*  
24   *tion to be well managed, and its composite rat-*  
25   *ing (under the Uniform Financial Institutions*

1           *Rating System or an equivalent rating under a*  
2           *comparable rating system)—*

3                   “(i) *was a 1, in the case of a Federal*  
4                   *credit union that has total assets of more*  
5                   *than \$200,000,000; or*

6                   “(ii) *was a 1 or a 2, in the case of a*  
7                   *Federal credit union that has total assets of*  
8                   *not more than \$200,000,000; and*

9                   “(D) *is not currently subject to a formal en-*  
10                  *forcement proceeding or order by the Adminis-*  
11                  *tration.*

12                  “(2) *SAFETY AND SOUNDNESS EXCEPTION.—*  
13                  *Paragraph (1) shall not apply to a Federal credit*  
14                  *union if the Administration determines—*

15                         “(A) *that such credit union should be exam-*  
16                         *ined more often than every 18 months because of*  
17                         *safety and soundness concerns; or*

18                         “(B) *that such credit union has violated the*  
19                         *law.”.*

20                  “(b) *INSURED CREDIT UNION EXAMINATIONS.—Section*  
21                  *204 of the Federal Credit Union Act (12 U.S.C. 1784) is*  
22                  *amended by adding at the end the following:*

23                         “(h) *18-MONTH OR LONGER EXAMINATION CYCLE FOR*  
24                  *CERTAIN CREDIT UNIONS.—*

1           “(1) *IN GENERAL.*—*An examination of an in-*  
2           *sured credit union described under subsection (a) may*  
3           *only be carried out once during each 18-month period*  
4           *with respect to an insured credit union that—*

5                   “(A) *has total assets of less than*  
6                   *\$1,000,000,000;*

7                   “(B) *is well capitalized or adequately cap-*  
8                   *italized, as such terms are defined, respectively,*  
9                   *under section 216(c)(1);*

10                   “(C) *was found in its most recent examina-*  
11                   *tion to be well managed, and its composite rat-*  
12                   *ing (under the Uniform Financial Institutions*  
13                   *Rating System or an equivalent rating under a*  
14                   *comparable rating system)—*

15                           “(i) *was a 1, in the case of an insured*  
16                           *credit union that has total assets of more*  
17                           *than \$200,000,000; or*

18                           “(ii) *was a 1 or a 2, in the case of an*  
19                           *insured credit union that has total assets of*  
20                           *not more than \$200,000,000; and*

21                   “(D) *is not currently subject to a formal en-*  
22                   *forcement proceeding or order by the Adminis-*  
23                   *tration.*

1           “(2) *SAFETY AND SOUNDNESS EXCEPTION.*—  
2           *Paragraph (1) shall not apply to an insured credit*  
3           *union if the Administration determines—*

4                   “(A) *that such credit union should be exam-*  
5                   *ined more often than every 18 months because of*  
6                   *safety and soundness concerns; or*

7                   “(B) *that such credit union has violated the*  
8                   *law.”.*

9           (c) *BUDGET SAVINGS REPORT.*—*Not later than the*  
10           *end of the 180-day period beginning on the date of the en-*  
11           *actment of this Act, the National Credit Union Administra-*  
12           *tion shall issue a report to the Congress analyzing how the*  
13           *amendments made by this section affect the budget of the*  
14           *Administration.*

15           (d) *RULEMAKING.*—*Not later than the end of the 100-*  
16           *day period beginning on the date of the enactment of this*  
17           *Act, the National Credit Union Administration shall issue*  
18           *regulations to carry out the amendments made by this sec-*  
19           *tion.*

20                   ***Subtitle S—NCUA Overhead***  
21                   ***Transparency***

22           ***SEC. 1191. FUND TRANSPARENCY.***

23           *Section 203 of the Federal Credit Union Act (12*  
24           *U.S.C. 1783) is amended by adding at the end the following:*

25                   “(g) *FUND TRANSPARENCY.*—

1           “(1) *IN GENERAL.*—*The Board shall accompany*  
2 *each annual budget submitted pursuant to section*  
3 *209(b) with a report containing—*

4                   “(A) *a detailed analysis of how the expenses*  
5 *of the Administration are assigned between pru-*  
6 *dential activities and insurance-related activities*  
7 *and the extent to which those expenses are paid*  
8 *from the fees collected pursuant to section 105 or*  
9 *from the Fund; and*

10                   “(B) *the Board’s supporting rationale for*  
11 *any proposed use of amounts in the Fund con-*  
12 *tained in such budget, including detailed break-*  
13 *downs and supporting rationales for any such*  
14 *proposed use related to titles of this Act other*  
15 *than this title.*

16           “(2) *PUBLIC DISCLOSURE.*—*The Board shall*  
17 *make each report described under paragraph (1)*  
18 *available to the public.”.*



Union Calendar No. 693

114<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 5983**

[Report No. 114-883, Part I]

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**A BILL**

To create hope and opportunity for consumers, investors, 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.

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DECEMBER 20, 2016

Reported from the Committee on Financial Services with  
an amendment

DECEMBER 20, 2016

The Committees on Agriculture, Ways and Means, the Judiciary, Oversight and Government Reform, Transportation and Infrastructure, Rules, the Budget, and Education and the Workforce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed