

103^D CONGRESS
1ST SESSION

H. R. 59

To increase the amount of credit available to fuel economic growth by reducing the regulatory burden imposed upon depository institutions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. BEREUTER introduced the following bill; which was referred to the
Committee on Banking, Finance and Urban Affairs

A BILL

To increase the amount of credit available to fuel economic growth by reducing the regulatory burden imposed upon depository institutions, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Depository Institution
5 Burden Relief Act of 1993”.

6 **SEC. 2. PURPOSES.**

7 The purposes of this Act are as follows:

8 (1) To increase regulatory efficiency by elimi-
9 nating duplicative and needless regulatory require-

1 ments that are unrelated to assuring the safety and
2 soundness of financial institutions.

3 (2) To reduce regulatory compliance burdens on
4 capital-efficient depository institutions, especially
5 small, community-oriented depository institutions,
6 which come in the form of costly software purchases
7 and hiring additional staff solely for regulatory com-
8 pliance duties.

9 (3) To decrease statutory prescription of regu-
10 lations of financial institutions.

11 (4) To increase the bank regulator's supervisory
12 discretion, and thus, increase some flexibility in its
13 examinations of financial institutions.

14 (5) To encourage bank regulators to return to
15 a practice of reviewing its regulations and discarding
16 stale ones.

17 (6) To ensure that bank attention is focused on
18 complying with regulations that are designed to en-
19 sure safe and sound operation of the institutions.

20 (7) To reduce regulatory burdens for banks, the
21 cost of which is eventually borne by the public—ei-
22 ther by higher cost of services or in terms of less
23 service.

24 (8) To ensure that Federal banking agency re-
25 sources are targeted at those financial institutions

1 operating in areas where banking services are a
2 problem or in dispute.

3 (9) To reduce the cost of regulation of the
4 banking industry to the Federal Government.

5 **TITLE I—SUPERVISORY**
6 **REFORMS**

7 **SEC. 101. COORDINATION OF FEDERAL AND STATE EXAMI-**
8 **NATIONS TO REDUCE DUPLICATIVE EF-**
9 **FORTS.**

10 (a) RECIPROCITY FOR STATE EXAMINATIONS.—Sec-
11 tion 10(d)(3) of the Federal Deposit Insurance Act (12
12 U.S.C. 1820(d)(3)) (as amended by section 111 of the
13 Federal Deposit Insurance Corporation Improvement Act
14 of 1991) is amended to read as follows:

15 “(3) STATE EXAMINATIONS ACCEPTABLE.—The
16 examination requirement established under para-
17 graph (1) may be satisfied by an examination of the
18 insured depository institution conducted by the ap-
19 propriate State bank supervisor during the 12-
20 month period if the appropriate Federal banking
21 agency determines that the State examination car-
22 ries out the purposes of this subsection.”.

23 (b) STATE COORDINATION WITH FEDERAL EXAMI-
24 NATIONS.—The appropriate Federal banking agencies and

1 appropriate State bank supervisors shall, to the greatest
2 extent practicable—

3 (1) coordinate examinations of insured deposi-
4 tory institutions; and

5 (2) obtain and use copies of reports of examina-
6 tions of insured depository institutions made by any
7 other appropriate Federal banking agency or appro-
8 priate State bank supervisor.

9 (c) TECHNICAL AND CONFORMING AMENDMENT.—
10 Section 3(r) of the Federal Deposit Insurance Act (12
11 U.S.C. 1813(r)) is amended to read as follows:

12 “(r) APPROPRIATE STATE BANK SUPERVISOR.—The
13 term ‘appropriate State bank supervisor’ means any offi-
14 cer, agency, or other entity of any State which has primary
15 regulatory authority over State banks or State savings as-
16 sociations in such State.”.

17 **SEC. 102. COORDINATION OF FEDERAL AND STATE RE-**
18 **PORTING REQUIREMENTS TO REDUCE DU-**
19 **PLICATIVE EFFORTS.**

20 (a) STATE ACCESS TO FEDERAL AGENCY RE-
21 PORTS.—The 1st sentence of section 7(a)(2)(A) of the
22 Federal Deposit Insurance Act (12 U.S.C. 1817(a)(2)(A))
23 is amended by inserting “and any appropriate State bank
24 supervisor” after “The Corporation”.

1 (b) STATE COORDINATION WITH FEDERAL REPORT-
2 ING REQUIREMENTS.—The Federal banking agencies and
3 State bank supervisors shall, to the greatest extent prac-
4 ticable—

5 (1) coordinate the number, types, and frequency
6 of reports (as defined in section 44(b)(4) of the Fed-
7 eral Deposit Insurance Act) required to be submitted
8 by insured depository institutions and the type and
9 amount of information required to be included in
10 such reports; and

11 (2) obtain and use copies of reports of condition
12 and other reports submitted by such institutions to
13 any such agency or supervisor.

14 **SEC. 103. CONSOLIDATED REPORTS IN THE CASE OF CAP-**
15 **ITAL-EFFICIENT DEPOSITORY INSTITUTION**
16 **SUBSIDIARIES OF DEPOSITORY INSTITUTION**
17 **HOLDING COMPANIES.**

18 (a) IN GENERAL.—The Federal Deposit Insurance
19 Act (12 U.S.C. 1811 et seq.) is amended by adding at
20 the end the following new section:

21 **“SEC. 44. REPORT AND REGULATORY RELIEF PROVISIONS.**

22 **“(a) CONSOLIDATED REPORTS ALLOWED.—Notwith-**
23 **standing any provision of this Act, title LXII of the Re-**
24 **vised Statutes, the Federal Reserve Act, the Home Own-**
25 **ers’ Loan Act, or the Bank Holding Company Act of 1956**

1 or any regulation prescribed under any such law, any pro-
2 vision of any such law which requires the submission of
3 any report to any appropriate Federal banking agency by
4 any capital-efficient insured depository institution which
5 is a subsidiary of a depository institution holding company
6 may be satisfied with respect to such depository institution
7 by a consolidated report by the holding company which
8 consolidates the information required to meet the require-
9 ments of such provision with respect to each capital-effi-
10 cient insured depository institution subsidiary of the hold-
11 ing company.”.

12 (b) CAPITAL-EFFICIENT INSURED DEPOSITORY IN-
13 STITUTION DEFINED.—Section 3(c) of the Federal De-
14 posit Insurance Act (12 U.S.C. 1813(c)) is amended by
15 adding at the end the following new paragraph:

16 “(6) CAPITAL-EFFICIENT INSURED DEPOSITORY
17 INSTITUTION.—The term ‘capital-efficient insured
18 depository institution’ means an insured depository
19 institution which—

20 “(A) is adequately capitalized (as defined
21 in section 38); and

22 “(B) has a CAMEL composite rating of 1
23 or 2 under the Uniform Financial Institution
24 Rating System or an equivalent rating under a
25 comparable system.”.

1 **SEC. 104. APPLICABILITY OF CERTAIN REQUIREMENTS RE-**
2 **LATING TO EARLY IDENTIFICATION OF NEED-**
3 **ED IMPROVEMENTS.**

4 Section 36 of the Federal Deposit Insurance Act (12
5 U.S.C. 1831m) is amended by adding at the end the fol-
6 lowing new subsection:

7 “(k) **APPLICABILITY TO CAPITAL-EFFICIENT IN-**
8 **SURED DEPOSITORY INSTITUTIONS.**—This section shall
9 not apply with respect to any capital-efficient insured de-
10 pository institution.”.

11 **SEC. 105. REDUCTION IN SUBMISSION OF DUPLICATIVE IN-**
12 **FORMATION.**

13 Section 44 of the Federal Deposit Insurance Act (as
14 added by section 5 of this Act) is amended by inserting
15 after subsection (a) the following new subsection:

16 “(b) **REDUCTION IN SUBMISSION OF DUPLICATIVE**
17 **INFORMATION.**—

18 “(1) **DESCRIBING INFORMATION PREVIOUSLY**
19 **SUBMITTED.**—In the case of any information
20 which—

21 “(A) is required to be included in a report
22 submitted by any insured depository institution
23 to an appropriate Federal banking agency pur-
24 suant to any provision of this Act, title LXII of
25 the Revised Statutes, the Federal Reserve Act,
26 the Home Owners’ Loan Act, or the Bank

1 Holding Company Act of 1956, or any regula-
2 tion prescribed under any such law; and

3 “(B) was included in a report submitted by
4 such institution (before the date of the submis-
5 sion of the report referred to in subparagraph
6 (A)) to such agency or any other Federal bank-
7 ing agency,

8 the requirement to include such information in the
9 report referred to in subparagraph (A) shall be
10 deemed to be met if the report contains an explicit
11 reference to the report in which such information
12 was previously included.

13 “(2) COORDINATION OF INFORMATION RE-
14 QUIREMENTS.—

15 “(A) SUBMISSION OF DUPLICATIVE INFOR-
16 MATION PROHIBITED.—Notwithstanding any
17 provision of this Act, title LXII of the Revised
18 Statutes, the Federal Reserve Act, the Home
19 Owners’ Loan Act, or the Bank Holding Com-
20 pany Act of 1956, or any regulation prescribed
21 under any such law, a Federal banking agency
22 may not require the submission by any insured
23 depository institution of information which is
24 available from any other Federal banking
25 agency.

1 “(B) CONSULTATION REQUIRED.—The ap-
2 propriate Federal banking agencies shall con-
3 sult with each other through the Financial In-
4 stitutions Examination Council on a regular
5 basis to—

6 “(i) coordinate the manner in which
7 information is collected from insured de-
8 pository institutions; and

9 “(ii) ensure compliance with subpara-
10 graph (A) and section 1012 of the Federal
11 Financial Institutions Examination Council
12 Act of 1978.

13 “(3) PROHIBITION ON REQUIRING THE SUBMIS-
14 SION OF MORE THAN 1 COPY OF ANY REPORT.—A
15 Federal banking agency may not require the submis-
16 sion of more than 1 copy of any report, including
17 any exhibit or other material required to be filed
18 with any report, submitted by any insured depository
19 institution to such agency.

20 “(4) REPORTS DEFINED.—For purposes of this
21 section, the term ‘report’ includes any application,
22 notice, or other document.”.

1 **SEC. 106. PROHIBITION ON DATA COLLECTION WHICH IS**
2 **UNRELATED TO SAFETY AND SOUNDNESS.**

3 (a) LIMITATION ON DATA COLLECTION AUTHOR-
4 ITY.—Section 44 of the Federal Deposit Insurance Act (as
5 added by section 5 of this Act) is amended by inserting
6 after subsection (b) (as added by section 7 of this Act)
7 the following new subsection:

8 “(c) PROHIBITION ON DATA COLLECTION WHICH IS
9 NOT RELATED TO SAFETY AND SOUNDNESS.—Notwith-
10 standing any other provision of this Act other than section
11 8, an appropriate Federal banking agency may not require
12 an insured depository institution to submit any informa-
13 tion which is not related to—

14 “(1) the safety or soundness of the institution;

15 “(2) the insured deposits of the institution; or

16 “(3) reserve requirements applicable with re-
17 spect to the institution,

18 in connection with any report, application, notice or other
19 document otherwise authorized or required under this
20 Act.”.

21 (b) REPEAL OF OTHER REPORTING BURDENS.—

22 (1) Section 122 of the Federal Deposit Insur-
23 ance Corporation Improvement Act of 1991 is re-
24 pealed.

1 (2) Section 477 of the Federal Deposit Insur-
2 ance Corporation Improvement Act of 1991 is
3 repealed.

4 **SEC. 107. REDUCTION OF CALL REPORT BURDENS.**

5 (a) “SHORT FORM” CALL REPORT FOR CAPITAL-EF-
6 FICIENT DEPOSITORY INSTITUTIONS.—Section 44 of the
7 Federal Deposit Insurance Act (as added by section 5 of
8 this Act) is amended by inserting after subsection (c) (as
9 added by section 8 of this Act) the following new sub-
10 section:

11 “(d) ‘SHORT FORM’ CALL REPORT.—

12 “(1) IN GENERAL.—Notwithstanding any provi-
13 sion of this Act, title LXII of the Revised Statutes,
14 the Federal Reserve Act, or the Home Owners’ Loan
15 Act, or any regulation prescribed pursuant to any
16 such provision, no capital-efficient insured depository
17 institution shall be required by any appropriate Fed-
18 eral banking agency to include any information in
19 any report of condition submitted by such institution
20 other than the following information:

21 “(A) Income statement.

22 “(B) Balance sheet, including risk-based
23 capital.

24 “(C) Schedule of off-balance sheet items.

1 “(2) NONAPPLICABILITY IN CASE OF FALSE OR
2 MISLEADING REPORTS.—This subsection shall not
3 apply to any insured depository institution which—

4 “(A) fails to make any report of condition
5 described in paragraph (1) within the period of
6 time required, or submits a false or misleading
7 report of condition during the 10-year period
8 beginning on the date the appropriate Federal
9 banking agency determines that such action or
10 failure to act has occurred, unless the institu-
11 tion demonstrates to the satisfaction of such
12 agency—

13 “(i) that—

14 “(I) the institution maintains
15 procedures reasonably adapted to
16 avoid any inadvertent error; and

17 “(II) the failure to file the report
18 within the period of time required or
19 the submission of a false or mislead-
20 ing report was unintentional and a re-
21 sult of such inadvertent error; or

22 “(ii) in the case of a report submitted
23 after the period of time required, that—

24 “(I) the report was minimally
25 late; and

1 “(II) the late submission by the
2 institution was inadvertent; or

3 “(B) is required by order to file a report
4 of condition.”.

5 (b) REPEAL OF PUBLICATION REQUIREMENTS.—

6 (1) The 5th sentence of section 5211(a) of the
7 Revised Statutes (12 U.S.C. 161(a)) is amended by
8 striking “; and the statement of resources and liabil-
9 ities in the same form in which it is made to the
10 Comptroller shall be published in a newspaper” and
11 all that follows through the period and inserting a
12 period.

13 (2) Section 5211(c) of the Revised Statutes (12
14 U.S.C. 161(c)) is amended by striking the 5th sen-
15 tence.

16 (3) Section 7(a)(1) of the Federal Deposit In-
17 surance Act (12 U.S.C. 1817(a)(1)) is amended by
18 striking the 4th sentence.

19 (4) The last sentence of the 6th undesignated
20 paragraph of section 9 of the Federal Reserve Act
21 (12 U.S.C. 324) is amended by striking “and shall
22 be published” and all that follows through the end
23 of the sentence and inserting a period.

24 (c) REDUCTION OF OTHER CALL REPORT BUR-
25 DENS.—

1 (1) IN GENERAL.—Before the end of the 120-
2 day period beginning on the date of enactment of
3 this Act, each appropriate Federal banking agency
4 shall review the regulatory burden and costs in-
5 curred by insured depository institutions in connec-
6 tion with their preparation of reports of condition.

7 (2) FACTORS TO BE CONSIDERED.—In conduct-
8 ing the review required under paragraph (1), each
9 agency shall consider all relevant factors that the
10 agency determines to be necessary to correctly deter-
11 mine the extent of the burden and costs, including—

12 (A) the actual dollar cost to insured depos-
13 itory institutions in preparing such reports;

14 (B) the time and resources expended to
15 meet regulatory directives;

16 (C) the frequency with which the agency
17 has modified the types of information required
18 to be reported in such reports and the costs and
19 burdens associated with complying with such
20 modifications;

21 (D) the types of report of condition infor-
22 mation required of other types of insured depos-
23 itory institutions by such institutions' appro-
24 priate Federal banking agencies; and

1 (E) the extent to which such costs and
2 burdens impact upon the availability of credit.

3 (3) CORRECTIVE MEASURES.—

4 (A) IN GENERAL.—After conducting the
5 review required under paragraph (1), each ap-
6 propriate Federal banking agency shall, in con-
7 sultation with the other appropriate Federal
8 banking agencies, revise the agency’s report of
9 condition requirements to eliminate any unnec-
10 essary burdens and costs.

11 (B) CONSIDERATION OF BURDENS AND
12 COSTS.—Before making any subsequent modi-
13 fication in report of condition requirements,
14 each appropriate Federal banking agency shall
15 consider the extent to which such modifications
16 impose unnecessary regulatory burdens and
17 costs upon insured depository institutions.

18 (4) AMENDMENT RELATING TO NATIONAL
19 BANKS.—Section 5211(a) of the Revised Statutes
20 (12 U.S.C. 161(a)) is amended by adding at the end
21 the following sentence: “Any change in the form of
22 report of condition made under this subsection shall
23 be effective only once in a particular calendar year,
24 and only after at least 6 months from the date that
25 notice of the change is published in the Federal Reg-

1 ister, except that such a change may be effective on
2 a subsequent date or after less notice if the Comp-
3 troller makes a specific finding that an additional
4 change in the form or a shorter advance-notice pe-
5 riod is necessary because of an emergency or change
6 in Federal law.”.

7 (5) AMENDMENT RELATING TO STATE NON-
8 MEMBER INSURED BANKS.—Section 7(a) of the Fed-
9 eral Deposit Insurance Act (12 U.S.C. 1817(a) is
10 amended by adding at the end the following new
11 paragraph:

12 “(10) TRANSITION PERIOD FOR CHANGES IN
13 REPORT REQUIREMENTS.—Any change in the form
14 of reports of condition made under this subsection
15 shall be effective only once in a particular calendar
16 year, and only after at least 6 months from the date
17 that notice of the change is published in the Federal
18 Register, except that such a change may be effective
19 on a subsequent date or after less notice if the
20 Board of Directors makes a specific finding that an
21 additional change in the form or a shorter advance-
22 notice period is necessary because of an emergency
23 or change in Federal law.”.

24 (6) AMENDMENT RELATING TO STATE MEMBER
25 BANKS.—The 6th undesignated paragraph of section

1 9 of the Federal Reserve Act (12 U.S.C. 324) is
2 amended by adding at the end the following sen-
3 tence: “Any change in the form of report of condi-
4 tion made under this subsection shall be effective
5 only once in a particular calendar year, and only
6 after at least 6 months from the date that notice of
7 the change is published in the Federal Register, ex-
8 cept that such a change may be effective on a subse-
9 quent date or after less notice if the Board of Gov-
10 ernors of the Federal Reserve System makes a spe-
11 cific finding that an additional change in the form
12 or a shorter advance-notice period is necessary be-
13 cause of an emergency or change in Federal law.”.

14 (7) AMENDMENT RELATING TO SAVINGS ASSO-
15 CIATION.—Section 5(v) of the Home Owners’ Loan
16 Act (12 U.S.C. 1464(v)) is amended by adding at
17 the end the following new paragraph:

18 “(9) TRANSITION PERIOD FOR CHANGES IN RE-
19 PORT REQUIREMENTS.—Any change in the form of
20 reports of condition made under this subsection shall
21 be effective only once in a particular calendar year,
22 and only after at least 6 months from the date that
23 notice of the change is published in the Federal Reg-
24 ister, except that such a change may be effective on
25 a subsequent date or after less notice if the Director

1 makes a specific finding that an additional change in
2 the form or a shorter advance-notice period is nec-
3 essary because of an emergency or change in Fed-
4 eral law.”.

5 (8) AMENDMENT RELATING TO CREDIT
6 UNIONS.—Section 202(a)(1) of the Federal Credit
7 Union Act (12 U.S.C. 1782(a)(1)) is amended by
8 adding at the end the following sentence: “Any
9 change in the form of reports of condition made
10 under this subsection shall be effective only once in
11 a particular calendar year, and only after at least 6
12 months from the date that notice of the change is
13 published in the Federal Register, except that such
14 a change may be effective on a subsequent date or
15 after less notice if the Board makes a specific find-
16 ing that an additional change in the form or a short-
17 er advance-notice period is necessary because of an
18 emergency or change in Federal law.”.

19 (9) DEFINITIONS.—For purposes of this sub-
20 section, the terms “insured depository institution”
21 and “appropriate Federal banking agency” shall
22 have the same meanings as provided in section 3 of
23 the Federal Deposit Insurance Act.

24 (d) EFFECTIVE DATE.—The amendment made by
25 subsection (a) shall apply with respect to reports of condi-

1 tions for periods beginning after the first September 30
2 which occurs not less than 6 months after the date of the
3 enactment of this Act.

4 **SEC. 108. REGULATORY STANDARDS FOR CAPITAL-EFFI-**
5 **CIENT DEPOSITORY INSTITUTIONS.**

6 Section 39 of the Federal Deposit Insurance Act (as
7 added by section 132 of the Federal Deposit Insurance
8 Corporation Improvement Act of 1991) is amended—

9 (1) by redesignating subsections (d), (e), (f),
10 and (g) as subsections (e), (f), (g), and (h), respec-
11 tively; and

12 (2) by inserting after subsection (c) the follow-
13 ing new subsection:

14 “(d) STANDARDS FOR CAPITAL-EFFICIENT DEPOSI-
15 TORY INSTITUTIONS.—Subsections (a), (b), and (c) shall
16 not apply with respect to any capital-efficient insured de-
17 pository institution.”.

18 **SEC. 109. AMENDMENT RELATING TO CERTAIN NOTICE RE-**
19 **QUIREMENTS.**

20 Section 42 of the Federal Deposit Insurance Act (12
21 U.S.C. 1831s) is amended by adding at the end the follow-
22 ing new subsections:

23 “(d) APPLICABILITY TO ‘OUTSTANDING’ INSTITU-
24 TIONS.—This section shall not apply with respect to any
25 insured depository institution which received a rating of

1 'outstanding record of meeting community credit needs'
2 in the most recent examination of such institution under
3 section 804 of the Community Reinvestment Act of 1977.

4 "(e) BRANCH DEFINED.—For purposes of this sec-
5 tion, the term 'branch' shall not include—

6 "(1) an automated teller machine;

7 "(2) a branch acquired through merger, consoli-
8 dation, purchase, assumption or other method that
9 is located in a local market area currently served by
10 another branch of the acquiring institution;

11 "(3) a branch that is closed and reopened in
12 another location within the same local market area
13 which would continue to provide banking services to
14 substantially all of the customers currently served by
15 the branch that is closed;

16 "(4) a branch that is closed in connection
17 with—

18 "(A) an emergency acquisition under—

19 "(i) section 11(n); or

20 "(ii) subsections (f) or (k) of section
21 13; or

22 "(B) any assistance provided by the Cor-
23 poration under section 13(c); and

24 "(5) any other branch that is closed and for
25 which exemption from the notice requirements of

1 this section would not produce a result inconsistent
2 with the purposes of this section, as determined by
3 the appropriate Federal banking agency by regula-
4 tion.”.

5 **SEC. 110. REGULATORY BURDEN REVIEW.**

6 (a) IN GENERAL.—Before the end of each 4-year pe-
7 riod beginning on the date of the enactment of this Act,
8 each Federal banking agency, in consultation with individ-
9 uals representing insured depository institutions, consum-
10 ers, community groups, and other interested parties,
11 shall—

12 (1) review the regulations, policies and proce-
13 dures, and recordkeeping and documentation re-
14 quirements used to monitor and enforce compliance
15 with all laws under the jurisdiction of the Federal
16 banking agencies;

17 (2) determine whether such regulations, poli-
18 cies, procedures, and requirements impose unneces-
19 sary burdens on insured depository institutions; and

20 (3) identify and prescribe any revisions of such
21 regulations, policies, procedures, and requirements
22 that could reduce unnecessary burdens on insured
23 depository institutions without in any respect—

1 (A) diminishing either compliance with or
2 enforcement of consumer laws in any respect;
3 or

4 (B) endangering the safety and soundness
5 of insured depository institutions.

6 (b) REPORT.—At the end of each 4-year period be-
7 ginning on the date of the enactment of this Act, each
8 Federal banking agency shall submit to the Congress a
9 report describing the revisions identified under subsection
10 (a)(3).

11 (c) UNIFORM REGULATIONS.—In prescribing regula-
12 tions on any matter or issuing any interpretation of any
13 such regulation, each appropriate Federal banking agency
14 shall ensure, subject to any other applicable provision of
15 law, that the regulation, and any formal or informal inter-
16 pretation of such regulation, are uniform with the regula-
17 tions and interpretations of each other appropriate Fed-
18 eral banking agency regarding such matter.

19 (d) DEFINITIONS.—For purposes of this section—

20 (1) APPROPRIATE FEDERAL BANKING AGEN-
21 CY.—The term “appropriate Federal banking agen-
22 cy” has the meaning given to such term in section
23 3(q) of the Federal Deposit Insurance Act.

24 (2) INSURED DEPOSITORY INSTITUTION.—The
25 term “insured depository institution” has the mean-

1 ing given to such term in section 3(c)(2) of the Fed-
2 eral Deposit Insurance Act.

3 **SEC. 111. REPEAL OF INTERBANK LIABILITY PROVISIONS.**

4 Section 23 of the Federal Reserve Act (12 U.S.C.
5 371b-2) is repealed.

6 **SEC. 112. APPROVALS FOR CAPITAL-EFFICIENT STATE**
7 **BANKS.**

8 Section 24(g) of the Federal Deposit Insurance Act
9 (12 U.S.C. 1831a(g)) is amended to read as follows:

10 “(g) DETERMINATIONS.—

11 “(1) IN GENERAL.—Except as provided in para-
12 graph (2), the Corporation shall make determina-
13 tions under this section by regulation or order.

14 “(2) EXPEDITED APPROVAL FOR CERTAIN
15 WELL-QUALIFIED INSURED STATE BANKS.—If—

16 “(A) any State bank which is a capital-effi-
17 cient insured depository institution files a notice
18 with the Corporation which states the bank’s
19 intention to engage, directly or through a sub-
20 sidiary, in any activity which is subject to sub-
21 section (a) or (d) and describes such activity;
22 and

23 “(B) before the end of the 45-day period
24 beginning on the date such notice is filed the
25 Corporation has not determined that such activ-

1 ity poses a significant risk to the appropriate
2 deposit insurance fund,
3 the Corporation shall be deemed to have determined
4 as of the end of such period that such activity poses
5 no significant risk to the appropriate deposit insur-
6 ance fund.”.

7 **SEC. 113. COMMUNITY REINVESTMENT ACT AMENDMENTS.**

8 (a) SELF-CERTIFICATION.—The Community Rein-
9 vestment Act of 1977 (12 U.S.C. 2901 et seq.) is amended
10 by adding after section 808 the following new sections:

11 **“SEC. 809. SELF-CERTIFICATION.**

12 “(a) SCOPE.—

13 “(1) IN GENERAL.—This section shall only
14 apply during a calendar year to a regulated financial
15 institution that—

16 “(A) has not been found to be in violation
17 of section 701(a) of the Equal Credit Oppor-
18 tunity Act, or any other substantive provision of
19 such Act, for the 5-year period preceding such
20 calendar year;

21 “(B) does not currently have a rating of
22 ‘needs to improve’ or ‘substantial noncompli-
23 ance’ from the appropriate Federal financial su-
24 pervisory agency under section 807(b); and

1 “(C) had total assets, as of the preceding
2 December 31, less than \$250,000,000.

3 “(2) INDEXING OF MINIMUM TOTAL ASSET RE-
4 QUIREMENT.—For purposes of paragraph (1), the
5 amount referred to in paragraph (1)(C) shall be ad-
6 justed annually after December 31, 1992, by the an-
7 nual percentage increase in the Consumer Price
8 Index for Urban Wage Earners and Clerical Work-
9 ers published by the Bureau of Labor Statistics.

10 “(b) MODIFIED REPORTING.—In lieu of being evalu-
11 ated under section 804 and receiving a written evaluation
12 under section 807 during the calendar year referred to in
13 subsection (a), a regulated financial institution described
14 in subsection (a) shall—

15 “(1) declare in writing to the appropriate Fed-
16 eral financial supervisory agency that—

17 “(A) the institution is a regulated financial
18 institution described in subsection (a); and

19 “(B) the institution is in compliance with
20 the requirements of this subsection;

21 “(2) display any notices that may be required
22 by the appropriate Federal financial supervisory
23 agency concerning the institution’s compliance with
24 the requirements of this Act; and

1 “(3) make available for public inspection the
2 following information regarding the record of such
3 institution in meeting the credit needs of the institu-
4 tion’s entire community:

5 “(A) An identification of the community
6 served by the institution.

7 “(B) A list of the types of credit offered by
8 the institution.

9 “(C) Any public comments received within
10 the previous 2 years regarding the institution’s
11 service of the entire community’s credit needs.

12 “(D) Copies of any declaration submitted
13 under paragraph (1).

14 “(c) PENALTIES.—If the appropriate Federal finan-
15 cial supervisory agency finds that a regulated financial in-
16 stitution has submitted intentionally false information to
17 the appropriate Federal financial supervisory agency or
18 otherwise has willfully violated the requirements of sub-
19 section (b), such institution—

20 “(1) shall, notwithstanding this section, be sub-
21 ject to the requirements of section 804 for a period
22 of not more than 10 years; and

23 “(2) shall be subject to a fine of not more than
24 \$10,000.

1 “(d) COMMUNITY CHALLENGE.—The appropriate
2 Federal financial supervisory agency shall investigate any
3 allegation filed against a regulated financial institution
4 subject to this section that relates to whether such institu-
5 tion is helping to meet the credit needs of the institution’s
6 entire community, consistent with the safe and sound op-
7 eration of such institution.

8 **“SEC. 810. SAFE HARBOR.**

9 “Notwithstanding section 804(2), an application for
10 a deposit facility by a regulated financial institution shall
11 not be denied on the basis of such institution’s compliance
12 with this Act if such institution—

13 “(1) received a rating ‘Outstanding record of
14 meeting community credit needs’ or ‘Satisfactory
15 record of meeting community credit needs’ in the in-
16 stitution’s last evaluation under section 804; or

17 “(2) maintains continued compliance with sec-
18 tion 809.

19 **“SEC. 811. STATE EXAMINATIONS.**

20 “‘The appropriate Federal financial supervisory agen-
21 cy may accept examinations conducted by State super-
22 visory agencies pursuant to comparable State community
23 reinvestment laws in order to satisfy the requirements of
24 this Act.

1 **“SEC. 812. EXPEDITED EXAMINATION PROCEDURES.**

2 “(a) IN GENERAL.—In connection with an examina-
3 tion of a regulated financial institution, the appropriate
4 Federal financial supervisory agency shall establish a 2-
5 tiered approach to evaluating a regulated financial institu-
6 tion pursuant to section 804.

7 “(b) CONDITION FOR COMPREHENSIVE EXAMINA-
8 TION.—A comprehensive and in-depth examination of per-
9 formance pursuant to section 804 shall only be conducted
10 if the appropriate Federal financial supervisory agency is
11 not satisfied that credit is being extended throughout the
12 community in a nondiscriminatory manner.”.

13 (b) DUPLICATIVE INFORMATION COLLECTION.—Sec-
14 tion 804 of the Community Reinvestment Act of 1977 (12
15 U.S.C. 2903) is amended—

16 (1) by striking “and” at the end of paragraph
17 (1);

18 (2) by striking the period at the end of para-
19 graph (2) and inserting instead “; and”; and

20 (3) by adding after paragraph (2) following new
21 paragraph:

22 “(3) not require a regulated financial insti-
23 tution to collect, prepare, file or maintain data
24 or information for purposes of assessing the in-
25 stitution’s record of helping to meet the credit
26 needs of its entire community, if such data or

1 information is also required to be submitted
2 under the Home Mortgage Disclosure Act of
3 1975.”.

4 (c) PUBLIC DISCLOSURE.—Section 807(b)(1)(B) of
5 the Community Reinvestment Act of 1977 (12 U.S.C.
6 2906(b)(1)(B)) is amended by striking “and data”.

7 **SEC. 114. CLARIFICATION OF DEFINITION.**

8 Section 803(b) of the Community Reinvestment Act
9 of 1977 (12 U.S.C. 2902(b)) in the 2d paragraph which
10 is designated as paragraph (2) (defining regulated finan-
11 cial institution) by inserting “and does not include any
12 bank described in section 2(c)(2)(F) of the Bank Holding
13 Company Act of 1956” before the semicolon.

14 **SEC. 115. ASSESSMENT BASE FOR DEPOSIT INSURANCE**
15 **PREMIUMS.**

16 Section 7 of the Federal Deposit Insurance Act (12
17 U.S.C. 1817) is amended—

18 (1) in the 3d sentence of subsection (a)(3)—

19 (A) by striking “, and the reports on such
20 dates shall be the basis for the certified state-
21 ment to be filed in July pursuant to subsection
22 (c) of this section”; and

23 (B) by striking “, and the reports on such
24 dates shall be the basis for the certified state-

1 ment to be filed in January pursuant to sub-
2 section (c) of this section”; and

3 (2) in subsection (b)(3) (as in effect before the
4 effective date of the amendment made by section
5 302(a) of Federal Deposit Insurance Corporation
6 Improvement Act of 1991) is amended by adding at
7 the end the following new sentence: “Notwithstand-
8 ing the preceding sentence, if the Corporation deter-
9 mines that the implementation of filing of certified
10 statements under subsection (c) would be facilitated,
11 the Corporation may adopt procedures under which
12 the average assessment base is calculated using the
13 assessment base on the last date in the immediately
14 preceding assessment period in which the institution
15 was required to make a report of condition in lieu
16 of the assessment base on the last date in the cur-
17 rent assessment period for which the institution was
18 required to make a report of condition.”.

19 **SEC. 116. ECONOMIC ANALYSIS OF CERTAIN BANKING REG-**
20 **ULATIONS.**

21 (a) STATEMENT REQUIRED.—An appropriate Fed-
22 eral banking agency that certifies, pursuant to section
23 605(b) of title 5, United States Code, that a proposed or
24 final rule will not have a significant economic impact on
25 a substantial number of all small banks or savings associa-

1 tions, shall publish with such certification a detailed state-
2 ment that contains—

3 (1) an explanation of why the rule will not have
4 such an economic impact;

5 (2) an estimate of the number of small banks
6 or savings associations affected by the rule;

7 (3) an estimate of the costs and benefits to
8 each small bank or savings association attributable
9 to compliance with the rule; and

10 (4) in the case of a proposed rule, a request for
11 public comments on the economic impact of and the
12 number of small banks or savings associations af-
13 fected by the rule.

14 (b) FINAL RULES.—The preamble of each final rule
15 prescribed by an appropriate Federal banking agency
16 which has been preceded by a proposed rule shall—

17 (1) specifically respond to comments from the
18 public addressing the economic impact of, or the
19 number of small banks or savings associations af-
20 fected by, the proposed rule; and

21 (2) explain whether and how the final rule re-
22 sponds to those comments.

23 (c) DEFINITIONS.—For purposes of this section—

24 (1) APPROPRIATE FEDERAL BANKING AGEN-
25 CY.—The term “appropriate Federal banking agen-

1 cy” has the meaning given to such term in section
2 3 of the Federal Deposit Insurance Act.

3 (2) SMALL BANK OR SAVINGS ASSOCIATION.—
4 The term “small bank or savings association” means
5 a bank or savings association (as defined in section
6 3 of the Federal Deposit Insurance Act) that has
7 total assets of not more than \$250,000,000.

8 (3) SUBSTANTIAL NUMBER.—The term “sub-
9 stantial number” means more than 20 percent.

10 **SEC. 117. OFFICE OF REGULATORY QUALITY.**

11 The Federal Deposit Insurance Act (12 U.S.C. 1811
12 et seq.) is amended by inserting after section 44 (as added
13 by section 5 of this Act) the following new section:

14 **“SEC. 45. OFFICE OF REGULATORY QUALITY.**

15 “(a) ESTABLISHMENT REQUIRED.—Each appro-
16 priate Federal banking agency shall—

17 “(1) establish, within 180 days of the enact-
18 ment of this section, a separate Office of Regulatory
19 Quality to determine and monitor the accuracy, con-
20 sistency and quality of the examination activities of
21 such agency; and

22 “(2) establish the position of director of the Of-
23 fice of Regulatory Quality as the head of such office.

24 “(b) REGIONAL EMPLOYEES.—

1 “(1) ASSIGNMENT.—The director of the Office
2 of Regulatory Quality of each appropriate Federal
3 banking agency shall assign 1 or more employees of
4 the Office of Regulatory Quality to each regional of-
5 fice of such agency.

6 “(2) NUMBER OF EMPLOYEES.—The number of
7 employees assigned to each regional office under
8 paragraph (1) shall be sufficient to adequately mon-
9 itor and maintain the quality of the examinations of
10 that regional office.

11 “(c) REPORTS OF COMPLAINTS OR QUESTIONS.—
12 Any insured depository institution and any officer, direc-
13 tor, employee or other representative of any insured depos-
14 itory institution may report to the Office of Regulatory
15 Quality of the appropriate Federal banking agency respon-
16 sible for the supervision of that insured depository institu-
17 tion any complaints or questions that such institution or
18 person may have regarding the examination activities of
19 the Federal banking agency or any employee of that
20 agency.

21 “(d) DEVELOPMENT OF UNIFORM STANDARDS OF
22 ACCURACY, CONSISTENCY, AND QUALITY.—

23 “(1) IN GENERAL.—The directors of the Offices
24 of Regulatory Quality of the appropriate Federal
25 banking agencies shall, on a coordinated basis, de-

1 velop a uniform form which sets forth the standards
2 upon which the accuracy, consistency and quality of
3 the examination activities of each appropriate Fed-
4 eral banking agency shall be evaluated.

5 “(2) AVAILABILITY OF FORM.—The forms pre-
6 pared pursuant to paragraph (1) shall be made
7 available to each insured depository institution for
8 use in evaluating the appropriate Federal banking
9 agencies.

10 “(3) NOTICE OF AVAILABILITY OF FORM.—
11 Upon the completion of any examination involving
12 an insured depository institution, the appropriate
13 Federal banking agency shall notify such institution
14 of the availability of the forms prepared pursuant to
15 paragraph (1).

16 “(e) RESPONSE TO QUESTIONS AND COMPLAINTS
17 RELATING TO AGENCY OPERATIONS.—

18 “(1) INVESTIGATION AND RESPONSE.—An Of-
19 fice of Regulatory Quality shall promptly investigate
20 and respond to each complaint and question received
21 under subsection (c) with respect to the Federal
22 banking agency of which the Office is a part.

23 “(2) REFERRAL.—If an Office receives a com-
24 plaint or question regarding another Federal bank-
25 ing agency, or an employee of another Federal bank-

1 ing agency, it shall promptly refer such complaint or
2 question to the appropriate Office of Regulatory
3 Quality for that agency.

4 “(f) ACCESS TO AGENCY RECORDS.—The director of
5 an Office of Regulatory Quality, and any duly authorized
6 representative of that Office, shall have access to, and the
7 right to examine and copy, all records and recorded infor-
8 mation in any form within the possession or control of that
9 Federal banking agency or any employee or representative
10 of that agency which the director of the Office of Regu-
11 latory Quality deems relevant to the investigation under
12 this section.

13 “(g) ACCESS TO AGENCY INFORMATION.—The direc-
14 tor of an Office of Regulatory Quality shall have the same
15 right of access to information under this section with re-
16 spect to the appropriate Federal banking agency, and the
17 same right to enforce this access, as the Comptroller Gen-
18 eral pursuant to section 716 of title 31, United States
19 Code.

20 “(h) SUBPOENA AUTHORITY; CONFIDENTIALITY.—

21 “(1) SUBPOENA AUTHORITY.—The provisions
22 of section 716(c) of title 31, United States Code,
23 shall apply to the director of an Office of Regulatory
24 Quality, or any representative of that Office, with
25 respect to information which is necessary for the Of-

1 fice to carry out the purposes of this section in the
2 same manner such section applies to the Comptroller
3 of the Currency.

4 “(2) CONFIDENTIALITY OF INFORMATION, COM-
5 PLAINT, AND COMPLAINANT.—An Office of Regu-
6 latory Quality, and the director and any representa-
7 tive of such Office, shall maintain the confidentiality
8 of—

9 “(A) any information contained in any
10 form described in subsection (d) which is sub-
11 mitted to the Office;

12 “(B) any complaint or question received
13 from any insured depository institution or any
14 representative of that institution; and

15 “(C) the identity of any insured depository
16 institution and any representative of an institu-
17 tion which submits any such form, complaint,
18 or question.

19 “(i) ANNUAL REPORT.—

20 “(1) REPORT REQUIRED.—The director of the
21 Office of Regulatory Quality for each appropriate
22 Federal banking agency shall submit an annual re-
23 port to the Congress which shall contain informa-
24 tion, with respect to the 12-month period for which
25 such report is made, regarding the accuracy, consist-

1 ency and quality of the examination activities of
2 such agency, the nature and number of complaints
3 and questions received regarding such agency and its
4 employees and the actions taken by that Office of
5 Regulatory Quality to improve the accuracy, consist-
6 ency and quality of the examination activities of the
7 agency.

8 “(2) RECOMMENDATIONS.—The director of
9 such Office shall also include within that report rec-
10 ommendations to simplify and streamline such exam-
11 ination activities.”.

12 **SEC. 118. PRIORITY OF SAFETY AND SOUNDNESS EXAMINA-**
13 **TIONS.**

14 Section 10 of the Federal Deposit Insurance Act (12
15 U.S.C. 1820) is amended by adding at the end the follow-
16 ing new subsection:

17 “(g) PRIORITY OF SAFETY AND SOUNDNESS EXAMI-
18 NATIONS.—No insured depository institution shall be sub-
19 ject to any routine examination, other than an examina-
20 tion for purposes of determining the safety and soundness
21 of such institution, more frequently than the frequency at
22 which the institution is subject to full-scope, on-site exami-
23 nations required under subsection (d).”.

1 **SEC. 119. BANK HOLDING COMPANY FORMATION THROUGH**
2 **REORGANIZATIONS.**

3 (a) EXCEPTION TO APPROVAL REQUIREMENTS IN
4 CONNECTION WITH CERTAIN BANK REORGANIZA-
5 TIONS.—The 2d sentence of section 3(a) of the Bank
6 Holding Company Act of 1956 (12 U.S.C. 1842(a)) is
7 amended—

8 (1) by striking out “or (B)” and inserting in
9 lieu thereof “(B)”; and

10 (2) by inserting before the period at the end the
11 following: “; or (C) the acquisition by a company of
12 control of a bank in connection with a reorganization
13 described in paragraph (1) of subsection (h) if the
14 requirements of such subsection are met”.

15 (b) EXPEDITED PROCEDURES FOR CERTAIN REOR-
16 GANIZATIONS OF BANKS INTO HOLDING COMPANIES.—
17 Section 3 of the Bank Holding Company Act of 1956 (12
18 U.S.C. 1842) is amended by adding at the end thereof
19 the following new subsection:

20 “(h) EXPEDITED PROCEDURES FOR CERTAIN REOR-
21 GANIZATIONS OF BANKS INTO HOLDING COMPANIES.—

22 “(1) REORGANIZATION DESCRIBED.—For pur-
23 poses of subparagraph (C) of the second sentence of
24 subsection (a), a reorganization is described in this
25 paragraph if—

1 “(A) the transaction represents the ex-
2 change, by the shareholders of the bank, of sub-
3 stantially all of the shares of a capital-efficient
4 bank for shares of a newly-formed bank holding
5 company;

6 “(B) each shareholder of the newly-formed
7 bank holding company holds, after such ex-
8 change, substantially the same proportionate in-
9 terest in the bank holding company as each
10 such shareholder held in the bank before such
11 exchange, other than any change in the share-
12 holders’ proportionate interest in such holding
13 company which resulted from the exercise of
14 dissenting shareholders’ rights under State or
15 Federal law; and

16 “(C) immediately following the reorganiza-
17 tion, the resulting bank holding company meets
18 the capital and other financial standards pre-
19 scribed by the Board by regulation for a bank
20 holding company.

21 “(2) EXPEDITED PROCEDURE.—The exception
22 provided by subparagraph (C) of the second sentence
23 of subsection (a) to the approval requirement of
24 such subsection shall apply with respect to a reorga-

1 nization described in paragraph (1) of this sub-
2 section, if—

3 “(A) the bank referred to in paragraph
4 (1)(A) provides notice to the Board of such re-
5 organization at least 30 days before the date on
6 which such reorganization is scheduled to begin;
7 and

8 “(B) the Board has not—

9 “(i) issued an order before such date
10 disapproving such reorganization; or

11 “(ii) issued a notice before such date
12 that the provisions of this subsection are
13 not applicable to such reorganization by
14 reason of paragraph (3).

15 “(3) EXCEPTION IN CASE OF CERTAIN NON-
16 BANKING ACTIVITIES.—This subsection shall not
17 apply to any reorganization described in paragraph
18 (1) if, as a result of such reorganization, the bank
19 holding company would be engaging in any activity
20 other than banking or managing and controlling
21 banks.

22 “(4) CAPITAL-EFFICIENT BANK DEFINED.—The
23 term ‘capital-efficient bank’ means a bank which is
24 a capital-efficient insured depository institution (as

1 defined in section 3(c)(6) of the Federal Deposit
2 Insurance Act).”.

3 **SEC. 120. EXPEDITED PROCEDURES FOR CERTAIN BANK**
4 **HOLDING COMPANIES TO SEEK APPROVAL**
5 **TO ENGAGE IN CERTAIN NONBANKING AC-**
6 **TIVITIES.**

7 (a) IN GENERAL.—Section 4 of the Bank Holding
8 Company Act of 1956 (12 U.S.C. 1843) is amended by
9 adding at the end the following new subsection:

10 “(j) NOTICE PROCEDURES FOR NONBANKING AC-
11 TIVITIES.—

12 “(1) GENERAL NOTICE PROCEDURE.—

13 “(A) NOTICE REQUIREMENT.—In the case
14 of a bank holding company the insured depository
15 institution subsidiaries of which consist
16 only of capital-efficient depository institutions
17 (as defined in section 3(c)(6) of the Federal
18 Deposit Insurance Act), the bank holding com-
19 pany may not engage in any nonbanking activ-
20 ity or acquire or retain ownership or control of
21 the shares of a company engaged in activities
22 pursuant to subsection (c)(8) without providing
23 the Board with written notice of the proposed
24 transaction or activity at least 45 days before

1 the transaction or activity is proposed to occur
2 or commence.

3 “(B) CONTENTS OF NOTICE.—

4 “(i) IN GENERAL.—The notice sub-
5 mitted to the Board shall contain such in-
6 formation as the Board shall prescribe by
7 regulation or by specific request in connec-
8 tion with a particular notice.

9 “(ii) LIMITATION ON INFORMATION.—
10 The Board may only require a notice
11 under this subsection to contain such in-
12 formation as may be relevant to the nature
13 and scope of the proposed activities or
14 transaction or to the Board’s evaluation of
15 the criteria contained in paragraph (2).

16 “(C) PROCEDURE FOR AGENCY ACTION.—

17 “(i) NOTICE OF DISAPPROVAL.—Any
18 notice filed under this subsection shall be
19 deemed to be approved by the Board un-
20 less, before the end of the 45-day period
21 beginning on the date the Board receives a
22 complete notice under subparagraph (A),
23 the Board issues an order disapproving the
24 transaction or activity and setting forth
25 the reasons for disapproval.

1 “(ii) EXTENSION OF PERIOD.—The
2 Board may extend the 45-day period re-
3 ferred to in clause (i) for an additional 45
4 days.

5 “(D) APPROVAL BEFORE END OF PE-
6 RIOD.—

7 “(i) IN GENERAL.—Any transaction
8 or activity may commence before the expi-
9 ration of any period for disapproval estab-
10 lished under this paragraph if the Board
11 issues a written notice of approval.

12 “(ii) SHORTER PERIODS BY REGULA-
13 TION.—The Board may prescribe regula-
14 tions which provide for no notice under
15 this paragraph or for a shorter notice pe-
16 riod with respect to particular activities or
17 transactions.

18 “(E) EXTENSION OF PERIOD.—

19 “(i) ACTIVITIES NOT PREVIOUSLY AP-
20 PROVED.—

21 “(I) IN GENERAL.—In the case
22 of any notice to engage in, or to ac-
23 quire or retain ownership or control of
24 shares of any company engaged in,
25 any activity pursuant to subsection

1 (c)(8) that has not been previously ap-
2 proved by order or regulation, the
3 Board may extend the notice period
4 under this subsection for an addi-
5 tional 90 days.

6 “(II) DETERMINATION OF PE-
7 RIOD IN CASE OF PUBLIC HEARING.—
8 If a public hearing is conducted in
9 connection with any proposal referred
10 to in subclause (I), the Board may ex-
11 tend the notice period under this sub-
12 section for a period not to exceed 90
13 days from the conclusion of the hear-
14 ing procedure.

15 “(ii) SECTION 3 APPLICATION.—In
16 the case of any notice filed in connection
17 with an application under section 3, the
18 Board may extend the notice period for the
19 time necessary to complete action on the
20 application under section 3.

21 “(2) GENERAL STANDARDS FOR REVIEW.—

22 “(A) CRITERIA.—In connection with a no-
23 tice under this subsection, the Board may con-
24 sider the following criteria:

1 “(i) The managerial resources of the
2 companies involved.

3 “(ii) The adequacy of the companies
4 financial resources, including capital, giv-
5 ing consideration to the financial resources
6 and capital of others engaged in similar ac-
7 tivities.

8 “(iii) Any material adverse effect on
9 the safety and soundness or financial con-
10 dition of any insured depository institution
11 affiliate.

12 “(iv) Whether performance of the ac-
13 tivity by a bank holding company or a sub-
14 sidiary of such company can reasonably be
15 expected to produce benefits to the public,
16 such as greater convenience, increased
17 competition, or gains in efficiency, that
18 outweigh possible adverse effects, such as
19 undue concentration of resources, de-
20 creased or unfair competition, conflicts of
21 interest, or unsound banking practices.

22 “(B) REQUIREMENTS FOR DIS-
23 APPROVAL.—The Board shall disapprove any
24 proposed transaction pursuant to a notice filed
25 under this subsection if the Board determines

1 that any insured depository institution subsidi-
2 ary of the bank holding company—

3 “(i) is engaging in any unsafe and un-
4 sound practice; or

5 “(ii) is in an unsafe and unsound
6 condition.”.

7 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

8 (1) Section 4(c)(8) of the Bank Holding Com-
9 pany Act of 1956 (12 U.S.C. 1843(c)(8)) is amend-
10 ed—

11 (A) in the 1st clause, by inserting “subject
12 to subsection (j),” before “shares of any com-
13 pany”; and

14 (B) in the 1st complete sentence, by insert-
15 ing “, except in the case of a notice filed under
16 subsection (j),” after “Board shall consider”.

17 (2) The penultimate sentence of section 4(c) of
18 the Bank Holding Company Act of 1956 (12 U.S.C.
19 1843(c)) is amended by striking “In the event” and
20 inserting “Except with respect to a notice filed
21 under subsection (j), in the event”.

1 **SEC. 121. REDUCTION OF POST-APPROVAL PERIOD FOR**
2 **BANK HOLDING COMPANY ACQUISITIONS**
3 **AND BANK MERGERS.**

4 (a) BANK HOLDING COMPANY ACQUISITIONS.—The
5 4th sentence of section 11(b)(1) of the Bank Holding
6 Company Act of 1956 (12 U.S.C. 1849(b)(1)) is amended
7 by inserting “or such shorter period as the Board may
8 prescribe with the concurrence of the Attorney General”
9 before the period.

10 (b) DEPOSITORY INSTITUTION MERGERS.—The last
11 sentence of section 18(c)(6) of the Federal Deposit Insur-
12 ance Act (12 U.S.C. 1828(c)(6)) is amended by inserting
13 “or such shorter period as the agency may prescribe with
14 the concurrence of the Attorney General” before the
15 period.

16 **SEC. 122. BANK SECRECY ACT AMENDMENTS.**

17 (a) STAFF COMMENTARIES.—Title 31 of the United
18 States Code is amended to add the following new section
19 5327:

20 **“SEC. 5327. STAFF COMMENTARIES.**

21 “The Secretary of the Treasury shall review all regu-
22 lations promulgated under this title on an annual basis
23 and seek comment from the public pursuant to this review.
24 The Secretary shall publish all written rulings interpreting
25 this title, as well as a staff commentary to the regulations

1 issued under this title. This commentary shall be issued
2 on an annual basis.”.

3 (b) LOG REQUIREMENTS.—Section 5325(a)(1) of
4 title 31 of the United States Code is amended—

5 (1) by striking subparagraphs (A) and (B); and

6 (2) by inserting the following new paragraph

7 (1):

8 “(1) the individual has a transaction account
9 with such financial institution and the financial in-
10 stitution verifies that fact through a signature card
11 or other information maintained by such institution
12 in connection with the account of such individual.”.

13 (c) EXEMPTION PROCESS.—Section 5318(a)(5) of
14 title 31 of the United States Code is amended—

15 (1) by inserting “or exception” after “an appro-
16 priate exemption”; and

17 (2) by inserting “only after receiving comments
18 from the entities covered by this chapter. The Sec-
19 retary must take into account the effect that
20 changes to the exemption or exception process will
21 have on the cost and efficiency of the reporting proc-
22 ess.”, after the words “under this subchapter”.

23 (d) CUSTOMER FILINGS.—Section 5313(a) of title 31
24 of the United States Code is amended by striking “, the
25 institution and any other participant in the transaction

1 the Secretary may prescribe shall file a report” and insert-
2 ing “the person who participates in the transaction shall
3 file a report”.

4 (e) INFLATION ADJUSTMENTS ON CTR AMOUNTS.—
5 Section 5313(a) of title 31 of the United States Code is
6 amended by inserting after the second sentence the follow-
7 ing new sentence: “The Secretary must review the report-
8 ing requirements mentioned above by September 1 of each
9 calendar year to determine if the reporting amount pre-
10 scribed by the Secretary should be adjusted to account for
11 inflation, cost effectiveness of the requirement or the use-
12 fulness for law enforcement purposes. The Secretary must
13 submit a written report to the Congress each year disclos-
14 ing how the reporting threshold decision was reached. The
15 report must include an analysis of how the change will
16 affect domestic financial institutions.”.

17 **SEC. 123. AGGREGATE LENDING LIMITS FOR SMALL BANKS.**

18 Section 22(h)(5) of the Federal Reserve Act (12
19 U.S.C. 375b(5)) is amended—

20 (1) by redesignating subparagraph (C) as sub-
21 paragraph (D); and

22 (2) by inserting after subparagraph (B) the fol-
23 lowing new subparagraph:

24 “(C) SMALL BANK EXCEPTION.—Notwith-
25 standing subparagraph (A), member banks with

1 less than \$100,000,000 in deposits may make
2 such extensions of credit in the aggregate to
3 persons specified in subparagraph (A) in an
4 amount not to exceed 2 times the bank's
5 unimpaired capital and unimpaired surplus.”;
6 and

7 (3) in subparagraph (D) (as redesignated), by
8 striking “less than \$100,000,000” and inserting
9 “between \$100,000,000 and \$250,000,000”.

10 **SEC. 124. EFFECTIVE DATE.**

11 Except as otherwise explicitly provided in any provi-
12 sion of this title, this title and amendments made by this
13 title shall take effect at the end of the 6-month period
14 beginning on the date of the enactment of this Act.

15 **TITLE II—NONSUPERVISORY**
16 **REFORMS**
17 **Subtitle A—Expedited Funds Avail-**
18 **ability and Electronic Transfers**

19 **SEC. 201. AVAILABILITY SCHEDULES.**

20 (a) **TREASURY CHECKS.**—Section 603(a)(2)(A) of
21 the Expedited Funds Availability Act (12 U.S.C.
22 4002(a)(2)(A)) is amended—

23 (1) by redesignating clauses (i) and (ii) as
24 clauses (ii) and (iii), respectively; and

1 (2) by inserting before clause (ii) (as so redesignig-
2 nated), the following new clause:

3 “(i) is deposited at a receiving depository
4 institution (other than by use of a propriety
5 ATM) which is staffed by individuals employed
6 by such institution;”.

7 (b) PROPRIETARY ATM EXCEPTION.—Section
8 603(a)(2)(E) of the Expedited Funds Availability Act (12
9 U.S.C. 4002(A)(2)(E)) is amended by inserting “(other
10 than by use of a proprietary ATM)” after “branch of a
11 depository institution”.

12 (c) LOCAL CHECKS.—Section 603(b)(1) of the Expe-
13 dited Funds Availability Act (12 U.S.C. 4002(b)(1)) is
14 amended by striking “1 business day” and inserting “2
15 business days”.

16 **SEC. 202. DEFINITION OF A NEW ACCOUNT.**

17 Section 604(a) of the Expedited Funds Availability
18 Act (12 U.S.C. 4003(a)) is amended by striking “30-day
19 period” and inserting “90-day period”.

20 **SEC. 203. AUTHORITY TO ESTABLISH RULES REGARDING**
21 **PAYMENT SYSTEM LOSSES AND LIABILITIES.**

22 Section 611(f) of the Expedited Funds Availability
23 Act (12 U.S.C. 4010(f)) is amended in the first sentence
24 by inserting “, and other entities participating in the pay-
25 ments system, including States and political subdivisions

1 of States on which checks are drawn,” after “depository
2 institutions”.

3 **Subtitle B—Amendments to the**
4 **Truth in Lending Act**

5 **SEC. 211. EXEMPTION FOR CERTAIN BORROWERS.**

6 Section 104 of the Truth in Lending Act (15 U.S.C.
7 1603) is amended by adding at the end the following new
8 paragraph:

9 “(7) Credit transactions involving a consumer
10 who had individual income on excess of \$200,000 in
11 each of the 2 most recent calendar years or who has
12 an individual net worth, or joint net worth with that
13 person’s spouse, at the time of the transaction, that
14 exceeds \$1,000,000.”.

15 **SEC. 212. TRUTH IN LENDING ACT RIGHT OF RESCISSION.**

16 Section 125(a) of the Truth in Lending Act (15
17 U.S.C. 1635(a)) is amended by adding at the end the fol-
18 lowing sentence: “The creditor shall be deemed to have
19 delivered to an obligor the information, rescission forms,
20 and statement of material disclosures required pursuant
21 to this section notwithstanding any errors included in such
22 information, forms or statement, unless any such error is
23 unintentional and does not materially understate the cost
24 of the transaction to the obligor.”.

1 **Subtitle C—Homeownership**
2 **Amendments**

3 **SEC. 221. HOME MORTGAGE DISCLOSURE ACT EXEMPTION.**

4 The Home Mortgage Disclosure Act of 1975 (12
5 U.S.C. 2801 et seq.) is amended—

6 (1) in section 304 (12 U.S.C. 2803), by striking
7 subsection (i); and

8 (2) in section 309 (12 U.S.C. 2808) by adding
9 at the end thereof “The dollar amount of total as-
10 sets referred to in this section shall be adjusted an-
11 nually on January 1 by the annual percentage
12 change in the Consumer Price Index reported for the
13 previous June 1.”.

14 **SEC. 222. HOMEOWNERSHIP DEBT COUNSELING NOTIFICA-**
15 **TION.**

16 Section 106(c)(5) of the Housing and Urban Devel-
17 opment Act of 1968 (12 U.S.C. 1701x(c)(5)) is repealed.

18 **SEC. 223. ELIMINATION OF DUPLICATIVE DATA COLLEC-**
19 **TION.**

20 Effective 6 months after the date of enactment of this
21 Act, an appropriate Federal banking agency shall not re-
22 quire any insured depository institution (as defined in sec-
23 tion 3(q) of the Federal Deposit Insurance Act) to pre-
24 pare, file, or maintain data to further the purposes of, or
25 to fulfill the requirements of, the Fair Housing Act if the

1 preparation, filing, or maintenance of such data is re-
2 quired under the Home Mortgage Disclosure Act of 1975.

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