

INSIGHTS

Signing of the Economic Growth, Regulatory Relief and Consumer Protection Act

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On May 24, 2018, President Trump signed into law the *Economic Growth, Regulatory Relief and Consumer Protection Act* (the “Regulatory Relief Act”), the financial services regulatory reform bill that previously passed both the U.S. Senate and House of Representatives. Some of the key provisions of the Regulatory Relief Act include:

- Increasing the systemically important financial institution designation asset threshold from \$50 billion to \$250 billion;
- Raising the eligibility requirement for using the Board of Governors of the Federal Reserve System’s Small Bank Holding Company Policy Statement from \$1 billion in assets to \$3 billion in assets;
- Extending the examination cycle to 18 months for community banks that are well managed and well capitalized and have total assets of less than \$3 billion (previous threshold was less than \$1 billion of assets);
- Simplifying capital calculations for community banks with less than \$10 billion in assets;
- Providing relief from capital and leverage requirements for qualifying community banks with less than \$10 billion in assets. Specifically, qualifying community banks that exceed a leverage ratio set by the federal banking agencies will be deemed to be in compliance with all other generally applicable leverage capital and risk-based capital requirements;
- Ending company-run stress tests for banks with less than \$250 billion in assets;
- Increasing the threshold for mandatory risk committees from \$10 billion in assets to \$50 billion in assets. Under the new law, the Federal Reserve will be permitted, but not required, to establish a risk committee requirement for publicly traded bank holding companies with less than \$50 billion in total consolidated assets, rather than \$10 billion in total consolidated assets as previously required by the Dodd-Frank Act;
- Providing an exemption from the Volcker Rule for banks with less than \$10 billion in assets and eliminating the Volcker naming rights restrictions for all asset managers and funds affiliated with banks;

- Providing relief for certain aspects of mortgage lending for community banks and credit unions; and
- Repealing the Department of Labor’s fiduciary rule, which aimed to minimize supposedly conflicted investment advice given to retirement savers.

This law is the culmination of extensive bipartisan work in both the U.S. House of Representatives and the U.S. Senate, and is aimed primarily to help community and regional banks.