

## Congressional Research Service Summary

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12/11/2009--Passed House amended. Wall Street Reform and Consumer Protection Act of 2009 - Title I - Financial Stability Improvement Act

Financial Stability Improvement Act of 2009 - (Sec. 1000A) Directs the Comptroller General to audit and report to Congress within two years after enactment of this Act on all actions taken by the Board of Governors of the Federal Reserve System (Federal Reserve Board) and the federal reserve banks during the current economic crisis.

Subtitle A - The Financial Services Oversight Council

Section 1001 -

Establishes the Financial Services Oversight Council, consisting of the heads of specified federal financial regulatory bodies and chaired by the Secretary of the Treasury. Requires the Council, among other things, to: (1) advise Congress on financial domestic and international regulatory developments, including insurance and accounting developments, and make recommendations to enhance the integrity, efficiency, competitiveness, and stability of the U.S. financial markets; (2) monitor the financial services marketplace to identify potential threats to the stability of the U.S. financial system; (3) subject financial companies and activities to stricter prudential standards; (4) recommend that a member Council agency adopt stricter prudential standards for the firms it regulates in order to mitigate systemic risk; and (5) resolve, upon request, a jurisdictional dispute between member Council agencies.

Section 1006 -

Requires the Council to report semiannually to designated congressional committees regarding: (1) significant financial and regulatory developments and their impact upon the stability of the financial system; and (2) strategies developed in response to potential threats to the stability of the U.S. financial system. Directs the Council to study the effects that regulations and standards of the Consumer Financial Protection Agency (CFPA), established under this Act, will have upon covered persons, including nondepository institutions. Requires the study to include an assessment of the appropriateness of using "APR" (Annual Percentage Rate) as a true measure of the value of all nonbank products.

Section 1008 -

Authorizes the Comptroller General to audit and report periodically to certain congressional committees on Council activities and financial transactions.

Subtitle B - Prudential Regulation of Companies and Activities for Financial Stability Purposes

Section 1100 -

Empowers the Federal Reserve Board to act as agent for the Council, and to act on its behalf.

Section 1101 -

Authorizes the Council and the Federal Reserve Board to receive, and to request the production of, any data or information from Council members in order to: (1) monitor the financial services marketplace to identify potential threats to the stability of the U.S. Financial system; (2) identify global trends and developments that could pose systemic risks to the stability of the U.S. economy or other economies; or (3) ascertain a primary financial regulatory agency's implementation of recommended prudential standards.

Section 1102 -

Authorizes the Council to make formal recommendations that a federal financial regulatory agency adopt stricter prudential standards for firms it regulates in order to mitigate systemic risk. Authorizes a federal financial regulatory agency to implement increased oversight in response to Council recommendations.

Section 1103 -

Directs the Council to subject a financial activity or practice to stricter prudential standards for financial stability purposes upon making specified determinations that: (1) material financial distress at the company could pose a threat to financial stability or the economy; or (2) the nature, scope, size, scale, concentration, and interconnectedness, or mix of the company's activities could pose a threat to financial stability or to the economy. Requires the Federal Reserve Board to report periodically to the Council whether a company subjected to stricter prudential standards should continue under such standards. Subjects the stricter prudential standards, upon company

appeal, to judicial review. Directs the Board to require each financial holding company subject to stricter standards to maintain a debt to equity ratio of no more than 15 to 1 (leverage limitation).

Section 1104 -

Directs the Federal Reserve Board, as agent of the Council, to impose specified stricter prudential standards on a financial holding company on which the Council has already imposed stricter prudential standards. Requires the computation of capital requirements for any financial holding company subject to stricter standards to take into account specified off balance sheet activities of the company. Prescribes circumstances for discretionary imposition of stricter prudential standards on functionally regulated subsidiaries or subsidiary depository institutions of a financial holding company subject to stricter standards. Requires the Board to prescribe standards that limit to 25% (or a lower percentage) of capital stock and surplus (concentration limits) of the financial holding company subject to stricter standards the risks posed by the credit exposure of such a company to any unaffiliated company. Exempts the federal home loan banks from such limitations. Authorizes the Board to limit the amount of short-term debt that may be accumulated by any financial holding company subject to stricter standards, including off-balance sheet exposures. Requires the Board to: (1) take specified prompt corrective action to resolve the problems of financial holding companies subject to stricter standards; and (2) specify for each relevant capital measure the levels at which a financial holding company subject to stricter standards is well capitalized, undercapitalized, and significantly undercapitalized. Restricts the asset growth of an undercapitalized financial holding company that is subject to stricter standards. Requires such a company to obtain the Federal Reserve Board's written approval prior to: (1) paying a bonus to any senior executive officer; and (2) providing compensation to any senior executive officer at a rate exceeding that officer's average rate of compensation (excluding bonuses, stock options, and profit-sharing) during the 12 calendar months preceding the calendar month in which the financial holding company subject to stricter standards became undercapitalized. Grants the Federal Reserve Board enforcement authority over a foreign financial holding company subject to stricter standards if the Board believes that its condition, practice, or activity is not in compliance with this Act. Requires a financial holding company subject to stricter standards to submit a rapid resolution plan to address the results of stress tests that indicate significant or critical undercapitalization. Directs the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board to issue jointly regulations requiring financial holding companies subject to stricter standards to develop plans for the rapid and orderly resolution of the company. Prescribes standards for such resolution plans.

Section 1105 -

Directs the Council to require a financial holding company subject to stricter standards to undertake specified mitigatory actions if the Council determines that the company poses a grave threat to the financial stability or economy of the United States.

Section 1106 -

Authorizes the Council to subject a financial activity or practice to stricter prudential standards upon a determination that the conduct, scope, nature, size, scale, concentration, or interconnectedness of such activity or practice could create or increase the risk of significant liquidity, credit, or other problems spreading among financial institutions or markets and local, minority, or underserved communities, and thereby threaten the stability of the financial system or economy.

Section 1107 -

Directs the Federal Reserve Board, as agent of the Council, to recommend to the appropriate primary financial regulatory agencies the prudential standards to be applied to such identified activities and practices.

Section 1108 -

Requires the Board, when the Council determines that a company or activity or practice no longer is subject to heightened prudential scrutiny, to so inform the relevant primary financial regulatory agency or agencies. Requires the primary financial regulatory agency that has imposed stricter prudential standards for financial stability purposes to determine whether such standards should remain in effect.

Section 1109 -

Authorizes the FDIC, upon the written determination of the Council that a liquidity event exists that could destabilize the financial system, to create a widely-available program designed to avoid or mitigate adverse effects on systemic economic conditions or financial stability by guaranteeing

obligations of solvent insured depository institutions or solvent depository institution holding companies (and affiliates) if necessary to prevent systemic financial instability during times of severe economic distress. Limits to \$500 billion the total guaranteed debt outstanding at any time, except in specified circumstances.

Section 1110 -

Authorizes the FDIC to appoint itself as receiver for an insured depository institution participating in the Sec. 1109 program or another specified debt guarantee program that defaults on any FDIC-guaranteed obligation. Amends the federal bankruptcy code to authorize the FDIC to file an involuntary petition for bankruptcy against a depository institution holding company or another company participating in an FDIC guarantee program on the ground of such a default. Grants a ninth bankruptcy priority to allowed unsecured claims based upon any debt to the FDIC as a result of such default.

Section 1111 -

Permits the FDIC to obtain warrants or senior debt instruments from an insured depository institution or depository institution holding company in connection with a specified payment, credit extension, or guarantee or any commitment under this Act.

Section 1112 -

Amends the Federal Deposit Insurance Act (FDIA) to set forth examination and enforcement authority over a financial holding company subject to stricter standards whenever the FDIC Board of Directors determines a special examination is necessary to determine the company's condition for resolution purposes.

Section 1113 -

Directs the Chairman of the Council to study and report to Congress on the economic impact of possible financial services regulatory limitations intended to reduce systemic risk.

Section 1114 -

Prohibits any provision of this title relating to the authority of the Federal Reserve Board from being construed as conferring any decision-making authority on presidents of federal reserve banks. Prohibits the Federal Reserve Board from delegating the authority to make any voting decision that the Board is authorized or required to make under this title.

Section 1115 -

Requires a financial holding company subject to stricter standards to conduct quarterly baseline, adverse, and severely adverse stress tests and report on them to the head of the primary financial regulatory agency and to the Federal Reserve Board. Requires any financial company with over \$10 billion in total assets that is not a financial holding company subject to stricter standards to conduct and report on stress tests semiannually.

Section 1116 -

Authorizes the Federal Reserve Board to promulgate regulations that require a financial holding company subject to stricter standards to maintain a minimum amount of long-term hybrid debt that is convertible to equity upon a Board determination that: (1) the company fails to meet prudential standards; or (2) threats to the stability of the U.S. Financial system make such a conversion necessary. Directs the Chairman of the Council to study and report to Congress on an optimal implementation of contingent capital requirements to: (1) maximize financial stability, minimize the probability of drawing on the Systemic Resolution Fund (established by this Act) in a financial crisis; and (3) minimize costs for financial holding companies subject to stricter standards.

Section 1117 -

Authorizes the Federal Reserve Board to prohibit a financial holding company subject to stricter standards from trading certain financial instruments with the company's own money and for its own account (proprietary trading) if the Board determines that such trading threatens either: (1) the safety and soundness of the company; or (2) U.S. Financial stability. Allows the Board to make certain exceptions for proprietary trading ancillary to other company operations if it does not pose a threat to company safety and soundness or to U.S. Financial stability.

Subtitle C - Improvements to Supervision and Regulation of Federal Depository Institutions

Section 1202 -

Amends the Home Owners' Loan Act (HOLA) to establish a Division of Thrift Supervision within the Office of the Comptroller of the Currency. (Sec. 1203) Amends the Revised Statutes of the United States to direct the Secretary to appoint up to five Deputy Comptrollers of the Currency, including a Senior Deputy Comptroller for National Banks and a Senior Deputy Comptroller for Thrift Supervision. (Sec. 1204) Transfers all functions of the

OTS Director to the Office of the Comptroller of the Currency and the new Division of Thrift Supervision, except those relating to the supervision and regulation of - (1) state savings associations, which are transferred to the FDIC; and (2) savings and loan holding companies, which are transferred to the Federal Reserve Board. (Sec. 1207) Abolishes the Office of Thrift Supervision (OTS). (Sec. 1212) Transfers all OTS employees to either the Comptroller of the Currency or the FDIC for employment. (Sec. 1219) Amends the Bank Holding Company Act of 1956 (BHCA) to prescribe procedural requirements for the declaration of dividends by subsidiary savings associations of certain mutual holding companies. Allows a mutual thrift holding company to waive the right to receive such dividends in specified circumstances. (Sec. 1220) Directs the Secretary and the FDIC to submit to Congress and their respective Inspectors General a joint plan for implementing this subtitle. (Sec. 1222) Amends the FDIA, the Alternative Mortgage Transaction Parity Act of 1982, the Bank Holding Company Act of 1956, the Bank Protection Act of 1968, the Bank Service Company Act, the Community Reinvestment Act of 1977, the Depository Institution Management Interlocks Act, the Emergency Homeowners' Relief Act, the Equal Credit Opportunity Act, the Federal Credit Union Act, the Federal Financial Institutions Examination Council Act of 1978, the Federal Home Loan Bank Act, the Federal Reserve Act (FRA), the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the Housing Act of 1948, the Housing and Community Development Act of 1992, the Housing and Urban-Rural Recovery Act of 1983, the National Housing Act, the Right to Financial Privacy Act of 1978, the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings Act), the Crime Control Act of 1990, the Flood Disaster Protection Act of 1973, the Investment Company Act of 1940, the Securities Exchange Act of 1934, and the federal criminal code to reflect the transfer of functions under this subtitle. (Sec. 1255) Amends the International Lending Supervision Act of 1983 to require each appropriate federal banking agency, in establishing capital requirements for banking institutions, to seek to make such requirements countercyclical so that the amount of capital required to be maintained by a banking institution increases in times of economic expansion and decreases in times of economic contraction, consistent with the institution's safety and soundness. (Sec. 1256) Transfers to the Federal Reserve Board all functions of the OTS Director with respect to savings and loan holding companies that are a fraternal beneficiary society or a company that is, together with its affiliates on a consolidated basis, predominantly engaged in the business of insurance. Subtitle D: Further Improvements to the Regulation of Bank Holding Companies and Depository Institutions

#### Section 1301 -

Amends the Bank Holding Company Act of 1956 (BHCA) to redefine bank holding company and to prescribe the treatment of industrial loan companies, savings associations, and certain other companies in order to effectuate consolidated supervision of certain financial companies by the Federal Reserve Board. Requires such companies to register as bank holding companies. Requires an entity that is subject to the stricter prudential standards under this Act to establish a special purpose intermediate holding company ("section 6 holding company") if such entity controlled shares or engaged in activities that did not comply with the activity or investment restrictions on financial holding companies prescribed by the Federal Reserve Board. Prescribes restrictions on the activities of such an entity and of a section 6 holding company, including: (1) transactions with affiliates; and (2) certain tying arrangements. Sets forth corporate governance requirements, including one that at least 25% of the members of the board of directors of a section 6 holding company, and each subsidiary of such company, be independent of the parent company of the section 6 holding company and any subsidiary of such parent company. Requires a company that controls a section 6 holding company to serve as a source of financial strength to such subsidiary.

#### Section 1302 -

Requires registration with the Federal Reserve Board, within 90 days, of any company that was not a bank holding company the day before enactment of this Act but which becomes one (other than a section 6 holding company) by operation of law upon the enactment of this Act.

#### Section 1303 -

Revises requirements for reports to the Board of bank holding companies and subsidiaries. Defines a functionally regulated subsidiary of a bank holding company for report and examination purposes as: (1) an SEC-registered broker or dealer; (2) an SEC-registered investment company; and (3) a futures commission merchant, commodity trading advisor, and commodity pool operator registered with the Commodity Futures Trading Commission (CFTC). Repeals the authority of the

Federal Reserve Board to examine functionally regulated subsidiaries of a bank holding company. Requires the Board, however, to use reports of examination of such subsidiaries and of subsidiary depository institutions made by other federal or state regulatory authorities. Repeals the limited authority of the Federal Reserve Board to regulate functionally regulated subsidiaries of bank holding companies.

Section 1304 -

Requires a bank holding company to be well capitalized and well managed.

Section 1305 -

Requires a bank holding company to be well capitalized and well managed (currently, only adequately capitalized and adequately managed) to acquire an out-of-state bank. Amends the FDIA to allow the responsible agency to approve an interstate merger transaction only if the resulting bank will continue to be well capitalized and well managed (currently, only adequately capitalized and adequately managed) upon consummation of the transaction.

Section 1306 -

Amends the FRA to eliminate from the meaning of affiliate any company, including a real estate investment trust, that is sponsored and advised on a contractual basis by the member bank or any subsidiary or affiliate of the member bank. Extends coverage of transactions under the Act to debt obligations (in addition to the acceptance of securities) issued by an affiliate as collateral security for a loan or extension of credit to any person or company. Extends such coverage as well to: (1) any securities borrowing and lending transactions with an affiliate to the extent that the transactions create credit exposure of the member bank to the affiliate; and (2) current and potential future credit exposure to the affiliate on derivative transactions with the affiliate. Repeals the requirement that any collateral (for certain transactions with affiliates) that is subsequently retired or amortized be replaced by additional eligible collateral where needed to keep the percentage of the collateral value relative to the amount of the outstanding loan or extension of credit, guarantee, acceptance, or letter of credit equal to the minimum percentage required at the inception of the transaction. Prohibits the Federal Reserve Board, with respect to a transaction or relationship involving a national bank or federal savings association, from exempting a transaction or relationship from specified requirements unless it obtains the concurrence of the Comptroller of the Currency in addition to obtaining the concurrence of the FDIC Chairman.

Section 1307 -

Repeals the exemption of covered transactions between a bank and any of its individual financial subsidiaries from the requirement that the aggregate amount of the transaction not exceed 10% of the member bank's capital stock and surplus. Repeals also the exclusion of the financial subsidiary's retained earnings from a bank's investment in one of its individual financial subsidiaries.

Section 1308 -

Amends the Revised Statutes with respect to the limit of 15% of a national banking association's unimpaired capital and unimpaired surplus on the total loans and extensions of credit it makes to a person outstanding at one time and not fully secured by collateral having a market value at least equal to the amount of the loan or extension of credit. Includes among such loans and extensions of credit the credit exposure to a person arising from a derivative transaction, repurchase agreement, reverse repurchase agreement, securities lending transaction, or securities borrowing transaction between the national banking association and a person. Defines derivative transaction as any transaction that is a contract, agreement, swap, warrant, note, or option based, in whole or in part, on the value of, any interest in, or any quantitative measure or the occurrence of any event relating to, one or more commodities, securities, currencies, interest or other rates, indices, or other assets. Requires the Comptroller of the Currency to prescribe rules with respect to credit exposures arising from any derivative transaction or related agreement or transaction.

Section 1309 -

Amends the Bank Consolidation and Merger Act, the Revised Statutes, and HOLA to prohibit certain conversions by troubled banks and thrifts between national and state banks and savings associations.

Section 1310 -

Amends the FRA regarding limits on credit extensions to executive officers, directors, and principal shareholders of member banks (insiders) to declare that a member bank shall be deemed to have extended credit to a person if the member bank has credit exposure to the person arising from a derivative transaction, repurchase agreement, reverse repurchase

agreement, securities lending transaction, or securities borrowing transaction between the member bank and the person.

Section 1311 -

Amends the FDIA to prohibit an insured depository institution from purchasing an asset from, or or selling one to, its executive officers, directors, or principal shareholders unless the transaction is on market terms and, if the transaction represents more than 10% of the institution's capital stock and surplus, the transaction has been approved in advance by a majority of the institution's board of directors (with interested directors not participating).

Section 1312 -

Amends the BHCA to authorize the Federal Reserve Board to issue regulations relating to the capital levels of bank holding companies.

Section 1313 -

Amends the BHCA regarding the factors to be considered in deciding whether to approve acquisitions of certain shares by a financial holding company, including both bank and nonbank acquisitions, to require the Federal Reserve Board to consider the extent to which the proposed acquisition, merger, or consolidation may pose risk to the stability of the U.S. Financial system or the U.S. Economy, including the resulting scope, nature, size, scale, concentration, or interconnectedness of activities that are financial in nature. Authorizes Board disapproval of any acquisition, merger, or consolidation of, or by, a financial holding company subject to stricter standards if the Board determines that the resulting concentration of liabilities on a consolidated basis is likely to pose a great threat to financial stability during times of severe economic distress. Allows a financial holding company to commence any nonbanking activity or acquire any nonbanking organization without prior approval of the Board, except for a transaction in which the total assets to be acquired by the financial holding company exceed \$25 billion. Amends the FDIA to require the FDIC, when deciding whether to approve a merger, consolidation, or other related transaction between an insured depository institution and a noninsured bank or institution, to take into consideration risk to the stability of the U.S. Financial system or the U.S. Economy, including the resulting scope, nature, size, scale, concentration, or interconnectedness of activities that are financial in nature.

Section 1314 -

Amends the Securities Exchange Act of 1934 to repeal the statutory framework under which certain investment bank holding companies may elect to become supervised by the Securities Exchange Commission (SEC).

Section 1315 -

Amends the BHCA to require the Federal Reserve Board or the federal reserve banks to assess fees on bank holding companies with total consolidated assets of \$10 billion or more to defray the cost of examining such companies.

Section 1316 -

Amends the Revised Statutes to authorize the Comptroller of the Currency to charter mutual national banks as bodies corporate existing in perpetuity for the benefit of their depositors and the communities in which they operate. Authorizes such banks to apply to become a federal mutual bank holding company according to a specified procedure.

Section 1317 -

Amends the FDIA to prohibit the responsible agency (usually the FDIC) from approving an application for an interstate merger transaction if, upon consummation of the transaction, the resulting insured depository institution (including its affiliated insured depository institutions) would control more than 10% of the total amount of deposits of insured depository institutions in the United States. Amends the Home Owners' Loan Act to prohibit the OTS Director now, under this Act, the Federal Reserve Board) from approving a savings and loan holding company's application for an interstate acquisition of a savings association or a savings and loan holding company if the applicant (including its affiliated insured depository institutions) controls, upon consummation of the transaction would control, more than 10% of the total amount of deposits of insured depository institutions in the U.S.

Section 1318 -

Amends the Revised Statutes and the FDIA to revise requirements for the state "opt-in" election to permit interstate branching through de novo branches. Specifies that the application of a national bank to establish a de novo branch in a state in which the bank does not maintain a branch may be approved if the law of the state where the branch is located, or is to be located, would permit

establishment of the branch if the bank were a state bank chartered by such state.

#### Subtitle E - Improvements to the Federal Deposit Insurance Fund

##### Section 1401 -

- Amends the FDIA to: (1) redefine "risk-based assessment system" to include consideration of risks posed by affiliates; (2) repeal the provision that no depository institution shall be barred from the lowest-risk category solely because of size; (3) prescribe a formula for determining a risk-focused assessment base; (4) eliminate any mandatory declaration of a dividend if the reserve ratio of the Deposit Insurance Fund (DIF) falls between 1.35% and 1.5% of estimated insured deposits; (5) eliminate the requirement that the FDIC first obtain agreement with the Comptroller of the Currency, and the Federal Reserve Board before requiring any insured depository institution to file additional reports for insurance purposes; (6) eliminate the maximum reserve ratio for the DIF; and (7) require the FDIC to make available to the public, for at least five years, the reserve ratio and the designated reserve ratio using both estimated insured deposits and the assessment base revised under this subtitle.

#### Subtitle F - Improvements to the Asset-backed Securitization Process

##### Credit Risk Retention Act of 2009 -

##### Section 1502 -

Amends the Securities Act of 1933 to direct the appropriate federal financial regulatory agencies to prescribe regulations to require: (1) any creditor to retain an economic interest in a material portion of the credit risk of any loan the creditor transfers, sells, or conveys to a third party, including for the purpose of including such loan in a pool of loans backing an issuance of asset-backed securities; and (2) any securitizer of asset-backed securities that are backed by certain other assets to retain an economic interest in a material portion of any such asset used to back an issuance of securities. Authorizes such agencies, for certain purposes, to apply such risk retention requirements to credit securitizers in addition to or in substitution (as alternatives) for any or all of the requirements that apply to creditors that make such loans or types of loans. Requires the Federal Reserve Board to study and report to Congress on the combined impact by each individual class of asset-backed security of: (1) the new credit risk retention requirements of this subtitle; and (2) the Financial Accounting Statements 166 and 167 issued by the Financial Accounting Standards Board (FASB).

##### Section 1503 -

Amends the Securities Exchange Act of 1934 to authorize the SEC to: (1) provide for the suspension or termination of the duty to file for any class of issuer of asset-backed security; and (2) classify issuers and prescribe requirements appropriate for each class of issuer of asset-backed security. Requires the SEC to prescribe regulations requiring each issuer of an asset-backed security to disclose: (1) information regarding the assets backing each tranche or class of security; and (2) asset-level or loan-level data necessary for investors to independently perform due diligence. Requires asset-level or loan-level data to include unique identifiers relating to loan brokers or originators, the nature and extent of the compensation of the broker or originator of the assets backing the security, and the amount of risk retention of the originator or the securitizer of such assets.

##### Section 1504 -

Requires the SEC to prescribe regulations on the use of representations and warranties in the asset-backed securities market that: (1) require credit rating agencies to include in reports accompanying credit ratings a description of the representations, warranties, and enforcement mechanisms available to investors and how they differ from representations, warranties, and enforcement mechanisms in similar issuances; and (2) require disclosure on fulfilled repurchase requests across all trusts aggregated by originator, so that investors may identify asset originators with clear underwriting deficiencies.

##### Section 1505 -

Amends the Securities Act of 1933 to repeal the exemption from prohibitions and requirements relating to interstate commerce and the mails that is granted to certain transactions involving offers or sales of promissory notes secured by a first lien on real estate upon which is located a residential or commercial structure. .

##### Section 1506 -

Requires the Chairman of the Council to study and report to Congress on the macroeconomic effects of the risk retention requirements under this subtitle, emphasizing the potential beneficial effects with respect to stabilizing the real estate market.

## Subtitle G - Enhanced Dissolution Authority

### Dissolution Authority for Large, Interconnected Financial Companies Act of 2009 -

#### Section 1603 -

Sets forth circumstances under which: (1) the Federal Reserve Board or the appropriate regulatory agency (the FDIC, the SEC, or the applicable state insurance authority) is required or authorized to make a written recommendation regarding the systemic risk to U.S. economic stability posed by a financial company in default or in danger of default (covered financial company); and (2) the Secretary shall appoint the FDIC as receiver for such company for a one-year period to take certain discretionary actions to stabilize or dissolve it. Establishes the Systemic Dissolution Fund to: (1) provide for the dissolution of any failed covered financial company (or companies) posing a systemic threat to either the financial markets or to the economy; and (2) ensure that taxpayer funds used to facilitate such liquidations are fully repaid from assessments levied on financial companies with assets of \$50 billion or more.

#### Section 1611 -

Requires the Inspector General of the FDIC, if the FDIC is appointed as receiver for a covered financial company under this subtitle, to establish an Office of Dissolution, headed by a Special Deputy Inspector General for Dissolution. Requires the Special Deputy Inspector General to audit and investigate the activities of the FDIC in its capacity as receiver for a covered financial company. Requires an Office of Dissolution to terminate six months after the FDIC ceases to serve as a receiver for any covered financial company.

#### Section 1612 -

Amends federal bankruptcy law to require that an involuntary case in bankruptcy be commenced by the FDIC against a covered financial company. Requires that the FDIC be appointed trustee in such a case.

#### Section 1613 -

Amends the FDIA to require the FDIC to establish a Systemic Dissolution Authority, which shall manage any fund established for the purpose of facilitating the dissolution of a financial company (Systemic Dissolution Fund).

#### Section 1614 -

Requires the FDIC to apply specified executive compensation limits under the Emergency Economic Stabilization Act of 2008 (EESA) to a covered financial company, for so long as it is in receivership, at any time that the FDIC has borrowed from the Treasury to resolve the company.

#### Section 1615 -

Directs Comptroller General to study and report to Congress on the safe harbor provisions under federal law for derivatives, swaps, and securities transactions, including recommendations for legislation to address any adverse impacts presented by such provisions.

#### Section 1616 -

Directs the Secretary to study and report to Congress on how the resolution authority provided under this subtitle should be funded.

#### Section 1617 -

Amends the FDIA with respect to the order of priority for payment of claims from amounts realized from the liquidation or other resolution of any insured depository institution by any receiver. Grants third priority to any obligation of the institution owed to the FDIC as a result of the institution's default on a FDIC-guaranteed debt.

## Subtitle H - Additional Improvements for Financial Crisis Management

#### Section 1701 -

Amends the Federal Reserve Act (FRA) to empower the Federal Reserve Board, in unusual and exigent circumstances, to authorize any federal reserve bank to discount certain notes, drafts, and bills of exchange (except low quality assets) upon the written determination of the Financial Stability Oversight Council (with the consent of the Secretary) that an existing liquidity event could destabilize the financial system. Requires the Financial Stability Oversight Council to promptly notify Congress of its determination. Sets a ceiling of \$4 trillion upon the availability of such amounts. Authorizes introduction and passage in Congress of a joint resolution disapproving any additional borrowing authority under this subtitle.

#### Section 1702 -

Subjects the exercise of a federal reserve bank's foreign currency swap authority to advance approval by at least five members of the Federal Reserve Board and the written concurrence of the Secretary of the Treasury.

Section 1703 -

Establishes the Council of Inspectors General on Financial Oversight.

Subtitle I - Miscellaneous

Section 1801 -

Directs each financial regulatory agency to establish an Office of Minority and Women Inclusion to advise the agency administrator on the impact of agency policies and regulations upon minority-owned and women-owned businesses.

Section 1802 -

Amends the Federal Financial Institutions Examination Council Act of 1987 to require the Federal Housing Finance Agency (FHFA) to participate in an advisory role whenever the Financial Institutions Examination Council takes any actions on issues relating to either the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), or the federal home loan banks.

Subtitle J - International Policy Coordination

Section 1901 -

Directs the President (or a designee) to coordinate through all available international policy channels similar policies as found in U.S. law related to limiting the scope, nature, size, scale, concentration, and interconnectedness of financial companies in order to protect financial stability and the global economy.

Subtitle K - International Financial Provisions

Section 1951 -

Amends the International Banking Act of 1978 to authorize the Federal Reserve Board, in acting on any application for the establishment of a foreign bank office in the United States, to take into account for a foreign bank that presents a systemic risk to the United States, whether the home country of the foreign bank has adopted, or is making demonstrable progress toward adopting, an appropriate system of financial regulation for the home country financial system to mitigate such systemic risk. Authorizes the Federal Reserve Board to terminate the activities of a branch, agency, or subsidiary of a foreign bank operating in the United States if the Board finds that the home country of a foreign bank that presents a systemic risk to the United States has neither adopted nor made demonstrable progress toward adopting an appropriate system of financial regulation to mitigate systemic risk. Amends the Securities Exchange Act of 1934 to authorize the SEC, when determining whether to permit or terminate registration of a foreign person as a U.S. broker or dealer, to consider whether, for a foreign person (or affiliate) that presents a systemic risk to the United States, the foreign person's home country has either adopted or made demonstrable progress toward adopting an appropriate system of financial regulation to mitigate systemic risk. Authorizes the SEC to terminate the broker or dealer registration of a foreign person whose home country has not adopted or made progress toward adopting an appropriate system of financial regulation.

Section 1952 -

Amends the Emergency Economic Stabilization Act of 2008 (EESA) to modify the amount by which Troubled Asset Relief Program (TARP) funds authorized for purchase of troubled assets are reduced to offset costs. Increases the amount by which \$700 billion must be reduced to \$23.625 billion.

Subtitle L - Securities Holding Companies

Section 1961 -

Prescribes requirements for U.S. registration and supervision, including capital and risk management, of certain securities holding companies required by a foreign regulator or foreign law to be subject to comprehensive consolidated supervision.

Title II - Corporate and Financial Institution Compensation Fairness Act

Corporate and Financial Institution Compensation Fairness Act of 2009 -

Section 2002 -

Amends the Securities Exchange Act of 1934 to require that any proxy, consent, or authorization to elect directors for an annual shareholders meeting provide for a separate shareholder vote to approve executive compensation in accordance with SEC rules. States that the shareholder vote shall not be binding upon the issuer or the board of directors. Requires the person making a proxy or consent solicitation to approve at a shareholders meeting of an acquisition, merger, consolidation, or proposed sale or other disposition of all or substantially all the assets of an issuer to disclose in the related material any agreements or understandings that such person has

with any named executive officers of such issuer or of the acquiring issuer concerning all compensation based upon or relating to such asset disposition, and the aggregate total of all such compensation that may be paid or become payable to or on behalf of such executive officer (golden parachute compensation).

Section 2003 -

Requires the SEC to direct the national securities exchanges and associations to prohibit the listing of any class of equity security of an issuer that is not in compliance with specified SEC standards relating to compensation committees, including: (1) the independence of such committees; (2) independence standards for compensation consultants and other committee advisors; and (3) compensation committee authority relating to compensation consultants.

Section 2004 -

Directs federal regulators to prescribe joint regulations requiring certain financial institutions to disclose the structures of all incentive-based compensation arrangements offered by them in order to determine whether the compensation structure: (1) is aligned with sound risk management; (2) is structured to account for the time horizon of risks; and (3) meets other criteria appropriate to reduce unreasonable incentives offered by such institutions for employees to take undue risks that could threaten the safety and soundness of covered financial institutions or have serious adverse effects on economic conditions or financial stability. Requires federal regulators to prescribe joint regulations prohibiting any feature of any incentive-based arrangement that encourages such inappropriate risks. Exempts financial institutions with assets of less than \$1 billion from such compensation prohibitions and requirements. Requires the Comptroller to study and report to Congress on whether there is a correlation between compensation structures and excessive risk taking.

Title III - Derivative Markets Transparency and Accountability Act

Derivative Markets Transparency and Accountability Act of 2009 -

Section 3001 -

Directs the Commodity Futures Trading Commission (CFTC) and the SEC to consult with one another and with the Prudential Regulators before commencing any rulemaking or issuing an order regarding swaps, swap dealers, major swap participants, swap repositories, persons associated with a swap dealer or major swap participant, eligible contract participants, or swap execution facilities.

Section 3003 -

Requires the CFTC, the SEC, and the Prudential Regulators to consult and coordinate with foreign regulatory authorities on the establishment of consistent international standards for the regulation of contracts of sale of swaps and security-based swaps. Authorizes the CFTC, the SEC, and the Prudential Regulators to agree to information-sharing arrangements necessary or appropriate in the public interest, or for the protection of investors, swap counterparties, and security-based swap counterparties. Requires the CFTC to consult and coordinate with foreign regulatory authorities on the establishment of consistent international standards with respect to the regulation of contracts of sale of a commodity for future delivery. Permits the CFTC to agree with foreign regulatory authorities on information-sharing arrangements necessary or appropriate in the public interest for the protection users of contracts of sale of a commodity for future delivery.

Section 3004 -

Prohibits this Act from being construed as authorizing federal assistance to support clearing operations or liquidation of a derivatives clearing organization or a clearing agency, except where explicitly authorized by an Act of Congress.

Section 3005 -

Requires the CFTC to study and report to Congress regarding the effects of the position limits imposed under this title on excessive speculation and on the movement of transactions from exchanges in the United States to trading venues outside the United States. Instructs the Chairman of the CFTC to report biennially to Congress on the growth or decline of the derivatives markets in the United States and abroad. Directs the CFTC and the SEC to study jointly and report to certain congressional committees on: (1) the feasibility of requiring the derivatives industry to adopt standardized computer-readable algorithmic descriptions which may be used to describe complex and standardized financial derivatives; and (2) the desirability and feasibility of establishing, by January 1, 2012, a single regulator for all transactions involving financial derivatives.

Section 3006 -

Directs the CFTC, the SEC, and the Prudential Regulators to transmit to Congress recommendations for legislative changes to the federal insolvency laws.

Section 3007 -

Authorizes the CFTC and the SEC jointly to collect information concerning the markets for any types of swap or security-based swap and and issue a report on those detrimental to the stability of a financial market or of its participants.

Section 3008 -

Authorizes either the CFTC or the SEC to prohibit an entity domiciled in a foreign country from participating in the United States in any swap or security-based swap activities if the regulation of swaps or security-based swaps markets in that foreign country undermines the stability of the U.S. Financial system.

Section 3009 -

Directs the CFTC and the Federal Energy Regulatory Commission (FERC) to negotiate and submit to Congress a memorandum of understanding to establish procedures for: (1) applying their respective authorities in a manner to ensure effective regulation in the public interest; (2) resolving conflicts concerning overlapping jurisdiction between the two agencies; (3) avoiding conflicting or duplicative regulation; and (4) sharing information where either Commission is investigating potential manipulation, fraud, or market power abuse in markets within its purview.

Subtitle A - Regulation of Swap Markets

Section 3102 -

Amends the Commodity Exchange Act (CEA) with respect to CFTC exclusive jurisdiction over accounts, agreements and transactions involving swaps, and contracts of sale executed on a swaps execution facility. States that such CFTC jurisdiction limits neither the jurisdiction conferred by this Act upon the SEC with respect to security-based swap agreements and security-based swaps, nor SEC authority with respect to related agreements, contracts, or transactions. States that CFTC jurisdiction does not limit or affect the authority of FERC with respect to agreements, contracts, or transactions: (1) not executed, traded, or cleared on a registered entity or trading facility; and (2) entered into pursuant to a FERC-approved tariff or rate schedule.

Section 3103 -

Repeals the exclusion from regulation of certain derivative transactions, electronic trading facilities, swap transactions, and transactions in exempt commodities. Requires submission of a swap for clearing if a registered derivatives clearing organization will accept it for clearing and the CFTC determines that the swap is required to be cleared. Requires the CFTC to review each swap, or any group, category, type or class of swaps to make a determination as to whether it should be required to be cleared.

States it shall be unlawful for any person, other than an eligible contract participant, to enter into that a swap unless the swap is entered into on or subject to the rules of a board of trade designated as a contract market under the CEA. Extends registration requirements to derivatives clearing organizations with respect to swaps. Requires the CFTC to adopt rules for the clearing by a derivatives clearing organization of a swap, or a group, category, type or class of swaps. Sets forth reporting requirements for swaps that are not accepted for clearing by any derivatives clearing organization. Prohibits a swap that is subject to the clearing requirement of this Act from being traded except on or through a board of trade designated as a contract market under this Act, or on or through a swap execution facility registered under this Act that makes the swap available for trading. Modifies registration requirements governing derivatives clearing organizations, including governing core principles, risk management, and reporting requirements. Requires each derivatives clearing organization to designate an individual to serve as a compliance officer. Amends the Legal Certainty for Bank Products Act of 2000 to state that, subject to certain exceptions, the CEA shall not apply to, and the CFTC shall not exercise regulatory authority under such Act with respect to, an identified banking product.

Section 3104 -

Amends the CEA to require the CFTC to make available to the public from derivatives clearing organizations, swap repositories, and other specified reports aggregate data on swap trading volumes and positions, in a manner that does not disclose the business transactions and market positions of any person.

Section 3105 -

Prohibits any person, unless registered with the CFTC, from making use of the mails or any

means or instrumentality of interstate commerce to perform the functions of a swap repository. Requires a swap repository to accept, maintain, and provide to the CFTC and other specified federal banking agencies data the CFTC prescribes for each swap.

Section 3106 -

Sets forth reporting and recordkeeping requirements for certain swaps.

Section 3107 -

Subjects swap dealers, major swap participants, and swap execution facilities to requirements for registration, regulation, and conflicts of interest.

Section 3110 -

Amends the CEA to repeal current requirements for derivatives transaction execution facilities and an election for registration by exempt boards of trade. Permits an exempt board of trade to petition the CFTC to remain subject to such requirements, however, for one year after the effective date of this subtitle.

Section 3111 -

Revises requirements for a board of trade which has been designated as a contract market. Requires such a board of trade to: (1) have adequate financial, operational, and managerial resources to discharge contract market responsibilities; (2) establish a program of risk analysis and oversight to identify and minimize sources of operational risk; (3) establish emergency procedures, backup facilities, and a plan for disaster recovery; (4) conduct periodic tests to verify that back-up resources are sufficient to ensure continued order processing and trade matching, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail; and (5) establish and enforce disciplinary procedures. Requires the board of directors of a publicly traded board of trade recruit individuals from a broad and culturally diverse pool of qualified candidates.

Section 3112 -

Repeals the current prohibition to authorize the CFTC to regulate the setting of levels of margin for an registered entity.

Section 3113 -

Directs the CFTC to establish position limits on: (1) trading or positions held by any group or class of traders; and (2) positions (other than bona fide hedge positions) that may be held by any person with respect to either contracts of sale for future delivery, or options on contracts or commodities traded on or subject to the rules of a designated contract market.

Section 3114 -

Repeals the current prohibition to permit a CFTC interpretation issued with respect to significant price discovery contracts to provide the exclusive means for complying with acceptable business practices. Includes swap execution facilities within registered entities subject to CFTC interpretations.

Section 3115 -

Prohibits the CFTC from permitting a foreign board of trade to provide its members or other participants located in the United States with direct access to its electronic trading and order-matching system with respect to an agreement, contract, or transaction that settles against any price of contracts listed for trading on a registered entity, unless the Commission makes specified findings.

Section 3116 -

Revises the denial of voidability of hybrid instruments, transactions, and contracts based solely on any failure to comply with CFTC terms or conditions. Extends such denial to the voidability of agreement, contract, or transaction between eligible contract participants (or persons reasonably believed to be such) based solely on the failure of the agreement, contract, or transaction to meet the CFTC definition of a swap.

Section 3117 -

Amends the Federal Deposit Insurance Corporation Improvement Act of 1991 to repeal its coverage of multilateral clearing organizations.

Section 3118 -

Grants the CFTC exclusive enforcement authority over swap markets. Grants the Prudential Regulators exclusive authority to enforce certain prudential requirements with respect to banks as well as branches or agencies of foreign banks that are swap dealers or major swap participants. Authorizes the CFTC and the Prudential Regulators to refer noncompliance with the other's requirements to the other. Declares specified disruptive practices unlawful.

Section 3119 -

Amends the FDIA to subject any swap dealer, major swap participant, security-based swap dealer, major security-based swap participant, derivatives clearing organization, swap repository, security-based swap repository, or swap execution facility, whether or not it is an insured depository institution, to the cease-and-desist authority of the Federal Reserve Board, the FDIC, or the Office of the Comptroller of the Currency, as appropriate.

Section 3120 -

Amends the CEA to: (1) grant the CFTC jurisdiction over specified retail commodity transactions; (2) require large swap traders to make specified reports and disclosures to the CFTC; and (3) require segregation of a counterparty's assets to be held as collateral in over-the-counter swap transactions not submitted for clearing to a derivatives clearing organization.

Subtitle B - Regulation of Security-Based Swap Markets

Section 3202 -

Amends the Gramm-Leach-Bliley Act to repeal the prohibition against regulation of a security-based swap agreement.

Section 3203 -

Amends the Securities Exchange Act of 1934 to prescribe requirements for clearing procedures and execution of security-based swaps, including requirements for: (1) swap execution facilities; (2) segregation of assets held as collateral in security-based swap transactions; (3) position limits and accountability for security-based swaps and large trader reporting; (4) registration and regulation of security-based swap dealers and major security-based swap participants; and (5) reporting and recordkeeping for certain security-based swaps. Requires a clearing agency to submit and the SEC to review each security-based swap, or any group, category, type or class of security-based swaps to determine whether it should be required to be cleared.

Section 3206 -

Modifies the application of state gaming and bucket shop laws to declare inapplicable to any transaction in a security-based swap, including one effected on a registered national securities exchange, any state law which prohibits or regulates the making or promoting of wagering or gaming contracts, or the operation of bucket shops or other similar or related activities. Prohibits a security-based swap from being regulated under state law as an insurance contract.

Section 3207 -

Amends the Securities Exchange Act of 1933 to set forth the registration requirements for certain security-based swaps, as well for the exemption of certain other security-based swaps from registration requirements.

Subtitle C - Improved Financial and Commodity Markets Oversight and Accountability

Section 3301 -

Amends the Inspector General Act of 1978 to require the heads of designated federal agencies, including the Federal Reserve Board, the CFTC, and the SEC (covered establishments), to each: (1) take action to address deficiencies identified by a report or investigation of the agency Inspector General; or (2) certify to both Houses of Congress that no action is necessary or appropriate in connection with certain deficiencies.

Section 3305 -

Amends the CEA to authorize the CFTC to define "commercial risk," "operating risk," and "balance sheet risk."

Section 3306 -

Requires the rules of a derivatives clearing organization or a swap execution facility that clears swaps to prohibit: (1) specified owners ("restricted owners") from being permitted to acquire beneficial ownership of interests in the organization or in persons with a controlling interest in the organization or in the facility, to the extent that such an acquisition would result in restricted owners being entitled to vote, cause the voting of, or cause the withholding of votes of more than 20% of the votes entitled to be cast by the holders of the ownership interests; and (2) a majority of the directors of the organization or of the facility from being associated with a restricted owner. Requires a board of trade to establish and enforce rules to minimize conflicts of interest in the decisionmaking process of a contract market, and establish a process for resolving any such conflicts. Requires the rules of a board of trade that trades swaps to make similar conflicts of interest prohibitions for restricted owners as well as its own directors.

Title IV - Consumer Financial Protection Agency Act

Consumer Financial Protection Agency Act of 2009 -

Subtitle A - Establishment of the Agency

Section 4101 -

Establishes the Consumer Financial Protection Agency (Agency) to regulate consumer financial products or services, led by a Director until the Agency conversion date.

Section 4103 -

Creates a Commission to succeed to all the authorities of the Agency after the specified conversion date.

Section 4104 -

Establishes the Consumer Financial Protection Oversight Board, composed of the senior executives of specified financial institution regulatory agencies to advise the Director.

Section 4106 -

Requires the Director to establish: (1) an Office of Financial Literacy; (2) an Office of Financial Protection for Older Americans; and (3) an Office of Fair Lending and Equal Opportunity. Prohibits the Director of the Office of Fair Lending and Equal Opportunity from allowing a covered organization to participate in any program established by the Office. Directs the Agency to establish: (1) a single, toll-free telephone number for consumer complaints and inquiries concerning institutions the federal financial institution regulatory agencies regulate; (2) a system for collecting and monitoring such complaints; and (3) a system for routing such calls to the federal agency that primarily supervises the financial institution, or that is otherwise the appropriate federal agency to address the subject of the complaint or inquiry.

Section 4107 -

Requires the Director to establish a Consumer Advisory Board.

Section 4108 -

Requires the Director to: (1) coordinate with specified federal agencies and state regulators to promote consistent regulatory treatment and enforcement of consumer and investment products, services, and laws; and (2) submit to Congress a periodic annual status report.

Section 4110 -

Directs the Comptroller to study and report periodically to Congress on the effects of Agency regulations upon small businesses.

Section 4111 -

Directs the Federal Reserve Board to transfer specified funds annually to the Director to implement this Act. Prescribes assessment procedures for depository institutions covered persons and nondepository institution covered persons. (A covered person is, except for certain federal officers and federal agencies or bureaus, any person who engages directly or indirectly in a financial activity in connection with the provision of a consumer financial product or service.) Authorizes appropriations for FY2010-FY2014. Establishes in the Treasury: (1) the Consumer Financial Protection Agency Depository Institution Fund (CFPA Depository Fund); (2) the Consumer Financial Protection Agency Nondepository Institution Fund (CFPA Nondepository Fund); and (3) the Consumer Financial Protection Agency Civil Penalty Fund (for payments to victims of activities for which civil penalties have been imposed). Amends the Housing and Economic Recovery Act of 2008 to: (1) revise requirements for grants for financial education and counseling services to make them services to individuals at financial risk (currently, to prospective homebuyers); and (2) instruct the Agency Director to establish criteria for determining whether an individual is at financial risk. Cites conditions exempting a nondepository institution covered person from Agency assessments.

Section 4113 -

Authorizes the Comptroller General to audit Agency programs, activities, receipts, expenditures, and financial transactions.

Subtitle B - General Powers of the Director and Agency

Section 4201 -

Requires the Director to seek to promote transparency, simplicity, fairness, accountability, and equal access in the market for consumer financial products or services.

Section 4202 -

Sets forth the general oversight and enforcement powers of the Director and the Agency, including coordination of supervisory actions with other agencies and the examination and enforcement for small banks, thrifts, and credit unions.

Section 4203 -

Requires the appropriate federal banking agency, for insured depository institutions with total

assets of \$10 billion or less, or the National Credit Union Administration (NCUA), for insured credit unions with total assets of \$10 billion or less, periodically to examine, or require reports from, such an institution to ensure and enforce compliance with the requirements of this title, specified consumer laws, and any regulation prescribed by the Director. Establishes in the Agency the Assistive

Division for Community Financial Institutions to - (1) advise the Director on the impact of Agency policies and regulations on community financial institutions; and (2) help ensure that Agency policies and regulations do not unduly burden community financial institutions. (Sec. 4204) Requires a federal banking agency and the Agency, with respect to each insured depository institution, credit union, or other covered person supervised by the federal banking agency and the Agency, respectively, to: (1) coordinate the scheduling of examinations of the insured depository institution, and credit union, or other covered person; (2) conduct simultaneous examinations of each insured depository institution, credit union or other covered person, unless such institution requests examinations to be conducted separately; (3) share each draft report of examination with the other agency and permit the receiving agency a reasonable opportunity to comment on the draft report before such report is made final; and (4) before issuing a final report of examination or taking supervisory action, take into consideration concerns, if any, raised in the comments made by the other agency. Requires the Agency to pursue arrangements and agreements with state bank supervisors to coordinate such examinations. Authorizes an insured depository institution, credit union, or other covered person, if the proposed material supervisory determinations of the Agency and a federal banking agency are conflicting, to request the agencies to coordinate and present a joint statement of coordinated supervisory action. Prescribes requirements for composition of a governing panel to hear an appeal of an insured depository institution, credit union, or other covered person if: (1) such a joint statement is not issued; or (2) either agency takes or attempts to take any supervisory action relating to the request for the joint statement without the other agency's consent. (Sec. 4205) Prohibits the Director and the Agency from exercising any rulemaking, supervisory, enforcement authority (including authority to order assessments) with respect to: (1) credit extended directly by a merchant, retailer, or seller of nonfinancial goods or services to a consumer, if such good or service is not itself a consumer financial product or service, exclusively for the purpose of enabling the purchase such goods or services directly from the merchant, retailer, or seller of nonfinancial services; or (2) collection of debt, directly by the merchant, retailer, or seller of nonfinancial services, arising from such extension of credit. Excludes from the regulatory authority of the Director and the Agency any person regulated by the SEC, the CFTC, a state securities commission, a state insurance regulator, the FHFA, the Farm Credit Administration, employee benefit and compensation plans, , accountants and tax preparers, real estate licensees, auto dealers, manufactured home retailers and modular home retailers, pawnbrokers, certain consumer reporting agencies, as well as certain activities related to charitable contributions or engaged in by an attorney as part of a law practice. Prohibits this title from being construed to confer authority on the Director or the Agency to establish a usury limit applicable to an extension of credit offered or made by a covered person to a consumer. (Sec. 4207) Requires the Agency to monitor for risks to consumers in the provision of consumer financial products or services, including developments in markets for such products or services. Requires the Agency to conduct an assessment of each significant regulation prescribed or order issued by the Director. (Sec. 4208) Authorizes the Director to restrict mandatory predispute arbitration. (Sec. 4209) Requires the Agency to: (1) develop risk-based programs to supervise covered persons that are not credit unions, depository institutions, or specified persons excluded under Section 4205; and (2) prescribe regulations regarding registration requirements for covered persons that are not credit unions or depository institutions.

#### Subtitle C: Specific Authorities

##### Section 4301 -

Authorizes the Agency to: (1) prohibit unfair, deceptive, or abusive acts or practices in connection with any transaction or offering of a consumer financial product or service; and (2) prescribe regulations to ensure timely, appropriate, and effective disclosures to consumers of the costs, benefits, and risks associated with any consumer financial product or service, as well as the manner, settings, and circumstances for the provision (sale) of such products or services.

##### Section 4304 -

Requires the Agency to establish standards and procedures for approval of pilot disclosures to be made by a covered person to consumers in connection with a consumer financial product or

service.

Section 4305 -

Encourages the states to prescribe standards applicable to covered persons who are not insured depository institutions or credit unions, or service providers, to deter and detect unfair, deceptive, abusive, fraudulent, or illegal transactions in the provision of consumer financial products or services. Authorizes the Director to prescribe regulations for minimum standards, including registration or licensing standards, for any class of covered persons other than those subject to the jurisdiction of a federal banking agency or a state bank supervisor, or for any service provider.

Section 4306 -

Requires the Director to prescribe: (1) regulations imposing duties on covered persons (or their employees, agents, or contractors) who deal or communicate directly with consumers in the provision of a consumer financial product or service; and (2) standards applicable to covered persons to promote standardized formats for information to be made available to consumers.

Section 4308 -

Specifies prohibited acts related to: (1) the marketing or enforcement of the terms of a consumer financial product; (2) failure or refusal to pay Agency-imposed fees or assessments; and (3) knowing or reckless assistance to others in violation of the requirements of this Act.

Section 4309 -

Prescribes mandatory disclosures for remittance transfers. Directs the Federal Reserve Board to work with the federal reserve banks to expand the use of the automated clearinghouse system for remittance transfers to foreign countries. Instructs the Director to report to the President and certain congressional committees on the feasibility of and impediments to use of remittance history in calculation of a consumer's credit score.

Section 4311 -

Prohibits the Director from prescribing any regulation, issuing any order or guidance, or taking any other action, including any enforcement action, the effect of which would be to require a covered person to offer to any consumer a specific financial product or service.

Section 4312 -

Requires the Director to: (1) lead a Negotiated Rulemaking Committee to promulgate certain appraisal independence requirements for residential loans; (2) promulgate a new rule requiring banks to place prominently in each consumer branch office information regarding the fees and charges associated with enrollment in the bank's overdraft protection program; and (3) review federal laws and regulations relating to the protection of persons who utilize exchange facilitators, and report to Congress any recommendations to ensure protection of persons who utilize exchange facilitators.

Section 4315 -

Amends the Securities Act of 1933 to exempt from its coverage any consumer loan, and any note representing a whole or fractional interest in any such loan, funded or sold through a person-to-person lending platform (Internet website). Confers upon the Agency primary jurisdiction for the regulation of the lending activities of person-to-person lending and related platforms.

Section 4316 -

Requires the Director to prescribe regulations identifying any acts or practices as unlawful, unfair, deceptive, or abusive in connection with a reverse mortgage transaction or the offering of a reverse mortgage.

Subtitle D - Preservation of State Law

Section 4401 -

Declares that this Act shall not be construed as annulling, altering, or affecting, or exempting any person subject to this title from complying with state law, except to the extent of any inconsistency with this Act. Declares that state law and regulations that afford consumers greater protection than that provided under this Act are not inconsistent with this Act. Requires the Agency to: (1) issue a notice of proposed rulemaking whenever a majority of the states has enacted a resolution in support of the establishment or modification of a consumer protection regulation by the Agency; and (2) take specified considerations into account before prescribing a final regulation based upon such notice (including whether the proposed regulation would afford greater protection to consumers than any existing regulation).

Section 4402 -

Authorizes a state attorney general to bring a civil action in the name of the state in federal or state court to enforce and secure remedies under this Act. Affirms the authority of: (1) state

securities regulators and state insurance regulators to take action with respect to a person regulated by them; and (2) the Comptroller of the Currency and the Director of the Office of Thrift Supervision (OTS) [sic] regarding the applicability of state law under federal banking law to existing contracts entered into by the national banks and federal savings associations within their regulatory purview.

Section 4404 -

Amends the Revised Statutes and the Home Owners' Loan Act to prescribe state law preemption standards and visitorial standards for national banks, federal savings associations, and nondepository institution subsidiaries.

Subtitle E - Enforcement Powers

Section 4502 -

Sets forth Agency enforcement powers, including those for investigations, adjudication and litigation authority. Prohibits this Act from being construed as: (1) creating a private right of action; or (2) denying any private right of action arising under specified consumer laws.

Subtitle F - Transfer of Functions and Personnel; Transitional Provisions

Section 4601 -

Transfers from the following entities to the Director certain consumer financial protection functions: (1) the Federal Reserve Board; (2) the Comptroller of the Currency; (3) the OTS Director; (4) the FDIC; (5) the Federal Trade Commission (FTC); (6) NCUA; and (7) the Secretary of Housing and Urban Development (HUD) (relating to the Real Estate Settlement Procedures Act of 1974 and the Secure and Fair Enforcement for Mortgage Licensing Act of 2008).

Section 4604 -

Provides for the transfer of affected personnel.

Subtitle G - Regulatory Improvements

Section 4701 -

Requires financial institutions to maintain records of the number and dollar amounts of deposit accounts of their customers for each branch, automated teller machine (ATM) at which deposits are accepted, and other deposit taking service facility.

Section 4702 -

Amends the Equal Credit Opportunity Act to require each financial institution, in the case of an application for credit for a small business, to: (1) inquire whether the business is a women- or minority-owned business; and (2) maintain a separate record of the responses to such inquiry. Restricts access to such information by loan underwriters or other employees of the financial institution. Requires such information to be compiled and maintained by each financial institution and submitted annually to the Agency, which shall make it available for public disclosure.

Section 4703 -

Requires the Director to report annually to Congress on foreclosures and bankruptcies during the previous calendar year, including: (1) their underlying causes; and (2) specific financial products or services causing substantial numbers of such bankruptcies or foreclosures and the companies or individuals which provided them.

Section 4704 -

Amends the Helping Families Save Their Homes Act of 2009 to direct the Comptroller of the Currency and the OTS [sic] Director to collect and report certain mortgage modification data as it pertains to each state.

Subtitle H - Conforming Amendments

Makes conforming amendments to specified Acts to reflect the provisions of this Act.

Subtitle I - Improvements to the Federal Trade Commission Act

Section 4901 -

Amends the Federal Trade Commission Act (FTCA) to declare it unlawful for any person, partnership, or corporation to knowingly or recklessly provide substantial assistance to another in violating any provision of the FTCA or of any other Act enforceable by the FTC that relates to unfair or deceptive acts or practices.

Subtitle J - Miscellaneous

Section 4951 -

Amends the S.A.F.E. Mortgage Licensing Act of 2008 to authorize a state loan originator supervisory authority to review applicants and grant, on a case-by-case basis, exceptions to the minimum standard governing state-licensed loan originators.

Title V - Capital Markets

Subtitle A - Private Fund Investment Advisers Registration Act  
Private Fund Investment Advisers Registration Act of 2009 -  
Section 5003 -

Amends the Investment Advisers Act of 1940 to repeal its exemption and apply registration requirements to a private fund investment adviser. Exempts from investment adviser registration requirements: (1) a foreign private fund adviser; (2) CFTC-registered commodity trading advisors whose business does not consist primarily of acting as an investment adviser, and that do not act as investment advisers to a private fund; or (3) an investment adviser who solely advises specified small business entities.

Section 5004 -

Subjects to SEC recordkeeping requirements any registered investment adviser who advises private funds. Authorizes the SEC to make such records, especially those relating to systemic risk, available to the Federal Reserve Board and the Financial Services Oversight Council.

Section 5005 -

Repeals the declaration that no provision of such Act shall be construed to require, or to authorize the SEC to require, any investment adviser engaged in rendering investment supervisory services to disclose the identity, investments, or affairs of any client, except insofar as disclosure may be necessary or appropriate in a particular proceeding or investigation having as its object the enforcement of such Act.

Section 5006 -

Requires the SEC to exempt from the registration requirements of this Act any venture capital fund advisers and any private fund adviser that acts solely as an adviser to private funds and has assets under management in the United States of less than \$150 million. Directs the SEC to require the latter advisers, however, to maintain records and make annual reports to the SEC.

Section 5007 -

Directs the SEC, with respect to investment advisers acting as investment advisers to mid-sized private funds, to: (1) take into account the size, governance, and investment strategy of such funds to determine whether they pose systemic risk; and (2) provide for registration and examination procedures with respect to the investment advisers of such funds which reflect the level of systemic risk such funds pose.

Section 5008 -

Modifies SEC rulemaking authority. Instructs the SEC and the CFTC to promulgate rules jointly for required reports filed by certain registered investment advisers.

Section 5009 -

Directs the Comptroller General to assess and report to Congress on the annual costs on industry members and their investors due to the registration requirements and ongoing reporting requirements under this Act.

Subtitle B - Accountability and Transparency in Rating Agencies Act  
Accountability and Transparency in Rating Agencies Act of 2009 -

Section 6002 -

Amends the Securities Exchange Act of 1934 to exempt from the requirement that each credit rating agency register as a nationally recognized statistical rating organization (NRSRO) any credit rating agency that: (1) does not engage in the provision of credit ratings to securities issuers for a fee; and (2) issues credit ratings only in any bona fide newspaper, news magazine, or business or financial publication of general and regular circulation. Exempts as well any other persons which the SEC may designate when in the public interest and for the protection of investors.

Directs the SEC to examine credit ratings issued by each NRSRO to determine whether the NRSRO has established and documented internal processes for determining credit ratings consistent with SEC rules. Requires each NRSRO to make available and maintain such records and information as the SEC may prescribe for such examinations. Requires the SEC to prescribe specified rules governing NRSRO disclosures of procedures and methodologies used to determine the credit ratings of structured securities, including disclosure on a publicly accessible Internet site, in a central database, of the historical default rates of all classes of financial products rated by an NRSRO. Modifies SEC powers to impose fines and censure a noncompliant NRSRO, including NRSRO failure to: (1) guard against certain violations; and (2) conduct sufficient surveillance to ensure that credit ratings remain current. Conditions the general authorization for an NRSRO to withdraw from registration upon its certification that it received less than \$250 million during its last full fiscal year in net revenue for providing credit ratings on securities and

money market instruments issued in the United States. Prescribes rules for NRSRO corporate governance, organization, and management of conflicts of interest. Requires the SEC to issue specified rules to prohibit, or require the management and disclosure of, conflicts of interest relating to the issuance of credit ratings by an NRSRO. Requires each NRSRO to establish policies and procedures to ensure a look-back review to determine whether a conflict of interest exists in any case in which an employee of a person subject to a credit rating of an NRSRO, or of the issuer, underwriter, or sponsor of a security or money market instrument subject to a credit rating of the NRSRO, was employed by the NRSRO and participated in determining credit ratings for the person or the securities or money market instruments during the one-year period preceding the date an action was taken with respect to the credit rating. Requires the SEC to: (1) conduct periodic reviews of NRSRO compliance with this look-back requirement; (2) establish an office that administers SEC rules governing NRSRO practices; (3) require each NRSRO to disclose publicly information on initial ratings and subsequent changes to them; and (4) prescribe rules requiring each NRSRO to adopt certain credit ratings methodologies and an internal control system, establish policies and procedures designed to assess the risk that investors may not receive payment in accordance with the terms of securities and money market instruments they invest in, and define clearly and apply consistently any credit rating symbol used by that NRSRO. Requires an NRSRO to report to the SEC any case where it can reasonably be expected to know that a person associated with the NRSRO within the previous five years obtained employment with any issuer, underwriter, or sponsor of an instrument for which the NRSRO had issued a credit rating during the 12-month period before such employment. Directs the SEC to require NRSROs to publish with each credit rating a form disclosing information about the assumptions underlying the procedures and methodologies used to determine the credit rating. Requires each NRSRO to designate a compliance officer to review and ensure NRSRO compliance with federal requirements. Prohibits an NRSRO that provides a credit rating to an issuer, underwriter, or placement agent of a security from providing non-rating services to such person in determining a credit rating, including: (1) risk management advisory services; and (2) consulting services regarding any merger, sales, or disposition of the assets of an issuer.

Section 6003 -

Declares that in private actions against an NRSRO it shall be sufficient for pleading any required state of mind that the complaint state with particularity facts giving rise to a strong inference that the NRSRO was grossly negligent in violating the securities laws. Grants any purchaser of a security given a rating by an NRSRO the right to recover for damages if the process of determining the credit rating was grossly negligent and a substantial factor in the economic loss the investor suffered. Sets the statute of limitations on such an action at two years after discovery of the facts constituting the violation and three years after the initial issuance of the rating.

Section 6004 -

Directs the SEC to require issuers to disclose preliminary credit ratings received from NRSROs on structured products and corporate debt.

Section 6007 -

Requires the SEC to revise Regulation FD (general rule regarding selective disclosure by an issuer of material nonpublic information regarding that issuer or its securities) to remove the exemption from it for NRSROs and other credit rating agencies.

Section 6008 -

Instructs the SEC to establish the Credit Ratings Agency Advisory Board.

Section 6009 -

Amends the FDIA, the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, the Investment Company Act of 1940, the Revised Statutes, and the Securities Exchange Act of 1934 to remove references to credit ratings to reflect the provisions of this Act.

Section 6010 -

Requires specified federal agencies to: (1) review any of their regulations that require the use of an assessment of the credit-worthiness of a security or money market instrument; and (2) remove any requirement of reliance on credit ratings and substitute a standard of credit-worthiness deemed appropriate by the agency. Directs the Comptroller General to report to Congress on the use of credit ratings by federal agencies and recommendations for legislation or rulemaking to reduce agency reliance on such ratings.

Section 6011 -

Directs the SEC to revise the Code of Federal Regulations to require that the random sample of

ratings histories of credit ratings required under its rules to be disclosed on the website of an NRSRO also be provided to the SEC in a format consistent with publication on the EDGAR system.

Section 6012 -

Declares without force or effect Rule 436(g) promulgated by the SEC under the Securities Act of 1933. (Rule 436(g) exempts credit ratings provided by NRSROs from being considered a part of the registration statement prepared or certified by a person under such Act.)

Section 6013 -

Directs the Comptroller General to study and report to Congress on the implementation of this subtitle, including: (1) the appropriateness of relying on ratings for use in federal, state, and local securities and banking regulations, as well as for determining capital requirements; (2) the effect of liability in private actions arising under the Securities Exchange Act of 1934; (3) alternative means for compensating credit rating agencies that would create incentives for accurate credit ratings and what, if any, statutory changes would be required to permit or facilitate the use of such alternative means of compensation; and (4) alternative methodologies to assess credit risk, including market-based measures. Directs the SEC to study and report to Congress on: (1) a system that assigns NRSROs on a rotating basis to issuers seeking a credit rating; (2) the effect of new requirements on NRSRO registration; (3) credit ratings of different classes of bonds; (4) meaningful multidigit ratings system; and (5) ratings standardization.

Subtitle C - Investor Protection Act

Investor Protection Act of 2009 -

Part 1 - Disclosure

Section 7101 -

Amends the Securities Exchange Act of 1934 to establish the Investor Advisory Committee to advise and consult with SEC on: (1) regulatory priorities and issues regarding new products, trading strategies, fee structures, and the effectiveness of disclosures; (2) initiatives to protect investor interest; and (3) initiatives to promote investor confidence in the integrity of the marketplace.

Section 7102 -

Amends the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940 and Investment Company Act of 1940 to authorize the SEC to gather information, communicate with investors or other members of the public, and engage in temporary or experimental programs in the public interest or for protection of investors.

Section 7103 -

Amends the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940 to direct the SEC to establish a standard of conduct (fiduciary duty) for brokers, dealers, and investment advisers, without regard to their financial or other interests, to act in the best interest of the customer when providing personalized investment advice about securities to a retail customer.

Section 7104 -

Requires the SEC to publish a study that examines the nature of "retail customers" and the range of products and services sold to them, as well as the sellers or providers, and related information such customers should receive before their purchase of investment products or services. Authorizes the SEC, following completion of such study, to promulgate rules requiring that the appropriate persons or entities provide designated documents or information to retail customers prior to the purchase of identified investment products or services.

Section 7105 -

Amends the Securities Exchange Act of 1934 to revise SEC requirements for beneficial ownership and short-swing profit reporting.

Section 7106 -

Amends the Investment Company Act of 1940 to prescribe recordkeeping requirements for each person with custody or use of a registered investment company's securities, deposits, or credits.

Section 7107 -

Directs the SEC to study and report to Congress on the need for enhanced examination and enforcement resources for investment advisers.

Section 7108 -

Directs the Comptroller General to study and report to Congress on the regulation and oversight of financial planning.

Part 2 - Enforcement and Remedies

Section 7201 -

Amends the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940 to authorize the SEC to restrict or prohibit mandatory pre-dispute arbitration affecting customers or clients of brokers and dealers, including municipal securities dealers.

Section 7202 -

Directs the Comptroller General to study and report to Congress on: (1) the costs to the parties of an arbitration proceeding using the arbitration system operated by the Financial Industry Regulatory Authority and overseen by the SEC as compared to litigation; and (2) the percentage of recovery of the total amount of a claim in an arbitration proceeding and overseen by the SEC.

Section 7203 -

Amends the Securities Exchange Act of 1934 to set forth monetary incentives and protection for whistleblowers, including up to 30% of the monetary sanctions imposed in an action that results in monetary sanctions exceeding \$1 million if the whistleblowers voluntarily provided original information to the SEC that led to the successful enforcement of the action. Establishes the Securities and Exchange Commission Investor Protection Fund to: (1) pay awards to whistleblowers; and (2) fund investor education initiatives to help investors protect themselves against securities fraud or other violations of securities laws and regulations. Prohibits acts of retaliation against an employee, contractor, or agent for providing information to the SEC.

Section 7206 -

Amends the Securities Exchange Act of 1934 with respect to the registration and regulation of brokers, dealers, municipal securities dealers, and transfer agents, and the Investment Advisers Act of 1940 with respect to registration of investment advisers, to revise requirements for collateral bars or suspensions in the case of persons associated, or seeking to be associated, with any of them who is subject to penalties for specified offenses.

Section 7207 -

Amends the Securities Act of 1933, the Investment Company Act of 1940, and the Investment Advisers Act of 1940 to subject to liability for prosecution and penalties persons who aid and abet violations of such Acts.

Section 7209 -

Expands SEC enforcement and remedies, including: (1) deadlines and procedures for completing compliance examinations, inspections, and enforcement actions for violations of securities laws; (2) nationwide service of subpoenas; (3) imposition of civil penalties in cease and desist proceedings; (4) enforcement authority over any person who at the time of the alleged misconduct was a member or employee of specified bodies (formerly associated persons); (5) the sharing of privileged information with other authorities; (6) increased access to grand jury information; (7) recklessness as an element of the aiding and abetting standard of knowledge; and (8) SEC extraterritorial jurisdiction with respect to antifraud activities.

Section 7217 -

Amends the Investment Company Act of 1940 to revise requirements for the fidelity bonding of registered management companies.

Section 7218 -

Amends the Securities Exchange Act of 1934 and the Investment Company Act of 1940 to subject to reasonable periodic, special, or other information and document requests by SEC representatives conducting surveillance or risk assessments all securities markets, national securities exchanges, their members, brokers or dealers who transact a business in securities through the medium of any such member, SEC-registered securities associations, -registered brokers or dealers, -registered municipal securities dealers, -registered securities information processors, -registered transfer agents, NRSROs, -registered clearing agencies, and the Municipal Securities Rulemaking Board.

Section 7219 -

Amends the Investment Company Act of 1940 to revise the record-examination requirements for registered investment companies, and each underwriter, broker, dealer, or investment adviser that is a majority-owned subsidiary of such a company.

Section 7220 -

Amends the Securities Exchange Act of 1934 to make any person who controls a person liable under such Act also jointly and severally liable to the SEC in certain actions it may bring.

Section 7221 -

Applies anti-fraud provisions to any security that is not a government security.

Section 7222 -

Extends SEC rulemaking authority to the prescription of rules on proxy access.

Part 3 - Commission Funding and Organization

Section 7301 -

Authorizes appropriations for the SEC for FY2010-FY2015.

Section 7302 -

Amends the Investment Advisers Act of 1940 to direct the SEC to promulgate rules to collect fees annually from investment advisers to recover the cost of inspections and examinations of registered investment advisers.

Section 7303 -

Amends the Securities Exchange Act of 1934 to revise requirements for: (1) payment of transaction fees and assessments; and (2) mid-year adjustments to such fees and assessments to recapture projection windfalls for further rate reductions.

Section 7304 -

Requires the SEC to hire an independent consultant to examine and report to the SEC and Congress on SEC internal operations, structure, funding, and the need for comprehensive reform, including the SEC's relationship with and reliance upon self-regulatory organizations and other entities under SEC oversight relevant to the regulation of securities and the protection of investors.

Section 7305 -

Establishes within the SEC the Capital Markets Safety Board to investigate failed institutions and report to the SEC on what caused them to fail.

Section 7306 -

Requires the SEC to report to certain congressional committees on the implementation of reforms in the wake of the discovery of fraud by Bernie Madoff.

Section 7307 -

Authorizes the SEC and the CFTC to form and operate a joint advisory committee to identify emerging issues and regulatory risks, assess their implications for market participants, and recommend solutions.

Part 4 - Additional Commission Reforms

Section 7401 -

Amends the Securities Exchange Act of 1934 regarding manipulative and deceptive devices to: (1) make it unlawful for any person to effect, accept, or facilitate a transaction involving the loan or borrowing of securities in contravention of SEC rules and regulations; (2) revise requirements for the reporting of lost and stolen securities to include canceled securities or any other category the SEC may prescribe; (3) require fingerprinting of partners, directors, officers, and employees of registered securities information processors, national securities exchanges, and national securities associations; and (4) declare void any condition, stipulation, or provision binding any person to waive compliance with the rules of a self-regulatory organization.

Section 7407 -

Directs the SEC, the Public Company Accounting Oversight Board (PCAOB), and a designated standard setting body to provide oral testimony annually for five years to the Committee on Financial Services of the House of Representatives regarding efforts to reduce the complexity in financial reporting in order to provide more accurate and clear financial information to investors.

Section 7408 -

Revises the prohibition against unlawful credit extension (margin lending) to customers.

Section 7409 -

Revises the Securities Exchange Act of 1934 and the Investment Company Act of 1940 to extend SEC authority to limit disclosure of information to information relating to an examination, surveillance, or risk assessment of a person, and to any information supplied by a self-regulatory organization. Declares that nothing shall prevent the SEC from complying with a request for information from the PCAOB.

Section 7411 -

Revises the composition of the Municipal Securities Rulemaking Board, as well as Board nomination and election procedures.

Section 7412 -

Amends the Investment Company Act of 1940 to extend the definition of "interested person" to any natural person who is a member of a class of persons the SEC determines are unlikely to

exercise an appropriate degree of independence due to: (1) a material business or professional relationship with such company or any affiliated person of such company; or (2) a close familial relationship with any natural person who is an affiliated person of such company. Repeals two current requirements dealing with execution of portfolio transactions and the lending of money or other property.

Section 7413 -

Amends the Investment Company Act of 1940 to authorize the SEC to limit the extent to which a registered open-end investment company may own, hold, or invest in illiquid securities or other illiquid property.

Section 7414 -

Directs the Comptroller General to study and report to Congress on SEC employees who leave the agency to work for financial institutions regulated by the SEC.

Section 7415 -

Directs the Comptroller General to evaluate and report to Congress on the costs and benefits of compliance with the Sarbanes-Oxley Act of 2002 requirements for assessment of internal controls by the management of issuers who are neither accelerated filers nor large accelerated filers.

Section 7416 -

Directs the SEC to study and report to specified congressional committees on the inclusion of revenue as a criteria used in defining a smaller reporting company to account for smaller public companies with public floats less than \$700 million and revenues less than \$250 million.

Section 7417 -

Establishes a Financial Reporting Forum composed of certain senior federal agency personnel to report annually to Congress on immediate and long-term issues critical to financial reporting.

Section 7418 -

Amends the Investment Advisers Act of 1940 to subject to domiciliary state registration requirements certain mid-sized investment advisers otherwise not exempt from federal registration requirements.

Section 7419 -

Directs the SEC to adopt a rule making it unlawful for an SEC-registered investment adviser to have custody of funds or securities of a client the value of which exceeds \$10 million, unless: (1) the funds and securities are maintained with a qualified custodian either in a separate account for each client under the client's name, or in accounts that contain only client funds and securities under the name of the investment adviser as agent or trustee for the client; and (2) the qualified custodian does not directly or indirectly provide investment advice with respect to such funds or securities.

Section 7420 -

Requires the SEC to: (1) appoint an Ombudsman to act as a liaison between the SEC and any affected person who may have a problem dealing with the SEC as a result of its regulatory activities; and (2) revise its regulations to require due diligence on the part of brokers and dealers and other specified paying agents to search for lost securityholders who have been sent checks for dividends, interest, and other valuable property which have not yet been negotiated.

Section 7422 -

Requires every institutional investment manager that effects a short sale of an equity security to file daily with the SEC specified short sale disclosures. Makes it unlawful to effect manipulative short sales of securities. Requires registered brokers or dealers to notify customers that: (1) they may elect not to allow their fully paid securities to be used in connection with short sales; and (2) the broker or dealer may receive compensation in connection with lending the customer's securities.

Section 7423 -

Revises requirements for SEC filing procedures with respect to proposed rule changes.

Part 5 - Securities Investor Protection Act Amendments

Section 7501 -

Amends the Securities Investor Protection Act of 1970 (SIPA) to increase: (1) the minimum assessment paid by Securities Investor Protection Corporation (SIPC) members; (2) the borrowing limit on Treasury loans; (3) the standard maximum cash advance for each customer (including an inflation adjustment); and (4) the fine for certain prohibited acts, including misrepresentation of SIPC membership or protection.

Section 7504 -

Amends SIPA with respect to: (1) SIPC trusteeship in liquidation proceedings; (2) insider ineligibility for SIPC advances; and (3) futures held in a portfolio margin securities account.

Section 7506 -

Revises requirements for determining whether an SIPC member qualifies for SIPC use of the direct payment procedure to satisfy customer claims without a liquidation proceeding. Increases from \$250,000 to \$850,000 the maximum aggregate amount of claims of all customers of a SIPC member that, among other criteria, shall allow the SIPC to use the direct payment procedure.

Section 7510 -

Directs the Comptroller General to study and report to Congress whether SIPC should be required to impose risk-based assessments, on member brokers and dealers, based on risk in order to maintain the SIPC Fund adequately and to provide additional levels of coverage on an optional basis.

Part 6 - Sarbanes-Oxley Act Amendments

Section 7601 -

Amends the Sarbanes-Oxley Act of 2002 to include brokers and dealers within its purview. Authorizes the PCAOB to conduct and require a program of inspection of registered public accounting firms that provide audit reports for brokers and dealers. Prescribes a scheme for allocating accounting support fees among brokers and dealers. Refers to the appropriate self-regulatory organization any investigations concerning an audit report for a broker or dealer that is subject to the organization's jurisdiction.

Section 7602 -

Authorizes the PCAOB to provide to a foreign auditor oversight authority all information relating to a public accounting firm within the foreign oversight authority's jurisdiction.

Section 7603 -

Revises requirements for the production of audit work papers by a foreign public accounting firm or a registered public accounting firm that relies upon the work of the foreign firm. Requires a foreign public accounting firm to produce its audit work papers and all other documents to the SEC or the PCAOB upon request if the firm issues an audit report, performs audit work, or conducts interim reviews upon which a registered public accounting firm relies in the conduct of an audit or interim review. (Continues to require a registered public accounting firm relying upon the work of a foreign public accounting firm to produce the foreign firm's work papers upon SEC or PCAOB request.)

Section 7605 -

Modifies the procedure under which civil penalties obtained by the SEC shall be added to and become part of a disgorgement fund established for the relief of victims of the violation. Requires the amount of any settlement of a judicial or administrative action to be added to the disgorgement fund.

Section 7606 -

Exempts smaller securities issuers that are not accelerated filers from the requirement that a registered public accounting firm that prepares or issues the issuer's audit report attest to, and report on, the assessment made by the issuer's management. Directs the SEC to study and report to Congress on how it could reduce the burden for certain companies (whose market capitalization is between \$75 million and \$250 million for the relevant reporting period) of complying with such requirement while maintaining investor protections for such companies.

Section 7607 -

Modifies federal criminal law granting whistleblower protections for employees of publicly traded companies to prohibit subsidiaries and affiliates of an issuer from engaging in specified acts of discrimination or retaliation.

Section 7608 -

Declares that nothing shall prevent the PCAOB from responding to requests from specified congressional committees for reports about PCAOB activities or programs, provided that any confidential information shall be subject to certain nondisclosure requirements.

Section 7609 -

Requires the PCAOB to appoint an ombudsman that shall act as a liaison between the Board and: (1) any registered public accounting firm or issuer concerning issues or disputes of any audit report with respect to that issuer; and (2) any affected registered public accounting firm or issuer regarding regulatory activities of the PCAOB, and issues caused by the relationships of registered public accounting firms and issuers generally.

Section 7610 -

Redesignates the PCAOB as the Auditing Oversight Board.

Part 7 - Senior Investment Protection

Section 7703 -

Directs the SEC to establish a program of grants to states to: (1) investigate and prosecute misleading and fraudulent marketing practices; or (2) develop educational materials and training to reduce misleading and fraudulent marketing of financial products toward seniors.

Section 7706 -

Authorizes appropriations for FY2011-FY2015.

Part 8 - Registration of Municipal Financial Advisors

Section 7801 -

Amends the Securities Exchange Act of 1934 to require municipal financial advisers to register with the SEC.

Title VI - Federal Insurance Office

Federal Insurance Office Act of 2009 -

Section 8002 -

Establishes in the Treasury the Federal Insurance Office (FIO) to: (1) monitor the insurance industry; (2) identify issues or gaps in the regulation of insurers that could contribute to a systemic crisis in the insurance industry or the U.S. financial system; (3) monitor the extent to which traditionally underserved communities and consumers, minorities, and low- and moderate-income persons have access to affordable insurance products covering all lines of insurance, except health insurance; (4) recommend to the Financial Services Oversight Council that it designate an insurer as one subject to stricter standards; (5) assist in administering the Terrorism Insurance Program; and (6) advise on major domestic and prudential international insurance policy issues. Extends the authority of the Office to all lines of insurance except health insurance. Sets forth a limited preemption of state insurance measures. Authorizes appropriations for the FIO. Authorizes the Secretary and the United States Trade Representative (USTR), jointly, on behalf of the United States, to negotiate and enter into bilateral or multilateral recognition agreements with foreign governments, authorities, or regulatory entities that provide for recognition of prudential measures with respect to the business of insurance or reinsurance that achieve a level of protection for consumers substantially equivalent to the level of protection achieved under state insurance or reinsurance regulation.

Section 8003 -

Requires the FIO Director to study and report to specified congressional committees on: (1) the global reinsurance market; and (2) modernization and improvement of insurance regulation in the United States.

Section 8005 -

Expresses the sense of Congress that mortgage lenders should provide loan applicants with a simplified loan contract summary, including an easy-to-read list of basic loan terms, payment information, the existence of prepayment penalties or balloon payments, and escrow information.

Title VII - Mortgage Reform and Anti-Predatory Lending Act

Mortgage Reform and Anti-Predatory Lending Act -

Subtitle A - Residential Mortgage Loan Origination Standards

Section 9002 -

Amends the Truth in Lending Act (TILA) to prescribe fiduciary standards for originators of residential mortgages, including complete and timely written disclosure of: (1) the comparative costs and benefits of each residential mortgage loan product presented by the originator; (2) the nature of the originator's relationship to the consumer, including the cost of services provided by the originator; and (3) any relevant conflicts of interest between originator and consumer.

Section 9003 -

Prohibits steering incentives in connection with mortgage loan origination. Directs the federal banking agencies to prescribe proscriptions against specified mortgage origination practices, including steering any consumer to a residential mortgage loan that: (1) the consumer lacks a reasonable ability to repay; (2) does not provide a consumer refinancing a residential mortgage loan with a net tangible benefit; or (3) has predatory characteristics or effects (such as equity stripping, excessive fees, or abusive terms).

Section 9004 -

Sets forth the maximum liability of a mortgage originator to a consumer for violation of the

residential mortgage loan origination requirements of this title, in addition to court costs and attorney fees, at the greater of: (1) actual damages; or (2) three times the total amount of direct and indirect compensation or gain accruing to the originator in connection with the loan involved.

Section 9005 -

Requires the federal banking agencies jointly to prohibit or condition terms, acts, or practices relating to residential mortgage loans found to be abusive, unfair, deceptive, predatory, inconsistent with reasonable underwriting standards.

Section 9006 -

Requires the Secretary of Housing and Urban Development (HUD) to study and report to Congress on regulatory requirements that would provide: (1) widespread use of shared appreciation mortgages to strengthen local housing markets; (2) new opportunities for affordable homeownership; and (3) homeowners at risk of foreclosure with the ability to refinance or modify their mortgages.

Subtitle B - Minimum Standards for Mortgages

Section 9101 -

Prescribes minimum standards for residential mortgage loans, including a requirement that a residential mortgage loan creditor: (1) make a reasonable and good faith determination based upon verified and documented information that the consumer has a reasonable ability to repay the loan and its applicable taxes, insurance, and assessments; and (2) use a fully amortizing repayment schedule for purposes of determining a consumer's ability to repay a variable rate loan that defers repayment of principal or interest. Denies application of such standards to reverse mortgages.

Section 9102 -

Prohibits a creditor from extending credit in connection with any residential mortgage loan that involves a refinancing of a prior existing residential mortgage loan unless the creditor reasonably and in good faith determines, at the time the loan is consummated and on the basis of information known by or obtained in good faith by the creditor, that the refinanced loan will provide a net tangible benefit to the consumer.

Section 9103 -

Authorizes any creditor with respect to any qualified residential mortgage loan (including any assignee or securitizer of such loan, as well as any FHA-insured reverse mortgage) which meets specified requirements, to presume that the loan has met the minimum standards of this subtitle. Requires publication of average prime offer rates and APR thresholds.

Section 9104 -

Permits civil actions for rescission of a residential mortgage loan if a creditor has committed specified abuses. Limits the liability of good faith assignees or securitizers of a residential mortgage loan to loan rescission and to certain obligor costs. Allows such an assignee or securitizer to avoid liability if it provides a satisfactory cure within 90 days after notice of the violation from the consumer. Shields assignees and securitizers from class action suits for certain violations.

Section 9105 -

Permits a consumer who has the right to mortgage loan rescission to assert such right as a defense to foreclosure.

Section 9106 -

Prohibits specified practices, including: (1) certain prepayment penalties; (2) single premium credit insurance; (3) mandatory arbitration or other nonjudicial procedure (except for reverse mortgages); (4) residential mortgage loan terms that waive a statutory cause of action by the consumer; and (5) mortgages with negative amortization (except, again, for reverse mortgages), unless certain disclosures are made and a first-time borrower receives homeownership counseling. Requires a creditor or mortgage originator, before loan consummation or loan refinancing, to disclose the protection provided by a state anti-deficiency law and its significance for the consumer upon the loss of that protection. (A state anti-deficiency law shields a consumer mortgagor from liability for any deficiency between a foreclosure sale price and the outstanding balance of the mortgage.) Requires a residential mortgage loan creditor to disclose before settlement: (1) the creditor's policy regarding partial payments and their application to the mortgage; and (2) whether partial payments will be placed in escrow.

Section 9110 -

Doubles civil money penalties for certain violations.

Section 9111 -

Shields a creditor, assignee, or securitizer from liability and rescission in the case of borrower fraud or deception.

Section 9112 -

Requires a six-month notice period before a hybrid adjustable rate mortgage is reset.

Section 9113 -

Prescribes creditor disclosures for: (1) variable rate residential mortgage loans for which an escrow or impound account will be established to pay taxes, insurance, and assessments; and (2) periodic statements for residential mortgage loans.

Section 9115 -

Directs the HUD Secretary to establish a grants program to enable low- and moderate-income homeowners and tenants to obtain legal assistance associated with foreclosure. Authorizes appropriations for FY2009-FY2012.

Section 9117 -

Directs the Comptroller General to study and report to Congress on the effects that enactment of this Act will have upon the availability and affordability of credit for consumers, small businesses, homebuyers, and mortgage lending, including the effect upon: (1) the mortgage market for mortgages that are not within the safe harbor provided in this Act; (2) the ability of prospective homebuyers to obtain financing; and (3) the refinance ability of homeowners facing resets or adjustments.

Section 9118 -

Authorizes state attorneys general to bring an action to enforce the requirements of subtitle A (residential mortgage loan origination) and subtitle B (minimum standards for residential mortgage loans).

Subtitle C - High-Cost Mortgages

Section 9201 -

Prescribes standards for points and fees related to: (1) high-cost mortgages; (2) open-end consumer credit plans; and (3) bona fide discount points and prepayment penalties.

Section 9202 -

Repeals the allowance of prepayment penalties for certain mortgages. Prohibits a high-cost mortgage from containing a scheduled payment that is more than twice as large (balloon payment) as the average of earlier scheduled payments.

Section 9203 -

Prescribes additional requirements for certain mortgages. Prohibits a creditor from: (1) recommending default on an existing debt prior to and in connection with the closing of a high-cost mortgage that refinances any portion of such debt; (2) imposing late payment fees in connection with a high-cost mortgage except in compliance with specified requirements; (3) accelerating debt on a high-cost mortgage (except in certain circumstances); or (4) financing, in connection with any high-cost mortgage, either a prepayment fee or penalty payable by the consumer if the creditor is the noteholder of the note being refinanced. Prohibits the creditor of a high-cost mortgage from implementing certain evasions, structured transactions, and reciprocal arrangements. Prohibits a creditor from charging a consumer any fee to modify, renew, extend, or amend a high-cost mortgage, or to defer any payment due under such mortgage, unless the modification, renewal, extension, or amendment results in a lower APR on the mortgage for the consumer, and the fee is comparable to fees imposed for similar consumer credit transactions secured by a consumer's principal dwelling. Prohibits any fee for payoff statements, except a processing fee. Requires a creditor, as a prerequisite to extending consumer credit under a high-cost mortgage, to receive certification from a HUD-approved counselor that the consumer has received counseling on the advisability of the mortgage. Prohibits any creditor from knowingly or intentionally engaging in the unfair act or practice of flipping in connection with a high-cost mortgage. Defines flipping as the making of a loan or extension of credit in the form a high-cost mortgage to a consumer which refinances an existing mortgage when the new loan or extension of credit does not have reasonable, net tangible benefit to the consumer considering all of the circumstances. Prescribes a procedure by which a high cost loan creditor or assignee that, acting in good faith, commits an unintentional violation of these prohibitions and other requirements may make timely corrections and avoid liability for the violation.

Subtitle D - Office of Housing Counseling

Expand and Preserve Home Ownership Through Counseling Act -

Section 9302 -

Amends the Department of Housing and Urban Development Act to establish within HUD the Office of Housing Counseling, whose Director shall have primary responsibility for all activities and matters relating to both homeownership and rental housing counseling.

Section 9303 -

Amends the Housing and Urban Development Act of 1968 to require the HUD Secretary to: (1) prescribe counseling procedures for homeownership and rental counseling; and (2) provide for certification of computer software programs for consumers to evaluate different residential mortgage loan proposals. Requires the Director to: (1) develop and conduct national public service multimedia campaigns promoting housing counseling; and (2) use specified funds to conduct foreclosure rescue education programs, with emphasis upon retirement and low-income minority communities. Authorizes appropriations for FY2009-FY2011.

Section 9304 -

Requires the HUD Secretary to provide financial assistance (grants) to HUD-approved housing counseling agencies and state housing finance agencies that offer homeownership and rental counseling. Authorizes appropriations for FY2009-FY2012 for: (1) the Office of Housing Counseling; (2) the Director of Housing Counseling; and (3) assistance to entities providing homeownership and rental counseling.

Section 9305 -

Requires an organization that receives federal assistance for counseling activities to be HUD-certified.

Section 9306 -

Directs the HUD Secretary to study and report to Congress on: (1) the root causes of home loan defaults and foreclosures, including the role of escrow accounts in helping prime and nonprime borrowers to avoid defaults and foreclosures; and (2) the role of computer registries of mortgages, including those used for trading mortgage loans.

Section 9307 -

Directs the HUD Secretary to establish on a census tract basis a default and foreclosure database on mortgage loans for one- to four-unit residential properties, and to make such information publicly available.

Section 9309 -

Directs the Secretary to develop a funds-tracking system, including accountability and transparency criteria, to ensure that grant recipients use all amounts of financial assistance in accordance with specified requirements.

Section 9310 -

Amends the Real Estate Settlement Procedures Act of 1974 (RESPA) to require the Director of the Consumer Financial Protection Agency to: (1) prepare, at least once every five years, a booklet to help federally related mortgage loan applicants of different ethnic and cultural backgrounds to understand the nature and costs of real estate settlement services; and (2) distribute to all lenders that make federally related mortgage loans both the booklets and lists of HUD-certified homeownership counselors.

Section 9311 -

Requires the HUD Secretary to inform potential homebuyers of the availability and importance of obtaining an independent home inspection.

Section 9312 -

Allocates specified funds to the Neighborhood Reinvestment Corporation for activities to make borrowers who are delinquent on certain loans aware of the dangers of fraudulent activities associated with foreclosure.

Subtitle E - Mortgage Servicing

Section 9401 -

Amends TILA to require a creditor in a non-credit card consumer credit transaction secured by a first lien on the principal dwelling (other than a reverse mortgage) to establish an escrow or impound account for mandatory periodic payments or premiums (including taxes, insurance, and ground rents). Prohibits making an escrow or impound account a condition of a real property sale contract or a loan secured by a first deed of trust or mortgage on the consumer's principal dwelling unless specified circumstances exist. Requires such escrow or impound account to remain in existence for at least five years until sufficient equity exists so that private mortgage insurance is no longer required, or unless the underlying mortgage is terminated. States that: (1)

escrow accounts need not be established for loans secured by shares in a cooperative; and (2) insurance premiums need not be included in escrow accounts for loans secured by condominium units if the condominium association has an obligation to unit owners to maintain a master insurance policy. Requires: (1) escrow accounts to be established in a federally insured depository institution; and (2) each creditor to pay interest on the amount held in such accounts as required by state or federal law. Requires specified consumer disclosures regarding a mandatory escrow or impound account before consummation of the credit transaction giving rise to such account.

Section 9402 -

Requires creditors to provide specified disclosures for consumers who waive escrow services.

Section 9403 -

Amends RESPA to prohibit the servicer of a federally related mortgage from engaging in certain practices, including obtaining force-placed hazard insurance unless there is reason to believe the borrower has failed to comply with the loan contract requirements. (Force-placed hazard insurance is coverage obtained by the servicer when the borrower has failed to comply with hazard insurance requirements under the terms of the mortgage.) Prescribes notice and borrower non-response requirements for loan servicers to obtain force-placed insurance. Doubles the penalties for loan servicer noncompliance with RESPA disclosure requirements. Reduces from 20 days to five days the time limit within which loan servicers are required to respond to borrower inquiries. Requires any remaining escrow balance that is within the control of the loan servicer at the time the loan is paid off to be: (1) promptly returned to the borrower within 20 business days; or (2) credited to a similar account for a new mortgage loan to the borrower with the same lender.

Section 9404 -

Amends TILA to prohibit a loan servicer, except in a specified circumstance, from failing to credit a payment to the consumer's account as of the date of receipt. Requires a creditor or servicer of a home loan to send an accurate payoff balance no later than seven business days after receipt of a written request for it.

Section 9405 -

Requires repayment disclosures regarding a first mortgage- or lien-secured consumer credit transaction to take into account the amount of monthly escrow payments, including: (1) the taxable assessed value of the real property securing the transaction after consummation of the transaction; (2) the value of any improvements on the property or to be constructed on it; and (3) the replacement costs of the property for hazard insurance in the initial year after the transaction.

Subtitle F - Appraisal Activities

Section 9501 -

Amends TILA to set forth property appraisal requirements for a creditor who extends subprime mortgage credit to a consumer, including: (1) a written appraisal performed by a qualified appraiser who conducts a physical property visit of the interior of the mortgaged property; (2) a free copy of such appraisal to the applicant before the transaction closing date; and (3) a statement by the creditor at the time of the initial mortgage application that the appraisal is for its sole use, and that the applicant, at its own expense, may choose to have a separate appraisal. Requires a creditor to obtain a second appraisal from a different qualified appraiser if the purpose of a subprime mortgage (other than a HUD-insured reverse mortgage) is to finance the purchase or acquisition of the mortgaged property from a person within 180 days of the purchase or acquisition of such property by that person at a price lower than the current sale price of the property.

Section 9502 -

Declares unfair and deceptive certain practices relating to consumer credit transaction secured by the consumer's principal dwelling. Includes among unfair and deceptive practices any appraisal of a property offered as security in which a person with an interest in the underlying transaction compensates, coerces, extorts, colludes, instructs, induces, bribes, or intimidates a person conducting or involved in the appraisal. Includes, in addition, among such practices: (1) mischaracterizing, or suborning mischaracterization of the appraised value of the property securing the extension of the credit; (2) seeking to influence an appraiser or otherwise to encourage a targeted value in order to facilitate the transaction; and (3) withholding or threatening to withhold timely payment for an appraisal report or for appraisal services rendered. Prohibits any certified or licensed appraiser or appraisal management company from having an interest, financial or otherwise, in the property or transaction involving the appraisal. Requires designated federal agencies to prescribe implementing regulations jointly. Subjects unfair and deceptive

practices to civil penalties.

Section 9503 -

Amends the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) to provide the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (FIEC) with a consumer protection mandate. Directs the Subcommittee to monitor the efforts of, and requirements established by, states and federal financial institutions regulatory agencies to protect consumers from improper appraisal practices and from predations of unlicensed appraisers in consumer credit transactions secured by a consumer's principal dwelling. Requires the Subcommittee to detail in its annual report to Congress: (1) the results of all audits of state appraiser regulatory agencies; and (2) an accounting of disapproved actions and warnings taken in the previous year, including the conditions causing the disapproval and the actions taken to achieve compliance. Requires meetings of the Subcommittee to be open to the public. Requires: (1) all property appraisals performed within a state to be prepared by appraisers licensed or certified within the state where the property is located; and (2) all appraisal reviews to be performed by an appraiser licensed or certified by a state appraisal board. Requires the Subcommittee to monitor state requirements for the registration and supervision of an appraisal management company. Directs the Subcommittee to maintain a national registry of appraisal management companies that either are: (1) registered with and subject to supervision of a state appraiser certifying and licensing agency; or (2) operating subsidiaries of a federally regulated financial institution. Requires the Appraiser Qualifications Board of the Appraisal Foundation to establish minimum qualifications a state must apply in the registration of appraisal management companies, including specified requirements. Requires the appropriate federal financial institution regulatory agency to develop regulations affecting the operations of any appraisal management company that is a subsidiary owned and controlled by a federally regulated financial institution. Sets forth: (1) registration limitations; (2) additional state agency reporting requirements; and (3) revised registry fees. Authorizes the Subcommittee to award grants to state appraiser certifying and licensing agencies in order to support their compliance with this Act. Authorizes the Subcommittee to: (1) remove a state licensed or certified appraiser or a registered appraisal management company from a national registry on an interim basis pending state agency action on licensing, certification, registration, and disciplinary proceedings; (2) impose sanctions against a state agency that fails to have an effective appraiser regulatory program; and (3) impose interim actions and suspensions against a state agency as an alternative to, or in advance of, derecognition of a state agency. Requires a state appraiser certifying or licensing agency to issue a reciprocal certification or license for an individual with a valid certification or license from another state in compliance with this Act whose licensure standards meet or exceed those of the first state. Requires the Subcommittee to monitor each state appraiser certifying and licensing agency to determine whether: (1) its policies, practices, and procedures are consistent with the purposes of maintaining appraiser independence; and (2) such state maintains effective regulations, and policies regarding maintaining appraiser independence. Requires the Subcommittee, one year after enactment of this Act, to establish and operate an Appraisal Complaint National Hotline, including a toll-free telephone number and an email address, if none exists by that time. Directs the Subcommittee to promulgate regulations to implement quality control standards governing automated valuation models (computerized models used by mortgage originators and secondary market issuers to determine the collateral worth of a mortgage secured by a consumer's principal dwelling). Prohibits broker price opinions from being used as the primary basis to evaluate property for loan origination in connection with a residential mortgage loan secured by such property. Amends the Federal Financial Institutions Examination Council Act of 1978 to require that at all times at least one member of the Appraisal Subcommittee have demonstrated knowledge and competence through licensure, certification, or professional designation within the appraisal profession.

Section 9504 -

Directs the Comptroller General to study and report to Congress on possible improvements in the appraisal process generally, and specifically on the consistency in and the effectiveness of, and possible improvements in, state compliance efforts and programs.

Section 9505 -

Amends the Equal Credit Opportunity Act (ECOA) to revise requirements that creditors provide loan applicants a copy of the appraisal report used in connection with the applicant's application for a loan that is or would have been secured by a lien on residential real property. Repeals the

condition that the loan applicant request the copy. Requires a creditor to furnish the applicant a copy of all written appraisals and valuations within three days after the closing of the loan.

Section 9506 -

Amends RESPA to require the standard real estate settlement form to disclose, in the case of an appraisal coordinated by an appraisal management company, the fee paid directly by the company to the appraiser as well as the company's administration fee.

Subtitle G - Sense of Congress Regarding the Importance of Government Sponsored Enterprises Reform

Section 9601 -

Expresses the sense of Congress that efforts to enhance the terms of residential mortgage credit and practices would be incomplete without enactment of meaningful structural reforms of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

Subtitle H - Reports and Data Collection

Section 9701 -

Directs the Comptroller General to study and report to Congress on certain interagency efforts to crackdown on mortgage foreclosure rescue scams and loan modification fraud in order to advise Congress on the risks and vulnerabilities of emerging schemes in the loan modification arena.

Section 9702 -

Amends the Helping Families Save Their Homes Act of 2009 to require certain mortgage data to be reported by state.

Subtitle I - Multifamily Mortgage Resolution

Section 9801 -

Directs the HUD Secretary to develop a program to ensure protection of current and future tenants and at-risk multifamily properties.

Subtitle J - Study of Effect of Drywall Presence on Foreclosures

( Sec. 9901) Directs the HUD Secretary to study and report to Congress regarding the effect upon residential mortgage loan foreclosures of: (1) the presence of drywall imported from China between 2004 and the end of 2007; and (2) the availability of property insurance for residential structures in which such drywall is present.

Subtitle K - Home Affordable Modification Program

Section 9911 -

Instructs the Secretary of the Treasury to revise the supplemental directives and other guidelines for the Home Affordable Modification Program of the Making Home Affordable initiative to require each mortgage servicer participating in such program to provide each borrower under a mortgage whose request for a mortgage modification under the Program is denied with all borrower-related and mortgage-related input data used in any net present value (NPV) analyses performed in connection with the subject mortgage. Requires such input data to be provided to the borrower at the time of such denial. Directs the Secretary to establish a public website that provides: (1) a calculator for NPV analyses of a mortgage, based on the Secretary's methodology for calculating such value, that mortgagors can use to enter information regarding their own mortgages; and (2) a determination after entering such information of whether such mortgage would be accepted or rejected for modification under the Program.

Subtitle L - Home Affordable Program

Section 9921 -

Instructs the Secretary of the Treasury to revise the guidelines for the Home Affordable Modification Program to make public the data being collected from each mortgage servicer and lender participating in the Program.

Title VIII - Foreclosure Avoidance and Affordable Housing

Section 10001 -

Directs the Secretary of the Treasury to transfer \$3 billion in TARP funds to the HUD Secretary, which shall be credited to the Emergency Homeowners' Relief Fund for emergency mortgage assistance. Amends the Emergency Housing Act of 1975 to permit emergency mortgage assistance if the mortgagor has incurred a substantial reduction in income as a result of involuntary unemployment or underemployment due to medical conditions. Revises requirements for emergency mortgage assistance to replace the maximum amount of \$250 per month with an amount determined reasonably necessary to supplement what the homeowner is capable of contributing toward the mortgage payment. Caps the aggregate amount of such assistance to any

homeowner at \$50,000. Makes the interest rate fixed for the life of an insured loan or credit advance. Limits the interest rate to that generally charged for HUD-insured mortgages on single-family housing. Prohibits the charging of any interest on deferred interest on such a loan or credit advance. Requires the Secretary, in establishing rates, terms, and conditions for loans or advances of credit, to take into account a homeowner's ability to repay such loan or credit advance. Authorizes any eligible homeowner who receives such a grant or credit advance to repay the loan in full, without penalty, by lump sum or by installment payments at any time before it becomes due and payable. Repeals the 40% cap on the total amount of loans and credit advances by a financial institution that may be insured, and the 90% cap on the payment of any single loss claim that may be paid out. Increases from \$1.5 billion to \$3 billion the cap on the aggregate amount of insured loans and advances, but includes emergency mortgage relief payments in such amount. Directs the Secretary to establish underwriting guidelines or procedures to allocate amounts made available for incurred loans and advances and for emergency relief payments, based on the likelihood that a mortgagor will be able to resume mortgage payments. Repeals the authorization of appropriations for the emergency mortgage relief program, but extends through FY2011 the authority to insure loans and credit advances under the program and to make emergency mortgage relief payments. Repeals the authority of each federal supervisory agency to waive or relax limitations pertaining to their operations with respect to mortgage delinquencies in order to cause or encourage forbearance in residential mortgage loan foreclosures. Repeals certain reporting requirements as well as the authority of the FDIC to make credit advances to insured banks to facilitate their participation in the emergency mortgage relief program.

Section 10002 -

Directs the Secretary of the Treasury to transfer to the HUD Secretary \$1 billion to assist states and local government units for the redevelopment of abandoned and foreclosed homes.

Title IX - Nonadmitted and Reinsurance Reform Act

Nonadmitted and Reinsurance Reform Act of 2009 -

Subtitle A - Nonadmitted Insurance

Section 10101 -

Prohibits any state other than the home state of an insured from requiring a premium tax payment for nonadmitted insurance. Authorizes states to establish procedures to allocate among themselves the premium taxes paid to an insured's home state. Declares that Congress intends that each state adopt nationwide uniform requirements, forms, and procedures, such as an interstate compact, that provide for the reporting, payment, collection, and allocation of premium taxes for nonadmitted insurance consistent with this Act. Allows an insured's home state to require surplus lines brokers and certain insureds to file annual tax allocation reports detailing the portion of the nonadmitted insurance premiums attributable to properties, risks, or exposures located in each state.

Section 10102 -

Subjects nonadmitted insurance solely to the regulatory requirements of the insured's home state. Declares that only an insured's home state may require a surplus lines broker to be licensed to conduct nonadmitted insurance business with respect to such insured. Declares that state law, rule, or regulation that restricts the placement of workers' compensation insurance or excess insurance for self-funded workers' compensation plans with a nonadmitted insurer is not preempted.

Section 10103 -

Prohibits a state from collecting fees relating to licensure of a surplus lines broker in the state unless it has a regulatory mechanism in effect for participation in the national insurance producer database of the National Association of Insurance Commissioners (NAIC), or any other equivalent uniform national database.

Section 10104 -

Prohibits a state from establishing eligibility criteria for nonadmitted insurers domiciled in a U.S. jurisdiction except in conformance with the Non-Admitted Insurance Model Act, unless the state has adopted nationwide uniform requirements, forms, and procedures developed in accordance with this Act that include alternative nationwide uniform eligibility requirements. Prohibits a state from prohibiting a surplus lines broker from placing nonadmitted insurance with, or procuring nonadmitted insurance from, a nonadmitted insurer domiciled outside the United States and listed on the NAIC International Insurers Department Quarterly Listing of Alien Insurers.

Section 10105 -

Cites conditions with which a surplus lines broker seeking to procure or place nonadmitted insurance in a state for an exempt commercial purchaser must comply in order to win exemption from any state requirement to make a due diligence search to determine whether the full amount or type of insurance sought by such exempt commercial purchaser can be obtained from admitted insurers.

Section 10106 -

Requires the Comptroller General to study and report to Congress on the nonadmitted insurance market in order to determine the effect of this title upon the size and market share of the nonadmitted insurance market for providing coverage typically provided by the admitted insurance market.

Subtitle B - Reinsurance

Section 10201 -

Prohibits a state from denying credit for reinsurance for the insurer's ceded risk if the domiciliary state of an insurer purchasing reinsurance (the ceding insurer) recognizes such credit and: (1) is either an NAIC-accredited state; or (2) has financial solvency requirements substantially similar to NAIC accreditation requirements. Preempts the extraterritorial application of a non-domiciliary state's laws, regulations, or other actions (except those related to taxes and assessments on insurance companies or insurance income) to the extent that they: (1) restrict or eliminate the rights of the ceding insurer or the assuming insurer to resolve disputes pursuant to contractual arbitration that is not inconsistent with federal law; (2) require that a certain state's law shall govern the reinsurance contract, its requirements, or any disputes arising from it; or (3) attempt to enforce a reinsurance contract on terms different than those set forth in it, if those terms are not inconsistent with this subtitle.

Section 10202 -

Reserves to a reinsurer's domiciliary state sole responsibility for regulating the reinsurer's financial solvency if it is either NAIC-accredited, or has financial solvency requirements substantially similar to NAIC. Prohibits any other state from requiring a reinsurer to provide financial information in addition to that required by its NAIC-compliant domiciliary state.

Subtitle C - Rule of Construction

Section 10301 -

Prohibits any construction of this Act to modify, impair, or supersede the application of the antitrust laws. States that any implied or actual conflict between this Act and any amendments to this Act and the antitrust laws shall be resolved in favor of the operation of the antitrust laws.

Title X - Interest-Bearing Transaction Accounts Authorized

Section 11001 -

Amends the Federal Reserve Act, the Home Owners' Loan Act, and the Federal Deposit Insurance Act to repeal the prohibition against the payment of interest on demand deposits.