

# SUMMARY OF THE FINANCIAL REGULATORY IMPROVEMENT ACT OF 2015

## TITLE I REGULATORY RELIEF AND PROTECTION OF CONSUMER ACCESS TO CREDIT

### **Section 101. Exception to Annual Written Privacy Notice Requirement under the Gramm-Leach-Bliley Act.**

This section amends the Gramm-Leach-Bliley Act to exempt from its annual written privacy policy notice requirement any financial institution that: (1) shares nonpublic personal information only in accordance with specified requirements, (2) has not changed its policies and practices with respect to disclosing nonpublic personal information from those disclosed in the most recent disclosure sent to consumers, and (3) otherwise provides customers access to the most recent disclosure in electronic or other form permitted by specified regulations.

### **Section 102. Privately Insured Credit Unions Authorized to Become Members of a Federal Home Loan Bank.**

This section amends the Federal Home Loan Bank Act to treat certain privately insured credit unions as insured depository institutions for the purposes of determining eligibility for membership in a federal home loan bank.

### **Section 103. Designation of Rural Area.**

This section directs the CFPB to establish an application process under which a person who lives or does business in a state may apply to have an area in the state identified as a rural area if it has not yet been so designated by the CFPB for purposes of federal consumer financial law. This section requires the CFPB to grant or deny the application within 90 days after the public comment period ends and publish the grant or denial in the Federal Register, including an explanation of the factors upon which the CFPB relied in making its determination.

### **Section 104. Examination Ombudsman.**

This section establishes in the Federal Financial Institutions Examination Council an Office of Examination Ombudsman. The Ombudsman is charged with receiving and investigating complaints from financial institutions, representatives of financial institutions, or any other entity acting on behalf of the institutions, concerning examinations, examination practices, or examination reports; holding meetings with financial institutions; reviewing examination procedures of the Federal financial institutions regulatory agencies and conducting a continuing and regular program of examination quality assurance.

### **Section 105. Confidentiality of Information Shared between State and Federal Financial Services Regulators.**

This section amends the S.A.F.E. Mortgage Licensing Act of 2008 to extend access to any information provided to the Nationwide Mortgage Licensing System and Registry to State and Federal regulatory officials having financial services oversight authority, without the loss of privilege or confidentiality protections provided by Federal and State laws.

### **Section 106. Safe Harbor for Certain Loans Held in Portfolio.**

This section provides Qualified Mortgage (QM) protection for creditors holding a mortgage in portfolio so long as certain consumer protection and financial stability criteria are met.

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### **Section 107. Protecting Consumer Access to Mortgage Credit.**

This section amends the Truth in Lending Act to exclude from the computation of points and fees an escrow for future payment of insurance. This section also requires the GAO to study the impact of Dodd-Frank mortgage rules on the availability of mortgage credit, including the impact on affiliated lenders.

### **Section 108. Protecting Access to Manufactured Homes.**

This section amends the Truth in Lending Act to exclude from the definition of “mortgage originator” any employee of a retailer of manufactured homes who does not receive compensation or gain for taking residential mortgage loan applications, and to revise the definition of “high cost mortgage” as it applies to manufactured housing.

### **Section 109. Streamlining Bank Exams.**

This section amends the Federal Deposit Insurance Act to increase the number of small insured depository institutions that qualify for the 18-month on-site exam cycle by increasing the current asset threshold of \$500 million to \$1 billion.

### **Section 110. Adjustments for Inflation.**

This section requires an annual adjustment of the \$1 billion and \$10 billion thresholds in Dodd-Frank to reflect the percentage change for the previous calendar year in the Gross Domestic Product (GDP) of the United States. It also increases from \$10 billion to \$50 billion the threshold for direct examination of banks by CFPB.

### **Section 111. Study on the Privacy Risks of Government Publication of Personal Financial Data.**

This section requires the GAO to study the privacy risks of new Home Mortgage Disclosure Act (HMDA) reporting requirements added by Dodd-Frank.

### **Section 112. Ensuring the Reporting of Appraisal Misconduct.**

This section provides persons involved in a real estate transaction with protection against defamation suits when reporting appraisal misconduct.

### **Section 113. Mutual Holding Company Dividend Waivers.**

This section clarifies that mutual holding companies are permitted to waive the receipt of dividends declared on the common stock of their bank or mid-size holding companies.

### **Section 114. Safeguarding Access to Habitat for Humanity Homes.**

This section clarifies that appraisers who donate appraisals voluntarily are not deemed to be “fee appraisers” for purposes of the Truth in Lending Act.

### **Section 115. Clarifying the Applicability of Section 619 of Dodd-Frank.**

This section amends Section 13 of the Bank Holding Company Act to exempt from the Volcker Rule banks with \$10 billion or less in assets and those with a holding company with less than \$10 billion in assets, as such threshold shall be adjusted for GDP growth.

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### **Section 116. Study of Mortgage Servicing Assets.**

This section requires the Federal banking agencies to perform a study of the impact of the recent changes in the regulatory treatment of mortgage servicing assets.

### **Section 117. No Wait for Lower Mortgage Rates.**

This section removes the new three-day wait period required for the combined TILA/RESPA mortgage disclosure if the only change from the prior disclosure is a reduction in the consumer's interest rate. This section provides lenders with a safe harbor from liability until the CFPB certifies that use of the forms does not conflict with State law.

### **Section 118. Eliminating Barriers to Jobs for Loan Originators.**

This section allows an individual who is employed by a financial institution and a registered loan originator to continue to originate loans for 120 days after being employed by a State licensed non-depository entity.

### **Section 119. Short Form Call Reports.**

This section allows highly-rated community banks to submit a short form call report in the first and third quarters of each year.

### **Section 120. Application of the Expedited Funds Availability Act.**

This section applies the Expedited Funds Availability Act to American Samoa and the Northern Mariana Islands.

### **Section 121. Application of the Federal Advisory Committee Act.**

This section applies the requirements of the Federal Advisory Committee Act to the CFPB to ensure that advice by the various advisory committees is objective and accessible to the public.

### **Section 122. Budget Transparency for the NCUA.**

This section requires the NCUA to hold public hearings and receive comments from the public on its budget.

### **Section 123. Clarification for Instruments of Other Depository Institution Holding Companies.**

This section amends Dodd-Frank to add March 31, 2010 as a date for calculation of total consolidated assets for purposes of exempting certain debt or equity instruments of smaller financial institutions from capital deductions requirements.

### **Section 124. FHLB Membership Proposed Rule.**

This section requires the Federal Housing Finance Agency to withdraw its proposed rule entitled "Members of Federal Home Loan Banks" published on September 12, 2014, and also requires the Comptroller General to study the potential impact of the proposed rule.

### **Section 125. Ensuring a Comprehensive Regulatory Review.**

To ensure that Federal financial regulators perform a comprehensive review of regulations to identify outdated or otherwise unnecessary regulatory requirements imposed on financial institutions, this section requires the Federal financial regulators to consider Dodd-Frank regulations as part of their Economic Growth and Regulatory Paperwork Reduction Act review and requires the regulators to consider the impact of regulations on financial institutions.

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### **Section 126. Prohibition on Implementation or Participation in Operation Choke Point.**

This section prohibits the Fed, FDIC, OCC, NCUA and CFPB from partaking in DOJ's Operation Choke Point.

## **TITLE II      SYSTEMICALLY IMPORTANT BANK HOLDING COMPANIES**

### **Section 201. Revisions to FSOC's Authority.**

This section establishes a process to designate bank holding companies (BHCs) as systemically important by replacing the existing framework in which all BHCs with more than \$50 billion in total consolidated assets are automatically deemed systemically important with a framework that requires the Federal Reserve Board of Governors and FSOC to evaluate BHCs with more than \$50 billion and less than \$500 billion in total consolidated assets, as indexed for GDP growth, for systemic designation based on certain criteria. Such criteria will initially include size, interconnectedness, substitutability, cross-border activity, and complexity. The FSOC could subsequently vote to change such criteria after a public notice-and-comment rulemaking. BHCs with more than \$500 billion in total consolidated assets, as indexed for GDP growth, will be subject to an automatic designation.

The Federal Reserve Board generally must recommend that FSOC evaluate a BHC before the designation process can begin, though FSOC has an ability to commence an evaluation without the Board's recommendation. As part of the designation process, FSOC is required to provide a BHC with:

- notices and detailed explanations of why FSOC is considering it for designation during various stages in the designation process;
- opportunities to meet with FSOC or its representatives, have a hearing, and submit materials to FSOC (including a remedial plan);
- an analysis of any remedial plan submitted, an opportunity to meet with representatives of FSOC to discuss the analysis, and an opportunity to revise the plan; and
- a detailed explanation if FSOC decides to designate.

This section also sets forth a reevaluation process for a designated BHC pursuant to which such BHC will have an opportunity to, at least once every five years or at the recommendation of the Federal Reserve Board, (1) submit materials to FSOC (including a remedial plan), (2) meet with representatives of FSOC, and (3) have a hearing before FSOC members. FSOC then has to vote on whether to renew such BHC's designation, and if so, provide the BHC with meaningful information about why it should continue to be designated, why any remedial plan submitted is unsatisfactory, and what the BHC can do to no longer be designated. If FSOC does not vote to renew the designation, the previous designation will be rescinded.

BHCs with more than \$500 billion in total consolidated assets, as indexed for GDP growth, may not be subject to such reevaluation.

This section also requires FSOC to make certain public disclosures, including with respect to designation methodologies used for identifying companies.

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### **Section 202. Revisions to Federal Reserve Board's Authority.**

This section primarily makes conforming changes to the Federal Reserve Board's authority as a result of changes made in Section 201. It also raises the thresholds from \$10 billion to \$50 billion for the requirements under Dodd-Frank that a company conduct mandatory company-run stress tests and establish a risk committee.

### **Section 203. Effective Date.**

This section provides that all provisions of this title go into effect 180 days after regulations issued by FSOC setting forth the criteria used to evaluate BHCs are finalized, provided that FSOC may begin the designation process for BHCs, and may designate BHCs, during the 180-day time period.

### **Section 204. Sense of Congress.**

This section sets forth the sense of Congress that financial regulators should seek to properly tailor prudential regulations.

### **Sec. 205 - Preservation of Authority**

This section clarifies that nothing in this Act is intended to limit the banking regulators from using existing supervisory, regulatory, and enforcement authorities for safety and soundness purposes, except as specifically provided in the Act.

## **TITLE III      GREATER TRANSPARENCY FOR THE FSOC PROCESS FOR NONBANK FINANCIAL COMPANIES**

### **Section 301. Access to Council Meetings by Agency Members.**

This section permits members of the governing bodies of: (1) the Federal Reserve Board of Governors, (2) the SEC, (3) the FDIC, (4) the CFTC, and (5) the NCUA, to attend FSOC meetings and meetings of representatives of FSOC members, and provides such members with access to the same information and materials as the heads of those agencies. Currently only the heads of certain governmental agencies are voting members of FSOC (e.g., Chairman of the Federal Reserve Board, but not other governors) and can participate at FSOC meetings.

### **Section 302. Nonbank Determinations.**

This section provides greater transparency to the FSOC designation process and allows regulated entities to address risks and concerns identified by FSOC. As part of the designation process, FSOC is required to provide a nonbank financial company with:

- notices and detailed explanations of why FSOC is considering it for designation during various stages in the designation process;
- opportunities to meet with FSOC or its representatives, have a hearing, and submit materials to FSOC (including a remedial plan);
- an analysis of any remedial plan submitted, an opportunity to meet with representatives of FSOC to discuss the analysis, and an opportunity to revise the plan; and
- a detailed explanation if FSOC decides to designate.

In addition, FSOC is required to provide the company's primary regulator an opportunity to assess and respond to FSOC's analysis of the company and take regulatory action, if appropriate.

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This section amends the current reevaluation process for a designated nonbank financial company pursuant to which such company will have an opportunity to submit materials (including a remedial plan) and to meet with representatives of FSOC during FSOC's annual reevaluation of such company's designation. Afterwards, FSOC has to vote on whether to rescind such company's designation and if FSOC does not vote to rescind, provide the company with meaningful information about why it should continue to be designated, why any remedial plan submitted is unsatisfactory, and what the company can do to no longer be designated. In addition, at least once every five years, the company is entitled to a hearing with FSOC members to contest its designation, and afterwards FSOC will vote on whether to renew the designation of such company. If FSOC does not vote to renew the designation, the previous designation will be rescinded.

This section also requires FSOC to make certain public disclosures, including with respect to designation methodologies used for identifying companies.

### **Section 303. Rule of Construction.**

This section clarifies that none of the amendments made by this title may be construed as limiting the emergency powers of FSOC.

## **TITLE IV      IMPROVED ACCOUNTABILITY AND TRANSPARENCY IN THE REGULATION OF INSURANCE**

### **Section 401. Sense of Congress.**

This section sets forth the sense of Congress that the McCarran-Ferguson Act of 1945 remains the preferred approach to regulating the business of insurance.

### **Section 402. The Policyholder Protection Act of 2015.**

This section establishes parity for Savings and Loan Holding Companies (SLHCs) with that of existing laws governing Banking Holding Companies (BHCs) to ensure the same protections exist in both structures, so that there are resources sufficient to pay policy holder claims. This section would allow the FDIC to take assets of such SLHC in liquidation only if the Corporation determines, after consultation with the state insurance authority, that such a lien will not unduly impede or delay the liquidation or rehabilitation of the insurance company, or the recovery by its policyholders.

### **Section 403. International Insurance Capital Standards Accountability.**

This section sets forth the sense of Congress that the Federal Reserve, the Federal Insurance Office and State insurance regulators should develop consensus positions in international discussions on capital standards for insurers and increase transparency in those discussions. It also establishes an advisory committee on insurance matters at the Federal Reserve. It further establishes reporting and testimony timelines for the Federal Reserve, the Treasury and (if they so choose) State insurance regulators with regard to such international discussions.

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## TITLE V IMPROVING THE FEDERAL RESERVE SYSTEM

### **Section 501. Reports to Congress.**

This section replaces the current semi-annual monetary policy reports to Congress by the Federal Reserve Board with a quarterly report published by the FOMC, containing a more detailed analysis of recent, current, and future economic conditions and trends (while still requiring the Chair of the Federal Reserve to testify semi-annually and not quarterly). This section requires the FOMC to disclose any rules and strategies used or considered to determine monetary policy and to explain any changes in the rules or strategies used or considered from the previous quarter. This section does not require the FOMC to follow any rule or rules to prescribe monetary policy; rather, the FOMC is required to denote in the report what rules the FOMC has used or considered in its decision-making process.

### **Section 502. Testimony; Votes; Staff.**

This section requires the Chair of the Federal Reserve to testify before Congress on behalf of the Vice Chair for Supervision if the Vice Chair for Supervision is vacant at the time such testimony is required pursuant to Dodd-Frank. This section also requires the governors of the Federal Reserve Board to take a vote on any settlement of an enforcement action of more than \$1 million and to promptly post the results of such votes on the Federal Reserve's website. Finally, this section allows each governor to hire a maximum of four staff members to serve and advise such governor.

### **Section 503. Transparency at the FOMC.**

This section reduces the time lag for FOMC transcript release from five to three years.

### **Section 504. Interest Rates on Balances Maintained at a Federal Reserve Bank by Depository Institutions.**

This section shifts from the Federal Reserve Board to the FOMC the authority for setting the rate of interest on banks' reserves held at the Fed.

### **Section 505. Commission for Restructuring the Federal Reserve System.**

This section creates an independent commission to study the potential restructuring of the districts of the Federal Reserve System. This section requires the Commission to consider various proposals to increase, decrease, or restructure the districts, and make a recommendation to Congress on the optimal organization of the Federal Reserve System.

### **Section 506. GAO Study on Supervision to Reduce Systemic Risk and Prevent Regulatory Capture.**

This section requires the GAO to undertake a study addressing the regulation of systemically important financial institutions by the Federal Reserve Banks in order to best address systemic risk and prevent regulatory capture.

### **Section 507. Federal Reserve Study on Nonbank Supervision.**

This section requires the Federal Reserve to conduct a study and prepare a report to Congress every two years (with a sunset after ten years) on its plan to regulate and supervise nonbank institutions.

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### **Section 508. Federal Reserve Bank Governance.**

This section requires the President of the New York Federal Reserve Bank to be appointed by the President of the United States and confirmed by the Senate due to the unique role of the Federal Reserve Bank of New York in the Federal Reserve System.

## **TITLE VI IMPROVED ACCESS TO CAPITAL AND TAILORED REGULATION IN THE FINANCIAL MARKETS**

### **Section 601. Holding Company Registration Threshold Equalization.**

This section amends the Securities Exchange Act of 1934 to apply the registration and deregistration thresholds for BHCs to SLHCs.

### **Section 602. Increased Threshold for Disclosures Relating to Compensatory Benefit Plans.**

This section directs the SEC to revise regulations requiring an issuer to furnish investors with additional specified disclosures regarding compensatory benefit plans if the aggregate sales price or amount of securities sold during any consecutive 12-month period exceeds \$10 million (currently \$5 million), indexed for inflation every five years.

### **Section 603. Repeal of Indemnification Requirements.**

This section amends the Securities Exchange Act of 1934 and the Commodity Exchange Act to repeal the indemnification requirements added by Dodd-Frank for regulatory authorities to obtain access to swap data. Foreign regulators and regulatory entities have indicated concerns regarding the indemnification requirements of Dodd-Frank, so this section removes such requirements so data can be shared with foreign authorities.

### **Section 604. Improving Access to Capital for Emerging Growth Companies.**

This section amends the Securities Act of 1933 by providing a grace period for an emerging growth company (EGC). This section enables an issuer that was an EGC at the time it submitted a confidential registration statement or, in lieu thereof, a publicly filed registration statement for review, but is no longer an EGC thereafter, to continue to be treated as an EGC through the earlier of the date on which the issuer consummates its initial public offering pursuant to such registration statement, or the end of the one-year period beginning on the date that the company is no longer an EGC.

## **TITLE VII TAXPAYER PROTECTIONS AND MARKET ACCESS FOR MORTGAGE FINANCE**

### **Section 701. Definitions.**

This section sets forth definitions to be used within this title.

### **Section 702. Prohibition on Use of Guarantee Fees to Offset Other Government Spending.**

This section prohibits the uses of increases in a guarantee fee charged by Fannie Mae and Freddie Mac to offset outlays or reductions in revenues for any purpose other than enterprise business functions or housing finance reform as passed by the Congress in the future.

### **Section 703. Limitation on Sale of Preferred Stock.**

This section prohibits the sale, or other disposition, of preferred stock in Fannie Mae or Freddie Mac, by the U.S. Treasury, unless it is directed to do so by Congress.

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### **Section 704. Secondary Market Advisory Committee.**

This section instructs the FHFA Director to establish a committee comprised of mortgage market participants to advise on decisions pertaining to the development of market infrastructure.

### **Section 705. Common Securitization Platform.**

This section directs the FHFA Director to: (1) report to Congress annually on the development of the Common Securitization Platform (CSP); (2) establish a board of directors of CSP to advise on the development and transition of the CSP, and gradually increase the number of CSP board members who do not work for Fannie or Freddie; and (3) after five years, transition the CSP to a non-profit entity available to approved issuers other than Fannie and Freddie.

### **Section 706. Mandatory Risk Sharing.**

This section requires the FHFA Director to direct Fannie Mae and Freddie Mac to conduct first loss risk sharing transactions and to increase the volume of those transactions, annually, by at least 50 percent. At least half of the total amount of must be front-end risk sharing. The FHFA Director and the Secretary of the Treasury may delay these requirements for up to one year if their imposition would adversely affect the housing market.

## **TITLE VIII DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION TECHNICAL CORRECTIONS**

This title makes purely technical corrections of non-substantive inaccuracies and omissions in Dodd-Frank. When Congress passed the 2,300 page Dodd-Frank legislation, the bill included numerous technical errors. For example, section 742(b) of Dodd-Frank amended the Gramm-Leach-Bliley Act by citing “section 206(e)” of that act when, in fact, Gramm-Leach-Bliley does not have a “section 206(e).” Moreover, Dodd-Frank abolished the Office of Thrift Supervision, but failed to take out references to the OTS in at least 20 other statutes.