AN ACT

To create hope and opportunity for investors, consumers, and entrepreneurs by ending bailouts and Too Big to Fail, holding Washington and Wall Street accountable, eliminating red tape to increase access to capital and credit, and repealing the provisions of the Dodd-Frank Act that make America less prosperous, less stable, and less free, and for other purposes.
Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Financial CHOICE Act of 2017”.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Directed rulemaking repeals.

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

Subtitle A—Repeal of the Orderly Liquidation Authority

Sec. 111. Repeal of the orderly liquidation authority.

Subtitle B—Financial Institution Bankruptcy

Sec. 121. General provisions relating to covered financial corporations.
Sec. 122. Liquidation, reorganization, or recapitalization of a covered financial corporation.
Sec. 123. Amendments to title 28, United States Code.

Subtitle C—Ending Government Guarantees

Sec. 131. Repeal of obligation guarantee program.
Sec. 132. Repeal of systemic risk determination in resolutions.
Sec. 133. Restrictions on use of the Exchange Stabilization Fund.

Subtitle D—Eliminating Financial Market Utility Designations

Sec. 141. Repeal of title VIII.

Subtitle E—Reform of the Financial Stability Act of 2010

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

TITLE II—DEMANDING ACCOUNTABILITY FROM WALL STREET

Subtitle A—SEC Penalties Modernization

Sec. 211. Enhancement of civil penalties for securities laws violations.
Sec. 212. Updated civil money penalties of Public Company Accounting Over-
sight Board.
Sec. 213. Updated civil money penalty for controlling persons in connection with insider trading.
Sec. 214. Update of certain other penalties.
Sec. 215. Monetary sanctions to be used for the relief of victims.
Sec. 216. GAO report on use of civil money penalty authority by Commission.

Subtitle B—FIRREA Penalties Modernization

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

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

Subtitle A—Cost-Benefit Analyses

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

Subtitle B—Congressional Review of Federal Financial Agency Rulemaking

Sec. 331. Congressional review.
Sec. 332. Congressional approval procedure for major rules.
Sec. 333. Congressional disapproval procedure for nonmajor rules.
Sec. 334. Definitions.
Sec. 335. Judicial review.
Sec. 336. Effective date of certain rules.
Sec. 338. Nonapplicability to monetary policy.

Subtitle C—Judicial Review of Agency Actions

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

Subtitle D—Leadership of Financial Regulators

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

Subtitle E—Congressional Oversight of Appropriations

Sec. 361. Bringing the Federal Deposit Insurance Corporation into the appropriations process.
Sec. 362. Bringing the Federal Housing Finance Agency into the appropriations process.
Sec. 363. Bringing the examination and supervision functions of the National Credit Union Administration into the appropriations process.
Sec. 364. Bringing the Office of the Comptroller of the Currency into the appropriations process.
Sec. 365. Bringing the non-monetary policy related functions of the Board of Governors of the Federal Reserve System into the appropriations process.

Subtitle F—International Processes

Sec. 371. Requirements for international processes.

Subtitle G—Unfunded Mandates Reform

Sec. 381. Definitions.
Sec. 382. Application of the Unfunded Mandates Reform Act.

Subtitle H—Enforcement Coordination

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

Subtitle I—Penalties for Unauthorized Disclosures

Sec. 392. Criminal penalty for unauthorized disclosures.

Subtitle J—Stop Settlement Slush Funds

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

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

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

Sec. 401. Registration exemption for merger and acquisition brokers.
Sec. 402. Effective date.

Subtitle B—Encouraging Employee Ownership

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

Subtitle C—Small Company Disclosure Simplification

Sec. 411. Exemption from XBRL requirements for emerging growth companies and other smaller companies.
Sec. 412. Analysis by the SEC.
Sec. 413. Report to Congress.
Sec. 414. Definitions.

Subtitle D—Securities and Exchange Commission Overpayment Credit

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

Subtitle E—Fair Access to Investment Research

Sec. 421. Safe harbor for investment fund research.

Subtitle F—Accelerating Access to Capital

Sec. 426. Expanded eligibility for use of Form S-3.
Subtitle G—Enhancing the RAISE Act

Sec. 431. Certain accredited investor transactions.

Subtitle H—Small Business Credit Availability

Sec. 436. Business development company ownership of securities of investment advisers and certain financial companies.
Sec. 437. Expanding access to capital for business development companies.
Sec. 438. Parity for business development companies regarding offering and proxy rules.

Subtitle I—Fostering Innovation

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

Subtitle J—Small Business Capital Formation Enhancement

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

Subtitle K—Helping Angels Lead Our Startups

Sec. 451. Definition of angel investor group.
Sec. 452. Clarification of general solicitation.

Subtitle L—Main Street Growth

Sec. 456. Venture exchanges.

Subtitle M—Micro Offering Safe Harbor

Sec. 461. Exemptions for micro-offerings.

Subtitle N—Private Placement Improvement

Sec. 466. Revisions to SEC Regulation D.

Subtitle O—Supporting America’s Innovators

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

Subtitle P—Fix Crowdfunding

Sec. 476. Crowdfunding exemption.
Sec. 477. Exclusion of crowdfunding investors from shareholder cap.
Sec. 478. Preemption of State law.
Sec. 479. Treatment of funding portals.

Subtitle Q—Corporate Governance Reform and Transparency

Sec. 481. Definitions.
Sec. 482. Registration of proxy advisory firms.
Sec. 483. Commission annual report.

Subtitle R—Senior Safe

Sec. 491. Immunity.
Sec. 492. Training required.
Sec. 493. Relationship to State law.

Subtitle S—National Securities Exchange Regulatory Parity
Sec. 496. Application of exemption.

Subtitle T—Private Company Flexibility and Growth

Sec. 497. Shareholder threshold for registration.

Subtitle U—Small Company Capital Formation Enhancements

Sec. 498. JOBS Act-related exemption.

Subtitle V—Encouraging Public Offerings

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

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

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

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

Subtitle A—Preserving Access to Manufactured Housing

Sec. 501. Mortgage originator definition.
Sec. 502. High-Cost mortgage definition.

Subtitle B—Mortgage Choice

Sec. 506. Definition of points and fees.

Subtitle C—Financial Institution Customer Protection

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

Subtitle D—Portfolio Lending and Mortgage Access

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

Subtitle E—Application of the Expedited Funds Availability Act

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

Subtitle F—Small Bank Holding Company Policy Statement

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

Subtitle G—Community Institution Mortgage Relief

Sec. 531. Community financial institution mortgage relief.

Subtitle H—Financial Institutions Examination Fairness and Reform

Sec. 536. Timeliness of examination reports.

Subtitle I—National Credit Union Administration Budget Transparency

Sec. 541. Budget transparency for the NCUA.

Subtitle J—Taking Account of Institutions With Low Operation Risk
Sec. 546. Regulations appropriate to business models.

Subtitle K—Federal Savings Association Charter Flexibility

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

Subtitle L—SAFE Transitional Licensing

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

Subtitle M—Right to Lend

Sec. 561. Small business loan data collection requirement.

Subtitle N—Community Bank Reporting Relief

Sec. 566. Short form call report.

Subtitle O—Homeowner Information Privacy Protection

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

Subtitle P—Home Mortgage Disclosure Adjustment

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

Subtitle Q—Protecting Consumers’ Access to Credit

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

Subtitle R—NCUA Overhead Transparency

Sec. 586. Fund transparency.

Subtitle S—Housing Opportunities Made Easier

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

Subtitle T—Protection of Consumer Information by Consumer Reporting Agencies

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

Subtitle U—Legitimate Financial Transactions Report

Sec. 597. Treasury report on legitimate financial transactions.

Subtitle V—Dividend Waiver Authority for Mutual Holding Companies

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

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

Sec. 601. Capital election.
Sec. 602. Regulatory relief.
Sec. 603. Contingent capital study.
Sec. 604. Study on altering the current prompt corrective action rules.
Sec. 605. Definitions.

TITLE VII—EMPOWERING AMERICANS TO ACHIEVE FINANCIAL INDEPENDENCE

Subtitle A—Separation of Powers and Liberty Enhancements

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

Subtitle B—Administrative Enhancements

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

Subtitle C—Policy Enhancements

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

TITLE VIII—CAPITAL MARKETS IMPROVEMENTS

Subtitle A—SEC Reform, Restructuring, and Accountability

Sec. 801. Authorization of appropriations.
Sec. 802. Report on unobligated appropriations.
Sec. 803. SEC Reserve Fund abolished.
Sec. 804. Fees to offset appropriations.
Sec. 805. Commission Federal construction funding prohibition.
Sec. 806. Implementation of recommendations.
Sec. 807. Office of Credit Ratings to report to the Division of Trading and Markets.
Sec. 808. Office of Municipal Securities to report to the Division of Trading and Markets.
Sec. 809. Independence of Commission Ombudsman.
Sec. 810. Investor Advisory Committee improvements.
Sec. 811. Duties of Investor Advocate.
Sec. 812. Elimination of exemption of Small Business Capital Formation Advisory Committee from Federal Advisory Committee Act.
Sec. 813. Internal risk controls.
Sec. 814. Applicability of notice and comment requirements of the Administrative Procedure Act to guidance voted on by the Commission.
Sec. 815. Limitation on pilot programs.
Sec. 816. Procedure for obtaining certain intellectual property.
Sec. 817. Process for closing investigations.
Sec. 818. Enforcement Ombudsman.
Sec. 819. Adequate notice.
Sec. 820. Advisory committee on Commission’s enforcement policies and practices.
Sec. 821. Process to permit recipient of Wells notification to appear before Commission staff in-person.
Sec. 822. Publication of enforcement manual.
Sec. 823. Private parties authorized to compel the Securities and Exchange Commission to seek sanctions by filing civil actions.
Sec. 824. Certain findings required to approve civil money penalties against issuers.
Sec. 825. Repeal of authority of the Commission to prohibit persons from serving as officers or directors.
Sec. 826. Subpoena duration and renewal.
Sec. 827. Elimination of automatic disqualifications.
Sec. 828. Denial of award to culpable whistleblowers.
Sec. 829. Clarification of authority to impose sanctions on persons associated with a broker or dealer.
Sec. 830. Complaint and burden of proof requirements for certain actions for breach of fiduciary duty.
Sec. 831. Congressional access to information held by the Public Company Accounting Oversight Board.
Sec. 832. Abolishing Investor Advisory Group.
Sec. 833. Repeal of requirement for Public Company Accounting Oversight Board to use certain funds for merit scholarship program.
Sec. 834. Reallocation of fines for violations of rules of municipal securities rulemaking board.

Subtitle B—Eliminating Excessive Government Intrusion in the Capital Markets

Sec. 841. Repeal of Department of Labor fiduciary rule and requirements prior to rulemaking relating to standards of conduct for brokers and dealers.
Sec. 842. Exemption from risk retention requirements for nonresidential mortgage.
Sec. 843. Frequency of shareholder approval of executive compensation.
Sec. 844. Shareholder Proposals.
Sec. 845. Prohibition on requiring a single ballot.
Sec. 846. Requirement for municipal advisor for issuers of municipal securities.
Sec. 847. Small issuer exemption from internal control evaluation.
Sec. 848. Streamlining of applications for an exemption from the Investment Company Act of 1940.
Sec. 849. Restriction on recovery of erroneously awarded compensation.
Sec. 850. Exemptive authority for certain provisions relating to registration of nationally recognized statistical rating organizations.
Sec. 852. Transparency of credit rating methodologies.
Sec. 853. Repeal of certain attestation requirements relating to credit ratings.
Sec. 854. Look-back review by NRSRO.
Sec. 855. Approval of credit rating procedures and methodologies.
Sec. 856. Exception for providing certain material information relating to a credit rating.
Sec. 857. Repeals.
Sec. 858. Exemption of and reporting by private equity fund advisers.
Sec. 859. Records and reports of private funds.
Sec. 860. Definition of accredited investor.
Sec. 861. Repeal of certain provisions requiring a study and report to Congress.
Sec. 862. Repeal.

Subtitle C—Harmonization of Derivatives Rules

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

TITLE IX—REPEAL OF THE VOLCKER RULE AND OTHER PROVISIONS

Sec. 901. Repeals.

TITLE X—FED OVERSIGHT REFORM AND MODERNIZATION

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

TITLE XI—IMPROVING INSURANCE COORDINATION THROUGH AN INDEPENDENT ADVOCATE

Sec. 1102. Treatment of covered agreements.

TITLE XII—TECHNICAL CORRECTIONS

Sec. 1201. Table of contents; Definitional corrections.
Sec. 1202. Antitrust savings clause corrections.
Sec. 1203. Title I corrections.
Sec. 1204. Title III corrections.
Sec. 1205. Title IV correction.
Sec. 1206. Title VI corrections.
Sec. 1207. Title VII corrections.
Sec. 1208. Title IX corrections.
Sec. 1209. Title X corrections.
Sec. 1210. Title XII correction.
Sec. 1211. Title XIV correction.
Sec. 1212. Technical corrections to other statutes.

1 SEC. 2. DIRECTED RULEMAKING REPEALS.

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

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

SEC. 111. REPEAL OF THE ORDERLY LIQUIDATION AUTHORITY.

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

(b) CONFORMING AMENDMENTS.—

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

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

(B) in section 165(d)—

(i) in paragraph (1), by striking “, the Council, and the Corporation” and inserting “and the Council”;  
(ii) in paragraph (2), by striking “, the Council, and the Corporation” and inserting “and the Council”;
(iii) in paragraph (3), by striking “and the Corporation”;  
(iv) in paragraph (4)—  
(I) by striking “and the Corporation jointly determine” and inserting “determines”;  
(II) by striking “their” and inserting “its”;
(III) in subparagraph (A), by striking “and the Corporation”; and  
(IV) in subparagraph (B), by striking “and the Corporation”;
(v) in paragraph (5)—
(I) in subparagraph (A), by striking “and the Corporation may jointly” and inserting “may”; and

(II) in subparagraph (B)—

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

(bb) by striking “may jointly” and inserting “may”;

(cc) by striking “have jointly” and inserting “has”;

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

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

“(8) RULES.—Not later than 12 months after enactment of this paragraph, the Board of Governors shall issue final rules implementing this section.”; and

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

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

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

(A) in subparagraph (B)—

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

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

(B) by striking subparagraph (E).
Subtitle B—Financial Institution
Bankruptcy

SEC. 121. GENERAL PROVISIONS RELATING TO COVERED FINANCIAL CORPORATIONS.

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

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

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

“(B) a corporation that exists for the primary purpose of owning, controlling and financing its subsidiaries, that has total consolidated assets of $50,000,000,000 or greater, and for which, in its most recently completed fiscal year—

“(i) annual gross revenues derived by the corporation and all of its subsidiaries from activities that are financial in nature
(as defined in section 4(k) of the Bank
Holding Company Act of 1956) and, if ap-
plicable, from the ownership or control of
one or more insured depository institu-
tions, represents 85 percent or more of the
consolidated annual gross revenues of the
corporation; or

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

(b) Applicability of Chapters.—Section 103 of
title 11, United States Code, is amended by adding at the
end the following:

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

(c) Who May Be a Debtor.—Section 109 of title
11, United States Code, is amended—
(1) in subsection (b)—

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

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

(C) by adding at the end the following:

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

(2) in subsection (d)—

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

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

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

(d) Conversion to Chapter 7.—Section 1112 of title 11, United States Code, is amended by adding at the end the following:

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

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

“(2) the court has ordered the appointment of a special trustee under section 1186; and
“(3) the court finds, after notice and a hearing, that conversion is in the best interest of the creditors and the estate.”.

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

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

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

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

(f) Section 322(b)(2) of title 11, United States Code, is amended by striking “The” and inserting “In cases under subchapter V, the United States trustee shall recommend to the court, and in all other cases, the”.
SEC. 122. LIQUIDATION, REORGANIZATION, OR RECAPITALIZATION OF A COVERED FINANCIAL CORPORATION.

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

"SUBCHAPTER V—LIQUIDATION, REORGANIZATION, OR RECAPITALIZATION OF A COVERED FINANCIAL CORPORATION

§ 1181. Inapplicability of other sections

"Sections 303 and 321(c) do not apply in a case under this subchapter concerning a covered financial corporation. Section 365 does not apply to a transfer under section 1185, 1187, or 1188.

§ 1182. Definitions for this subchapter

"In this subchapter, the following definitions shall apply:

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

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

"(3) The term ‘capital structure debt’ means all unsecured debt of the debtor for borrowed money for
which the debtor is the primary obligor, other than
a qualified financial contract and other than debt se-
cured by a lien on property of the estate that is to
be transferred to a bridge company pursuant to an
order of the court under section 1185(a).

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

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

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

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

“(a) A case under this subchapter concerning a cov-
ered financial corporation may be commenced by the filing
of a petition with the court by the debtor under section
1185(a)(1) only if the debtor states to the best of its knowledge
under penalty of perjury in the petition that it is a covered
financial corporation.

“(b) The commencement of a case under subsection
(a) constitutes an order for relief under this subchapter.
“(c) The members of the board of directors (or body performing similar functions) of a covered financial company shall have no liability to shareholders, creditors, or other parties in interest for a good faith filing of a petition to commence a case under this subchapter, or for any reasonable action taken in good faith in contemplation of such a petition or a transfer under section 1185 or section 1186, whether prior to or after commencement of the case.

“(d) Counsel to the debtor shall provide, to the greatest extent practicable without disclosing the identity of the potential debtor, sufficient confidential notice to the chief judge of the court of appeals for the circuit embracing the district in which such counsel intends to file a petition to commence a case under this subchapter regarding the potential commencement of such case. The chief judge of such court shall randomly assign to preside over such case a bankruptcy judge selected from among the bankruptcy judges designated by the Chief Justice of the United States under section 298 of title 28.

“§ 1184. Regulators

“The Board, the Securities Exchange Commission, the Office of the Comptroller of the Currency of the Department of the Treasury, the Commodity Futures Trading Commission, and the Federal Deposit Insurance Cor-
poration may raise and may appear and be heard on any
issue in any case or proceeding under this subchapter.

§ 1185. Special transfer of property of the estate

(a) On request of the trustee, and after notice and
a hearing that shall occur not less than 24 hours after
the order for relief, the court may order a transfer under
this section of property of the estate, and the assignment
of executory contracts, unexpired leases, and qualified fi-
nancial contracts of the debtor, to a bridge company.

Upon the entry of an order approving such transfer, any
property transferred, and any executory contracts, unex-
pired leases, and qualified financial contracts assigned
under such order shall no longer be property of the estate.
Except as provided under this section, the provisions of
section 363 shall apply to a transfer and assignment under
this section.

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

(1) the debtor;

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

(3) the holders of the 20 largest unsecured
claims against the debtor;
“(4) counterparties to any debt, executory contract, unexpired lease, and qualified financial contract requested to be transferred under this section;

“(5) the Board;

“(6) the Federal Deposit Insurance Corporation;

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

“(8) the Commodity Futures Trading Commission;

“(9) the Securities and Exchange Commission;

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

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

“(c) The court may not order a transfer under this section unless the court determines, based upon a preponderance of the evidence, that—

“(1) the transfer under this section is necessary to prevent serious adverse effects on financial stability in the United States;
“(2) the transfer does not provide for the assumption of any capital structure debt by the bridge company;

“(3) the transfer does not provide for the transfer to the bridge company of any property of the estate that is subject to a lien securing a debt, executory contract, unexpired lease or agreement (including a qualified financial contract) of the debtor unless—

“(A)(i) the bridge company assumes such debt, executory contract, unexpired lease or agreement (including a qualified financial contract), including any claims arising in respect thereof that would not be allowed secured claims under section 506(a)(1) and after giving effect to such transfer, such property remains subject to the lien securing such debt, executory contract, unexpired lease or agreement (including a qualified financial contract); and

“(ii) the court has determined that assumption of such debt, executory contract, unexpired lease or agreement (including a qualified financial contract) by the bridge company is in the best interests of the estate; or
“(B) such property is being transferred to
the bridge company in accordance with the pro-
visions of section 363;
“(4) the transfer does not provide for the as-
sumption by the bridge company of any debt, execut-
tory contract, unexpired lease or agreement (includ-
ing a qualified financial contract) of the debtor se-
cured by a lien on property of the estate unless the
transfer provides for such property to be transferred
to the bridge company in accordance with paragraph
(3)(A) of this subsection;
“(5) the transfer does not provide for the trans-
fer of the equity of the debtor;
“(6) the trustee has demonstrated that the
bridge company is not likely to fail to meet the obli-
gations of any debt, executory contract, qualified fi-
nancial contract, or unexpired lease assumed and as-
signed to the bridge company;
“(7) the transfer provides for the transfer to a
special trustee all of the equity securities in the
bridge company and appointment of a special trustee
in accordance with section 1186;
“(8) after giving effect to the transfer, ade-
quate provision has been made for the fees, costs,
and expenses of the estate and special trustee; and
“(9) the bridge company will have governing documents, and initial directors and senior officers, that are in the best interest of creditors and the estate.

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

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

“(2) have equity securities that are property of the estate, which may be sold or distributed in accordance with this title.

“§ 1186. Special trustee

“(a)(1) An order approving a transfer under section 1185 shall require the trustee to transfer to a qualified and independent special trustee, who is appointed by the court, all of the equity securities in the bridge company that is the recipient of a transfer under section 1185 to hold in trust for the sole benefit of the estate, subject to satisfaction of the special trustee’s fees, costs, and expenses. The trust of which the special trustee is the trust-
ee shall be a newly formed trust governed by a trust agreement approved by the court as in the best interests of the estate, and shall exist for the sole purpose of holding and administering, and shall be permitted to dispose of, the equity securities of the bridge company in accordance with the trust agreement.

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

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

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

“(2) that the special trustee provide—

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

“(B) information about the bridge company reasonably requested by a party in interest to prepare a disclosure statement for a plan providing for distribution of any securities of the bridge company if such information is necessary to prepare such disclosure statement;
“(3) that for as long as the equity securities of the bridge company are held by the trust, the special trustee shall file a notice with the court in connection with—

“(A) any change in a director or senior officer of the bridge company;

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

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

“(i) recapitalization;

“(ii) a material borrowing;

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

“(iv) a transfer of a substantial portion of the assets of the bridge company; or

“(v) the issuance or sale of any securities of the bridge company;

“(4) that any sale of any equity securities of the bridge company shall not be consummated until the special trustee consults with the Federal Deposit Insurance Corporation and the Board regarding such sale and discloses the results of such consultation with the court;
“(5) that, subject to reserves for payments permitted under paragraph (1) provided for in the trust agreement, the proceeds of the sale of any equity securities of the bridge company by the special trustee be held in trust for the benefit of or transferred to the estate;

“(6) the process and guidelines for the replacement of the special trustee; and

“(7) that the property held in trust by the special trustee is subject to distribution in accordance with subsection (c).

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

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

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

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

“(d) After a transfer to the special trustee under this section, the special trustee shall be subject only to applicable nonbankruptcy law, and the actions and conduct of
the special trustee shall no longer be subject to approval by the court in the case under this subchapter.

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

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

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

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

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

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

“(iii) the appointment of or taking possession by a trustee in a case under this title concerning the debtor or by a custodian before the commencement of the case; or
“(iv) a credit rating agency rating, or absence or withdrawal of a credit rating agency rating—

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

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

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

“(aa) the bridge company; or

“(bb) the affiliate, if all of the direct or indirect interests in the affiliate that are property of the estate are transferred under section 1185; or

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

“(aa) the bridge company; or

“(bb) the affiliate, if all of the direct or indirect interests in the affil-
that are property of the estate are transferred under section 1185.

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

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

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

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

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

“(3) The stay under this subsection terminates—

“(A) for the benefit of the debtor, upon the earliest of—

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

“(ii) assumption of the debt, contract, lease, or agreement by the bridge company under an order authorizing a transfer under section 1185;
“(iii) a final order of the court denying the request for a transfer under section 1185; or
“(iv) the time the case is dismissed; and
“(B) for the benefit of an affiliate, upon the earliest of—
“(i) the entry of an order authorizing a transfer under section 1185 in which the direct or indirect interests in the affiliate that are property of the estate are not transferred under section 1185;
“(ii) a final order by the court denying the request for a transfer under section 1185;
“(iii) 48 hours after the commencement of the case if the court has not ordered a transfer under section 1185; or
“(iv) the time the case is dismissed.
“(4) Subsections (d), (e), (f), and (g) of section 362 apply to a stay under this subsection.
“(b) A debt, executory contract (other than a qualified financial contract), or unexpired lease of the debtor, or an agreement under which the debtor has issued or is obligated for any debt, may be assumed by a bridge company in a transfer under section 1185 notwithstanding any provision in an agreement or in applicable nonbankruptcy law that—
“(1) prohibits, restricts, or conditions the assignment of the debt, contract, lease, or agreement; or

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

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

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

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

“(A) of the kind described in subsection (a)(1)(B) as applied to the debtor; “(B) that prohibits, restricts, or conditions the assignment of the debt, contract, lease, or agreement; or
“(C) that accelerates, terminates, or modifies, or permits a party other than the debtor to terminate or modify, the debt, contract, lease or agreement on account of—

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

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

“(2) If there is a default by the debtor under a provision other than the kind described in paragraph (1) in a debt, contract, lease or agreement of the kind described in subparagraph (A) or (B) of subsection (a)(2), the bridge company may assume such debt, contract, lease, or agreement only if the bridge company—

“(A) shall cure the default;

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

“(C) provides adequate assurance in connection with a transfer under section 1185 of future performance under the debt, contract, lease, or agree-
ment, as determined by the court under section 1185(c)(4).

§1188. Treatment of qualified financial contracts and affiliate contracts

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

“(1) to cause the modification, liquidation, termination, or acceleration of a qualified financial contract of the debtor or an affiliate;

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

“(3) under any security agreement or arrangement or other credit enhancement forming a part of or related to a qualified financial contract of the debtor or an affiliate.

“(b)(1) During the period specified in section 1187(a)(3)(A), the trustee or the affiliate shall perform all payment and delivery obligations under such qualified financial contract of the debtor or the affiliate, as the case
may be, that become due after the commencement of the

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

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

13 “(c) Subject to the court’s approval, a qualified finan-
14 cial contract between an entity and the debtor may be as-
15 signed to or assumed by the bridge company in a transfer
16 under, and in accordance with, section 1185 if and only
17 if—
18
19 “(1) all qualified financial contracts between
20 the entity and the debtor are assigned to and as-
21 sumed by the bridge company in the transfer under
22 section 1185;
23 “(2) all claims of the entity against the debtor
24 in respect of any qualified financial contract between
25 the entity and the debtor (other than any claim that,
under the terms of the qualified financial contract, is subordinated to the claims of general unsecured creditors) are assigned to and assumed by the bridge company;

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

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

“(d) Notwithstanding any provision of a qualified financial contract or of applicable nonbankruptcy law, a qualified financial contract of the debtor that is assumed or assigned in a transfer under section 1185 may not be accelerated, terminated, or modified, after the entry of the order approving a transfer under section 1185, and any right or obligation under the qualified financial contract may not be accelerated, terminated, or modified, after the entry of the order approving a transfer under section 1185 solely because of a condition described in section
1187(c)(1), other than a condition of the kind specified
in section 1187(b) that occurs after property of the estate
no longer includes a direct beneficial interest or an indi-
rect beneficial interest through the special trustee, in more
than 50 percent of the equity securities of the bridge com-
pany.

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

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

“(2) the bridge company assumes—
“(A) any guarantee or other credit enhancement issued by the debtor relating to the agreement of the affiliate; and

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

“(3) any property of the estate that directly serves as collateral for the guarantee or credit enhancement is transferred to the bridge company.

“§ 1189. Licenses, permits, and registrations

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

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

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

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

“(4) a transfer under section 1185.

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

“§ 1190. Exemption from securities laws

“For purposes of section 1145, a security of the bridge company shall be deemed to be a security of a successor to the debtor under a plan if the court approves the disclosure statement for the plan as providing adequate information (as defined in section 1125(a)) about the bridge company and the security.

“§ 1191. Inapplicability of certain avoiding powers

“A transfer made or an obligation incurred by the debtor to an affiliate prior to or after the commencement of the case, including any obligation released by the debtor or the estate to or for the benefit of an affiliate, in contemplation of or in connection with a transfer under section 1185 is not avoidable under section 544, 547, 548(a)(1)(B), or 549, or under any similar nonbankruptcy law.
§ 1192. Consideration of financial stability

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

SEC. 123. AMENDMENTS TO TITLE 28, UNITED STATES CODE.

(a) Amendment to Chapter 13.—Chapter 13 of title 28, United States Code, is amended by adding at the end the following:

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

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

“(2) Notwithstanding section 155, a case under subchapter V of chapter 11 of title 11 shall be heard under section 157 by a bankruptcy judge designated under paragraph (1), who shall be randomly assigned to hear such case by the chief judge of the court of appeals for the circuit embracing the district in which the case is pending. To the greatest extent practicable, the approvals required under section 155 should be obtained.
“(3) If the bankruptcy judge assigned to hear a case under paragraph (2) is not assigned to the district in which the case is pending, the bankruptcy judge shall be temporarily assigned to the district.

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

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

(b) Amendment to Section 1334 of Title 28.—

Section 1334 of title 28, United States Code, is amended by adding at the end the following:

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

(c) Technical and Conforming Amendment.—

The table of sections for chapter 13 of title 28, United States Code, is amended by adding at the end the following:

“298. Judge for a case under subchapter V of chapter 11 of title 11.”.
Subtitle C—Ending Government Guarantees

SEC. 131. REPEAL OF OBLIGATION GUARANTEE PROGRAM.
(a) IN GENERAL.—The following sections of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301 et seq.) are repealed:
(1) Section 1104.
(2) Section 1105.
(3) Section 1106.
(b) CLERICAL AMENDMENT.—The table of contents under section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the items relating to sections 1104, 1105, and 1106.

SEC. 132. REPEAL OF SYSTEMIC RISK DETERMINATION IN RESOLUTIONS.
Section 13(c)(4)(G) of the Federal Deposit Insurance Act (12 U.S.C. 1823(c)(4)(G)) is hereby repealed.

SEC. 133. RESTRICTIONS ON USE OF THE EXCHANGE STABILIZATION FUND.
(a) IN GENERAL.—Section 5302 of title 31, United States Code, is amended by adding at the end the following:
“(e) Amounts in the fund may not be used for the establishment of a guaranty program for any nongovernmental entity.”.
(b) CONFORMING AMENDMENT.—Section 131(b) of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5236(b)) is amended by inserting “, or for the purposes of preventing the liquidation or insolvency of any entity” before the period.

Subtitle D—Eliminating Financial Market Utility Designations

SEC. 141. REPEAL OF TITLE VIII.

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

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

Subtitle E—Reform of the Financial Stability Act of 2010


(a) REPEALS.—The following provisions of the Financial Stability Act of 2010 are repealed, and the provisions of law amended or repealed by such provisions are
restored or revived as if such provisions had not been enacted:

(1) Subtitle B.

(2) Section 113.

(3) Section 114.

(4) Section 115.

(5) Section 116.

(6) Section 117.

(7) Section 119.

(8) Section 120.

(9) Section 121.

(10) Section 161.

(11) Section 162.

(12) Section 164.

(13) Section 166.

(14) Section 167.

(15) Section 168.

(16) Section 170.

(17) Section 172.

(18) Section 174.

(19) Section 175.

(b) ADDITIONAL MODIFICATIONS.—The Financial Stability Act of 2010 (12 U.S.C. 5311 et seq.) is amended—
(1) in section 102(a), by striking paragraph
(5);

(2) in section 111—

(A) in subsection (b)—

(i) in paragraph (1)—

(I) by striking "who shall each"
and inserting "who shall, except as
provided below, each"; and

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

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

“(C) the Comptroller of the Currency;

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

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

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

“(G) each member of the Commodity Fu-
tures Trading Commission, who shall collec-
tively have 1 vote on the Council;
“(I) the Director of the Federal Housing Finance Agency;

“(J) the Independent Insurance Advocate.”;

(ii) in paragraph (2)—

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

(II) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (A), (B), and (C), respectively; and

(iii) by adding at the end the following:

“(4) VOTING BY MULTI-PERSON ENTITY.—

“(A) VOTING WITHIN THE ENTITY.—An entity described under subparagraph (B), (E), (F), (G), or (I) of paragraph (1) shall determine the entity’s Council vote by using the voting process normally applicable to votes by the entity’s members.

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

(B) in subsection (c)(1), by striking “The independent member of the Council shall serve for a term of 6 years, and each nonvoting member described in subparagraphs (C), (D), and (E) of” and inserting “Each nonvoting members described under”;

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

“(3) STAFF ACCESS.—Any member of the Council may select to have one or more individuals on the member’s staff attend a meeting of the Council, including any meeting of representatives of the member agencies other than the members themselves.

“(4) CONGRESSIONAL OVERSIGHT.—All public meetings of the Council shall be open to the attendance by members of the authorization and oversight committees of the House of Representatives and the Senate.

“(5) TRANSCRIPTION REQUIREMENT FOR NON-PUBLIC MEETINGS.—The Council shall create and
preserve transcripts for all non-public meetings of the Council.

“(6) MEMBER AGENCY MEETINGS.—Any meeting of representatives of the member agencies other than the members themselves shall be open to attendance by staff of the authorization and oversight committees of the House of Representatives and the Senate.”;

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

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

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

“(h) CONFIDENTIAL CONGRESSIONAL BRIEFINGS.—The Chairperson shall at regular times but not less than annually provide confidential briefings to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, which may in the discretion of the Chairman of the respective committee be attended by any combination of the committee’s members or staff.”; and
(F) by redesignating subsections (h) through (j) as subsections (i) through (k), respectively;

(3) in section 112—

(A) in subsection (a)(2)—

(i) in subparagraph (A), by striking “the Federal Insurance Office and, if necessary to assess risks to the United States financial system, direct the Office of Financial Research to” and inserting “and, if necessary to assess risks to the United States financial system,”;

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

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

(iv) in subparagraph (J), as so redesignated—

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

(II) by striking clauses (iv) and (v); and
(III) by redesignating clause (vi)
as clause (iv); and

(B) in subsection (d)—

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

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

(iii) in paragraph (3)—

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

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

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

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

“SEC. 118. COUNCIL FUNDING.

“There is authorized to be appropriated to the Coun-
cil $4,000,000 for fiscal year 2017 and each fiscal year
thereafter to carry out the duties of the Council.”;
(5) in section 163—

(A) by striking subsection (a);

(B) by redesignating subsection (b) as subsection (a); and

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

(i) by striking “or a nonbank financial company supervised by the Board of Governors” each place such term appears;

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

“(A) IN GENERAL.—In addition”; and

(iii) by adding at the end the following:

“(B) EXCEPTION FOR QUALIFYING BANKING ORGANIZATION.—Subparagraph (A) shall not apply to a proposed acquisition by a qualifying banking organization, as defined under section 605 of the Financial CHOICE Act of 2017.”; and

(6) in section 165—

(A) by striking “nonbank financial companies supervised by the Board of Governors and” each place such term appears;
(B) by striking “nonbank financial company supervised by the Board of Governors and” each place such term appears;

(C) in subsection (a), by amending paragraph (2) to read as follows:

“(2) TAILORED APPLICATION.—In prescribing more stringent prudential standards under this section, the Board of Governors may differentiate among companies on an individual basis or by category, taking into consideration their capital structure, riskiness, complexity, financial activities (including the financial activities of their subsidiaries), size, and any other risk-related factors that the Board of Governors deems appropriate.”;

(D) in subsection (b)—

(i) in paragraph (1)(B)(iv), by striking “, on its own or pursuant to a recommendation made by the Council in accordance with section 115,”;

(ii) in paragraph (2)—

(I) by striking “foreign nonbank financial company supervised by the Board of Governors or”;
(II) by striking “shall—” and all
that follows through “give due” and
inserting “shall give due”;

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

(IV) by striking subparagraph

(B);

(iii) in paragraph (3)—

(I) in subparagraph (A)—

(aa) by striking clause (i);

(bb) by redesignating

clauses (ii), (iii), and (iv) as

clauses (i), (ii), and (iii), respec-
tively; and

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

(II) by striking subparagraphs

(B) and (C); and

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

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

•HR 10 EH
(E) in subsection (c)—

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

(ii) in paragraph (2)—

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

“(A) any recommendations of the Council;”; and

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

(F) in subsection (d)—

(i) by striking “a nonbank financial company supervised by the Board of Governors or” each place such term appears;

(ii) in paragraph (1), by striking “periodically” and inserting “not more often than every 2 years”; and

(iii) in paragraph (3)—

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

“(A) IN GENERAL.—The Board”;

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

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

(IV) by adding at the end the following:

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

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

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

(G) in subsection (e)—
(i) in paragraph (1), by striking “a nonbank financial company supervised by the Board of Governors or”;

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

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

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

(I) in subsection (h)—

(i) by striking paragraph (1);

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

(iii) in paragraph (1), as so redesignated, by striking “paragraph (3)” each place such term appears and inserting “paragraph (2)”; and

(iv) in paragraph (2), as so redesignated—
(I) in subparagraph (A), by striking “the nonbank financial company supervised by the Board of Governors or bank holding company described in subsection (a), as applicable” and inserting “a bank holding company described in subsection (a)”;

(II) in subparagraph (B), by striking “the nonbank financial company supervised by the Board of Governors or a bank holding company described in subsection (a), as applicable” and inserting “a bank holding company described in subsection (a)”;

(J) in subsection (i)—

(i) in paragraph (1)—

(I) in subparagraph (A), by striking “, in coordination with the appropriate primary financial regulatory agencies and the Federal Insurance Office,”;

(II) in subparagraph (B)—

(aa) by amending clause (i) to read as follows:

“(i) shall—
“(I) issue regulations, after providing for public notice and comment, that provide for at least 3 different sets of conditions under which the evaluation required by this subsection shall be conducted, including baseline, adverse, and severely adverse, and methodologies, including models used to estimate losses on certain assets, and the Board of Governors shall not carry out any such evaluation until 60 days after such regulations are issued; and

“(II) provide copies of such regulations to the Comptroller General of the United States and the Panel of Economic Advisors of the Congressional Budget Office before publishing such regulations;”;

(bb) in clause (ii), by striking “and nonbank financial companies”;

(cc) in clause (iv), by striking “and” at the end;
(dd) in clause (v), by striking the period and inserting the following: “, including any results of a resubmitted test;”; and

(ee) by adding at the end the following:

“(vi) shall, in establishing the severely adverse condition under clause (i), provide detailed consideration of the model’s effects on financial stability and the cost and availability of credit;

“(vii) shall, in developing the models and methodologies and providing them for notice and comment under this subparagraph, publish a process to test the models and methodologies for their potential to magnify systemic and institutional risks instead of facilitating increased resiliency;

“(viii) shall design and publish a process to test and document the sensitivity and uncertainty associated with the model system’s data quality, specifications, and assumptions; and
“(ix) shall communicate the range and sources of uncertainty surrounding the models and methodologies.”; and

(III) by adding at the end the following:

“(C) CCAR REQUIREMENTS.—

“(i) PARAMETERS AND CONSEQUENCES APPLICABLE TO CCAR.—The requirements of subparagraph (B) shall apply to CCAR.

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

“(iii) MID-CYCLE RESUBMISSION.—If a company receives a quantitative objection to, or otherwise desires to amend the company’s capital plan, the company may file a new streamlined plan at any time after a capital planning exercise has been completed and before a subsequent capital planning exercise.

“(iv) LIMITATION ON QUALITATIVE CAPITAL PLANNING OBJECTIONS.—In carrying out CCAR, the Board of Governors
may not object to a company’s capital plan
on the basis of qualitative deficiencies in
the company’s capital planning process.

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

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

(ii) in paragraph (2)—

(I) in subparagraph (A)—

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

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

(cc) by striking “All other
financial companies” and insert-
ing “All other bank holding companies”; and

(d) by striking “and are
regulated by a primary Federal
financial regulatory agency”; (II) in subparagraph (B)—

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

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

(III) in subparagraph (C)—

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

(bb) by striking “consistent
and comparable”.

(K) in subsection (j)—
(i) in paragraph (1), by striking “or a nonbank financial company supervised by the Board of Governors”; and

(ii) in paragraph (2), by striking “the factors described in subsections (a) and (b) of section 113 and any other” and inserting “any”;

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

(M) by adding at the end the following:

“(l) EXEMPTION FOR QUALIFYING BANKING ORGANIZATIONS.—This section shall not apply to a proposed acquisition by a qualifying banking organization, as defined under section 605 of the Financial CHOICE Act of 2017.”.

(c) TREATMENT OF OTHER RESOLUTION PLAN REQUIREMENTS.—

(1) IN GENERAL.—With respect to an appropriate Federal banking agency that requires a banking organization to submit to the agency a resolution plan not described under section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act—
(A) the agency shall comply with the require-
ments of paragraphs (3) and (4) of such
section 165(d);

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

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

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

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

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

“(A) IN GENERAL.—Upon receiving”;

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

“(B) IMMEDIATE ACTION.—

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

(3) by adding at the end the following:
“(ii) Exception.—The Board may not take any action pursuant to clause (i) on an application that would cause any company to become a bank holding company unless such application involves the company acquiring a bank that is critically undercapitalized (as such term is defined under section 38(b) of the Federal Deposit Insurance Act).”.

(e) Concentration Limits Applied Only to Banking Organizations.—Section 14 of the Bank Holding Company Act of 1956 (12 U.S.C. 1852) is amended—

(1) by striking “financial company” each place such term appears and inserting “banking organization”;

(2) in subsection (a)—

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

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

“(A) an insured depository institution;

“(B) a bank holding company;

“(C) a savings and loan holding company;

“(D) a company that controls an insured depository institution; and
“(E) a foreign bank or company that is treated as a bank holding company for purposes of this Act; and”;

(B) in paragraph (3)—

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

(ii) in subparagraph (B)(ii), by striking “; and” and inserting a period; and

(iii) by striking subparagraph (C);

and

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

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

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

SEC. 152. OPERATIONAL RISK CAPITAL REQUIREMENTS FOR BANKING ORGANIZATIONS.

(a) IN GENERAL.—An appropriate Federal banking agency may not establish an operational risk capital re-
quirement for banking organizations, unless such require-
ment—

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

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

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

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

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

TITLE II—DEMANDING AC-
COUNTABILITY FROM WALL
STREET

Subtitle A—SEC Penalties
Modernization

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

(a) Updated Civil Money Penalties.—
(1) Securities Act of 1933.—

(A) Money penalties in administrative actions.—Section 8A(g)(2) of the Securities Act of 1933 (15 U.S.C. 77h–1(g)(2)) is amended—

(i) in subparagraph (A)—

(I) by striking “$7,500” and inserting “$10,000”; and

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

(ii) in subparagraph (B)—

(I) by striking “$75,000” and inserting “$100,000”; and

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

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

“(C) Third tier.—

“(i) In general.—Notwithstanding subparagraphs (A) and (B), the amount of penalty for each such act or omission shall not exceed the amount specified in clause (ii) if—

“(I) the act or omission described in paragraph (1) involved fraud, de-
ceit, manipulation, or deliberate or reckless disregard of a regulatory require-
ment; and

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

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

“(bb) substantial pecuniary
gain to the person who com-
mited the act or omission.

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

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

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

“(III) the amount of losses in-
curred by victims as a result of the
act or omission.”.
(B) MONEY PENALTIES IN CIVIL ACTIONS.—Section 20(d)(2) of the Securities Act of 1933 (15 U.S.C. 77t(d)(2)) is amended—

(i) in subparagraph (A)—

(I) by striking “$5,000” and inserting “$10,000”; and

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

(ii) in subparagraph (B)—

(I) by striking “$50,000” and inserting “$100,000”; and

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

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

“(C) THIRD TIER.—

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

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

“(II) such violation directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons.

“(ii) MAXIMUM AMOUNT OF PENALTY.—The amount referred to in clause (i) is the greatest of—

“(I) $300,000 for a natural person or $1,450,000 for any other person;

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

“(III) the amount of losses incurred by victims as a result of the violation.”.

(2) SEcurities exchange act of 1934.—


(i) in clause (i)—
(I) by striking “$5,000” and inserting “$10,000”; and

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

(ii) in clause (ii)—

(I) by striking “$50,000” and inserting “$100,000”; and

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

(iii) by striking clause (iii) and inserting the following:

“(iii) THIRD TIER.—

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

“(aa) the violation described in subparagraph (A) involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; and

“(bb) such violation directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons.
“(II) MAXIMUM AMOUNT OF PENALTY.—The amount referred to in subclause (I) is the greatest of—

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

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

“(cc) the amount of losses incurred by victims as a result of the violation.”.

(B) MONEY PENALTIES IN ADMINISTRATIVE ACTIONS.—Section 21B(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78u-2(b)) is amended—

(i) in paragraph (1)—

(I) by striking “$5,000” and inserting “$10,000”; and

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

(ii) in paragraph (2)—

(I) by striking “$50,000” and inserting “$100,000”; and

•HR 10 EH
(II) by striking “$250,000” and
inserting “$500,000”; and
(iii) by striking paragraph (3) and in-
serting the following:
“(3) THIRD TIER.—
“(A) IN GENERAL.—Notwithstanding
paragraphs (1) and (2), the amount of penalty
for each such act or omission shall not exceed
the amount specified in subparagraph (B) if—
“(i) the act or omission described in
subsection (a) involved fraud, deceit, ma-
ipulation, or deliberate or reckless dis-
regard of a regulatory requirement; and
“(ii) such act or omission directly or
indirectly resulted in substantial losses or
created a significant risk of substantial
losses to other persons or resulted in sub-
stantial pecuniary gain to the person who
committed the act or omission.
“(B) MAXIMUM AMOUNT OF PENALTY.—
The amount referred to in subparagraph (A) is
the greatest of—
“(i) $300,000 for a natural person or
$1,450,000 for any other person;
“(ii) 3 times the gross amount of pecuniary gain to the person who committed the act or omission; or
“(iii) the amount of losses incurred by victims as a result of the act or omission.”.

(3) INVESTMENT COMPANY ACT OF 1940.—

(A) MONEY PENALTIES IN ADMINISTRATIVE ACTIONS.—Section 9(d)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a–9(d)(2)) is amended—

(i) in subparagraph (A)—

(I) by striking “$5,000” and inserting “$10,000”; and

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

(ii) in subparagraph (B)—

(I) by striking “$50,000” and inserting “$100,000”; and

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

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

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

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

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

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

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

“(II) 3 times the gross amount of
pecuniary gain to the person who
committed the act or omission; or
“(III) the amount of losses incurred by victims as a result of the act or omission.”.

(B) MONEY PENALTIES IN CIVIL ACTIONS.—Section 42(e)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a–41(e)(2)) is amended—

(i) in subparagraph (A)—

(1) by striking “$5,000” and inserting “$10,000”; and

(2) by striking “$50,000” and inserting “$100,000”;

(ii) in subparagraph (B)—

(1) by striking “$50,000” and inserting “$100,000”; and

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

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

“(C) THIRD TIER.—

“(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), the amount of penalty for each such violation shall not exceed the amount specified in clause (ii) if—
“(I) the violation described in paragraph (1) involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; and

“(II) such violation directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons.

“(ii) MAXIMUM AMOUNT OF PENALTY.—The amount referred to in clause (i) is the greatest of—

“(I) $300,000 for a natural person or $1,450,000 for any other person;

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

“(III) the amount of losses incurred by victims as a result of the violation.”.

(4) INVESTMENT ADVISERS ACT OF 1940.—

(A) MONEY PENALTIES IN ADMINISTRATIVE ACTIONS.—Section 203(i)(2) of the Invest-
(i) in subparagraph (A)—

(I) by striking “$5,000” and inserting “$10,000”; and

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

(ii) in subparagraph (B)—

(I) by striking “$50,000” and inserting “$100,000”; and

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

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

“(C) THIRD TIER.—

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

“(I) the act or omission described in paragraph (1) involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; and
“(II) such act or omission directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons or resulted in substantial pecuniary gain to the person who committed the act or omission.

“(ii) MAXIMUM AMOUNT OF PENALTY.—The amount referred to in clause (i) is the greatest of—

“(I) $300,000 for a natural person or $1,450,000 for any other person;

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

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

(B) MONEY PENALTIES IN CIVIL ACTIONS.—Section 209(e)(2) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–9(e)(2)) is amended—

(i) in subparagraph (A)—
(I) by striking "$5,000" and inserting "$10,000"; and

(II) by striking "$50,000" and inserting "$100,000";

(ii) in subparagraph (B)—

(I) by striking "$50,000" and inserting "$100,000"; and

(II) by striking "$250,000" and inserting "$500,000"; and

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

"(C) THIRD TIER.—

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

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

"(II) such violation directly or indirectly resulted in substantial losses
or created a significant risk of substantial losses to other persons.

“(ii) MAXIMUM AMOUNT OF PENALTY.—The amount referred to in clause (i) is the greatest of—

“(I) $300,000 for a natural person or $1,450,000 for any other person;

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

“(III) the amount of losses incurred by victims as a result of the violation.”.

(b) PENALTIES FOR RECIDIVISTS.—

(1) SECURITIES ACT OF 1933.—

(A) MONEY PENALTIES IN ADMINISTRATIVE ACTIONS.—Section 8A(g)(2) of the Securities Act of 1933 (15 U.S.C. 77h–1(g)(2)) is amended by adding at the end the following:

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

(B) Money Penalties in Civil Ac-
tions.—Section 20(d)(2) of the Securities Act
of 1933 (15 U.S.C. 77t(d)(2)) is amended by
adding at the end the following:

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

(2) Securities Exchange Act of 1934.—

(A) Money Penalties in Civil Ac-
tions.—Section 21(d)(3)(B) of the Securities
Exchange Act of 1934 (15 U.S.C. 78u(d)(3)(B)) is amended by adding at the end the following:

“(iv) FOURTH TIER.—Notwithstanding clauses (i), (ii), and (iii), the maximum amount of penalty for each such violation shall be 3 times the otherwise applicable amount in such clauses if, within the 5-year period preceding such violation, the defendant was criminally convicted for securities fraud or became subject to a judgment or order imposing monetary, equitable, or administrative relief in any Commission action alleging fraud by that defendant.”.

(B) MONEY PENALTIES IN ADMINISTRATIVE ACTIONS.—Section 21B(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78u–2(b)) is amended by adding at the end the following:

“(4) FOURTH TIER.—Notwithstanding paragraphs (1), (2), and (3), the maximum amount of penalty for each such act or omission shall be 3 times the otherwise applicable amount in such paragraphs if, within the 5-year period preceding such
act or omission, the person who committed the act
or omission was criminally convicted for securities
fraud or became subject to a judgment or order im-
posing monetary, equitable, or administrative relief
in any Commission action alleging fraud by that per-
son.”.

(3) INVESTMENT COMPANY ACT OF 1940.—

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

“(D) FOURTH TIER.—Notwithstanding
subparagraphs (A), (B), and (C), the maximum
amount of penalty for each such act or omission
shall be 3 times the otherwise applicable
amount in such subparagraphs if, within the 5-
year period preceding such act or omission, the
person who committed the act or omission was
criminally convicted for securities fraud or be-
came subject to a judgment or order imposing
monetary, equitable, or administrative relief in
any Commission action alleging fraud by that
person.”.
(B) Money Penalties in Civil Actions.—Section 42(e)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a–41(e)(2)) is amended by adding at the end the following:

“(D) Fourth Tier.—Notwithstanding subparagraphs (A), (B), and (C), the maximum amount of penalty for each such violation shall be 3 times the otherwise applicable amount in such subparagraphs if, within the 5-year period preceding such violation, the defendant was criminally convicted for securities fraud or became subject to a judgment or order imposing monetary, equitable, or administrative relief in any Commission action alleging fraud by that defendant.”.

(4) Investment Advisers Act of 1940.—

(A) Money Penalties in Administrative Actions.—Section 203(i)(2) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3(i)(2)) is amended by adding at the end the following:

“(D) Fourth Tier.—Notwithstanding subparagraphs (A), (B), and (C), the maximum amount of penalty for each such act or omission
shall be 3 times the otherwise applicable amount in such subparagraphs if, within the 5-year period preceding such act or omission, the person who committed the act or omission was criminally convicted for securities fraud or became subject to a judgment or order imposing monetary, equitable, or administrative relief in any Commission action alleging fraud by that person.”.

(B) Money Penalties in Civil Actions.—Section 209(e)(2) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–9(e)(2)) is amended by adding at the end the following:

“(D) Fourth Tier.—Notwithstanding subparagraphs (A), (B), and (C), the maximum amount of penalty for each such violation shall be 3 times the otherwise applicable amount in such subparagraphs if, within the 5-year period preceding such violation, the defendant was criminally convicted for securities fraud or became subject to a judgment or order imposing monetary, equitable, or administrative relief in any Commission action alleging fraud by that defendant.”.

(c) Violations of Injunctions and Bars.—
(1) Securities Act of 1933.—Section 20(d) of the Securities Act of 1933 (15 U.S.C. 77t(d)) is amended—

(A) in paragraph (1), by inserting after “the rules or regulations thereunder,” the following: “a Federal court injunction or a bar obtained or entered by the Commission under this title,”; and

(B) by striking paragraph (4) and inserting the following:

“(4) Special provisions relating to a violation of an injunction or certain orders.—

“(A) In general.—Each separate violation of an injunction or order described in subparagraph (B) shall be a separate offense, except that in the case of a violation through a continuing failure to comply with such injunction or order, each day of the failure to comply with the injunction or order shall be deemed a separate offense.

“(B) Injunctions and orders.—Subparagraph (A) shall apply with respect to any action to enforce—

“(i) a Federal court injunction obtained pursuant to this title;
“(ii) an order entered or obtained by the Commission pursuant to this title that bars, suspends, places limitations on the activities or functions of, or prohibits the activities of, a person; or

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


(A) in subparagraph (A), by inserting after “the rules or regulations thereunder,” the following: “a Federal court injunction or a bar obtained or entered by the Commission under this title,”; and

(B) by striking subparagraph (D) and inserting the following:

“(D) SPECIAL PROVISIONS RELATING TO A VIOLATION OF AN INJUNCTION OR CERTAIN ORDERS.—

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

“(ii) INJUNCTIONS AND ORDERS.—Clause (i) shall apply with respect to an action to enforce—

“(I) a Federal court injunction obtained pursuant to this title;

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

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

(3) INVESTMENT COMPANY ACT OF 1940.—Section 42(e) of the Investment Company Act of 1940 (15 U.S.C. 80a–41(e)) is amended—

(A) in paragraph (1), by inserting after “the rules or regulations thereunder,” the following: “a Federal court injunction or a bar obtained or entered by the Commission under this title,”; and

(B) by striking paragraph (4) and inserting the following:
“(4) Special provisions relating to a violation of an injunction or certain orders.—

“(A) In general.—Each separate violation of an injunction or order described in sub-
paragraph (B) shall be a separate offense, except that in the case of a violation through a
continuing failure to comply with such injunction or order, each day of the failure to comply
with the injunction or order shall be deemed a separate offense.

“(B) Injunctions and orders.—Sub-
paragraph (A) shall apply with respect to any
action to enforce—

“(i) a Federal court injunction obtained pursuant to this title;

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

“(iii) a cease-and-desist order entered
by the Commission pursuant to section
9(f).”.
(4) INVESTMENT ADVISERS ACT OF 1940.—Sec-
section 209(e) of the Investment Advisers Act of 1940
(15 U.S.C. 80b–9(e)) is amended—

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

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

“(4) SPECIAL PROVISIONS RELATING TO A VIOL-
ATION OF AN INJUNCTION OR CERTAIN ORDERS.—

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

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

“(i) a Federal court injunction ob-
tained pursuant to this title;
“(ii) an order entered or obtained by
the Commission pursuant to this title that
bars, suspends, places limitations on the
activities or functions of, or prohibits the
activities of, a person; or
“(iii) a cease-and-desist order entered
by the Commission pursuant to section
203(k).”.

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

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

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

(1) in clause (i)—

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

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

(2) in clause (ii)—

(A) by striking “$750,000” and inserting
“$1,500,000”; and
(B) by striking “$15,000,000” and inserting “$22,000,000”.

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

SEC. 213. UPDATED CIVIL MONEY PENALTY FOR CONTROLLING PERSONS IN CONNECTION WITH INSIDER TRADING.

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

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

SEC. 214. UPDATE OF CERTAIN OTHER PENALTIES.

(a) IN GENERAL.—Section 32 of the Securities Exchange Act of 1934 (15 U.S.C. 78ff) is amended—

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

(2) in subsection (c)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking “$2,000,000” and inserting “$4,000,000”; and
(ii) in subparagraph (B), by striking “$10,000” and inserting “$50,000”; and

(B) in paragraph (2)—

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

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

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

SEC. 215. MONETARY SANCTIONS TO BE USED FOR THE RELIEF OF VICTIMS.

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

“(a) Monetary Sanctions to Be Used for the Relief of Victims.—

“(1) IN GENERAL.—If, in any judicial or administrative action brought by the Commission under the securities laws, the Commission obtains a monetary sanction (as defined in section 21F(a) of the Securities Exchange Act of 1934) against any person for a violation of such laws, or such person agrees, in settlement of any such action, to such
monetary sanction, the amount of such monetary sanction shall, on the motion or at the direction of the Commission, be added to and become part of a disgorgement fund or other fund established for the benefit of the victims of such violation.

“(2) DEFINITION OF VICTIM.—In this subsection, the term ‘victim’ has the meaning given the term ‘crime victim’ in section 3771(c) of title 18, United States Code.”.


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

SEC. 216. GAO REPORT ON USE OF CIVIL MONEY PENALTY AUTHORITY BY COMMISSION.

(a) IN GENERAL.—Not later than 2 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on the use by the Commission of
the authority to impose or obtain civil money penalties for
violations of the securities laws during the period begin-
ing on June 1, 2010, and ending on the date of the en-
actment of this Act.

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

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

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

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

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

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

(C) Penalties permitted to be retained for
use by the Commission and penalties deposited
in the general fund of the Treasury of the
United States.
(4) For penalties imposed on or obtained from issuers:

(A) Whether the violations involved resulted in direct economic benefit to the issuers.

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

(e) Definitions.—In this section, the terms “Commission”, “issuer”, and “securities laws” have the meanings given such terms in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

Subtitle B—FIRREA Penalties

Modernization


(a) Amendments to FIRREA.—Section 951(b) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833a(b)) is amended—

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

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

•HR 10 EH
(b) Amendments to the Home Owners’ Loan Act.—The Home Owners’ Loan Act (12 U.S.C. 1461 et seq.) is amended—

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

(2) in section 10—

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

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

(c) Amendments to the Federal Deposit Insurance Act.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended—

(1) in section 7—

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

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

(2) in section 8—

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

(B) in subsection (j), by striking “$1,000,000” and inserting “$1,500,000”; and
(3) in section 19(b), by striking “$1,000,000” and inserting “$1,500,000”.

(d) Amendments to the Federal Credit Union Act.—The Federal Credit Union Act (12 U.S.C. 1751 et seq.) is amended—

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

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

(3) in section 206—

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

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

(e) Amendments to the Revised Statutes of the United States.—Title LXII of the Revised Statutes of the United States is amended—

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

(2) in section 5239(b)(4), by striking “$1,000,000” each place such term appears and inserting “$1,500,000”.

•HR 10 EH
(f) Amendments to the Federal Reserve Act.—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended—

(1) in the 6th undesignated paragraph of section 9, by striking “$1,000,000” and inserting “$1,500,000”;  

(2) in section 19(l)(4), by striking “$1,000,000” each place such term appears and inserting “$1,500,000”; and  

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

(g) Amendments to the Bank Holding Company Act Amendments of 1970.—Section 106(b)(2)(F)(iv) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1978(b)(2)(F)(iv)) is amended by striking “$1,000,000” each place such term appears and inserting “$1,500,000”.

(h) Amendments to the Bank Holding Company Act of 1956.—Section 8 of the Bank Holding Company Act of 1956 (12 U.S.C. 1847) is amended—

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

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

•HR 10 EH
(i) Amendments to Title 18, United States Code.—Title 18, United States Code, is amended—

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

(2) in chapter 31—

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

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

(3) in chapter 47—

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

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

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

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

(4) in chapter 63—

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

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

(C) in section 1344, by striking “$1,000,000” and inserting “$1,500,000”.
TITLE III—DEMANDING ACCOUNTABILITY FROM FINANCIAL REGULATORS AND DEVOLVING POWER AWAY FROM WASHINGTON

Subtitle A—Cost-Benefit Analyses

SEC. 311. DEFINITIONS.

As used in this subtitle—

(1) the term “agency” means the Board of Governors of the Federal Reserve System, the Consumer Law Enforcement Agency, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Securities and Exchange Commission;

(2) the term “chief economist” means—

(A) with respect to the Board of Governors of the Federal Reserve System, the Director of the Division of Research and Statistics, or an employee of the agency with comparable authority;

(B) with respect to the Consumer Law Enforcement Agency, the Head of the Office of
Economic Analysis, or an employee of the agency with comparable authority;

(C) with respect to the Commodity Futures Trading Commission, the Chief Economist, or an employee of the agency with comparable authority;

(D) with respect to the Federal Deposit Insurance Corporation, the Director of the Division of Insurance and Research, or an employee of the agency with comparable authority;

(E) with respect to the Federal Housing Finance Agency, the Chief Economist, or an employee of the agency with comparable authority;

(F) with respect to the Office of the Comptroller of the Currency, the Director for Policy Analysis, or an employee of the agency with comparable authority;

(G) with respect to the National Credit Union Administration, the Chief Economist, or an employee of the agency with comparable authority; and

(H) with respect to the Securities and Exchange Commission, the Director of the Divi-
sion of Economic and Risk Analysis, or an em-
ployee of the agency with comparable authority;
(3) the term “Council” means the Chief Economists Council established under section 318; and
(4) the term “regulation”—
(A) means an agency statement of general applicability and future effect that is designed to implement, interpret, or prescribe law or pol-
icy or to describe the procedure or practice re-
quirements of an agency, including rules, orders of general applicability, interpretive releases,
and other statements of general applicability that the agency intends to have the force and effect of law; and
(B) does not include—
(i) a regulation issued in accordance with the formal rulemaking provisions of section 556 or 557 of title 5, United States Code;
(ii) a regulation that is limited to agency organization, management, or per-
sonnel matters;
(iii) a regulation promulgated pursuant to statutory authority that expressly prohibits compliance with this provision;
(iv) a regulation that is certified by the agency to be an emergency action, if such certification is published in the Federal Register;

(v) a regulation that is promulgated by the Board of Governors of the Federal Reserve System or the Federal Open Market Committee under section 10A, 10B, 13, 13A, or 19 of the Federal Reserve Act, or any of subsections (a) through (f) of section 14 of that Act;

(vi) a regulation filed with the Securities and Exchange Commission by the Public Company Accounting Oversight Board, the Municipal Securities Rulemaking Board, or any national securities association registered under section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o–3(a)) for which the board or association has itself conducted the cost-benefit analysis and otherwise complied with the requirements of section 312; or

(vii) a regulation filed with the Securities and Exchange Commission by a national securities association registered

SEC. 312. REQUIRED REGULATORY ANALYSIS.

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

(1) an identification of the need for the regulation and the regulatory objective, including identification of the nature and significance of the market failure, regulatory failure, or other problem that necessitates the regulation;

(2) an explanation of why the private market or State, local, or tribal authorities cannot adequately address the identified market failure or other problem;

(3) an analysis of the adverse impacts to regulated entities, other market participants, economic activity, or agency effectiveness that are engendered by the regulation and the magnitude of such adverse impacts;

(4) a quantitative and qualitative assessment of all anticipated direct and indirect costs and benefits
of the regulation (as compared to a benchmark that
assumes the absence of the regulation), including—

(A) compliance costs;

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

(C) regulatory administrative costs; and

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

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

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

(A) an explanation of why the regulation
meets the objectives of the regulation more ef-
effectively than the alternatives, and if the agency
is proposing multiple alternatives, an expla-
nation of why a notice of proposed rulemaking,
rather than an advanced notice of proposed
rulemaking, is appropriate; and
(B) if the regulation is not a pilot program, an explanation of why a pilot program is not appropriate;

(7) if the regulation specifies the behavior or manner of compliance, an explanation of why the agency did not instead specify performance objectives;

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

(9) an assessment of the extent to which the regulation is inconsistent, incompatible, or duplicative with the existing regulations of the agency or those of other domestic and international regulatory authorities with overlapping jurisdiction;

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

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

(12) an explanation of predicted changes in market structure and infrastructure and in behavior by market participants, including consumers and in-
vestors, assuming that they will pursue their economic interests.

(b) Requirements for Notices of Final Rulemaking.—

(1) In general.—Notwithstanding any other provision of law, an agency may not issue a notice of final rulemaking with respect to a regulation unless the agency—

(A) has issued a notice of proposed rulemaking for the relevant regulation;

(B) has conducted and includes in the notice of final rulemaking an analysis that contains, at a minimum, the elements required under subsection (a); and

(C) includes in the notice of final rulemaking regulatory impact metrics selected by the chief economist to be used in preparing the report required pursuant to section 315.

(2) Consideration of Comments.—The agency shall incorporate in the elements described in paragraph (1)(B) the data and analyses provided to the agency by commenters during the comment period, or explain why the data or analyses are not being incorporated.
(3) COMMENT PERIOD.—An agency shall not publish a notice of final rulemaking with respect to a regulation, unless the agency—

(A) has allowed at least 90 days from the date of publication in the Federal Register of the notice of proposed rulemaking for the submission of public comments; or

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

(4) PROHIBITED RULES.—

(A) IN GENERAL.—An agency may not publish a notice of final rulemaking if the agency, in its analysis under paragraph (1)(B), determines that the quantified costs are greater than the quantified benefits under subsection (a)(5).

(B) PUBLICATION OF ANALYSIS.—If the agency is precluded by subparagraph (A) from publishing a notice of final rulemaking, the agency shall publish in the Federal Register and on the public website of the agency its analysis under paragraph (1)(B), and provide the analysis to each House of Congress.
(C) CONGRESSIONAL WAIVER.—If the agency is precluded by subparagraph (A) from publishing a notice of final rulemaking, Congress, by joint resolution pursuant to the procedures set forth for joint resolutions in section 802 of title 5, United States Code, may direct the agency to publish a notice of final rulemaking notwithstanding the prohibition contained in subparagraph (A). In applying section 802 of title 5, United States Code, for purposes of this paragraph, section 802(e)(2) shall not apply and the terms—

(i) “joint resolution” or “joint resolution described in subsection (a)” means only a joint resolution introduced during the period beginning on the submission or publication date and ending 60 days thereafter (excluding days either House of Congress is adjourned for more than 3 days during a session of Congress), the matter after the resolving clause of which is as follows: “That Congress directs, notwithstanding the prohibition contained in section 312(b)(4)(A) of the Financial CHOICE Act of 2017, the to publish
the notice of final rulemaking for the regulation or regulations that were the subject of the analysis submitted by the ____ to Congress on ____.” (The blank spaces being appropriately filled in.); and

(ii) “submission or publication date” means—

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

(II) if the analysis is submitted to Congress less than 60 session days or 60 legislative days before the date on which the Congress adjourns a session of Congress, the date on which the same or succeeding Congress first convenes its next session.

SEC. 313. RULE OF CONSTRUCTION.

Provided that an agency has first issued an advanced notice of proposed rulemaking in connection with a regulation, the agency is not required to comply with section 3506(c)(2) of title 44, United States Code, with respect to any information collection request—
(1) that identifies the advanced notice of proposed rulemaking in such request;

(2) that informs the person from whom the information is obtained or solicited that the provision of such information is voluntary;

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

(4) with respect to which the information collected will not be used for purposes other than compliance with this title.

SEC. 314. PUBLIC AVAILABILITY OF DATA AND REGULATORY ANALYSIS.

(a) In General.—At or before the commencement of the public comment period with respect to a regulation, the agency shall make available on its public website sufficient information about the data, methodologies, and assumptions underlying the analyses performed pursuant to section 312 so that the analytical results of the agency are capable of being substantially reproduced, subject to an acceptable degree of imprecision or error.

(b) Confidentiality.—The agency shall comply with subsection (a) in a manner that preserves the non-public nature of confidential information, including confidential trade secrets, confidential commercial or financial
information, and confidential information about positions, transactions, or business practices.

SEC. 315. FIVE-YEAR REGULATORY IMPACT ANALYSIS.

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

(b) Regulatory Impact Metrics.—In preparing the report required by subsection (a), the chief economist shall employ the regulatory impact metrics included in the notice of final rulemaking pursuant to section 312(b)(1)(C).

(c) Reproducibility.—The report shall include the data, methodologies, and assumptions underlying the evaluation so that the agency’s analytical results are capable of being substantially reproduced, subject to an acceptable degree of imprecision or error.

(d) Confidentiality.—The agency shall comply with subsection (c) in a manner that preserves the non-public nature of confidential information, including confidential trade secrets, confidential commercial or financial information, and confidential information about positions, transactions, or business practices.
(c) REPORT.—The agency shall submit the report required by subsection (a) to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives and post it on the public website of the agency. Notwithstanding the previous sentence, the Commodity Futures Trading Commission shall only submit its report to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives.

SEC. 316. RETROSPECTIVE REVIEW OF EXISTING RULES.

(a) REGULATORY IMPROVEMENT PLAN.—Not later than 1 year after the date of enactment of this Act and every 5 years thereafter, each agency shall develop, submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, and post on the public website of the agency a plan, consistent with law and its resources and regulatory priorities, under which the agency will modify, streamline, expand, or repeal existing regulations so as to make the regulatory program of the agency more effective or less burdensome in achieving the regulatory objectives. Notwithstanding the previous sentence, the Commodity Futures Trading Commission shall only submit its plan to the Committee on Agriculture, Nutri-
trition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives.

(b) Implementation Progress Report.—Two years after the date of submission of each plan required under subsection (a), each agency shall develop, submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, and post on the public website of the agency a report of the steps that it has taken to implement the plan, steps that remain to be taken to implement the plan, and, if any parts of the plan will not be implemented, reasons for not implementing those parts of the plan. Notwithstanding the previous sentence, the Commodity Futures Trading Commission shall only submit its plan to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives.

SEC. 317. JUDICIAL REVIEW.

(a) In General.—Notwithstanding any other provision of law, during the period beginning on the date on which a notice of final rulemaking for a regulation is published in the Federal Register and ending 1 year later, a person that is adversely affected or aggrieved by the regulation is entitled to bring an action in the United States Court of Appeals for the District of Columbia Circuit for
judicial review of agency compliance with the requirements of section 312.

(b) STAY.—The court may stay the effective date of the regulation or any provision thereof.

(c) RELIEF.—If the court finds that an agency has not complied with the requirements of section 312, the court shall vacate the subject regulation, unless the agency shows by clear and convincing evidence that vacating the regulation would result in irreparable harm. Nothing in this section affects other limitations on judicial review or the power or duty of the court to dismiss any action or deny relief on any other appropriate legal or equitable ground.

SEC. 318. CHIEF ECONOMISTS COUNCIL.

(a) ESTABLISHMENT.—There is established the Chief Economists Council.

(b) MEMBERSHIP.—The Council shall consist of the chief economist of each agency. The members of the Council shall select the first chairperson of the Council. Thereafter the position of Chairperson shall rotate annually among the members of the Council.

(c) MEETINGS.—The Council shall meet at the call of the Chairperson, but not less frequently than quarterly.

(d) REPORT.—One year after the effective date of this Act and annually thereafter, the Council shall prepare
and submit to the Committee on Banking, Housing, and Urban Affairs and the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Financial Services and the Committee on Agriculture of the House of Representatives, and make publicly available on the Council’s website, a report on—

(1) the benefits and costs of regulations adopted by the agencies during the past 12 months;

(2) the regulatory actions planned by the agencies for the upcoming 12 months;

(3) the cumulative effect of the existing regulations of the agencies on economic activity, innovation, international competitiveness of entities regulated by the agencies, and net job creation (excluding jobs related to ensuring compliance with the regulation);

(4) the training and qualifications of the persons who prepared the cost-benefit analyses of each agency during the past 12 months;

(5) the sufficiency of the resources available to the chief economists during the past 12 months for the conduct of the activities required by this subtitle; and
(6) recommendations for legislative or regu-
lar action to enhance the efficiency and effective-
ness of financial regulation in the United States.

SEC. 319. CONFORMING AMENDMENTS.

Section 15(a) of the Commodity Exchange Act (7
U.S.C. 19(a)) is amended—

(1) by striking paragraph (1);

(2) in paragraph (2), by striking “(2)” and all
that follows through “light of—” and inserting the
following:

“(1) CONSIDERATIONS.—Before promulgating a
regulation under this chapter or issuing an order
(except as provided in paragraph (2)), the Commis-
sion shall take into consideration—”;

(3) in paragraph (1), as so redesignated—

(A) in subparagraph (B), by striking “fu-
tures” and inserting “the relevant”;

(B) in subparagraph (C), by adding “and”
at the end;

(C) in subparagraph (D), by striking “;
and” and inserting a period; and

(D) by redesigning paragraph (E); and

(4) by redesignating paragraph (3) as para-
graph (2).
SEC. 320. OTHER REGULATORY ENTITIES.

Not later than 1 year after the date of enactment of this Act, the Securities and Exchange Commission shall provide to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, and make publicly available on the Commission’s website a report setting forth a plan for subjecting the Public Company Accounting Oversight Board, the Municipal Securities Rulemaking Board, and any national securities association registered under section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o–4(a)), other than subsection (k) of such section 15A, to the requirements of this subtitle, other than direct representation on the Council.

SEC. 321. AVOIDANCE OF DUPLICATIVE OR UNNECESSARY ANALYSES.

An agency may perform the analyses required by this subtitle in conjunction with, or as a part of, any other agenda or analysis required by any other provision of law, if such other analysis satisfies the provisions of this subtitle.
Subtitle B—Congressional Review of Federal Financial Agency Rulemaking

SEC. 331. CONGRESSIONAL REVIEW.

(a)(1)(A) Before a rule may take effect, an agency shall publish in the Federal Register a list of information on which the rule is based, including data, scientific and economic studies, and cost-benefit analyses, and identify how the public can access such information online, and shall submit to each House of the Congress and to the Comptroller General a report containing—

(i) a copy of the rule;

(ii) a concise general statement relating to the rule;

(iii) a classification of the rule as a major or nonmajor rule, including an explanation of the classification specifically addressing each criteria for a major rule contained within subparagraphs (A) through (C) of section 334(2);

(iv) a list of any other related regulatory actions intended to implement the same statutory provision or regulatory objective as well as the individual and aggregate economic effects of those actions; and

(v) the proposed effective date of the rule.
(B) On the date of the submission of the report under subparagraph (A), the agency shall submit to the Comptroller General and make available to each House of Congress—

(i) a complete copy of the cost-benefit analysis of the rule, if any, including an analysis of any jobs added or lost, differentiating between public and private sector jobs;

(ii) the agency’s actions pursuant to sections 603, 604, 605, 607, and 609 of title 5, United States Code;

(iii) the agency’s actions pursuant to sections 202, 203, 204, and 205 of the Unfunded Mandates Reform Act of 1995 and subtitle G; and

(iv) any other relevant information or requirements under any other Act and any relevant Executive orders.

(C) Upon receipt of a report submitted under subparagraph (A), each House shall provide copies of the report to the chairman and ranking member of each standing committee with jurisdiction under the rules of the House of Representatives or the Senate to report a bill to amend the provision of law under which the rule is issued.
(2)(A) The Comptroller General shall provide a report on each major rule to the committees of jurisdiction by the end of 15 calendar days after the submission or publication date. The report of the Comptroller General shall include an assessment of the agency’s compliance with procedural steps required by paragraph (1)(B) and an assessment of whether the major rule imposes any new limits or mandates on private-sector activity.

(B) Agencies shall cooperate with the Comptroller General by providing information relevant to the Comptroller General’s report under subparagraph (A).

(3) A major rule relating to a report submitted under paragraph (1) shall take effect upon enactment of a joint resolution of approval described in section 332 or as provided for in the rule following enactment of a joint resolution of approval described in section 332, whichever is later.

(4) A nonmajor rule shall take effect as provided by section 333 after submission to Congress under paragraph (1).

(5) If a joint resolution of approval relating to a major rule is not enacted within the period provided in subsection (b)(2), then a joint resolution of approval relating to the same rule may not be considered under this
subtitle in the same Congress by either the House of Representatives or the Senate.

(b)(1) A major rule shall not take effect unless the Congress enacts a joint resolution of approval described under section 332.

(2) If a joint resolution described in subsection (a) is not enacted into law by the end of 70 session days or legislative days, as applicable, beginning on the date on which the report referred to in subsection (a)(1)(A) is received by Congress (excluding days either House of Congress is adjourned for more than 3 days during a session of Congress), then the rule described in that resolution shall be deemed not to be approved and such rule shall not take effect.

(c)(1) Notwithstanding any other provision of this section (except subject to paragraph (3)), a major rule may take effect for one 90-calendar-day period if the President makes a determination under paragraph (2) and submits written notice of such determination to the Congress.

(2) Paragraph (1) applies to a determination made by the President by Executive order that the major rule should take effect because such rule is—

(A) necessary because of an imminent threat to health or safety or other emergency;
(B) necessary for the enforcement of criminal
laws;

(C) necessary for national security; or

(D) issued pursuant to any statute imple-
menting an international trade agreement.

(3) An exercise by the President of the authority
under this subsection shall have no effect on the proce-
dures under section 332.

(d)(1) In addition to the opportunity for review other-
wise provided under this subtitle, in the case of any rule
for which a report was submitted in accordance with sub-
section (a)(1)(A) during the period beginning on the date
occurring—

(A) in the case of the Senate, 60 session days;

or

(B) in the case of the House of Representatives,

60 legislative days,

before the date the Congress is scheduled to adjourn a
session of Congress through the date on which the same
or succeeding Congress first convenes its next session, sec-
tions 332 and 333 shall apply to such rule in the suc-
ceeding session of Congress.

(2)(A) In applying sections 332 and 333 for purposes
of such additional review, a rule described under para-
graph (1) shall be treated as though—
(i) such rule were published in the Federal Register on—

(II) in the case of the House of Represent-atives, the 15th legislative day,

after the succeeding session of Congress first con-venes; and

(ii) a report on such rule were submitted to Congress under subsection (a)(1) on such date.

(B) Nothing in this paragraph shall be construed to affect the requirement under subsection (a)(1) that a re- port shall be submitted to Congress before a rule can take effect.

(3) A rule described under paragraph (1) shall take effect as otherwise provided by law (including other sub- sections of this section).

SEC. 332. CONGRESSIONAL APPROVAL PROCEDURE FOR MAJOR RULES.

(a)(1) For purposes of this section, the term “joint resolution” means only a joint resolution addressing a re- port classifying a rule as major pursuant to section 331(a)(1)(A)(iii) that—

(A) bears no preamble;
(B) bears the following title (with blanks filled as appropriate): “Approving the rule submitted by _____ relating to ______.”; 

(C) includes after its resolving clause only the following (with blanks filled as appropriate): “That Congress approves the rule submitted by _____ relating to ______.”; and 

(D) is introduced pursuant to paragraph (2). 

(2) After a House of Congress receives a report classifying a rule as major pursuant to section 331(a)(1)(A)(iii), the majority leader of that House (or his or her respective designee) shall introduce (by request, if appropriate) a joint resolution described in paragraph (1)—

(A) in the case of the House of Representatives, within 3 legislative days; and 

(B) in the case of the Senate, within 3 session days. 

(3) A joint resolution described in paragraph (1) shall not be subject to amendment at any stage of proceeding. 

(b) A joint resolution described in subsection (a) shall be referred in each House of Congress to the committees having jurisdiction over the provision of law under which the rule is issued.
(c) In the Senate, if the committee or committees to
which a joint resolution described in subsection (a) has
been referred have not reported it at the end of 15 session
days after its introduction, such committee or committees
shall be automatically discharged from further consider-
ation of the resolution and it shall be placed on the cal-
endar. A vote on final passage of the resolution shall be
taken on or before the close of the 15th session day after
the resolution is reported by the committee or committees
to which it was referred, or after such committee or com-
mittees have been discharged from further consideration
of the resolution.

(d)(1) In the Senate, when the committee or commit-
tees to which a joint resolution is referred have reported,
or when a committee or committees are discharged (under
subsection (c)) from further consideration of a joint reso-
lution described in subsection (a), it is at any time there-
after in order (even though a previous motion to the same
effect has been disagreed to) for a motion to proceed to
the consideration of the joint resolution, and all points of
order against the joint resolution (and against consider-
ation of the joint resolution) are waived. The motion is
not subject to amendment, or to a motion to postpone,
or to a motion to proceed to the consideration of other
business. A motion to reconsider the vote by which the
motion is agreed to or disagreed to shall not be in order.

If a motion to proceed to the consideration of the joint resolution is agreed to, the joint resolution shall remain the unfinished business of the Senate until disposed of.

(2) In the Senate, debate on the joint resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 2 hours, which shall be divided equally between those favoring and those opposing the joint resolution. A motion to further limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the joint resolution is not in order.

(3) In the Senate, immediately following the conclusion of the debate on a joint resolution described in subsection (a), and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the Senate, the vote on final passage of the joint resolution shall occur.

(4) Appeals from the decisions of the Chair relating to the application of the rules of the Senate to the procedure relating to a joint resolution described in subsection (a) shall be decided without debate.

(e) In the House of Representatives, if any committee to which a joint resolution described in subsection (a) has

•HR 10 EH
been referred has not reported it to the House at the end of 15 legislative days after its introduction, such com-
mittee shall be discharged from further consideration of the joint resolution, and it shall be placed on the appro-
priate calendar. On the second and fourth Thursdays of each month it shall be in order at any time for the Speaker to recognize a Member who favors passage of a joint reso-
lution that has appeared on the calendar for at least 5 legislative days to call up that joint resolution for imme-
diate consideration in the House without intervention of any point of order. When so called up a joint resolution shall be considered as read and shall be debatable for 1 hour equally divided and controlled by the proponent and an opponent, and the previous question shall be considered as ordered to its passage without intervening motion. It shall not be in order to reconsider the vote on passage. If a vote on final passage of the joint resolution has not been taken by the third Thursday on which the Speaker may recognize a Member under this subsection, such vote shall be taken on that day.

(f)(1) If, before passing a joint resolution described in subsection (a), one House receives from the other a joint resolution having the same text, then—

(A) the joint resolution of the other House shall not be referred to a committee; and
(B) the procedure in the receiving House shall be the same as if no joint resolution had been received from the other House until the vote on passage, when the joint resolution received from the other House shall supplant the joint resolution of the receiving House.

(2) This subsection shall not apply to the House of Representatives if the joint resolution received from the Senate is a revenue measure.

(g) If either House has not taken a vote on final passage of the joint resolution by the last day of the period described in section 331(b)(2), then such vote shall be taken on that day.

(h) This section and section 333 are enacted by Congress—

(1) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such is deemed to be part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a joint resolution described in subsection (a) and superseding other rules only where explicitly so; and

(2) with full recognition of the Constitutional right of either House to change the rules (so far as
they relate to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

SEC. 333. CONGRESSIONAL DISAPPROVAL PROCEDURE FOR NONMAJOR RULES.

(a) For purposes of this section, the term “joint resolution” means only a joint resolution introduced in the period beginning on the date on which the report referred to in section 331(a)(1)(A) is received by Congress and ending 60 days thereafter (excluding days either House of Congress is adjourned for more than 3 days during a session of Congress), the matter after the resolving clause of which is as follows: “That Congress disapproves the nonmajor rule submitted by the ______ relating to ______, and such rule shall have no force or effect.” (The blank spaces being appropriately filled in).

(b) A joint resolution described in subsection (a) shall be referred to the committees in each House of Congress with jurisdiction.

(c) In the Senate, if the committee to which is referred a joint resolution described in subsection (a) has not reported such joint resolution (or an identical joint resolution) at the end of 15 session days after the date of introduction of the joint resolution, such committee may be discharged from further consideration of such joint res-
olution upon a petition supported in writing by 30 Mem-
bers of the Senate, and such joint resolution shall be
placed on the calendar.

(d)(1) In the Senate, when the committee to which
a joint resolution is referred has reported, or when a com-
mittee is discharged (under subsection (c)) from further
consideration of a joint resolution described in subsection
(a), it is at any time thereafter in order (even though a
previous motion to the same effect has been disagreed to)
for a motion to proceed to the consideration of the joint
resolution, and all points of order against the joint resolu-
tion (and against consideration of the joint resolution) are
waived. The motion is not subject to amendment, or to
a motion to postpone, or to a motion to proceed to the
consideration of other business. A motion to reconsider the
vote by which the motion is agreed to or disagreed to shall
not be in order. If a motion to proceed to the consideration
of the joint resolution is agreed to, the joint resolution
shall remain the unfinished business of the Senate until
disposed of.

(2) In the Senate, debate on the joint resolution, and
on all debatable motions and appeals in connection ther-
with, shall be limited to not more than 10 hours, which
shall be divided equally between those favoring and those
opposing the joint resolution. A motion to further limit
debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the joint resolution is not in order.

(3) In the Senate, immediately following the conclusion of the debate on a joint resolution described in subsection (a), and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the Senate, the vote on final passage of the joint resolution shall occur.

(4) Appeals from the decisions of the Chair relating to the application of the rules of the Senate to the procedure relating to a joint resolution described in subsection (a) shall be decided without debate.

(e) In the Senate, the procedure specified in subsection (c) or (d) shall not apply to the consideration of a joint resolution respecting a nonmajor rule—

(1) after the expiration of the 60 session days beginning with the applicable submission or publication date; or

(2) if the report under section 331(a)(1)(A) was submitted during the period referred to in section 331(d)(1), after the expiration of the 60 session days beginning on the 15th session day after the succeeding session of Congress first convenes.
(f) If, before the passage by one House of a joint res-
olution of that House described in subsection (a), that
House receives from the other House a joint resolution
described in subsection (a), then the following procedures
shall apply:

(1) The joint resolution of the other House
shall not be referred to a committee.

(2) With respect to a joint resolution described
in subsection (a) of the House receiving the joint
resolution—

(A) the procedure in that House shall be
the same as if no joint resolution had been re-
ceived from the other House; but

(B) the vote on final passage shall be on
the joint resolution of the other House.

SEC. 334. DEFINITIONS.

For purposes of this subtitle:

(1) The term “agency” has the meaning given
such term under section 311.

(2) The term “major rule” means any rule, in-
cluding an interim final rule, that the Administrator
of the Office of Information and Regulatory Affairs
of the Office of Management and Budget finds has
resulted in or is likely to result in—
(A) an annual cost on the economy of
$100,000,000 or more, adjusted annually for
inflation;

(B) a major increase in costs or prices for
consumers, individual industries, Federal,
State, or local government agencies, or geo-
graphic regions; or

(C) significant adverse effects on competi-
tion, employment, investment, productivity, in-
ovation, or on the ability of United States-
based enterprises to compete with foreign-based
enterprises in domestic and export markets.

(3) The term “nonmajor rule” means any rule
that is not a major rule.

(4) The term “rule” has the meaning given
such term in section 551 of title 5, United States
Code, except that such term does not include—

(A) any rule of particular applicability, in-
cluding a rule that approves or prescribes for
the future rates, wages, prices, services, or al-
lowances therefore, corporate or financial struc-
tures, reorganizations, mergers, or acquisitions
thereof, or accounting practices or disclosures
bearing on any of the foregoing;
(B) any rule relating to agency management or personnel; or

(C) any rule of agency organization, procedure, or practice that does not substantially affect the rights or obligations of non-agency parties.

(5) The term “submission date or publication date”, except as otherwise provided in this subtitle, means—

(A) in the case of a major rule, the date on which the Congress receives the report submitted under section 331(a)(1)(A); and

(B) in the case of a nonmajor rule, the later of—

(i) the date on which the Congress receives the report submitted under section 331(a)(1)(A); and

(ii) the date on which the nonmajor rule is published in the Federal Register, if so published.

SEC. 335. JUDICIAL REVIEW.

(a) No determination, finding, action, or omission under this subtitle shall be subject to judicial review.

(b) Notwithstanding subsection (a), a court may determine whether a Federal financial agency has completed
the necessary requirements under this subtitle for a rule
to take effect.

(c) The enactment of a joint resolution of approval
under section 332 shall not be interpreted to serve as a
grant or modification of statutory authority by Congress
for the promulgation of a rule, shall not extinguish or af-
fect any claim, whether substantive or procedural, against
any alleged defect in a rule, and shall not form part of
the record before the court in any judicial proceeding con-
cerning a rule except for purposes of determining whether
or not the rule is in effect.

SEC. 336. EFFECTIVE DATE OF CERTAIN RULES.
Notwithstanding section 331—

(1) any rule that establishes, modifies, opens,
closes, or conducts a regulatory program for a com-
mercial, recreational, or subsistence activity related
to hunting, fishing, or camping, or

(2) any rule other than a major rule which the
Federal financial agency for good cause finds (and
incorporates the finding and a brief statement of
reasons therefore in the rule issued) that notice and
public procedure thereon are impracticable, unneces-
sary, or contrary to the public interest,
shall take effect at such time as the Federal financial
agency promulgating the rule determines.
SEC. 337. BUDGETARY EFFECTS OF RULES SUBJECT TO SECTION 332 OF THE FINANCIAL CHOICE ACT OF 2017.

Section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new subparagraph:

“(E) BUDGETARY EFFECTS OF RULES SUBJECT TO SECTION 332 OF THE FINANCIAL CHOICE ACT OF 2017.—Any rules subject to the congressional approval procedure set forth in section 332 of the Financial CHOICE Act of 2017 affecting budget authority, outlays, or receipts shall be assumed to be effective unless it is not approved in accordance with such section.”.

SEC. 338. NONAPPLICABILITY TO MONETARY POLICY.

Nothing in this subtitle shall apply to rules that concern monetary policy proposed or implemented by the Board of Governors of the Federal Reserve System or the Federal Open Market Committee.

Subtitle C—Judicial Review of Agency Actions

SEC. 341. SCOPE OF JUDICIAL REVIEW OF AGENCY ACTIONS.

(a) IN GENERAL.—Notwithstanding any other provision of law, in any judicial review of an agency action pursuant to chapter 7 of title 5, United States Code, to the
extent necessary to decision and when presented, the re-
viewing court shall determine the meaning or applicability
of the terms of an agency action and decide de novo all
relevant questions of law, including the interpretation of
constitutional and statutory provisions, and rules made by
an agency. If the reviewing court determines that a statu-
tory or regulatory provision relevant to its decision con-
tains a gap or ambiguity, the court shall not interpret that
gap or ambiguity as an implicit delegation to the agency
of legislative rule making authority and shall not rely on
such gap or ambiguity as a justification either for inter-
preting agency authority expansively or for deferring to
the agency’s interpretation on the question of law. Not-
withstanding any other provision of law, this section shall
apply in any action for judicial review of agency action
authorized under any provision of law. No law may exempt
any such civil action from the application of this section
except by specific reference to this section.

(b) AGENCY DEFINED.—For purposes of this section,
the term “agency” has the meaning given such term under
section 311.

(c) EFFECTIVE DATE.—Subsection (a) shall take ef-
fet after the end of the 2-year period beginning on the
date of the enactment of this Act.
Subtitle D—Leadership of Financial Regulators

SEC. 351. FEDERAL DEPOSIT INSURANCE CORPORATION.

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

(1) in subsection (a)(1), by striking “5 members” and all that follows through “3 of whom” and inserting the following: “5 members, who”;

(2) by amending subsection (d) to read as follows:

“(d) VACANCY.—Any vacancy on the Board of Directors shall be filled in the manner in which the original appointment was made.”; and

(3) in subsection (f)—

(A) by striking paragraph (2); and

(B) by redesignating paragraph (3) as paragraph (2).

SEC. 352. FEDERAL HOUSING FINANCE AGENCY.

Subtitle E—Congressional
Oversight of Appropriations

SEC. 361. BRINGING THE FEDERAL DEPOSIT INSURANCE
CORPORATION INTO THE APPROPRIATIONS
PROCESS.

(a) IN GENERAL.—Section 10(a) of the Federal De-
posit Insurance Act (12 U.S.C. 1820(a)) is amended—

(1) by striking ‘‘(a) The’’ and inserting the fol-
lowing:

‘‘(a) POWERS.—

‘‘(1) IN GENERAL.—The’’;

(2) by inserting ‘‘, subject to paragraph (2),’’
after ‘‘The Board of Directors of the Corporation’’;

and

(3) by adding at the end the following new
paragraph:

‘‘(2) APPROPRIATIONS REQUIREMENT.—Except
as provided under paragraph (3), the Corporation
may, only to the extent as provided in advance by
appropriations Acts, cover the costs incurred in car-
rying out the provisions of this Act, including with
respect to the administrative costs of the Corpora-
tion and the costs of the examination and super-
vision of insured depository institutions.'
“(3) Exception for certain programs.— Paragraph (2) shall not apply to the Corporation’s Insurance Business Line Programs and Receivership Management Business Line Programs, as in existence on the date of enactment of this paragraph, and the proportion of the administrative costs of the Corporation related to such programs.”.

(b) Examination Fees.—Section 10(e)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1820(e)(1)) is amended by striking “to meet the expenses of the Corporation in carrying out such examinations” and inserting “and may be expended by the Board only to the extent as provided in advance by appropriations Acts to cover the costs incurred in carrying out such examinations”.

(c) Offset of Additional Fees.—The Federal Deposit Insurance Corporation shall reduce the amount of insurance premiums charged by the Corporation under the Federal Deposit Insurance Act in an amount equal to any additional fees charged by the Corporation by reason of the amendments made by this section.

(d) Effective Date.—The amendments made by this section shall apply with respect to expenses paid and fees collected on or after October 1, 2017.
SEC. 362. BRINGING THE FEDERAL HOUSING FINANCE AGENCY INTO THE APPROPRIATIONS PROCESS.

(a) IN GENERAL.—Section 1316 of the Housing and Community Development Act of 1992 (12 U.S.C. 4516) is amended—

(1) by amending subsection (a) to read as follows:

“(a) APPROPRIATIONS REQUIREMENT.—

“(1) RECOVERY OF COSTS OF ANNUAL APPROPRIATION.—The Agency shall collect assessments and other fees that are designed to recover the costs to the Government of the annual appropriation to the Agency by Congress.

“(2) OFFSETTING COLLECTIONS.—Assessments and other fees described under paragraph (1) for any fiscal year—

“(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Agency; and

“(B) shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.”; and

(2) by striking subsection (f).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to expenses paid and
assessments and other fees collected on or after October 1, 2017.

SEC. 363. BRINGING THE EXAMINATION AND SUPERVISION FUNCTIONS OF THE NATIONAL CREDIT UNION ADMINISTRATION INTO THE APPROPRIATIONS PROCESS.

(a) OPERATING FEES.—Section 105(d) of the Federal Credit Union Act (12 U.S.C. 1755(d)) is amended—

(1) by striking “All” and inserting “(1) All”;

(2) by striking “for the account of the Administration and may be expended by the Board to defray the expenses incurred in carrying out the provisions of this Act including the examination and supervision of Federal credit unions” and inserting “and may be expended by the Board only to the extent as provided in advance by appropriations Acts, to cover the costs incurred in carrying out the provisions of this Act with respect to the costs of the examination and supervision of Federal credit unions” and the proportion of the administrative costs of the Board related to the examination and supervision of Federal credit unions”; and

(3) by adding at the end the following:

“(2)(A) The Board may only use amounts in the NCUA Operating Fund to the extent as provided in ad-
vance by appropriations Acts, including to pay for the
costs incurred by the Board in carrying out the examina-
tion and supervision of Federal credit unions and the pro-
portion of the administrative costs of the Board related
to the examination and supervision of Federal credit
unions.

“(B) Subparagraph (A) shall not apply to the
Board’s activities carried out pursuant to title II.”.

(b) STAFF FUNDING.—Section 120(j)(3) of the Fed-
eral Credit Union Act (12 U.S.C. 1766(j)(3)) is amend-
ed—

(1) by inserting “related to the examination
and supervision of Federal credit unions under this
Act and the proportion of the administrative costs of
the Board related to the examination and super-
vision of Federal credit unions under this Act” be-
fore “shall be paid”; and

(2) by striking “insured credit unions under
this Act” and inserting “Federal credit unions under
this title, only to the extent as provided in advance
by appropriations Acts”.

(c) USE OF DEPOSIT FUNDS.—Section
202(c)(1)(B)(iv) of the Federal Credit Union Act (12
U.S.C. 1782(c)(1)(B)(iv)) is amended—
(1) by striking “The” and inserting “To the extent provided for in advance by appropriations Acts, the”; and

(2) by adding at the end the following new sentence: “This clause shall not apply to the Board’s activities carried out pursuant to this title.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to expenses paid and fees collected on or after October 1, 2017.


(a) IN GENERAL.—Section 5240A of the Revised Statutes of the United States (12 U.S.C. 16) is amended—

(1) by striking “Sec. 5240A. The Comptroller of the Currency may collect an assessment, fee, or other charge from any entity described in section 3(q)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)(1)), as the Comptroller determines is necessary or appropriate to carry out the responsibilities of the Office of the Comptroller of the Currency. In establishing the amount of an assessment, fee, or charge collected from an entity under this section,” and inserting the following:
“SEC. 5240A. COLLECTION OF FEES; APPROPRIATIONS REQUIREMENT.

“(a) IN GENERAL.—In establishing the amount of an assessment, fee, or charge collected from an entity under subsection (b),”;

(2) by striking “Funds derived” and all that follows through the end of the section; and

(3) by adding at the end the following:

“(b) APPROPRIATIONS REQUIREMENT.—

“(1) RECOVERY OF COSTS OF ANNUAL APPROPRIATION.—The Comptroller of the Currency shall impose and collect assessments, fees, or other charges that are designed to recover the costs to the Government of the annual appropriation to the Office of the Comptroller of the Currency by Congress.

“(2) OFFSETTING COLLECTIONS.—Assessments and other fees described under paragraph (1) for any fiscal year—

“(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Office of the Comptroller of the Currency; and

“(B) shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.”.
(b) Conforming Amendment.—Section 5240 (12 U.S.C. 481 et seq.) of the Revised Statutes of the United States is amended by striking the fourth undesignated paragraph.

(c) Effective Date.—The amendments made by this section shall apply with respect to expenses paid and fees collected on or after October 1, 2017.

SEC. 365. BRINGING THE NON-MONETARY POLICY RELATED FUNCTIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM INTO THE APPROPRIATIONS PROCESS.

(a) In General.—The Federal Reserve Act is amended by inserting after section 11B the following:

“SEC. 11C. APPROPRIATIONS REQUIREMENT FOR NON-MONETARY POLICY RELATED ADMINISTRATIVE COSTS.

“(a) Appropriations Requirement.—

“(1) Recovery of costs of annual appropriation.—The Board of Governors of the Federal Reserve System and the Federal reserve banks shall collect assessments and other fees, as provided under this Act, that are designed to recover the costs to the Government of the annual appropriation to the Board of Governors of the Federal Reserve System by Congress. The Board of Governors of the Federal Reserve System shall use the funds so collected for the payment of the annual appropriation to the Board of Governors of the Federal Reserve System by Congress, including for the purpose of defraying the costs of the non-monetary policy related administrative costs of the Board of Governors of the Federal Reserve System.”
Reserve System and the Federal reserve banks may only incur obligations or allow and pay expenses with respect to non-monetary policy related administrative costs pursuant to an appropriations Act.

“(2) OFFSETTING COLLECTIONS.—Assessments and other fees described under paragraph (1) for any fiscal year—

“(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Board of Governors of the Federal Reserve System; and

“(B) shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

“(3) LIMITATION.—This subsection shall only apply to the non-monetary policy related administrative costs of the Board of Governors of the Federal Reserve System.

“(b) DEFINITIONS.—For purposes of this section:

“(1) MONETARY POLICY.—The term ‘monetary policy’ means a strategy for producing a generally acceptable exchange medium that supports the productive employment of economic resources by reliably serving as both a unit of account and store of value.
“(2) NON-MONETARY POLICY RELATED ADMINISTRATIVE COSTS.—The term ‘non-monetary policy related administrative costs’ means administrative costs not related to the conduct of monetary policy, and includes—

“(A) direct operating expenses for supervising and regulating entities supervised and regulated by the Board of Governors of the Federal Reserve System, including conducting examinations, conducting stress tests, communicating with the entities regarding supervisory matters and laws, and regulations;

“(B) operating expenses for activities integral to carrying out supervisory and regulatory responsibilities, such as training staff in the supervisory function, research and analysis functions including library subscription services, and collecting and processing regulatory reports filed by supervised institutions; and

“(C) support, overhead, and pension expenses related to the items described under subparagraphs (A) and (B).”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to expenses paid and fees collected on or after October 1, 2017.
Subtitle F—International Processes

SEC. 371. REQUIREMENTS FOR INTERNATIONAL PROCESSES.

(a) Board of Governors Requirements.—Section 11 of the Federal Reserve Act (12 U.S.C. 248), as amended by section 1007(a), is further amended by adding at the end the following new subsection:

“(w) International Processes.—

“(1) Notice of process; consultation.—At least 30 calendar days before any member or employee of the Board of Governors of the Federal Reserve System participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Governors shall—

“(A) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(B) make such notice available to the public, including on the website of the Board of Governors; and

“(C) solicit public comment, and consult with the committees described under subpara-
graph (A), with respect to the subject matter, scope, and goals of the process.

“(2) PUBLIC REPORTS ON PROCESS.—After the end of any process described under paragraph (1), the Board of Governors shall issue a public report on the topics that were discussed during the process and any new or revised rulemakings or policy changes that the Board of Governors believes should be implemented as a result of the process and make the report available on the website of the Board of Governors.

“(3) NOTICE OF AGREEMENTS; CONSULTATION.—At least 90 calendar days before any member or employee of the Board of Governors of the Federal Reserve System participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Governors shall—

“(A) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(B) make such notice available to the public, including on the website of the Board of Governors; and
“(C) consult with the committees described under subparagraph (A) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.

“(4) DEFINITION.—For purposes of this subsection, the term ‘process’ shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organization).”.

(b) FDIC REQUIREMENTS.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

“SEC. 51. INTERNATIONAL PROCESSES.

“(a) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Board of Directors participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Directors shall—

“(1) issue a notice of the process, including the subject matter, scope, and goals of the process, to

•HR 10 EH
the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(2) make such notice available to the public, including on the website of the Corporation; and

“(3) solicit public comment, and consult with the committees described under paragraph (1), with respect to the subject matter, scope, and goals of the process.

“(b) Public Reports on Process.—After the end of any process described under subsection (a), the Board of Directors shall issue a public report on the topics that were discussed at the process and any new or revised rulemakings or policy changes that the Board of Directors believes should be implemented as a result of the process and make the report available on the website of the Corporation.

“(c) Notice of Agreements; Consultation.—At least 90 calendar days before the Board of Directors participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Directors shall—

“(1) issue a notice of agreement to the Committee on Financial Services of the House of Rep-
resentatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(2) make such notice available to the public, including on the website of the Corporation; and

“(3) consult with the committees described under paragraph (1) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.

“(d) DEFINITION.—For purposes of this section, the term ‘process’ shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organization).”.

(c) TREASURY REQUIREMENTS.—Section 325 of title 31, United States Code, is amended by adding at the end the following new subsection:

“(d) INTERNATIONAL PROCESSES.—

“(1) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Secretary participates in a process of setting financial standards as
a part of any foreign or multinational entity, the Secretary shall—

“(A) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(B) make such notice available to the public, including on the website of the Department of the Treasury; and

“(C) solicit public comment, and consult with the committees described under subparagraph (A), with respect to the subject matter, scope, and goals of the process.

“(2) PUBLIC REPORTS ON PROCESS.—After the end of any process described under paragraph (1), the Secretary shall issue a public report on the topics that were discussed at the process and any new or revised rulemakings or policy changes that the Secretary believes should be implemented as a result of the process and make the report available on the website of the Department of the Treasury.

“(3) NOTICE OF AGREEMENTS; CONSULTATION.—At least 90 calendar days before the Sec-
retary participates in a process of setting financial
standards as a part of any foreign or multinational
entity, the Secretary shall—

“(A) issue a notice of agreement to the
Committee on Financial Services of the House
of Representatives and the Committee on Bank-
ing, Housing, and Urban Affairs of the Senate;

“(B) make such notice available to the
public, including on the website of the Depart-
ment of the Treasury; and

“(C) consult with the committees described
under subparagraph (A) with respect to the na-
ture of the agreement and any anticipated ef-
fects such agreement will have on the economy.

“(4) DEFINITION.—For purposes of this sub-
section, the term ‘process’ shall include any official
proceeding or meeting on financial regulation of a
recognized international organization with authority
to set financial standards on a global or regional
level, including the Financial Stability Board, the
Basel Committee on Banking Supervision (or a simi-
lar organization), and the International Association
of Insurance Supervisors (or a similar organiza-
tion).”.

•HR 10 EH
(d) OCC REQUIREMENTS.—Chapter one of title LXII of the Revised Statutes of the United States (12 U.S.C. 21 et seq.) is amended—

(1) by adding at the end the following new section:

“SEC. 5156B. INTERNATIONAL PROCESSES.

“(a) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Comptroller of the Currency participates in a process of setting financial standards as a part of any foreign or multinational entity, the Comptroller of the Currency shall—

“(1) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(2) make such notice available to the public, including on the website of the Office of the Comptroller of the Currency; and

“(3) solicit public comment, and consult with the committees described under paragraph (1), with respect to the subject matter, scope, and goals of the process.

“(b) PUBLIC REPORTS ON PROCESS.—After the end of any process described under subsection (a), the Com-
troller of the Currency shall issue a public report on the
topics that were discussed at the process and any new or
revised rulemakings or policy changes that the Com-
troller of the Currency believes should be implemented as
a result of the process.

“(c) NOTICE OF AGREEMENTS; CONSULTATION.—At
least 90 calendar days before the Comptroller of the Cur-
rency participates in a process of setting financial stand-
ards as a part of any foreign or multinational entity, the
Comptroller of the Currency shall—

“(1) issue a notice of agreement to the Com-
mittee on Financial Services of the House of Rep-
resentatives and the Committee on Banking, Hous-
ing, and Urban Affairs of the Senate;

“(2) make such notice available to the public,
including on the website of the Office of the Comp-
troller of the Currency; and

“(3) consult with the committees described
under paragraph (1) with respect to the nature of
the agreement and any anticipated effects such
agreement will have on the economy.

“(d) DEFINITION.—For purposes of this section, the
term ‘process’ shall include any official proceeding or
meeting on financial regulation of a recognized inter-
national organization with authority to set financial stand-
ards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Super-
vision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organi-
ization).”; and

(2) in the table of contents for such chapter, by adding at the end the following new item:

“5156B. International processes.”.

(e) SECURITIES AND EXCHANGE COMMISSION RE-
quirements.—Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d), as amended by section 818(a), is further amended by adding at the end the following new subsection:

“(k) INTERNATIONAL PROCESSES.—

“(1) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Commission par-
ticipates in a process of setting financial standards as a part of any foreign or multinational entity, the Commission shall—

“(A) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Com-
mittee on Banking, Housing, and Urban Affairs of the Senate;
“(B) make such notice available to the public, including on the website of the Commission; and

“(C) solicit public comment, and consult with the committees described under subparagraph (A), with respect to the subject matter, scope, and goals of the process.

“(2) PUBLIC REPORTS ON PROCESS.—After the end of any process described under paragraph (1), the Commission shall issue a public report on the topics that were discussed at the process and any new or revised rulemakings or policy changes that the Commission believes should be implemented as a result of the process and make the report available on the website of the Commission.

“(3) NOTICE OF AGREEMENTS; CONSULTATION.—At least 90 calendar days before the Commission participates in a process of setting financial standards as a part of any foreign or multinational entity, the Commission shall—

“(A) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;
“(B) make such notice available to the public, including on the website of the Commission; and

“(C) consult with the committees described under subparagraph (A) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.

“(4) DEFINITION.—For purposes of this subsection, the term ‘process’ shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organization).”.

(f) COMMODITY FUTURES TRADING COMMISSION REQUIREMENTS.—Section 2 of the Commodity Exchange Act (7 U.S.C. 2) is amended by adding at the end the following:

“(k) INTERNATIONAL PROCESSES.—

“(1) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Commission participates in a process of setting financial standards
as a part of any foreign or multinational entity, the
Commission shall—

“(A) issue a notice of the process, includ-
ing the subject matter, scope, and goals of the
process, to—

“(i) the Committee on Agriculture of
the House of Representatives; and

“(ii) the Committee on Agriculture,
Nutrition, and Forestry of the Senate;

“(B) make such notice available to the
public, including on the website of the Commiss-
ion; and

“(C) solicit public comment, and consult
with the committees described under subpara-
graph (A), with respect to the subject matter,
scope, and goals of the process.

“(2) PUBLIC REPORTS ON PROCESS.—After the
end of any process described under paragraph (1),
the Commission shall issue a public report on the
topics that were discussed during the process and
any new or revised rulemakings or policy changes
that the Commission believes should be implemented
as a result of the process and make the report avail-
able on the website of the Commission.
“(3) Notice of Agreements; Consultation.—At least 90 calendar days before the Commission participates in a process of setting financial standards as a part of any foreign or multinational entity, the Commission shall—

“(A) issue a notice of agreement to—

“(i) the Committee on Agriculture of the House of Representatives; and

“(ii) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

“(B) make such notice available to the public, including on the website of the Commission; and

“(C) consult with the committees described under subparagraph (A) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.

“(4) Definition.—For purposes of this subsection, the term ‘process’ shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association
of Insurance Supervisors (or a similar organization).”.

Subtitle G—Unfunded Mandates Reform

SEC. 381. DEFINITIONS.

For purposes of this subtitle:

(1) AGENCY.—The term “agency” has the meaning given such term under section 311.

(2) DIRECT COSTS.—The term “direct costs” has the meaning given such term under section 421(3) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 658(3)), except that—

(A) in the case of a Federal intergovernmental mandate, the term means the aggregate estimated amounts that all State, local, and Tribal governments would incur or be required to spend or would be prohibited from raising in revenues in order to comply with the Federal intergovernmental mandate; and

(B) in the case of a Federal private sector mandate, the term means the aggregate estimated amounts that the private sector will be required to spend or could forgo in profits, including costs passed on to consumers or other
entities taking into account, to the extent prac-
ticable, behavioral changes, in order to comply
with the Federal private sector mandate.

(3) Other definitions.—Except as provided
under paragraphs (1) and (2), the definitions under
section 421 of the Congressional Budget and Im-
poundment Control Act of 1974 shall apply to this
subtitle.

SEC. 382. APPLICATION OF THE UNFUNDED MANDATES RE-
FORM ACT.

(a) IN GENERAL.—The Unfunded Mandates Reform
Act of 1995 (2 U.S.C. 1501 et seq.) shall apply to the
Board of Governors of the Federal Reserve System, the
Consumer Law Enforcement Agency, the Commodity Fu-
tures Trading Commission, the Federal Deposit Insurance
Corporation, the Federal Housing Finance Agency, the
Office of the Comptroller of the Currency, the National
Credit Union Administration, and the Securities and Ex-
change Commission.

(b) STATEMENTS TO ACCOMPANY SIGNIFICANT REG-
ULATORY ACTIONS.—

(1) IN GENERAL.—Unless otherwise expressly
prohibited by law, before promulgating any general
notice of proposed rulemaking or any final rule, or
within six months after promulgating any final rule
that was not preceded by a general notice of proposed rulemaking, if the proposed rulemaking or final rule includes a Federal mandate that may result in an annual effect on State, local, or Tribal governments, or to the private sector, in the aggregate of $100,000,000 or more in any 1 year, the agency shall prepare a written statement containing the following:

(A) The text of the draft proposed rulemaking or final rule, together with the information required under subsections (a) and (b)(1) of section 312, as applicable, including an explanation of the manner in which the proposed rulemaking or final rule is consistent with the statutory requirement and avoids undue interference with State, local, and Tribal governments in the exercise of their governmental functions.

(B) Estimates by the agency, if and to the extent that the agency determines that accurate estimates are reasonably feasible, of—

(i) the future compliance costs of the Federal mandate; and

(ii) any disproportionate budgetary effects of the Federal mandate upon any
particular regions of the nation or particular State, local, or Tribal governments, urban or rural or other types of communities, or particular segments of the private sector.

(C)(i) A detailed description of the extent of the agency’s prior consultation with the private sector and elected representatives (under subsection (c) and section 204 of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1534) of the affected State, local, and tribal governments.

(ii) A detailed summary of the comments and concerns that were presented by the private sector and State, local, or Tribal governments either orally or in writing to the agency.

(iii) A detailed summary of the agency’s evaluation of those comments and concerns.

(D) A detailed summary of how the agency complied with section 312, as applicable.

(2) Prevention of duplicative requirements.—If an agency is required to prepare a written statement under both paragraph (1) and section 202(a) of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1532(a)), the agency shall prepare
only one written statement that consolidates and
meets the requirements of such paragraph and such
section.

(c) State, Local, and Tribal Government and
Private Sector Input.—

(1) In general.—Each agency shall, to the ex-
tent permitted in law, develop an effective process to
permit impacted parties within the private sector
(including small businesses) to provide meaningful
and timely input in the development of regulatory
proposals containing significant Federal mandates.

(2) Prevention of duplicative processes.—If an agency is required to develop a proc-
ess under both paragraph (1) and section 204(a) of
the Unfunded Mandates Reform Act of 1995 (2
U.S.C. 1534(a)), the agency shall develop only one
process that consolidates and meets the require-
ments of such paragraph and such section.

(3) Guidelines.—For appropriate implement-
tion of this subsection and of section 204 of the
Unfunded Mandates Reform Act, consistent with ap-
plicable laws and regulations, the following guide-
lines shall be followed: —

(A) Consultations shall take place as early
as possible, before issuance of a notice of pro-
posed rulemaking, continue through the final rule stage, and be integrated explicitly into the rulemaking process.

(B) Agencies shall consult with a wide variety of State, local, and Tribal officials and impacted parties within the private sector (including small businesses). Geographic, political, and other factors that may differentiate varying points of view should be considered.

(C) Agencies should estimate benefits and costs to assist with these consultations. The scope of the consultation should reflect the cost and significance of the Federal mandate being considered.

(D) Agencies shall, to the extent practicable—

(i) seek out the views of State, local, and Tribal governments, and impacted parties within the private sector (including small businesses), on costs, benefits, and risks; and

(ii) solicit ideas about alternative methods of compliance and potential flexibilities, and input on whether the Federal regulation will harmonize with and not du-
plicate similar laws in other levels of government.

(E) Consultations shall address the cumulative impact of regulations on the affected entities.

(F) Agencies may accept electronic submissions of comments by relevant parties but may not use those comments as the sole method of satisfying the guidelines in this subsection.

(d) Office of Information and Regulatory Affairs Responsibilities.—

(1) In general.—The Administrator of the Office of Information and Regulatory Affairs shall provide meaningful guidance and oversight so that each agency’s regulations for which a written statement is required under subsection (b) and section 202 of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1532) are consistent with the principles and requirements of this title, as well as other applicable laws, and do not conflict with the policies or actions of another Federal agency (as the term “agency” is defined under section 551 of title 5, United States Code). If the Administrator determines that an agency’s regulations for which a written statement is required under subsection (b) and
section 202 of the Unfunded Mandates Reform Act of 1995 do not comply with such principles and requirements, are not consistent with other applicable laws, or conflict with the policies or actions of another Federal agency (as the term “agency” is defined under section 551 of title 5, United States Code), the Administrator shall identify areas of non-compliance, notify the agency, and request that the agency comply before the agency finalizes the regulation concerned.

(2) Annual statements to Congress on agency compliance.—The Administrator of the Office of Information and Regulatory Affairs shall submit to the Director of the Office of Management and Budget for inclusion in the annual report required by section 208 of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1538) a written report detailing compliance by each agency with the requirements of this title that relate to regulations for which a written statement is required by subsection (b) and section 202 of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1532), including activities undertaken at the request of the Administrator to improve compliance, during the preceding reporting period. The report shall also con-
tain an appendix detailing compliance by each agency with subsection (e) and section 204 of the Unfunded Mandates Reform Act.

(e) EXPANDED JUDICIAL REVIEW.—

(1) AGENCY STATEMENTS ON SIGNIFICANT REGULATORY ACTIONS.—

(A) IN GENERAL.—Compliance or non-compliance by any agency with the provisions of subsection (b) and sections 202, 203(a)(1) and (2), and 205 of the Unfunded Mandates Reform Act of 1995 shall be subject to judicial review in accordance with this subsection.

(B) LIMITED REVIEW OF AGENCY COMPLIANCE OR NONCOMPLIANCE.—

(i) SCOPE OF REVIEW UNDER TITLE 5.—Agency compliance or noncompliance with the provisions of subsection (b) and sections 202, 203(a)(1) and (2), and 205 of the Unfunded Mandates Reform Act of 1995 shall be subject to judicial review under section 706(1) of title 5, United States Code, and as provided under clause (ii).

(ii) COURT MAY COMPEL PREPARATION OF WRITTEN STATEMENT.—If an
agency fails to prepare the written statement (including the preparation of the estimates, analyses, statements, or descriptions) under subsection (b) and section 202 of the Unfunded Mandates Reform Act, prepare a written plan under paragraphs (1) and (2) of section 203 of the Unfunded Mandates Reform Act, or comply with section 205 of the Unfunded Mandates Reform Act, a court may compel the agency to prepare such written statement, prepare such written plan, or comply with such section.

(C) **Review of Agency Rules.**—In any judicial review under any other Federal law of an agency rule for which compliance with this subtitle is required, the inadequacy or failure to prepare required material, or to comply with provisions of subsection (b) and sections 202, 203(a)(1) and (2), and 205 of the Unfunded Mandates Reform Act of 1995 may be used as a basis for staying, enjoining, invalidating or otherwise affecting such agency rule.

(D) **Certain Information as Part of Record.**—Any information generated under
subsection (b) and sections 202, 203(a)(1) and
(2), and 205 of the Unfunded Mandates Re-
form Act of 1995 that is part of the rulemaking
record for judicial review under the provisions
of any other Federal law may be considered as
part of the record for judicial review conducted
under such other provisions of Federal law.

(E) APPLICATION OF OTHER FEDERAL
LAW.—For any petition under subparagraph
(B) the provisions of such other Federal law
shall control all other matters, such as exhaus-
tion of administrative remedies, the time for
and manner of seeking review and venue, except
that if such other Federal law does not provide
a limitation on the time for filing a petition for
judicial review that is less than 180 days, such
limitation shall be 180 days after a final rule is
promulgated by the appropriate agency.

(F) EFFECTIVE DATE.—This paragraph
shall apply to any agency rule for which a gen-
eral notice of proposed rulemaking is promul-
gated on or after the date of the enactment of
this Act.

(2) JUDICIAL REVIEW AND RULE OF CON-
STRUCTION.—Except as provided in paragraph (1)—
(A) any estimate, analysis, statement, description, or report prepared under this subtitle, any compliance or noncompliance with the provisions of this subtitle, and any determination concerning the applicability of the provisions of this subtitle shall not be subject to judicial review; and

(B) no provision of this subtitle shall be construed to create any right or benefit, substantive or procedural, enforceable by any person in any administrative or judicial action.

Subtitle H—Enforcement Coordination

SEC. 391. POLICIES TO MINIMIZE DUPLICATION OF ENFORCEMENT EFFORTS.

(a) In General.—Each agency (as defined under section 311) shall, not later than the end of the 90-day period beginning on the date of the enactment of this Act, implement policies and procedures—

(1) to minimize duplication of efforts with other Federal or State authorities when bringing an administrative or judicial action against an individual or entity;

(2) to establish when joint investigations, administrative actions, or judicial actions or the coordi-
nation of law enforcement activities are necessary
and appropriate and in the public interest; and

(3) to, in the course of a joint investigation, ad-
ministrative action, or judicial action, establish a
lead agency to avoid duplication of efforts and un-
necessary burdens and to ensure consistent enforce-
ment, as necessary and appropriate and in the pub-
lic interest.

(b) RULE OF CONSTRUCTION.—Nothing in this sec-
tion may be construed to preempt State law or mandate
coordination by a State authority.

Subtitle I—Penalties for
Unauthorized Disclosures

SEC. 392. CRIMINAL PENALTY FOR UNAUTHORIZED DIS-
CLOSURES.

Section 165 of the Financial Stability Act of 2010
(12 U.S.C. 5365), as amended by section 151(b)(6)(M),
is further amended by adding at the end the following:

“(m) CRIMINAL PENALTY FOR UNAUTHORIZED DIS-
closures.—

“(1) IN GENERAL.—Any officer or employee of
a Federal department or agency, who by virtue of
such officer or employee’s employment or official po-
sition, has possession of, or access to, agency records
which contain individually identifiable information
submitted pursuant to the requirements of this sec-

tion, the disclosure of which is prohibited by Federal

statute, rule, or regulation, and who knowing that
disclosure of the specific material is so prohibited,

willfully discloses the material in any manner to any

person or agency not entitled to receive it, shall be
guilty of a misdemeanor and fined not more than

$5,000.

“(2) OBTAINING RECORDS UNDER FALSE PRE-
tenses.—Any person who knowingly and willfully

requests or obtains information described under

paragraph (1) from a Federal department or agency

under false pretenses shall be guilty of a mis-
demeanor and fined not more than $5,000.

“(3) TREATMENT OF DETERMINATIONS.—For

purposes of this subsection, a determination made

under subsection (d) or (i) based on individually

identifiable information submitted pursuant to the

requirements of this section shall be deemed individ-

ually identifiable information, the disclosure of which

is prohibited by Federal statute.”.
Subtitle J—Stop Settlement Slush Funds

SEC. 393. LIMITATION ON DONATIONS MADE PURSUANT TO SETTLEMENT AGREEMENTS TO WHICH CERTAIN DEPARTMENTS OR AGENCIES ARE A PARTY.

(a) LIMITATION ON REQUIRED DONATIONS.—No settlement to which a department or agency is a party may direct or provide for a payment to any person who is not a victim of the alleged wrongdoing.

(b) PENALTY.—Any Executive branch official or agent thereof who enters into or enforces a settlement in violation of subsection (a), shall be subject to the same penalties that would apply in the case of a violation of section 3302 of title 31, United States Code.

(c) EFFECTIVE DATE.—Subsections (a) and (b) apply only in the case of a settlement agreement concluded on or after the date of enactment of this Act.

(d) DEFINITIONS.—

(1) The term “department or agency”—

(A) has the meaning given the term “agency” under section 311; and

(B) means the Department of Housing and Urban Development, the Department of Jus-
tice, and the Rural Housing Service of the Department of Agriculture.

(2) The term “settlement agreement” means a settlement agreement resolving a civil action or potential civil action, a plea agreement, a deferred prosecution agreement, or a non-prosecution agreement.

(3) The term “payment” means a payment or loan.

(4) The term “payment to any person who is not a victim” means any payment other than a payment—

(A) to a person who is party to the lawsuit or settlement;

(B) that provides restitution for or otherwise directly remedies actual harm (including to the environment) directly and proximately caused by the party making the payment as a result of that party’s alleged wrongdoing;

(C) that constitutes payment for services rendered in connection with the case; or

(D) made pursuant to section 3663 of title 18, United States Code.
TITLE IV—UNLEASHING OPPORTUNITIES FOR SMALL BUSINESSES, INNOVATORS, AND JOB CREATORS BY FACILITATING CAPITAL FORMATION

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

SEC. 401. REGISTRATION EXEMPTION FOR MERGER AND ACQUISITION BROKERS.

Section 15(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b)) is amended by adding at the end the following:

“(13) REGISTRATION EXEMPTION FOR MERGER AND ACQUISITION BROKERS.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), an M&A broker shall be exempt from registration under this section.

“(B) EXCLUDED ACTIVITIES.—An M&A broker is not exempt from registration under this paragraph if such broker does any of the following:

“(i) Directly or indirectly, in connection with the transfer of ownership of an eligible privately held company, receives,
holds, transmits, or has custody of the funds or securities to be exchanged by the parties to the transaction.

“(ii) Engages on behalf of an issuer in a public offering of any class of securities that is registered, or is required to be registered, with the Commission under section 12 or with respect to which the issuer files, or is required to file, periodic information, documents, and reports under subsection (d).

“(iii) Engages on behalf of any party in a transaction involving a public shell company.

“(C) DISQUALIFICATIONS.—An M&A broker is not exempt from registration under this paragraph if such broker is subject to—

“(i) suspension or revocation of registration under paragraph (4);

“(ii) a statutory disqualification described in section 3(a)(39);

“(iii) a disqualification under the rules adopted by the Commission under section 926 of the Investor Protection and
Securities Reform Act of 2010 (15 U.S.C. 77d note); or

“(iv) a final order described in para-
graph (4)(H).

“(D) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to limit any other authority of the Commission to exempt any person, or any class of persons, from any provision of this title, or from any provision of any rule or regulation thereunder.

“(E) DEFINITIONS.—In this paragraph:

“(i) CONTROL.—The term ‘control’ means the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract, or otherwise. There is a presumption of control for any person who—

“(I) is a director, general part-
ner, member or manager of a limited liability company, or officer exercising executive responsibility (or has similar status or functions);

“(II) has the right to vote 20 percent or more of a class of voting
securities or the power to sell or direct
the sale of 20 percent or more of a
class of voting securities; or
“(III) in the case of a partner-
ship or limited liability company, has
the right to receive upon dissolution,
or has contributed, 20 percent or
more of the capital.
“(ii) ELIGIBLE PRIVATELY HELD
COMPANY.—The term ‘eligible privately
held company’ means a privately held com-
pany that meets both of the following con-
ditions:
“(I) The company does not have
any class of securities registered, or
required to be registered, with the
Commission under section 12 or with
respect to which the company files, or
is required to file, periodic informa-
tion, documents, and reports under
subsection (d).
“(II) In the fiscal year ending
immediately before the fiscal year in
which the services of the M&A broker
are initially engaged with respect to
the securities transaction, the company meets either or both of the following conditions (determined in accordance with the historical financial accounting records of the company):

“(aa) The earnings of the company before interest, taxes, depreciation, and amortization are less than $25,000,000.

“(bb) The gross revenues of the company are less than $250,000,000.

“(iii) M&A BROKER.—The term ‘M&A broker’ means a broker, and any person associated with a broker, engaged in the business of effecting securities transactions solely in connection with the transfer of ownership of an eligible privately held company, regardless of whether the broker acts on behalf of a seller or buyer, through the purchase, sale, exchange, issuance, repurchase, or redemption of, or a business combination involving, securities or assets of the eligible privately held company, if the broker reasonably believes that—
“(I) upon consummation of the transaction, any person acquiring securities or assets of the eligible privately held company, acting alone or in concert, will control and, directly or indirectly, will be active in the management of the eligible privately held company or the business conducted with the assets of the eligible privately held company; and

“(II) if any person is offered securities in exchange for securities or assets of the eligible privately held company, such person will, prior to becoming legally bound to consummate the transaction, receive or have reasonable access to the most recent fiscal year-end financial statements of the issuer of the securities as customarily prepared by the management of the issuer in the normal course of operations and, if the financial statements of the issuer are audited, reviewed, or compiled, any related statement by the independent accountant,
a balance sheet dated not more than
120 days before the date of the offer,
and information pertaining to the
management, business, results of op-
erations for the period covered by the
foregoing financial statements, and
material loss contingencies of the
issuer.

“(iv) PUBLIC SHELL COMPANY.—The
term ‘public shell company’ is a company
that at the time of a transaction with an
eligible privately held company—

“(I) has any class of securities
registered, or required to be reg-
istered, with the Commission under
section 12 or that is required to file
reports pursuant to subsection (d);

“(II) has no or nominal oper-
ations; and

“(III) has—

“(aa) no or nominal assets;

“(bb) assets consisting solely
of cash and cash equivalents; or

“(cc) assets consisting of
any amount of cash and cash
equivalents and nominal other assets.

“(F) Inflation adjustment.—

“(i) In general.—On the date that is 5 years after the date of the enactment of this paragraph, and every 5 years thereafter, each dollar amount in subparagraph (E)(ii)(II) shall be adjusted by—

“(I) dividing the annual value of the Employment Cost Index For Wages and Salaries, Private Industry Workers (or any successor index), as published by the Bureau of Labor Statistics, for the calendar year preceding the calendar year in which the adjustment is being made by the annual value of such index (or successor) for the calendar year ending December 31, 2012; and

“(II) multiplying such dollar amount by the quotient obtained under subclause (I).

“(ii) Rounding.—Each dollar amount determined under clause (i) shall
be rounded to the nearest multiple of $100,000.’’

SEC. 402. EFFECTIVE DATE.

This subtitle and any amendment made by this subtitle shall take effect on the date that is 90 days after the date of the enactment of this Act.

Subtitle B—Encouraging Employee Ownership

SEC. 406. INCREASED THRESHOLD FOR DISCLOSURES RELATING TO COMPENSATORY BENEFIT PLANS.

Not later than 60 days after the date of the enactment of this Act, the Securities and Exchange Commission shall revise section 230.701(e) of title 17, Code of Federal Regulations, so as to increase from $5,000,000 to $20,000,000 the aggregate sales price or amount of securities sold during any consecutive 12-month period in excess of which the issuer is required under such section to deliver an additional disclosure to investors. The Commission shall index for inflation such aggregate sales price or amount every 5 years to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, rounding to the nearest $1,000,000.
Subtitle C—Small Company
Disclosure Simplification

SEC. 411. EXEMPTION FROM XBRL REQUIREMENTS FOR
EMERGING GROWTH COMPANIES AND OTHER
SMALLER COMPANIES.

(a) EXEMPTION FOR EMERGING GROWTH COMPANIES.—Emerging growth companies are exempted from the requirements to use Extensible Business Reporting Language (XBRL) for financial statements and other periodic reporting required to be filed with the Commission under the securities laws. Such companies may elect to use XBRL for such reporting.

(b) EXEMPTION FOR OTHER SMALLER COMPANIES.—Issuers with total annual gross revenues of less than $250,000,000 are exempt from the requirements to use XBRL for financial statements and other periodic reporting required to be filed with the Commission under the securities laws. Such issuers may elect to use XBRL for such reporting. An exemption under this subsection shall continue in effect until—

(1) the date that is five years after the date of enactment of this Act; or

(2) the date that is two years after a determination by the Commission, by order after conducting the analysis required by section 3, that the
benefits of such requirements to such issuers out-
weigh the costs, but no earlier than three years after
enactment of this Act.

(c) Modifications to Regulations.—Not later
than 60 days after the date of enactment of this Act, the
Commission shall revise its regulations under parts 229,
230, 232, 239, 240, and 249 of title 17, Code of Federal
Regulations, to reflect the exemptions set forth in sub-
sections (a) and (b).

SEC. 412. ANALYSIS BY THE SEC.

The Commission shall conduct an analysis of the
costs and benefits to issuers described in section 411(b)
of the requirements to use XBRL for financial statements
and other periodic reporting required to be filed with the
Commission under the securities laws. Such analysis shall
include an assessment of—

(1) how such costs and benefits may differ from
the costs and benefits identified by the Commission
in the order relating to interactive data to improve
financial reporting (dated January 30, 2009; 74
Fed. Reg. 6776) because of the size of such issuers;

(2) the effects on efficiency, competition, capital
formation, and financing and on analyst coverage of
such issuers (including any such effects resulting
from use of XBRL by investors);
(3) the costs to such issuers of—

(A) submitting data to the Commission in XBRL;
(B) posting data on the website of the issuer in XBRL;
(C) software necessary to prepare, submit, or post data in XBRL; and
(D) any additional consulting services or filing agent services;

(4) the benefits to the Commission in terms of improved ability to monitor securities markets, assess the potential outcomes of regulatory alternatives, and enhance investor participation in corporate governance and promote capital formation; and

(5) the effectiveness of standards in the United States for interactive filing data relative to the standards of international counterparts.

SEC. 413. REPORT TO CONGRESS.

Not later than one year after the date of enactment of this Act, the Commission shall provide the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report regarding—
(1) the progress in implementing XBRL reporting within the Commission;
(2) the use of XBRL data by Commission officials;
(3) the use of XBRL data by investors;
(4) the results of the analysis required by section 412; and
(5) any additional information the Commission considers relevant for increasing transparency, decreasing costs, and increasing efficiency of regulatory filings with the Commission.

SEC. 414. DEFINITIONS.
As used in this subtitle, the terms “Commission”, “emerging growth company”, “issuer”, and “securities laws” have the meanings given such terms in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

Subtitle D—Securities and Exchange Commission Overpayment Credit

SEC. 416. REFUNDING OR CREDITING OVERPAYMENT OF SECTION 31 FEES.
(a) IN GENERAL.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is amended by adding at the end the following:
“(n) OVERPAYMENT.—If a national securities exchange or national securities association pays to the Commission an amount in excess of fees and assessments due under this section and informs the Commission of such amount paid in excess within 10 years of the date of the payment, the Commission shall offset future fees and assessments due by such exchange or association in an amount equal to such excess amount.”.

(b) APPLICABILITY.—The amendment made by this section shall apply to any fees and assessments paid before, on, or after the date of enactment of this section.

Subtitle E—Fair Access to Investment Research

SEC. 421. SAFE HARBOR FOR INVESTMENT FUND RESEARCH.

(a) EXPANSION OF THE SAFE HARBOR.—Not later than the end of the 45-day period beginning on the date of enactment of this Act, the Securities and Exchange Commission shall propose, and not later than the end of the 120-day period beginning on such date, the Commission shall adopt, upon such terms, conditions, or requirements as the Commission may determine necessary or appropriate in the public interest, for the protection of investors, and for the promotion of capital formation, revisions to section 230.139 of title 17, Code of Federal Regula-
tions, to provide that a covered investment fund research report that is published or distributed by a broker or dealer—

(1) shall be deemed, for purposes of sections 2(a)(10) and 5(c) of the Securities Act of 1933 (15 U.S.C. 77b(a)(10), 77e(c)), not to constitute an offer for sale or an offer to sell a security that is the subject of an offering pursuant to a registration statement that is effective, even if the broker or dealer is participating or will participate in the registered offering of the covered investment fund’s securities; and

(2) shall be deemed to satisfy the conditions of subsection (a)(1) or (a)(2) of section 230.139 of title 17, Code of Federal Regulations, or any successor provisions, for purposes of the Commission’s rules and regulations under the Federal securities laws and the rules of any self-regulatory organization.

(b) IMPLEMENTATION OF SAFE HARBOR.—In implementing the safe harbor pursuant to subsection (a), the Commission shall—

(1) not, in the case of a covered investment fund with a class of securities in substantially continuous distribution, condition the safe harbor on whether the broker’s or dealer’s publication or dis-
tribution of a covered investment fund research report constitutes such broker’s or dealer’s initiation or reinitiation of research coverage on such covered investment fund or its securities;

(2) not—

(A) require the covered investment fund to have been registered as an investment company under the Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.) or subject to the reporting requirements of section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)) for any period exceeding the period of time referenced under paragraph (a)(1)(i)(A)(1) of section 230.139 of title 17, Code of Federal Regulations; or

(B) impose a minimum float provision exceeding that referenced in paragraph (a)(1)(i)(A)(1)(i) of section 230.139 of title 17, Code of Federal Regulations;

(3) provide that a self-regulatory organization may not maintain or enforce any rule that would—

(A) prohibit the ability of a member to publish or distribute a covered investment fund research report solely because the member is also participating in a registered offering or
other distribution of any securities of such covered investment fund; or

(B) prohibit the ability of a member to participate in a registered offering or other distribution of securities of a covered investment fund solely because the member has published or distributed a covered investment fund research report about such covered investment fund or its securities; and

(4) provide that a covered investment fund research report shall not be subject to section 24(b) of the Investment Company Act of 1940 (15 U.S.C. 80a–24(b)) or the rules and regulations thereunder, except that such report may still be subject to such section and the rules and regulations thereunder to the extent that it is otherwise not subject to the content standards in the rules of any self-regulatory organization related to research reports, including those contained in the rules governing communications with the public regarding investment companies or substantially similar standards.

(c) RULES OF CONSTRUCTION.—Nothing in this Act shall be construed as in any way limiting—

(1) the applicability of the antifraud or antimanipulation provisions of the Federal securities
laws and rules adopted thereunder to a covered investment fund research report, including section 17 of the Securities Act of 1933 (15 U.S.C. 77q), section 34(b) of the Investment Company Act of 1940 (15 U.S.C. 80a–33), and sections 9 and 10 of the Securities Exchange Act of 1934 (15 U.S.C. 78i, 78j); or

(2) the authority of any self-regulatory organization to examine or supervise a member’s practices in connection with such member’s publication or distribution of a covered investment fund research report for compliance with applicable provisions of the Federal securities laws or self-regulatory organization rules related to research reports, including those contained in rules governing communications with the public.

(d) INTERIM EFFECTIVENESS OF SAFE HARBOR.—

(1) IN GENERAL.—From and after the 120-day period beginning on the date of enactment of this Act, if the Commission has not adopted revisions to section 230.139 of title 17, Code of Federal Regulations, as required by subsection (a), and until such time as the Commission has done so, a broker or dealer distributing or publishing a covered investment fund research report after such date shall be
able to rely on the provisions of section 230.139 of
title 17, Code of Federal Regulations, and the
broker or dealer’s publication of such report shall be
deemed to satisfy the conditions of subsection (a)(1)
or (a)(2) of section 230.139 of title 17, Code of Fed-
eral Regulations, if the covered investment fund that
is the subject of such report satisfies the reporting
history requirements (without regard to Form S–3
or Form F–3 eligibility) and minimum float provi-
sions of such subsections for purposes of the Com-
mission’s rules and regulations under the Federal
securities laws and the rules of any self-regulatory
organization, as if revised and implemented in ac-
cordance with subsections (a) and (b).

(2) STATUS OF COVERED INVESTMENT FUND.—
After such period and until the Commission has
adopted revisions to section 230.139 and FINRA
has revised rule 2210, for purposes of subsection
(c)(7)(O) of such rule, a covered investment fund
shall be deemed to be a security that is listed on a
national securities exchange and that is not subject
to section 24(b) of the Investment Company Act of
1940 (15 U.S.C. 80a–24(b)). Communications con-
cerning only covered investment funds that fall with-
in the scope of such section shall not be required to be filed with FINRA.

(c) DEFINITIONS.—For purposes of this section:

(1) The term “covered investment fund research report” means a research report published or distributed by a broker or dealer about a covered investment fund or any securities issued by the covered investment fund, but not including a research report to the extent that it is published or distributed by the covered investment fund or any affiliate of the covered investment fund.

(2) The term “covered investment fund” means—

(A) an investment company registered under, or that has filed an election to be treated as a business development company under, the Investment Company Act of 1940 and that has filed a registration statement under the Securities Act of 1933 for the public offering of a class of its securities, which registration statement has been declared effective by the Commission; and

(B) a trust or other person—

(i) issuing securities in an offering registered under the Securities Act of 1933
and which class of securities is listed for trading on a national securities exchange;

(ii) the assets of which consist primarily of commodities, currencies, or derivative instruments that reference commodities or currencies, or interests in the foregoing; and

(iii) that provides in its registration statement under the Securities Act of 1933 that a class of its securities are purchased or redeemed, subject to conditions or limitations, for a ratable share of its assets.

(3) The term “FINRA” means the Financial Industry Regulatory Authority.

(4) The term “research report” has the meaning given that term under section 2(a)(3) of the Securities Act of 1933 (15 U.S.C. 77b(a)(3)), except that such term shall not include an oral communication.

(5) The term “self-regulatory organization” has the meaning given to that term under section 3(a)(26) of the Securities Exchange Act of 1934 (15 U.S.C. 78e(a)(26)).
Subtitle F—Accelerating Access to Capital

SEC. 426. EXPANDED ELIGIBILITY FOR USE OF FORM S–3.

Not later than 45 days after the date of the enactment of this Act, the Securities and Exchange Commission shall revise Form S–3—

(1) so as to permit securities to be registered pursuant to General Instruction I.B.1. of such form provided that either—

(A) the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant is $75,000,000 or more; or

(B) the registrant has at least one class of common equity securities listed and registered on a national securities exchange; and

(2) so as to remove the requirement of paragraph (c) from General Instruction I.B.6. of such form.

Subtitle G—Enhancing the RAISE Act

SEC. 431. CERTAIN ACCREDITED INVESTOR TRANSACTIONS.

Section 4 of the Securities Act of 1933 (15 U.S.C. 77d) is amended—

•HR 10 EH
(1) by amending subsection (d) to read as follows:

“(d)(1) The transactions referred to in subsection (a)(7) are transactions where—

“(A) each purchaser is an accredited investor, as that term is defined in section 230.501(a) of title 17, Code of Federal Regulations (or any successor thereto); and

“(B) if any securities sold in reliance on subsection (a)(7) are offered by means of any general solicitation or general advertising, all such sales are made through a platform available only to accredited investors.

“(2) Securities sold in reliance on subsection (a)(7) shall be deemed to have been acquired in a transaction not involving any public offering.

“(3) The exemption provided by this subsection shall not be available for a transaction where the seller is—

“(A) an issuer, its subsidiaries or parent;

“(B) an underwriter acting on behalf of the issuer, its subsidiaries or parent, which receives compensation from the issuer with respect to such sale; or

“(C) a dealer."
“(4) A transaction meeting the requirements of this subsection shall be deemed not to be a distribution for purposes of section 2(a)(11).”; and

(2) by striking subsection (e).

Subtitle H—Small Business Credit Availability

SEC. 436. BUSINESS DEVELOPMENT COMPANY OWNERSHIP

OF SECURITIES OF INVESTMENT ADVISERS

AND CERTAIN FINANCIAL COMPANIES.

(a) IN GENERAL.—Section 60 of the Investment Company Act of 1940 (15 U.S.C. 80a–59) is amended—

(1) by striking “Notwithstanding” and inserting “(a) Notwithstanding”;

(2) by striking “except that the Commission shall not” and inserting the following: “except that—

“(1) section 12 shall not apply to the purchasing, otherwise acquiring, or holding by a business development company of any security issued by, or any other interest in the business of, any person who is an investment adviser registered under title II of this Act, who is an investment adviser to an investment company, or who is an eligible portfolio company; and

“(2) the Commission shall not”;
(3) by adding at the end the following:

“(b) Nothing in this section shall prevent the Commission from issuing rules to address potential conflicts of interest between business development companies and investment advisers.”.

(b) Definition of Eligible Portfolio Company.—Section 2(a)(46)(B) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(46)(B)) is amended by inserting before the semicolon the following: “(unless it is described in paragraph (2), (3), (4), (5), (6), or (9) of such section)”. 

(c) Investment Threshold.—Section 55(a) of the Investment Company Act of 1940 is amended by inserting before the colon the following: “, provided that no more than 50 percent of its total assets are assets described in section 3(c)”.

SEC. 437. EXPANDING ACCESS TO CAPITAL FOR BUSINESS DEVELOPMENT COMPANIES.

(a) In General.—Section 61(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–60(a)) is amended—

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

(2) by striking paragraph (1) and inserting the following:
“(1) Except as provided in paragraph (2), the asset coverage requirements of subparagraphs (A) and (B) of section 18(a)(1) (and any related rule promulgated under this Act) applicable to business development companies shall be 200 percent.

“(2) The asset coverage requirements of subparagraphs (A) and (B) of section 18(a)(1) and of subparagraphs (A) and (B) of section 18(a)(2) (and any related rule promulgated under this Act) applicable to a business development company shall be 150 percent if—

“(A) within five business days of the approval of the adoption of the asset coverage requirements described in clause (ii), the business development company discloses such approval and the date of its effectiveness in a Form 8–K filed with the Commission and in a notice on its website and discloses in its periodic filings made under section 13 of the Securities and Exchange Act of 1934 (15 U.S.C. 78m)—

“(i) the aggregate value of the senior securities issued by such company and the asset coverage percentage as of the date of such company’s most recent financial statements; and
“(ii) that such company has adopted the asset coverage requirements of this subparagraph and the effective date of such requirements;

“(B) with respect to a business development company that issues equity securities that are registered on a national securities exchange, the periodic filings of the company under section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m) include disclosures reasonably designed to ensure that shareholders are informed of—

“(i) the amount of indebtedness and asset coverage ratio of the company, determined as of the date of the financial statements of the company dated on or most recently before the date of such filing; and

“(ii) the principal risk factors associated with such indebtedness, to the extent such risk is incurred by the company; and

“(C)(i) the application of this paragraph to the company is approved by the required majority (as defined in section 57(o)) of the directors of or general partners of such company who are not interested persons of the business develop-
ment company, which application shall become effective on the date that is 1 year after the date of the approval, and, with respect to a business development company that issues equity securities that are not registered on a national securities exchange, the company extends, to each person who is a shareholder as of the date of the approval, an offer to repurchase the equity securities held by such person as of such approval date, with 25 percent of such securities to be repurchased in each of the four quarters following such approval date; or

“(ii) the company obtains, at a special or annual meeting of shareholders or partners at which a quorum is present, the approval of more than 50 percent of the votes cast of the application of this paragraph to the company, which application shall become effective on the date immediately after the date of the approval.”;

(3) in paragraph (3) (as redesignated), by inserting “or which is a stock” after “indebtedness”;

(4) in subparagraph (A) of paragraph (4) (as redesignated)—
(A) in the matter preceding clause (i), by
striking “voting”; and

(B) by amending clause (iii) to read as fol-
lows:

“(iii) the exercise or conversion price
at the date of issuance of such warrants,
options, or rights is not less than—

“(I) the market value of the se-
curities issuable upon the exercise of
such warrants, options, or rights at
the date of issuance of such warrants,
options, or rights; or

“(II) if no such market value ex-
ists, the net asset value of the secur-
ties issuable upon the exercise of such
warrants, options, or rights at the
date of issuance of such warrants, op-
tions, or rights; and”; and

(5) by adding at the end the following:

“(6)(A) Except as provided in subparagraph
(B), the following shall not apply to a business de-
velopment company:

“(i) Subparagraphs (C) and (D) of section
18(a)(2).
“(ii) Subparagraph (E) of section 18(a)(2), to the extent such subparagraph requires any priority over any other class of stock as to distribution of assets upon liquidation.

“(iii) With respect to a senior security which is a stock, subsections (c) and (i) of section 18.

“(B) Subparagraph (A) shall not apply with respect to preferred stock issued to a person who is not known by the company to be a qualified institutional buyer (as defined in section 3(a) of the Securities Exchange Act of 1934).”.

(b) CONFORMING AMENDMENTS.—The Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amended—

(1) in section 57—

(A) in subsection (j)(1), by striking “section 61(a)(3)(B)” and inserting “section 61(a)(4)(B)” and

(B) in subsection (n)(2), by striking “section 61(a)(3)(B)” and inserting “section 61(a)(4)(B)”;

(2) in section 63(3), by striking “section 61(a)(3)” and inserting “section 61(a)(4)”. 

•HR 10 EH
SEC. 438. PARITY FOR BUSINESS DEVELOPMENT COMPANIES REGARDING OFFERING AND PROXY RULES.

(a) Revision to Rules.—Not later than 1 year after the date of enactment of this Act, the Securities and Exchange Commission shall revise any rules to the extent necessary to allow a business development company that has filed an election pursuant to section 54 of the Investment Company Act of 1940 (15 U.S.C. 80a–53) to use the securities offering and proxy rules that are available to other issuers that are required to file reports under section 13 or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m; 78o(d)). Any action that the Commission takes pursuant to this subsection shall include the following:

(1) The Commission shall revise rule 405 under the Securities Act of 1933 (17 CFR 230.405)—

(A) to remove the exclusion of a business development company from the definition of a well-known seasoned issuer provided by that rule; and

(B) to add registration statements filed on Form N–2 to the definition of automatic shelf registration statement provided by that rule.

(2) The Commission shall revise rules 168 and 169 under the Securities Act of 1933 (17 CFR
230.168 and 230.169) to remove the exclusion of a business development company from an issuer that can use the exemptions provided by those rules.

(3) The Commission shall revise rules 163 and 163A under the Securities Act of 1933 (17 CFR 230.163 and 230.163A) to remove a business development company from the list of issuers that are ineligible to use the exemptions provided by those rules.

(4) The Commission shall revise rule 134 under the Securities Act of 1933 (17 CFR 230.134) to remove the exclusion of a business development company from that rule.

(5) The Commission shall revise rules 138 and 139 under the Securities Act of 1933 (17 CFR 230.138 and 230.139) to specifically include a business development company as an issuer to which those rules apply.

(6) The Commission shall revise rule 164 under the Securities Act of 1933 (17 CFR 230.164) to remove a business development company from the list of issuers that are excluded from that rule.

(7) The Commission shall revise rule 433 under the Securities Act of 1933 (17 CFR 230.433) to specifically include a business development company
that is a well-known seasoned issuer as an issuer to
which that rule applies.

(8) The Commission shall revise rule 415 under
the Securities Act of 1933 (17 CFR 230.415)—

(A) to state that the registration for secu-
rities provided by that rule includes securities
registered by a business development company
on Form N–2; and

(B) to provide an exception for a business
development company from the requirement
that a Form N–2 registrant must furnish the
undertakings required by item 34.4 of Form N–
2.

(9) The Commission shall revise rule 497 under
the Securities Act of 1933 (17 CFR 230.497) to in-
clude a process for a business development company
to file a form of prospectus that is parallel to the
process for filing a form of prospectus under rule
424(b).

(10) The Commission shall revise rules 172 and
173 under the Securities Act of 1933 (17 CFR
230.172 and 230.173) to remove the exclusion of an
offering of a business development company from
those rules.
(11) The Commission shall revise rule 418 under the Securities Act of 1933 (17 CFR 230.418) to provide that a business development company that would otherwise meet the eligibility requirements of General Instruction I.A of Form S–3 shall be exempt from paragraph (a)(3) of that rule.

(12) The Commission shall revise rule 14a–101 under the Securities Exchange Act of 1934 (17 CFR 240.14a–101) to provide that a business development company that would otherwise meet the requirements of General Instruction I.A of Form S–3 shall be deemed to meet the requirements of Form S–3 for purposes of Schedule 14A.

(13) The Commission shall revise rule 103 under Regulation FD (17 CFR 243.103) to provide that paragraph (a) of that rule applies for purposes of Form N–2.

(b) Revision to Form N–2.—Not later than 1 year after the date of enactment of this Act, the Commission shall revise Form N–2—

(1) to include an item or instruction that is similar to item 12 on Form S–3 to provide that a business development company that would otherwise meet the requirements of Form S–3 shall incorporate by reference its reports and documents filed
under the Securities Exchange Act of 1934 into its registration statement filed on Form N–2; and

(2) to include an item or instruction that is similar to the instruction regarding automatic shelf offerings by well-known seasoned issuers on Form S–3 to provide that a business development company that is a well-known seasoned issuer may file automatic shelf offerings on Form N–2.

(e) Treatment If Revisions Not Completed in Timely Manner.—If the Commission fails to complete the revisions required by subsections (a) and (b) by the time required by such subsections, a business development company shall be entitled to treat such revisions as having been completed in accordance with the actions required to be taken by the Commission by such subsections until such time as such revisions are completed by the Commission.

(d) Rule of Construction.—Any reference in this section to a rule or form means such rule or form or any successor rule or form.

Subtitle I—Fostering Innovation

SEC. 441. TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS.

Section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262) is amended by adding at the end the following:
“(d) Temporary Exemption for Low-Revenue Issuers.—

“(1) Low-revenue exemption.—Subsection (b) shall not apply with respect to an audit report prepared for an issuer that—

“(A) ceased to be an emerging growth company on the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement under the Securities Act of 1933;

“(B) had average annual gross revenues of less than $50,000,000 as of its most recently completed fiscal year; and

“(C) is not a large accelerated filer.

“(2) Expiration of temporary exemption.—An issuer ceases to be eligible for the exemption described under paragraph (1) at the earliest of—

“(A) the last day of the fiscal year of the issuer following the tenth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective reg-
istration statement under the Securities Act of 1933;

“(B) the last day of the fiscal year of the issuer during which the average annual gross revenues of the issuer exceed $50,000,000; or

“(C) the date on which the issuer becomes a large accelerated filer.

“(3) DEFINITIONS.—For purposes of this subsection:

“(A) AVERAGE ANNUAL GROSS REVENUES.—The term ‘average annual gross revenues’ means the total gross revenues of an issuer over its most recently completed three fiscal years divided by three.

“(B) EMERGING GROWTH COMPANY.—The term ‘emerging growth company’ has the meaning given such term under section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

“(C) LARGE ACCELERATED FILER.—The term ‘large accelerated filer’ has the meaning given that term under section 240.12b–2 of title 17, Code of Federal Regulations, or any successor thereto.”.
Subtitle J—Small Business Capital Formation Enhancement

SEC. 446. ANNUAL REVIEW OF GOVERNMENT-BUSINESS FORUM ON CAPITAL FORMATION.

Section 503 of the Small Business Investment Incentive Act of 1980 (15 U.S.C. 80c–1) is amended by adding at the end the following:

“(e) The Commission shall—

“(1) review the findings and recommendations of the forum; and

“(2) each time the forum submits a finding or recommendation to the Commission, promptly issue a public statement—

“(A) assessing the finding or recommendation of the forum; and

“(B) disclosing the action, if any, the Commission intends to take with respect to the finding or recommendation.”.

Subtitle K—Helping Angels Lead Our Startups

SEC. 451. DEFINITION OF ANGEL INVESTOR GROUP.

As used in this subtitle, the term “angel investor group” means any group that—
(1) is composed of accredited investors interested in investing personal capital in early-stage companies;

(2) holds regular meetings and has defined processes and procedures for making investment decisions, either individually or among the membership of the group as a whole; and

(3) is neither associated nor affiliated with brokers, dealers, or investment advisers.

SEC. 452. CLARIFICATION OF GENERAL SOLICITATION.

(a) In General.—Not later than 6 months after the date of enactment of this Act, the Securities and Exchange Commission shall revise Regulation D of its rules (17 CFR 230.500 et seq.) to require that in carrying out the prohibition against general solicitation or general advertising contained in section 230.502(c) of title 17, Code of Federal Regulations, the prohibition shall not apply to a presentation or other communication made by or on behalf of an issuer which is made at an event—

(1) sponsored by—

(A) the United States or any territory thereof, by the District of Columbia, by any State, by a political subdivision of any State or territory, or by any agency or public instrumentality of any of the foregoing;
(B) a college, university, or other institution of higher education;

(C) a nonprofit organization;

(D) an angel investor group;

(E) a venture forum, venture capital association, or trade association; or

(F) any other group, person or entity as the Securities and Exchange Commission may determine by rule;

(2) where any advertising for the event does not reference any specific offering of securities by the issuer;

(3) the sponsor of which—

(A) does not make investment recommendations or provide investment advice to event attendees;

(B) does not engage in an active role in any investment negotiations between the issuer and investors attending the event;

(C) does not charge event attendees any fees other than administrative fees; and

(D) does not receive any compensation with respect to such event that would require registration of the sponsor as a broker or a dealer under the Securities Exchange Act of
1934, or as an investment advisor under the Investment Advisers Act of 1940; and

(4) where no specific information regarding an offering of securities by the issuer is communicated or distributed by or on behalf of the issuer, other than—

(A) that the issuer is in the process of offering securities or planning to offer securities;

(B) the type and amount of securities being offered;

(C) the amount of securities being offered that have already been subscribed for; and

(D) the intended use of proceeds of the offering.

(b) RULE OF CONSTRUCTION.—Subsection (a) may only be construed as requiring the Securities and Exchange Commission to amend the requirements of Regulation D with respect to presentations and communications, and not with respect to purchases or sales.

Subtitle L—Main Street Growth

SEC. 456. VENTURE EXCHANGES.

(a) SECURITIES EXCHANGE ACT OF 1934.—Section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) is amended by adding at the end the following:

“(m) VENTURE EXCHANGE.—
“(1) **Registration.**—

“(A) **In General.**—A national securities exchange may elect to be treated (or for a listing tier of such exchange to be treated) as a venture exchange by notifying the Commission of such election, either at the time the exchange applies to be registered as a national securities exchange or after registering as a national securities exchange.

“(B) **Determination Time Period.**—

With respect to a securities exchange electing to be treated (or for a listing tier of such exchange to be treated) as a venture exchange—

“(i) at the time the exchange applies to be registered as a national securities exchange, such application and election shall be deemed to have been approved by the Commission unless the Commission denies such application before the end of the 6-month period beginning on the date the Commission received such application; and

“(ii) after registering as a national securities exchange, such election shall be deemed to have been approved by the Commission unless the Commission denies such
approval before the end of the 6-month pe-
period beginning on the date the Commission
received notification of such election.

“(2) Powers and restrictions.—A venture
exchange—

“(A) may only constitute, maintain, or pro-
vide a market place or facilities for bringing to-
gether purchasers and sellers of venture securi-
ties;

“(B) may determine the increment to be
used for quoting and trading venture securities
on the exchange;

“(C) shall disseminate last sale and
quotation information on terms that are fair
and reasonable and not unreasonably discrimi-
natory;

“(D) may choose to carry out periodic auc-
tions for the sale of a venture security instead
of providing continuous trading of the venture
security; and

“(E) may not extend unlisted trading
privileges to any venture security.

“(3) Exemptions from certain national
security exchange regulations.—A venture ex-
change shall not be required to—
“(A) comply with any of sections 242.600 through 242.612 of title 17, Code of Federal Regulations;

“(B) comply with any of sections 242.300 through 242.303 of title 17, Code of Federal Regulations;

“(C) submit any data to a securities information processor; or

“(D) use decimal pricing.

“(4) TREATMENT OF CERTAIN EXEMPTED SECURITIES.—A security that is exempt from registration pursuant to section 3(b) of the Securities Act of 1933 shall be exempt from section 12(a) of this title with respect to the trading of such security on a venture exchange, if the issuer of such security is in compliance with all disclosure obligations of such section 3(b) and the regulations issued under such section.

“(5) DEFINITIONS.—For purposes of this subsection:

“(A) EARLY-STAGE, GROWTH COMPANY.—

“(i) IN GENERAL.—The term ‘early-stage, growth company’ means an issuer—
“(I) that has not made an initial public offering of any securities of the issuer; and

“(II) with a market capitalization of $1,000,000,000 (as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest $1,000,000) or less.

“(ii) TREATMENT WHEN MARKET CAPITALIZATION EXCEEDS THRESHOLD.—

“(I) IN GENERAL.—In the case of an issuer that is an early-stage, growth company the securities of which are traded on a venture exchange, such issuer shall not cease to be an early-stage, growth company by reason of the market capitalization of such issuer exceeding the threshold specified in clause (i)(II) until the end of the period of 24 consecutive months during which the market cap-
italization of such issuer exceeds $2,000,000,000 (as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest $1,000,000).

“(II) EXEMPTIONS.—If an issuer would cease to be an early-stage, growth company under subclause (I), the venture exchange may, at the request of the issuer, exempt the issuer from the market capitalization requirements of this subparagraph for the 1-year period that begins on the day after the end of the 24-month period described in such subclause. The venture exchange may, at the request of the issuer, extend the exemption for 1 additional year.

“(B) VENTURE SECURITY.—The term ‘venture security’ means—
“(i) securities of an early-stage, growth company that are exempt from registration pursuant to section 3(b) of the Securities Act of 1933; and

“(ii) securities of an emerging growth company.”.

(b) Securities Act of 1933.—Section 18(b)(1) of the Securities Act of 1933 (15 U.S.C. 77r(b)(1)) is amended—

(1) in subparagraph (B), by striking “or” at the end;

(2) in subparagraph (C), by striking the period and inserting “; or”; and

(3) by adding at the end the following:

“(D) a venture security, as defined under section 6(m)(5) of the Securities Exchange Act of 1934.”.

(c) Sense of Congress.—It is the sense of the Congress that the Securities and Exchange Commission should—

(1) when necessary or appropriate in the public interest and consistent with the protection of investors, make use of the Commission’s general exemptive authority under section 36 of the Securities Ex-
change Act of 1934 (15 U.S.C. 78mm) with respect to the provisions added by this section; and

(2) if the Commission determines appropriate, create an Office of Venture Exchanges within the Commission’s Division of Trading and Markets.

(d) Rule of Construction.—Nothing in this section or the amendments made by this section shall be construed to impair or limit the construction of the antifraud provisions of the securities laws (as defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))) or the authority of the Securities and Exchange Commission under those provisions.

(e) Effective Date for Tiers of Existing National Securities Exchanges.—In the case of a securities exchange that is registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) on the date of the enactment of this Act, any election for a listing tier of such exchange to be treated as a venture exchange under subsection (m) of such section shall not take effect before the date that is 180 days after such date of enactment.
Subtitle M—Micro Offering Safe Harbor

SEC. 461. EXEMPTIONS FOR MICRO-OFFERINGS.

(a) In general.—Section 4 of the Securities Act of 1933 (15 U.S.C. 77d) is amended—

(1) in subsection (a), by adding at the end the following:

“(8) transactions meeting the requirements of subsection (e).”; and

(2) as amended by section 431(2), by inserting after subsection (d) the following:

“(e) CERTAIN MICRO-OFFERINGS.—The transactions referred to in subsection (a)(8) are transactions involving the sale of securities by an issuer (including all entities controlled by or under common control with the issuer) that meet all of the following requirements:

“(1) PRE-EXISTING RELATIONSHIP.—Each purchaser has a substantive pre-existing relationship with an officer of the issuer, a director of the issuer, or a shareholder holding 10 percent or more of the shares of the issuer.

“(2) 35 OR FEWER PURCHASERS.—There are no more than, or the issuer reasonably believes that there are no more than, 35 purchasers of securities from the issuer that are sold in reliance on the ex-
emption provided under subsection (a)(8) during the 12-month period preceding such transaction.

“(3) SMALL OFFERING AMOUNT.—The aggregate amount of all securities sold by the issuer, including any amount sold in reliance on the exemption provided under subsection (a)(8), during the 12-month period preceding such transaction, does not exceed $500,000.”.

(b) EXEMPTION UNDER STATE REGULATIONS.—Section 18(b)(4) of the Securities Act of 1933 (15 U.S.C. 77r(b)(4)) is amended—

(1) in subparagraph (F), by striking “or” at the end;

(2) in subparagraph (G), by striking the period and inserting “; or”; and

(3) by adding at the end the following:

“(H) section 4(a)(8).”.

Subtitle N—Private Placement Improvement

SEC. 466. REVISIONS TO SEC REGULATION D.

Not later than 45 days following the date of the enactment of this Act, the Securities and Exchange Commission shall revise Regulation D (17 CFR 501 et seq.) in accordance with the following:
(1) The Commission shall revise Form D filing requirements to require an issuer offering or selling securities in reliance on an exemption provided under Rule 506 of Regulation D to file with the Commission a single notice of sales containing the information required by Form D for each new offering of securities no earlier than 15 days after the date of the first sale of securities in the offering. The Commission shall not require such an issuer to file any notice of sales containing the information required by Form D except for the single notice described in the previous sentence.

(2) The Commission shall make the information contained in each Form D filing available to the securities commission (or any agency or office performing like functions) of each State and territory of the United States and the District of Columbia.

(3) The Commission shall not condition the availability of any exemption for an issuer under Rule 506 of Regulation D (17 CFR 230.506) on the issuer’s or any other person’s filing with the Commission of a Form D or any similar report.

(4) The Commission shall not require issuers to submit written general solicitation materials to the Commission in connection with a Rule 506(e) offer-
ing, except when the Commission requests such materials pursuant to the Commission’s authority under section 8A or section 20 of the Securities Act of 1933 (15 U.S.C. 77h–1 or 77t) or section 9, 10(b), 21A, 21B, or 21C of the Securities Exchange Act of 1934 (15 U.S.C. 78i, 78j(b), 78u–1, 78u–2, or 78u–3).

(5) The Commission shall not extend the requirements contained in Rule 156 to private funds.

(6) The Commission shall revise Rule 501(a) of Regulation D to provide that a person who is a “knowledgeable employee” of a private fund or the fund’s investment adviser, as defined in Rule 3c–5(a)(4) (17 CFR 270.3c–5(a)(4)), shall be an accredited investor for purposes of a Rule 506 offering of a private fund with respect to which the person is a knowledgeable employee.

Subtitle O—Supporting America’s Innovators

SEC. 471. INVESTOR LIMITATION FOR QUALIFYING VENTURE CAPITAL FUNDS.

Section 3(c)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(1)) is amended—
(1) by inserting after “one hundred persons” the following: “(or, with respect to a qualifying venture capital fund, 500 persons)”; and

(2) by adding at the end the following:

“(C) The term ‘qualifying venture capital fund’ means any venture capital fund (as defined pursuant to section 203(l)(1) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3(l)(1)) with no more than $50,000,000 in aggregate capital contributions and uncalled committed capital, as such dollar amount is annually adjusted by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.”.

Subtitle P—Fix Crowdfunding

SEC. 476. CROWDFUNDING EXEMPTION.

(a) Securities Act of 1933.—Section 4(a) of the Securities Act of 1933 (15 U.S.C. 77d) is amended by striking paragraph (6) and inserting the following:

“(6) transactions involving the offer or sale of securities by an issuer, provided that—

“(A) in the case of a transaction involving an intermediary between the issuer and the in-
vestor, such intermediary complies with the re-
quirements under section 4A(a); and

“(B) in the case of a transaction not in-
volving an intermediary between the issuer and
the investor, the issuer complies with the re-
quirements under section 4A(b).”.

(b) REQUIREMENTS TO QUALIFY FOR
CROWDFUNDING EXEMPTION.—Section 4A of the Securi-
ties Act of 1933 (15 U.S.C. 77d–1) is amended to read
as follows:

“SEC. 4A. REQUIREMENTS WITH RESPECT TO CERTAIN
SMALL TRANSACTIONS.

“(a) REQUIREMENTS ON INTERMEDIARIES.—For
purposes of section 4(a)(6), a person acting as an inter-
mediary in a transaction involving the offer or sale of secu-
rities shall comply with the requirements of this subsection
if the intermediary—

“(1) warns investors, including on the
intermediary’s website used for the offer and sale of
such securities, of the speculative nature generally
applicable to investments in startups, emerging busi-
nesses, and small issuers, including risks in the sec-
ondary market related to illiquidity;
“(2) warns investors that they are subject to the restriction on sales requirement described under subsection (e);

“(3) takes reasonable measures to reduce the risk of fraud with respect to such transaction;

“(4) registers with the Commission and the Financial Industry Regulatory Authority, including by providing the Commission with the intermediary’s physical address, website address, and the names of the intermediary and employees of the intermediary, and keep such information up-to-date;

“(5) provides the Commission with continuous investor-level access to the intermediary’s website;

“(6) requires each potential investor to answer questions demonstrating—

“(A) an understanding of the level of risk generally applicable to investments in startups, emerging businesses, and small issuers;

“(B) an understanding of the risk of illiquidity; and

“(C) such other areas as the Commission may determine appropriate by rule or regulation, including information relating to the owners’ and management’s experience, and any re-
lated party transactions and conflicts of interest;

“(7) carries out a background check on the issuer’s principals;

“(8) provides the Commission and potential investors with notice of the offering not less than 10 days prior to such offering, not later than the first day securities are offered to potential investors, including—

“(A) the issuer’s name, legal status, physical address, and website address;

“(B) the names of the issuer’s principals;

“(C) the stated purpose and intended use of the proceeds of the offering sought by the issuer; and

“(D) the target offering amount and the deadline to reach the target offering amount;

“(9) outsources cash-management functions to a qualified third party custodian, such as a broker or dealer registered under section 15(b)(1) of the Securities Exchange Act of 1934, a trust company, or an insured depository institution;

“(10) makes available on the intermediary’s website a method of communication that permits the
issuer and investors to communicate with one another; and

“(11) provides the Commission with a notice upon completion of the offering, which shall include the aggregate offering amount and the number of purchasers.

“(b) REQUIREMENTS ON ISSUERS IF NO INTERMEDIARY.—For purposes of section 4(a)(6), an issuer who offers or sells securities without an intermediary shall comply with the requirements of this subsection if the issuer—

“(1) warns investors, including on the issuer’s website, of the speculative nature generally applicable to investments in startups, emerging businesses, and small issuers, including risks in the secondary market related to illiquidity;

“(2) warns investors that they are subject to the restriction on sales requirement described under subsection (e);

“(3) takes reasonable measures to reduce the risk of fraud with respect to such transaction;

“(4) provides the Commission with the issuer’s physical address, website address, and the names of the principals and employees of the issuers, and keeps such information up-to-date;
“(5) provides the Commission with continuous investor-level access to the issuer’s website;

“(6) requires each potential investor to answer questions demonstrating—

“(A) an understanding of the level of risk generally applicable to investments in startups, emerging businesses, and small issuers;

“(B) an understanding of the risk of illiquidity; and

“(C) such other areas as the Commission may determine appropriate by rule or regulation;

“(7) provides the Commission with notice of the offering not less than 10 days prior to such offering, not later than the first day securities are offered to potential investors, including—

“(A) the stated purpose and intended use of the proceeds of the offering sought by the issuer; and

“(B) the target offering amount and the deadline to reach the target offering amount;

“(8) outsources cash-management functions to a qualified third party custodian, such as a broker or dealer registered under section 15(b)(1) of the
Securities Exchange Act of 1934, a trust company, or an insured depository institution;

“(9) makes available on the issuer’s website a method of communication that permits the issuer and investors to communicate with one another;

“(10) does not offer personalized investment advice;

“(11) provides the Commission with a notice upon completion of the offering, which shall include the aggregate offering amount and the number of purchasers; and

“(c) VERIFICATION OF INCOME.—For purposes of section 4(a)(6), an issuer or intermediary may rely on certifications as to annual income provided by the person to whom the securities are sold to verify the investor’s income.

“(d) INFORMATION AVAILABLE TO STATES.—The Commission shall make the notices described under subsections (a)(9), (a)(13), (b)(8), and (b)(13) and the information described under subsections (a)(4) and (b)(4) available to the States.

“(e) RESTRICTION ON SALES.—With respect to a transaction involving the issuance of securities described under section 4(a)(6), a purchaser may not transfer such
securities during the 1-year period beginning on the date of purchase, unless such securities are sold to—

“(1) the issuer of such securities; or

“(2) an accredited investor.

“(f) CONSTRUCTION.—

“(1) NO REGISTRATION AS BROKER.—With respect to a transaction described under section 4(a)(6) involving an intermediary, such intermediary shall not be required to register as a broker under section 15(a)(1) of the Securities Exchange Act of 1934 solely by reason of participation in such transaction.

“(2) NO PRECLUSION OF OTHER CAPITAL RAISING.—Nothing in this section or section 4(a)(6) shall be construed as preventing an issuer from raising capital through methods not described under section 4(a)(6).”.

(c) RULEMAKING.—Not later than 180 days after the date of enactment of this Act, the Securities and Exchange Commission shall issue or revise such rules as may be necessary to carry out section 4A of the Securities Act of 1933, as amended by this Act. In issuing or revising such rules, the Commission shall consider the costs and benefits of the action.
(d) Disqualification.—Not later than 180 days after the date of enactment of this Act, the Securities and Exchange Commission shall by rule or regulation establish disqualification provisions under which an issuer shall not be eligible to utilize the exemption under section 4(a)(6) of the Securities Act of 1933 (as amended by this Act) based on the disciplinary history of the issuer or its predecessors, affiliates, officers, directors, or persons fulfilling similar roles. The Commission shall also establish disqualification provisions under which an intermediary shall not be eligible to act as an intermediary in connection with an offering utilizing the exemption under section 4(a)(6) of the Securities Act of 1933 based on the disciplinary history of the intermediary or its predecessors, affiliates, officers, directors, or persons fulfilling similar roles. Such provisions shall be substantially similar to the disqualification provisions contained in the regulations adopted in accordance with section 926 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 77d note).

SEC. 477. EXCLUSION OF CROWDFUNDING INVESTORS FROM SHAREHOLDER CAP.

Section 12(g)(5) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(5)) is amended—
(1) by striking “(5) For the purposes” and inserting:

“(5) DEFINITIONS.—

“(A) IN GENERAL.—For the purposes”; and

(2) by adding at the end the following:

“(B) EXCLUSION FOR PERSONS HOLDING CERTAIN SECURITIES.—For purposes of this subsection, securities held by persons who purchase such securities in transactions described under section 4(a)(6) of the Securities Act of 1933 shall not be deemed to be ‘held of record’.”.

SEC. 478. PREEMPTION OF STATE LAW.

(a) IN GENERAL.—Section 18(b)(4)(C) of the Securities Act of 1933 (15 U.S.C. 77r(b)(4)(C)) is amended by striking “section 4(6)” and inserting “section 4(a)(6)”.

(b) CLARIFICATION OF THE PRESERVATION OF STATE ENFORCEMENT AUTHORITY.—

(1) IN GENERAL.—The amendments made by section 305(a) of the Jumpstart Our Business Startups Act, as amended by subsection (a), relate solely to State registration, documentation, and offering requirements, as described under section 18(a) of Securities Act of 1933 (15 U.S.C. 77r(a)),

•HR 10 EH
and shall have no impact or limitation on other State authority to take enforcement action with regard to an issuer, intermediary, or any other person or entity using the exemption from registration provided by section 4(a)(6) of such Act. Notwithstanding monetary penalties or sanctions, a State may not impose any filing or fee under such authority.

(2) CLARIFICATION OF STATE JURISDICTION OVER UNLAWFUL CONDUCT OF INTERMEDIARIES, ISSUERS, AND CUSTODIANS.—Section 18(c)(1) of the Securities Act of 1933 is amended by striking “in connection with securities or securities transactions” and all that follows and inserting the following: “in connection with securities or securities transactions, with respect to—

“(A) fraud or deceit;

“(B) unlawful conduct by a broker or dealer; and

“(C) with respect to a transaction described under section 4(a)(6), unlawful conduct by an intermediary, issuer, or custodian.”.

SEC. 479. TREATMENT OF FUNDING PORTALS.

Section 5312(c) of title 31, United States Code, is amended by adding at the end the following:
“(2) FUNDING PORTALS NOT INCLUDED IN DEFINITION.—The term ‘financial institution’ (as defined in subsection (a)) does not include a funding portal (as defined under section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))).”.

Subtitle Q—Corporate Governance Reform and Transparency

SEC. 481. DEFINITIONS.

(a) Securities Exchange Act of 1934.—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended by adding at the end the following new paragraphs:

“(83) Proxy advisory firm.—The term ‘proxy advisory firm’ means any person who is primarily engaged in the business of providing proxy voting research, analysis, or recommendations to clients, which conduct constitutes a solicitation within the meaning of section 14 and the Commission’s rules and regulations thereunder, except to the extent that the person is exempted by such rules and regulations from requirements otherwise applicable to persons engaged in a solicitation.

“(84) Person associated with a proxy advisory firm.—The term ‘person associated with’ a proxy advisory firm means any partner, officer, or
director of a proxy advisory firm (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with a proxy advisory firm, or any employee of a proxy advisory firm, except that persons associated with a proxy advisory firm whose functions are clerical or ministerial shall not be included in the meaning of such term. The Commission may by rules and regulations classify, for purposes or any portion or portions of this Act, persons, including employees controlled by a proxy advisory firm.”.

(b) APPLICABLE DEFINITIONS.—As used in this subtitle—

(1) the term “Commission” means the Securities and Exchange Commission; and

(2) the term “proxy advisory firm” has the same meaning as in section 3(a)(83) of the Securities Exchange Act of 1934, as added by this subtitle.

SEC. 482. REGISTRATION OF PROXY ADVISORY FIRMS.

(a) AMENDMENT.—The Securities Exchange Act of 1934 is amended by inserting after section 15G the following new section:
“SEC. 15H. REGISTRATION OF PROXY ADVISORY FIRMS.

“(a) CONDUCT PROHIBITED.—It shall be unlawful for a proxy advisory firm to make use of the mails or any means or instrumentality of interstate commerce to provide proxy voting research, analysis, or recommendations to any client, unless such proxy advisory firm is registered under this section.

“(b) REGISTRATION PROCEDURES.—

“(1) APPLICATION FOR REGISTRATION.—

“(A) IN GENERAL.—A proxy advisory firm must file with the Commission an application for registration, in such form as the Commission shall require, by rule or regulation, and containing the information described in subparagraph (B).

“(B) REQUIRED INFORMATION.—An application for registration under this section shall contain information regarding—

“(i) a certification that the applicant has adequate financial and managerial resources to consistently provide proxy advice based on accurate information;

“(ii) the procedures and methodologies that the applicant uses in developing proxy voting recommendations, including whether and how the applicant considers
the size of a company when making proxy voting recommendations;

“(iii) the organizational structure of the applicant;

“(iv) whether or not the applicant has in effect a code of ethics, and if not, the reasons therefor;

“(v) any potential or actual conflict of interest relating to the ownership structure of the applicant or the provision of proxy advisory services by the applicant, including whether the proxy advisory firm engages in services ancillary to the provision of proxy advisory services such as consulting services for corporate issuers, and if so the revenues derived therefrom;

“(vi) the policies and procedures in place to manage conflicts of interest under subsection (f); and

“(vii) any other information and documents concerning the applicant and any person associated with such applicant as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors.
“(2) Review of application.—

“(A) Initial determination.—Not later than 90 days after the date on which the application for registration is filed with the Commission under paragraph (1) (or within such longer period as to which the applicant consents) the Commission shall—

“(i) by order, grant registration; or

“(ii) institute proceedings to determine whether registration should be denied.

“(B) Conduct of proceedings.—

“(i) Content.—Proceedings referred to in subparagraph (A)(ii) shall—

“(I) include notice of the grounds for denial under consideration and an opportunity for hearing; and

“(II) be concluded not later than 120 days after the date on which the application for registration is filed with the Commission under paragraph (1).

“(ii) Determination.—At the conclusion of such proceedings, the Commis-
sion, by order, shall grant or deny such application for registration.

“(iii) EXTENSION AUTHORIZED.—The Commission may extend the time for conclusion of such proceedings for not longer than 90 days, if it finds good cause for such extension and publishes its reasons for so finding, or for such longer period as to which the applicant consents.

“(C) GROUNDS FOR DECISION.—The Commission shall grant registration under this subsection—

“(i) if the Commission finds that the requirements of this section are satisfied; and

“(ii) unless the Commission finds (in which case the Commission shall deny such registration) that—

“(I) the applicant has failed to certify to the Commission’s satisfaction that it has adequate financial and managerial resources to consistently provide proxy advice based on accurate information and to materially comply with the procedures and meth-
odologies disclosed under paragraph (1)(B) and with subsections (f) and (g); or

“(II) if the applicant were so registered, its registration would be subject to suspension or revocation under subsection (e).

“(3) PUBLIC AVAILABILITY OF INFORMATION.—

Subject to section 24, the Commission shall make the information and documents submitted to the Commission by a proxy advisory firm in its completed application for registration, or in any amendment submitted under paragraph (1) or (2) of subsection (c), publicly available on the Commission’s website, or through another comparable, readily accessible means.

“(c) UPDATE OF REGISTRATION.—

“(1) UPDATE.—Each registered proxy advisory firm shall promptly amend and update its application for registration under this section if any information or document provided therein becomes materially inaccurate, except that a registered proxy advisory firm is not required to amend the information required to be filed under subsection (b)(1)(B)(i) by filing information under this paragraph, but shall
amend such information in the annual submission of
the organization under paragraph (2) of this sub-
section.

“(2) CERTIFICATION.—Not later than 90 cal-
endar days after the end of each calendar year, each
registered proxy advisory firm shall file with the
Commission an amendment to its registration, in
such form as the Commission, by rule, may prescribe
as necessary or appropriate in the public interest or
for the protection of investors—

“(A) certifying that the information and
documents in the application for registration of
such registered proxy advisory firm continue to
be accurate in all material respects; and

“(B) listing any material change that oc-
curred to such information or documents during
the previous calendar year.

“(d) CENSURE, DENIAL, OR SUSPENSION OF REG-
ISTRATION; NOTICE AND HEARING.—The Commission, by
order, shall censure, place limitations on the activities,
functions, or operations of, suspend for a period not ex-
ceeding 12 months, or revoke the registration of any reg-
istered proxy advisory firm if the Commission finds, on
the record after notice and opportunity for hearing, that
such censure, placing of limitations, suspension, or revoca-
tion is necessary for the protection of investors and in the
public interest and that such registered proxy advisory
firm, or any person associated with such an organization,
whether prior to or subsequent to becoming so associ-
ated—

“(1) has committed or omitted any act, or is
subject to an order or finding, enumerated in sub-
paragraph (A), (D), (E), (H), or (G) of section
15(b)(4), has been convicted of any offense specified
in section 15(b)(4)(B), or is enjoined from any ac-
tion, conduct, or practice specified in subparagraph
(C) of section 15(b)(4), during the 10-year period
preceding the date of commencement of the pro-
ceedings under this subsection, or at any time there-
after;

“(2) has been convicted during the 10-year pe-
period preceding the date on which an application for
registration is filed with the Commission under this
section, or at any time thereafter, of—

“(A) any crime that is punishable by im-
prisonment for one or more years, and that is
not described in section 15(b)(4)(B); or

“(B) a substantially equivalent crime by a
foreign court of competent jurisdiction;
“(3) is subject to any order of the Commission barring or suspending the right of the person to be associated with a registered proxy advisory firm;

“(4) fails to furnish the certifications required under subsections (b)(2)(C)(ii)(I) and (c)(2);

“(5) has engaged in one or more prohibited acts enumerated in paragraph (1); or

“(6) fails to maintain adequate financial and managerial resources to consistently offer advisory services with integrity, including by failing to comply with subsections (f) or (g).

“(e) TERMINATION OF REGISTRATION.—

“(1) VOLUNTARY WITHDRAWAL.—A registered proxy advisory firm may, upon such terms and conditions as the Commission may establish as necessary in the public interest or for the protection of investors, which terms and conditions shall include at a minimum that the registered proxy advisory firm will no longer conduct such activities as to bring it within the definition of proxy advisory firm in section 3(a)(83) of the Securities Exchange Act of 1934, withdraw from registration by filing a written notice of withdrawal to the Commission.

“(2) COMMISSION AUTHORITY.—In addition to any other authority of the Commission under this
title, if the Commission finds that a registered proxy advisory firm is no longer in existence or has ceased to do business as a proxy advisory firm, the Commission, by order, shall cancel the registration under this section of such registered proxy advisory firm.

“(f) Management of Conflicts of Interest.—

“(1) Organization Policies and Procedures.—Each registered proxy advisory firm shall establish, maintain, and enforce written policies and procedures reasonably designed, taking into consideration the nature of the business of such registered proxy advisory firm and associated persons, to address and manage any conflicts of interest that can arise from such business.

“(2) Commission Authority.—The Commission shall issue final rules to prohibit, or require the management and disclosure of, any conflicts of interest relating to the offering of proxy advisory services by a registered proxy advisory firm, including, without limitation, conflicts of interest relating to—

“(A) the manner in which a registered proxy advisory firm is compensated by the client, or any affiliate of the client, for providing proxy advisory services;
“(B) the provision of consulting, advisory, or other services by a registered proxy advisory firm, or any person associated with such registered proxy advisory firm, to the client;

“(C) business relationships, ownership interests, or any other financial or personal interests between a registered proxy advisory firm, or any person associated with such registered proxy advisory firm, and any client, or any affiliate of such client;

“(D) transparency around the formulation of proxy voting policies;

“(E) the execution of proxy votes if such votes are based upon recommendations made by the proxy advisory firm in which someone other than the issuer is a proponent;

“(F) issuing recommendations where proxy advisory firms provide advisory services to a company; and

“(G) any other potential conflict of interest, as the Commission deems necessary or appropriate in the public interest or for the protection of investors.

“(g) RELIABILITY OF PROXY ADVISORY FIRM SERVICES.—
“(1) IN GENERAL.—Each registered proxy advisory firm shall have staff sufficient to produce proxy voting recommendations that are based on accurate and current information. Each registered proxy advisory firm shall detail procedures sufficient to permit companies receiving proxy advisory firm recommendations access in a reasonable time to the draft recommendations, with an opportunity to provide meaningful comment thereon, including the opportunity to present details to the person responsible for developing the recommendation in person or telephonically. Each registered proxy advisory firm shall employ an ombudsman to receive complaints about the accuracy of voting information used in making recommendations from the subjects of the proxy advisory firm’s voting recommendations, and shall resolve those complaints in a timely fashion and in any event prior to voting on the matter to which the recommendation relates.

“(2) DRAFT RECOMMENDATIONS DEFINED.—For purposes of this subsection, the term ‘draft recommendations’—

“(A) means the overall conclusions of proxy voting recommendations prepared for the clients of a proxy advisory firm, including any
public data cited therein, any company information or substantive analysis impacting the recommendation, and the specific voting recommendations on individual proxy ballot issues; and

“(B) does not include the entirety of the proxy advisory firm’s final report to its clients.

“(h) DESIGNATION OF COMPLIANCE OFFICER.—Each registered proxy advisory firm shall designate an individual responsible for administering the policies and procedures that are required to be established pursuant to subsections (f) and (g), and for ensuring compliance with the securities laws and the rules and regulations thereunder, including those promulgated by the Commission pursuant to this section.

“(i) PROHIBITED CONDUCT.—

“(1) PROHIBITED ACTS AND PRACTICES.—The Commission shall issue final rules to prohibit any act or practice relating to the offering of proxy advisory services by a registered proxy advisory firm that the Commission determines to be unfair or coercive, including any act or practice relating to—

“(A) conditioning a voting recommendation or other proxy advisory firm recommendation on the purchase by an issuer or an affiliate
thereof of other services or products, of the registered proxy advisory firm or any person associated with such registered proxy advisory firm; and

“(B) modifying a voting recommendation or otherwise departing from its adopted systematic procedures and methodologies in the provision of proxy advisory services, based on whether an issuer, or affiliate thereof, subscribes or will subscribe to other services or product of the registered proxy advisory firm or any person associated with such organization.

“(2) RULE OF CONSTRUCTION.—Nothing in paragraph (1), or in any rules or regulations adopted thereunder, may be construed to modify, impair, or supersede the operation of any of the antitrust laws (as defined in the first section of the Clayton Act, except that such term includes section 5 of the Federal Trade Commission Act, to the extent that such section 5 applies to unfair methods of competition).

“(j) STATEMENTS OF FINANCIAL CONDITION.—Each registered proxy advisory firm shall, on a confidential basis, file with the Commission, at intervals determined by the Commission, such financial statements, certified (if
required by the rules or regulations of the Commission) by an independent public auditor, and information concerning its financial condition, as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors.

“(k) Annual Report.—Each registered proxy advisory firm shall, at the beginning of each fiscal year of such firm, report to the Commission on the number of shareholder proposals its staff reviewed in the prior fiscal year, the number of recommendations made in the prior fiscal year, the number of staff who reviewed and made recommendations on such proposals in the prior fiscal year, and the number of recommendations made in the prior fiscal year where the proponent of such recommendation was a client of or received services from the proxy advisory firm.

“(l) Transparent Policies.—Each registered proxy advisory firm shall file with the Commission and make publicly available its methodology for the formulation of proxy voting policies and voting recommendations.

“(m) Rules of Construction.—

“(1) No waiver of rights, privileges, or defenses.—Registration under and compliance with this section does not constitute a waiver of, or otherwise diminish, any right, privilege, or defense
that a registered proxy advisory firm may otherwise have under any provision of State or Federal law, including any rule, regulation, or order thereunder.

“(2) No private right of action.—Nothing in this section may be construed as creating any private right of action, and no report filed by a registered proxy advisory firm in accordance with this section or section 17 shall create a private right of action under section 18 or any other provision of law.

“(n) Regulations.—

“(1) New provisions.—Such rules and regulations as are required by this section or are otherwise necessary to carry out this section, including the application form required under subsection (a)—

“(A) shall be issued by the Commission, not later than 180 days after the date of enactment of this section; and

“(B) shall become effective not later than 1 year after the date of enactment of this section.

“(2) Review of existing regulations.—Not later than 270 days after the date of enactment of this section, the Commission shall—
“(A) review its existing rules and regulations which affect the operations of proxy advisory firms;

“(B) amend or revise such rules and regulations in accordance with the purposes of this section, and issue such guidance, as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors; and

“(C) direct Commission staff to withdraw the Egan Jones Proxy Services (May 27, 2004) and Institutional Shareholder Services, Inc. (September 15, 2004) no-action letters.

“(o) APPLICABILITY.—This section, other than subsection (n), which shall apply on the date of enactment of this section, shall apply on the earlier of—

“(1) the date on which regulations are issued in final form under subsection (n)(1); or

“(2) 270 days after the date of enactment of this section.”.

(b) CONFORMING AMENDMENT.—Section 17(a)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78q(a)(1)) is amended by inserting “proxy advisory firm,” after “nationally recognized statistical rating organization,”.
SEC. 483. COMMISSION ANNUAL REPORT.

The Commission shall make an annual report publicly available on the Commission’s Internet website. Such report shall, with respect to the year to which the report relates—

(1) identify applicants for registration under section 15H of the Securities Exchange Act of 1934, as added by this subtitle;

(2) specify the number of and actions taken on such applications;

(3) specify the views of the Commission on the state of competition, transparency, policies and methodologies, and conflicts of interest among proxy advisory firms;

(4) include the determination of the Commission with regard to—

(A) the quality of proxy advisory services issued by proxy advisory firms;

(B) the financial markets;

(C) competition among proxy advisory firms;

(D) the incidence of undisclosed conflicts of interest by proxy advisory firms;

(E) the process for registering as a proxy advisory firm; and
(F) such other matters relevant to the implementation of this subtitle and the amendments made by this subtitle, as the Commission determines necessary to bring to the attention of the Congress;

(5) identify problems, if any, that have resulted from the implementation of this subtitle and the amendments made by this subtitle; and

(6) recommend solutions, including any legislative or regulatory solutions, to any problems identified under paragraphs (4) and (5).

Subtitle R—Senior Safe

SEC. 491. IMMUNITY.

(a) DEFINITIONS.—In this subtitle—

(1) the term “Bank Secrecy Act Officer” means an individual responsible for ensuring compliance with the requirements mandated by subchapter II of chapter 53 of title 31, United States Code;

(2) the term “broker-dealer” means a broker or dealer, as those terms are defined, respectively, in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a));

(3) the term “covered agency” means—
(A) a State financial regulatory agency, including a State securities or law enforcement authority and a State insurance regulator;

(B) each of the Federal financial institutions regulatory agencies;

(C) the Securities and Exchange Commission;

(D) a law enforcement agency;

(E) and State or local agency responsible for administering adult protective service laws;

and

(F) a State attorney general.

(4) the term “covered financial institution” means—

(A) a credit union;

(B) a depository institution;

(C) an investment advisor;

(D) a broker-dealer;

(E) an insurance company;

(F) a State attorney general; and

(G) a transfer agent.

(5) the term “credit union” means a Federal credit union, State credit union, or State-chartered credit union, as those terms are defined in section
101 of the Federal Credit Union Act (12 U.S.C. 1752);

(6) the term “depository institution” has the meaning given the term in section 3(e) of the Federal Deposit Insurance Act (12 U.S.C. 1813(e));

(7) the term “exploitation” means the fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual, including a caregiver or fiduciary, that—

(A) uses the resources of a senior citizen for monetary personal benefit, profit, or gain;

or

(B) results in depriving a senior citizen of rightful access to or use of benefits, resources, belongings or assets;

(8) the term “Federal financial institutions regulatory agencies” has the meaning given the term in section 1003 of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3302);

(9) the term “investment adviser” has the meaning given the term in section 202 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2);

(10) the term “insurance company” has the meaning given the term in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a));
(11) the term “registered representative” means an individual who represents a broker-dealer in effecting or attempting to affect a purchase or sale of securities;

(12) the term “senior citizen” means an individual who is not less than 65 years of age;

(13) the term “State insurance regulator” has the meaning given such term in section 315 of the Gramm-Leach-Bliley Act (15 U.S.C. 6735);

(14) the term “State securities or law enforcement authority” has the meaning given the term in section 24(f)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78x(f)(4)); and

(15) the term “transfer agent” has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78e(a)).

(b) IMMUNITY FROM SUIT.—

(1) IMMUNITY FOR INDIVIDUALS.—An individual who has received the training described in section 492 shall not be liable, including in any civil or administrative proceeding, for disclosing the possible exploitation of a senior citizen to a covered agency if the individual, at the time of the disclosure—
(A) served as a supervisor, compliance officer (including a Bank Secrecy Act Officer), or registered representative for a covered financial institution; and

(B) made the disclosure with reasonable care including reasonable efforts to avoid disclosure other than to a covered agency.

(2) IMMUNITY FOR COVERED FINANCIAL INSTITUTIONS.—A covered financial institution shall not be liable, including in any civil or administrative proceeding, for a disclosure made by an individual described in paragraph (1) if—

(A) the individual was employed by, or, in the case of a registered representative, affiliated or associated with, the covered financial institution at the time of the disclosure; and

(B) before the time of the disclosure, the covered financial institution provided the training described in section 492 to each individual described in section 492(a).

SEC. 492. TRAINING REQUIRED.

(a) IN GENERAL.—A covered financial institution may provide training described in subsection (b)(1) to each officer or employee of, or registered representative
affiliated or associated with, the covered financial institution who—

(1) is described in section 491(b)(1)(A);

(2) may come into contact with a senior citizen as a regular part of the duties of the officer, employee, or registered representative; or

(3) may review or approve the financial documents, records, or transactions of a senior citizen in connection with providing financial services to a senior citizen.

(b) Training.—

(1) In general.—The training described in this paragraph shall—

(A) instruct any individual attending the training on how to identify and report the suspected exploitation of a senior citizen;

(B) discuss the need to protect the privacy and respect the integrity of each individual customer of a covered financial institution; and

(C) be appropriate to the job responsibilities of the individual attending the training.

(2) Timing.—The training required under subsection (a) shall be provided as soon as reasonably practicable but not later than 1 year after the date on which an officer, employee, or registered rep-
resentative begins employment with or becomes af-
iliated or associated with the covered financial insti-
tution.

(3) **Bank Secrecy Act Officer.**—An indi-
vidual who is designated as a compliance officer
under an anti-money laundering program established
pursuant to section 5318(h) of title 31, United
States Code, shall be deemed to have received the
training described under this subsection.

**SEC. 493. RELATIONSHIP TO STATE LAW.**

Nothing in this Act shall be construed to preempt or
limit any provision of State law, except only to the extent
that section 491 provides a greater level of protection
against liability to an individual described in section
491(b)(1) or to a covered financial institution described
in section 491(b)(2) than is provided under State law.

**Subtitle S—National Securities Exchange Regulatory Parity**

**SEC. 496. APPLICATION OF EXEMPTION.**

Section 18(b)(1) of the Securities Act of 1933 (15
U.S.C. 77r(b)(1)), as amended by section 456(b), is fur-
ther amended—

1. by striking subparagraph (A);

2. in subparagraph (B), by striking “that the
Commission determines by rule (on its own initiative
or on the basis of a petition) are substantially simi-
lar to the listing standards applicable to securities
described in subparagraph (A)” and inserting “that
have been approved by the Commission”;

(3) in subparagraph (C), by striking “or (B)”;
and

(4) by redesignating subparagraphs (B), (C),
and (D) as subparagraphs (A), (B), and (C), respec-
tively.

Subtitle T—Private Company
Flexibility and Growth

SEC. 497. SHAREHOLDER THRESHOLD FOR REGISTRATION.
et seq.) is amended—

(1) in section 12(g)—

(A) in paragraph (1)—

(i) by striking “shall—” and all that
follows through “register such security”
and inserting “shall, not later than 120
days after the last day of its first fiscal
year ended after the effective date of this
subsection on which the issuer has total as-
sets exceeding $10,000,000 (or such great-
er amount of assets as the Commission
may establish by rule) and a class of eq-
uity security (other than an exempted se-
curity) held of record by 2,000 or more
persons (or such greater number of per-
sons as the Commission may establish by
rule), register such security’’; and

(ii) by adding at the end the fol-
lowing: “The dollar figure in this para-
graph shall be indexed for inflation every 5
years by the Commission to reflect the
change in the Consumer Price Index for
All Urban Consumers published by the Bu-
reau of Labor Statistics, rounded to the
nearest $100,000.’’; and

(B) in paragraph (4), by striking “300
persons” and all that follows through “1,200
persons persons” and inserting “1,200 per-
sons”; and

(2) in section 15(d)(1), by striking “300 per-
sons” and all that follows through “1,200 persons
persons” and inserting “1,200 persons”.

Subtitle U—Small Company Capital
Formation Enhancements

SEC. 498. JOBS ACT-RELATED EXEMPTION.

Section 3(b) of the Securities Act of 1933 (15 U.S.C.
77c(b)) is amended—
(1) in paragraph (2)(A), by striking “$50,000,000” and inserting “$75,000,000, adjusted for inflation by the Commission every 2 years to the nearest $10,000 to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics”; and

(2) in paragraph (5)—

(A) by striking “such amount as” and inserting: “such amount, in addition to the adjustment for inflation provided for under such paragraph (2)(A), as”; and

(B) by striking “such amount, it” and inserting “such amount, in addition to the adjustment for inflation provided for under such paragraph (2)(A), it”.

Subtitle V—Encouraging Public Offerings

Sec. 499. Expanding Testing the Waters and Confidential Submissions.

The Securities Act of 1933 (15 U.S.C. 77a et seq.) is amended—

(1) in section 5(d), by striking “an emerging growth company or any person authorized to act on behalf of an emerging growth company” and insert-
ing “an issuer or any person authorized to act on behalf of an issuer”; and

(2) in section 6(e)—

(A) in the heading, by striking “EMERGING GROWTH COMPANIES” and inserting “DRAFT REGISTRATION STATEMENTS”; and

(B) by amending paragraph (1) to read as follows:

“(1) IN GENERAL.—Any issuer, prior to its initial public offering date, may confidentially submit to the Commission a draft registration statement, for confidential nonpublic review by the staff of the Commission prior to public filing, provided that the initial confidential submission and all amendments thereto shall be publicly filed with the Commission not later than 15 days before the date on which the issuer conducts a road show, as such term is defined in section 230.433(h)(4) of title 17, Code of Federal Regulations, or any successor thereto.”.
Subtitle X—Modernized Offering and Proxy Rules for Closed-End Funds

SEC. 499A. PARITY FOR CLOSED-END COMPANIES REGARDING OFFERING AND PROXY RULES.

(a) Revision to Rules.—Not later than 1 year after the date of enactment of this Act, the Securities and Exchange Commission shall revise any rules to the extent necessary to allow any closed-end company, as defined in section 5(a)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a-5), that is registered as an investment company under such Act to use the securities offering and proxy rules that are available to other issuers that are required to file reports under section 13 or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m; 78o(d)). Any action that the Commission takes pursuant to this subsection shall include the following:

(1) The Commission shall revise section 230.405 of title 17, Code of Federal Regulations, to—

(A) remove the exclusion of a registered closed-end company from the definition of a well-known seasoned issuer provided by that section; and
(B) add registration statements filed on Form N–2 to the definition of automatic shelf registration statement provided by that section.

(2) The Commission shall revise sections 230.168 and 230.169 of title 17, Code of Federal Regulations, to remove the exclusion of a registered closed-end company from the list of issuers that can use the exemptions provided by those sections.

(3) The Commission shall revise sections 230.163 and 230.163A of title 17, Code of Federal Regulations, to remove a registered closed-end company from the list of issuers that are ineligible to use the exemptions provided by those sections.

(4) The Commission shall revise section 230.134 of title 17, Code of Federal Regulations, to remove the exclusion of a registered closed-end company from that section.

(5) The Commission shall revise sections 230.138 and 230.139 of title 17, Code of Federal Regulations, to specifically include any registered closed-end company as an issuer to which those sections apply.

(6) The Commission shall revise section 230.164 of title 17, Code of Federal Regulations, to
remove a registered closed-end company from the
list of issuers that are excluded from that section.

(7) The Commission shall revise section
230.433, of title 17, Code of Federal Regulations, to
specifically include any registered closed-end com-
pany that is a well-known seasoned issuer as an
issuer to which that section applies.

(8) The Commission shall revise section
230.415 of title 17, Code of Federal Regulations,
to—

(A) state that the registration for securi-
ties provided by that section includes securities
registered by any registered closed-end company
on Form N–2; and

(B) eliminate the requirement that a Form
N–2 registrant must furnish the undertakings
required by item 34.4 of Form N–2.

(9) The Commission shall revise section
230.497 of title 17, Code of Federal Regulations, to
include a process for any registered closed-end com-
pany to file a form of prospectus that is parallel to
the process for filing a form of prospectus under sec-
tion 230.424(b) of such title.

(10) The Commission shall revise sections
230.172 and 230.173 of title 17, Code of Federal
Regulations, to remove the exclusion of an offering
of any registered closed-end company from those
sections.

(11) The Commission shall revise section
230.418 of title 17, Code of Federal Regulations, to
provide that any registered closed-end company that
would otherwise meet the eligibility requirements of
General Instruction I.A of Form S–3 shall be ex-
empt from paragraph (a)(3) of that section.

(12) The Commission shall revise section
240.14a–101 of title 17, Code of Federal Regula-
tions, to provide that any registered closed-end com-
pany that would otherwise meet the requirements of
General Instruction I.A of Form S–3 shall be
deemed to meet the requirements of Form S–3 for
purposes of Schedule 14A.

(13) The Commission shall revise section
243.103 of title 17, Code of Federal Regulations, to
provide that paragraph (a) of that section applies
for purposes of Form N–2.

(b) REVISIONS TO FORM N–2.—Not later than 1 year
after the date of enactment of this Act, the Commission
shall revise Form N–2 to—

(1) include an item or instruction that is simi-
lar to item 12 on Form S–3 to provide that any reg-
istered closed-end company that would otherwise meet the requirements of Form S–3 shall incor-
porate by reference its reports and documents filed under the Securities Exchange Act of 1934 into its registration statement filed on Form N–2; and

(2) include an item or instruction that is simi-
lar to the instruction regarding automatic shelf of-
ferings by well-known seasoned issuers on Form S–3 to provide that any registered closed-end company that is a well-known seasoned issuer may file auto-
matic shelf offerings on Form N–2.

(c) TREATMENT IF REVISIONS NOT COMPLETED IN A TIMELY MANNER.—If the Commission fails to complete the revisions required by subsections (a) and (b) by the time required by such subsections, any registered closed-end company shall be entitled to treat such revisions as having been completed in accordance with the actions re-
quired to be taken by the Commission by such subsections until such time as such revisions are completed by the Commission.

(d) RULES OF CONSTRUCTION.—

(1) NO EFFECT ON RULE 482.—(1) Nothing in this section or the amendments made by this section shall be construed to impair or limit in any way a registered closed-end company from using section
230.482 of title 17, Code of Federal Regulations, to
distribute sales material.

(2) REFERENCES.—Any reference in this sec-
tion to a section of title 17, Code of Federal Regula-
tions, or to any form or schedule means such rule,
section, form, or schedule, or any successor to any
such rule, section, form, or schedule.

TITLE V—REGULATORY RELIEF
FOR MAIN STREET AND COMMUNITY FINANCIAL INSTITU-
TIONS
Subtitle A—Preserving Access to
Manufactured Housing
SEC. 501. MORTGAGE ORIGINATOR DEFINITION.
Section 103 of the Truth in Lending Act (15 U.S.C.
1602) is amended—

(1) by redesignating the second subsection (cc)
and subsection (dd) as subsections (dd) and (ee), re-
spectively; and

(2) in paragraph (2)(C) of subsection (dd), as
so redesignated, by striking “an employee of a re-
tailer of manufactured homes who is not described
in clause (i) or (iii) of subparagraph (A) and who
does not advise a consumer on loan terms (including
rates, fees, and other costs)” and inserting “a re-
tailer of manufactured or modular homes or its em-
ployees unless such retailer or its employees receive
compensation or gain for engaging in activities de-
scribed in subparagraph (A) that is in excess of any
compensation or gain received in a comparable cash
transaction”.

SEC. 502. HIGH-COST MORTGAGE DEFINITION.

Section 103 of the Truth in Lending Act (15 U.S.C.
1602), as amended by section 501, is further amended—

(1) by redesignating subsection (aa) (relating to
disclosure of greater amount or percentage), as so
designated by section 1100A of the Consumer Fi-
nancial Protection Act of 2010, as subsection (bb);

(2) by redesignating subsection (bb) (relating to
high cost mortgages), as so designated by section
1100A of the Consumer Financial Protection Act of
2010, as subsection (aa), and moving such sub-
section to immediately follow subsection (z); and

(3) in subsection (aa)(1)(A), as so redesig-
nated—

(A) in clause (i)(I), by striking “(8.5 per-
centage points, if the dwelling is personal prop-
erty and the transaction is for less than
$50,000)” and inserting “(10 percentage points
if the dwelling is personal property or is a
transaction that does not include the purchase of real property on which a dwelling is to be placed, and the transaction is for less than $75,000 (as such amount is adjusted by the Consumer Law Enforcement Agency to reflect the change in the Consumer Price Index)

and

(B) in clause (ii)—

(i) in subclause (I), by striking “or” at the end; and

(ii) by adding at the end the following:

“(III) in the case of a transaction for less than $75,000 (as such amount is adjusted by the Consumer Law Enforcement Agency to reflect the change in the Consumer Price Index) in which the dwelling is personal property (or is a consumer credit transaction that does not include the purchase of real property on which a dwelling is to be placed) the greater of 5 percent of the total transaction amount or $3,000 (as such amount is adjusted by the Consumer
Law Enforcement Agency to reflect the change in the Consumer Price Index); or”.

**Subtitle B—Mortgage Choice**

**SEC. 506. DEFINITION OF POINTS AND FEES.**

(a) **Amendment to Section 103 of TILA.**—Paragraph (4) of section 103(aa) of the Truth in Lending Act, as redesignated by section 502, is amended—

(1) by striking “paragraph (1)(B)” and inserting “paragraph (1)(A) and section 129C”;

(2) in subparagraph (C)—

(A) by inserting “and insurance” after “taxes”;

(B) in clause (ii), by inserting “, except as retained by a creditor or its affiliate as a result of their participation in an affiliated business arrangement (as defined in section 3(7) of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2602(7)),” after “compensation”;

and

(C) by striking clause (iii) and inserting the following:

“(iii) the charge is—

“(I) a bona fide third-party charge not retained by the mortgage originator,
creditor, or an affiliate of the creditor or
mortgage originator; or
“(II) a charge set forth in section
106(e)(1);”; and
(3) in subparagraph (D)—
(A) by striking “accident,”; and
(B) by striking “or any payments” and in-
serting “and any payments”.

(b) Amendment to Section 129C of TILA.—Sec-
tion 129C of the Truth in Lending Act (15 U.S.C. 1639c)
is amended—
(1) in subsection (a)(5)(C), by striking “103”
and all that follows through “or mortgage origi-
nator” and inserting “103(aa)(4)”; and
(2) in subsection (b)(2)(C)(i), by striking “103”
and all that follows through “or mortgage origi-
nator)” and inserting “103(aa)(4)”.

Subtitle C—Financial Institution
Customer Protection

SEC. 511. REQUIREMENTS FOR DEPOSIT ACCOUNT TERMINATION REQUESTS AND ORDERS.

(a) Termination Requests or Orders Must Be
Material.—
(1) In general.—An appropriate Federal
banking agency may not formally or informally re-
quest or order a depository institution to terminate a specific customer account or group of customer accounts or to otherwise restrict or discourage a depository institution from entering into or maintaining a banking relationship with a specific customer or group of customers unless—

(A) the agency has a material reason for such request or order; and

(B) such reason is not based solely on reputation risk.

(2) Treatment of National Security Threats.—If an appropriate Federal banking agency believes a specific customer or group of customers is, or is acting as a conduit for, an entity which—

(A) poses a threat to national security;

(B) is involved in terrorist financing;

(C) is an agency of the government of Iran, North Korea, Syria, or any country listed from time to time on the State Sponsors of Terrorism list;

(D) is located in, or is subject to the jurisdiction of, any country specified in subparagraph (C); or

(E) does business with any entity described in subparagraph (C) or (D), unless the appro-
priate Federal banking agency determines that
the customer or group of customers has used
due diligence to avoid doing business with any
entity described in subparagraph (C) or (D),
such belief shall satisfy the requirement under para-
graph (1).

(b) NOTICE REQUIREMENT.—

(1) IN GENERAL.—If an appropriate Federal
banking agency formally or informally requests or
orders a depository institution to terminate a spe-
cific customer account or a group of customer ac-
counts, the agency shall—

(A) provide such request or order to the
institution in writing; and

(B) accompany such request or order with
a written justification for why such termination
is needed, including any specific laws or regula-
tions the agency believes are being violated by
the customer or group of customers, if any.

(2) JUSTIFICATION REQUIREMENT.—A jus-
tification described under paragraph (1)(B) may not
be based solely on the reputation risk to the deposi-
tory institution.

(c) CUSTOMER NOTICE.—
(1) NOTICE REQUIRED.—Except as provided under paragraph (2), if an appropriate Federal banking agency orders a depository institution to terminate a specific customer account or a group of customer accounts, the depository institution shall inform the customer or customers of the justification for the customer’s account termination described under subsection (b).

(2) NOTICE PROHIBITED IN CASES OF NATIONAL SECURITY.—If an appropriate Federal banking agency requests or orders a depository institution to terminate a specific customer account or a group of customer accounts based on a belief that the customer or customers pose a threat to national security, or are otherwise described under subsection (a)(2), neither the depository institution nor the appropriate Federal banking agency may inform the customer or customers of the justification for the customer’s account termination.

(d) REPORTING REQUIREMENT.—Each appropriate Federal banking agency shall issue an annual report to the Congress stating—

(1) the aggregate number of specific customer accounts that the agency requested or ordered a de-
pository institution to terminate during the previous year; and

(2) the legal authority on which the agency relied in making such requests and orders and the frequency on which the agency relied on each such authority.

(e) DEFINITIONS.—For purposes of this section:

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

(A) the appropriate Federal banking agency, as defined under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and

(B) the National Credit Union Administration, in the case of an insured credit union.

(2) DEPOSITORY INSTITUTION.—The term “depository institution” means—

(A) a depository institution, as defined under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and

(B) an insured credit union.
SEC. 512. AMENDMENTS TO THE FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989.

Section 951 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833a) is amended—

(1) in subsection (c)(2), by striking “affecting a federally insured financial institution” and inserting “against a federally insured financial institution or by a federally insured financial institution against an unaffiliated third person”; and

(2) in subsection (g)—

(A) in the heading, by striking “SUBPOENAS” and inserting “INVESTIGATIONS”; and

(B) by amending paragraph (1)(C) to read as follows:

“(C) summon witnesses and require the production of any books, papers, correspondence, memoranda, or other records which the Attorney General deems relevant or material to the inquiry, if the Attorney General—

“(i) requests a court order from a court of competent jurisdiction for such actions and offers specific and articulable facts showing that there are reasonable grounds to believe that the information or
testimony sought is relevant and material for conducting an investigation under this section; or

“(ii) either personally or through delegation no lower than the Deputy Attorney General, issues and signs a subpoena for such actions and such subpoena is supported by specific and articulable facts showing that there are reasonable grounds to believe that the information or testimony sought is relevant for conducting an investigation under this section.”.

**Subtitle D—Portfolio Lending and Mortgage Access**

**SEC. 516. SAFE HARBOR FOR CERTAIN LOANS HELD ON PORTFOLIO.**

(a) **In General.**—Section 129C of the Truth in Lending Act (15 U.S.C. 1639c) is amended by adding at the end the following:

“(j) **SAFE HARBOR FOR CERTAIN LOANS HELD ON PORTFOLIO.**—

“(1) **SAFE HARBOR FOR CREDITORS THAT ARE DEPOSITORY INSTITUTIONS.**—

“(A) **In General.**—A creditor that is a depository institution shall not be subject to
suit for failure to comply with subsection (a), (e)(1), or (f)(2) of this section or section 129H with respect to a residential mortgage loan, and the banking regulators shall treat such loan as a qualified mortgage, if—

“(i) the creditor has, since the origina-
tion of the loan, held the loan on the balance sheet of the creditor; and

“(ii) all prepayment penalties with re-
spect to the loan comply with the limita-
tions described under subsection (c)(3).

“(B) EXCEPTION FOR CERTAIN TRANS-
fers.—In the case of a depository institution that transfers a loan originated by that institu-
tion to another depository institution by reason of the bankruptcy or failure of the originating depository institution or the purchase of the originating depository institution, the depository institution transferring such loan shall be deemed to have complied with the requirement under subparagraph (A)(i).

“(2) SAFE HARBOR FOR MORTGAGE ORIGINA-
tors.—A mortgage originator shall not be subject to suit for a violation of section 129B(c)(3)(B) for
steering a consumer to a residential mortgage loan if—

“(A) the creditor of such loan is a depository institution and has informed the mortgage originator that the creditor intends to hold the loan on the balance sheet of the creditor for the life of the loan; and

“(B) the mortgage originator informs the consumer that the creditor intends to hold the loan on the balance sheet of the creditor for the life of the loan.

“(3) DEFINITIONS.—For purposes of this subsection:

“(A) BANKING REGULATORS.—The term ‘banking regulators’ means the Federal banking agencies, the Consumer Law Enforcement Agency, and the National Credit Union Administration.

“(B) DEPOSITORY INSTITUTION.—The term ‘depository institution’ has the meaning given that term under section 19(b)(1) of the Federal Reserve Act (12 U.S.C. 505(b)(1)).

“(C) FEDERAL BANKING AGENCIES.—The term ‘Federal banking agencies’ has the mean-
ing given that term under section 3 of the Federal Deposit Insurance Act.”.

(b) RULE OF CONSTRUCTION.—Nothing in the amendment made by this section may be construed as preventing a balloon loan from qualifying for the safe harbor provided under section 129C(j) of the Truth in Lending Act if the balloon loan otherwise meets all of the requirements under such subsection (j), regardless of whether the balloon loan meets the requirements described under clauses (i) through (iv) of section 129C(b)(2)(E) of such Act.

Subtitle E—Application of the Expedited Funds Availability Act

SEC. 521. APPLICATION OF THE EXPEDITED FUNDS AVAILABILITY ACT.

(a) IN GENERAL.—The Expedited Funds Availability Act (12 U.S.C. 4001 et seq.) is amended—

(1) in section 602(20) (12 U.S.C. 4001(20)) by inserting “, located in the United States,” after “ATM”; 

(2) in section 602(21) (12 U.S.C. 4001(21)) by inserting “American Samoa, the Commonwealth of the Northern Mariana Islands,” after “Puerto Rico,”;
(3) in section 602(23) (12 U.S.C. 4001(23)) by inserting “American Samoa, the Commonwealth of the Northern Mariana Islands,” after “Puerto Rico,”; and

(4) in section 603(d)(2)(A) (12 U.S.C. 4002(d)(2)(A)), by inserting “American Samoa, the Commonwealth of the Northern Mariana Islands,” after “Puerto Rico,”.

(b) EFFECTIVE DATE.—This section shall take effect on January 1, 2017.

Subtitle F—Small Bank Holding Company Policy Statement

SEC. 526. CHANGES REQUIRED TO SMALL BANK HOLDING COMPANY POLICY STATEMENT ON ASSESSMENT OF FINANCIAL AND MANAGERIAL FACTORS.

(a) IN GENERAL.—Before the end of the 6-month period beginning on the date of the enactment of this Act, the Board of Governors of the Federal Reserve System shall revise the Small Bank Holding Company Policy Statement on Assessment of Financial and Managerial Factors (12 CFR part 225—appendix C) to raise the consolidated asset threshold under such policy statement from $1,000,000,000 (as adjusted by Public Law 113–250) to $10,000,000,000.
(b) CONFORMING AMENDMENT.—Subparagraph (C) of section 171(b)(5) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5371(b)(5)) is amended to read as follows:

“(C) any bank holding company or savings and loan holding company that is subject to the application of the Small Bank Holding Company Policy Statement on Assessment of Financial and Managerial Factors of the Board of Governors (12 CFR part 225—appendix C).”

Subtitle G—Community Institution Mortgage Relief

SEC. 531. COMMUNITY FINANCIAL INSTITUTION MORTGAGE RELIEF.

(a) EXEMPTION FROM ESCROW REQUIREMENTS FOR LOANS HELD BY SMALLER CREDITORS.—Section 129D of the Truth in Lending Act (15 U.S.C. 1639d) is amended—

(1) by adding at the end the following:

“(k) SAFE HARBOR FOR LOANS HELD BY SMALLER CREDITORS.—

“(1) IN GENERAL.—A creditor shall not be in violation of subsection (a) with respect to a loan if—

“(A) the creditor has consolidated assets of $10,000,000,000 or less; and
“(B) the creditor holds the loan on the balance sheet of the creditor for the 3-year period beginning on the date of the origination of the loan.

“(2) EXCEPTION FOR CERTAIN TRANSFERS.—In the case of a creditor that transfers a loan to another person by reason of the bankruptcy or failure of the creditor, the purchase of the creditor, or a supervisory act or recommendation from a State or Federal regulator, the creditor shall be deemed to have complied with the requirement under paragraph (1)(B).”; and

(2) by striking the term “Board” each place such term appears and inserting “Consumer Law Enforcement Agency”.

(b) MODIFICATION TO EXEMPTION FOR SMALL SERVICERS OF MORTGAGE LOANS.—Section 6 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2605) is amended by adding at the end the following:

“(n) SMALL SERVICER EXEMPTION.—The Consumer Law Enforcement Agency shall, by regulation, provide exemptions to, or adjustments for, the provisions of this section for a servicer that annually services 20,000 or fewer mortgage loans, in order to reduce regulatory burdens while appropriately balancing consumer protections.”.

•HR 10 EH
Subtitle H—Financial Institutions
Examination Fairness and Reform

SEC. 536. TIMELINESS OF EXAMINATION REPORTS.
(a) In General.—The Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3301 et seq.) is amended by adding at the end the following:

"SEC. 1012. TIMELINESS OF EXAMINATION REPORTS.

“(a) In General.—

“(1) Final Examination Report.—A Federal financial institutions regulatory agency shall provide a final examination report to a financial institution not later than 60 days after the later of—

“(A) the exit interview for an examination of the institution; or

“(B) the provision of additional information by the institution relating to the examination.

“(2) Exit Interview.—If a financial institution is not subject to a resident examiner program, the exit interview shall occur not later than the end of the 9-month period beginning on the commencement of the examination, except that such period may be extended by the Federal financial institutions regulatory agency by providing written notice to the institution and the Independent Examination..."
Review Director describing with particularity the reasons that a longer period is needed to complete the examination.

“(b) EXAMINATION MATERIALS.—Upon the request of a financial institution, the Federal financial institutions regulatory agency shall include with the final report an appendix listing all examination or other factual information relied upon by the agency in support of a material supervisory determination.

“SEC. 1013. EXAMINATION STANDARDS.

“(a) IN GENERAL.—In the examination of a financial institution—

“(1) a commercial loan shall not be placed in non-accrual status solely because the collateral for such loan has deteriorated in value;

“(2) a modified or restructured commercial loan shall be removed from non-accrual status if the borrower demonstrates the ability to perform on such loan over a maximum period of 6 months, except that with respect to loans on a quarterly, semi-annual, or longer repayment schedule such period shall be a maximum of 3 consecutive repayment periods;
“(3) a new appraisal on a performing commercial loan shall not be required unless an advance of new funds is involved; and

“(4) in classifying a commercial loan in which there has been deterioration in collateral value, the amount to be classified shall be the portion of the deficiency relating to the decline in collateral value and repayment capacity of the borrower.

“(b) WELL CAPITALIZED INSTITUTIONS.—The Federal financial institutions regulatory agencies may not require a financial institution that is well capitalized to raise additional capital in lieu of an action prohibited under subsection (a).

“(c) CONSISTENT LOAN CLASSIFICATIONS.—The Federal financial institutions regulatory agencies shall develop and apply identical definitions and reporting requirements for non-accrual loans.

“SEC. 1014. OFFICE OF INDEPENDENT EXAMINATION REVIEW.

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

“(b) HEAD OF OFFICE.—There is established the position of the Independent Examination Review Director (the ‘Director’), as the head of the Office. The Director
shall be appointed by the Secretary of the Treasury and shall be independent from any member agency of the Council.

“(c) STAFFING.—The Director is authorized to hire staff to support the activities of the Office.

“(d) DUTIES.—The Director shall—

“(1) receive and, at the Director’s discretion, investigate complaints from financial institutions, their representatives, or another entity acting on behalf of such institutions, concerning examinations, examination practices, or examination reports;

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

“(3) review examination procedures of the Federal financial institutions regulatory agencies to ensure that the written examination policies of those agencies are being followed in practice and adhere to the standards for consistency established by the Council;
“(4) conduct a continuing and regular review of examination quality assurance for all examination types conducted by the Federal financial institutions regulatory agencies;

“(5) adjudicate any supervisory appeal initiated under section 1015; and

“(6) report annually to the Committee on Financial Services of the House of Representatives, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Council, on the reviews carried out pursuant to paragraphs (3) and (4), including compliance with the requirements set forth in section 1012 regarding timeliness of examination reports, and the Council’s recommendations for improvements in examination procedures, practices, and policies.

“(e) CONFIDENTIALITY.—The Director shall keep confidential all meetings with, discussions with, and information provided by financial institutions.

“SEC. 1015. RIGHT TO INDEPENDENT REVIEW OF MATERIAL SUPERVISORY DETERMINATIONS.

“(a) IN GENERAL.—A financial institution shall have the right to obtain an independent review of a material supervisory determination contained in a final report of examination.
“(b) Notice.—

“(1) Timing.—A financial institution seeking review of a material supervisory determination under this section shall file a written notice with the Independent Examination Review Director (the ‘Director’) within 60 days after receiving the final report of examination that is the subject of such review.

“(2) Identification of Determination.—

The written notice shall identify the material supervisory determination that is the subject of the independent examination review, and a statement of the reasons why the institution believes that the determination is incorrect or should otherwise be modified.

“(3) Information to be Provided to Institution.—Any information relied upon by the agency in the final report that is not in the possession of the financial institution may be requested by the financial institution and shall be delivered promptly by the agency to the financial institution.

“(c) Right to Hearing.—

“(1) In General.—The Director shall determine the merits of the appeal on the record or, at the financial institution’s election, shall refer the appeal to an Administrative Law Judge to conduct a
confidential hearing pursuant to the procedures set forth under sections 556 and 557 of title 5, United States Code, which hearing shall take place not later than 60 days after the petition for review was received by the Director, and to issue a proposed decision to the Director based upon the record established at such hearing.

“(2) STANDARD OF REVIEW.—In rendering a determination or recommendation under this subsection, neither the Administrative Law Judge nor the Director shall defer to the opinions of the examiner or agency, but shall conduct a de novo review to independently determine the appropriateness of the agency’s decision based upon the relevant statutes, regulations, and other appropriate guidance, as well as evidence adduced at any hearing.

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

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

“(2) be deemed final agency action and shall bind the agency whose supervisory determination was the subject of the review and the financial institution requesting the review.
“(e) RIGHT TO JUDICIAL REVIEW.—A financial institution shall have the right to petition for review of final agency action under this section by filing a Petition for Review within 60 days of the Director’s decision in the United States Court of Appeals for the District of Columbia Circuit or the Circuit in which the financial institution is located.

“(f) REPORT.—The Director shall report annually to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on actions taken under this section, including the types of issues that the Director has reviewed and the results of those reviews. In no case shall such a report contain information about individual financial institutions or any confidential or privileged information shared by financial institutions.

“(g) RETALIATION PROHIBITED.—A Federal financial institutions regulatory agency may not—

“(1) retaliate against a financial institution, including service providers, or any institution-affiliated party (as defined under section 3 of the Federal Deposit Insurance Act), for exercising appellate rights under this section; or

“(2) delay or deny any agency action that would benefit a financial institution or any institu-
tion-affiliated party on the basis that an appeal under this section is pending under this section.

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

“(1) to affect the right of a Federal financial institutions regulatory agency to take enforcement or other supervisory actions related to a material supervisory determination under review under this sec-
tion; or

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

(b) ADDITIONAL AMENDMENTS.—

(1) RIEGLE COMMUNITY DEVELOPMENT AND REGULATORY IMPROVEMENT ACT OF 1994.—Section 309 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4806) is amended—

(A) in subsection (a), by inserting after “appropriate Federal banking agency” the fol-
lowing: “, the Consumer Law Enforcement Agency,”;

(B) in subsection (b)—
(i) in paragraph (2), by striking “the appellant from retaliation by agency examiners” and inserting “the insured depository institution or insured credit union from retaliation by the agencies referred to in subsection (a)”;

(ii) by adding at the end the following flush-left text:

“For purposes of this subsection and subsection (e), retaliation includes delaying consideration of, or withholding approval of, any request, notice, or application that otherwise would have been approved, but for the exercise of the institution’s or credit union’s rights under this section.”;

(C) in subsection (e)(2)—

(i) in subparagraph (B), by striking “and” at the end;

(ii) in subparagraph (C), by striking the period and inserting “; and”; and

(iii) by adding at the end the following:

“(D) ensure that appropriate safeguards exist for protecting the insured depository institution or insured credit union from retaliation by any agency referred to in subsection (a) for
exercising its rights under this subsection.”;
and

(D) in subsection (f)(1)(A)—

(i) in clause (ii), by striking “and” at the end;

(ii) in clause (iii), by striking “and” at the end; and

(iii) by adding at the end the following:

“(iv) any issue specifically listed in an exam report as a matter requiring attention by the institution’s management or board of directors; and

“(v) any suspension or removal of an institution’s status as eligible for expedited processing of applications, requests, notices, or filings on the grounds of a supervisory or compliance concern, regardless of whether that concern has been cited as a basis for another material supervisory determination or matter requiring attention in an examination report, provided that the conduct at issue did not involve violation of any criminal law; and”.

•HR 10 EH
(2) FEDERAL CREDIT UNION ACT.—Section 205(j) of the Federal Credit Union Act (12 U.S.C. 1785(j)) is amended by inserting “the Consumer Law Enforcement Agency,” before “the Administra-
tion” each place such term appears.

(3) FEDERAL FINANCIAL INSTITUTIONS EXAM-
INATION COUNCIL ACT OF 1978.—The Federal Fi-
nancial Institutions Examination Council Act of 1978 (12 U.S.C. 3301 et seq.) is amended—

(A) in section 1003, by amending para-
graph (1) to read as follows:

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

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

“(B) for purposes of sections 1012, 1013, 1014, and 1015, includes the Consumer Law Enforcement Agency;”; and

(B) in section 1005, by striking “One-
fifth” and inserting “One-fourth”.

•HR 10 EH
Subtitle I—National Credit Union Administration Budget Transparency

SEC. 541. BUDGET TRANSPARENCY FOR THE NCUA.

Section 209(b) of the Federal Credit Union Act (12 U.S.C. 1789) is amended—

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

(2) by inserting before paragraph (2), as so redesignated, the following:

“(1) on an annual basis and prior to the submission of the detailed business-type budget required under paragraph (2)—

“(A) make publicly available and cause to be printed in the Federal Register a draft of such detailed business-type budget; and

“(B) hold a public hearing, with public notice provided of such hearing, wherein the public can submit comments on the draft of such detailed business-type budget;”; and

(3) in paragraph (2), as so redesignated—

(A) by inserting “detailed” after “submit a”; and

(B) by inserting “, and where such budget shall address any comments submitted by the
public pursuant to paragraph (1)(B)” after “Control Act”.

Subtitle J—Taking Account of Institutions With Low Operation Risk

SEC. 546. REGULATIONS APPROPRIATE TO BUSINESS MODELS.

(a) IN GENERAL.—For any regulatory action occurring after the date of the enactment of this Act, each Federal financial institutions regulatory agency shall—

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

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

(3) tailor such regulatory action in a manner that limits the regulatory compliance impact, cost, liability risk, and other burdens, as appropriate, for the risk profile and business model of the institution or class of institutions involved.

(b) OTHER CONSIDERATIONS.—In carrying out the requirements of subsection (a), each Federal financial institutions regulatory agency shall consider—
(1) the impact that such regulatory action, both by itself and in conjunction with the aggregate effect of other regulations, has on the ability of the applicable institution or class of institutions to serve evolving and diverse customer needs;

(2) the potential impact of examination manuals, regulatory actions taken with respect to third-party service providers, or other regulatory directives that may be in conflict or inconsistent with the tailoring of such regulatory action described in subsection (a)(3); and

(3) the underlying policy objectives of the regulatory action and statutory scheme involved.

(c) Notice of Proposed and Final Rulemaking.—Each Federal financial institutions regulatory agency shall disclose in every notice of proposed rulemaking and in any final rulemaking for a regulatory action how the agency has applied subsections (a) and (b).

(d) Reports to Congress.—

(1) Individual Agency Reports.—

(A) In General.—Not later than 1 year after the date of the enactment of this Act and annually thereafter, each Federal financial institutions regulatory agency shall report to the Committee on Financial Services of the House
of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the specific actions taken to tailor the regulatory actions of the agency pursuant to the requirements of this Act.

(B) Appearance Before the Committees.—The head of each Federal financial institution regulatory agency shall appear before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate after each report is made pursuant to subparagraph (A) to testify on the contents of such report.

(2) FIEC Reports.—

(A) In General.—Not later than 3 months after each report is submitted under paragraph (1), the Financial Institutions Examination Council shall report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on—

(i) the extent to which regulatory actions tailored pursuant to this Act result in
different treatment of similarly situated in-
stitutions of diverse charter types; and

(ii) the reasons for such differential
treatment.

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

(e) LIMITED LOOK-BACK APPLICATION.—

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

(2) REVISION.—If the application of the re-
quirements of this Act to any such regulation re-
quires such regulation to be revised, the applicable
Federal financial institutions regulatory agency shall revise such regulation within 3 years of the enactment of this Act.

(f) Definitions.—In this Act, the following definitions shall apply:

(1) Federal financial institutions regulatory agencies.—The term “Federal financial institutions regulatory agencies” means the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Consumer Law Enforcement Agency.

(2) Regulatory action.—The term “regulatory action” means any proposed, interim, or final rule or regulation, guidance, or published interpretation.

Subtitle K—Federal Savings Association Charter Flexibility

SEC. 551. OPTION FOR FEDERAL SAVINGS ASSOCIATIONS TO OPERATE AS A COVERED SAVINGS ASSOCIATION.

The Home Owners’ Loan Act is amended by inserting after section 5 (12 U.S.C. 1464) the following:
“SEC. 5A. ELECTION TO OPERATE AS A COVERED SAVINGS ASSOCIATION.

“(a) DEFINITION.—In this section, the term ‘covered savings association’ means a Federal savings association that makes an election approved under subsection (b).

“(b) ELECTION.—

“(1) IN GENERAL.—Upon issuance of the rules described in subsection (f), a Federal savings association may elect to operate as a covered savings association by submitting a notice to the Comptroller of such election.

“(2) APPROVAL.—A Federal savings association shall be deemed to be approved to operate as a covered savings association on the date that is 60 days after the date on which the Comptroller receives the notice under paragraph (1), unless the Comptroller notifies the Federal savings association otherwise.

“(c) RIGHTS AND DUTIES.—Notwithstanding any other provision of law and except as otherwise provided in this section, a covered savings association shall—

“(1) have the same rights and privileges as a national bank that has its main office situated in the same location as the home office of the covered savings association; and
“(2) be subject to the same duties, restrictions, penalties, liabilities, conditions, and limitations that would apply to such a national bank.

“(d) TREATMENT OF COVERED SAVINGS ASSOCIATIONS.—A covered savings association shall be treated as a Federal savings association for the purposes—

“(1) of governance of the covered savings association, including incorporation, bylaws, boards of directors, shareholders, and distribution of dividends;

“(2) of consolidation, merger, dissolution, conversion (including conversion to a stock bank or to another charter), conservatorship, and receivership; and

“(3) determined by regulation of the Comptroller.

“(e) EXISTING BRANCHES.—A covered savings association may continue to operate any branch or agency the covered savings association operated on the date on which an election under subsection (b) is approved.

“(f) RULEMAKING.—The Comptroller shall issue rules to carry out this section—

“(1) that establish streamlined standards and procedures that clearly identify required documenta-
tion or timelines for an election under subsection (b);

“(2) that require a Federal savings association that makes an election under subsection (b) to iden-
tify specific assets and subsidiaries—

“(A) that do not conform to the require-
ments for assets and subsidiaries of a national
bank; and

“(B) that are held by the Federal savings
association on the date on which the Federal
savings association submits a notice of such
election;

“(3) that establish—

“(A) a transition process for bringing such
assets and subsidiaries into conformance with
the requirements for a national bank; and

“(B) procedures for allowing the Federal
savings association to provide a justification for
grandfathering such assets and subsidiaries
after electing to operate as a covered savings
association;

“(4) that establish standards and procedures to
allow a covered savings association to terminate an
election under subsection (b) after an appropriate
period of time or to make a subsequent election;
“(5) that clarify requirements for the treatment of covered savings associations, including the provisions of law that apply to covered savings associations; and

“(6) as the Comptroller deems necessary and in the interests of safety and soundness.”.

Subtitle L—SAFE Transitional Licensing

SEC. 556. ELIMINATING BARRIERS TO JOBS FOR LOAN ORIGINATORS.

(a) IN GENERAL.—The S.A.F.E. Mortgage Licensing Act of 2008 (12 U.S.C. 5101 et seq.) is amended by adding at the end the following:

“SEC. 1518. EMPLOYMENT TRANSITION OF LOAN ORIGINATORS.

“(a) Temporary Authority to Originate Loans for Loan Originators Moving From a Depository Institution to a Non-depository Institution.—

“(1) IN GENERAL.—Upon employment by a State-licensed mortgage company, an individual who is a registered loan originator shall be deemed to have temporary authority to act as a loan originator in an application State for the period described in paragraph (2) if the individual—
“(A) has not had an application for a loan originator license denied, or had such a license revoked or suspended in any governmental jurisdiction;

“(B) has not been subject to or served with a cease and desist order in any governmental jurisdiction or as described in section 1514(c);

“(C) has not been convicted of a felony that would preclude licensure under the law of the application State;

“(D) has submitted an application to be a State-licensed loan originator in the application State; and

“(E) was registered in the Nationwide Mortgage Licensing System and Registry as a loan originator during the 12-month period preceding the date of submission of the information required under section 1505(a).

“(2) PERIOD.—The period described in paragraph (1) shall begin on the date that the individual submits the information required under section 1505(a) and shall end on the earliest of—
“(A) the date that the individual withdraws the application to be a State-licensed loan originator in the application State;

“(B) the date that the application State denies, or issues a notice of intent to deny, the application;

“(C) the date that the application State grants a State license; or

“(D) the date that is 120 days after the date on which the individual submits the application, if the application is listed on the Nationwide Mortgage Licensing System and Registry as incomplete.

“(b) Temporary Authority to Originate Loans for State-licensed Loan Originators Moving Interstate.—

“(1) In general.—A State-licensed loan originator shall be deemed to have temporary authority to act as a loan originator in an application State for the period described in paragraph (2) if the State-licensed loan originator—

“(A) meets the requirements of subparagraphs (A), (B), (C), and (D) of subsection (a)(1);
“(B) is employed by a State-licensed mortgage company in the application State; and

“(C) was licensed in a State that is not the application State during the 30-day period preceding the date of submission of the information required under section 1505(a) in connection with the application submitted to the application State.

“(2) Period.—The period described in paragraph (1) shall begin on the date that the State-licensed loan originator submits the information required under section 1505(a) in connection with the application submitted to the application State and end on the earliest of—

“(A) the date that the State-licensed loan originator withdraws the application to be a State-licensed loan originator in the application State;

“(B) the date that the application State denies, or issues a notice of intent to deny, the application;

“(C) the date that the application State grants a State license; or

“(D) the date that is 120 days after the date on which the State-licensed loan originator
submits the application, if the application is listed on the Nationwide Mortgage Licensing System and Registry as incomplete.

“(c) Applicability.—

“(1) Any person employing an individual who is deemed to have temporary authority to act as a loan originator in an application State pursuant to this section shall be subject to the requirements of this title and to applicable State law to the same extent as if such individual was a State-licensed loan originator licensed by the application State.

“(2) Any individual who is deemed to have temporary authority to act as a loan originator in an application State pursuant to this section and who engages in residential mortgage loan origination activities shall be subject to the requirements of this title and to applicable State law to the same extent as if such individual was a State-licensed loan originator licensed by the application State.

“(d) Definitions.—In this section, the following definitions shall apply:

“(1) State-licensed mortgage company.—

The term ‘State-licensed mortgage company’ means an entity licensed or registered under the law of any
State to engage in residential mortgage loan origination and processing activities.

“(2) APPLICATION STATE.—The term ‘application State’ means a State in which a registered loan originator or a State-licensed loan originator seeks to be licensed.”.

(b) TABLE OF CONTENTS AMENDMENT.—The table of contents in section 1(b) of the Housing and Economic Recovery Act of 2008 (42 U.S.C. 4501 note) is amended by inserting after the item relating to section 1517 the following:

“Sec. 1518. Employment transition of loan originators.”.

(c) AMENDMENT TO CIVIL LIABILITY OF THE CONSUMER LAW ENFORCEMENT AGENCY AND OTHER OFFICIALS.—Section 1513 of the S.A.F.E. Mortgage Licensing Act of 2008 (12 U.S.C. 5112) is amended by striking “are loan originators or are applying for licensing or registration as loan originators” and inserting “are applying for licensing or registration using the Nationwide Mortgage Licensing System and Registry”.

Subtitle M—Right to Lend

SEC. 561. SMALL BUSINESS LOAN DATA COLLECTION REQUIREMENT.

(a) REPEAL.—Section 704B of the Equal Credit Opportunity Act (15 U.S.C. 1691c–2) is repealed.
(b) CONFORMING AMENDMENTS.—Section 701(b) of the Equal Credit Opportunity Act (15 U.S.C. 1691(b)) is amended—

(1) in paragraph (3), by inserting “or” at the end;

(2) in paragraph (4), by striking “; or” and inserting a period; and

(3) by striking paragraph (5).

e) CLERICAL AMENDMENT.—The table of sections for title VII of the Consumer Credit Protection Act is amended by striking the item relating to section 704B.

Subtitle N—Community Bank Reporting Relief

SEC. 566. SHORT FORM CALL REPORT.

(a) IN GENERAL.—Section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) is amended by adding at the end the following:

“(12) SHORT FORM REPORTING.—

“(A) IN GENERAL.—The appropriate Federal banking agencies shall issue regulations allowing for a reduced reporting requirement for covered depository institutions when making the first and third report of condition for a year, as required pursuant to paragraph (3).
“(B) COVERED DEPOSITORY INSTITUTION DEFINED.—For purposes of this paragraph, the term ‘covered depository institution’ means an insured depository institution that—

“(i) is well capitalized (as defined under section 38(b)); and

“(ii) satisfies such other criteria as the appropriate Federal banking agencies determine appropriate.”.

(b) REPORT TO CONGRESS.—Not later than 180 days after the date of the enactment of this Act, and every 365 days thereafter until the appropriate Federal banking agencies (as defined under section 3 of the Federal Deposit Insurance Act) have issued the regulations required under section 7(a)(12)(A) of the Federal Deposit Insurance Act, such agencies shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report describing the progress made in issuing such regulations.
Subtitle O—Homeowner

Information Privacy Protection

SEC. 571. STUDY REGARDING PRIVACY OF INFORMATION COLLECTED UNDER THE HOME MORTGAGE DISCLOSURE ACT OF 1975.

(a) STUDY.—The Comptroller General of the United States shall conduct a study to determine whether the data required to be published, made available, or disclosed under the final rule, in connection with other publicly available data sources, including data made publicly available under Regulation C (12 CFR 1003) before the effective date of the final rule, could allow for or increase the probability of—

(1) exposure of the identity of mortgage applicants or mortgagors through reverse engineering;

(2) exposure of mortgage applicants or mortgagors to identity theft or the loss of sensitive personal financial information;

(3) the marketing or sale of unfair or deceptive financial products to mortgage applicants or mortgagors based on such data;

(4) personal financial loss or emotional distress resulting from the exposure of mortgage applicants or mortgagors to identity theft or the loss of sensitive personal financial information; and
(5) the potential legal liability facing the Consumer Law Enforcement Agency and market participants in the event the data required to be published, made available, or disclosed under the final rule leads or contributes to identity theft or the capture of sensitive personal financial information.

(b) REPORT.—The Comptroller General of the United States shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report that includes—

(1) the findings and conclusions of the Comptroller General with respect to the study required under subsection (a); and

(2) any recommendations for legislative or regulatory actions that—

(A) would enhance the privacy of a consumer when accessing mortgage credit; and

(B) are consistent with consumer protections and safe and sound banking operations.

(c) SUSPENSION OF DATA SHARING REQUIREMENTS.—Notwithstanding any other provision of law, including the final rule—

(1) depository institutions shall not be required to publish, disclose, or otherwise make available to
the public, pursuant to the Home Mortgage Disclosure Act of 1975 (or regulations issued under such Act) any data that was not required to be published, disclosed, or otherwise made available pursuant to such Act (or regulations issued under such Act) on the day before the date of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and

(2) the Consumer Law Enforcement Agency and the Financial Institutions Examination Council shall not publish, disclose, or otherwise make available to the public any such information received from a depository institution pursuant to the final rule, except as required by law.

(d) Temporary Suspension of Data Reporting Requirements.—Notwithstanding any other provision of law, the effective date for new reporting requirements contained in the final rule shall be January 1, 2019.

(e) Definitions.—For purposes of this section:

(1) Depository Institution.—The term “depository institution” has the meaning given that term under section 303 of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2802).

(2) Final Rule.—The term “final rule” means the final rule issued by the Bureau of Consumer Fi-
Subtitle P—Home Mortgage Disclosure Adjustment

SEC. 576. DEPOSITORY INSTITUTIONS SUBJECT TO MAINTENANCE OF RECORDS AND DISCLOSURE REQUIREMENTS.

(a) IN GENERAL.—Section 304 of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2803) is amended—

(1) by redesignating subsection (i) as paragraph (2) and adjusting the margin appropriately; and

(2) by inserting before such paragraph (2) the following:

“(i) EXEMPTIONS.—

“(1) IN GENERAL.—With respect to a depository institution, the requirements of subsections (a) and (b) shall not apply—

“(A) with respect to closed-end mortgage loans, if such depository institution originated less than 100 closed-end mortgage loans in each of the two preceding calendar years; and

“(B) with respect to open-end lines of credit, if such depository institution originated
less than 200 open-end lines of credit in each
of the two preceding calendar years.”

(b) **Technical Correction.**—Section 304(i)(2) of
such Act, as redesignated by subsection (a), is amended
by striking “section 303(2)(A)” and inserting “section
303(3)(A)”.

**Subtitle Q—Protecting Consumers’**
**Access to Credit**

**SEC. 581. RATE OF INTEREST AFTER TRANSFER OF LOAN.**

(a) **Amendment to the Revised Statutes.**—Sec-
tion 5197 of the Revised Statutes of the United States
(12 U.S.C. 85) is amended by adding at the end the fol-
lowing new sentence: “A loan that is valid when made as
to its maximum rate of interest in accordance with this
section shall remain valid with respect to such rate regard-
less of whether the loan is subsequently sold, assigned, or
otherwise transferred to a third party, and may be en-
forced by such third party notwithstanding any State law
to the contrary.”.

(b) **Amendment to the Home Owners’ Loan**
**Act.**—Section 4(g)(1) of the Home Owners’ Loan Act (12
U.S.C. 1463(g)(1)) is amended by adding at the end the
following new sentence: “A loan that is valid when made
as to its maximum rate of interest in accordance with this
subsection shall remain valid with respect to such rate re-
regardless of whether the loan is subsequently sold, assigned, or otherwise transferred to a third party, and may be enforced by such third party notwithstanding any State law to the contrary.”.

(c) Amendment to the Federal Credit Union Act.—Section 205(g)(1) of the Federal Credit Union Act (12 U.S.C. 1785(g)(1)) is amended by adding at the end the following new sentence: “A loan that is valid when made as to its maximum rate of interest in accordance with this subsection shall remain valid with respect to such rate regardless of whether the loan is subsequently sold, assigned, or otherwise transferred to a third party, and may be enforced by such third party notwithstanding any State law to the contrary.”.

(d) Amendment to the Federal Deposit Insurance Act.—Section 27(a) of the Federal Deposit Insurance Act (12 U.S.C. 1831d(a)) is amended by adding at the end the following new sentence: “A loan that is valid when made as to its maximum rate of interest in accordance with this section shall remain valid with respect to such rate regardless of whether the loan is subsequently sold, assigned, or otherwise transferred to a third party, and may be enforced by such third party notwithstanding any State law to the contrary.”.
Subtitle R—NCUA Overhead

Transparency

SEC. 586. FUND TRANSPARENCY.

Section 203 of the Federal Credit Union Act (12 U.S.C. 1783) is amended by adding at the end the following:

“(g) FUND TRANSPARENCY.—

“(1) IN GENERAL.—The Board shall accompany each annual budget submitted pursuant to section 209(b) with a report containing—

“(A) a detailed analysis of how the expenses of the Administration are assigned between prudential activities and insurance-related activities and the extent to which those expenses are paid from the fees collected pursuant to section 105 or from the Fund; and

“(B) the Board’s supporting rationale for any proposed use of amounts in the Fund contained in such budget, including detailed breakdowns and supporting rationales for any such proposed use related to titles of this Act other than this title.

“(2) PUBLIC DISCLOSURE.—The Board shall make each report described under paragraph (1)
available to the public and available on the Board’s website.”.

Subtitle S—Housing Opportunities Made Easier

SEC. 591. CLARIFICATION OF DONATED SERVICES TO NON-PROFITS.

Section 129E(i) of the Truth in Lending Act (15 U.S.C. 1639e(i)) is amended by adding at the end the following:

“(4) Rule of construction related to appraisal donations.—For purposes of paragraph (1), if a fee appraiser voluntarily donates appraisal services to an organization described in section 170(c)(2) of the Internal Revenue Code of 1986, such voluntary donation shall be deemed customary and reasonable.”.

Subtitle T—Protection of Consumer Information by Consumer Reporting Agencies

SEC. 596. SENSE OF CONGRESS RELATED TO PROTECTION OF CONSUMER INFORMATION BY CONSUMER REPORTING AGENCIES.

(a) In General.—It is the sense of the Congress that consumer reporting agencies and subsidiaries of consumer reporting agencies should, when providing access
to consumers to the information contained in the file of
the consumer maintained by the consumer reporting agen-
cy, use strong multi-factor authentication procedures to
verify the identity of consumers.

(b) DEFINITIONS.—For purposes of this section, the
terms “consumer”, “consumer reporting agency”, and
“file” have the meanings given those terms in section 603

Subtitle U—Legitimate Financial
Transactions Report

SEC. 597. TREASURY REPORT ON LEGITIMATE FINANCIAL
TRANSACTIIONS.

Not later than the end of the 90-day period beginning
on the date of the enactment of this Act, the Secretary
of the Treasury shall issue a report to the Congress on—

(1) the Secretary’s efforts to ensure that legiti-
mate financial transactions move freely and globally;
and

(2) how the Secretary coordinates on such ef-
forts with Federal bank regulators, financial institu-
tions, and money service businesses.
Subtitle V—Dividend Waiver Authority for Mutual Holding Companies

SEC. 598. DIVIDEND WAIVER AUTHORITY FOR MUTUAL HOLDING COMPANIES.

Section 10(o)(11) of the Home Owners’ Loan Act (12 U.S.C. 1467a(o)(11)) is amended—

(1) in subparagraph (D)—

(A) in clause (i), by adding “and” at the end;

(B) in clause (ii), by striking “; and” and inserting a period; and

(C) by striking clause (iii);

(2) by amending subparagraph (E) to read as follows:

“(E) VALUATION.—The appropriate Federal banking agency may not consider waived dividends in determining an appropriate exchange ratio in the event of a full conversion to stock form.”; and

(3) by adding at the end the following new sub-

paragraph:

“(F) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to authorize the appropriate Federal banking agency to
require a vote of members of a mutual holding company to approve one or more dividend waivers or to place any additional restrictions on dividend waivers by mutual holding companies that are inconsistent with or exceed the requirements set forth in this paragraph.”.

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

**SEC. 601. CAPITAL ELECTION.**

(a) **IN GENERAL.**—A banking organization may make an election under this section to be treated as a qualifying banking organization for purposes of the regulatory relief described under section 602.

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

(1) the banking organization has an average leverage ratio of at least 10 percent;

(2) with respect to a depository institution holding company, each insured depository institution subsidiary of the holding company simultaneously makes the election described under subsection (a); and
(3) with respect to an insured depository institution, any parent depository institution holding company of the institution simultaneously makes the election described under subsection (a).

(c) ELECTION PROCESS.—To make an election under this section, a banking organization shall submit an election to the appropriate Federal banking agency (and any applicable State bank supervisor that regulates the banking organization) containing—

(1) a notice of such election;

(2) the banking organization’s average leverage ratio, as well as the organization’s quarterly leverage ratio for each of the most recently completed four calendar quarters;

(3) if the banking organization is a depository institution holding company, the information described under paragraph (2) for each of the organization’s insured depository institution subsidiaries; and

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

(d) EFFECTIVE DATE OF ELECTION.—
(1) IN GENERAL.—An election made under this section shall take effect at the end of the 30-day period beginning on the date that the appropriate Federal banking agency receives the application described under subsection (c), unless the appropriate Federal banking agency determines that the banking organization has not met the requirements described under subsection (b).

(2) NOTICE OF FAILURE TO MEET REQUIREMENTS.—If the appropriate Federal banking agency determines that a banking organization submitting an election notice under subsection (c) does not meet the requirements described under subsection (b), the agency shall—

(A) notify the banking organization (and any applicable State bank supervisor that regulates the banking organization), in writing, of such determination as soon as possible after such determination is made, but in no case later than the end of the 30-day period beginning on the date that the appropriate Federal banking agency receives the election; and

(B) include in such notification the specific reasons for such determination and steps that
the banking organization can take to meet such
requirements.

(c) Treatment of Certain New Banking Orga-
nizations.—In the case of a banking organization that
is a newly-chartered insured depository institution or a
banking organization that becomes a banking organization
because it controls a newly-chartered insured depository
institution, such banking organization may be treated as
a qualifying banking organization immediately upon be-
coming a banking organization, if—

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

(2) as of the date the banking organization be-
comes a banking organization, the banking organiza-
tion’s tangible equity divided by the banking organi-
zation’s leverage exposure, expressed as a percent-
age, is at least 10 percent.

(f) Failure to Maintain Quarterly Leverage
Ratio and Loss of Election.—

(1) Effect of Failure to Maintain Quar-
terly Leverage Ratio.—
(A) IN GENERAL.—If, with respect to the most recently completed calendar quarter, the appropriate Federal banking agency determines that a qualifying banking organization’s quarterly leverage ratio is below 10 percent—

(i) the appropriate Federal banking agency shall notify the qualifying banking organization and any applicable State bank supervisor that regulates the banking organization of such determination;

(ii) the appropriate Federal banking agency may prohibit the banking organization from making a capital distribution; and

(iii) the banking organization shall, within 3 months of the first such determination, submit a capital restoration plan to the appropriate Federal banking agency.

(B) LOSS OF ELECTION AFTER ONE-YEAR REMEDIATION PERIOD.—If a banking organization described under subparagraph (A) does not, within the 1-year period beginning on the date of such determination, raise the organization’s quarterly leverage ratio for a calendar quarter ending in such 1-year period to at least
10 percent, the banking organization’s election under this section shall be terminated, and the appropriate Federal banking agency shall notify any applicable State bank supervisor that regulates the banking organization of such termination.

(C) Effect of Subsidiary on Parent Organization.—With respect to a qualifying banking organization described under subparagraph (A) that is an insured depository institution, any parent depository institution holding company of the qualifying banking organization shall—

   (i) if the appropriate Federal banking agency determines it appropriate, be prohibited from making a capital distribution (other than a capital contribution to such qualifying banking organization described under subparagraph (A)); and

   (ii) if the qualifying banking organization has an election terminated under subparagraph (B), any such parent depository institution holding company shall also have its election under this section terminated.
(2) IMMEDIATE LOSS OF ELECTION IF THE QUARTERLY LEVERAGE RATIO FALLS BELOW 6 PERCENT.—

(A) IN GENERAL.—If, with respect to the most recently completed calendar quarter, the appropriate Federal banking agency determines that a qualifying banking organization’s quarterly leverage ratio is below 6 percent, the banking organization’s election under this section shall be terminated, and the appropriate Federal banking agency shall notify any applicable State bank supervisor that regulates the banking organization of such termination.

(B) EFFECT OF SUBSIDIARY ON PARENT ORGANIZATION.—With respect to a qualifying banking organization described under subparagraph (A) that is an insured depository institution, any parent depository institution holding company of the qualifying banking organization shall also have its election under this section terminated.

(3) ABILITY TO MAKE FUTURE ELECTIONS.—If a banking organization has an election under this section terminated, the banking organization may not apply for another election under this section
until the banking organization has maintained a quarterly leverage ratio of at least 10 percent for 8 consecutive calendar quarters.

SEC. 602. REGULATORY RELIEF.

(a) In general.—A qualifying banking organization shall be exempt from the following:

(1) Any Federal law, rule, or regulation addressing capital or liquidity requirements or standards.

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

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

(A) Any risk the qualifying banking organization may pose to “the stability of the financial system of the United States”, under section 5(c)(2) of the Bank Holding Company Act of 1956.

(B) The “extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system”, under section 3(c)(7) of the Bank Holding Company Act of 1956, so long as the
banking organization, after such proposed acquisition, merger, or consolidation, would maintain a quarterly leverage ratio of at least 10 percent.

(C) Whether the performance of an activity by the banking organization could possibly pose a “risk to the stability of the United States banking or financial system”, under section 4(j)(2)(A) of the Bank Holding Company Act of 1956.

(D) Whether the acquisition of control of shares of a company engaged in an activity described in section 4(j)(1)(A) of the Bank Holding Company Act of 1956 could possibly pose a “risk to the stability of the United States banking or financial system”, under section 4(j)(2)(A) of the Bank Holding Company Act of 1956, so long as the banking organization, after acquiring control of such company, would maintain a quarterly leverage ratio of at least 10 percent.

(E) Whether a merger would pose a “risk to the stability of the United States banking or financial system”, under section 18(c)(5) of the Federal Deposit Insurance Act, so long as the
banking organization, after such proposed
merger, would maintain a quarterly leverage
ratio of at least 10 percent.

(F) Any risk the qualifying banking orga-
nization may pose to “the stability of the finan-
cial system of the United States”, under section
10(b)(4) of the Home Owners’ Loan Act.

(4) Subsections (i)(8) and (k)(6)(B)(ii) of sec-
tion 4 and section 14 of the Bank Holding Company
Act of 1956.

(5) Section 18(c)(13) of the Federal Deposit
Insurance Act.

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

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

(8) Any Federal law, rule, or regulation imple-
menting standards of the type provided for in sub-
sections (b), (e), (d), (e), (g), (h), (i), and (j) of sec-

(9) Any Federal law, rule, or regulation pro-
viding limitations on mergers, consolidations, or ac-
quissions of assets or control, to the extent such
limitations relate to capital or liquidity standards or
concentrations of deposits or assets, so long as the
banking organization, after such proposed merger, consolidation, or acquisition, would maintain a quarterly leverage ratio of at least 10 percent.

(b) Qualifying Banking Organizations Treated as Well Capitalized.—A qualifying banking organization shall be deemed to be “well capitalized” for purposes of—

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

(2) sections 29, 38, 44, and 46 of the Federal Deposit Insurance Act.

(c) Treatment of Certain Risk-Weighted Asset Requirements for Qualifying Banking Organizations.—

(1) Acquisition size criteria treatment.—
A qualifying banking organization shall be deemed to meet the criteria described under section 4(j)(4)(D) of the Bank Holding Company Act of 1956, so long as after the proposed transaction the acquiring qualifying banking organization would maintain a quarterly leverage ratio of at least 10 percent.

(2) Use of leverage exposure.—With respect to a qualifying banking organization, in determining whether a proposal qualifies with the criteria
described under subparagraphs (A)(iii) and (B)(i) of section 4(j)(4) of the Bank Holding Company Act of 1956, the Board of Governors of the Federal Reserve System shall consider the leverage exposure of an insured depository institution instead of the total risk-weighted assets of such institution.

SEC. 603. CONTINGENT CAPITAL STUDY.

(a) STUDY.—The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency shall each carry out a study, which shall include holding public hearings, on how to design a requirement that banking organizations issue contingent capital with a market-based conversion trigger.

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

(1) all findings and determinations made by the agency in carrying out the study required under subsection (a); and

(2) the agency’s recommendations on how the Congress should design a requirement that banking organizations issue contingent capital with a market-based conversion trigger.
SEC. 604. STUDY ON ALTERING THE CURRENT PROMPT CORRECTIVE ACTION RULES.

(a) STUDY.—The Comptroller General of the United States shall conduct a study to assess the benefits and feasibility of altering the current prompt corrective action rules and replacing the Basel-based capital ratios with the nonperforming asset coverage ratio or NACR as the trigger for specific required supervisory interventions. The Comptroller General shall ensure that such study includes the following:

(1) An assessment of the performance of an NACR forward-looking measure of a banking organization’s solvency condition relative to the regulatory capital ratios currently used by prompt corrective action rules.

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

(3) An assessment of the impact of two alternative intervention thresholds:

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

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

(b) REPORT.—Not later than the end of the 1-year period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Congress containing—

(1) all findings and determinations made in carrying out the study required under subsection (a); and

(2) recommendations on the most suitable definition of nonperforming assets, as well as the two numerical thresholds that trigger specific required supervisory interventions.

SEC. 605. DEFINITIONS.

For purposes of this title:

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

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

(B) means the National Credit Union Administration, in the case of an insured credit union.
(2) **Banking Organization.**—The term “banking organization” means—

(A) an insured depository institution;

(B) an insured credit union;

(C) a depository institution holding company;

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

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

(3) **Foreign Exchange Swap.**—The term “foreign exchange swap” has the meaning given that term under section 1a of the Commodity Exchange Act.

(4) **Insured Credit Union.**—The term “insured credit union” has the meaning given that term under section 101 of the Federal Credit Union Act.

(5) **Leverage Exposure.**—The term “leverage exposure”—

(A) with respect to a banking organization other than an insured credit union or a traditional banking organization, has the meaning
given the term “total leverage exposure” under section 3.10(c)(4)(ii), 217.10(c)(4), or 324.10(c)(4) of title 12, Code of Federal Regulations, as applicable, as in effect on the date of the enactment of this Act;

(B) with respect to a traditional banking organization other than an insured credit union, means total assets (minus any items deducted from common equity tier 1 capital) as calculated in accordance with generally accepted accounting principles and as reported on the traditional banking organization’s applicable regulatory filing with the banking organization’s appropriate Federal banking agency; and

(C) with respect to a banking organization that is an insured credit union, has the meaning given the term “total assets” under section 702.2 of title 12, Code of Federal Regulations, as in effect on the date of the enactment of this Act.

(6) LEVERAGE RATIO DEFINITIONS.—

(A) AVERAGE LEVERAGE RATIO.—With respect to a banking organization, the term “average leverage ratio” means the average of the banking organization’s quarterly leverage ratios
for each of the most recently completed four calendar quarters.

(B) **QUARTERLY LEVERAGE RATIO.**—With respect to a banking organization and a calendar quarter, the term “quarterly leverage ratio” means the organization’s tangible equity divided by the organization’s leverage exposure, expressed as a percentage, on the last day of such quarter.

(7) **NACR.**—The term “NACR” means—

   (A) book equity less nonperforming assets plus loan loss reserves, divided by
   (B) total banking organization assets.

(8) **NONPERFORMING ASSETS.**—The term “nonperforming assets” means—

   (A) 20 percent of assets that are past due 30 to 89 days, plus
   (B) 50 percent of assets that are past due 90 days or more, plus
   (C) 100 percent of nonaccrual assets and other real estate owned.

(9) **QUALIFYING BANKING ORGANIZATION.**—The term “qualifying banking organization” means a banking organization that has made an election
under section 601 and with respect to which such
election is in effect.

(10) **Security-based swap.**—The term “sec-
urity-based swap” has the meaning given that term
under section 3 of the Securities Exchange Act of
1934.

(11) **Swap.**—The term “swap” has the mean-
ing given that term under section 1a of the Com-
modity Exchange Act.

(12) **Tangible equity.**—The term “tangible
equity”—

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

(i) common equity tier 1 capital;

(ii) additional tier 1 capital consisting
of instruments issued on or before the date
of enactment of this Act; and

(iii) with respect to a depository insti-
tution holding company that had less than
$15,000,000,000 in total consolidated as-
sets as of December 31, 2009, or March
31, 2010, or a banking organization that
was a mutual holding company as of May
19, 2010, trust preferred securities issued
prior to May 19, 2010, to the extent such
organization was permitted, as of the date
of the enactment of this Act, to consider
such securities as tier 1 capital under ex-
isting regulations of the appropriate Fed-
eral banking agency; and

(B) with respect to a banking organization
that is a credit union, has the meaning given
the term “net worth” under section 702.2 of
title 12, Code of Federal Regulations, as in ef-
fect on the date of the enactment of this Act.

(13) TRADITIONAL BANKING ORGANIZATION.—
The term “traditional banking organization” means
a banking organization that—

(A) has zero trading assets and zero trad-
ing liabilities;

(B) does not engage in swaps or security-
based swaps, other than swaps or security-
based swaps referencing interest rates or for-
eign exchange swaps; and

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

(14) OTHER BANKING TERMS.—The terms “in-
sured depository institution” and “depository insti-
tution holding company” have the meaning given
those terms, respectively, under section 3 of the
Federal Deposit Insurance Act.

(15) OTHER CAPITAL TERMS.—With respect to
a banking organization, the terms “additional tier 1
capital” and “common equity tier 1 capital” have
the meaning given such terms, respectively, under
section 3.20, 217.20, or 324.20 of title 12, Code of
Federal Regulations, as applicable, as in effect on
the date of the enactment of this Act.

TITLE VII—EMPOWERING AMERICANS TO ACHIEVE FINAN-  
CIAL INDEPENDENCE

Subtitle A—Separation of Powers and Liberty Enhancements

SEC. 711. CONSUMER LAW ENFORCEMENT AGENCY.

(a) MAKING THE BUREAU AN INDEPENDENT CON-  
SUMER LAW ENFORCEMENT AGENCY.—The Consumer
is amended—

(1) in section 1011—

(A) in the heading of such section, by
striking “BUREAU OF CONSUMER FINAN-  
CIAL PROTECTION” and inserting “CON-  
SUMER LAW ENFORCEMENT AGENCY”;

(B) in subsection (a)—
(i) in the heading of such subsection, by striking “BUREAU” and inserting “AGENCY”;

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

(iii) by striking “independent bureau” and inserting “independent agency”; and

(iv) by striking “‘Bureau of Consumer Financial Protection’” and inserting “‘Consumer Law Enforcement Agency’ (hereinafter in this section referred to as the ‘Agency’)”; and

(C) in subsection (b)(5), by amending subparagraph (A) to read as follows:

“(A) shall be appointed by the President; and’’;

(D) in subsection (c), by striking paragraph (3);

(E) in subsection (e), by striking “, including in cities in which the Federal reserve banks, or branches of such banks, are located,’’; and

(F) by striking “Bureau” each place such term appears and inserting “Agency”; and

(2) in section 1012—
(A) in subsection (a)(10), by striking “ex-
aminations,”; and

(B) by striking subsection (c).

(b) DEEMING OF NAME.—Any reference in a law,
regulation, document, paper, or other record of the United
States to the Bureau of Consumer Financial Protection
shall be deemed a reference to the Consumer Law En-
forcement Agency.

(e) CONFORMING AMENDMENTS.—

(1) DODD-FRANK WALL STREET REFORM AND
CONSUMER PROTECTION ACT.—The Dodd-Frank
Wall Street Reform and Consumer Protection Act
(12 U.S.C. 5301 et seq.) is amended—

(A) in the table of contents in section
1(b)—

(i) by striking “Bureau of Consumer
Financial Protection” each place such term
appears and inserting “Consumer Law En-
forcement Agency”; and

(ii) in the table of contents relating to
title X, in the items relating to subtitle B,
subtitle C, and section 1027, by striking
“Bureau” each place such term appears
and inserting “Agency”;
(B) in section 2, by amending paragraph (4) to read as follows:

“(4) AGENCY.—The term ‘Agency’ means the Consumer Law Enforcement Agency established under title X.”;

(C) in section 342 by striking “Bureau” each place such term appears in headings and text and inserting “Agency”;

(D) in section 1400(b)—

(i) by striking “Bureau of Consumer Financial Protection” and inserting “Consumer Law Enforcement Agency”; and

(ii) in the subsection heading, by striking “BUREAU OF CONSUMER FINANCIAL PROTECTION” and inserting “CONSUMER LAW ENFORCEMENT AGENCY”;

(E) in section 1411(a)(1), by striking “Bureau” and inserting “Agency”; and

(F) in section 1447, by striking “Director of the Bureau” each place such term appears and inserting “Director of the Consumer Law Enforcement Agency”.

(2) ALTERNATIVE MORTGAGE TRANSACTION PARITY ACT OF 1982.—The Alternative Mortgage

(A) by striking “Bureau of Consumer Financial Protection” each place such term appears and inserting “Consumer Law Enforcement Agency”; and

(B) in the subsection heading of subsection (d) of section 804 (12 U.S.C. 3803(d)), by striking “BUREAU” and inserting “AGENCY”.

(3) ELECTRONIC FUND TRANSFER ACT.—The Electronic Fund Transfer Act (15 U.S.C. 1693 et seq.) is amended—

(A) by amending the second paragraph (4) (defining the term “Bureau”) to read as follows:

“(4) the term ‘Agency’ means the Consumer Law Enforcement Agency;”;

(B) in section 916(d)(1), by striking “Bureau of Consumer Financial Protection” and inserting “Consumer Law Enforcement Agency”; and

(C) by striking “Bureau” each place that term appears in heading or text and inserting “Agency”.

•HR 10 EH
(4) **Equal Credit Opportunity Act.**—The Equal Credit Opportunity Act (15 U.S.C. 1691 et seq.) is amended—

(A) in section 702 (15 U.S.C. 1691a), by amending subsection (c) to read as follows:

“(c) The term ‘Agency’ means the Consumer Law Enforcement Agency.”; and

(B) by striking “Bureau” each place that term appears in heading or text and inserting “Agency”.

(5) ** Expedited Funds Availability Act.**—The Expedited Funds Availability Act (12 U.S.C. 4001 et seq.) is amended—

(A) by striking “Bureau of Consumer Financial Protection” each place such term appears and inserting “Consumer Law Enforcement Agency”; and

(B) in the heading of section 605(f)(1), by striking “BOARD AND BUREAU” and inserting “BOARD AND AGENCY”.

(6) **Fair and Accurate Credit Transactions Act of 2003.**—The Fair and Accurate Credit Transactions Act of 2003 (Public Law 108–159) is amended by striking “Bureau” each place
such term appears in heading and text and inserting
“Agency”.

(7) FAIR CREDIT REPORTING ACT.—The Fair
Credit Reporting Act (15 U.S.C. 1681 et seq.) is
amended—

(A) by amending section 603(w) to read as
follows:

“(w) AGENCY.—The term ‘Agency’ means the Con-
sumer Law Enforcement Agency.”; and

(B) by striking “Bureau” each place such
term appears, other than in sections 626 and
603(v), and inserting “Agency”.

(8) FAIR DEBT COLLECTION PRACTICES ACT.—
1692 et seq.) is amended—

(A) by amending section 803(1) to read as
follows:

“(1) The term ‘Agency’ means the Consumer
Law Enforcement Agency.”; and

(B) by striking “Bureau” each place such
term appears in heading or text and inserting
“Agency”.

(9) FEDERAL DEPOSIT INSURANCE ACT.—The
Federal Deposit Insurance Act (12 U.S.C. 1811 et
seq.) is amended—
(A) in the second paragraph (6) (with the heading “Referral to bureau of consumer financial protection”) of section 8(t) (12 U.S.C. 1818(t))—

(i) in the paragraph heading, by striking “BUREAU OF CONSUMER FINANCIAL PROTECTION”; and inserting “CONSUMER LAW ENFORCEMENT AGENCY”; and

(ii) by striking “Bureau of Consumer Financial Protection” and inserting “Consumer Law Enforcement Agency”;

(B) by amending clause (vi) of section 11(t)(2)(A) (12 U.S.C. 1821(t)(2)(A)(vi)) to read as follows:

“(vi) The Consumer Law Enforcement Agency.”;

(C) in section 18(x) (12 U.S.C. 1828(x)), by striking “Bureau of Consumer Financial Protection” each place such term appears and inserting “Consumer Law Enforcement Agency”;

(D) by striking “Bureau” each place such term appears and inserting “Agency”; and

(E) in section 43(e) (12 U.S.C. 1831t(e)), by amending paragraph (5) to read as follows:
“(5) AGENCY.—The term ‘Agency’ means the Consumer Law Enforcement Agency.”.


(A) in section 1004(a)(4), by striking “Consumer Financial Protection Bureau” and inserting “Consumer Law Enforcement Agency”; and

(B) in section 1011, by striking “Bureau of Consumer Financial Protection” and inserting “Consumer Law Enforcement Agency”.

(11) FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989.—The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Public Law 101–73; 103 Stat. 183) is amended—

(A) in section 1112(b) (12 U.S.C. 3341), by striking “Bureau of Consumer Financial Protection” and inserting “Consumer Law Enforcement Agency”;

(B) in section 1124 (12 U.S.C. 3353), by striking “Bureau of Consumer Financial Pro-
tection” each place such term appears and inserting “Consumer Law Enforcement Agency”;

(C) in section 1125 (12 U.S.C. 3354), by striking “Bureau of Consumer Financial Pro-
etection” each place such term appears and inserting “Consumer Law Enforcement Agency”;

and

(D) in section 1206(a) (12 U.S.C. 1833b(a)), by striking “Federal Housing Fi-
nance Board” and all that follows through “Farm Credit Administration” and inserting “Federal Housing Finance Agency, the Con-
sumer Law Enforcement Agency, and the Farm Credit Administration”.

(12) FINANCIAL LITERACY AND EDUCATION IM-
PROVEMENT ACT.—Section 513 of the Financial Liter-
eracy and Education Improvement Act (20 U.S.C. 9702) is amended by striking “Bureau of Consumer Financial Protection” each place such term appears and inserting “Consumer Law Enforcement Agen-
cy”.

(13) GRAMM-LEACH-BLILEY ACT.—Title V of the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et seq.) is amended—
(A) by striking “Bureau of Consumer Financial Protection” each place such term appears and inserting “Consumer Law Enforcement Agency”; and

(B) in section 505(a)(8) (15 U.S.C. 6805(a)(8)), by striking “Bureau” and inserting “Agency”.

(14) HOME MORTGAGE DISCLOSURE ACT OF 1975.—The Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2801 et seq.) is amended—

(A) by striking “Bureau of Consumer Financial Protection” each place such term appears and inserting “Consumer Law Enforcement Agency”;

(B) by striking “Bureau” each place such term appears and inserting “Agency”; and

(C) in section 303, by amending paragraph (1) to read as follows:

“(1) the term ‘Agency’ means the Consumer Law Enforcement Agency;”.

tion” and inserting “Consumer Law Enforcement Agency”.


(17) INTERSTATE LAND SALES FULL DISCLOSURE ACT.—The Interstate Land Sales Full Disclosure Act (12 U.S.C. 1701 et seq.) is amended—

(A) by striking “Bureau of Consumer Financial Protection” each place such term appears and inserting “Agency”;

(B) in section 1402, by amending paragraph (12) to read as follows:

“(12) ‘Agency’ means the Consumer Law Enforcement Agency.”; and

(C) in section 1416, by striking “Bureau” each place such term appears and inserting “Agency”.

(A) by striking “Bureau of Consumer Financial Protection” each place such term appears and inserting “Consumer Law Enforcement Agency”;

(B) by striking “Bureau” each place such term appears and inserting “Agency”; and

(C) in section 3, by amending paragraph (9) to read as follows:

“(9) the term ‘Agency’ means the Consumer Law Enforcement Agency.”.


(A) by amending subparagraph (B) of section 1101(7) (12 U.S.C. 3401(7)(B)) to read as follows:

“(B) the Consumer Law Enforcement Agency;”; and
(B) by striking “Bureau of Consumer Financial Protection” each place such term appears in heading or text and inserting “Consumer Law Enforcement Agency”.


(A) in section 1507, by striking “Bureau, and the Bureau of Consumer Financial Protection” each place such term appears and inserting “Consumer Law Enforcement Agency”; 

(B) by striking “Bureau of Consumer Financial Protection” each place such term appears and inserting “Consumer Law Enforcement Agency”;

(C) by striking “Bureau” each place such appears, other than in sections 1505(a)(1), 1507(a)(2)(A), and 1511(b), and inserting “Agency”; 

(D) in section 1503, by amending paragraph (1) to read as follows: 

“(1) AGENCY.—The term ‘Agency’ means the Consumer Law Enforcement Agency.”;

(E) in the heading of section 1508, by striking “BUREAU OF CONSUMER FINAN-
CIAL PROTECTION” and inserting “CONSUMER LAW ENFORCEMENT AGENCY”; and

(F) in the heading of section 1514, by striking “BUREAU” and inserting “AGENCY”.

(22) TELEMARKETING AND CONSUMER FRAUD AND ABUSE PREVENTION ACT.—The Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. 6101 et seq.) is amended by striking “Bureau of Consumer Financial Protection” each place such term appears in heading or text and inserting “Consumer Law Enforcement Agency”.

(23) TITLE 5, UNITED STATES CODE.—Title 5, United States Code, is amended—

(A) in section 552a(w)—

(i) in the subsection heading, by striking “BUREAU OF CONSUMER FINANCIAL PROTECTION” and inserting “CONSUMER LAW ENFORCEMENT AGENCY”;

(ii) by striking “Bureau of Consumer Financial Protection” and inserting “Consumer Law Enforcement Agency”;

(B) in section 609(d)(2), by striking “Consumer Financial Protection Bureau of the Federal Reserve System” and inserting “Consumer Law Enforcement Agency”; and
(C) in section 3132(a)(1)(D), by inserting “the Consumer Law Enforcement Agency,” before “and the National Credit Union Administration”.

(24) TITLE 10, UNITED STATES CODE.—

(A) SECTION 987.—Section 987(h)(3)(E) of title 10, United States Code, is amended by striking “Bureau of Consumer Financial Protection” and inserting “Consumer Law Enforcement Agency”.


(25) TITLE 44, UNITED STATES CODE.—Title 44, United States Code, is amended—

(A) in section 3502(5), by striking “the Bureau of Consumer Financial Protection,”; and
(B) in section 3513(c), by striking “Bureau of Consumer Financial Protection” and inserting “Consumer Law Enforcement Agency”.

(26) TRUTH IN LENDING ACT.—The Truth in Lending Act (15 U.S.C. 1601 et seq.) is amended—

(A) by amending section 103(b) (15 U.S.C. 1602(b)) to read as follows:

“(b) AGENCY.—The term ‘Agency’ means the Consumer Law Enforcement Agency.”;

(B) by amending section 103(c) (15 U.S.C. 1602(c)) to read as follows:

“(c) BOARD.—The term ‘Board’ means the Board of Governors of the Federal Reserve System.”; and

(C) in section 128(f) (15 U.S.C. 1638(f)), by striking “Board” each place such term appears and inserting “Agency”;

(D) in sections 129B (15 U.S.C. 1639b) and 129C (15 U.S.C. 1639c), by striking “Board” each place such term appears and inserting “Agency”;

(E) in section 140A (15 U.S.C. 1651), by striking “in consultation with the Bureau” and inserting “in consultation with the Federal Trade Commission”;
(F) by striking “Bureau” each place such term appears in heading or text and inserting “Agency”; and

(G) by striking “BUREAU” and inserting “AGENCY” in the paragraph headings for—

(i) section 122(d)(2) (15 U.S.C. 1632(d)(2));

(ii) section 127(e)(5) (15 U.S.C. 1637(e)(5));

(iii) section 127(r)(3) (15 U.S.C. 1637(r)(3)); and

(iv) section 127A(a)(14) (15 U.S.C. 1637a(a)(14)).

(27) TRUTH IN SAVINGS ACT.—The Truth in Savings Act (12 U.S.C. 4301 et seq.) is amended—

(A) by amending paragraph (4) of section 274 (12 U.S.C. 4313(4)) to read as follows:

“(4) AGENCY.—The term ‘Agency’ means the Consumer Law Enforcement Agency.”;

(B) by striking “National Credit Union Administration Bureau” each place such term appears and inserting “National Credit Union Administration Board”; and
(C) by striking “Bureau” each place such
term appears and inserting “Agency”, except in
section 233(b)(4)(B).

SEC. 712. BRINGING THE AGENCY INTO THE REGULAR AP-
PROPRIATIONS PROCESS.

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

(1) in subsection (a)—

(A) by amending the heading of such sub-
section to read as follows: “BUDGET, FINAN-
CIAL MANAGEMENT, AND AUDIT.—”;

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

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

(D) by striking subparagraphs (E) and (F)
of paragraph (1), as so redesignated;

(2) by striking subsections (b) and (e);

(3) by redesignating subsections (d) and (e) as
subsections (b) and (e), respectively; and

(4) in subsection (e), as so redesignated—

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

“(1) AUTHORIZATION OF APPROPRIATIONS.—

There is authorized to be appropriated to the Agen-
cy for each of fiscal years 2017 and 2018 an amount
equal to the aggregate amount of funds transferred
by the Board of Governors to the Bureau of Con-
sumer Financial Protection during fiscal year
2015.”; and

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

SEC. 713. CONSUMER LAW ENFORCEMENT AGENCY INSPEC-
TOR GENERAL REFORM.

(a) APPOINTMENT OF INSPECTOR GENERAL.—The
Inspector General Act of 1978 (5 U.S.C. App.) is amend-
ed—

(1) in section 8G—

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

(B) in subsection (e), by striking “For
purposes of implementing this section” and all
that follows through the end of the subsection;
and

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

(2) in section 12—

(A) in paragraph (1), by inserting “the
Consumer Law Enforcement Agency,” after
“the President of the Export-Import Bank;”;

and

(B) in paragraph (2), by inserting “the Consumer Law Enforcement Agency,” after “the Export-Import Bank,”.

(b) REQUIREMENTS FOR THE INSPECTOR GENERAL FOR THE CONSUMER LAW ENFORCEMENT AGENCY.—

(1) ESTABLISHMENT.—Section 1011 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5491), as amended by section 311, is further amended by adding at the end the following:

“(f) INSPECTOR GENERAL.—There is established the position of the Inspector General of the Agency.”; and

(2) HEARINGS.—Section 1016 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5496) is amended by inserting after subsection (c) the following:

“(d) ADDITIONAL REQUIREMENT FOR INSPECTOR GENERAL.—On a separate occasion from that described in subsection (a), the Inspector General of the Agency shall appear before each of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives at semi-annual hearings no less frequently than twice annually, at a date determined by the chairman of the re-
spective committee, to testify regarding the reports re-
quired under subsection (b) and the reports required
under section 5 of the Inspector General Act of 1978 (5
U.S.C. App.).”.

(3) PARTICIPATION IN THE COUNCIL OF IN-
spectors General on Financial Oversight.—
Section 989E(a)(1) of the Dodd-Frank Wall Street
Reform and Consumer Protection Act is amended by
adding at the end the following:

“(J) The Consumer Law Enforcement
Agency.”.

(4) APPOINTMENT.—The President shall ap-
point an Inspector General for the Consumer Law
Enforcement Agency in accordance with section 3 of

(e) TRANSITION PERIOD.—The Inspector General of
the Board of Governors of the Federal Reserve System
and the Bureau of Consumer Financial Protection shall
serve in that position until the confirmation of an Inspec-
tor General for the Consumer Law Enforcement Agency.
At that time, the Inspector General of the Board of Gov-
ernors of the Federal Reserve System and the Bureau of
Consumer Financial Protection shall become the Inspector
General of the Board of Governors of the Federal Reserve
System.
SEC. 714. PRIVATE PARTIES AUTHORIZED TO COMPEL THE AGENCY TO SEEK SANCTIONS BY FILING CIVIL ACTIONS; ADJUDICATIONS DEEMED ACTIONS.

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

“(f) PRIVATE PARTIES AUTHORIZED TO COMPEL THE AGENCY TO SEEK SANCTIONS BY FILING CIVIL ACTIONS.—

“(1) TERMINATION OF ADMINISTRATIVE PROCEEDING.—In the case of any person who is a party to a proceeding brought by the Agency under this section, to which chapter 5 of title 5, United States Code, applies, and against whom an order imposing a cease and desist order or a penalty may be issued at the conclusion of the proceeding, that person may, not later than 20 days after receiving notice of such proceeding, and at that person's discretion, require the Agency to terminate the proceeding.

“(2) CIVIL ACTION AUTHORIZED.—If a person requires the Agency to terminate a proceeding pursuant to paragraph (1), the Agency may bring a civil action against that person for the same remedy that might be imposed.
“(g) ADJUDICATIONS DEEMED ACTIONS.—Any ad-
ministrative adjudication commenced under this section
shall be deemed an ‘action’ for purposes of section
1054(g).”.

SEC. 715. CIVIL INVESTIGATIVE DEMANDS TO BE AP-
PEALED TO COURTS.

Section 1052 of the Consumer Financial Protection
Act of 2010 (12 U.S.C. 5562) is amended—
(1) in subsection (c)—
(A) in paragraph (2), by inserting after
“shall state” the following: “with specificity”;
and
(B) by adding at the end the following:
“(14) MEETING REQUIREMENT.—The recipient
of a civil investigative demand shall meet and confer
with an Agency investigator within 30 calendar days
after receipt of the demand to discuss and attempt
to resolve all issues regarding compliance with the
civil investigative demand, unless the Agency grants
an extension requested by such recipient.”;
(2) in subsection (f)—
(A) by amending paragraph (1) to read as
follows:
“(1) IN GENERAL.—Not later than 45 days
after the service of any civil investigative demand
upon any person under subsection (c), or at any
time before the return date specified in the demand,
whichever period is shorter, or within such period ex-
ceeding 45 days after service or in excess of such re-
turn date as may be prescribed in writing, subse-
quent to service, by any Agency investigator named
in the demand, such person may file, in the district
court of the United States for any judicial district
in which such person resides, is found, or transacts
business, a petition for an order modifying or setting
aside the demand.”; and

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

(3) in subsection (h)—

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

(B) by striking paragraph (2).

SEC. 716. AGENCY DUAL MANDATE AND ECONOMIC ANAL-
YSIS.

(a) PURPOSE.—Section 1021(a) of the Consumer Fi-
nancial Protection Act of 2010 (12 U.S.C. 5511(a)) is
amended by adding at the end the following: “In addition,
the Director shall seek to implement and, where applica-
ble, enforce Federal consumer financial law consistently
for the purpose of strengthening participation in markets
by covered persons, without Government interference or
subsidies, to increase competition and enhance consumer choice.”.

(b) Office of Economic Analysis.—

(1) In general.—Section 1013 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5493), as amended by section 725, is further amended by adding at the end the following:

“(h) Office of Economic Analysis.—

“(1) Establishment.—The Director shall, not later than the end of the 60-day period beginning on the date of the enactment of this subsection, establish an Office of Economic Analysis.

“(2) Direct reporting.—The head of the Office of Economic Analysis shall report directly to the Director.

“(3) Review and assessment of proposed rules and regulations.—The Office of Economic Analysis shall—

“(A) review all proposed rules and regulations, including regulatory guidance, of the Agency;

“(B) assess the impact of such rules and regulations, including regulatory guidance, on consumer choice, price, and access to credit products; and
“(C) publish a report on such reviews and assessments in the Federal Register.

“(4) MEASURING EXISTING RULES AND REGULATIONS.—The Office of Economic Analysis shall—

“(A) review each rule and regulation issued by the Agency after 1, 2, 6, and 11 years of the date such rule became effective;

“(B) measure the rule or regulation’s success in solving the problem that the rule or regulation was intended to solve when issued; and

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

“(5) COST-BENEFIT ANALYSIS RELATED TO ADMINISTRATIVE ENFORCEMENT AND CIVIL ACTIONS.—The Office of Economic Analysis shall—

“(A) carry out a cost-benefit analysis of any proposed administrative enforcement action, civil lawsuit, or consent order of the Agency; and

“(B) assess the impact of such complaint, lawsuit, or order on consumer choice, price, and access to credit products.”.

(2) CONSIDERATION OF REVIEW AND ASSESSMENT; RULEMAKING REQUIREMENTS.—Section 1022(b) of the Consumer Financial Protection Act
of 2010 (12 U.S.C. 5512(b)) is amended by adding at the end the following:

“(5) Consideration of review and assessment by the Office of Economic Analysis.— Before issuing any rule or regulation, the Director shall consider the review and assessment of such rule or regulation, including regulatory guidance, carried out by the Office of Economic Analysis.

“(6) Identification of problems and metrics for judging success.—

“(A) In general.—The Director shall, in each proposed rulemaking of the Agency—

“(i) identify the problem that the particular rule or regulations is seeking to solve; and

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

“(B) Required metrics.—The metrics specified under subparagraph (A)(ii) shall include a measurement of changes to consumer access to, and cost of, consumer financial products and services.”.

(3) Consideration of cost-benefit review related to administrative actions.—The
Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301 et seq.) is amended—

(A) in subtitle E of title X, by adding at the end the following:

“SEC. 1059. CONSIDERATION OF COST-BENEFIT ANALYSIS RELATED TO ADMINISTRATIVE ENFORCEMENT AND CIVIL ACTIONS.

“Before initiating any administrative enforcement action or civil lawsuit or entering into a consent order, the Director shall consider the cost-benefit analysis of such action, lawsuit, or order carried out by the Office of Economic Analysis.”; and

(B) in the table of contents under section 1(b), by inserting after the item relating to section 1058 the following:

“Sec. 1059. Consideration of cost-benefit analysis related to administrative enforcement and civil actions.”.

(c) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY ANALYSES.—The Consumer Law Enforcement Agency may perform any of the analyses required by the amendments made by this section in conjunction with, or as part of, any other agenda or analysis required by any other provision of law, if such other agenda or analysis satisfies the provisions of this section.
SEC. 717. NO DEFERENCE TO AGENCY INTERPRETATION.

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

(1) in section 1022(b)(4)—

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

(B) by striking subparagraph (B); and

(2) in section 1061(b)(5)(E)—

(A) by striking “affords to the—” and all that follows through “(i) Federal Trade Commission” and inserting “affords to the Federal Trade Commission”;

(B) by striking “; or” and inserting a period; and

(C) by striking clause (ii).

Subtitle B—Administrative Enhancements

SEC. 721. ADVISORY OPINIONS.

Section 1022(b) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5512(b)), as amended by section 716, is further amended by adding at the end the following:

“(7) ADVISORY OPINIONS.—

“(A) ESTABLISHING PROCEDURES.—

“(i) IN GENERAL.—The Director shall establish a procedure and, as necessary, promulgate rules to provide written opin-
ions in response to inquiries concerning the
conformance of specific conduct with Fed-
eral consumer financial law. In establishing
the procedure, the Director shall consult
with the prudential regulators and such
other Federal departments and agencies as
the Director determines appropriate, and
obtain the views of all interested persons
through a public notice and comment pe-
riod.

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

“(iii) SUBMISSION.—A request for an
opinion under this paragraph may be sub-
mitted to the Director either by or on be-
half of a covered person.

“(iv) RIGHT TO WITHDRAW IN-
QUIRY.—Any inquiry under this paragraph
may be withdrawn at any time prior to the
Director issuing an opinion in response to
such inquiry, and any opinion based on an
inquiry that has been withdrawn shall have no force or effect.

“(B) ISSUANCE OF OPINIONS.—

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

“(I) issue an opinion stating whether the described conduct would violate Federal consumer financial law;

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

“(III) explain why it is not feasible to issue an opinion.

“(ii) EXTENSION.—Notwithstanding clause (i), if the Director determines that the Agency requires additional time to issue an opinion, the Director may make a single extension of the deadline of 90 days or less.

“(iii) DENIAL OF REQUESTS.—The Director shall not issue an opinion, and shall so inform the requestor, if the request for an opinion—
“(I) asks a general question of interpretation;

“(II) asks about a hypothetical situation;

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

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

“(V) fails to provide necessary supporting information requested by the Agency within a reasonable time established by the Agency.

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

“(v) PUBLIC DISCLOSURE.—An opinion rendered pursuant to this paragraph shall be placed in the Agency’s public record 90 days after the requesting party has received the advice, subject to any lim-
itations on public disclosure arising from statutory restrictions, Agency regulations, or the public interest. The Agency shall redact any personal, confidential, or identifying information about the covered person or any other persons mentioned in the advisory opinion, unless the covered person consents to such disclosure.

“(vi) REPORT TO CONGRESS.—The Agency shall, concurrent with the semi-annual report required under section 1016(b), submit information regarding the number of requests for an advisory opinion received, the subject of each request, the number of requests denied pursuant to clause (iii), and the time needed to respond to each request.

“(C) RELIANCE ON OPINION.—Any person may rely on an opinion issued by the Director pursuant to this paragraph that has not been amended or withdrawn. No liability under Federal consumer financial law shall attach to conduct consistent with an advisory opinion that had not been amended or withdrawn at the time the conduct was undertaken.
“(D) Assistance for small businesses.—

“(i) In general.—The Agency shall assist, to the maximum extent practicable, small businesses in preparing inquiries under this paragraph.

“(ii) Small business defined.—For purposes of this subparagraph, the term ‘small business’ has the meaning given the term ‘small business concern’ under section 3 of the Small Business Act (15 U.S.C. 632).

“(E) Inquiry fee.—

“(i) In general.—The Director shall develop a system to charge a fee for each inquiry made under this paragraph in an amount sufficient, in the aggregate, to pay for the cost of carrying out this paragraph.

“(ii) Notice and comment.—Not later than 45 days after the date of the enactment of this paragraph, the Director shall publish a description of the fee system described in clause (i) in the Federal Register and shall solicit comments from
the public for a period of 60 days after publication.

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

SEC. 722. REFORM OF CONSUMER FINANCIAL CIVIL PENALTY FUND.

(a) Segregated Accounts.—Section 1017(b) of the Consumer Financial Protection Act of 2010, as redesignated by section 712, is amended by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following new paragraph:

“(2) Segregated accounts in civil penalty fund.—

“(A) IN GENERAL.—The Agency shall establish and maintain a segregated account in the Civil Penalty Fund each time the Agency obtains a civil penalty against any person in any judicial or administrative action under Federal consumer financial laws.

“(B) Deposits in segregated accounts.—The Agency shall deposit each civil
penalty collected into the segregated account es-
established for such penalty under subparagraph
(A).”.

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

“(3) PAYMENT TO VICTIMS.—

“(A) IN GENERAL.—

“(i) IDENTIFICATION OF CLASS.—Not
later than 60 days after the date of deposit
of amounts in a segregated account in the
Civil Penalty Fund, the Agency shall iden-
tify the class of victims of the violation of
Federal consumer financial laws for which
such amounts were collected and deposited
under paragraph (2).

“(ii) PAYMENTS.—The Agency, within
2 years after the date on which such class
of victims is identified, shall locate and
make payments from such amounts to each
victim.

“(B) FUNDS DEPOSITED IN TREASURY.—

“(i) IN GENERAL.—The Agency shall
deposit into the general fund of the Treas-
ury any amounts remaining in a seg-
regated account in the Civil Penalty Fund at the end of the 2-year period for payments to victims under subparagraph (A).

“(ii) IMPOSSIBLE OR IMPRACTICAL PAYMENTS.—If the Agency determines before the end of the 2-year period for payments to victims under subparagraph (A) that such victims cannot be located or payments to such victims are otherwise not practicable, the Agency shall deposit into the general fund of the Treasury the amounts in the segregated account in the Civil Penalty Fund.”.

(e) EFFECTIVE DATE.—

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

(2) AMOUNTS IN CONSUMER FINANCIAL CIVIL PENALTY FUND ON DATE OF ENACTMENT.—With respect to amounts in the Consumer Financial Civil Penalty Fund on the date of enactment of this Act that were not allocated for consumer education and financial literacy programs on or before September 30, 2015, the Consumer Law Enforcement Agency shall separate such amounts into segregated ac-
counts in accordance with, and for purposes of, section 1017(d) of the Consumer Financial Protection Act of 2010, as amended by this section. The date of deposit of such amounts shall be deemed to be the date of enactment of this Act.

SEC. 723. AGENCY PAY FAIRNESS.

(a) In General.—Section 1013(a)(2) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5493(a)(2)) is amended to read as follows:

“(2) COMPENSATION.—The rates of basic pay for all employees of the Agency shall be set and adjusted by the Director in accordance with the General Schedule set forth in section 5332 of title 5, United States Code.”.

(b) Effective Date.—The amendment made by subsection (a) shall apply to service by an employee of the Consumer Law Enforcement Agency following the 90-day period beginning on the date of enactment of this Act.

SEC. 724. ELIMINATION OF MARKET MONITORING FUNCTIONS.

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

(1) in section 1021(e)—

(A) by striking paragraph (3); and
(B) by redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively;

(2) in section 1022, by striking subsection (e); and

(3) in section 1026(b), by striking “, and to assess and detect risks to consumers and consumer financial markets”.

SEC. 725. REFORMS TO MANDATORY FUNCTIONAL UNITS.

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

(1) in section 1013—

(A) in subsection (b)—

(i) in paragraph (1), by striking “shall establish” and inserting “may establish”;

(ii) in paragraph (2), by striking “shall establish” and inserting “may establish”; and

(iii) paragraph (3)(D)—

(I) by striking “To facilitate preparation of the reports required under subparagraph (C), supervision and enforcement activities, and monitoring of the market for consumer fi-
nancial products and services, the”
and inserting “The”; and

(II) by adding at the end the fol-
lowing: “Information collected under
this paragraph may not be made pub-
licly available, except as required by
law.”;

(B) in subsection (e)—

(i) in paragraph (1), by striking
“shall establish” and inserting “may estab-
lish”; and

(ii) in paragraph (3), by striking
“There is established the” and inserting
“At any time when the Office of Fair
Lending and Equal Opportunity exists
within the Agency, there shall be a”;

(C) in subsection (d)—

(i) in paragraph (1), by striking
“shall establish” and inserting “may estab-
lish”;

(ii) in paragraph (3)—

(I) in subparagraph (A), by in-
serting “, if such Office exists within
the Agency,” after “Community Af-
fairs Office”; and
(II) in subparagraph (B), by striking “established by the Director” and inserting “, if established by the Director,”; and

(iii) in paragraph (4), by striking “Not later than 24 months after the designated transfer date, and annually thereafter,” and inserting “Annually, at any time when the Office of Financial Education exists within the Agency,”;

(D) in subsection (e)(1), by striking “shall establish” and inserting “may establish”;

(E) by striking subsection (f);

(F) by redesignating subsections (g) and (h) as subsections (f) and (g), respectively; and

(G) in subsection (f), as so redesignated—

(i) in paragraph (1)—

(I) by striking “Before the end of the 180-day period beginning on the designated transfer date, the Director shall” and inserting “The Director may”; and

(II) by striking “on protection from unfair, deceptive, and abusive practices and”;
(ii) in paragraph (2), by striking “The Office” and inserting “At any time when the Office of Financial Protection for Older Americans exists within the Agency, the Office”; and

(iii) in paragraph (3)—

(I) in subparagraph (A)—

(aa) by striking clause (i);

(bb) by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively; and

(ec) in clause (ii), as so redesignated, by striking “to respond to consumer problems caused by unfair, deceptive, or abusive practices”;

(II) in subparagraph (B), by striking “and alert the Commission and State regulators of certifications or designations that are identified as unfair, deceptive, or abusive”; and

(III) in subparagraph (D)—

(aa) by striking clause (i); and
(bb) by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively;

(2) in section 1029(e), by inserting after “Affairs,” the following: “if established under this title,”; and

(3) in section 1035—

(A) in subsection (a), by striking “shall designate” and inserting “may designate”; and

(B) in subsection (b), by striking “The Secretary” and inserting “If the Secretary designates the Ombudsman under subsection (a), the Secretary”.

SEC. 726. REPEAL OF MANDATORY ADVISORY BOARD.

(a) IN GENERAL.—Section 1014 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5494) is repealed.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the item relation to section 1014.

(c) RULE OF CONSTRUCTION.—Nothing in this section may be construed as limiting the authority of the Director of the Consumer Law Enforcement Agency to es-
establish advisory committees pursuant to the Federal Advisory Committee Act.

SEC. 727. ELIMINATION OF SUPERVISION AUTHORITY.

(a) IN GENERAL.—The Consumer Financial Protection Act of 2010 (12 U.S.C. 5481 et seq.) is amended—

(1) in section 1002(15)(B)(ii)(I), by striking “examination or”;

(2) in section 1013(a)(1)(B), by striking “compliance examiners, compliance supervision analysts,”;

(3) in section 1016(c)—

(A) in paragraph (5), by striking “supervisory and”; and

(B) in paragraph (6), by striking “orders, and supervisory actions” and inserting “and orders”;

(4) in section 1024—

(A) in the heading, by striking “SUPERVISION OF” and inserting “AUTHORITY WITH RESPECT TO CERTAIN”;

(B) in subsection (a)—

(i) in paragraph (1)(B), by striking “as defined by rule in accordance with paragraph (2)” and inserting “as of the date of the enactment of the Financial CHOICE Act of 2017”;

•HR 10 EH
(ii) by striking paragraph (2);

(iii) by redesignating paragraph (3) as paragraph (2); and

(iv) in subparagraph (A) of paragraph (2), as so redesignated, by striking “1025(a) or”;

(C) by striking subsection (b);

(D) by redesignating subsections (c), (d), (e), and (f) as subsections (b), (c), (d), and (e), respectively;

(E) in subsection (c), as so redesignated—

(i) in the heading, by striking “AND EXAMINATION AUTHORITY”; and

(ii) by striking “, conduct examinations,” each place such term appears;

(F) in subsection (d), as so redesignated—

(i) by inserting “rulemaking and enforcement, but not supervisory,” before “authority of the Bureau”; and

(ii) by striking “conducting any examination or requiring any report from a service provider subject to this subsection” and inserting “carrying out any authority pursuant to this subsection with respect to a service provider”;
(5) by striking section 1025;

(6) in section 1026—

(A) by amending subsection (a) to read as follows:

“(a) Scope of Coverage.—This section shall apply to any covered person that is an insured depository institution or an insured credit union.”;

(B) in subsection (b)(3), by striking “report of examination or related”;

(C) by striking subsection (c);

(D) by redesignating subsections (d) and (e) as subsections (e) and (d), respectively;

(E) in subsection (c), as so redesignated, by adding at the end the following:

“(3) Very Large Institutions.—

“(A) Primary Enforcement Authority.—Notwithstanding paragraph (1), to the extent that the Agency and another Federal agency are authorized to enforce a Federal consumer financial law, the Agency shall have primary authority to enforce that Federal consumer financial law with respect to an insured depository institution or insured credit union, if such depository institution or credit union has
total assets of more than $10,000,000,000, and any affiliate thereof.

“(B) Referral.—Any Federal agency, other than the Federal Trade Commission, that is authorized to enforce a Federal consumer financial law may recommend, in writing, to the Agency that the Agency initiate an enforcement proceeding with respect to a person described in subparagraph (A), as the Agency is authorized to do by that Federal consumer financial law.

“(C) Backup Enforcement Authority.—If the Agency does not, before the end of the 120-day period beginning on the date on which the Agency receives a recommendation under subparagraph (B), initiate an enforcement proceeding, the other agency referred to in subparagraph (B) may initiate an enforcement proceeding.”; and

(F) in subsection (d), as so redesignated—

(i) by inserting after “subsection (a)” the following: “, or to any person described under subsection (c)(3)(A),”;

(ii) by striking “section 1025” and inserting “this section”; and
(iii) by striking “When conducting any examination or requiring any report from a service provider subject to this subsection” and inserting “In carrying out any authority pursuant to this subsection with respect to a service provider”;

(7) in section 1027—

(A) by striking “supervisory,” each place such term appears;

(B) in subsection (e)(1), by striking “supervisory or”; and

(C) in subsection (p), by striking “section 1024(e)(1)” and inserting “section 1024(b)(1)”;

(8) in section 1034—

(A) by striking subsections (b) and (e); and

(B) by redesignating subsection (d) as subsection (b);

(9) in section 1053—

(A) in subsection (b)(1)(A), by striking “sections 1024, 1025, and 1026” and inserting “sections 1024 and 1026”; and

(B) in subsection (c)(3)(B)(ii)(II), by striking “, by examination or otherwise,”;
(10) in section 1054(a), by striking “sections 1024, 1025, and 1026” and inserting “sections 1024 and 1026”;

(11) in section 1061—

(A) in subsection (a)(1)—

(i) in subparagraph (A), by striking “; and” at the end and inserting a period;

(ii) by striking “means—” and all that follows through “(A) all” and inserting “means all”; and

(iii) by striking subparagraph (B);

and

(B) in subsection (c)—

(i) by amending paragraph (1) to read as follows:

“(1) EXAMINATION.—A transferor agency that is a prudential regulator shall have exclusive author-

ity (relative to the Bureau) to require reports from and conduct examinations for compliance with Fed-

eral consumer financial laws with respect to a person described in section 1026(a).”; and

(ii) in paragraph (2)—

(I) by striking subparagraph (A);
(II) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(12) in section 1063, by striking “sections 1024, 1025, and 1026” each place such term appears and inserting “sections 1024 and 1026”; and

(13) in section 1067, by striking subsection (e).

(b) HOME MORTGAGE DISCLOSURE ACT OF 1975.—Section 305(d) of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2804(d)) is amended by striking “examine and”.

(c) OMNIBUS APPROPRIATIONS ACT, 2009.—Section 626 of the Omnibus Appropriations Act, 2009 (15 U.S.C. 1638 note) is repealed.

(d) CLERICAL AMENDMENT.—The table of contents in section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended—

(1) in the item relating to section 1024, by striking “SUPERVISION OF” and inserting “AUTHORITY WITH RESPECT TO CERTAIN”; and

(2) by striking the item relating to section 1025.
SEC. 728. TRANSFER OF OLD OTS BUILDING FROM OCC TO GSA.

(a) In General.—Within 180 days of the date of the enactment of this Act, the Comptroller of the Currency shall transfer, at no cost, the parcel of real property in the District of Columbia located at 1700 G Street, Northwest, to the administrative jurisdiction, custody, and control of the Administrator of General Services.

(b) GSA Study.—

(1) Study.—The Administrator of General Services shall carry out a study to determine—

(A) the Consumer Law Enforcement Agency’s office real estate leasing needs, in light of the changes to the Agency’s structure made by this Act;

(B) whether the office space referenced in subsection (a) is the most cost-effective use of taxpayer money in meeting those needs, relative to alternative leasing options in the Washington, D.C. Metropolitan Area; and

(C) if there is a Government department or agency that has building needs that could be met by moving all or a portion of the employees of such department or agency to the property described under subsection (a).
(2) REPORT.—Not later than the end of the 6-month period beginning on the date of the enactment of this Act, the Administrator of General Services shall issue a report to the Congress containing all findings and determinations made in carrying out the study required under paragraph (1).

(3) AUTHORITY TO SELL PROPERTY.—If, after carrying out the study required under paragraph (1), the Administrator of General Services determines that—

(A) the Consumer Law Enforcement Agency’s office real estate leasing needs have changed in light of the changes to the Agency’s structure made by this Act, and

(B) that there is no Government department or agency that has building needs that could be met by moving all or a portion of the employees of such department or agency to the property described under subsection (a),

the Administrator may sell such property to the highest bidder, so long as the revenue from the sale exceeds the combined cost of building such property and the cost of the most recently completed renovation of such property.
SEC. 729. LIMITATION ON AGENCY AUTHORITY.

Section 1027 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5517) is amended—

(1) in subsection (g)(3)(A), by striking “may not exercise any rulemaking or enforcement authority” and inserting “may not exercise any rulemaking, enforcement, or other authority”;

(2) in subsection (i)(1), by striking “shall have no authority to exercise any power to enforce this title” and inserting “may not exercise any rulemaking, enforcement, or other authority”; and

(3) in subsection (j)(1), by striking “shall have no authority to exercise any power to enforce this title” and inserting “may not exercise any rulemaking, enforcement, or other authority”.

Subtitle C—Policy Enhancements

SEC. 731. CONSUMER RIGHT TO FINANCIAL PRIVACY.

(a) REQUIREMENT OF THE AGENCY TO OBTAIN PERMISSION BEFORE COLLECTING NONPUBLIC PERSONAL INFORMATION.—Section 1022 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5512), as amended by section 724(2), is further amended by inserting after subsection (b) the following:

“(c) CONSUMER PRIVACY.—

“(1) IN GENERAL.—The Agency may not request, obtain, access, collect, use, retain, or disclose
any nonpublic personal information about a consumer unless—

“(A) the Agency clearly and conspicuously discloses to the consumer, in writing or in an electronic form, what information will be requested, obtained, accessed, collected, used, retained, or disclosed; and

“(B) before such information is requested, obtained, accessed, collected, used, retained, or disclosed, the consumer informs the Agency that such information may be requested, obtained, accessed, collected, used, retained, or disclosed.

“(2) Application of Requirement to Contractors of the Agency.—Paragraph (1) shall apply to any person directed or engaged by the Agency to collect information to the extent such information is being collected on behalf of the Agency.

“(3) Definition of Nonpublic Personal Information.—In this subsection, the term ‘nonpublic personal information’ has the meaning given the term in section 509 of the Gramm-Leach-Bliley Act (15 U.S.C. 6809).”.

(b) Removal of Exemption for the Agency From the Right to Financial Privacy Act.—Section

SEC. 732. REPEAL OF COUNCIL AUTHORITY TO SET ASIDE AGENCY RULES AND REQUIREMENT OF SAFETY AND SOUNDNESS CONSIDERATIONS WHEN ISSUING RULES.

(a) REPEAL OF AUTHORITY.—

(1) IN GENERAL.—Section 1023 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5513) is hereby repealed.

(2) CONFORMING AMENDMENT.—Section 1022(b)(2)(C) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5512(b)(2)(C)) is amended by striking “, except that nothing in this clause shall be construed as altering or limiting the procedures under section 1023 that may apply to any rule prescribed by the Bureau”.

(3) CLERICAL AMENDMENT.—The table of contents under section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the item relating to section 1023.

(b) SAFETY AND SOUNDNESS CHECK.—Section 1022(b)(2)(A) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5512(b)(2)(A)) is amended—
(1) in clause (i), by striking “and” at the end;
(2) in clause (ii), by adding “and” at the end;
and
(3) by adding at the end the following:

“(iii) the impact of such rule on the
financial safety or soundness of an insured
dehpository institution;”.

SEC. 733. REMOVAL OF AUTHORITY TO REGULATE SMALL-
DOLLAR CREDIT.

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

(1) in section 1024(a)(1)—
   (A) in subparagraph (C), by adding “or”
at the end;
   (B) in subparagraph (D), by striking “;
or” and inserting a period; and
   (C) by striking subparagraph (E); and
(2) in section 1027, by adding at the end the
following:

“(t) NO AUTHORITY TO REGULATE SMALL-DOLLAR
CREDIT.—The Agency may not exercise any rulemaking,
enforcement, or other authority with respect to payday
loans, vehicle title loans, or other similar loans.”.
SEC. 734. REFORMING INDIRECT AUTO FINANCING GUIDANCE.

(a) Nullification of Auto Lending Guidance.—Bulletin 2013–02 of the Bureau of Consumer Financial Protection (published March 21, 2013) shall have no force or effect.

(b) Guidance Requirements.—Section 1022(b) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5512(b)), as amended by section 721, is further amended by adding at the end the following:

“(8) Guidance on indirect auto financing.—In proposing and issuing guidance primarily related to indirect auto financing, the Agency shall—

“(A) provide for a public notice and comment period before issuing the guidance in final form;

“(B) make available to the public, including on the website of the Agency, all studies, data, methodologies, analyses, and other information relied on by the Agency in preparing such guidance;

“(C) redact such information as necessary to maintain the nonpublic nature of confidential information, such as trade secrets and other
confidential commercial or financial information, and personally identifiable information;

“(D) consult with the Board of Governors of the Federal Reserve System, the Federal Trade Commission, and the Department of Justice; and

“(E) conduct a study on the costs and impacts of such guidance to consumers and women-owned, minority-owned, veteran-owned, and small businesses, including consumers and small businesses in rural areas.”.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to apply to guidance issued by the Consumer Law Enforcement Agency that is not primarily related to indirect auto financing.

SEC. 735. REMOVAL OF AGENCY UDAAP AUTHORITY.

(a) IN GENERAL.—The Consumer Financial Protection Act of 2010 (12 U.S.C. 5481 et seq.) is amended—

(1) in section 1021(b)(2), by striking “from unfair, deceptive, or abusive acts and practices and”;

(2) by striking section 1031;

(3) in section 1036(a)—

(A) in paragraph (1)—
(i) by striking “provider” and all that follows through “to offer” and inserting “provider to offer”;

(ii) by striking subparagraph (B); and

(B) in paragraph (2)(C), by striking “; or” at the end and inserting a period; and

(C) by striking paragraph (3); and

(4) in section 1061(b)(5)—

(A) in subparagraph (B)—

(i) by striking “(i) In general.—”;

and

(ii) by striking clause (ii);

(B) by striking subparagraph (D); and

(C) by redesignating subparagraph (E) (as amended by section 717(2)) as subparagraph (D); and

(5) in section 1076(b)(2), by striking “determine—” and all that follows through “(B) provide for” and inserting “determine, provide for”.

(b) Telemarketing and Consumer Fraud and Abuse Prevention Act.—Section 3(c) of the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. 6102) is amended—

(1) in paragraph (1), by striking “; and” at the end and inserting a period;
(2) by striking paragraph (2); and

(3) by striking “subsection (a)—” and all that follows through “(1) shall” and inserting “subsection (a) shall”.

c (c) Clerical Amendment.—The table of contents in section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the item relating to section 1031.

SEC. 736. PRESERVATION OF UDAP AUTHORITY FOR FEDERAL BANKING REGULATORS.

(a) In General.—Section 18(f) of the Federal Trade Commission Act (15 U.S.C. 57a(f)) is amended to read as follows:

“(f) Unfair or Deceptive Acts or Practices by Depository Institutions.—

“(1) In general.—In order to prevent unfair or deceptive acts or practices in or affecting commerce (including acts or practices which are unfair or deceptive to consumers) by depository institutions, each Federal banking regulator shall prescribe regulations to carry out the purposes of this section, including regulations defining with specificity such unfair or deceptive acts or practices, and containing requirements prescribed for the purpose of preventing such acts or practices.
“(2) PROMULGATING SUBSTANTIALLY SIMILAR REGULATIONS.—Whenever the Commission prescribes a rule under subsection (a)(1)(B), then within 60 days after such rule takes effect each Federal banking regulator shall promulgate substantially similar regulations prohibiting acts or practices of depository institutions which are substantially similar to those prohibited by rules of the Commission and which impose substantially similar requirements, unless—

“(A) the Federal banking regulator finds that such acts or practices of depository institutions are not unfair or deceptive; or

“(B) the Board of Governors of the Federal Reserve System finds that implementation of similar regulations with respect to depository institutions would seriously conflict with essential monetary and payments systems policies of such Board, and publishes any such finding, and the reasons therefor, in the Federal Register.

“(3) ENFORCEMENT.—

“(A) IN GENERAL.—Compliance with regulations prescribed under this subsection shall be enforced—
“(i) under section 8 of the Federal Deposit Insurance Act, with respect to a depository institution other than a Federal credit union; and

“(ii) under sections 120 and 206 of the Federal Credit Union Act, with respect to a Federal credit union.

“(B) DEEMING OF VIOLATION.—For the purpose of the exercise by a Federal banking regulator of the regulator’s powers under any Act referred to in subparagraph (A), a violation of any regulation prescribed under this subsection shall be deemed to be a violation of a requirement imposed under that Act.

“(C) ENFORCEMENT THROUGH ANY EXISTING AUTHORITY.—In addition to its powers under any provision of law specifically referred to in subparagraph (A), each Federal banking regulator may exercise, for the purpose of enforcing compliance with any regulation prescribed under this subsection, any other authority conferred on the regulator by law.

“(4) RULE OF CONSTRUCTION.—The authority of the Board of Governors of the Federal Reserve System to issue regulations under this subsection
does not impair the authority of any other Federal banking regulator to make rules respecting the regulator’s own procedures in enforcing compliance with regulations prescribed under this subsection.

“(5) REPORT TO CONGRESS.—Each Federal banking regulator exercising authority under this subsection shall transmit to the Congress each year a detailed report on its activities under this subsection during the preceding calendar year.

“(6) DEFINITIONS.—For purposes of this Act:

“(A) BANK.—The term ‘bank’ means—

“(i) national banks and Federal branches and Federal agencies of foreign banks;

“(ii) member banks of the Federal Reserve System (other than national banks), branches and agencies of foreign banks (other than Federal branches, Federal agencies, and insured State branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act; and
“(iii) banks insured by the Federal Deposit Insurance Corporation (other than banks referred to in clause (i) or (ii)) and insured State branches of foreign banks.

“(B) DEPOSITORY INSTITUTION.—The term ‘depository institution’ means a bank, a savings and loan institution, or a Federal credit union.

“(C) FEDERAL BANKING REGULATOR.—The term ‘Federal banking regulator’—

“(i) has the meaning given the term ‘appropriate Federal banking agency’ under section 3 of the Federal Deposit Insurance Act; and

“(ii) means the National Credit Union Administration, in the case of a Federal credit union.

“(D) FEDERAL CREDIT UNION.—The term ‘Federal credit union’ has the same meaning as in section 101 of the Federal Credit Union Act.

“(E) SAVINGS AND LOAN INSTITUTION.—The term ‘savings and loan institution’ has the same meaning as in section 3 of the Federal Deposit Insurance Act.
“(F) OTHER TERMS.—The terms used in this paragraph that are not defined in this Act or otherwise defined in section 3(s) of the Federal Deposit Insurance Act shall have the meaning given to them in section 1(b) of the International Banking Act of 1978.”.

(b) CONFORMING AMENDMENTS.—The Federal Trade Commission Act (15 U.S.C. 41 et seq.) is amended—


(3) by striking “section 18(f)(2)” and inserting “section 18(f)”;

…
(4) by striking “section 18(f)(3)” each place such term appears and inserting “section 18(f)”;

and

(5) by striking “section 18(f)(4)” each place such term appears and inserting “section 18(f)”.

SEC. 737. REPEAL OF AUTHORITY TO RESTRICT ARBITRATION.

(a) IN GENERAL.—Section 1028 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5518) is hereby repealed.

(b) CLERICAL AMENDMENT.—The table of contents under section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the item relating to section 1028.

TITLE VIII—CAPITAL MARKETS IMPROVEMENTS
Subtitle A—SEC Reform, Restructuring, and Accountability

SEC. 801. AUTHORIZATION OF APPROPRIATIONS.

Section 35 of the Securities Exchange Act of 1934 (15 U.S.C. 78kk) is amended by striking paragraphs (1) through (5) and inserting the following:

“(1) for fiscal year 2017, $1,605,000,000;
“(2) for fiscal year 2018, $1,655,000,000;
“(3) for fiscal year 2019, $1,705,000,000;
“(4) for fiscal year 2020, $1,755,000,000;
“(5) for fiscal year 2021, $1,805,000,000; and
“(6) for fiscal year 2022, $1,855,000,000.”.

SEC. 802. REPORT ON UNOBLIGATED APPROPRIATIONS.

Section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w) is amended by adding at the end the following:

“(e) Report on Unobligated Appropriations.—

If, at the end of any fiscal year, there remain unobligated any funds that were appropriated to the Commission for such fiscal year, the Commission shall, not later than 30 days after the last day of such fiscal year, submit to the Committee on Financial Services and the Committee on Appropriations of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Appropriations of the Senate and make available on the Commission’s website a report stating the amount of such unobligated funds. If there is any material change in the amount stated in the report, the Commission shall, not later than 7 days after determining the amount of the change, submit to such committees and make available on the Commission’s website a supplementary report stating the amount of and reason for the change.”.
SEC. 803. SEC RESERVE FUND ABOLISHED.


SEC. 804. FEES TO OFFSET APPROPRIATIONS.


(1) by striking subsection (a) and inserting the following:

“(a) COLLECTION.—The Commission shall, in accordance with this section, collect transaction fees and assessments.”;

(2) in subsection (i)—

(A) in paragraph (1)(A), by inserting “except as provided in paragraph (2),” before “shall”; and

(B) by striking paragraph (2) and inserting the following:

“(2) GENERAL REVENUE.—Any fees collected for a fiscal year pursuant to this section, sections 13(e) and 14(g) of this title, and section 6(b) of the Securities Act of 1933 in excess of the amount provided in appropriation Acts for collection for such fiscal year pursuant to such sections shall be deposited and credited as general revenue of the Treasury.”;

•HR 10 EH
(3) in subsection (j)—

(A) by striking “the regular appropriation to the Commission by Congress for such fiscal year” each place it appears and inserting “the target offsetting collection amount for such fiscal year”; and

(B) in paragraph (2), by striking “subsection (l)” and inserting “subsection (l)(2)”;

and

(4) by striking subsection (l) and inserting the following:

“(l) Definitions.—For purposes of this section:

“(1) Target offsetting collection amount.—The target offsetting collection amount for a fiscal year is—

“(A) for fiscal year 2017, $1,400,000,000;

and

“(B) for each succeeding fiscal year, the target offsetting collection amount for the prior fiscal year, adjusted by the rate of inflation.

“(2) Baseline estimate of the aggregate dollar amount of sales.—The baseline estimate of the aggregate dollar amount of sales of securities (other than bonds, de-
bentures, other evidences of indebtedness, security futures products, and options on securities indexes (excluding a narrow-based security index)) to be transacted on each national securities exchange and by or through any member of each national securities association (otherwise than on a national securities exchange) during such fiscal year as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget, using the methodology required for making projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.”.

(b) Section 6(b) of the Securities Act of 1933.—Section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)) is amended—

(1) by striking “target fee collection amount” each place it appears and inserting “target offsetting collection amount”;

(2) in paragraph (4), by striking the last sentence and inserting the following: “Subject to paragraphs (6)(B) and (7), an adjusted rate prescribed under paragraph (2) shall take effect on the later of—
“(A) the first day of the fiscal year to which such rate applies; or

“(B) five days after the date on which a regular appropriation to the Commission for such fiscal year is enacted.”;

(3) in paragraph (5), by inserting “of the Securities Exchange Act of 1934” after “sections 13(e) and 14(g)”;

(4) by redesignating paragraph (6) as paragraph (8);

(5) by inserting after paragraph (5) the following:

“(6) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year—

“(A) except as provided in section 31(i)(2) of the Securities Exchange Act of 1934, shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

“(B) except as provided in paragraph (7), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.
“(7) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 5 days after the date such a regular appropriation is enacted.”; and

(6) in subparagraph (A) of paragraph (8) (as so redesignated)—

(A) by striking the subparagraph heading and inserting “TARGET OFFSETTING COLLECTION AMOUNT.—”; and

(B) in the heading of the right column of the table, by striking “fee” and inserting “offsetting”.

(c) SECTION 13(e) OF THE SECURITIES EXCHANGE ACT OF 1934.—Section 13(e) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(e)) is amended—

(1) by striking paragraph (5) and inserting the following:

“(5) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year—
“(A) except as provided in section 31(i)(2), shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

“(B) except as provided in paragraph (8), shall not be collected for any fiscal year except to the extent provided in advance in appropriations Acts.”; and

(2) by adding at the end the following:

“(8) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 5 days after the date such a regular appropriation is enacted.”.

(d) SECTION 14(g) OF THE SECURITIES EXCHANGE ACT OF 1934.—Section 14(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78n(g)) is amended—

(1) by striking paragraph (5) and inserting the following:

“(5) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year—
“(A) except as provided in section 31(i)(2),
shall be deposited and credited as offsetting col-
lections to the account providing appropriations
to the Commission; and

“(B) except as provided in paragraph (8),
shall not be collected for any fiscal year except
to the extent provided in advance in appropria-
tions Acts.”;

(2) by redesignating paragraph (8) as para-
graph (9); and

(3) by inserting after paragraph (7) the fol-
lowing:

“(8) LAPSE OF APPROPRIATION.—If on the
first day of a fiscal year a regular appropriation to
the Commission has not been enacted, the Commis-
sion shall continue to collect fees (as offsetting col-
lections) under this subsection at the rate in effect
during the preceding fiscal year, until 5 days after
the date such a regular appropriation is enacted.”.

(e) EFFECTIVE DATE.—The amendments made by
this section—

(1) shall apply beginning on October 1, 2017,
except that for fiscal year 2018, the Securities and
Exchange Commission shall publish—
(A) the rates established under section 31 of the Securities Exchange Act of 1934, as amended by this section, not later than 30 days after the date on which an Act making a regular appropriation to the Commission for fiscal year 2018 is enacted; and

(B) the rate established under section 6(b) of the Securities Act of 1933, as amended by this section, not later than August 31, 2017; and

(2) shall not apply with respect to fees for any fiscal year before fiscal year 2018.

SEC. 805. COMMISSION FEDERAL CONSTRUCTION FUNDING PROHIBITION.

The Securities and Exchange Commission may not obligate any funds for the purpose of Federal construction of a new headquarters facility of the Commission.

SEC. 806. IMPLEMENTATION OF RECOMMENDATIONS.

Section 967 of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by adding at the end the following:

“(d) IMPLEMENTATION OF RECOMMENDATIONS.—

Not later than 6 months after the date of enactment of this subsection, the Securities and Exchange Commission shall complete an implementation of the recommendations
contained in the report of the independent consultant
issued under subsection (b) on March 10, 2011. To the
extent that implementation of certain recommendations
requires legislation, the Commission shall submit a report
to Congress containing a request for legislation granting
the Commission such authority it needs to fully implement
such recommendations.”.

SEC. 807. OFFICE OF CREDIT RATINGS TO REPORT TO THE
DIVISION OF TRADING AND MARKETS.
Section 15E(p)(1) of the Securities Exchange Act of
1934 (15 U.S.C. 78o–7(p)(1)) is amended—

(1) in subparagraph (A), by striking “within
the Commission” and inserting “within the Division
of Trading and Markets”; and

(2) in subparagraph (B), by striking “report to
the Chairman” and inserting “report to the head of
the Division of Trading and Markets”.

SEC. 808. OFFICE OF MUNICIPAL SECURITIES TO REPORT
TO THE DIVISION OF TRADING AND MARKETS.
Section 979 of the Dodd-Frank Wall Street Reform
and Consumer Protection Act (15 U.S.C. 78o–4a) is
amended—
(1) in subsection (a), by inserting “, within the Division of Trading and Markets,” after “There shall be in the Commission”; and

(2) in subsection (b), by striking “report to the Chairman” and inserting “report to the head of the Division of Trading and Markets”.

SEC. 809. INDEPENDENCE OF COMMISSION OMBUDSMAN.

Section 4(g)(8) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(g)(8)) is amended—

(1) in subparagraph (A), by striking “the Investor Advocate shall appoint” and all that follows through “Investor Advocate” and inserting “the Chairman shall appoint an Ombudsman, who shall report to the Commission”; and

(2) in subparagraph (D)—

(A) by striking “report to the Investor Advocate” and inserting “report to the Commission”; and

(B) by striking the last sentence.

SEC. 810. INVESTOR ADVISORY COMMITTEE IMPROVEMENTS.


(1) in subsection (a)(2)(B), by striking “submit” and inserting “in consultation with the Small
Business Capital Formation Advisory Committee established under section 40, submit’’;

(2) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (C), by striking “and”;

(ii) in subparagraph (D)(iv), by striking the period at the end and inserting “; and”;

(iii) by adding at the end the following:

“(E) a member of the Small Business Capital Formation Advisory Committee who shall be a nonvoting member.”;

(B) by amending paragraph (2) to read as follows:

“(2) Term.—

“(A) Length of term for members of the Committee.—Each member of the Committee appointed under paragraph (1), other than the Investor Advocate, shall serve for a term of 4 years.

“(B) Limitation on multiple terms.—

A member of the Committee may not serve for more than one term, except for the Investor Ad-
vocate, a representative of State securities commissions, and the member of the Small Business Capital Formation Advisory Committee.”; and

(C) in paragraph (3), by striking “paragraph (1)(B)” and inserting “paragraph (1)”;
(3) in subsection (c), by amending paragraph (2) to read as follows:
“(2) TERM.—
“(A) LENGTH OF TERM.—Each member elected under paragraph (1) shall serve for a term of 3 years in the capacity for which the member was elected under paragraph (1).
“(B) LIMITATION ON MULTIPLE TERMS.—A member elected under paragraph (1) may not serve for more than one term in the capacity for which the member was elected under paragraph (1).”; and
(4) by striking subsections (i) and (j).

SEC. 811. DUTIES OF INVESTOR ADVOCATE.

Section 4(g)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(g)(4)) is amended—
(1) in subparagraph (D)(ii), by striking “and”; (2) in subparagraph (E), by striking the period at the end and inserting a semicolon; and
(3) by adding at the end the following:

“(F) not take a position on any legislation pending before Congress other than a legislative change proposed by the Investor Advocate pursuant to subparagraph (E);

“(G) consult with the Advocate for Small Business Capital Formation on proposed recommendations made under subparagraph (E);

and

“(H) advise the Advocate for Small Business Capital Formation on issues related to small business investors.”).

SEC. 812. ELIMINATION OF EXEMPTION OF SMALL BUSINESS CAPITAL FORMATION ADVISORY COMMITTEE FROM FEDERAL ADVISORY COMMITTEE ACT.

Section 40 of the Securities Exchange Act of 1934 (as added by Public Law 114–284) is amended by striking subsection (h).

SEC. 813. INTERNAL RISK CONTROLS.


(1) by inserting after section 4G, as added by this Act, the following:
"SEC. 4H. INTERNAL RISK CONTROLS.

(a) IN GENERAL.—Each of the following entities, in consultation with the Chief Economist, shall develop comprehensive internal risk control mechanisms to safeguard and govern the storage of all market data by such entity, all market data sharing agreements of such entity, and all academic research performed at such entity using market data:

(1) The Commission.

(2) Each national security association required to register under section 15A.

(b) CONSOLIDATED AUDIT TRAIL.—The Commission may not approve a national market system plan pursuant to part 242.613 of title 17, Code of Federal Regulations (or any successor regulation), unless the operator of the consolidated audit trail created by such plan has developed, in consultation with the Chief Economist, comprehensive internal risk control mechanisms to safeguard and govern the storage of all market data by such operator, all market data sharing agreements of such operator, and all academic research performed at such operator using market data.

(2) in section 3(a), by redesignating the second paragraph (80) (relating to funding portals) as paragraph (81); and
(3) in section 3(a), by adding at the end the following:

“(82) CHIEF ECONOMIST.—The term ‘Chief Economist’ means the Director of the Division of Economic and Risk Analysis, or an employee of the Commission with comparable authority, as determined by the Commission.”.

SEC. 814. APPLICABILITY OF NOTICE AND COMMENT REQUIREMENTS OF THE ADMINISTRATIVE PROCEDURE ACT TO GUIDANCE VOTED ON BY THE COMMISSION.

The Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by inserting after section 4H, as added by this Act, the following:

“SEC. 4I. APPLICABILITY OF NOTICE AND COMMENT REQUIREMENTS OF THE ADMINISTRATIVE PROCEDURE ACT TO GUIDANCE VOTED ON BY THE COMMISSION.

“The notice and comment requirements of section 553 of title 5, United States Code, shall also apply with respect to any Commission statement or guidance, including interpretive rules, general statements of policy, or rules of Commission organization, procedure, or practice, that has the effect of implementing, interpreting, or pre-
scribing law or policy and that is voted on by the Commission.”.

SEC. 815. LIMITATION ON PILOT PROGRAMS.

(a) In General.—Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d), as amended by section 371(e), is further amended by adding at the end the following:

“(1) LIMITATION ON PILOT PROGRAMS.—

“(1) IN GENERAL.—Any pilot program established by self-regulatory organizations, either individually or jointly, and filed with the Commission, including under section 11A or 19, shall terminate after the end of the 5-year period beginning on the date that the Commission approved such program, unless the Commission issues a rule to permanently continue such program or approves such program on a permanent basis.

“(2) EXTENSION.—With respect to a particular pilot program described under paragraph (1), the Commission may extend the 5-year period described under such paragraph for an additional 3 years if the Commission determines such extension is necessary or appropriate in the public interest or for the protection of investors.
“(3) LACK OF STATUTORY AUTHORITY.—If, with respect to a pilot program described under paragraph (1), the Commission determines that the pilot program should continue permanently, but the Commission lacks sufficient statutory authority to permanently continue the program, the Commission shall, not later than 1 year before such pilot program is scheduled to terminate pursuant to paragraph (1), notify the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate that the Commission believes the program should continue permanently but does not have sufficient statutory authority to continue the program.”.

(b) TREATMENT OF EXISTING PILOT PROGRAMS.—
For purposes of section 4(k) of Securities Exchange Act of 1934, as added by subsection (a), the date on which the Commission approved a pilot program that was in existence on the date of the enactment of this Act shall be deemed to be the date of the enactment of this Act.
SEC. 816. PROCEDURE FOR OBTAINING CERTAIN INTELLECTUAL PROPERTY.

(a) Persons Under Securities Act of 1933.—Section 8 of the Securities Act of 1933 (15 U.S.C. 77h) is amended by adding at the end the following: 

“(g) Procedure for Obtaining Certain Intellectual Property.—The Commission is not authorized to compel under this title a person to produce or furnish source code, including algorithmic trading source code or similar intellectual property, to the Commission unless the Commission first issues a subpoena.”.

(b) Persons Under the Securities Exchange Act of 1934.—Section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w), as amended by section 802, is further amended by adding at the end the following:

“(f) Procedure for Obtaining Certain Intellectual Property.—The Commission is not authorized to compel under this title a person to produce or furnish source code, including algorithmic trading source code or similar intellectual property, to the Commission unless the Commission first issues a subpoena.”.

(c) Investment Companies.—Section 31 of the Investment Company Act of 1940 (15 U.S.C. 80a–30) is amended by adding at the end the following:

“(e) Procedure for Obtaining Certain Intellectual Property.—The Commission is not authorized
to compel under this title an investment company to produce or furnish source code, including algorithmic trading source code or similar intellectual property, to the Commission unless the Commission first issues a subpoena.”.

(d) INVESTMENT ADVISERS.—Section 204 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–4) is amended—

(1) by adding at the end the following:

“(f) PROCEDURE FOR OBTAINING CERTAIN INTELLECTUAL PROPERTY.—The Commission is not authorized to compel under this title an investment adviser to produce or furnish source code, including algorithmic trading source code or similar intellectual property, to the Commission unless the Commission first issues a subpoena.”;

and

(2) in the second subsection (d), by striking “(d)” and inserting “(e)”.

SEC. 817. PROCESS FOR CLOSING INVESTIGATIONS.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Securities and Exchange Commission shall establish a process for closing investigations (including preliminary or informal investigations) that is designed to ensure that the Commission, in a timely manner—
(1) makes a determination of whether or not to institute an administrative or judicial action in a matter or refer the matter to the Attorney General for potential criminal prosecution; and

(2) if the Commission determines not to institute such an action or refer the matter to the Attorney General, informs the persons who are the subject of the investigation that the investigation is closed.

(b) Rule of Construction.—Nothing in this section shall be construed to affect the authority of the Commission to re-open an investigation if the Commission obtains new evidence after the investigation is closed, subject to any applicable statute of limitations.

SEC. 818. ENFORCEMENT OMBUDSMAN.

(a) In General.—Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d), as amended by section 803, is further amended by inserting after subsection (h) the following:

“(i) Enforcement Ombudsman.—

“(1) Establishment.—The Commission shall have an Enforcement Ombudsman, who shall be appointed by and report directly to the Commission.

“(2) Duties.—The Enforcement Ombudsman shall—
“(A) act as a liaison between the Commission and any person who is the subject of an investigation (including a preliminary or informal investigation) by the Commission or an administrative or judicial action brought by the Commission in resolving problems that such persons may have with the Commission or the conduct of Commission staff; and

“(B) establish safeguards to maintain the confidentiality of communications between the persons described in subparagraph (A) and the Enforcement Ombudsman.

“(3) LIMITATION.—In carrying out the duties of the Enforcement Ombudsman under paragraph (2), the Enforcement Ombudsman shall utilize personnel of the Commission to the extent practicable. Nothing in this subsection shall be construed as replacing, altering, or diminishing the activities of any ombudsman or similar office of any other agency.

“(4) REPORT.—The Enforcement Ombudsman shall submit to the Commission and to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate an annual report that describes the activities and evaluates the
effectiveness of the Enforcement Ombudsman during the preceding year.”

(b) **Deadline for Initial Appointment.**—The Securities and Exchange Commission shall appoint the initial Enforcement Ombudsman under subsection (i) of section 4 of the Securities Exchange Act of 1934, as added by subsection (a), not later than 180 days after the date of the enactment of this Act.

**SEC. 819. Adequate Notice.**

Section 21 of the Securities Exchange Act of 1934 (15 U.S.C. 78u) is amended by adding at the end the following:

“(j) **Adequate Notice Required Before Bringing an Enforcement Action.**—

“(1) **In General.**—No person shall be subject to an enforcement action by the Commission for an alleged violation of the securities laws or the rules and regulations issued thereunder if such person did not have adequate notice of such law, rule, or regulation.

“(2) **Publishing of Interpretation Deemed Adequate Notice.**—With respect to an enforcement action, adequate notice of a securities law or a rule or regulation issued thereunder shall be deemed to have been provided to a person if the
Commission approved a statement or guidance, in accordance with section 4I, with respect to the conduct that is the subject of the enforcement action, prior to the time that the person engaged in the conduct that is the subject of the enforcement action.”.

SEC. 820. ADVISORY COMMITTEE ON COMMISSION’S ENFORCEMENT POLICIES AND PRACTICES.

(a) Establishment.—Not later than 6 months after the date of the enactment of this Act, the Chairman shall establish an advisory committee on the Commission’s enforcement policies and practices (in this section referred to as the “Committee”).

(b) Duties.—

(1) Analysis and recommendations.—

(A) In general.—The Committee shall conduct an analysis of the policies and practices of the Commission relating to the enforcement of the securities laws and make recommendations to the Commission regarding changes to such policies and practices.

(B) Specific matters included.—In carrying out subparagraph (A), the Committee shall analyze and make recommendations to the Commission regarding matters including the following:
(i) How the Commission’s enforcement objectives and strategies may be more effective.

(ii) The Commission’s enforcement practices and procedures from the point of view of due process, the relationship of enforcement action to notice of legal requirements, the attribution of responsibility for violations, and the protection of reputation and rights of privacy.

(iii) The Commission’s enforcement policies and practices in light of its statutory responsibility to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

(iv) The appropriate blend of regulation, publicity, and formal enforcement action and on methods of furthering voluntary compliance.

(v) Criteria for the selection and disposition of enforcement actions, the adequacy of sanctions authorized by law, and the suitability and effectiveness of sanctions imposed by the Commission proceedings.
(2) Report.—Not later than 1 year after the establishment of the Committee under subsection (a), the Committee shall submit to the Commission and the appropriate congressional committees a report containing the results of the analysis and the recommendations required by paragraph (1)(A).

(c) Membership.—

(1) Number and Appointment.—The Committee shall be composed of not less than 3 and not greater than 7 members appointed by the Chairman.

(2) Chairperson.—The Chairperson of the Committee shall be designated by the Chairman at the time of appointment of the members.

(d) Support.—The Commission shall provide the Committee with the administrative, professional, and technical support required by the Committee to carry out its responsibilities under this section.

(e) Termination of Committee.—The Committee established by subsection (a) shall terminate on the date that the report required by subsection (b)(2) is submitted.

(f) Consideration and Adoption of Recommendations by Commission.—Not later than 180 days after the Committee submits the report required by subsection (b)(2), the Commission shall—
(1) consider the analysis and recommendations included in such report;

(2) adopt such recommendations, with any modifications, as the Commission considers appropriate; and

(3) submit to the appropriate congressional committees a report that—

(A) lists each recommendation included in such report that the Commission does not adopt or adopts with material modifications; and

(B) for each recommendation listed under subparagraph (A), explains why the Commission does not consider it appropriate or does not have sufficient authority to adopt the recommendation or to adopt the recommendation without material modification.

(g) Definitions.—In this section:

(1) Appropriate Congressional Committees.—The term “appropriate congressional committees” means the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(2) Chairman.—The term “Chairman” means the Chairman of the Commission.
(3) COMMISSION.—The term “Commission” means the Securities and Exchange Commission.

(4) SECURITIES LAWS.—The term “securities laws” has the meaning given such term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(h) APPLICATION OF THE FEDERAL ADVISORY COMMITTEE ACT.—The Committee is an advisory committee for purposes of the Federal Advisory Committee Act (5 U.S.C. App.).

SEC. 821. PROCESS TO PERMIT RECIPIENT OF WELLS NOTIFICATION TO APPEAR BEFORE COMMISSION STAFF IN-PERSON.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Securities and Exchange Commission shall establish a process under which, in any instance in which the Commission staff provides a written Wells notification to an individual informing the individual that the Commission staff has made a preliminary determination to recommend that the Commission bring an administrative or judicial action against the individual, the individual shall have the right to make an in-person presentation before the Commission staff concerning such recommendation and to be represented by
counsel at such presentation, at the individual's own ex-

(b) Attendance by Commissioners.—Such proc-

ess shall provide that each Commissioner of the Commis-
sion, or a designee of the Commissioner, may attend any
such presentation.

(c) Report by Commission Staff.—Such process
shall provide that, before any Commission vote on whether
to bring the administrative or judicial action against the
individual, the Commission staff shall provide to each
Commissioner a written report on any such presentation,
including any factual or legal arguments made by the indi-
vidual and any supporting documents provided by the indi-

SEC. 822. PUBLICATION OF ENFORCEMENT MANUAL.

(a) In General.—Not later than 1 year after the
date of the enactment of this Act, the Securities and Ex-
change Commission shall approve, by vote of the Commis-
sion, and publish an updated manual that sets forth the
policies and practices that the Commission will follow in
the enforcement of the securities laws (as defined in sec-
tion 3(a) of the Securities Exchange Act of 1934 (15
U.S.C. 78c(a))). Such manual shall include policies and
practices required by this Act, and by the amendments
made by this Act, and shall be developed so as to ensure
transparency in such enforcement and uniform application
of such laws by the Commission.

(b) Enforcement Plan and Report.—Beginning
on the date that is one year after the date of enactment
of this Act, and each year thereafter, the Securities and
Exchange Commission shall transmit to Congress and
publish on its Internet website an annual enforcement
plan and report that shall—

(1) detail the priorities of the Commission with
regard to enforcement and examination activities for
the forthcoming year;

(2) report on the Commission’s enforcement
and examination activities for the previous year, in-
cluding an assessment of how such activities com-
ported with the priorities identified for that year
pursuant to paragraph (1);

(3) contain an analysis of litigated decisions
found not in favor of the Commission over the pre-
ceding year;

(4) contain a description of any emerging
trends the Commission has focused on as part of its
enforcement program, including whether and how
the Commission has alerted or communicated with
those who may be subject to the Commission’s regu-
lation of emerging trends;
(5) contain a description of legal theories or standards employed by the Commission in enforcement over the preceding year that had not previously been employed, and a summary justifying each such theory or standard; and

(6) provide an opportunity and mechanism for public comment.

SEC. 823. PRIVATE PARTIES AUTHORIZED TO COMPEL THE SECURITIES AND EXCHANGE COMMISSION TO SEEK SANCTIONS BY FILING CIVIL ACTIONS.

Title I of the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by adding at the end the following:

“SEC. 41. PRIVATE PARTIES AUTHORIZED TO COMPEL THE COMMISSION TO SEEK SANCTIONS BY FILING CIVIL ACTIONS.

“(a) Termination of Administrative Proceeding.—In the case of any person who is a party to a proceeding brought by the Commission under a securities law, to which section 554 of title 5, United States Code, applies, and against whom an order imposing a cease and desist order and a penalty may be issued at the conclusion of the proceeding, that person may, not later than 20 days after receiving notice of such pro-
ceeding, and at that person’s discretion, require the Commission to terminate the proceeding.

“(b) CIVIL ACTION AUTHORIZED.—If a person requires the Commission to terminate a proceeding pursuant to subsection (a), the Commission may bring a civil action against that person for the same remedy that might be imposed.

“(c) STANDARD OF PROOF IN ADMINISTRATIVE PROCEEDING.—Notwithstanding any other provision of law, in the case of a proceeding brought by the Commission under a securities law, to which section 554 of title 5, United States Code, applies, a legal or equitable remedy may be imposed on the person against whom the proceeding was brought only on a showing by the Commission of clear and convincing evidence that the person has violated the relevant provision of law.”

SEC. 824. CERTAIN FINDINGS REQUIRED TO APPROVE CIVIL MONEY PENALTIES AGAINST ISSUERS.

The Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by inserting after section 4E the following:

“SEC. 4F. CERTAIN FINDINGS REQUIRED TO APPROVE CIVIL MONEY PENALTIES AGAINST ISSUERS.

“The Commission may not seek against or impose on an issuer a civil money penalty for violation of the securi-
ties laws unless the publicly available text of the order approving the seeking or imposition of such penalty contains findings, supported by an analysis by the Division of Economic and Risk Analysis and certified by the Chief Economist, of whether—

“(1) the alleged violation resulted in direct economic benefit to the issuer; and

“(2) the penalty will harm the shareholders of the issuer.”.

SEC. 825. REPEAL OF AUTHORITY OF THE COMMISSION TO PROHIBIT PERSONS FROM SERVING AS OFFICERS OR DIRECTORS.

(a) Under Securities Act of 1933.—Subsection (f) of section 8A of the Securities Act of 1933 (15 U.S.C. 77h–1) is repealed.


SEC. 826. SUBPOENA DURATION AND RENEWAL.

Section 21(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78u(b)) is amended—

(1) by inserting “SUBPOENA.—” after the numerator;

(2) by striking “For the purpose of” and inserting the following:
“(1) IN GENERAL.—For the purpose of”; and
(3) by adding at the end the following:
“(2) OMNIBUS ORDERS OF INVESTIGATION.—
“(A) DURATION AND RENEWAL.—An om-
 nibus order of investigation shall not be for an
 indefinite duration and may be renewed only by
 Commission action.
“(B) DEFINITION.—In subparagraph (A),
 the term ‘omnibus order of investigation’ means
 an order of the Commission authorizing 1 or
 more members of the Commission or its staff to
 issue subpoenas under paragraph (1) to mul-
tiple persons in relation to a particular subject
 matter area.”.

SEC. 827. ELIMINATION OF AUTOMATIC DISQUALIFICA-
tIONS.

et seq.), as amended by this Act, is further amended by
inserting after section 4F the following:

“SEC. 4G. ELIMINATION OF AUTOMATIC DISQUALIFICA-
tIONS.

“(a) IN GENERAL.—Notwithstanding any other pro-
vision of law, a non-natural person may not be disqualified
or otherwise made ineligible to use an exemption or reg-
istration provision, engage in an activity, or qualify for
any similar treatment under a provision of the securities laws or the rules issued by the Commission under the securities laws by reason of having, or a person described in subsection (b) having, been convicted of any felony or misdemeanor or made the subject of any judicial or administrative order, judgment, or decree arising out of a governmental action (including an order, judgment, or decree agreed to in a settlement), or having, or a person described in subsection (b) having, been suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade, unless the Commission, by order, on the record after notice and an opportunity for hearing, makes a determination that such non-natural person should be so disqualified or otherwise made ineligible for purposes of such provision.

“(b) PERSON DESCRIBED.—A person is described in this subsection if the person is—

“(1) a natural person who is a director, officer, employee, partner, member, or shareholder of the non-natural person referred to in subsection (a) or
is otherwise associated or affiliated with such non-
natural person in any way; or

“(2) a non-natural person who is associated or
affiliated with the non-natural person referred to in
subsection (a) in any way.

“(c) RULE OF CONSTRUCTION.—Nothing in this sec-
tion shall be construed to limit any authority of the Com-
mmission, by order, on the record after notice and an oppor-
tunity for hearing, to prohibit a person from using an ex-
emption or registration provision, engaging in an activity,
or qualifying for any similar treatment under a provision
of the securities laws, or the rules issued by the Commiss-
ion under the securities laws, by reason of a circumstance
referred to in subsection (a) or any similar circumstance.”.

SEC. 828. DENIAL OF AWARD TO CULPABLE WHISTLE-
BLOWERS.

Section 21F(c) of the Securities Exchange Act of
1934 (15 U.S.C. 78u–6(c)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (C), by striking “or” at the end;

(B) in subparagraph (D), by striking the
period and inserting “; or”; and

(C) by adding at the end the following:
“(E) to any whistleblower who is responsible for, or complicit in, the violation of the securities laws for which the whistleblower provided information to the Commission.”; and

(2) by adding at the end the following:

“(3) DEFINITION.—For purposes of paragraph (2)(E), a person is responsible for, or complicit in, a violation of the securities laws if, with the intent to promote or assist the violation, the person—

“(A) procures, induces, or causes another person to commit the offense;

“(B) aids or abets another person in committing the offense; or

“(C) having a duty to prevent the violation, fails to make an effort the person is required to make.”.

SEC. 829. CLARIFICATION OF AUTHORITY TO IMPOSE SANCTIONS ON PERSONS ASSOCIATED WITH A BROKER OR DEALER.

Section 15(b)(6)(A)(i) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b)(6)(A)(i)) is amended by striking “enumerated” and all that follows and inserting “enumerated in subparagraph (A), (D), (E), (G), or (H) of paragraph (4) of this subsection;”.
SEC. 830. COMPLAINT AND BURDEN OF PROOF REQUIREMENTS FOR CERTAIN ACTIONS FOR BREACH OF FIDUCIARY DUTY.

Section 36(b) of the Investment Company Act of 1940 (15 U.S.C. 80a–35(b)) is amended by adding at the end the following:

“(7) In any such action brought by a security holder of a registered investment company on behalf of such company—

“(A) the complaint shall state with particularity all facts establishing a breach of fiduciary duty, and, if an allegation of any such facts is based on information and belief, the complaint shall state with particularity all facts on which that belief is formed; and

“(B) such security holder shall have the burden of proving a breach of fiduciary duty by clear and convincing evidence.”.

SEC. 831. CONGRESSIONAL ACCESS TO INFORMATION HELD BY THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD.

Section 105(b)(5) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7215(b)(5)) is amended—

(1) in subparagraph (A), by striking “subparagraphs (B) and (C)” and inserting “subparagraphs (B), (C), and (D)”;

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

“(D) AVAILABILITY TO THE CONGRESSIONAL COMMITTEES.—The Board shall make available to the Committees specified under section 101(h)—

“(i) such information as the Committees shall request; and

“(ii) with respect to any confidential or privileged information provided in response to a request under clause (i), including any information subject to section 104(g) and subparagraph (A), or any confidential or privileged information provided orally in response to such a request, such information shall maintain the protections provided in subparagraph (A), and shall retain its confidential and privileged status in the hands of the Board and the Committees.”.

SEC. 832. ABOLISHING INVESTOR ADVISORY GROUP.

The Public Company Accounting Oversight Board shall abolish the Investor Advisory Group.
SEC. 833. REPEAL OF REQUIREMENT FOR PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD TO USE CERTAIN FUNDS FOR MERIT SCHOLARSHIP PROGRAM.

(a) In General.—Section 109(c) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7219(c)) is amended by striking paragraph (2).

(b) Conforming Amendments.—Section 109 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7219) is amended—

(1) in subsection (c), by striking “Uses of Funds” and all that follows through “The budget” and inserting “Uses of Funds.—The budget”; and

(2) in subsection (f), by striking “subsection (c)(1)” and inserting “subsection (c)”.

SEC. 834. REALLOCATION OF FINES FOR VIOLATIONS OF RULES OF MUNICIPAL SECURITIES RULE-MAKING BOARD.

(a) In General.—Section 15B(c)(9) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–4(c)(9)) is amended to read as follows:

“(9) Fines collected for violations of the rules of the Board shall be deposited and credited as general revenue of the Treasury, except as otherwise provided in section 308 of the Sarbanes-Oxley Act of 2002 or section 21F of this title.”.
(b) Effective Date.—The amendment made by subsection (a) shall apply to fines collected after the date of enactment of this Act.

Subtitle B—Eliminating Excessive Government Intrusion in the Capital Markets

SEC. 841. REPEAL OF DEPARTMENT OF LABOR FIDUCIARY RULE AND REQUIREMENTS PRIOR TO RULE-MAKING RELATING TO STANDARDS OF CONDUCT FOR BROKERS AND DEALERS.

(a) Repeal of Department of Labor Fiduciary Rule.—The final rule of the Department of Labor titled “Definition of the Term ‘Fiduciary’; Conflict of Interest Rule—Retirement Investment Advice” and related prohibited transaction exemptions published April 8, 2016 (81 Fed. Reg. 20946) shall have no force or effect.

(b) Stay on Rules Defining Certain Fiduciaries.—After the date of enactment of this Act, the Secretary of Labor shall not prescribe any regulation under the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.) defining the circumstances under which an individual is considered a fiduciary until the date that is 60 days after the Securities and Exchange Commission issues a final rule relating to standards of conduct for brokers and dealers pursuant to the second
subsection (k) of section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o(k)).

(c) REQUIREMENTS PRIOR TO RULEMAKING RELATING TO STANDARDS OF CONDUCT FOR BROKERS AND DEALERS.—The second subsection (k) of section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o(k)), as added by section 913(g)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301 et seq.), is amended by adding at the end the following:

“(3) REQUIREMENTS PRIOR TO RULEMAKING.—

The Commission shall not promulgate a rule pursuant to paragraph (1) before providing a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate and making such report available on the Commission’s website describing whether—

“(A) retail investors (and such other customers as the Commission may provide) are being harmed due to brokers or dealers operating under different standards of conduct than those that apply to investment advisors under section 211 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–11);
“(B) alternative remedies will reduce any confusion or harm to retail investors due to brokers or dealers operating under different standards of conduct than those standards that apply to investment advisors under section 211 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–11), including—

“(i) simplifying the titles used by brokers, dealers, and investment advisers; and

“(ii) enhancing disclosure surrounding the different standards of conduct currently applicable to brokers, dealers, and investment advisers;

“(C) the adoption of a uniform fiduciary standard of conduct for brokers, dealers, and investment advisors would adversely impact the commissions of brokers and dealers, the availability of proprietary products offered by brokers and dealers, and the ability of brokers and dealers to engage in principal transactions with customers; and

“(D) the adoption of a uniform fiduciary standard of conduct for brokers or dealers and investment advisors would adversely impact retail investor access to personalized and cost-ef-
ective investment advice, recommendations
about securities, or the availability of such ad-
vice and recommendations.

“(4) ECONOMIC ANALYSIS.—The Commission’s
conclusions contained in the report described in
paragraph (3) shall be supported by economic anal-
ysis.

“(5) REQUIREMENTS FOR PROMULGATING A
rule.—The Commission shall publish in the Fed-
eral Register alongside the rule promulgated pursu-
ant to paragraph (1) formal findings that such rule
would reduce confusion or harm to retail customers
(and such other customers as the Commission may
by rule provide) due to different standards of con-
duct applicable to brokers, dealers, and investment
advisors.

“(6) REQUIREMENTS UNDER INVESTMENT AD-
visers ACT OF 1940.—In proposing rules under
paragraph (1) for brokers or dealers, the Commiss-
ion shall consider the differences in the registration,
supervision, and examination requirements applica-
ble to brokers, dealers, and investment advisors.”.
SEC. 842. EXEMPTION FROM RISK RETENTION REQUIREMENTS FOR NONRESIDENTIAL MORTGAGE.


(1) in subsection (a)—

(A) in paragraph (3)(B), by striking “and” at the end;

(B) in paragraph (4)(B), by striking the period and inserting “; and”; and

(C) by adding at the end the following:

“(5) the term ‘asset-backed security’ refers only to an asset-backed security that is comprised wholly of residential mortgages.”;

(2) in subsection (b)—

(A) by striking paragraph (1); and

(B) by striking “(2) RESIDENTIAL MORTGAGES.—”;

(3) by striking subsection (h) and redesignating subsection (i) as subsection (h); and

(4) in subsection (h) (as so redesignated)—

(A) by striking “effective—” and all that follows through “(1) with respect to” and inserting “effective with respect to”; 

(B) in paragraph (1), by striking “; and” and inserting a period; and

(C) by striking paragraph (2).
(b) CONFORMING AMENDMENT.—Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking subsection (c).

SEC. 843. FREQUENCY OF SHAREHOLDER APPROVAL OF EXECUTIVE COMPENSATION.

Section 14A(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78n–1(a)) is amended—

(1) in paragraph (1), by striking “Not less frequently than once every 3 years” and inserting “Each year in which there has been a material change to the compensation of executives of an issuer from the previous year”; and

(2) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

SEC. 844. SHAREHOLDER PROPOSALS.

(a) RESUBMISSION THRESHOLDS.—The Securities and Exchange Commission shall revise section 240.14a–8(i)(12) of title 17, Code of Federal Regulations to—

(1) in paragraph (i), adjust the 3 percent threshold to 6 percent;

(2) in paragraph (ii), adjust the 6 percent threshold to 15 percent; and

(3) in paragraph (iii), adjust the 10 percent threshold to 30 percent.
(b) HOLDING REQUIREMENT.—The Securities and Exchange Commission shall revise the holding requirement for a shareholder to be eligible to submit a shareholder proposal to an issuer in section 240.14a–8(b)(1) of title 17, Code of Federal Regulations, to—

(1) eliminate the option to satisfy the holding requirement by holding a certain dollar amount;

(2) require the shareholder to hold 1 percent of the issuer’s securities entitled to be voted on the proposal, or such greater percentage as determined by the Commission; and

(3) adjust the 1 year holding period to 3 years.

(e) SHAREHOLDER PROPOSALS ISSUED BY PROXIES.—Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. 78n) is amended by adding at the end the following:

“(j) SHAREHOLDER PROPOSALS BY PROXIES NOT PERMITTED.—An issuer may not include in its proxy materials a shareholder proposal submitted by a person in such person’s capacity as a proxy, representative, agent, or person otherwise acting on behalf of a shareholder.”.

SEC. 845. PROHIBITION ON REQUIRING A SINGLE BALLOT.

Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. 78n) is amended by adding at the end the following:
“(k) Prohibition on Requiring a Single Ballot.—The Commission may not require that a solicitation of a proxy, consent, or authorization to vote a security of an issuer in an election of members of the board of directors of the issuer be made using a single ballot or card that lists both individuals nominated by (or on behalf of) the issuer and individuals nominated by (or on behalf of) other proponents and permits the person granting the proxy, consent, or authorization to select from among individuals in both groups.”.

SEC. 846. REQUIREMENT FOR MUNICIPAL ADVISOR FOR ISSUERS OF MUNICIPAL SECURITIES.

Section 15B(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–4(d)) is amended by adding at the end the following:

“(3) An issuer of municipal securities shall not be required to retain a municipal advisor prior to issuing any such securities.”.

SEC. 847. SMALL ISSUER EXEMPTION FROM INTERNAL CONTROL EVALUATION.

Section 404(c) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262(c)) is amended to read as follows:

“(c) Exemption for Smaller Issuers.—Subsection (b) shall not apply with respect to any audit report prepared for an issuer that has total market capitalization
of less than $500,000,000, nor to any issuer that is a de-
pository institution with assets of less than
$1,000,000,000.”.

SEC. 848. STREAMLINING OF APPLICATIONS FOR AN EX-
EMPTION FROM THE INVESTMENT COMPANY
ACT OF 1940.

Section 6(c) of the Investment Company Act of 1940
(15 U.S.C. 80a–6(c)) is amended—

(1) by striking “(e) The Commission” and in-
serting the following:

“(c) GENERAL EXEMPTIVE AUTHORITY.—

“(1) IN GENERAL.—The Commission”; and

(2) by adding at the end the following:

“(2) APPLICATION PROCESS.—

“(A) IN GENERAL.—A person who wishes
to receive an exemption from the Commission
pursuant to paragraph (1) shall file an applica-
tion with the Commission in such form and
manner and containing such information as the
Commission may require.

“(B) PUBLICATION; REJECTION OF IN-
VALID APPLICATIONS.—

“(i) IN GENERAL.—Not later than the
end of the 5-day period beginning on the
date that the Commission receives an ap-

•HR 10 EH
application under subparagraph (A), the
Commission shall either—

“(I) publish the application, in-
cluding by publication on the website
of the Commission; or

“(II) if the Commission deter-
mines that the application does not
comply with the proper form, manner,
or information requirements described
under subparagraph (A), reject such
application and notify the applicant of
the specific reasons the application
was rejected.

“(ii) FAILURE TO PUBLISH APPLICA-
tion.—If the Commission does not reject
an application under clause (i)(II), but
fails to publish the application by the end
of the time period specified under clause
(i), such application shall be deemed to
have been published on the date that is the
end of such time period.

“(3) DETERMINATION BY COMMISSION.—

“(A) IN GENERAL.—Not later than 45
days after the date that the Commission pub-
lishes an application pursuant to paragraph (2)(B), the Commission shall, by order—

“(i) approve the application;

“(ii) if the Commission determines that the application would have been approved had the applicant provided additional supporting documentation or made certain amendments to the application—

“(I) provide the applicant with the specific additional supporting documentation or amendments that the Commission believes are necessary for the applicant to provide in order for the application to be approved; and

“(II) request that the applicant withdraw the application and re-submit the application with such additional supporting documentation and amendments; or

“(iii) deny the application.

“(B) EXTENSION OF TIME PERIOD.—The Commission may extend the time period described under subparagraph (A) by not more than an additional 45 days, if—
“(i) the Commission determines that a longer period is appropriate and publishes the reasons for such determination; or

“(ii) the applicant consents to the longer period.

“(C) TIME PERIOD FOR WITHDRAWAL.—If the Commission makes a request under subparagraph (A)(ii) for an applicant to withdraw an application, such application shall be deemed to be denied if the applicant informs the Commission that the applicant will not withdraw the application or if the applicant does not withdraw the application before the end of the 30-day period beginning on the date the Commission makes such request.

“(4) PROCEEDINGS; NOTICE AND HEARING.—If an application is denied pursuant to paragraph (3), the Commission shall provide the applicant with—

“(A) a written explanation for why the application was not approved; and

“(B) an opportunity for hearing, if requested by the applicant not later than 20 days after the date of such denial, with such hearing to be commenced not later than 30 days after the date of such denial.
“(5) RESULT OF FAILURE TO INSTITUTE OR
COMMENCE PROCEEDINGS.—An application shall be
deemed to have been approved by the Commission,
if—

“(A) the Commission fails to either ap-
prove, request the withdrawal of, or deny the
application, as required under paragraph
(3)(A), within the time period required under
paragraph (3)(A), as such time period may
have been extended pursuant to paragraph
(3)(B); or

“(B) the applicant requests an opportunity
for hearing, pursuant to paragraph (4)(B), but
the Commission does not commence such hear-
ing within the time period required under para-
graph (4)(B).

“(6) RULEMAKING.—Not later than 180 days
after the date of enactment of this paragraph, the
Commission shall issue rules to carry out this sub-
section.”.

SEC. 849. RESTRICTION ON RECOVERY OF ERRONEOUSLY
AWARDED COMPENSATION.

Section 10D(b)(2) of the Securities Exchange Act of
1934 (15 U.S.C. 78j–4(b)(2)) is amended by inserting be-
fore the period the following: “, where such executive offi-
cer had control or authority over the financial reporting
that resulted in the accounting restatement’’.

SEC. 850. EXEMPTIVE AUTHORITY FOR CERTAIN PROVI-
SIONS RELATING TO REGISTRATION OF NA-
TIONALLY RECOGNIZED STATISTICAL RAT-
ING ORGANIZATIONS.

Section 15E of the Securities Exchange Act of 1934
(15 U.S.C. 78o–7) is amended by adding at the end the
following:

“(w) COMMISSION EXEMPTIVE AUTHORITY.—The
Commission, by rules and regulations upon its own mo-
tion, or by order upon application, may conditionally or
unconditionally exempt any person from any provision or
provisions of this title or of any rule or regulation there-
under, if and to the extent it determines that such rule,
regulation, or requirement is creating a barrier to entry
into the market for nationally recognized statistical rating
organizations or impeding competition among such organi-
zations, or that such an exemption is necessary or appro-
priate in the public interest and is consistent with the pro-
tection of investors.”.
SEC. 851. RISK-BASED EXAMINATIONS OF NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS.


(1) in subparagraph (A)—

(A) in the heading, by striking “ANNUAL” and inserting “RISK-BASED”;

(B) by striking “an examination” and inserting “examinations”; and

(C) by striking “at least annually”; and

(2) in subparagraph (B), in the matter preceding clause (i), by inserting “, as appropriate,” after “Each examination under subparagraph (A) shall include”.

SEC. 852. TRANSPARENCY OF CREDIT RATING METHODOLOGIES.

Section 15E(s) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–7(s)) is amended—

(1) in paragraph (2)(B), by inserting before the semicolon the following: “rated by the nationally recognized statistical rating agency”; and

(2) in paragraph (3)—

(A) in subparagraph (A)(ix), by inserting before the period the following: “, except that the Commission may not require the inclusion
of references to statutory or regulatory require-
ments or statutory provision headings or enu-
merators for any specific disclosure”; (B) in subparagraph (B)(iv), by inserting before the period the following: “, except that the Commission may not require the inclusion of references to statutory or regulatory require-
ments or statutory provision headings or enu-
merators for any specific disclosure”; and (C) by adding at the end the following: “(C) NO MANDATE ON THE ORGANIZATION OF DISCLOSURES.—The Commission may not mandate the specific organization of the disclo-
sures required under this paragraph.”.

SEC. 853. REPEAL OF CERTAIN ATTESTATION REQUIRE-
MENTS RELATING TO CREDIT RATINGS.

Section 15E of the Securities Exchange Act of 1934 (15 U.S.C. 78o–7) is amended— (1) in subsection (c)(3)(B)— (A) in clause (i), by adding “and” at the end; (B) in clause (ii), by striking “; and” and inserting a period; and (C) by striking clause (iii); and (2) in subsection (q)(2)—
(A) in subparagraph (D), by adding “and” at the end;

(B) in subparagraph (E), by striking “; and” and inserting a period; and

(C) by striking subparagraph (F).

SEC. 854. LOOK-BACK REVIEW BY NRSRO.


(1) by striking “Each nationally” and inserting the following:

“(i) IN GENERAL.—Each nationally”;

(2) by striking “underwriter” and inserting “lead underwriter”; 

(3) by striking “in any capacity”;

(4) by striking “during the 1-year period preceding the date an action was taken with respect to the credit rating”; 

(5) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and adjusting the margin of such subclauses accordingly;

(6) in subclause (I), as so redesignated, by inserting before the semicolon the following: “during the 1-year period preceding the departure of the employee from the nationally recognized statistical rating organization”; and
(7) by adding at the end the following:

“(ii) MAINTENANCE OF RATINGS ACTIONS.—In the case of maintenance of ratings actions, the requirement under clause (i) shall only apply to employees of a person subject to a credit rating of the nationally recognized statistical rating organization or an issuer of a security or money market instrument subject to a credit rating of the nationally recognized statistical rating organization.”.

SEC. 855. APPROVAL OF CREDIT RATING PROCEDURES AND METHODOLOGIES.

Section 15E(r)(1)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–7(r)(1)(A)) is amended by inserting “, or the Chief Credit Officer” after “performing a function similar to that of a board”.

SEC. 856. EXCEPTION FOR PROVIDING CERTAIN MATERIAL INFORMATION RELATING TO A CREDIT RATING.

Section 15E(h)(3) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–7(h)(3)) is amended by adding at the end the following:

“(C) Exception for providing certain material information.—Rules issued under
this paragraph may not prohibit a person who participates in sales or marketing of a product or service of a nationally recognized statistical rating organization from providing material information, or information believed in good faith to be material, to the issuance or maintenance of a credit rating to a person who participates in determining or monitoring the credit rating, or developing or approving procedures or methodologies used for determining the credit rating, so long as the information provided is not intended to influence the determination of a credit rating, or the procedures or methodologies used to determine credit ratings.”.

SEC. 857. REPEALS.

(a) REPEALS.—The following provisions of title IX of the Dodd-Frank Wall Street Reform and Consumer Protection Act are repealed, and the provisions of law amended or repealed by such sections are restored or revived as if such sections had not been enacted:

(1) Section 912.
(2) Section 914.
(3) Section 917.
(4) Section 918.
(5) Section 919A.
(6) Section 919B.
(7) Section 919C.
(8) Section 921.
(9) Section 929T.
(10) Section 929X.
(11) Section 929Y.
(12) Section 929Z.
(13) Section 931.
(14) Section 933.
(15) Section 937.
(16) Section 939B.
(17) Section 939C.
(18) Section 939D.
(19) Section 939E.
(20) Section 939F.
(21) Section 939G.
(22) Section 939H.
(23) Section 946.
(24) Subsection (b) of section 953.
(25) Section 955.
(26) Section 956.
(27) Section 964.
(28) Section 965.
(29) Section 968.
(30) Section 971.
(b) CONFORMING AMENDMENTS.—The Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301) is amended—

(1) in the table of contents in section 1(b), by striking the items relating to the sections described under paragraphs (1) through (23), (25) through (38), and (40) of subsection (a);

(2) in section 953, by striking ``(a) DISCLOSURE OF PAY VERSUS PERFORMANCE.—''; and

(3) in section 989G, by striking ``(a) EXEMPTION.—''.
SEC. 858. EXEMPTION OF AND REPORTING BY PRIVATE EQUITY FUND ADVISERS.

Section 203 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3) is amended by adding at the end the following:

“(o) EXEMPTION OF AND REPORTING BY PRIVATE EQUITY FUND ADVISERS.—

“(1) IN GENERAL.—Except as provided in this subsection, no investment adviser shall be subject to the registration or reporting requirements of this title with respect to the provision of investment advice relating to a private equity fund.

“(2) MAINTENANCE OF RECORDS AND ACCESS BY COMMISSION.—Not later than 6 months after the date of enactment of this subsection, the Commission shall issue final rules—

“(A) to require investment advisers described in paragraph (1) to maintain such records and provide to the Commission such annual or other reports as the Commission, taking into account fund size, governance, investment strategy, risk, and other factors, determines necessary and appropriate in the public interest and for the protection of investors; and

“(B) to define the term ‘private equity fund’ for purposes of this subsection.”.
SEC. 859. RECORDS AND REPORTS OF PRIVATE FUNDS.

The Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) is amended—

(1) in section 204(b)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking “investors,” and all that follows and inserting “investors.”;

(ii) by striking subparagraph (B); and

(iii) by striking “this title—” and all that follows through “to maintain” and inserting “this title to maintain”; 

(B) in paragraph (3)(H)—

(i) by striking “, in consultation with the Council,”; and

(ii) by striking “or for the assessment of systemic risk”; 

(C) in paragraph (4), by striking “, or for the assessment of systemic risk”; 

(D) in paragraph (5), by striking “or for the assessment of systemic risk”; 

(E) in paragraph (6)(A)(ii), by striking “, or for the assessment of systemic risk”; 

(F) by striking paragraph (7) and redesignating paragraphs (8) through (11) as paragraphs (7) through (10), respectively; and
(G) in paragraph (8) (as so redesignated),
by striking “paragraph (8)” and inserting
“paragraph (7)”; and
(2) in section 211(e)—
(A) by striking “after consultation with the
Council but”; and
(B) by striking “subsection 204(b)” and
inserting “section 204(b)”.

SEC. 860. DEFINITION OF ACCREDITED INVESTOR.

(a) IN GENERAL.—Section 2(a)(15) of the Securities
Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—
(1) by redesignating clauses (i) and (ii) as sub-
paragraphs (A) and (G), respectively; and
(2) in subparagraph (A) (as so redesignated),
by striking “; or” at the end and inserting a semi-
colon, and inserting after such subparagraph the fol-
lowing:
“(B) any natural person whose individual
net worth, or joint net worth with that person’s
spouse, exceeds $1,000,000 (which amount,
along with the amounts set forth in subpara-
graph (C), shall be adjusted for inflation by the
Commission every 5 years to the nearest
$10,000 to reflect the change in the Consumer
Price Index for All Urban Consumers published
by the Bureau of Labor Statistics) where, for purposes of calculating net worth under this subparagraph—

“(i) the person’s primary residence shall not be included as an asset;

“(ii) indebtedness that is secured by the person’s primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

“(iii) indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;

“(C) any natural person who had an individual income in excess of $200,000 in each of the 2 most recent years or joint income with
that person’s spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

“(D) any natural person who, by reason of their net worth or income, is an accredited investor under section 230.215 of title 17, Code of Federal Regulations (as in effect on the day before the date of enactment of this subpara-

“(E) any natural person who is currently licensed or registered as a broker or investment adviser by the Commission, the Financial Industry Regulatory Authority, or an equivalent self-regulatory organization (as defined in section 3(a)(26) of the Securities Exchange Act of 1934), or the securities division of a State or the equivalent State division responsible for licensing or registration of individuals in connection with securities activities;

“(F) any natural person the Commission determines, by regulation, to have demonstrable education or job experience to qualify such person as having professional knowledge of a subject related to a particular investment, and
whose education or job experience is verified by
the Financial Industry Regulatory Authority or
an equivalent self-regulatory organization (as
defined in section 3(a)(26) of the Securities Ex-
change Act of 1934); or”.

(b) REPEAL.—Section 413 of the Dodd-Frank Wall
Street Reform and Consumer Protection Act (Public Law
111–203) is hereby repealed.

SEC. 861. REPEAL OF CERTAIN PROVISIONS REQUIRING A
STUDY AND REPORT TO CONGRESS.

The following provisions of the Dodd-Frank Wall
Street Reform and Consumer Protection Act are repealed:

(1) Section 412.

(2) Section 415.

(3) Section 416.

(4) Section 417.

SEC. 862. REPEAL.

(a) REPEAL.—The following sections of title XV of
the Dodd-Frank Wall Street Reform and Consumer Pro-
tection Act are repealed, and the provisions of law amend-
ed or repealed by such sections are restored or revived as
if such sections had not been enacted:

(1) Section 1502.

(2) Section 1503.

(3) Section 1504.
(4) Section 1505.

(5) Section 1506.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the items relating to sections 1502, 1503, 1504, 1505, and 1506.

Subtitle C—Harmonization of Derivatives Rules

SEC. 871. COMMISSIONS REVIEW AND HARMONIZATION OF RULES RELATING TO THE REGULATION OF OVER-THE-COUNTER SWAPS MARKETS.

The Securities and Exchange Commission and the Commodity Futures Trading Commission shall review each rule, order, and interpretive guidance issued by either such Commission pursuant to title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 8301 et seq.) and, where the Commissions find inconsistencies in any such rules, orders, or interpretive guidance, shall jointly issue new rules, orders, or interpretive guidance to resolve such inconsistencies.

SEC. 872. TREATMENT OF TRANSACTIONS BETWEEN AFFILIATES.

(a) COMMODITY EXCHANGE ACT.—Section 1a(47) of the Commodity Exchange Act (7 U.S.C. 1a(47)) is amended by adding at the end the following:
“(G) Treatment of swap transactions between affiliates.—

“(i) Exemption from swap rules.—Except as provided under clause (ii), the Commission may not regulate a swap under this Act if all of the following apply to such swap:

“(I) Affiliation.—One counterparty, directly or indirectly, holds a majority ownership interest in the other counterparty, or a third party, directly or indirectly, holds a majority ownership interest in both counterparties.

“(II) Financial statements.—The affiliated counterparty that holds the majority interest in the other counterparty or the third party that, directly or indirectly, holds the majority interests in both affiliated counterparties, reports its financial statements on a consolidated basis under generally accepted accounting principles or International Financial Reporting Standards, or other similar
standards, and the financial statements include the financial results of the majority-owned affiliated counterparty or counterparties.

“(ii) Requirements for Exempted Swaps.—With respect to a swap described under clause (i):

“(I) Reporting Requirement.—If at least one counterparty is a swap dealer or major swap participant, that counterparty shall report the swap pursuant to section 4r, within such time period as the Commission may by rule or regulation prescribe—

“(aa) to a swap data repository; or

“(bb) if there is no swap data repository that would accept the agreement, contract or transaction, to the Commission.

“(II) Risk Management Requirement.—If at least one counterparty is a swap dealer or major swap participant, the swap
shall be subject to a centralized risk management program pursuant to section 4s(j) that is reasonably designed to monitor and to manage the risks associated with the swap.

“(III) Anti-evasion requirement.—The swap shall not be structured to evade the Dodd-Frank Wall Street Reform and Consumer Protection Act in violation of any rule promulgated by the Commission pursuant to section 721(c) of such Act.”.

(b) Securities Exchange Act of 1934.—Section 3(a)(68) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(68)) is amended by adding at the end the following:

“(F) Treatment of security-based swap transactions between affiliates.—

“(i) Exemption from security-based swap rules.—Except as provided under clause (ii), the Commission may not regulate a security-based swap under this Act if all of the following apply to such security-based swap:
“(I) AFFILIATION.—One counterparty, directly or indirectly, holds a majority ownership interest in the other counterparty, or a third party, directly or indirectly, holds a majority ownership interest in both counterparties.

“(II) FINANCIAL STATEMENTS.—The affiliated counterparty that holds the majority interest in the other counterparty or the third party that, directly or indirectly, holds the majority interests in both affiliated counterparties, reports its financial statements on a consolidated basis under generally accepted accounting principles or International Financial Reporting Standards, or other similar standards, and the financial statements include the financial results of the majority-owned affiliated counterparty or counterparties.

“(ii) REQUIREMENTS FOR EXEMPTED SECURITY-BASED SWAPS.—With respect to
a security-based swap described under clause (i):

“(I) Reporting requirement.—If at least one counterparty is a security-based swap dealer or major security-based swap participant, that counterparty shall report the security-based swap pursuant to section 13A, within such time period as the Commission may by rule or regulation prescribe—

“(aa) to a security-based swap data repository; or

“(bb) if there is no security-based swap data repository that would accept the agreement, contract or transaction, to the Commission.

“(II) Risk management requirement.—If at least one counterparty is a security-based swap dealer or major security-based swap participant, the security-based swap shall be subject to a centralized risk management program pursuant to
section 15F(j) that is reasonably de-
signed to monitor and to manage the
risks associated with the security-
based swap.

“(III) ANTI-EVASION REQUIRE-
MENT.—The security-based swap shall
not be structured to evade the Dodd-
Frank Wall Street Reform and Con-
sumer Protection Act in violation of
any rule promulgated by the Commiss-
ion pursuant to section 761(b)(3) of
such Act.”.

TITLE IX—REPEAL OF THE
VOLCKER RULE AND OTHER
PROVISIONS

SEC. 901. REPEALS.

(a) IN GENERAL.—The following sections of title VI
of the Dodd-Frank Wall Street Reform and Consumer
Protection Act are repealed, and the provisions of law
amended or repealed by such sections are restored or re-
vived as if such sections had not been enacted:

(1) Section 603.

(2) Section 618.

(3) Section 619.

(4) Section 620.
(5) Section 621.

(b) CLERICAL AMENDMENT.—The table of contents under section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the items relating to sections 603, 618, 619, 620, and 621.

TITLE X—FED OVERSIGHT
REFORM AND MODERNIZATION

SEC. 1001. REQUIREMENTS FOR POLICY RULES OF THE FEDERAL OPEN MARKET COMMITTEE.

The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended by inserting after section 2B the following new section:

“SEC. 2C. DIRECTIVE POLICY RULES OF THE FEDERAL OPEN MARKET COMMITTEE.

“(a) DEFINITIONS.—In this section the following definitions shall apply:

“(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ‘appropriate congressional committees’ means the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

“(2) DIRECTIVE POLICY RULE.—The term ‘Directive Policy Rule’ means a policy rule developed by the Federal Open Market Committee that meets the
requirements of subsection (c) and that provides the basis for the Open Market Operations Directive.

“(3) GDP.—The term ‘GDP’ means the gross domestic product of the United States as computed and published by the Department of Commerce.

“(4) INTERMEDIATE POLICY INPUT.—The term ‘Intermediate Policy Input’—

“(A) may include any variable determined by the Federal Open Market Committee as a necessary input to guide open-market operations;

“(B) shall include an estimate of, and the method of calculation for, the current rate of inflation or current inflation expectations; and

“(C) shall include, specifying whether the variable or estimate is historical, current, or a forecast and the method of calculation, at least one of—

“(i) an estimate of real GDP, nominal GDP, or potential GDP;

“(ii) an estimate of the monetary aggregate compiled by the Board of Governors of the Federal Reserve System and Federal reserve banks; or
“(iii) an interactive variable or a net estimate composed of the estimates described in clauses (i) and (ii).

“(5) LEGISLATIVE DAY.—The term ‘legislative day’ means a day on which either House of Congress is in session.

“(6) OPEN MARKET OPERATIONS DIRECTIVE.—The term ‘Open Market Operations Directive’ means an order to achieve a specified Policy Instrument Target provided to the Federal Reserve Bank of New York by the Federal Open Market Committee pursuant to powers authorized under section 14 of this Act that guide open-market operations.

“(7) POLICY INSTRUMENT.—The term ‘Policy Instrument’ means—

“(A) the nominal Federal funds rate;

“(B) the nominal rate of interest paid on nonborrowed reserves; or

“(C) the discount window primary credit interest rate most recently published on the Federal Reserve Statistical Release on selected interest rates (daily or weekly), commonly referred to as the H.15 release.

“(8) POLICY INSTRUMENT TARGET.—The term ‘Policy Instrument Target’ means the target for the

“(9) Reference policy rule.—The term ‘Reference Policy Rule’ means a calculation of the nominal Federal funds rate as equal to the sum of the following:

“(A) The rate of inflation over the previous four quarters.

“(B) One-half of the percentage deviation of the real GDP from an estimate of potential GDP.

“(C) One-half of the difference between the rate of inflation over the previous four quarters and two percent.

“(D) Two percent.

“(b) Submitting a Directive Policy Rule.—Not later than 48 hours after the end of a meeting of the Federal Open Market Committee, the Chairman of the Federal Open Market Committee shall submit to the appropriate congressional committees and the Comptroller General of the United States a Directive Policy Rule and a statement that identifies the members of the Federal Open Market Committee who voted in favor of the Directive Policy Rule.
“(c) REQUIREMENTS FOR A DIRECTIVE POLICY RULE.—A Directive Policy Rule shall—

“(1) identify the Policy Instrument the Directive Policy Rule is designed to target;

“(2) describe the strategy or rule of the Federal Open Market Committee for the systematic quantitative adjustment of the Policy Instrument Target to respond to a change in the Intermediate Policy Inputs;

“(3) include a function that comprehensively models the interactive relationship between the Intermediate Policy Inputs;

“(4) include the coefficients of the Directive Policy Rule that generate the current Policy Instrument Target and a range of predicted future values for the Policy Instrument Target if changes occur in any Intermediate Policy Input;

“(5) describe the procedure for adjusting the supply of bank reserves to achieve the Policy Instrument Target;

“(6) include a statement as to whether the Directive Policy Rule substantially conforms to the Reference Policy Rule and, if applicable—

“(A) an explanation of the extent to which it departs from the Reference Policy Rule;
“(B) a detailed justification for that departure; and

“(C) a description of the circumstances under which the Directive Policy Rule may be amended in the future;

“(7) include a certification that the Directive Policy Rule is expected to support the economy in achieving stable prices and maximum natural employment over the long term;

“(8) include a calculation that describes with mathematical precision the expected annual inflation rate over a 5-year period; and

“(9) include a plan to use the most accurate data, subject to all historical revisions, for inputs into the Directive Policy Rule and the Reference Policy Rule.

“(d) GAO REPORT.—The Comptroller General of the United States shall compare the Directive Policy Rule submitted under subsection (b) with the rule that was most recently submitted to determine whether the Directive Policy Rule has materially changed. If the Directive Policy Rule has materially changed, the Comptroller General shall, not later than 7 days after each meeting of the Federal Open Market Committee, prepare and submit a compliance report to the appropriate congressional committees.
specifying whether the Directive Policy Rule submitted after that meeting and the Federal Open Market Committee are in compliance with this section.

“(e) Changing Market Conditions.—

“(1) Rule of construction.—Nothing in this Act shall be construed to require that the plans with respect to the systematic quantitative adjustment of the Policy Instrument Target described under subsection (c)(2) be implemented if the Federal Open Market Committee determines that such plans cannot or should not be achieved due to changing market conditions.

“(2) GAO Approval of Update.—Upon determining that plans described in paragraph (1) cannot or should not be achieved, the Federal Open Market Committee shall submit an explanation for that determination and an updated version of the Directive Policy Rule to the Comptroller General of the United States and the appropriate congressional committees not later than 48 hours after making the determination. The Comptroller General shall, not later than 48 hours after receiving such updated version, prepare and submit to the appropriate congressional committees a compliance report determining whether such updated version and the Fed-
eral Open Market Committee are in compliance with this section.

“(f) DIRECTIVE POLICY RULE AND FEDERAL OPEN MARKET COMMITTEE NOT IN COMPLIANCE.—

“(1) IN GENERAL.—If the Comptroller General of the United States determines that the Directive Policy Rule and the Federal Open Market Committee are not in compliance with this section in the report submitted pursuant to subsection (d), or that the updated version of the Directive Policy Rule and the Federal Open Market Committee are not in compliance with this section in the report submitted pursuant to subsection (e)(2), the Chairman of the Board of Governors of the Federal Reserve System shall, if requested by the chairman of either of the appropriate congressional committees, not later than 7 legislative days after such request, testify before such committee as to why the Directive Policy Rule, the updated version, or the Federal Open Market Committee is not in compliance.

“(2) GAO AUDIT.—Notwithstanding subsection (b) of section 714 of title 31, United States Code, upon submitting a report of noncompliance pursuant to subsection (d) or subsection (e)(2) and after the period of 7 legislative days described in paragraph
(1), the Comptroller General shall audit the conduct of monetary policy by the Board of Governors of the Federal Reserve System and the Federal Open Market Committee upon request of the appropriate congressional committee. Such committee may specify the parameters of such audit.

“(g) CONGRESSIONAL HEARINGS.—The Chairman of the Board of Governors of the Federal Reserve System shall, if requested by the chairman of either of the appropriate congressional committees and not later than 7 legislative days after such request, appear before such committee to explain any change to the Directive Policy Rule.”.

SEC. 1002. FEDERAL OPEN MARKET COMMITTEE BLACKOUT PERIOD.

Section 12A of the Federal Reserve Act (12 U.S.C. 263) is amended by adding at the end the following new subsection:

“(d) BLACKOUT PERIOD.—

“(1) IN GENERAL.—During a blackout period, the only public communications that may be made by members and staff of the Committee with respect to macroeconomic or financial developments or about current or prospective monetary policy issues are the following:
“(A) The dissemination of published data, surveys, and reports that have been cleared for publication by the Board of Governors of the Federal Reserve System.

“(B) Answers to technical questions specific to a data release.

“(C) Communications with respect to the prudential or supervisory functions of the Board of Governors.

“(2) Blackout period defined.—For purposes of this subsection, and with respect to a meeting of the Committee described under subsection (a), the term ‘blackout period’ means the time period that—

“(A) begins immediately after midnight on the day that is one week prior to the date on which such meeting takes place; and

“(B) ends at midnight on the day after the date on which such meeting takes place.

“(3) Exemption for chairman of the board of governors.—Nothing in this section shall prohibit the Chairman of the Board of Governors of the Federal Reserve System from participating in or issuing public communications.”.
SEC. 1003. PUBLIC TRANSCRIPTS OF FOMC MEETINGS.

Section 12A of the Federal Reserve Act (12 U.S.C. 263), as amended by section 1002, is further amended by adding at the end the following:

“(e) PUBLIC TRANSCRIPTS OF MEETINGS.—The Committee shall—

“(1) record all meetings of the Committee; and

“(2) make the full transcript of such meetings available to the public.”.

SEC. 1004. MEMBERSHIP OF FEDERAL OPEN MARKET COMMITTEE.

Section 12A(a) of the Federal Reserve Act (12 U.S.C. 263(a)) is amended—

(1) in the first sentence, by striking “five” and inserting “six”;

(2) in the second sentence, by striking “One by the board of directors” and all that follows through the period at the end and inserting the following: “One by the boards of directors of the Federal Reserve Banks of New York and Boston; one by the boards of directors of the Federal Reserve Banks of Philadelphia and Cleveland; one by the boards of directors of the Federal Reserve Banks of Richmond and Atlanta; one by the boards of directors of the Federal Reserve Banks of Chicago and St. Louis; one by the boards of directors of the Federal Re-
serve Banks of Minneapolis and Kansas City; and
one by the boards of directors of the Federal Re-
serve Banks of Dallas and San Francisco.”; and
(3) by inserting after the second sentence the
following: “In odd numbered calendar years, one
representative shall be elected from each of the Fed-
eral Reserve Banks of Boston, Philadelphia, Rich-
mond, Chicago, Minneapolis, and Dallas. In even-
numbered calendar years, one representative shall be
elected from each of the Federal Reserve Banks of
New York, Cleveland, Atlanta, St. Louis, Kansas
City, and San Francisco.”.

SEC. 1005. FREQUENCY OF TESTIMONY OF THE CHAIRMAN
OF THE BOARD OF GOVERNORS OF THE FED-
ERAL RESERVE SYSTEM TO CONGRESS.
(a) In general.—Section 2B of the Federal Reserve
Act (12 U.S.C. 225b) is amended—
(1) by striking “semi-annual” each place it ap-
ppears and inserting “quarterly”; and
(2) in subsection (a)(2)—
(A) by inserting “and October 20” after
“July 20” each place it appears; and
(B) by inserting “and May 20” after
“February 20” each place it appears.
(b) CONFORMING AMENDMENT.—Paragraph (12) of section 10 of the Federal Reserve Act (12 U.S.C. 247b(12)) is amended by striking “semi-annual” and inserting “quarterly”.

SEC. 1006. VICE CHAIRMAN FOR SUPERVISION REPORT REQUIREMENT.

Paragraph (12) of section 10 of the Federal Reserve Act (12 U.S.C. 247(b)) is amended—

(1) by redesignating such paragraph as paragraph (11); and

(2) in such paragraph, by adding at the end the following: “In each such appearance, the Vice Chairman for Supervision shall provide written testimony that includes the status of all pending and anticipated rulemakings that are being made by the Board of Governors of the Federal Reserve System. If, at the time of any appearance described in this paragraph, the position of Vice Chairman for Supervision is vacant, the Vice Chairman for the Board of Governors of the Federal Reserve System (who has the responsibility to serve in the absence of the Chairman) shall appear instead and provide the required written testimony. If, at the time of any appearance described in this paragraph, both Vice Chairman positions are vacant, the Chairman of the
Board of Governors of the Federal Reserve System shall appear instead and provide the required written testimony.”.

SEC. 1007. SALARIES, FINANCIAL DISCLOSURES, AND OFFICE STAFF OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

(a) In General.—Section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended—

(1) by redesignating the second subsection (s) (relating to “Assessments, Fees, and Other Charges for Certain Companies”) as subsection (t); and

(2) by inserting before subsection (w), as added by section 371(a), the following new subsections:

“(u) ETHICS STANDARDS FOR MEMBERS AND EMPLOYEES.—

“(1) PROHIBITED AND RESTRICTED FINANCIAL INTERESTS AND TRANSACTIONS.—The members and employees of the Board of Governors of the Federal Reserve System shall be subject to the provisions under section 4401.102 of title 5, Code of Federal Regulations, to the same extent as such provisions apply to an employee of the Securities and Exchange Commission.

“(2) TREATMENT OF BROKERAGE ACCOUNTS AND AVAILABILITY OF ACCOUNT STATEMENTS.—The
members and employees of the Board of Governors of the Federal Reserve System shall—

“(A) disclose all brokerage accounts that the member or employee maintains, as well as any accounts in which the member or employee controls trading or has a financial interest (including managed accounts, trust accounts, investment club accounts, and accounts of spouses or minor children who live with the member or employee); and

“(B) with respect to any securities account that the member or employee is required to disclose to the Board of Governors, authorize the brokers and dealers of such account to send duplicate account statements directly to Board of Governors.

“(3) Prohibitions related to outside employment and activities.—The members and employees of the Board of Governors of the Federal Reserve System shall be subject to the prohibitions related to outside employment and activities described under section 4401.103(c) of title 5, Code of Federal Regulations, to the same extent as such prohibitions apply to an employee of the Securities and Exchange Commission.
“(4) ADDITIONAL ETHICS STANDARDS.—The members and employees of the Board of Governors of the Federal Reserve System shall be subject to—

“(A) the employee responsibilities and conduct regulations of the Office of Personnel Management under part 735 of title 5, Code of Federal Regulations;

“(B) the canons of ethics contained in subpart C of part 200 of title 17, Code of Federal Regulations, to the same extent as such subpart applies to the employees of the Securities and Exchange Commission; and

“(C) the regulations concerning the conduct of members and employees and former members and employees contained in subpart M of part 200 of title 17, Code of Federal Regulations, to the same extent as such subpart applies to the employees of the Securities and Exchange Commission.

“(v) DISCLOSURE OF STAFF SALARIES AND FINANCIAL INFORMATION.—The Board of Governors of the Federal Reserve System shall make publicly available, on the website of the Board of Governors, a searchable database that contains the names of all members, officers, and employees of the Board of Governors who receive an annual
salary in excess of the annual rate of basic pay for GS–
15 of the General Schedule, and—

“(1) the yearly salary information for such individ-
uals, along with any nonsalary compensation re-
ceived by such individuals; and

“(2) any financial disclosures required to be
made by such individuals.”.

(b) Office Staff for Each Member of the
Board of Governors.—Subsection (l) of section 11 of
the Federal Reserve Act (12 U.S.C. 248) is amended by
adding at the end the following: “Each member of the
Board of Governors of the Federal Reserve System may
employ, at a minimum, 2 individuals, with such individ-
uals selected by such member and the salaries of such individ-
uals set by such member. A member may employ addi-
tional individuals as determined necessary by the Board
of Governors.”.

SEC. 1008. AMENDMENTS TO POWERS OF THE BOARD OF
GOVERNORS OF THE FEDERAL RESERVE SYS-
TEM.

(a) In General.—Section 13(3) of the Federal Re-
serve Act (12 U.S.C. 343(3)), as amended by section
111(b)(3), is further amended—

(1) in subparagraph (A)—
(A) by inserting “that pose a threat to the financial stability of the United States” after “unusual and exigent circumstances”; and

(B) by inserting “and by the affirmative vote of not less than nine presidents of the Federal reserve banks” after “five members”;

(2) in subparagraph (B)—

(A) in clause (i), by inserting at the end the following: “Federal reserve banks may not accept equity securities issued by the recipient of any loan or other financial assistance under this paragraph as collateral. Not later than 6 months after the date of enactment of this sentence, the Board shall, by rule, establish—

“(I) a method for determining the sufficiency of the collateral required under this paragraph;

“(II) acceptable classes of collateral;

“(III) the amount of any discount on the value of the collateral that the Federal reserve banks will apply for purposes of calculating the sufficiency of collateral under this paragraph; and
“(IV) a method for obtaining independent appraisals of the value of collateral the Federal reserve banks receive.”; and

(B) in clause (ii)—

(i) by striking the second sentence; and

(ii) by inserting after the first sentence the following: “A borrower shall not be eligible to borrow from any emergency lending program or facility unless the Board and all Federal banking regulators with jurisdiction over the borrower certify that, at the time the borrower initially borrows under the program or facility, the borrower is not insolvent.”;

(3) by inserting “financial institution” before “participant” each place such term appears;

(4) in subparagraph (D)(i), by inserting “financial institution” before “participants”; and

(5) by adding at the end the following new sub paragraphs:

“(E) PENALTY RATE.—

“(i) IN GENERAL.—Not later than 6 months after the date of enactment of this
paragraph, the Board shall, with re-
spect to a recipient of any loan or other fi-
nancial assistance under this paragraph,
establish by rule a minimum interest rate
on the principal amount of any loan or
other financial assistance.

“(ii) MINIMUM INTEREST RATE DE-
FINED.—In this subparagraph, the term
‘minimum interest rate’ shall mean the
sum of—

“(I) the average of the secondary
discount rate of all Federal Reserve
banks over the most recent 90-day pe-
riod; and

“(II) the average of the dif-
ference between a distressed corporate
bond yield index (as defined by rule of
the Board) and a bond yield index of
debt issued by the United States (as
defined by rule of the Board) over the
most recent 90-day period.

“(F) FINANCIAL INSTITUTION PARTICI-
PANT DEFINED.—For purposes of this para-
graph, the term ‘financial institution partici-
 pant’—
“(i) means a company that is predominantly engaged in financial activities (as defined in section 102(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5311(a))); and

“(ii) does not include an agency described in subparagraph (W) of section 5312(a)(2) of title 31, United States Code, or an entity controlled or sponsored by such an agency.”.

(b) CONFORMING AMENDMENT.—Section 11(r)(2)(A) of the Federal Reserve Act (12 U.S.C. 248(r)(2)(A)) is amended—

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

(2) in clause (iii), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following new clause:

“(iv) the available members secure the affirmative vote of not less than nine presidents of the Federal reserve banks.”.
SEC. 1009. INTEREST RATES ON BALANCES MAINTAINED AT A FEDERAL RESERVE BANK BY DEPOSITORY INSTITUTIONS ESTABLISHED BY FEDERAL OPEN MARKET COMMITTEE.

Subparagraph (A) of section 19(b)(12) of the Federal Reserve Act (12 U.S.C. 461(b)(12)(A)) is amended by inserting “established by the Federal Open Market Committee” after “rate or rates”.

SEC. 1010. AUDIT REFORM AND TRANSPARENCY FOR THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

(a) In general.—Notwithstanding section 714 of title 31, United States Code, or any other provision of law, the Comptroller General of the United States shall annually complete an audit of the Board of Governors of the Federal Reserve System and the Federal reserve banks under subsection (b) of such section 714 within 12 months after the date of the enactment of this Act.

(b) Report.—

(1) In general.—Not later than 90 days after each audit required pursuant to subsection (a) is completed, the Comptroller General—

(A) shall submit to Congress a report on such audit; and

(B) shall make such report available to the Speaker of the House, the majority and minor-
ity leaders of the House of Representatives, the
majority and minority leaders of the Senate, the
Chairman and Ranking Member of the com-
mittee and each subcommittee of jurisdiction in
the House of Representatives and the Senate,
and any other Member of Congress who re-
quests the report.

(2) CONTENTS.—The report under paragraph
(1) shall include a detailed description of the find-
ings and conclusion of the Comptroller General with
respect to the audit that is the subject of the report,
together with such recommendations for legislative
or administrative action as the Comptroller General
may determine to be appropriate.

(c) REPEAL OF CERTAIN LIMITATIONS.—Subsection
(b) of section 714 of title 31, United States Code, is
amended by striking the second sentence.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—
(1) IN GENERAL.—Section 714 of title 31,
United States Code, is amended—

(A) in subsection (d)(3), by striking “or
(f)” each place such term appears;

(B) in subsection (e), by striking “the
third undesignated paragraph of section 13”
and inserting “section 13(3)”; and
(C) by striking subsection (f).

(2) **Federal Reserve Act.**—Subsection (s) (relating to “Federal Reserve Transparency and Release of Information”) of section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended—

(A) in paragraph (4)(A), by striking “has the same meaning as in section 714(f)(1)(A) of title 31, United States Code” and inserting “means a program or facility, including any special purpose vehicle or other entity established by or on behalf of the Board of Governors of the Federal Reserve System or a Federal reserve bank, authorized by the Board of Governors under section 13(3), that is not subject to audit under section 714(e) of title 31, United States Code”;

(B) in paragraph (6), by striking “or in section 714(f)(3)(C) of title 31, United States Code, the information described in paragraph (1) and information concerning the transactions described in section 714(f) of such title,” and inserting “the information described in paragraph (1)”;

and

(C) in paragraph (7), by striking “and section 13(3)(C), section 714(f)(3)(C) of title 31,
United States Code, and” and inserting “, section 13(3)(C), and”.

SEC. 1011. ESTABLISHMENT OF A CENTENNIAL MONETARY COMMISSION.

(a) FINDINGS.—Congress finds the following:

(1) The Constitution endows Congress with the power “to coin money, regulate the value thereof”.

(2) Following the financial crisis known as the Panic of 1907, Congress established the National Monetary Commission to provide recommendations for the reform of the financial and monetary systems of the United States.

(3) Incorporating several of the recommendations of the National Monetary Commission, Congress created the Federal Reserve System in 1913. As currently organized, the Federal Reserve System consists of the Board of Governors in Washington, District of Columbia, and the Federal reserve banks organized into 12 districts around the United States. The stockholders of the 12 Federal reserve banks include national and certain State-chartered commercial banks, which operate on a fractional reserve basis.

(4) Originally, Congress gave the Federal Reserve System a monetary mandate to provide an
elastic currency, within the context of a gold standard, in response to seasonal fluctuations in the demand for currency.

(5) Congress also gave the Federal Reserve System a financial stability mandate to serve as the lender of last resort to solvent but illiquid banks during a financial crisis.

(6) In 1977, Congress changed the monetary mandate of the Federal Reserve System to a dual mandate for maximum employment and stable prices.

(7) Empirical studies and historical evidence, both within the United States and in other countries, demonstrate that price stability is desirable because both inflation and deflation damage the economy.

(8) The economic challenge of recent years—most notably the bursting of the housing bubble, the financial crisis of 2008, and the ensuing anemic recovery—have occurred at great cost in terms of lost jobs and output.

(9) Policymakers are reexamining the structure and functioning of financial institutions and markets to determine what, if any, changes need to be made...
to place the financial system on a stronger, more sustainable path going forward.

(10) The Federal Reserve System has taken extraordinary actions in response to the recent economic challenges.

(11) The Federal Open Market Committee has engaged in multiple rounds of quantitative easing, providing unprecedented liquidity to financial markets, while committing to holding short-term interest rates low for a seemingly indefinite period, and pursuing a policy of credit allocation by purchasing Federal agency debt and mortgage-backed securities.

(12) In the wake of the recent extraordinary actions of the Federal Reserve System, Congress—consistent with its constitutional responsibilities and as it has done periodically throughout the history of the United States—has once again renewed its examination of monetary policy.

(13) Central in such examination has been a renewed look at what is the most proper mandate for the Federal Reserve System to conduct monetary policy in the 21st century.

(b) Establishment of a Centennial Monetary Commission.—There is established a commission to be
known as the “Centennial Monetary Commission” (in this section referred to as the “Commission”).

(c) Study and Report on Monetary Policy.—

(1) Study.—The Commission shall—

(A) examine how United States monetary policy since the creation of the Board of Governors of the Federal Reserve System in 1913 has affected the performance of the United States economy in terms of output, employment, prices, and financial stability over time;

(B) evaluate various operational regimes under which the Board of Governors of the Federal Reserve System and the Federal Open Market Committee may conduct monetary policy in terms achieving the maximum sustainable level of output and employment and price stability over the long term, including—

(i) discretion in determining monetary policy without an operational regime;

(ii) price level targeting;

(iii) inflation rate targeting;

(iv) nominal gross domestic product targeting (both level and growth rate);

(v) the use of monetary policy rules; and
(vi) the gold standard;

(C) evaluate the use of macro-prudential supervision and regulation as a tool of monetary policy in terms of achieving the maximum sustainable level of output and employment and price stability over the long term;

(D) evaluate the use of the lender-of-last-resort function of the Board of Governors of the Federal Reserve System as a tool of monetary policy in terms of achieving the maximum sustainable level of output and employment and price stability over the long term;

(E) recommend a course for United States monetary policy going forward, including—

(i) the legislative mandate;

(ii) the operational regime;

(iii) the securities used in open-market operations; and

(iv) transparency issues; and

(F) consider the effects of the GDP output and employment targets of the “dual mandate” (both from the creation of the dual mandate in 1977 until the present time and estimates of the future effect of the dual mandate) on—

(i) United States economic activity;
(ii) actions of the Board of Governors
of the Federal Reserve System; and

(iii) Federal debt.

(2) REPORT.—Not later than 1 year after the
date of the enactment of this section, the Commiss-
ion shall submit to Congress and make publicly
available a report containing a statement of the find-
ings and conclusions of the Commission in carrying
out the study under paragraph (1), together with
the recommendations the Commission considers ap-
propriate. In making such report, the Commission
shall specifically report on the considerations re-
quired under paragraph (1)(F).

(d) MEMBERSHIP.—

(1) NUMBER AND APPOINTMENT.—

(A) APPOINTED VOTING MEMBERS.—The
Commission shall contain 12 voting members as
follows:

(i) Six members appointed by the
Speaker of the House of Representatives,
with four members from the majority party
and two members from the minority party.

(ii) Six members appointed by the
President Pro Tempore of the Senate, with
four members from the majority party and
two members from the minority party.

(B) CHAIRMAN.—The Speaker of the
House of Representatives and the majority
leader of the Senate shall jointly designate one
of the members of the Commission as Chair-
man.

(C) NON-VOTING MEMBERS.—The Com-
mission shall contain 2 non-voting members as
follows:

(i) One member appointed by the Sec-
retary of the Treasury.

(ii) One member who is the president
of a district Federal reserve bank ap-
pointed by the Chair of the Board of Gov-
ernors of the Federal Reserve System.

(2) PERIOD OF APPOINTMENT.—Each member
shall be appointed for the life of the Commission.

(3) TIMING OF APPOINTMENT.—All members of
the Commission shall be appointed not later than 30
days after the date of the enactment of this section.

(4) VACANCIES.—A vacancy in the Commission
shall not affect its powers, and shall be filled in the
manner in which the original appointment was
made.
(5) **Meetings.**—

(A) **Initial Meeting.**—The Commission shall hold its initial meeting and begin the operations of the Commission as soon as is practicable.

(B) **Further Meetings.**—The Commission shall meet upon the call of the Chair or a majority of its members.

(6) **Quorum.**—Seven voting members of the Commission shall constitute a quorum but a lesser number may hold hearings.

(7) **Member of Congress Defined.**—In this subsection, the term “Member of Congress” means a Senator or a Representative in, or Delegate or Resident Commissioner to, the Congress.

(e) **Powers.**—

(1) **Hearings and Sessions.**—The Commission or, on the authority of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out this section, hold hearings, sit and act at times and places, take testimony, receive evidence, or administer oaths as the Commission or such subcommittee or member thereof considers appropriate.
(2) **Contract Authority.**—To the extent or in the amounts provided in advance in appropriation Acts, the Commission may contract with and compensate government and private agencies or persons to enable the Commission to discharge its duties under this section, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(3) **Obtaining Official Data.**—

(A) **In general.**—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the Government, any information, including suggestions, estimates, or statistics, for the purposes of this section.

(B) **Requesting official data.**—The head of such department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the government shall, to the extent authorized by law, furnish such information upon request made by—

(i) the Chair;

(ii) the Chair of any subcommittee created by a majority of the Commission; or
(iii) any member of the Commission
designated by a majority of the commission
to request such information.

(4) Assistance from Federal Agencies.—

(A) General Services Administration.—The Administrator of General Services
shall provide to the Commission on a reimburs-
able basis administrative support and other
services for the performance of the functions of
the Commission.

(B) Other Departments and Agencies.—In addition to the assistance prescribed
in subparagraph (A), at the request of the
Commission, departments and agencies of the
United States shall provide such services, funds,
facilities, staff, and other support services as
may be authorized by law.

(5) Postal Service.—The Commission may
use the United States mails in the same manner and
under the same conditions as other departments and
agencies of the United States.

(f) Commission Personnel.—

(1) Appointment and Compensation of
Staff.—
(A) IN GENERAL.—Subject to rules prescribed by the Commission, the Chair may appoint and fix the pay of the executive director and other personnel as the Chair considers appropriate.

(B) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of level V of the Executive Schedule.

(2) CONSULTANTS.—The Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the rate of pay for a person occupying a position at level IV of the Executive Schedule.

(3) STAFF OF FEDERAL AGENCIES.—Upon request of the Commission, the head of any Federal department or agency may detail, on a reimbursable
basis, any of the personnel of such department or
agency to the Commission to assist it in carrying out
its duties under this section.

(g) TERMINATION OF COMMISSION.—

(1) IN GENERAL.—The Commission shall termi-
nate 6 months after the date on which the report is
submitted under subsection (e)(2).

(2) ADMINISTRATIVE ACTIVITIES BEFORE TER-
MINATION.—The Commission may use the period be-
tween the submission of its report and its termi-
nation for the purpose of concluding its activities,
including providing testimony to the committee of
Congress concerning its report.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is
authorized to be appropriated to carry out this section
$1,000,000, which shall remain available until the date on
which the Commission terminates.
TITLE XI—IMPROVING INSURANCE COORDINATION THROUGH AN INDEPENDENT ADVOCATE

SEC. 1101. REPEAL OF THE FEDERAL INSURANCE OFFICE;
CREATION OF THE OFFICE OF THE INDEPENDENT INSURANCE ADVOCATE.

(a) Establishment.—Section 313 of title 31, United States Code, is amended to read as follows (and conforming the table of contents for chapter 3 of such title accordingly):

“§ 313. Office of the Independent Insurance Advocate

“(a) Establishment.—There is established in the Department of the Treasury a bureau to be known as the Office of the Independent Insurance Advocate (in this section referred to as the ‘Office’).

“(b) Independent Insurance Advocate.—

“(1) Establishment of position.—The chief officer of the Office of the Independent Insurance Advocate shall be known as the Independent Insurance Advocate. The Independent Insurance Advocate shall perform the duties of such office under the general direction of the Secretary of the Treasury.

“(2) Appointment.—The Independent Insurance Advocate shall be appointed by the President,
by and with the advice and consent of the Senate, from among persons having insurance expertise.

“(3) Term.—

“(A) In general.—The Independent Insurance Advocate shall serve a term of 6 years, unless sooner removed by the President upon reasons which shall be communicated to the Senate.

“(B) Service after expiration.—If a successor is not nominated and confirmed by the end of the term of service of the Independent Insurance Advocate, the person serving as Independent Insurance Advocate shall continue to serve until such time a successor is appointed and confirmed.

“(C) Vacancy.—An Independent Insurance Advocate who is appointed to serve the remainder of a predecessor’s uncompleted term shall be eligible thereafter to be appointed to a full 6 year term.

“(D) Acting official on financial stability oversight council.—In the event of a vacancy in the office of the Independent Insurance Advocate, and pending the appointment and confirmation of a successor, or during
the absence or disability of the Independent Ins-
surance Advocate, the President shall appoint a
federal official appointed by the President and
confirmed by the Senate from a member agency
of the Financial Stability Oversight Council, not
otherwise serving on the Council, who shall
serve as a member of the Council and act in the
place of the Independent Insurance Advocate
until such vacancy, absence, or disability con-
cludes.

“(4) EMPLOYMENT.—The Independent Insur-
ance Advocate shall be an employee of the Federal
Government within the definition of employee under
section 2105 of title 5, United States Code.

“(c) INDEPENDENCE; OVERSIGHT.—

“(1) INDEPENDENCE.—The Secretary of the
Treasury may not delay or prevent the issuance of
any rule or the promulgation of any regulation by
the Independent Insurance Advocate, and may not
intervene in any matter or proceeding before the
Independent Insurance Advocate, unless otherwise
specifically provided by law.

“(2) OVERSIGHT BY INSPECTOR GENERAL.—
The Office of the Independent Insurance Advocate
shall be an office in the establishment of the Depart-

“(d) Retention of Existing State Regulatory Authority.—Nothing in this section or section 314 shall be construed to establish or provide the Office or the Department of the Treasury with general supervisory or regulatory authority over the business of insurance.

“(e) Budget.—

“(1) Annual Transmittal.—For each fiscal year, the Independent Insurance Advocate shall transmit a budget estimate and request to the Secretary of the Treasury, which shall specify the aggregate amount of funds requested for such fiscal year for the operations of the Office of the Independent Insurance Advocate.

“(2) Inclusions.—In transmitting the proposed budget to the President for approval, the Secretary of the Treasury shall include—

“(A) an aggregate request for the Independent Insurance Advocate; and

“(B) any comments of the Independent Insurance Advocate with respect to the proposal.

“(3) President’s Budget.—The President shall include in each budget of the United States Government submitted to the Congress—
“(A) a separate statement of the budget estimate prepared in accordance with paragraph (1);

“(B) the amount requested by the President for the Independent Insurance Advocate; and

“(C) any comments of the Independent Insurance Advocate with respect to the proposal if the Independent Insurance Advocate concludes that the budget submitted by the President would substantially inhibit the Independent Insurance Advocate from performing the duties of the office.

“(f) ASSISTANCE.—The Secretary of the Treasury shall provide the Independent Insurance Advocate such services, funds, facilities and other support services as the Independent Insurance Advocate may request and as the Secretary may approve.

“(g) PERSONNEL.—

“(1) EMPLOYEES.—The Independent Insurance Advocate may fix the number of, and appoint and direct, the employees of the Office, in accordance with the applicable provisions of title 5, United States Code. The Independent Insurance Advocate is authorized to employ attorneys, analysts, economists,
and other employees as may be deemed necessary to assist the Independent Insurance Advocate to carry out the duties and functions of the Office. Unless otherwise provided expressly by law, any individual appointed under this paragraph shall be an employee as defined in section 2105 of title 5, United States Code, and subject to the provisions of such title and other laws generally applicable to the employees of the Executive Branch.

“(2) COMPENSATION.—Employees of the Office shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates.

“(3) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Independent Insurance Advocate may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for Level V of the Executive Schedule under section 5316 of such title.

“(4) DETAILS.—Any employee of the Federal Government may be detailed to the Office with or without reimbursement, and such detail shall be
without interruption or loss of civil service status or privilege. An employee of the Federal Government detailed to the Office shall report to and be subject to oversight by the Independent Insurance Advocate during the assignment to the office, and may be compensated by the branch, department, or agency from which the employee was detailed.

“(5) INTERGOVERNMENTAL PERSONNEL.—The Independent Insurance Advocate may enter into agreements under subchapter VI of chapter 33 of title 5, United States Code, with State and local governments, institutions of higher education, Indian tribal governments, and other eligible organizations for the assignment of intermittent, part-time, and full-time personnel, on a reimbursable or non-reimbursable basis.

“(h) ETHICS.—

“(1) DESIGNATED ETHICS OFFICIAL.—The Legal Counsel of the Financial Stability Oversight Council, or in the absence of a Legal Counsel of the Council, the designated ethics official of any Council member agency, as chosen by the Independent Insurance Advocate, shall be the ethics official for the Independent Insurance Advocate.
“(2) Restriction on representation.—In addition to any restriction under section 205(c) of title 18, United States Code, except as provided in subsections (d) through (i) of section 205 of such title, the Independent Insurance Advocate (except in the proper discharge of official duties) shall not, with or without compensation, represent anyone to or before any officer or employee of—

“(A) the Financial Stability Oversight Council on any matter; or

“(B) the Department of Justice with respect to litigation involving a matter described in subparagraph (A).

“(3) Compensation for services provided by another.—For purposes of section 203 of title 18, United States Code, and if a special government employee—

“(A) the Independent Insurance Advocate shall not be subject to the restrictions of subsection (a)(1) of section 203, of title 18, United States Code, for sharing in compensation earned by another for representations on matters covered by such section; and

“(B) a person shall not be subject to the restrictions of subsection (a)(2) of such section
for sharing such compensation with the Independent Insurance Advocate.

“(i) **Advisory, Technical, and Professional Committees.**—The Independent Insurance Advocate may appoint such special advisory, technical, or professional committees as may be useful in carrying out the functions of the Office and the members of such committees may be staff of the Office, or other persons, or both.

“(j) **Mission and Functions.**—

“(1) **Mission.**—In carrying out the functions under this subsection, the mission of the Office shall be to act as an independent advocate on behalf of the interests of United States policyholders on prudential aspects of insurance matters of importance, and to provide perspective on protecting their interests, separate and apart from any other Federal agency or State insurance regulator.

“(2) **Office.**—The Office shall have the authority—

“(A) to coordinate Federal efforts on prudential aspects of international insurance matters, including representing the United States, as appropriate, in the International Association of Insurance Supervisors (or a successor entity) and assisting the Secretary in negotiating cov-
ered agreements (as such term is defined in subsection (q)) in coordination with States (including State insurance commissioners) and the United States Trade Representative;

“(B) to consult with the States (including State insurance regulators) regarding insurance matters of national importance and prudential insurance matters of international importance;

“(C) to assist the Secretary in administering the Terrorism Insurance Program established in the Department of the Treasury under the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note);

“(D) to observe all aspects of the insurance industry, including identifying issues or gaps in the regulation of insurers that could contribute to a systemic crisis in the insurance industry or the United States financial system; and

“(E) to make determinations and exercise the authority under subsection (m) with respect to covered agreements and State insurance measures.

“(3) MEMBERSHIP ON FINANCIAL STABILITY OVERSIGHT COUNCIL.—

“(B) AUTHORITY.—To assist the Financial Stability Oversight Council with its responsibilities to monitor international insurance developments, advise the Congress, and make recommendations, the Independent Insurance Advocate shall have the authority—

“(i) to regularly consult with international insurance supervisors and international financial stability counterparts;

“(ii) to consult with the Board of Governors of the Federal Reserve System and the States with respect to representing the United States, as appropriate, in the International Association of Insurance Supervisors (including to become a non-voting member thereof), particularly on matters of systemic risk;

“(iii) to participate at the Financial Stability Board of The Group of Twenty
and to join with other members from the
United States including on matters related
to insurance; and

“(iv) to participate with the United
States delegation to the Organization for
Economic Cooperation and Development
and observe and participate at the Insur-
ance and Private Pensions Committee.

“(4) LIMITATIONS ON PARTICIPATION IN SU-
PERVERISORY COLLEGES.—The Office may not engage
in any activities that it is not specifically authorized
to engage in under this section or any other provi-
sion of law, including participation in any super-
visory college or other meetings or fora for coopera-
tion and communication between the involved insur-
ance supervisors established for the fundamental
purpose of facilitating the effectiveness of super-
vision of entities which belong to an insurance
group.

“(k) SCOPE.—The authority of the Office as specified
and limited in this section shall extend to all lines of insur-
ance except—

“(1) health insurance, as determined by the
Secretary in coordination with the Secretary of
Health and Human Services based on section 2791
of the Public Health Service Act (42 U.S.C. 300gg-91);

“(2) long-term care insurance, except long-term care insurance that is included with life or annuity insurance components, as determined by the Secretary in coordination with the Secretary of Health and Human Services, and in the case of long-term care insurance that is included with such components, the Secretary shall coordinate with the Secretary of Health and Human Services in performing the functions of the Office; and

“(3) crop insurance, as established by the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

“(l) ACCESS TO INFORMATION.—In carrying out the functions required under subsection (j), the Office may coordinate with any relevant Federal agency and any State insurance regulator (or other relevant Federal or State regulatory agency, if any, in the case of an affiliate of an insurer) and any publicly available sources for the provision to the Office of publicly available information. Notwithstanding any other provision of law, each such relevant Federal agency and State insurance regulator or other Federal or State regulatory agency is authorized to provide to the Office such data or information.
“(m) Preemption Pursuant to Covered Agreements.—

“(1) Standards.—A State insurance measure shall be preempted pursuant to this section or section 314 if, and only to the extent that the Independent Insurance Advocate determines, in accordance with this subsection, that the measure—

“(A) results in less favorable treatment of a non-United States insurer domiciled in a foreign jurisdiction that is subject to a covered agreement than a United States insurer domiciled, licensed, or otherwise admitted in that State; and

“(B) is inconsistent with a covered agreement.

“(2) Determination.—

“(A) Notice of potential inconsistency.—Before making any determination under paragraph (1), the Independent Insurance Advocate shall—

“(i) notify and consult with the appropriate State regarding any potential inconsistency or preemption;

“(ii) notify and consult with the United States Trade Representative re-
regarding any potential inconsistency or pre-
emption;

“(iii) cause to be published in the
Federal Register notice of the issue re-
arding the potential inconsistency or pre-
emption, including a description of each
State insurance measure at issue and any
applicable covered agreement;

“(iv) provide interested parties a rea-
sonable opportunity to submit written com-
ments to the Office; and

“(v) consider any comments received.

“(B) SCOPE OF REVIEW.—For purposes of
this subsection, any determination of the Inde-
pendent Insurance Advocate regarding State in-
surance measures, and any preemption under
paragraph (1) as a result of such determina-
tion, shall be limited to the subject matter con-
tained within the covered agreement involved
and shall achieve a level of protection for insur-
ance or reinsurance consumers that is substan-
tially equivalent to the level of protection
achieved under State insurance or reinsurance
regulation.
“(C) **Notice of determination of inconsistency.**—Upon making any determination under paragraph (1), the Director shall—

“(i) notify the appropriate State of the determination and the extent of the inconsistency;

“(ii) establish a reasonable period of time, which shall not be less than 30 days, before the determination shall become effective; and

“(iii) notify the Committees on Financial Services and Ways and Means of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Finance of the Senate.

“(3) **Notice of effectiveness.**—Upon the conclusion of the period referred to in paragraph (2)(C)(ii), if the basis for such determination still exists, the determination shall become effective and the Independent Insurance Advocate shall—

“(A) cause to be published a notice in the Federal Register that the preemption has become effective, as well as the effective date; and

“(B) notify the appropriate State.
“(4) LIMITATION.—No State may enforce a State insurance measure to the extent that such measure has been preempted under this subsection.

“(5) APPLICABILITY OF ADMINISTRATIVE PROCEDURES ACT.—Determinations of inconsistency made pursuant to paragraph (2) shall be subject to the applicable provisions of subchapter II of chapter 5 of title 5, United States Code (relating to administrative procedure), and chapter 7 of such title (relating to judicial review), except that in any action for judicial review of a determination of inconsistency, the court shall determine the matter de novo.

“(n) CONSULTATION.—The Independent Insurance Advocate shall consult with State insurance regulators, individually or collectively, to the extent the Independent Insurance Advocate determines appropriate, in carrying out the functions of the Office.

“(o) NOTICES AND REQUESTS FOR COMMENT.—In addition to the other functions and duties specified in this section, the Independent Insurance Advocate may prescribe such notices and requests for comment in the Federal Register as are deemed necessary related to and governing the manner in which the duties and authorities of the Independent Insurance Advocate are carried out;
“(p) SAVINGS PROVISIONS.—Nothing in this section shall—

“(1) preempt—

“(A) any State insurance measure that governs any insurer’s rates, premiums, underwriting, or sales practices;

“(B) any State coverage requirements for insurance;

“(C) the application of the antitrust laws of any State to the business of insurance; or

“(D) any State insurance measure governing the capital or solvency of an insurer, except to the extent that such State insurance measure results in less favorable treatment of a non-United State insurer than a United States insurer; or

“(2) affect the preemption of any State insurance measure otherwise inconsistent with and preempted by Federal law.

“(q) RETENTION OF AUTHORITY OF FEDERAL FINANCIAL REGULATORY AGENCIES.—Nothing in this section or section 314 shall be construed to limit the authority of any Federal financial regulatory agency, including the authority to develop and coordinate policy, negotiate, and enter into agreements with foreign governments, au-
authorities, regulators, and multinational regulatory committees and to preempt State measures to affect uniformity with international regulatory agreements.

“(r) **Retention of Authority of United States Trade Representative.**—Nothing in this section or section 314 shall be construed to affect the authority of the Office of the United States Trade Representative pursuant to section 141 of the Trade Act of 1974 (19 U.S.C. 2171) or any other provision of law, including authority over the development and coordination of United States international trade policy and the administration of the United States trade agreements program.

“(s) **Congressional Testimony.**—The Independent Insurance Advocate shall appear before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs at semi-annual hearings and shall provide testimony, which shall include submitting written testimony in advance of such appearances to such committees and to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, on the following matters:

“(1) **Office Activities.**—The efforts, activities, objectives, and plans of the Office.
“(2) Section 313(l) Actions.—Any actions taken by the Office pursuant to subsection (l) (regarding preemption pursuant to covered agreements).

“(3) Insurance Industry.—The state of, and developments in, the insurance industry.

“(4) U.S. and Global Insurance and Reinsurance Markets.—The breadth and scope of the global insurance and reinsurance markets and the critical role such markets plays in supporting insurance in the United States and the ongoing impacts of part II of the Nonadmitted and Reinsurance Reform Act of 2010 on the ability of State regulators to access reinsurance information for regulated companies in their jurisdictions.

“(5) Other.—Any other matters as deemed relevant by the Independent Insurance Advocate or requested by such Committees.

“(t) Report Upon End of Term of Office.—Not later than two months prior to the expiration of the term of office, or discontinuation of service, of each individual serving as the Independent Insurance Advocate, the Independent Insurance Advocate shall submit a report to the Committees on Financial Services and Ways and Means of the House of Representatives and the Committees on
Banking, Housing, and Urban Affairs and Finance of the Senate setting forth recommendations regarding the Financial Stability Oversight Council and the role, duties, and functions of the Independent Insurance Advocate.

“(u) DEFINITIONS.—In this section and section 314, the following definitions shall apply:

“(1) AFFILIATE.—The term ‘affiliate’ means, with respect to an insurer, any person who controls, is controlled by, or is under common control with the insurer.

“(2) COVERED AGREEMENT.—The term ‘covered agreement’ means a written bilateral or multilateral agreement regarding prudential measures with respect to the business of insurance or reinsurance that—

“(A) is entered into between the United States and one or more foreign governments, authorities, or regulatory entities; and

“(B) relates to the recognition of prudential measures with respect to the business of insurance or reinsurance that achieves a level of protection for insurance or reinsurance consumers that is substantially equivalent to the level of protection achieved under State insurance or reinsurance regulation.
“(3) Insurer.—The term ‘insurer’ means any person engaged in the business of insurance, including reinsurance.

“(4) Federal financial regulatory agency.—The term ‘Federal financial regulatory agency’ means the Department of the Treasury, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, or the National Credit Union Administration.

“(5) Financial stability oversight council.—The term ‘Financial Stability Oversight Council’ means the Financial Stability Oversight Council established under section 111(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5321(a)).

“(6) Member agency.—The term ‘member agency’ has the meaning given such term in section 111(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5321(a)).

“(7) Non-United States insurer.—The term ‘non-United States insurer’ means an insurer that is
organized under the laws of a jurisdiction other than a State, but does not include any United States branch of such an insurer.

“(8) Office.—The term ‘Office’ means the Office of the Independent Insurance Advocate established by this section.

“(9) State insurance measure.—The term ‘State insurance measure’ means any State law, regulation, administrative ruling, bulletin, guideline, or practice relating to or affecting prudential measures applicable to insurance or reinsurance.

“(10) State insurance regulator.—The term ‘State insurance regulator’ means any State regulatory authority responsible for the supervision of insurers.

“(11) Substantially equivalent to the level of protection achieved.—The term ‘substantially equivalent to the level of protection achieved’ means the prudential measures of a foreign government, authority, or regulatory entity achieve a similar outcome in consumer protection as the outcome achieved under State insurance or reinsurance regulation.

“(12) United States insurer.—The term ‘United States insurer’ means—
“(A) an insurer that is organized under the laws of a State; or

“(B) a United States branch of a non-United States insurer.”.

(b) PAY AT LEVEL III OF EXECUTIVE SCHEDULE.—Section 5314 of title 5, United States Code, is amended by adding at the end the following new item:

“Independent Insurance Advocate, Department of the Treasury.”.

(c) INDEPENDENCE.—Section 111 of Public Law 93-495 (12 U.S.C. 250) is amended—

(1) by inserting “the Independent Insurance Advocate of the Department of the Treasury,” after “Federal Housing Finance Agency,”; and

(2) by inserting “or official” before “submitting them”.

(d) TRANSFER OF EMPLOYEES.—All employees of the Department of Treasury who are performing staff functions for the independent member of the Financial Stability Oversight Council under section 111(b)(2)(J) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5321(b)(2)(J)) on a full-time equivalent basis as of the date of enactment of this Act shall be eligible for transfer to the Office of the Independent Insurance Advocate established pursuant to the
amendment made by subsection (a) of this section for ap-
pointment as an employee and shall be transferred at the
joint discretion of the Independent Insurance Advocate
and the eligible employee. Any employee eligible for trans-
fer that is not appointed within 360 days from the date
of enactment of this Act shall be eligible for detail under
section 313(f)(4) of title 31, United States Code.

(e) Temporary Service; Transition.—Notwith-
standing the amendment made by subsection (a) of this
section, during the period beginning on the date of the
enactment of this Act and ending on the date on which
the Independent Insurance Advocate is appointed and con-
firmed pursuant to section 313(b)(2) of title 31, United
States Code, as amended by such amendment, the person
serving, on such date of enactment, as the independent
member of the Financial Stability Oversight Council pur-
suant to section 111(b)(1)(J) of the Dodd-Frank Wall
Street Reform and Consumer Protection Act (12 U.S.C.
5321(b)(1)(J)) shall act for all purposes as, and with the
full powers of, the Independent Insurance Advocate.

(f) Comparability in Compensation Sched-
ules.—Subsection (a) of section 1206 of the Financial
Institutions Reform, Recovery, and Enforcement Act of
1989 (12 U.S.C. 1833b(a)), as amended by section
711(c)(11)(D), is further amended by inserting “the Of-
office of the Independent Insurance Advocate of the Department of the Treasury,” before “and the Farm Credit Administration,”.

(g) SENIOR EXECUTIVES.—Subparagraph (D) of section 3132(a)(1) of title 5, United States Code, is amended by inserting “the Office of the Independent Insurance Advocate of the Department of the Treasury,” after “Finance Agency,”.

SEC. 1102. TREATMENT OF COVERED AGREEMENTS.

Subsection (c) of section 314 of title 31, United States Code is amended—

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

(2) by inserting before paragraph (2), as so redesignated, the following new paragraph:

“(1) the Secretary of the Treasury and the United States Trade Representative have caused to be published in the Federal Register, and made available for public comment for a period of not fewer than 30 days and not greater than 90 days (which period may run concurrently with the 90-day period for the covered agreement referred to in paragraph (3)), the proposed text of the covered agreement;”.

•HR 10 EH
TITLE XII—TECHNICAL CORRECTIONS

SEC. 1201. TABLE OF CONTENTS; DEFINITIONAL CORRECTIONS.

(a) TABLE OF CONTENTS.—The table of contents for the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203; 124 Stat. 1376) is amended by striking the items relating to sections 407 through 414 and inserting the following:

“Sec. 407. Exemption of and reporting by venture capital fund advisers.
“Sec. 408. Exemption of and reporting by certain private fund advisers.
“Sec. 409. Family offices.
“Sec. 410. State and Federal responsibilities; asset threshold for Federal registration of investment advisers.
“Sec. 411. Custody of client assets.
“Sec. 418. Qualified client standard.
“Sec. 419. Transition period.”.

(b) DEFINITIONS.—Section 2 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301) is amended—

(1) in paragraph (1)—

(A) by striking “section 3” and inserting “section 3(w)”; and

(B) by striking “(12 U.S.C. 1813)” and inserting “(12 U.S.C. 1813(w))”;

(2) in paragraph (6), by striking “1 et seq.” and inserting “1a”; and

(3) in paragraph (18)(A)—
(A) by striking “‘bank holding company’,”;

and

(B) by inserting “‘includes’,” before “‘including’,”.

SEC. 1202. ANTITRUST SAVINGS CLAUSE CORRECTIONS.

Section 6 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5303) is amended, in the second sentence—

(1) by inserting “(15 U.S.C. 12(a))” after “Clayton Act”; and

(2) by striking “Act, to” and inserting “Act (15 U.S.C. 45) to”.

SEC. 1203. TITLE I CORRECTIONS.

Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5311 et seq.) is amended—

(1) in section 102(a)(6) (12 U.S.C. 5311(a)(6)), by inserting “(12 U.S.C. 1843(k))” after “of 1956” each place that term appears;

(2) in section 111(c)(3) (12 U.S.C. 5321(c)(3)), by striking “that agency or department head” and inserting “the head of that member agency or department”;

(3) in section 112 (12 U.S.C. 5322)—

(A) in subsection (a)(2)—
(i) in subparagraph (C) (as redesignated by section 151)—

(I) by striking “to monitor” and inserting “monitor”; and

(II) by striking “to advise” and inserting “advise”;

(ii) in subparagraph (H) (as redesignated by section 151), by striking “may”;

and

(B) in subsection (d)(5), by striking “subsection and subtitle B” each place such term appears and inserting “subtitle”; and

(4) in section 171(b)(4)(D) (12 U.S.C. 5371(b)(4)(D)), by adding a period at the end.

SEC. 1204. TITLE III CORRECTIONS.

(a) IN GENERAL.—Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5401 et seq.) is amended—

(1) in section 327(b)(5) (12 U.S.C. 5437(b)(5)), by striking “in” and inserting “into”; 

(2) in section 333(b)(2) (124 Stat. 1539), by inserting “the second place that term appears” before “and inserting”; and

(3) in section 369(5) (124 Stat. 1559)—

(A) in subparagraph (D)(i)—
(i) in subclause (III), by redesignating items (aa), (bb), and (cc) as subitems (AA), (BB), and (CC), respectively, and adjusting the margins accordingly;

(ii) in subclause (IV), by redesignating items (aa) and (bb) as subitems (AA) and (BB), respectively, and adjusting the margins accordingly;

(iii) in subclause (V), by redesignating items (aa), (bb), and (cc) as subitems (AA), (BB), and (CC), respectively, and adjusting the margins accordingly; and

(iv) by redesignating subclauses (III), (IV), and (V) as items (bb), (cc), and (dd), respectively, and adjusting the margins accordingly;

(B) in subparagraph (F)—

(i) in clause (ii), by adding “and” at the end;

(ii) in clause (iii), by striking “and” at the end and inserting a semicolon; and

(iii) by striking clause (iv); and

(C) in subparagraph (G)(i), by inserting “each place such term appears” before “and inserting”.

•HR 10 EH
(b) **Effective Dates.**—

(1) **Section 333.**—The amendment made by subsection (a)(2) of this section shall take effect as though enacted as part of subtitle C of title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 1538).

(2) **Section 369.**—The amendments made by subsection (a)(3) of this section shall take effect as though enacted as part of subtitle E of title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 1546).

**SEC. 1205. TITLE IV CORRECTION.**

Section 414 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 1578) is amended in the section heading by striking ‘‘COMMODITIES’’ and inserting ‘‘COMMODITY’’.

**SEC. 1206. TITLE VI CORRECTIONS.**

(a) **In General.**—Section 610 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 1596) is amended—

(1) by striking subsection (b); and

(2) by redesignating subsection (c) as subsection (b).

(b) **Effective Date.**—The amendments made by subsection (a) of this section shall take effect as though
enacted as part of section 610 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 1611).

SEC. 1207. TITLE VII CORRECTIONS.

(a) IN GENERAL.—Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 8301 et seq.) is amended—

(1) in section 719(c)(1)(B) (15 U.S.C. 8307(c)(1)(B)), by adding a period at the end;

(2) in section 723(a)(1)(B) (124 Stat. 1675), by inserting “, as added by section 107 of the Commodity Futures Modernization Act of 2000 (Appendix E of Public Law 106–554; 114 Stat. 2763A–382),” after “subsection (i)”;

(3) in section 724(a), by striking “adding at the end” and inserting “inserting after subsection (e)”;

(4) in section 734(b)(1) (124 Stat. 1718), by striking “is amended” and all that follows through “(B) in” and inserting “is amended in”;

(5) in section 741(b)(10) (124 Stat. 1732), by striking “1a(19)(A)(iv)(II)” each place it appears and inserting “1a(18)(A)(iv)(II)”;

(6) in section 749 (124 Stat. 1746)—
(A) in subsection (a)(2), by striking “adding at the end” and inserting “inserting after subsection (f)”;

(B) in subsection (h)(1)(B), by inserting “the second place that term appears” before the semicolon.

(b) EFFECTIVE DATE.—The amendments made by paragraphs (3), (4), (5), and (6) of subsection (a) of this section shall take effect as though enacted as part of part II of subtitle A of title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 1658).

SEC. 1208. TITLE IX CORRECTIONS.

Section 939(h)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 1887) is amended—

(1) in the matter preceding subparagraph (A), by inserting “The” before “Commission”; and

(2) by striking “feasability” and inserting “feasibility”.

SEC. 1209. TITLE X CORRECTIONS.

(a) IN GENERAL.—Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5481 et seq.) is amended—
(1) in section 1002(12)(G) (12 U.S.C. 5481(12)(G)), by striking “Home Owners” and inserting “Homeowners”;


(3) in section 1017(a)(2) (as so redesignated by section 712) (12 U.S.C. 5497(a)(5))—

(A) in subparagraph (A), in the last sentence by striking “716(c) of title 31, United States Code” and inserting “716 of title 31, United States Code”; and

(B) in subparagraph (C), by striking “section 3709 of the Revised Statutes of the United States (41 U.S.C. 5)” and inserting “section 6101 of title 41, United States Code”;

(4) in section 1027(d)(1)(B) (12 U.S.C. 5517(d)(1)(B)), by inserting a comma after “(A)”;

(5) in section 1029(d) (12 U.S.C. 5519(d)), by striking the period after “Commission Act”;

(6) in section 1061(b)(7) (12 U.S.C. 5581(b)(7))—
(A) by striking “Secretary of the Department of Housing and Urban Development” each place that term appears and inserting “Department of Housing and Urban Development”; and

(B) in subparagraph (A), by striking “(12 U.S.C. 5102 et seq.)” and inserting “(12 U.S.C. 5101 et seq.)”;

(7) in section 1063 (12 U.S.C. 5583)—

(A) in subsection (f)(1)(B), by striking “that”; and

(B) in subsection (g)(1)(A)—

(i) by striking “(12 U.S.C. 5102 et seq.)” and inserting “(12 U.S.C. 5101 et seq.)”; and

(ii) by striking “seq)” and inserting “seq)”;

(8) in section 1064(i)(1)(A)(iii) (12 U.S.C. 5584(i)(1)(A)(iii)), by inserting a period before “If an”;

(9) in section 1073(c)(2) (12 U.S.C. 5601(c)(2))—

(A) in the paragraph heading, by inserting “AND EDUCATION” after “FINANCIAL LITERACY”; and
(B) by striking “its duties” and inserting “their duties”;

(10) in section 1076(b)(1) (12 U.S.C. 5602(b)(1)), by inserting before the period at the end the following: “, the Agency may, after notice and opportunity for comment, prescribe regulations”;

(11) in section 1077(b)(4)(F) (124 Stat. 2076), by striking “associates” and inserting “associate’s”;

(12) in section 1084(1) (124 Stat. 2081), by inserting a comma after “2009”;

(13) in section 1089 (124 Stat. 2092)—

(A) in paragraph (3)—

(i) in subparagraph (A), by striking “and” at the end; and

(ii) in subparagraph (B)(vi), by striking the period at the end and inserting “; and”;

(B) by redesignating paragraph (4) as subparagraph (C) and adjusting the margins accordingly; and

(14) in section 1098(6) (124 Stat. 2104), by inserting “the first place that term appears” before “and”.

•HR 10 EH
(b) Effective Date.—The amendments made by paragraphs (11), (12), (13), (14), and (15) of subsection (a) shall take effect as though enacted as part of subtitle H of title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 2080).

SEC. 1210. TITLE XII CORRECTION.

Title XII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 2129) is amended, in section 1208(b) (12 U.S.C. 5626(b)), by inserting “, as defined in section 103(10) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702(10)),” after “appropriated to the Fund”.

SEC. 1211. TITLE XIV CORRECTION.

Title XIV of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 2136) is amended, in section 1451(c) (12 U.S.C. 1701x–1(c)), by striking “pursuant”.

SEC. 1212. TECHNICAL CORRECTIONS TO OTHER STATUTES.


(1) in section 802(a)(3) (12 U.S.C. 3801(a)(3)), by striking “the Director of the Office
of Thrift Supervision” and inserting “the Consumer
Law Enforcement Agency”;

(2) in section 804 (12 U.S.C. 3803)—
(A) in subsection (a), by striking “the Di-
rector of the Office of Thrift Supervision” each
place such term appears and inserting “the
Comptroller of the Currency”; and
(B) in subsection (d)(1), by striking the
comma after “Administration”.

(b) Bank Holding Company Act Amendments of
1970.—Section 106(b)(1) of the Bank Holding Company
Act Amendments of 1970 (12 U.S.C. 1972(1)) is amend-
ed, in the undesignated matter at the end, by striking
“Federal Deposit Insurance Company” and inserting
“Federal Deposit Insurance Corporation”.

e) Balanced Budget and Emergency Deficit
Control Act.—Section 255(g)(1)(A) of the Balanced
Budget and Emergency Deficit Control Act of 1985 (2
U.S.C. 905(g)(1)(A)) is amended by striking “Office of
Thrift Supervision (20–4108–0–3–373).”.

d) Bretton Woods Agreements Act.—Section
68(a)(1) of the Bretton Woods Agreements Act (22 U.S.C.
286tt(a)(1)) is amended by striking “Fund,” and insert-
ing “Fund,”.
(c) CAN–SPAM Act of 2003.—Section 7(b)(1)(D) of the CAN–SPAM Act of 2003 (15 U.S.C. 7706(b)(1)(D)) is amended by striking “Director of the Office of Thrift Supervision” and inserting “Comptroller of the Currency or the Board of Directors of Federal Deposit Insurance Corporation, as applicable”.

(f) Children’s Online Privacy Protection Act of 1998.—Section 1306(b)(2) of the Children’s Online Privacy Protection Act of 1998 (15 U.S.C. 6505(b)(2)) is amended by striking “Director of the Office of Thrift Supervision” and inserting “Comptroller of the Currency or the Board of Directors of Federal Deposit Insurance Corporation, as applicable”.


(1) in section 803(1)(C) (12 U.S.C. 2902(1)(C)), by striking the period at the end and inserting a semicolon; and

(2) in section 806 (12 U.S.C. 2905), by striking “companies,” and inserting “companies,”.

(h) Credit Repair Organizations Act.—Section 403(4) of the Credit Repair Organizations Act (15 U.S.C. 1679a(4)) is amended by striking “103(e)” and inserting “103(f)”. 
(i) Depository Institution Management Interlocks Act.—Section 205(9) of the Depository Institution Management Interlocks Act (12 U.S.C. 3204(9)) is amended by striking “Director of the Office of Thrift Supervision” and inserting “appropriate Federal banking agency”.


(k) Electronic Fund Transfer Act.—The Electronic Fund Transfer Act (15 U.S.C. 1693 et seq.) is amended—

(1) in section 903 (15 U.S.C. 1693a)—

(A) in paragraph (2), by striking “103(i)” and inserting “103(j)”; and

(B) by redesignating the first paragraph designated as paragraph (4) (defining the term “Board”), as paragraph (3);

(2) in section 904(a) (15 U.S.C. 1693b(a))—

(A) by redesignating the second paragraph designated as paragraph (1) (relating to consultation with other agencies), the second para-
paragraph designated as paragraph (2) (relating to
the preparation of an analysis of economic im-
pact), paragraph (3), and paragraph (4), as
subparagraphs (A), (B), (C), and (D), respec-
tively, and adjusting the margins accordingly;

(B) by striking “In prescribing such regu-
lations, the Board shall:” and inserting the fol-
lowing:

“(3) REGULATIONS.—In prescribing regulations
under this subsection, the Agency and the Board
shall—”;

(C) in paragraph (3)(C), as so redesig-
nated, by striking “the Board shall”; and

(D) in paragraph (3)(D), as so redesig-
nated—

(i) by inserting “send promptly” be-
fore “any”; and

(ii) by striking “shall be sent prompt-
ly to Congress by the Board” and inserting
“to Congress”;

(3) in section 909(c) (15 U.S.C. 1693g(c)), by
striking “103(e)” and inserting “103(f)”;

(4) in section 918(a)(4) (15 U.S.C.
1693o(a)(4), by striking “Act and” and inserting
“Act; and”;

•HR 10 EH
(5) by redesignating the section added by section 1073(4) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (relating to remittance transfers) (15 U.S.C. 1693o–1) as section 920 of the Electronic Fund Transfer Act;

(6) by redesignating the section headed “Reasonable fees and rules for payment card transaction” (15 U.S.C. 1693o–2) as section 921 of the Electronic Fund Transfer Act;

(7) by redesignating the section headed “Relation to State laws” (15 U.S.C. 1693q) as section 922 of the Electronic Fund Transfer Act;

(8) by redesignating the section headed “Exemption for State regulation” (15 U.S.C. 1693r) as section 923 of the Electronic Fund Transfer Act; and

(9) by redesignating the section headed “Effective date” (15 U.S.C. 1693 note) as section 924 of the Electronic Fund Transfer Act.

(m) **EQUAL CREDIT OPPORTUNITY ACT.**—The Equal Credit Opportunity Act (15 U.S.C. 1691 et seq.) is amended—

(1) in section 703 (15 U.S.C. 1691b)—

(A) in each of subsections (c) and (d), by striking “paragraph” each place that term appears and inserting “subsection”; and

(B) in subsection (g), by adding a period at the end;

(2) in section 704 (15 U.S.C. 1691c)—

(A) in subsection (a)—

(i) by striking “Consumer Protection Financial Protection Act of 2010 with” and inserting “Consumer Financial Protection Act of 2010, compliance with”;

(ii) in paragraph (1)—

(I) by striking “section 8” and inserting “Section 8”; and

(II) in subparagraph (C), by striking “banks;” and inserting “banks.”;

(iii) in each of paragraphs (6) and (7), by striking the semicolon at the end and inserting a period; and
(iv) in paragraph (8), by striking “;
and” and inserting a period; and
(B) in subsection (c), in the second sen-
tence, by striking “subchapter” and inserting
“title”; and
(3) in section 706(k) (15 U.S.C. 1691e(k)), by
striking “, (2), or (3)” and inserting “or (2)”.
(n) EXPEDITED FUNDS AVAILABILITY ACT.—The
Expedited Funds Availability Act (12 U.S.C. 4001 et seq.)
is amended—
(1) in section 605(f)(2)(A) (12 U.S.C.
4004(f)(2)(A)), by striking “,” and inserting a
semicolon; and
(2) in section 610(a)(2) (12 U.S.C.
4009(a)(2)), by striking “Director of the Office of
Thrift Supervision” and inserting “Comptroller of
the Currency and the Board of Directors of the Fed-
eral Deposit Insurance Corporation, as appro-
priate,”.
(o) FAIR CREDIT REPORTING ACT.—The Fair Credit
Reporting Act (15 U.S.C. 1681 et seq.) is amended—
(1) in section 603 (15 U.S.C. 1681a)—
(A) in subsection (d)(2)(D), by striking
“(x)” and inserting “(y)”;
•HR 10 EH
(B) in subsection (q)(5), by striking “103(i)” and inserting “103(j)”; and

(C) in subsection (v), by striking “Bureau” and inserting “Federal Trade Commission”;

(2) in section 604 (15 U.S.C. 1681b)—

(A) in subsection (b)—

(i) in paragraph (2)(B)(i), by striking “section 615(a)(3)” and inserting “section 615(a)(4)”;

(ii) in paragraph (3)(B)(ii), by striking “clause (B)(i)(IV)” and inserting “clause (i)(IV)”;

(iii) in paragraph (4)(A)(ii), by inserting “and” after the semicolon; and

(iv) by striking “section 609(c)(3)” each place that term appears and inserting “section 609(c)”;

(B) in subsection (g)(5), by striking “PARAGRAPH (2).—” and all that follows through “The Bureau” and inserting “PARAGRAPH (2).—The Agency”;

(3) in section 605 (15 U.S.C. 1681c)—

(A) in subsection (f), by striking “who” and inserting “which”; and

(B) in subsection (h)(2)(A)—
(i) by striking “shall,” and inserting “shall,”; and

(ii) by striking “Commission,” and inserting “Commission,”;

(4) in paragraphs (1)(A), (1)(B)(i), (2)(A)(i), and (2)(B) of section 605A(h) (15 U.S.C. 1681c–1(h))—

(A) by striking “103(i)” each place that term appears and inserting “103(j)” ; and

(B) by striking “open-end” each place that term appears and inserting “open end”;


(6) in section 609 (15 U.S.C. 1681g)—

(A) in subsection (a)(3)(C)(i), by striking “section 604(b)(4)(E)(i)” and inserting “section 604(b)(4)(D)(i)”;

(B) in subsection (e)(1)—

(i) in the paragraph heading, by striking “COMMISSION” and inserting “BUREAU”; and

(ii) in subparagraph (B)(vi), by striking “603(w)” and inserting “603(x)”;}
(C) in subsection (e)(2)(B)(ii)(II), by striking “an”; and

(D) by striking “The Commission” each place that term appears and inserting “The Bureau”;

(7) in section 610 (15 U.S.C. 1681h)—

(A) in subsection (b)(1), by inserting “section” after “under”; and

(B) in subsection (e), by inserting a comma after “on the report”;

(8) in section 611 (15 U.S.C. 1681i), by striking “The Commission” each place that term appears and inserting “The Agency”;

(9) in section 612 (15 U.S.C. 1681j)—

(A) in subsection (a)(1)—

(i) by striking “(w)” and inserting “(x)”; and

(ii) in subparagraph (C), by striking “603(w)” each place that term appears and inserting “603(x)”;

(B) in subsection (g), by striking “television” and inserting “television”; and

(C) by striking “The Commission” each place that term appears and inserting “The Bureau”;
(10) in section 621 (15 U.S.C. 1681s)—

   (A) in subsection (a)(1), in the first sentence, by striking “, subsection (b)”;

   (B) in subsection (c)(2), by inserting a period after “provisions of this title”; and

   (C) in subsection (f)(2), by striking “The Commission” and inserting “The Agency” and

(11) in section 623(a)(5) (15 U.S.C. 1681s–2(a)(5)), by striking “OF ACCOUNTS.—(A) IN GEN-

ERAL.—A person” and inserting “OF ACCOUNTS.—

“(A) IN GENERAL.—A person”.

(p) FEDERAL CREDIT UNION ACT.—Section 206(g)(7)(D)(iv) of the Federal Credit Union Act (12 U.S.C. 1786(g)(7)(D)(iv)) is amended by striking the semicolon at the end and inserting a period.

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

   (1) in section 3(q)(2)(C) (12 U.S.C. 1813(q)(2)(C)), by adding “and” at the end;

   (2) in section 7 (12 U.S.C. 1817)—

       (A) in subsection (b)(2)—

       (i) in subparagraph (A), by striking “(D)” and inserting “(C)”; and
(ii) by redesignating subparagraphs
(D) and (E) as subparagraphs (C) and
(D), respectively; and
(B) in subsection (e)(2)(C), by adding a
period at the end;
(3) in section 8 (12 U.S.C. 1818)—
(A) in subsection (b)(3), by striking
“Act)’’ and inserting “Act);’’; and
(B) in subsection (t)(2)(C), by striking
“depositors or’’ and inserting “depositors; or’’;
(4) in section 11 (12 U.S.C. 1821)—
(A) in subsection (d)(2)(I)(ii), by striking
“and section 21A(b)(4);’’; and
(B) in subsection (m), in each of para-
graphs (16) and (18), by striking the comma
after “Comptroller of the Currency” each place
it appears; and
(5) in section 26(a) (12 U.S.C. 1831e(a)), by
striking “Holding Company Act” each place that
term appears and inserting “Holding Company Act
of 1956’’.
(r) FEDERAL FIRE PREVENTION AND CONTROL ACT
OF 1974.—Section 31(a)(5)(B) of the Federal Fire Pre-
2227(a)(5)(B)) is amended by striking “the Federal De-
posit Insurance Corporation” and all that follows through the period and inserting “or the Federal Deposit Insurance Corporation under the affordable housing program under section 40 of the Federal Deposit Insurance Act.”.

(s) FEDERAL HOME LOAN BANK ACT.—The Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amended—

(1) in section 10(h)(1) (12 U.S.C. 1430(h)(1)), by striking “Director of the Office of Thrift Supervision” and inserting “Comptroller of the Currency or the Board of Directors of the Federal Deposit Insurance Corporation, as applicable”; and

(2) in section 22(a) (12 U.S.C. 1442(a))—

(A) in the matter preceding paragraph (1), by striking “Comptroller of the Currency” and all that follows through “Supervision” and inserting “Comptroller of the Currency, the Chairman of the Board of Governors of the Federal Reserve System, the Chairperson of the Federal Deposit Insurance Corporation, and the Chairman of the National Credit Union Administration”; and

(B) in the undesignated matter following paragraph (2), by striking “Comptroller of the Currency” and all that follows through “Super-
vision” and inserting “Comptroller of the Currency, the Chairman of the Board of Governors of the Federal Reserve System, and the Chairman of the National Credit Union Administration”.

(t) FEDERAL RESERVE ACT.—Paragraph (8)(B) of section 11(s) of the Federal Reserve Act (headed “Federal Reserve Transparency and Release of Information”) (12 U.S.C. 248) is amended by striking “this section” and inserting “this subsection”.


(v) GRamm-LEACH-BLILEY ACT.—The Gramm-Leach-Bliley Act (Public Law 106–102; 113 Stat. 1338) is amended—

(1) in section 132(a) (12 U.S.C. 1828b(a)), by striking “the Director of the Office of Thrift Supervision,”;

(2) in section 206(a) (15 U.S.C. 78e note), by striking “Except as provided in subsection (e), for” and inserting “For”;

•HR 10 EH
(3) in section 502(e)(5) (15 U.S.C. 6802(e)(5)), by striking “a Federal” and inserting “a Federal”; 

(4) in section 504(a)(2) (15 U.S.C. 6804(a)(2)), by striking “and, as appropriate, and with” and inserting “and, as appropriate, with”; 

(5) in section 509(2) (15 U.S.C. 6809(2))—
   (A) by striking subparagraph (D); and 
   (B) by redesignating subparagraphs (E) and (F) as subparagraphs (D) and (E), respectively; and 


(w) HELPING FAMILIES SAVE THEIR HOMES ACT OF 2009.—Section 104 of the Helping Families Save Their Homes Act of 2009 (12 U.S.C. 1715z–25) is amended—

(1) in subsection (a)—
   (A) in the matter preceding paragraph (1)—
      (i) by striking “and the Director of the Office of Thrift Supervision, shall jointly” and inserting “shall”;
(ii) by striking “Senate,” and inserting “Senate and”; (iii) by striking “and the Office of Thrift Supervision”; and (iv) by striking “each such” and inserting “such”; and (B) in paragraph (1), by striking “and the Office of Thrift Supervision”; and (2) in subsection (b)(1)— (A) in subparagraph (A)— (i) in the first sentence— (I) by striking “and the Director of the Office of Thrift Supervision,”; and (II) by striking “or the Director”; and (ii) in the second sentence, by striking “and the Director of the Office of Thrift Supervision”; and (B) in subparagraph (B), by striking “and the Director of the Office of Thrift Supervision”.

(x) HOME MORTGAGE DISCLOSURE ACT OF 1975.— The Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2801 et seq.) is amended—
(1) in section 304—

(A) in subsection (b)(5)(A), by striking “15 U.S.C. 1602(aa)(4)” and inserting “section 103(aa)(4) of the Truth in Lending Act”; and

(B) in subsection (j)(3) (12 U.S.C. 2803(j)(3)), by adding a period at the end; and

(2) in section 305(b)(1)(A) (12 U.S.C. 2804(b)(1)(A))—

(A) in the matter preceding clause (i), by inserting “by” before “the appropriate Federal banking agency”; and

(B) in clause (iii), by striking “bank as,” and inserting “bank, as”.

(y) HOME OWNERS’ LOAN ACT.—The Home Owners’ Loan Act (12 U.S.C. 1461 et seq.) is amended—

(1) in section 5 (12 U.S.C. 1464)—

(A) in subsection (d)(2)(E)(ii)—

(i) in the first sentence, by striking “Except as provided in section 21A of the Federal Home Loan Bank Act, the” and inserting “The”; and

(ii) by striking “, at the Director’s discretion,”;

(B) in subsection (i)(6), by striking “the Office of Thrift Supervision or”;

....
(C) in subsection (m), by striking “Director’s” each place that term appears and inserting “appropriate Federal banking agency’s”;

(D) in subsection (n)(9)(B), by striking “Director’s” and inserting “Comptroller’s”; and

(E) in subsection (s)—

(i) in paragraph (1)—

(I) in the matter preceding subparagraph (A), by striking “of such Act)” and all that follows through “shall require” and inserting “of such Act), the appropriate Federal banking agency shall require”; and

(II) in subparagraph (B), by striking “other methods” and all that follows through “determines” and inserting “other methods as the appropriate Federal banking agency determines”; and

(ii) in paragraph (2)—

(I) by striking “DETERMINED” and all that follows through “may, consistent” and inserting “DETERMINED BY APPROPRIATE FEDERAL BANKING AGENCY CASE-BY-CASE.—
The appropriate Federal banking agency may, consistent”; and

(II) by striking “capital-to-assets” and all that follows through “determines to be necessary” and inserting “capital-to-assets as the appropriate Federal banking agency determines to be necessary”; and

(iii) in paragraph (3)—

(I) by striking “agency, may” and inserting “agency may”; and

(II) by striking “the Comptroller” and inserting “the appropriate Federal banking agency”;

(2) in section 6(c) (12 U.S.C. 1465(c)), by striking “sections” and inserting “section”;

(3) in section 10 (12 U.S.C. 1467a)—

(A) in subsection (b)(6), by striking “time” and all that follows through “release” and inserting “time, upon the motion or application of the Board, release”;

(B) in subsection (c)(2)(H)—

(i) in the matter preceding clause (i)—
(I) by striking “1841(p))” and inserting “1841(p))))”; and

(II) by inserting “(12 U.S.C. 1843(k))” before “if—”; and

(ii) in clause (i), by inserting “of 1956 (12 U.S.C. 1843(l) and (m))” after “Company Act”; and

(C) in subsection (e)(7)(B)(iii)—

(i) by striking “Board of the Office of Thrift Supervision” and inserting “Director of the Office of Thrift Supervision”; and

(ii) by inserting “, as defined in section 2 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301)” after “transfer date”; and

(4) in section 13 (12 U.S.C. 1468b), by striking “the a” and inserting “a”.


(aa) HOUSING AND URBAN DEVELOPMENT ACT OF 1968.—Section 106(h)(5) of the Housing and Urban De-
Development Act of 1968 (12 U.S.C. 1701x(h)(5)) is amend-
ed by striking “authorised” and inserting “authorized”.

(bb) INTERNATIONAL BANKING ACT OF 1978.—Sec-
tion 15 of the International Banking Act of 1978 (12
U.S.C. 3109) is amended—

(1) in each of subsections (a) and (b)—

(A) by striking “, and Director of the Of-

fice of Thrift Supervision” each place that term

appears; and

(B) by inserting “and” before “Federal

Deposit” each place that term appears;

(2) in subsection (a), by striking “Comptroller,

Corporation, or Director” and inserting “Com-
troller of the Currency, or Corporation”; and

(3) in subsection (c)(4)—

(A) by inserting “and” before “the Federal

Deposit”; and

(B) by striking “, and the Director of the

Office of Thrift Supervision”.

(cc) INTERNATIONAL LENDING SUPERVISION ACT OF
1983.—Section 912 of the International Lending Super-
vision Act of 1983 (12 U.S.C. 3911) is amended—

(1) by amending the section heading to read as

follows: “EQUAL REPRESENTATION FOR FED-
ERAL DEPOSIT INSURANCE CORPORATION”;

•HR 10 EH
(2) by striking “(a) IN GENERAL.—”;
(3) by striking subsection (b); and
(4) by striking “4” and inserting “3”.

(dd) Interstate Land Sales Full Disclosure Act.—The Interstate Land Sales Full Disclosure Act (15 U.S.C. 1701 et seq.) is amended in each of section 1411(b) (15 U.S.C. 1710(b)) and subsections (b)(4) and (d) of section 1418a (15 U.S.C. 1717a), by striking “Secretary’s” each place that term appears and inserting “Director’s”.

(ee) Investment Advisers Act of 1940.—Section 219 of the Investment Company Act of 1940 (15 U.S.C. 80b–18c) is amended in the heading of the section by striking “COMMODITIES” and inserting “COMMODITY”.

(ff) Legal Certainty for Bank Products Act of 2000.—Section 403(b)(1) of the Legal Certainty for Bank Products Act of 2000 (7 U.S.C. 27a(b)(1)) is amended by striking “that section” and inserting “section”.

(gg) Public Law 93–495.—Section 111 of Public Law 93–495 (12 U.S.C. 250) is amended by striking “the Director of the Office of Thrift Supervision,”.

(hh) Revised Statutes of the United States.—Section 5136C(i) of the Revised Statutes of the United
States (12 U.S.C. 25b(i)) is amended by striking “Powers.—” and all that follows through “In accordance” and inserting “Powers.—In accordance”.

(ii) Riegle Community Development and Regulatory Improvement Act of 1994.—Section 117(e) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4716(e)) is amended by striking “the Director of the Office of Thrift Supervision,”.

(jj) S.A.F.E. Mortgage Licensing Act of 2008.—Section 1514 of the S.A.F.E. Mortgage Licensing Act of 2008 (12 U.S.C. 5113) is amended in each of subsections (b)(5) and (c)(4)(C), by striking “Secretary’s” each place that term appears and inserting “Director’s”.


(2) in section 3E(b)(1) (15 U.S.C. 78c–5(b)(1)), by striking “though” and inserting “through”;

•HR 10 EH
595
(4) in section 15 (15 U.S.C. 78o)—
(A) in each of subparagraphs (B)(ii) and (C) of subsection (b)(4), by striking “dealer municipal advisor,” and inserting “dealer, municipal advisor;”;
(B) by redesignating subsection (j) (relating to the authority of the Commission) as subsection (p) and moving that subsection after subsection (o);
(C) as amended by section 841(d), by redesignating the second subsection (k) and second subsection (l) (relating to standard of conduct and other matters, respectively), as added by section 913(g)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 1828), as subsections (q) and (r), respectively and moving those subsections to the end; and
(D) in subsection (m), by inserting “the” before “same extent”;
(5) in section 15F(h) (15 U.S.C. 78o–10(h))—
(A) in paragraph (2)—
(i) in subparagraph (A), by inserting “a” after “that acts as an advisor to”; and

(ii) in subparagraph (B), by inserting “a” after “offers to enter into”; and

(B) in paragraph (5)(A)(i)—

(i) by inserting “(A)” after “(18)”; and

(ii) in subclause (VII), by striking “act of” and inserting “Act of”; 


(A) in subsection (e)(4)(A), by striking “subsection” and inserting “section”; 

(B) in subsection (e)(4)(C)—

(i) by striking “129C(e)(2)” and inserting “129C(b)(2)(A)”; and

(ii) by inserting “(15 U.S.C. 1639c(b)(2)(A))” after “Lending Act”; and

(C) in subsection (e)(5), by striking “subsection” and inserting “section”; and

(7) in section 17A (15 U.S.C. 78q–1), by redesignating subsection (g), as added by section 929W of the Dodd-Frank Wall Street Reform and Consumer Protection Act (relating to due diligence for the delivery of dividends, interest, and other valuable
property rights) as subsection (n) and moving that subsection to the end.

(II) Telemarketing and Consumer Fraud and Abuse Prevention Act.—Section 3(b) of the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. 6102(b)) is amended by inserting before the period at the end the following: “, provided, however, nothing in this section shall conflict with or supersede section 6 of the Federal Trade Commission Act (15 U.S.C. 46)”.

(mm) Title 5.—Title 5, United States Code, is amended—

(1) in section 3132(a)(1)(D), as amended by section 711, by striking “the Office of Thrift Supervision,, the Resolution Trust Corporation,”; and

(2) in section 5314, by striking “Director of the Office of Thrift Supervision.”.

(nn) Title 31.—

(1) Amendments.—Title 31, United States Code, is amended—

(A) by striking section 309; and

(B) in section 714(d)(3)(B) by striking “a audit” and inserting “an audit”.

(2) Analysis.—The analysis for subchapter I of chapter 3 of title 31, United States Code, is
amended by striking the item relating to section 309.

(oo) TRUTH IN LENDING ACT.—The Truth in Lending Act (15 U.S.C. 1601 et seq.) is amended—

(1) in section 105 (15 U.S.C. 1604), by inserting subsection (h), as added by section 1472(c) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 2187), before subsection (i), as added by section 1100A(7) of that Act (124 Stat. 2108);


(3) in section 121(b) (15 U.S.C. 1631(b)), by striking “103(f)” and inserting “103(g)”;

(4) in section 122(d)(5) (15 U.S.C. 1632(d)(5)), by striking “section 603)” and all that follows through “promulgate” and inserting “section 603), may promulgate”;

(5) in section 125(e)(1) (15 U.S.C. 1635(e)(1)), by striking “103(w)” and inserting “103(x)”;

(6) in section 129 (15 U.S.C. 1639)—

(A) in subsection (q), by striking “(l)(2)” and inserting “(p)(2)”; and
(B) in subsection (u)(3), by striking “Board” each place that term appears and inserting “Agency”;

(7) in section 129C (15 U.S.C. 1639c)—

(A) in subsection (b)(2)(B), by striking the second period at the end; and

(B) in subsection (e)(1)(B)(ii)(I), by striking “a original” and inserting “an original”;

(8) in section 148(d) (15 U.S.C. 1665c(d)), by striking “Bureau” and inserting “Board”;

(9) in section 149 (15 U.S.C. 1665d)—

(A) by striking “the Director of the Office of Thrift Supervision,” each place that term appears;

(B) by striking “National Credit Union Administration Bureau” each place that term appears and inserting “National Credit Union Administration Board”; and

(C) by striking “Bureau of Directors of the Federal Deposit Insurance Corporation” each place that term appears and inserting “Board of Directors of the Federal Deposit Insurance Corporation”; and

(10) in section 181(1) (15 U.S.C. 1667(1)), by striking “103(g)” and inserting “103(h)”. 

Passed the House of Representatives June 8, 2017.

Attest:

Clerk.
H. R. 10
AN ACT
To create hope and opportunity for investors, consumers, and entrepreneurs by ending bailouts and "Too Big to Fail," and to hold Wall Street accountable, shrinking red tape to make America more prosperous, less risky, and less fragile; and for other purposes.

To create hope and opportunity for investors, consumers, and entrepreneurs by ending bailouts and "Too Big to Fail," and to hold Wall Street accountable, shrinking red tape to make America more prosperous, less risky, and less fragile; and for other purposes.