MR. LAFALCE OF NEW YORK AND

AMENDMENT OFFERED BY MR. DINGELL OF MICHIGAN

TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. LEACH

(Page & line nos. refer to the Proposed Substitute for H.R. 10)

Page II-64, line 10, after "section" insert "and subsection (j)".

Page II-65, line 16, strike "(j)" and insert "(k)"; and before such line insert the following new subsection:

1 "(j) COMMISSION BACKUP AUTHORITY.—

2 "(1) AUTHORITY.—The Commission may make
3 inspections of any investment bank holding company
4 that—

5 "(A) controls a wholesale financial institu-
6 tion,

7 "(B) is not a foreign bank, and

8 "(C) does not control an insured bank
9 (other than an institution permitted under sub-
10 paragraph (D), (F), or (G) of section 2(c)(2),
11 or held under section 4(f), of the Bank Holding
12 Company Act of 1956) or a savings association,

1 and any affiliate of such company, for the purpose
2 of monitoring and enforcing compliance by the in-
3 vestment bank holding company with the Federal se-
4 curities laws.

5 "(2) LIMITATION.—The Commission shall limit
6 the focus and scope of any inspection under para-
7 graph (1) to those transactions, policies, procedures,
8 or records that are reasonably necessary to monitor
9 and enforce compliance by the investment bank hold-
10 ing company or any affiliate with the Federal securi-
11 ties laws.

12 "(3) DEFERENCE TO EXAMINATIONS.—To the
13 fullest extent possible, the Commission shall use, for
14 the purposes of this subsection, the reports of exami-
15 nations—

16 "(A) made by the Board of Governors of
17 the Federal Reserve System of any investment
18 bank holding company that is supervised by the
19 Board;

20 "(B) made by or on behalf of any State
21 regulatory agency responsible for the super-
22 vision of an insurance company of any licensed
23 insurance company; and

24 "(C) made by any Federal or State bank-
25 ing agency of any bank or institution described

1 in subparagraph (D), (F), or (G) of section
2 2(c)(2), or held under section 4(f), of the Bank
3 Holding Company Act of 1956.
4 "(4) NOTICE.—To the fullest extent possible,
5 the Commission shall notify the appropriate regu-
6 latory agency prior to conducting an inspection of a
7 wholesale financial institution or institution de-
8 scribed in subparagraph (D), (F), or (G) of section
9 2(c)(2), or held under section 4(f), of the Bank
10 Holding Company Act of 1956.

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(Page & line nos. refer to the Proposed Substitute for H.R. 10)

Page II-68, after line 15, insert the following new subtitle (and conform the table of contents accordingly):

1 **Subtitle E—Disclosure of Customer**
2 **Costs of Acquiring Financial**
3 **Products**

4 **SEC. 251. IMPROVED AND CONSISTENT DISCLOSURE.**

5 (a) REVISED REGULATIONS REQUIRED.—Within one
6 year after the date of enactment of this Act, each Federal
7 financial regulatory authority shall prescribe rules, or revi-
8 sions to its rules, to improve the accuracy, simplicity, and
9 completeness, and to make more consistent, the disclosure
10 of information by persons subject to the jurisdiction of
11 such regulatory authority concerning any commissions,
12 fees, markups, or other costs incurred by customers in the
13 acquisition of financial products.

14 (b) CONSULTATION.—In prescribing rules and revi-
15 sions under subsection (a), the Federal financial regu-
16 latory authorities shall consult with each other and with
17 appropriate State financial regulatory authorities.

1 (c) CONSIDERATION OF EXISTING DISCLOSURES.—
2 In prescribing rules and revisions under subsection (a),
3 the Federal financial regulatory authorities shall consider
4 the sufficiency and appropriateness of then existing laws
5 and rules applicable to persons subject to their jurisdic-
6 tion, and may prescribe exemptions to the extent appro-
7 priate in light of the objective of this section to increase
8 the consistency of disclosure practices.
9 (d) ENFORCEMENT.—Any rule prescribed by a Fed-
10 eral financial regulatory authority pursuant to this section
11 shall, for purposes of enforcement, be treated as a rule
12 prescribed by such regulatory authority pursuant to the
13 statute establishing such regulatory authority's jurisdic-
14 tion over the persons to whom such rule applies.
15 (e) DEFINITION.—As used in this section, the term
16 "Federal financial regulatory authority" means the Board
17 of Governors of the Federal Reserve System, the Securi-
18 ties and Exchange Commission, the Comptroller of the
19 Currency, the Federal Deposit Insurance Corporation, the
20 Commodity Futures Trading Commission, and any self-
21 regulatory organization under the supervision of any of
22 the foregoing.

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(Page & line nos. refer to the Proposed Substitute for H.R. 10)

Page I-35, after line 17, insert the following new section (and amend the table of contents accordingly):

1 **SEC. 109. RESPONSIVENESS TO COMMUNITY NEEDS FOR FI-**
2 **NANCIAL SERVICES.**

3 (a) AFFIRMATIVE OBLIGATION.—The purpose of this
4 section is to recognize that financial holding companies
5 and nondepository institution affiliates of financial holding
6 companies have, with respect to communities where such
7 companies and affiliates have a business presence, a con-
8 tinuing and affirmative obligation to meet the need for fi-
9 nancial services in such communities, including the needs
10 of low- and moderate-income neighborhoods and persons
11 of modest means.

12 (b) PROGRAM.—The Secretary of the Treasury, in
13 consultation with the Federal banking agencies (as defined
14 in section 3(z) of the Federal Deposit Insurance Act) and
15 the Securities and Exchange Commission, shall develop a

program to ensure that financial holding companies and the nondepository institution affiliates of such companies meet the obligation described in subsection (a).

(c) REPORT.—Before the end of the 1-year period beginning on the date of the enactment of this Act, the Secretary of the Treasury shall submit a report to the Congress on the program required under subsection (b), including recommendations for such administrative and legislative action as the Secretary determines to be appropriate to implement that program.

AMENDMENT OFFERED BY MR. LAFALCE AND MR DINGELL TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. LEACH

(Page & line nos. refer to the Proposed Substitute for H.R. 10)

Page I-19, line 7, strike "or (C)" and insert "(C), or (D)".

Page I-20, line 16, strike "or (C)" and insert "(C), or (D)".

Page I-35, after line 17, insert the following new section (and amend the table of contents accordingly):

1 **SEC. 109. REPORTS ON ONGOING FTC STUDY OF**
2 **CONSUMER PRIVACY ISSUES.**

3 With respect to the ongoing multistage study being
4 conducted by the Federal Trade Commission on consumer
5 privacy issues, the Commission shall submit an interim re-
6 port on the findings and conclusions of the Commission,
7 together with such recommendations for legislative and
8 administrative action as the Commission determines to be
9 appropriate, to the Committee on Commerce and the Com-
10 mittee on Banking and Financial Services of the House

1 of Representatives and the Committee on Banking, Hous-
2 ing, and Urban Affairs of the Senate at the conclusion
3 of each stage of such study and a final report at the con-
4 clusion of the study.

Page III-9, line 10, insert "governing sales practices" after "regulations".

Page III-10, line 11, strike "SALES PRACTICES" and insert "ANTICOERCION RULES".

Page III-18, strike line 14 and all that follows through line 24 and insert the following new paragraph:

5 "(2) EFFECT ON OTHER LAWS.—Regulations
6 prescribed by a Federal banking agency under this
7 section shall not be construed as superseding, alter-
8 ing, or affecting the statutes, regulations, orders, or
9 interpretations in effect in any State, except to the
10 extent that such statutes, regulations, orders, or in-
11 terpretations are inconsistent with the regulations
12 prescribed by a Federal banking agency under this
13 section and then only to the extent of the inconsist-
14 ency.