

"(h) Regulations.—The Secretary of the Treasury, in consultation with the Board of Governors, shall prescribe regulations necessary to carry out the Treasury and fiscal agent functions under this section. The Board of Governors shall prescribe regulations necessary to supervise and direct the Federal Reserve Banks in complying with this section."

SEC. 629. PARITY IN PRICING AND PAYMENT.

(a) Treatment as cash discount.—Section 167 of the Truth in Lending Act ([15 U.S.C. 1666f](#)) is amended—

- (1) in subsection (a), by inserting "Treasury Dollar Bills," after "cash, check,";
- (2) in subsection (b), by inserting "Treasury Dollar Bills," after "cash, checks,"; and
- (3) by adding at the end the following:

"(c) Treasury Dollar Bills.—The term 'Treasury Dollar Bills' means money issued under section 5104 of title 31."

(b) Equal cash treatment.—It shall be unlawful for a person or governmental entity to vary the price or other terms of the same transaction or obligation based on the method of payment in a manner that applies different terms to payment in Treasury Dollar Bills through the public payment infrastructure established under section 623(a)(1)(C) and payment in cash.

(c) Enforcement.—A violation of subsection (b) shall be treated as an unfair, deceptive, or abusive act or practice under section 5 of the Federal Trade Commission Act ([15 U.S.C. 45](#)) and may be enforced by the Federal Trade Commission, the Bureau of Consumer Financial Protection, and the attorney general of a State under their respective authorities.

Subtitle C—Federal Reserve Reform and Monetary Operations

SEC. 631. AUTHORIZING ADDITIONAL FEDERAL RESERVE BANKS.

(a) Authorization.—Section 2 of the Federal Reserve Act ([12 U.S.C. 222](#)) is amended, in the first undesignated paragraph—

- (1) in the first sentence—

(A) by striking "not less than eight nor more than twelve" and inserting "not less than 12 nor more than 23"; and

(B) by striking "the continental United States, excluding Alaska" and inserting "the United States";

- (2) by striking "not to exceed twelve in all" and inserting "not to exceed 23 in all";

- (3) by striking the fifth sentence; and

- (4) in the sixth sentence, by striking "ninety" and inserting "90".

(b) Minimum number of districts.—Effective January 1, 2029, section 2 of the Federal Reserve Act ([12 U.S.C. 222](#)), as amended by subsection (a), is further amended, in the first sentence of the first undesignated paragraph, by striking "not less than 12" and inserting "not less than 16".

SEC. 632. UPDATING THE FEDERAL RESERVE'S MANDATE.

(a) Finding.—Congress finds that productivity growth makes it unnecessary to strive for maximum employment of the adult population of the United States.

(b) Mandate updated.—Section 2A of the Federal Reserve Act ([12 U.S.C. 225a](#)) is amended by striking "maximum employment" and inserting "minimizing poverty".

SEC. 633. FULL RESERVE TRANSITION AND TERMINATION OF INTEREST ON RESERVE BALANCES.

(a) Full reserve ratchet.—Section 19(b) of the Federal Reserve Act ([12 U.S.C. 461\(b\)](#)) is amended—

(1) by striking paragraph (2) and inserting the following:

"(2) Full reserve ratchet.—

"(A) In general.—Each depository institution shall maintain reserves in an amount sufficient to meet the applicable reserve requirement established under this paragraph with respect to transaction accounts.

"(B) Annual reserve-ratchet schedule.—

"(i) Initial schedule.—Not later than 30 days after the date of enactment of the POPULIST Act, the Federal Open Market Committee (in this section referred to as the 'Committee') shall, by majority vote, establish and publish a schedule of increasing reserve requirements applicable to transaction accounts for the remainder of the calendar year and the following calendar year.

"(ii) Subsequent schedules.—Not later than October 1 of each year thereafter, the Committee shall establish and publish the schedule of increasing reserve requirements applicable during the following calendar year.

"(iii) Objective.—Each schedule shall advance the transition toward a 100 percent reserve requirement as soon as practicable, but in no event later than 8 years after the date of enactment of the POPULIST Act, and shall be coordinated with the transition period applicable to systemic solvency requirements established under section 254 of such Act.

"(iv) Projected path.—With each schedule, the Committee shall publish a projected path toward achievement of the 100 percent reserve requirement for the remainder of the transition period. A projected path may be revised and shall not bind the Committee except with respect to requirements scheduled to take effect during the following calendar year.

"(C) Interim revisions.—The Committee may revise a schedule during the calendar year by an affirmative vote of not fewer than 8 members if the Committee publishes a written finding that material changes in inflation, credit conditions, liquidity, migration to Treasury transaction accounts, or financial stability require the revision.

"(D) Uniformity.—Any reserve requirement established under this paragraph shall be uniformly applied to all transaction accounts at all depository institutions, without regard to the size or type of depository institution.

"(E) Prohibition on reversal.—Once increased, a reserve requirement established under this paragraph may not be reduced, suspended, waived, or otherwise reversed.

"(F) Administration and enforcement.—The Board shall prescribe such regulations as are necessary to implement, administer, supervise, examine compliance with, and enforce reserve requirements established under this paragraph, consistent with the schedules, limitations, and objectives established by the Committee under this paragraph.";

(2) by striking paragraphs (3) and (4);

(3) in paragraph (5), in the second sentence, by striking "such ratios as the Board may prescribe" and inserting "the ratio established under paragraph (2)"; and

(4) by striking paragraphs (8) through (11).

(b) Composition of reserves.—Section 19(c) of the Federal Reserve Act ([12 U.S.C. 461\(c\)](#)) is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (A) and inserting the following:

"(A) balances maintained for such purposes by the depository institution in the Federal Reserve bank of which it is a member or at which it maintains an account, except that the Board may, by regulation or order, permit depository institutions to maintain all or a portion of their required reserves in the form of vault cash, and any portion so permitted shall be identical for all depository institutions;"

(B) in subparagraph (B), by striking the period at the end and inserting "; and"; and

(C) by inserting after subparagraph (B) the following:

"(C) Treasury Dollar Bills held by the depository institution in a Treasury transaction account established under section 623(b)(6) of the POPULIST Act that satisfy paragraph (3)(A).";

(2) by striking paragraph (2) and inserting the following:

"(2) Other liquidity requirements.—Reserves maintained under paragraph (1) may be used to satisfy liquidity requirements imposed under other provisions of Federal or State law."; and

(3) by adding at the end the following:

"(3) Reserve share maintained in Treasury Dollar Bills.—

"(A) Qualifying reserves.—Treasury Dollar Bills described in paragraph (1)(C) shall be treated at par as reserves if such Treasury Dollar Bills—

"(i) are held for the account of the depository institution;

"(ii) are not pledged or otherwise subject to a lien or security interest and are immediately available to satisfy payment, settlement, and withdrawal obligations; and

"(iii) are not counted as reserves maintained by another depository institution.

"(B) Commencement of schedule.—For the first calendar year for which the projected path published under subsection (b)(2)(B)(iv) projects that the reserve requirement will reach at least 75 percent, the Committee shall include in the annual schedule under subsection (b)(2)(B) a separate schedule establishing an increasing percentage of the reserves required under subsection (b)(2) that each depository institution shall maintain as qualifying Treasury Dollar Bills under subparagraph (A).

"(C) Completion and irreversibility.—The percentage established under subparagraph (B)—

"(i) may not be reduced once increased; and

"(ii) shall reach 100 percent not later than 6 months after the reserve requirement under subsection (b)(2) reaches 100 percent and in no event later than July 1, 2035.

"(D) Uniformity.—The percentage established under this paragraph shall be uniformly applied to all depository institutions.

"(4) Transition to Treasury transaction accounts.—

"(A) Conversion plan.—When the Committee first publishes a schedule under paragraph (3)(B), the Board and the Secretary of the Treasury shall jointly publish a plan for the orderly transfer, on January 1, 2036, of all credit balances in transaction accounts maintained by depository institutions to Treasury transaction accounts.

"(B) Account designation.—The plan under subparagraph (A) shall provide each transaction account holder a reasonable opportunity to designate the Treasury transaction account to receive the transferred balance and shall provide for transfer to an appropriate Treasury transaction account established or maintained for the account holder if no designation is made.

"(C) Transfer of balances.—On January 1, 2036, each depository institution shall transfer from its Treasury transaction account established under section 623(b)(6) of the POPULIST Act to the Treasury transaction account designated or provided under subparagraph (B) Treasury Dollar Bills equal to the credit balance of each transaction account maintained for the account holder. Upon completion of the transfer, the corresponding transaction-account liability of the depository institution shall be extinguished.

"(D) End state.—On and after January 1, 2036, it shall be unlawful for a depository institution to open or maintain a transaction account. Nothing in this subparagraph prohibits a depository institution from providing interface services for a Treasury transaction account in accordance with section 623(h) of the POPULIST Act."

(c) Termination of interest on reserve balances.—Effective December 31, 2026, section 19(b) of the Federal Reserve Act ([12 U.S.C. 461\(b\)](#)) is amended by striking paragraph (12).

(d) Monetary policy implementation plan.—

(1) Initial plan.—Not later than 30 days after the date of enactment of the POPULIST Act, the Board of Governors of the Federal Reserve System and the Federal Open Market Committee shall jointly publish a plan for conducting monetary policy after the termination of the authority to pay earnings on balances under subsection (c), including the operational framework, regulatory changes, and implementation schedule necessary to complete the transition by the effective date specified in subsection (c).

(2) Updates.—The Board of Governors and the Federal Open Market Committee shall publish an update whenever they materially revise the framework established under paragraph (1).

SEC. 634. PROVIDING FOR LIQUIDITY INJECTIONS.

(a) Nonemergency liquidity injections.—Section 12A of the Federal Reserve Act ([12 U.S.C. 263](#)) is amended by adding at the end the following:

"(d) Nonemergency liquidity injections.—

"(1) Authorization.—The Committee may, by a majority vote, authorize a liquidity injection of Treasury Dollar Bills using benefit payments required to be made under title II of the Social Security Act.

"(2) Required finding.—The Committee may take an action under paragraph (1) only if the Committee determines that the action is reasonably necessary to prevent or respond to a material contraction in credit or liquidity inconsistent with the monetary policy objectives described in section 2A.

"(3) Amount and period.—

"(A) In general.—Each authorization under paragraph (1) shall specify the aggregate amount authorized and the period during which the authorization shall remain in effect.

"(B) Limitations.—The aggregate amount authorized may not exceed \$500,000,000,000, and the authorization period may not exceed 90 days. No authorization may take effect while another authorization under this subsection remains in effect.

"(C) Expiration.—Any portion of the amount authorized under subparagraph (A) that is not used before the expiration of the authorization period shall expire.

"(4) Administration.—

"(A) Notwithstanding section 9702(b)(1) of title 31, United States Code, the Commissioner of Social Security, in consultation with the Secretary of the Treasury, shall authorize the distribution of an amount of Treasury Dollar Bills held by the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund (in this subsection referred to as the 'Trust Funds') equal to the amount authorized by paragraph (3)(A).

"(B) The Commissioner shall determine the allocation of the authorized amount between the Trust Funds and administer the use of the authorized amount ratably among benefit payments payable from the Trust Funds, subject to operational feasibility.

"(C) If the use of Treasury Dollar Bills in connection with particular benefit payments is not operationally feasible, the Commissioner may reallocate the unused amount ratably among other such benefit payments.

"(5) Publication and reporting.—

"(A) Not later than 7 days after an authorization under paragraph (1), the Committee shall publish the finding required under paragraph (2), the aggregate amount authorized, the authorization period, and the anticipated effect on credit and liquidity.

"(B) Not later than 30 days after the expiration of an authorization period, the Commissioner of Social Security and the Secretary of the Treasury shall jointly submit to the Committee and Congress a report stating the amount of Treasury Dollar Bills used and describing any material operational limitations encountered in carrying out the authorization."

(b) Section 12A of the Federal Reserve Act ([12 U.S.C. 263](#)), as amended by subsection (a), is further amended by adding at the end the following:

"(e) Emergency liquidity dividend.—

"(1) In general.—The Committee may, by an affirmative vote of not fewer than 8 members, authorize an emergency liquidity dividend to be distributed through the American Union Jobs Program (42 U.S.C. 1398a et seq.) in one or more installments during a period not exceeding 90 days. Such dividend shall be in addition to the normal distributions of the American Union Jobs Program.

"(2) Required findings.—An action under paragraph (1) may be taken only if the Committee determines that—

"(A) the United States economy is experiencing a contraction in credit or liquidity inconsistent with the monetary policy objectives described in section 2A; and

"(B) other available liquidity and credit tools under Federal law are insufficient to restore adequate liquidity.

"(3) Amount.—The aggregate amount of a liquidity dividend authorized under this subsection shall be no greater than reasonably necessary to restore adequate liquidity consistent with the findings required under paragraph (2).

"(4) Administration.—The Committee may consult with the Commissioner of Social Security regarding the amount, timing, and administration of a liquidity dividend. The Social Security Administration shall administer such dividend using only amounts made available from the American Value Fund established under section 623(b)(5) of the POPULIST Act. Each installment of the dividend shall be allocated among recipients in the same relative proportions as the payment components payable for the month under sections 1398d and 1398e of title 42, United States Code, including the division and redirection of child payments under section 1398e.

"(5) Report to Congress.—Not later than 7 days after authorizing a liquidity dividend under this subsection, the Committee shall submit to Congress a report describing—

"(A) the findings made under paragraph (2) and the basis for such findings; and

"(B) the aggregate dollar amount authorized."

SEC. 635. DIRECT ACQUISITIONS AND OPERATIONS INVOLVING TREASURY DOLLAR BILLS.

(a) Direct purchases of Treasury obligations.—Section 14(b)(1) of the Federal Reserve Act ([12 U.S.C. 355](#)) is amended by striking "but only in the open market".

(b) Authority to conduct operations involving Treasury Dollar Bills and standing exchange facility.—Section 14 of the Federal Reserve Act ([12 U.S.C. 353 et seq.](#)) is amended by adding at the end the following:

"(h) Operations involving Treasury Dollar Bills.—

"(1) General authority.—Each Federal Reserve Bank may, in accordance with this subsection and section 12A(f), acquire, receive, hold, transfer, exchange, or sell Treasury Dollar Bills and use Treasury Dollar Bills in carrying out monetary policy, payment, settlement, and fiscal agent operations authorized by law.

"(2) Standing Treasury exchange facility.—

"(A) Treasury request.—The Secretary of the Treasury may request that 1 or more Federal Reserve Banks acquire at par an amount of Treasury Dollar Bills lawfully available to the Secretary for exchange.

"(B) Mandatory acquisition.—Upon a request under subparagraph (A), the Federal Reserve Banks designated under subparagraph (E) shall acquire the requested Treasury Dollar Bills at par, subject only to section 12A(f).

"(C) Credit to Treasury General Account.—Concurrent with an acquisition under subparagraph (B), the acquiring Federal Reserve Banks shall credit an equal dollar amount to the general account of the Treasury maintained at the Federal Reserve Banks.

"(D) Transfer of Treasury Dollar Bills.—The Secretary shall transfer the acquired Treasury Dollar Bills to the Treasury transaction account maintained for each acquiring Federal Reserve Bank under section 623(b)(6) of the POPULIST Act.

"(E) Allocation.—The Board of Governors of the Federal Reserve System, in consultation with the Secretary, may allocate an acquisition among the Federal Reserve Banks, except that an allocation may not delay, condition, discount, or reduce the exchange requested by the Secretary.

"(F) Treatment.—An exchange under this paragraph shall not be treated as an open-market operation for purposes of subsection (b) of section 12A.

"(3) Operational Federal requests.—

"(A) Definition.—A request under paragraph (2) shall be an operational Federal request if the Secretary certifies that the requested amount is reasonably necessary during the 90-day period beginning on the date of the request to—

"(i) make a payment or disbursement legally due from a Federal trust fund or other Federal account;

"(ii) maintain balances sufficient for the normal operations of the Treasury or another department, agency, or instrumentality of the United States;

"(iii) carry out an exchange authorized or required under section 614 of the POPULIST Act; or

"(iv) preserve the continuous and orderly operation of Federal payment and disbursement systems.

"(B) Prompt completion.—A Federal Reserve Bank shall complete an operational Federal request promptly in accordance with the settlement standards established under section 628 of the POPULIST Act.

"(C) Exemption from pacing rules.—An operational Federal request may not be delayed, limited, conditioned, or made subject to a schedule established under section 12A(f).

"(4) Ownership and accounting.—

"(A) Reserve Bank asset.—Treasury Dollar Bills acquired under this subsection shall be owned by the acquiring Federal Reserve Bank and recorded as assets of that Federal Reserve Bank at par.

"(B) Treasury General Account credit.—A credit made under paragraph (2)(C) shall be recorded as a liability of the acquiring Federal Reserve Bank in the same manner as another balance credited to the general account of the Treasury.

"(C) Treasury ledger.—Ownership and transfer of Treasury Dollar Bills shall remain recorded exclusively on the Treasury ledger.

"(5) Disposition.—Subject to section 12A and applicable law, a Federal Reserve Bank may—

"(A) continue to hold Treasury Dollar Bills acquired under this subsection;

"(B) transfer Treasury Dollar Bills to another Federal Reserve Bank;

"(C) transfer or sell Treasury Dollar Bills at par to a financial institution eligible to maintain a Treasury transaction account under section 623(b)(6) of the POPULIST Act;

"(D) use Treasury Dollar Bills in monetary policy, payment, settlement, or liquidity operations; or

"(E) with the agreement of the Secretary, transfer Treasury Dollar Bills to the Treasury in exchange for an equal debit to the general account of the Treasury or other equal consideration lawfully provided by the Treasury.

"(6) Reverse exchanges.—A reverse exchange under paragraph (5)(E) may occur only to the extent that—

"(A) sufficient balances are available in the general account of the Treasury;

"(B) the Secretary determines that the exchange will not impair the timely payment of an obligation of the United States or the normal operations of the Federal Government; and

"(C) the Federal Reserve Bank receives equal consideration.

"(7) Rules of construction.—

"(A) No appropriation or spending authority.—A credit to the general account of the Treasury under this subsection shall not constitute an appropriation, enlarge an appropriation, alter the legal availability or purpose of an amount, or authorize an expenditure not otherwise authorized by law.

"(B) No additional issuance.—Nothing in this subsection authorizes the issuance or crediting of additional Treasury Dollar Bills.

"(C) No public debt.—The acquisition or holding of Treasury Dollar Bills by a Federal Reserve Bank shall not cause Treasury Dollar Bills to constitute obligations, liabilities, or public debt of the United States.

"(D) No compelled private conversion.—Nothing in this subsection authorizes a private person to compel the Treasury or a Federal Reserve Bank to exchange Treasury Dollar Bills for another monetary instrument or another monetary instrument for Treasury Dollar Bills.

"(E) American Value Fund protected.—Nothing in this subsection authorizes a withdrawal or transfer from the American Value Fund except as expressly authorized by another provision of law.

"(8) Regulations.—The Board of Governors and the Secretary shall prescribe such regulations and operational procedures as are necessary to carry out this subsection."

(c) Administration of nonoperational exchanges.—Section 12A of the Federal Reserve Act ([12 U.S.C. 263](#)), as amended by section 634, is further amended by adding at the end the following:

"(f) Administration of nonoperational exchanges involving Treasury Dollar Bills.—

"(1) Prospective pacing rules.—The Committee may establish prospective and generally applicable rules governing the timing and pacing of requests under section 14(h)(2) that are not operational Federal requests under section 14(h)(3).

"(2) Governing standard.—The Committee may exercise the authority under paragraph (1) only to the extent reasonably necessary to carry out the monetary policy objectives described in section 2A, with due regard to inflation, liquidity, credit conditions, financial stability, and the transition required under section 19.

"(3) Permitted schedules.—A rule under paragraph (1) may establish daily, weekly, or monthly schedules for completion of nonoperational requests.

"(4) Limitations.—A rule under paragraph (1) may not—

"(A) require transaction-specific approval by the Committee;

"(B) establish a permanent or aggregate ceiling on the amount of Treasury Dollar Bills that may be exchanged under section 14(h)(2);

"(C) impose a discount, fee, interest charge, or other reduction in an exchange at par;

"(D) apply to an operational Federal request under section 14(h)(3);

"(E) alter or reverse an exchange that has reached final settlement;

"(F) prohibit or indefinitely defer completion of a lawful Treasury request; or

"(G) delay completion of a request for more than 90 days after the date on which the request is made.

"(5) Publication.—Before a rule under paragraph (1) takes effect, the Committee shall publish the rule and a written explanation of the basis for determining that the rule satisfies paragraph (2).

"(6) Coordination.—The Committee shall consult with the Secretary before establishing or materially revising a rule under paragraph (1)."

(d) Weekly reporting.—Section 11(a)(1) of the Federal Reserve Act ([12 U.S.C. 248\(a\)\(1\)](#)) is amended by adding at the end the following: "Treasury Dollar Bills held by Federal Reserve Banks shall be separately identified as an asset in each weekly statement required under this paragraph, and each such statement shall disclose the aggregate amount of Treasury Dollar Bills acquired, transferred, sold, or returned to the Treasury during the reporting week, the aggregate amount held at the end of the reporting week, and the aggregate amount credited to the general account of the Treasury pursuant to section 14(h)(2) during the reporting week."

SEC. 636. COLLATERAL SEGREGATION AND COLLATERAL REUSE PROHIBITION.

(a) Findings.—Congress finds the following:

(1) The reuse of pledged collateral through repurchase agreements, securities lending, prime brokerage, margin lending, and similar financing arrangements permits private actors to create multiple layers of short-term funding claims on the basis of the same underlying asset, thereby expanding shadow banking and undermining the exclusive public authority of the United States to create money.

(2) Collateral reuse and title-transfer collateral practices increase leverage, obscure beneficial ownership, amplify interconnectedness, and heighten the risk of runs, fire sales, and cascading failures during periods of financial stress.

(3) To restore monetary sovereignty, reduce systemic fragility, and protect collateral providers and beneficial owners, collateral provided under a collateralized financing arrangement should remain the property of the collateral provider, should be held in segregation, and should not be reused or otherwise deployed to support additional layers of private credit creation.

(b) Definitions.—In this section:

(1) Appropriate Federal financial regulator.—The term "appropriate Federal financial regulator" means the Secretary of the Treasury, the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Federal Housing Finance Agency, acting within their respective jurisdictions.

(2) Collateral.—The term "collateral" means any financial asset provided as security or credit support for payment or performance of an obligation. The term does not include an asset transferred in final and irrevocable satisfaction of an obligation, to the extent of the obligation satisfied.

(3) Collateral provider.—The term "collateral provider" means a person that provides collateral under a collateralized financing arrangement.

(4) Collateral recipient.—The term "collateral recipient" means a person that receives or holds collateral under a collateralized financing arrangement.

(5) Collateralized financing arrangement.—The term "collateralized financing arrangement" means a repurchase agreement, securities lending agreement, margin loan, prime brokerage arrangement, derivatives margining arrangement, title-transfer collateral arrangement, or other financial market transaction or arrangement in which collateral is provided.

(6) Financial asset.—The term "financial asset" means property of a financial nature, including cash, an amount of Treasury Dollar Bills, a deposit or account balance, a security, a financial instrument, a commodity, a digital asset, or similar property.

(7) Reuse.—The term "reuse" means any rehypothecation, transfer, pledge, encumbrance, investment, or other deployment of collateral by or for the benefit of a collateral recipient or third party. The term does not include—

(A) holding collateral in segregation under subsection (d);

- (B) returning or releasing collateral to the collateral provider;
- (C) transferring collateral as permitted under subsection (d)(5); or
- (D) enforcement after default under subsection (c)(4).

(8) Segregated custody account.—The term "segregated custody account" means an account maintained exclusively for collateral providers, separate from the proprietary assets of the collateral recipient, in which the interest of each collateral provider is continuously identifiable and the collateral is not subject to claims of the creditors of the collateral recipient or available for reuse.

(9) Title-transfer collateral arrangement.—The term "title-transfer collateral arrangement" means an arrangement that characterizes collateral as sold or absolutely transferred to the collateral recipient.

(c) Prohibition on collateral reuse and title-transfer treatment.—

(1) General rule.—It shall be unlawful for a collateral recipient to reuse collateral.

(2) Beneficial ownership and legal title.—Beneficial ownership of collateral provided in connection with a collateralized financing arrangement shall remain with the collateral provider, subject only to paragraph (4). Legal or record title may be held by the collateral recipient or a regulated custodian or clearing intermediary solely as necessary for custody, perfection of a security interest, clearing, settlement, or enforcement after default, but such title shall not confer beneficial ownership or authority to reuse the collateral. A repurchase agreement or reverse repurchase agreement shall be treated as secured financing, and not as an absolute sale, for purposes of this section.

(3) Limited interest of collateral recipient.—A collateral recipient may hold a security interest, possess or maintain custody of collateral as reasonably necessary to secure the obligation of the collateral provider, and exercise enforcement authority after default, subject to this section.

(4) Enforcement after default.—Following an uncured event of default expressly specified in the collateralized financing arrangement, a collateral recipient may terminate the arrangement, liquidate or sell collateral, exercise setoff or netting rights, and apply collateral or proceeds to the matured obligation, but only to the extent reasonably necessary to satisfy such obligation. The collateral recipient shall promptly account to the collateral provider and return any surplus collateral or proceeds.

(5) No duplicate recovery.—A collateral provider may not receive restitution, compensatory damages, or other compensation more than once for the same loss.

(d) Segregation and custody.—

(1) Segregated custody required.—All collateral provided by a collateral provider shall be held in 1 or more segregated custody accounts.

(2) No proprietary commingling.—Collateral may not be commingled with the proprietary assets of the collateral recipient or used to support the obligations, financing, or liquidity of the collateral recipient or any third party.

(3) Permitted omnibus segregation.—Collateral of multiple collateral providers may be held in an omnibus segregated custody account only if the account is maintained exclusively for collateral providers, the interest of each collateral provider is continuously identifiable, and the collateral is not available for reuse.

(4) Return or release.—Collateral shall be returned or released promptly upon satisfaction or termination of the underlying obligation, upon replacement of the collateral by the collateral provider, or following completion of enforcement under subsection (c)(4).

(5) Permitted custodial and clearing transfers.—Collateral may be transferred to an independent custodian, clearing agency, derivatives clearing organization, central counterparty, clearing member, or other regulated intermediary solely for custody, perfection, clearing, or settlement if—

(A) the collateral remains continuously identifiable and segregated from the proprietary assets of each recipient and intermediary;

(B) beneficial ownership remains with the collateral provider;

(C) the collateral is not subject to claims of the creditors of a recipient or intermediary; and

(D) the collateral is not available for reuse.

(e) Voidness of inconsistent terms.—Any agreement, clause, waiver, disclosure, consent, or other contractual term that purports to authorize reuse of collateral, transfer full title to collateral in violation of this section, waive segregation, or otherwise impair a protection afforded to a collateral provider under this section shall be void and without legal effect.

(f) Insolvency and bankruptcy treatment.—

(1) Exclusion from estate.—Collateral held pursuant to this section shall not become property of the estate of the collateral recipient in any case under [title 11](#), United States Code, and shall not be subject to claims of the creditors of the collateral recipient.

(2) No safe harbor for reuse.—Notwithstanding [title 11](#), United States Code, no contract term, liquidation authority, netting authority, or other safe harbor shall be construed to authorize, validate, or excuse reuse of collateral prohibited by this section.

(3) Turnover.—In any insolvency, receivership, resolution, or bankruptcy proceeding of a collateral recipient, collateral held pursuant to this section shall be returned or released in accordance with subsection (d)(4) and shall not be administered as property beneficially owned by the collateral recipient.

(g) Recordkeeping and reporting.—

(1) Daily records.—Each collateral recipient and custodian shall maintain records sufficient to identify each collateral provider, each item of collateral, each segregated custody account, each substitution or release of collateral, and each enforcement action after default, and to demonstrate compliance with this section.

(2) Regulatory reporting.—Each appropriate Federal financial regulator shall require persons within its jurisdiction to submit periodic reports, in the uniform form prescribed under subsection (j), concerning aggregate collateral received, segregated holdings, substitutions, releases, enforcement after default, and violations of this section.

(3) Public reporting.—The appropriate Federal financial regulators shall publish, not less frequently than annually, aggregate and non-identifying information concerning the matters reported under paragraph (2).

(h) Anti-evasion.—It shall be unlawful for any person to evade or attempt to evade this section, including through an affiliate, intermediary, agreement, transaction, offsetting position, synthetic arrangement, or other direct or indirect means.

(i) Enforcement.—

(1) Wrongful reuse or conversion.—Any person that reuses, converts, misappropriates, or knowingly permits the reuse of collateral in violation of this section shall be liable for—

(A) restitution to each affected collateral provider;

(B) disgorgement of any net profits derived from the violation;

(C) a civil penalty equal to 3 times the value of the collateral wrongfully reused, converted, misappropriated, or made available for reuse; and

(D) appropriate injunctive and declaratory relief.

(2) Other civil violations.—A person that violates this section or a rule promulgated under this section in a manner not described in paragraph (1) shall be subject to a civil penalty not exceeding the greater of \$1,000,000 or the value of the collateral affected by the violation. In determining the amount of the penalty, the appropriate Federal financial regulator or court, as applicable, shall consider—

(A) the culpability of the person;

(B) the duration and severity of the violation;

(C) the harm caused;

(D) any economic benefit obtained; and

(E) the promptness and adequacy of corrective action.

(3) Public enforcement.—

(A) Administrative enforcement.—An appropriate Federal financial regulator may, after notice and opportunity for hearing, issue an order against a person within its jurisdiction

requiring the person to cease and desist from a violation, comply with this section, pay restitution, disgorge net profits, pay a civil penalty authorized under paragraph (1) or (2), and take such other corrective action as the regulator determines appropriate.

(B) Civil actions.—An appropriate Federal financial regulator, the Attorney General, or an attorney general of a State may bring a civil action in an appropriate district court of the United States to enforce this section or a rule promulgated under this section. In such an action, the court may award any relief authorized under paragraph (1) or (2), including injunctive and declaratory relief.

(4) Private cause of action.—Any collateral provider aggrieved by a violation of this section may bring a civil action for damages, restitution, injunctive relief, declaratory relief, and reasonable attorney's fees and costs.

(j) Rulemaking.—Not later than 120 days after the date of enactment of this Act, the Financial Stability Oversight Council established under section 111 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ([12 U.S.C. 5321](#)) shall, in consultation with the appropriate Federal financial regulators, issue an interim final rule to carry out this section. The interim final rule shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to [section 553 of title 5](#), United States Code. The Council shall provide a public comment period of not less than 60 days and shall issue a final rule not later than 1 year after the date of enactment of this Act. Each appropriate Federal financial regulator shall administer and enforce the rule with respect to persons and activities within its jurisdiction. A delay in issuing or finalizing a rule shall not delay or limit any prohibition or duty established by this section.

(k) Effective dates.—

(1) New arrangements.—Subsections (c) through (f), (h), and (i) shall apply beginning January 1, 2027 to a collateralized financing arrangement entered into after the date of enactment of this Act.

(2) Existing arrangements.—Subsections (c) through (f), (h), and (i) shall apply beginning January 1, 2028, to a collateralized financing arrangement entered into on or before the date of enactment of this Act.

(3) Renewals and transactions under master agreements.—For purposes of paragraphs (1) and (2), a transaction entered into, renewed, extended, or materially amended on or after the date of enactment of this Act shall be treated as a collateralized financing arrangement entered into on or after such date, without regard to whether the transaction is governed by a master agreement entered into before such date.

(4) Recordkeeping.—Subsection (g)(1) shall apply beginning 120 days after the date of enactment of this Act to each collateralized financing arrangement, without regard to when the arrangement was entered into.

(5) Regulatory reporting.—Reporting under subsection (g)(2) shall begin on the date specified in the interim final rule under subsection (j), which shall be not later than 180 days after the date of enactment of this Act.

(6) Public reporting.—The first report required under subsection (g)(3) shall be published not later than 1 year after the date of enactment of this Act.

Subtitle D—National Infrastructure Bank

SEC. 641. DEFINITIONS.

(a) In this subtitle:

(1) Affordable housing.—The term "affordable housing" means housing that meets the criteria established under section 215 of the Cranston-Gonzalez National Affordable Housing Act ([42 U.S.C. 12745](#)).

(2) Area of public need.—The term "area of public need" means an area with high unemployment or low labor force participation, low household income, severe infrastructure deficits, rural isolation, limited access to capital, severe housing shortages, or other objective indicators of public need, as determined by the Board by rule.

(3) Bank.—The term "Bank" means the National Infrastructure Bank established under section 642(a).

(4) Bank investment instrument.—The term "Bank investment instrument" means any preferred share, bond, note, or other nondeposit contractual claim issued by the Bank to raise funds for lending, investment, or other activities authorized under this subtitle, provided that such instrument is not payable on demand, is not redeemable at par before a stated maturity or call date, and is not insured or guaranteed by the Federal Deposit Insurance Corporation.

(5) Blended financing.—The term "blended financing" means financing that combines financial assistance from the Bank with financing from one or more private lenders, local financial institutions, State revolving funds, or other public or private funding sources outside the Bank, and is integrated into a single agreement with a single set of financial terms.

(6) Board.—The term "Board" means the Board of Directors of the Bank established under section 645.

(7) Community development infrastructure project.—The term "community development infrastructure project" means the development of affordable housing, transportation, water infrastructure, schools, affordable broadband, public parks and recreation, libraries, or public facilities that train workers and build labor skills.

(8) Conflict of interest.—

(A) In general.—The term "conflict of interest", with respect to a person serving under section 645, means—

(i) a direct or indirect financial interest held by the person, an immediate family member of the person, or an entity in which the person or an immediate family member of the person has a substantial financial interest, in—

(I) a project under consideration for assistance under this subtitle; or