

## Union Calendar No. 446

115TH CONGRESS  
2D SESSION

# H. R. 1116

[Report No. 115-588]

To require the Federal financial institutions regulatory agencies to take risk profiles and business models of institutions into account when taking regulatory actions, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 16, 2017

Mr. TIPTON (for himself, Mr. PITTENGER, Mr. ROYCE of California, Mr. POSEY, Mr. WILLIAMS, Mrs. LOVE, Mr. LOUDERMILK, Mr. TROTT, and Mr. BARR) introduced the following bill; which was referred to the Committee on Financial Services

MARCH 6, 2018

Additional sponsors: Mr. KING of Iowa, Mr. ROSS, Ms. TENNEY, Mr. LATTA, Mr. POLIQUIN, Mr. LUCAS, Mr. SANFORD, Mr. HULTGREN, Mr. HARPER, Mr. KELLY of Mississippi, Mr. JENKINS of West Virginia, Mr. PETERSON, Mr. MARSHALL, Mr. MCKINLEY, Mr. CRAMER, Mr. RENACCI, Mr. BISHOP of Utah, Mr. BACON, Mr. EMMER, Mr. LEWIS of Minnesota, Mr. KING of New York, Mr. ARRINGTON, Mr. DESANTIS, Mr. WITTMAN, Mr. WALZ, Mr. COFFMAN, Mr. YOUNG of Iowa, Mrs. NOEM, Mr. JOHNSON of Ohio, Mr. PAULSEN, Mr. VELA, Mr. CHABOT, Mr. GALLAGHER, Mr. BABIN, Mr. BRIDENSTINE, Mr. BOST, Mr. BUCK, Mrs. WAGNER, Mr. ROTHFUS, Mr. SESSIONS, Mr. HOLLINGSWORTH, Mr. SMITH of Texas, Mr. FARENTHOLD, Mr. OLSON, Mr. MACARTHUR, Mr. GROTHMAN, Mrs. COMSTOCK, Mr. GUTHRIE, Mr. GOSAR, Ms. JENKINS of Kansas, Mr. SENSENBRENNER, Mr. MULLIN, Mr. RICE of South Carolina, Mr. ROKITA, Mr. RUSSELL, Mr. DUNCAN of South Carolina, Mrs. MIMI WALTERS of California, Mr. WEBSTER of Florida, Mr. SIMPSON, Mr. DESJARLAIS, Mr. RODNEY DAVIS of Illinois, Mr. MESSER, Mr. TURNER, Mr. STIVERS, Mr. LAMBORN, Mr. WALBERG, Mr. MARINO, Mr. TIBERI, Mr. DUNCAN of Tennessee, Mr. FORTENBERRY, Mr. JOYCE of Ohio, Mr. COLLINS of New York, Mr. WOMACK, Mr. GRAVES of Louisiana, Mr. PERLMUTTER, Mr. COLE, and Mr. GOTTHEIMER

MARCH 6, 2018

Committed to the Committee of the Whole House on the State of the Union  
and ordered to be printed

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## **A BILL**

To require the Federal financial institutions regulatory agencies to take risk profiles and business models of institutions into account when taking regulatory actions, 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 “Taking Account of In-  
5 stitutions with Low Operation Risk Act of 2017” or the  
6 “TAILOR Act of 2017”.

7 **SEC. 2. REGULATIONS APPROPRIATE TO BUSINESS MOD-**  
8 **ELS.**

9 (a) IN GENERAL.—For any regulatory action occur-  
10 ring after the date of the enactment of this Act, each Fed-  
11 eral financial institutions regulatory agency shall—

12 (1) take into consideration the risk profile and  
13 business models of each type of institution or class  
14 of institutions subject to the regulatory action;

15 (2) determine the necessity, appropriateness,  
16 and impact of applying such regulatory action to  
17 such institutions or classes of institutions; and

18 (3) tailor such regulatory action in a manner  
19 that limits the regulatory compliance impact, cost, li-  
20 ability risk, and other burdens, as appropriate, for  
21 the risk profile and business model of the institution  
22 or class of institutions involved.

23 (b) OTHER CONSIDERATIONS.—In carrying out the  
24 requirements of subsection (a), each Federal financial in-  
25 stitutions regulatory agency shall consider—

1           (1) the impact that such regulatory action, both  
2           by itself and in conjunction with the aggregate effect  
3           of other regulations, has on the ability of the appli-  
4           cable institution or class of institutions to serve  
5           evolving and diverse customer needs;

6           (2) the potential impact of examination manu-  
7           als, regulatory actions taken with respect to third-  
8           party service providers, or other regulatory directives  
9           that may be in conflict or inconsistent with the tai-  
10          loring of such regulatory action described in sub-  
11          section (a)(3); and

12          (3) the underlying policy objectives of the regu-  
13          latory action and statutory scheme involved.

14          (c) NOTICE OF PROPOSED AND FINAL RULE-  
15          MAKING.—Each Federal financial institutions regulatory  
16          agency shall disclose in every notice of proposed rule-  
17          making and in any final rulemaking for a regulatory ac-  
18          tion how the agency has applied subsections (a) and (b).

19          (d) REPORTS TO CONGRESS.—

20                 (1) INDIVIDUAL AGENCY REPORTS.—

21                         (A) IN GENERAL.—Not later than 1 year  
22                         after the date of the enactment of this Act and  
23                         annually thereafter, each Federal financial in-  
24                         stitutions regulatory agency shall report to the  
25                         Committee on Financial Services of the House

1 of Representatives and the Committee on Bank-  
2 ing, Housing, and Urban Affairs of the Senate  
3 on the specific actions taken to tailor the regu-  
4 latory actions of the agency pursuant to the re-  
5 quirements of this Act.

6 (B) APPEARANCE BEFORE THE COMMIT-  
7 TEES.—The head of each Federal financial in-  
8 stitution regulatory agency shall appear before  
9 the Committee on Financial Services of the  
10 House of Representatives and the Committee  
11 on Banking, Housing, and Urban Affairs of the  
12 Senate after each report is made pursuant to  
13 subparagraph (A) to testify on the contents of  
14 such report.

15 (2) FIEC REPORTS.—

16 (A) IN GENERAL.—Not later than 3  
17 months after each report is submitted under  
18 paragraph (1), the Financial Institutions Ex-  
19 amination Council shall report to the Com-  
20 mittee on Financial Services of the House of  
21 Representatives and the Committee on Bank-  
22 ing, Housing, and Urban Affairs of the Senate  
23 on—

24 (i) the extent to which regulatory ac-  
25 tions tailored pursuant to this Act result in

1 different treatment of similarly situated in-  
2 stitutions of diverse charter types; and

3 (ii) the reasons for such differential  
4 treatment.

5 (B) APPEARANCE BEFORE THE COMMIT-  
6 TEES.—The Chairman of the Financial Institu-  
7 tions Examination Council shall appear before  
8 the Committee on Financial Services of the  
9 House of Representatives and the Committee  
10 on Banking, Housing, and Urban Affairs of the  
11 Senate after each report is made pursuant to  
12 subparagraph (A) to testify on the contents of  
13 such report.

14 (e) LIMITED LOOK-BACK APPLICATION.—

15 (1) IN GENERAL.—Each Federal financial insti-  
16 tutions regulatory agency shall conduct a review of  
17 all regulations adopted during the period beginning  
18 on the date that is seven years before the date of the  
19 introduction of this Act in the House of Representa-  
20 tives and ending on the date of the enactment of  
21 this Act, and apply the requirements of this Act to  
22 such regulations.

23 (2) REVISION.—If the application of the re-  
24 quirements of this Act to any such regulation re-  
25 quires such regulation to be revised, the applicable

1 Federal financial institutions regulatory agency shall  
2 revise such regulation within 3 years of the enact-  
3 ment of this Act.

4 (f) DEFINITIONS.—In this Act, the following defini-  
5 tions shall apply:

6 (1) FEDERAL FINANCIAL INSTITUTIONS REGU-  
7 LATORY AGENCIES.—The term “Federal financial in-  
8 stitutions regulatory agencies” means the Office of  
9 the Comptroller of the Currency, the Board of Gov-  
10 ernors of the Federal Reserve System, the Federal  
11 Deposit Insurance Corporation, the National Credit  
12 Union Administration, and the Bureau of Consumer  
13 Financial Protection.

14 (2) REGULATORY ACTION.—The term “regu-  
15 latory action” means any proposed, interim, or final  
16 rule or regulation, guidance, or published interpreta-  
17 tion.

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