

[DISCUSSION DRAFT]

119TH CONGRESS  
1ST SESSION

H. R. \_\_\_\_\_

To reduce the regulatory burden on certain well managed and well capitalized  
financial institutions, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

M\_\_\_\_ introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

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**A BILL**

To reduce the regulatory burden on certain well managed  
and well capitalized financial institutions, and for other  
purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Supervisory Modifica-  
5 tions for Appropriate Risk-based Testing Act of 2025” or  
6 the “SMART Act of 2025”.

1 **SEC. 2. EXAMINATION RELIEF FOR CERTAIN WELL MAN-**  
2 **AGED AND WELL CAPITALIZED FINANCIAL IN-**  
3 **STITUTIONS.**

4 The Federal Financial Institutions Examination  
5 Council Act of 1978 (12 U.S.C. 3301 et seq.) is amended  
6 by adding at the end the following:

7 **“SEC. 1012. EXAMINATION RELIEF FOR CERTAIN WELL**  
8 **MANAGED AND WELL CAPITALIZED FINAN-**  
9 **CIAL INSTITUTIONS.**

10 “(a) IN GENERAL.—The following shall apply to a  
11 well managed and well capitalized financial institution  
12 with \$10,000,000,000 or less in consolidated assets:

13 “(1) ALTERNATING LIMITED-SCOPE EXAMINA-  
14 TIONS.—After the financial institutions receives a  
15 full-scope, on-site examination from a Federal finan-  
16 cial institutions regulatory agency, the next exam-  
17 ination of the financial institution by such Federal  
18 financial institutions regulatory agency shall be a  
19 limited-scope examination, as determined by the  
20 Federal financial institutions regulatory agency.

21 “(2) COMBINED EXAMINATIONS.—If the finan-  
22 cial institution is otherwise subject to separate safe-  
23 ty and soundness examinations and consumer com-  
24 pliance examinations, the Federal financial institu-  
25 tions regulatory agency shall combine such examina-  
26 tions and carry them out at the same time.

1       “(b) RULEMAKING.—Not later than 12 months after  
2 the date of enactment of this section, the Federal financial  
3 institutions regulatory agencies shall issue rules to carry  
4 out subsection (a), including, with respect to a financial  
5 institution described under subsection (a), to—

6           “(1) establish procedures for the limited-scope  
7 examinations described under subsection (a)(1);

8           “(2) establish procedures for reviewing financial  
9 institutions that—

10           “(A) experience material changes in finan-  
11 cial condition or operational risk profile between  
12 scheduled examinations;

13           “(B) have failed to comply with Federal or  
14 State banking laws and regulations; or

15           “(C) have taken such other actions as the  
16 Federal financial institutions regulatory agency  
17 determines to be relevant;

18           “(3) balance the goals of streamlining the ex-  
19 amination cycle for individual financial institutions  
20 and reducing unnecessary regulatory burden while  
21 maintaining sufficient oversight to ensure the con-  
22 tinued safety and soundness of the financial institu-  
23 tions and compliance with all applicable laws and  
24 regulations.

1       “(c) RULE OF CONSTRUCTION.—Nothing in this sec-  
2       tion may be construed to limit the authority of a Federal  
3       financial institutions regulatory agency to conduct off-site  
4       monitoring, targeted reviews, or additional examinations  
5       of a financial institution if deemed necessary to ensure  
6       safety and soundness or compliance with applicable laws.

7       “(d) DEFINITIONS.—In this section:

8               “(1) CONSUMER COMPLIANCE EXAMINATION.—  
9       The term ‘consumer compliance examination’ means  
10      an examination to assess compliance with the re-  
11      quirements of Federal consumer financial law (as  
12      such term is defined in section 1002 of the Con-  
13      sumer Financial Protection Act of 2010).

14              “(2) WELL CAPITALIZED.—The term ‘well cap-  
15      italized’—

16                      “(A) with respect to a financial institution  
17                      other than a credit union, has the meaning  
18                      given that term in section 38(b) of the Federal  
19                      Deposit Insurance Act (12 U.S.C. 1831o(b));  
20                      and

21                      “(B) with respect to a credit union, has  
22                      the meaning given that term in section 216(c)  
23                      of the Federal Credit Union Act (12 U.S.C.  
24                      1790d(c)).

1           “(3) WELL MANAGED.—With respect to a fi-  
2           nancial institution, the term ‘well managed’ means  
3           the financial institution received, in connection with  
4           the institution’s most recent examination—

5                   “(A) a composite rating of 1 or 2 under  
6           the Uniform Financial Institutions Rating Sys-  
7           tem (or an equivalent rating under an equiva-  
8           lent rating system); and

9                   “(B) at least a rating of 2 for manage-  
10          ment, if such a rating is given.”.