

Union Calendar No. 406

119TH CONGRESS
2^D SESSION

H. R. 6556

[Report No. 119–475]

To prohibit the use of certain concentration limit exceptions with respect to mergers involving a failed bank unless the applicable agency determines such use is necessary to prevent significant economic disruption or significant adverse effects on financial stability, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 10, 2025

Mr. LYNCH introduced the following bill; which was referred to the Committee on Financial Services

FEBRUARY 2, 2026

Additional sponsor: Mr. GOTTHEIMER

FEBRUARY 2, 2026

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on December 10, 2025]

A BILL

To prohibit the use of certain concentration limit exceptions with respect to mergers involving a failed bank unless the applicable agency determines such use is necessary to prevent significant economic disruption or significant adverse effects on financial stability, 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 “Failing Bank Acquisi-*
 5 *tion Fairness Act”.*

6 **SEC. 2. CONCENTRATION LIMIT EXCEPTIONS ONLY AVAIL-**
 7 **ABLE TO AVOID SERIOUS ADVERSE ECO-**
 8 **NOMIC OR FINANCIAL EFFECTS.**

9 *(a) CONCENTRATION LIMITS WITH RESPECT TO DE-*
 10 *POSITS.—*

11 *(1) FEDERAL DEPOSIT INSURANCE ACT.—The*
 12 *Federal Deposit Insurance Act (12 U.S.C. 1811 et*
 13 *seq.) is amended—*

14 *(A) in section 18(c)(13)—*

15 *(i) by amending subparagraph (B) to*
 16 *read as follows:*

17 *“(B) Subparagraph (A) shall not apply to an inter-*
 18 *state merger transaction if—*

19 *“(i) such interstate merger transaction involves 1*
 20 *or more insured depository institutions in default or*
 21 *in danger of default and the responsible agency deter-*
 22 *mines, based on clear and convincing evidence, that*
 23 *consummation of the proposed interstate merger*
 24 *transaction is necessary to prevent significant eco-*
 25 *nomie disruption or significant adverse effects on fi-*

1 *nancial stability, and the Corporation has not re-*
 2 *ceived any qualified bid from a company that is not*
 3 *subject to the prohibition in subparagraph (A); or*

4 *“(ii) the Corporation provides assistance under*
 5 *section 13 to facilitate such interstate merger trans-*
 6 *action and the responsible agency determines, based*
 7 *on clear and convincing evidence, that consummation*
 8 *of the proposed interstate merger transaction is nec-*
 9 *essary to prevent significant economic disruption or*
 10 *significant adverse effects on financial stability, and*
 11 *the Corporation has not received any qualified bid*
 12 *from a company that is not subject to the prohibition*
 13 *in subparagraph (A).”;* and

14 *(ii) in subparagraph (C)—*

15 *(I) in clause (i), by striking*
 16 *“and” at the end;*

17 *(II) in clause (ii), by striking the*
 18 *period at the end and inserting a semi-*
 19 *colon; and*

20 *(III) by adding at the end the fol-*
 21 *lowing:*

22 *“(iii) the term ‘qualified bid’ means an applica-*
 23 *tion, proposed application, or bid from a company*
 24 *where—*

1 “(I) if applicable, the company, any affil-
2 iate insured depository institution, and any af-
3 filiate depository institution holding company is
4 well capitalized and well managed, as of the date
5 of the application, proposed application, or bid;
6 and

7 “(II) upon consummation of the trans-
8 action, the resulting insured depository institu-
9 tion is well capitalized;

10 “(iv) the term ‘well capitalized’—

11 “(I) with respect to an insured depository
12 institution, has the meaning given such term in
13 section 38(b) (12 U.S.C. 1831o(b));

14 “(II) with respect to a bank holding com-
15 pany, has the meaning given such term in sec-
16 tion 2(o)(1)(B) of the Bank Holding Company
17 Act of 1956 (12 U.S.C. 1841(o)(1)(B));

18 “(III) with respect to a savings and loan
19 holding company, has the meaning given such
20 term in section 238.2 of title 12, Code of Federal
21 Regulations; and

22 “(IV) with respect to a company that is not
23 an insured depository institution, bank holding
24 company, or savings and loan holding company,
25 means maintaining equity capital that the Cor-

1 *poration determines is commensurate with the*
 2 *capital maintained by an insured depository in-*
 3 *stitution that is well capitalized; and*

4 *“(v) the term ‘well managed’ has the meaning*
 5 *given such term in section 2(o)(9) of the Bank Hold-*
 6 *ing Company Act of 1956 (12 U.S.C. 1841(o)(9)).”;*
 7 *and*

8 *(B) in section 44, by amending subsection*
 9 *(e) to read as follows:*

10 *“(e) EXCEPTION FOR BANKS IN DEFAULT OR IN DAN-*
 11 *GER OF DEFAULT.—*

12 *“(1) GENERAL EXCEPTION.—The responsible*
 13 *agency may, without regard to paragraph (1), (3),*
 14 *(4), or (5) of subsection (b) or paragraph (2), (4), or*
 15 *(5) of subsection (a), approve an application under*
 16 *subsection (a)(1) for approval of a merger transaction*
 17 *if—*

18 *“(A) the merger transaction involves 1 or*
 19 *more banks in default or in danger of default; or*

20 *“(B) the Corporation provides assistance*
 21 *under section 13(c) to facilitate such merger*
 22 *transaction.*

23 *“(2) CONCENTRATION LIMIT EXCEPTION.—The*
 24 *responsible agency may, without regard to subsection*

1 (b)(2), approve an application under subsection
2 (a)(1) for approval of a merger transaction if—

3 “(A) the merger transaction involves 1 or
4 more banks in default or in danger of default
5 and the responsible agency determines, based on
6 clear and convincing evidence, that consumma-
7 tion of the proposed interstate merger trans-
8 action is necessary to prevent significant eco-
9 nomic disruption or significant adverse effects on
10 financial stability, and the Corporation has not
11 received any qualified bid from another institu-
12 tion that is not subject to the prohibition in sub-
13 section (b)(2); or

14 “(B) the Corporation provides assistance
15 under section 13(c) to facilitate such merger
16 transaction and the responsible agency deter-
17 mines, based on clear and convincing evidence,
18 that consummation of the proposed interstate
19 merger transaction is necessary to prevent sig-
20 nificant economic disruption or significant ad-
21 verse effects on financial stability, and the Cor-
22 poration has not received any qualified bid from
23 another institution that is not subject to the pro-
24 hibition in subsection (b)(2).

1 “(3) *QUALIFIED BID DEFINED.*—*In this sub-*
 2 *section, the term ‘qualified bid’ has the meaning given*
 3 *that term in section 18(c)(13)(C).’.*”.

4 (2) *BANK HOLDING COMPANY ACT OF 1956.*—*The*
 5 *Bank Holding Company Act of 1956 (12 U.S.C. 1841*
 6 *et seq.) is amended—*

7 (A) *in section 3(d), by amending paragraph*
 8 (5) *to read as follows:*

9 “(5) *EXCEPTION FOR BANKS IN DEFAULT OR IN*
 10 *DANGER OF DEFAULT.*—

11 “(A) *GENERAL EXCEPTION.*—*The Board*
 12 *may, without regard to subparagraph (B) or (D)*
 13 *of paragraph (1) or paragraph (3), approve an*
 14 *application pursuant to paragraph (1)(A) if—*

15 “(i) *the application is for an acquisi-*
 16 *tion of 1 or more banks in default or in*
 17 *danger of default; or*

18 “(ii) *the application is for an acquisi-*
 19 *tion with respect to which assistance is pro-*
 20 *vided under section 13(c) of the Federal De-*
 21 *posit Insurance Act.*

22 “(B) *CONCENTRATION LIMIT EXCEPTION.*—
 23 *The Board may, without regard to paragraph*
 24 (2), *approve an application pursuant to para-*
 25 *graph (1)(A) if—*

1 “(i) the application is for the acquisi-
2 tion of 1 or more banks in default or in
3 danger of default and the Board determines,
4 based on clear and convincing evidence, that
5 consummation of the proposed acquisition
6 is necessary to prevent significant economic
7 disruption or significant adverse effects on
8 financial stability, and the Corporation has
9 not received any qualified bid from another
10 institution that is not subject to the prohibi-
11 tion in paragraph (2); or

12 “(ii) the application is for an acquisi-
13 tion with respect to which assistance is pro-
14 vided under section 13(c) of the Federal De-
15 posit Insurance Act and the Board deter-
16 mines, based on clear and convincing evi-
17 dence, that consummation of the proposed
18 acquisition is necessary to prevent signifi-
19 cant economic disruption or significant ad-
20 verse effects on financial stability, and the
21 Corporation has not received any qualified
22 bid from another institution that is not sub-
23 ject to the prohibition in paragraph (2).

24 “(C) *QUALIFIED BID DEFINED.*—In this
25 paragraph, the term ‘qualified bid’ has the

1 *meaning given that term in section 18(c)(13)(C)*
2 *of the Federal Deposit Insurance Act.”; and*

3 *(B) in section 4(i)(8), by amending sub-*
4 *section (B) to read as follows:*

5 *“(B) EXCEPTION.—Subparagraph (A) shall*
6 *not apply to an acquisition if—*

7 *“(i) such acquisition involves an in-*
8 *sured depository institution in default or in*
9 *danger of default and the Board determines,*
10 *based on clear and convincing evidence, that*
11 *consummation of the proposed acquisition*
12 *is necessary to prevent significant economic*
13 *disruption or significant adverse effects on*
14 *financial stability, and the Corporation has*
15 *not received any qualified bid (as defined in*
16 *section 18(c)(13)(C) of the Federal Deposit*
17 *Insurance Act) from another institution*
18 *that is not subject to the prohibition in*
19 *paragraph (2); or*

20 *“(ii) the Federal Deposit Insurance*
21 *Corporation provides assistance under sec-*
22 *tion 13 of the Federal Deposit Insurance*
23 *Act to facilitate such acquisition and the*
24 *Board determines, based on clear and con-*
25 *vincing evidence, that consummation of the*

1 *proposed acquisition is necessary to prevent*
 2 *significant economic disruption or signifi-*
 3 *cant adverse effects on financial stability,*
 4 *and the Corporation has not received any*
 5 *qualified bid (as defined in section*
 6 *18(c)(13)(C) of the Federal Deposit Insur-*
 7 *ance Act) from another institution that is*
 8 *not subject to the prohibition in paragraph*
 9 *(2).”.*

10 **(b) CONCENTRATION LIMIT WITH RESPECT TO CON-**
 11 **SOLIDATED LIABILITIES.**—*Section 14(c) of the Bank Hold-*
 12 *ing Company Act of 1956 (12 U.S.C. 1852(c)) is amend-*
 13 *ed—*

14 *(1) by redesignating paragraphs (1), (2), and (3)*
 15 *as subparagraphs (A), (B), and (C), respectively;*

16 *(2) by striking “With the” and inserting the fol-*
 17 *lowing:*

18 *“(1) IN GENERAL.—With the”; and*

19 *(3) by adding at the end the following:*

20 **“(2) LIMITATION.**—*The Board may provide*
 21 *written consent for an acquisition described in para-*
 22 *graph (1)(A) or in paragraph (1)(B) only if the*
 23 *Board determines, based on clear and convincing evi-*
 24 *dence, that consummation of the proposed acquisition*
 25 *is necessary to prevent significant economic disrup-*

(a) *IN GENERAL.*—Whenever the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, or the Federal Deposit Insurance Corporation waives a concentration limit under section 18(c)(13)(B) or section 44(e) of the Federal Deposit Insurance Act or under section 3(d)(5), section 4(i)(8)(B), or section 14(c)(2) of the Bank Holding Company Act of 1956, in connection with the acquisition of a bank or insured depository institution in default or in danger of default, or in connection with an acquisition with respect to which the Federal Deposit Insurance Corporation provides assistance under section 13 of the Federal Deposit Insurance Act, the waiving agency and the Federal Deposit Insurance Corporation, jointly, shall, not later than 30 days after such waiver, submit a written report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs in the Senate containing—

1 (1) *a justification for the waiver, including an*
 2 *analysis of why it was necessary to prevent signifi-*
 3 *cant economic disruption or significant adverse effects*
 4 *on financial stability;*

5 (2) *a description of alternative bids or outcomes*
 6 *considered, including efforts to solicit and encourage*
 7 *bids from entities that would not require a waiver;*

8 (3) *an explanation of why alternative bids were*
 9 *not selected, if applicable; and*

10 (4) *any recommendations for legislative or regu-*
 11 *latory changes to improve competition in future in-*
 12 *sured depository institution resolutions.*

13 (b) *PUBLIC DISCLOSURE.—The waiving agency sub-*
 14 *mitting a report under subsection (a) and the Federal De-*
 15 *posit Insurance Corporation shall make the report publicly*
 16 *available on their respective websites, subject to redactions*
 17 *for confidential supervisory information and any other in-*
 18 *formation described under section 552(b) of title 5, United*
 19 *States Code.*

20 **SEC. 4. LIMITATION ON CONSIDERING BAD FAITH BIDS IN**
 21 **LEAST COST DETERMINATION.**

22 *Section 13(c)(4) of the Federal Deposit Insurance Act*
 23 *(12 U.S.C. 1823(c)(4)) is amended by adding at the end*
 24 *the following:*

1 “(I) *LIMITATION ON CONSIDERING BAD*
2 *FAITH BIDS.*—*In making a determination under*
3 *this paragraph of whether an exercise of author-*
4 *ity is the least costly to the Deposit Insurance*
5 *Fund, the Corporation may not consider any ap-*
6 *plication, proposed application, or bid from a*
7 *company, if such application, proposed applica-*
8 *tion, or bid would result in violation of—*

9 “(i) *section 18(c)(13) or 44(b)(2); or*

10 “(ii) *section 3(d)(2), 4(i)(8), or 14 of*
11 *the Bank Holding Company Act of 1956.”.*

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