

Comparison of House and Senate Regulatory Relief Legislation

Key:

Red (Senate bill only)

Blue (House bill only)

Green (same or similar provision)

Issues	H.R. 3505 – Financial Services Regulatory Relief Act	S. (no number yet) – Financial Services Regulatory Relief Act
General		
Securities – Reg B		Sec. 101 – Requires SEC to consult and obtain concurrence with bank regulators on Reg B push out rules.
Interest on reserves	Included in separate bill (H.R. 1224)	Sec. 201 – Authorizes the Fed to pay interest on reserve balances.
Reserve ratio flexibility	Included in separate bill (H.R. 1224)	Sec. 202 – Provides the Fed with greater flexibility to set the ratio of reserve deposits a depository institution must maintain against transaction accounts.
National banks	Title I	
Capital stock ownership	Sec. 101 – Provides flexibility for Subchapter S national banks.	
Cumulative voting	Sec. 102 – Permits national banks to choose election method for directors.	Sec. 301
Dividends	Sec. 103 – Provides more flexibility for directors to declare a dividend.	Sec. 302
Business organization	Sec. 109 – Authorizes OCC to provide business organization flexibility – Subchapter S and LLC.	
Main place of business	Sec. 110 – Clarifies it is where main office is or will be located.	

Community development activities	Sec. 112 – Raises maximum investment from 10% to 15% of capital and surplus.	
Savings associations (SAs)	Title II	
Parity – Securities registration	Sec. 201 – To provide parity with banks, exempts savings associations from investment advisor and broker dealer registration.	Sec. 401 – Savings associations are subject to the same investment advisor and broker-dealer registration requirements as are banks.
Public welfare investments	Sec. 202- Raises maximum from 10% to 15% of capital and surplus.	
Purchased mortgage services rights	Sec. 206 – Eliminates 90% cap on valuation of PMSRs.	Sec. 402
SBIC investments	Sec. 207 – Restates SA authority to invest in SBIC subject to 5% of capital and surplus limit.	
Auto loans	Sec. 208 – Removes 35% of total asset limit for auto loans and leases.	
QTL test	Sec. 211 – Eliminates state-by-state QTL requirement.	
Small business loans	Sec. 212 – Eliminates percentage of assets limits on small business loans/raises the total assets limits from 10% to 20% of total assets.	
Diversity jurisdiction	Sec. 213 – Clarifies that “citizenship” for purposes of diversity jurisdiction is only the state of home office and the state of principal place of business (if another state) for federal court.	Sec. 403
Commercial real estate	Sec. 214 – Raises the limit on commercial real estate loans from 400% to 500% of capital.	
Loans to one borrower	Sec. 215 – Eliminates the \$500,000 per-unit cap on the purchase price of residential units.	Sec. 404
Credit card savings association	Sec. 216 – Permits savings association holding companies to charter credit card savings associations and still be exempt	

	from activity restrictions imposed on multiple savings association holding companies.	
Business organization flexibility	Sec. 218 – Provides business organization flexibility (Subchapter S and LLC).	
Credit unions (CUs)	Title III	
FHLB membership	Sec. 301 – Permits privately insured CUs to become members of FHLB.	
Real estate leases	Sec. 302 – Permits military and civilian authorities to extend minimal charge real estate leases to finance construction of CU facilities on federal land.	Sec. 501
Purchase of investment grade securities	Sec. 303 – Authorizes CUs to purchase investment grade securities for their own account subject to a 10% of net worth limit.	
Loan maturity date	Sec. 304 – Increases maturity date of loans from 12 to 15 years.	Sec. 502
Aggregate investments	Sec. 305 – Raises ceiling on aggregate investments in service organizations from 1% to 3% of shares and undivided earnings.	
Nonprofit religious loans	Sec. 306 – Excludes loans made to non-profit religious organizations from restrictions on business loans.	
Money transfers	Sec. 307 – Authorizes CUs to provide money transfer instruments to persons in the field of membership.	Sec. 503
Employee group transfers	Sec. 308 – Provides that spin-offs of employee groups are not required in a voluntary, NCUA-approved merger involving multiple-bond CUs.	
Field of membership in voluntary conversations	Sec. 309 – Requires NCUA to prescribe criteria for determining when a member group located outside the well-defined community can remain within the CU's field of membership in the	

	case of a voluntary conversion of a common-bond CU into a community CU.	
Member expulsion	Sec. 310 – Provides flexibility for CU Boards to expel members for disruptive behavior, set term limits for Boards and provide for reimbursement of wages for voluntary service of Board members.	
Money market interest rate	Sec. 311 – Authorizes NCUA to raise money market interest rates when prevailing rates threaten safety and soundness.	
Pre-merger notification	Sec. 312 – Exempts certain CU mergers from pre-merger notification requirements of Clayton Act.	
Securities registration	Sec. 313 – Exempts CUs from broker dealer and investment adviser registration requirements.	
Definition of net worth	Sec. 314 – Clarifies that the definition of net worth includes the retained earnings balance of a CU, together with the retained earnings of any other CU with which it has merged.	Sec. 504
Non-federally insured credit unions	Sec. 315 – Makes certain changes to the rules for non-federally insured CUs with respect to accepting deposits, advertising and FTC enforcement authority.	
Depository institution provisions	Title IV	
De novo interstate branching/commercial ILC restrictions	Sec. 401 – Removes remaining state restrictions on de novo interstate branching. Prohibits branching by commercially-owned ILCs chartered after October 1, 2003.	
Insider lending	Sec. 403 – Amends the Federal Reserve Act and BHCA to repeal specified reporting requirements regarding loans to bank executive officers and principal	Sec. 601

	shareholders.	
Management interlocks	Sec. 404 – Increases exemption from prohibition on management interlocks from \$20 million to \$100 million in assets.	Sec. 610
Thrift investment in bank service companies	Sec. 406 – Permits investments in bank service companies by savings associations.	Sec. 602 – Parallel authority for banks and savings associations.
CRA credit for ESOPs/EWOCs	Sec. 410 – Extends CRA credit for depository institutions that support establishment of ESOPs and EWOCs.	
Technical assistance – Katrina	Sec. 411 – Requires FDIC and OTS to provide technical assistance to minority-owned institutions affected by hurricanes Katrina, Rita and Wilma.	
Depository institution affiliate provisions	Title V	
Securities cross-marketing	Sec. 501 – Eliminates cross-marketing restrictions between banks and merchant banks.	Sec. 611 (in part) – Parity with insurance affiliates.
Shares held in trust	Sec. 502 – Authorizes the Fed to waive attribution rules deeming a BHC controls shares held in trust for the benefit of shareholders, members or employees.	Sec. 706
Public welfare investments by credit card banks	Sec. 506 – Permits credit card banks to make public welfare investments in LMI areas subject to a 5% capital and surplus limit.	
Banking agency provisions	Title VI	
Exam cycle	Sec. 601 – Authorizes the banking agencies to adjust exam cycle if necessary to allocate available resources.	
Review of Call Report requirements	Sec. 606 – Directs the regulators to periodically review Call Report information requirements and reduce unnecessary requirements.	Sec. 604
18-Month exam cycle	Sec. 607 – Expands eligibility for 18-month exam cycle from \$250	Sec. 605 – Except expands to

	to \$1 billion in assets.	\$500 million.
Short form Call Report	Sec. 608 – Authorizes short-form Call Reports for institutions with less than \$1 billion in assets.	
Mergers	Sec. 610 – Repeals the requirement that the reviewing agency responsible for depository institution mergers must request reports from all other federal banking agencies on the competitive factors involved.	Sec. 606
Reg Y policy statement	Sec. 616 – Makes it easier for small institutions to buy other banks or merge by raising the size limit from \$150 million to \$1 billion in assets for institutions that use acquisition debt to transfer ownership provisions of Reg Y.	
Privacy notices	Sec. 617 – Exempts financial institutions that have not changed their privacy policies and do not share information that would trigger opt-out notices under the GLBA or FCRA from providing annual privacy notices. Exempts CPAs and other professionals from disclosure requirements.	Sec. 607 – Regulators must promulgate simplified “model” form within 180 days of enactment. Sec. 609 – Exempts CPAs from disclosure requirements.
Information “privilege”	Sec. 620 – Clarifies that when a depository institution submits information to regulators as part of the regulatory process it does not waive “privilege” that it might claim with respect to that information.	Sec. 607
Minimum card payments	Sec. 623 – Directs that minimum card payments guidance issued by the regulators applies only to accounts issued after the date of enactment.	
Compliance burden reduction	Title VII	
CTR reduction	Sec. 701 – Creates an exemption for “seasoned customers” from filing Currency Transaction	Sec. 1001 – Requires GAO to study use of CTRs by financial institutions and government

	Reports (CTRs). Defined as a business entity that has had an account for a least one year and that has engaged in multiple transactions on the account requiring a CTR.	and report back to Congress with recommendations for improving the exemption process.
Miscellaneous		
“Home” state regulator	Sec. 619 - Clarifies authority of home and host state regulators.	Sec. 711
Bad check pre-trial diversion program	Sec. 901 – Extends the current Fair Debt Collection Practices Act (FDCPA) exemption for debt collection activities by state and local agencies to private entities that operate bad check pre-trial diversion programs on behalf of, and under the supervision of, state and local district attorneys, for the purpose of saving law enforcement resources and providing offenders with an alternative to criminal prosecution.	Sec. 801 (similar)
Securities pledged in lieu of surety bonds		Sec. 901 – Amends Title 31 of the United States Code to allow the Treasury Department to determine the types of securities that may be pledged in lieu of surety bonds. Requires that the securities be valued at current market rates.
Regulatory burden		Sec. 1002 – Requires GAO to study and report back to Congress within one year of enactment on the cost of regulatory compliance and whether there is a disproportionate impact on smaller institutions.