

Date: September 16, 2025  
To: Members of the House Committee on Financial Services  
From: Kirsten Sutton, Executive Vice President, Congressional Relations & Legislative Affairs  
Re: ABA's Views on Legislation for the September 16, 2025, Full Committee Markup

On behalf of the members of the American Bankers Association (ABA), please see below the Association's views on a series of bills scheduled for consideration by the Committee on September 16, 2025. We appreciate the opportunity to share our perspective on these measures.

The ABA supports the following bills noticed for the markup:

**H.R. 5270, the Stress Testing Accountability and Transparency Act**, led by Rep. Bill Huizenga (R-MI), would require the Board of Governors of the Federal Reserve System to issue a rule to establish any models, assumptions, formulas, or other decisional methodologies that are used to determine any component or subcomponent of the stress capital buffer (SCB) for a bank holding company. This legislation would also prohibit the Federal Reserve from making materials changes to the SCB calculation without a notice-and-comment rulemaking. Every three years, the Government Accountability Office (GAO) would be required to conduct a study and report to Congress on the stress testing scenarios used in the most recent three calendar years. ABA member banks have often cited the lack of transparency in the formulas used to calculate the SCB and other aspects of the Fed's stress testing scenarios, and this legislation would help bring needed clarity to this process.

**H.R. 5276, the Community Bank Leverage Improvement and Flexibility for Transparency (Community Bank LIFT) Act**, led by Rep. Young Kim (R-CA), would amend the Economic Growth, Regulatory Relief, and Consumer Protection Act to adjust the Community Bank Leverage Ratio (CBLR) to not less than 6% and not more than 8%. In addition, the legislation would increase the threshold under which banks are eligible to opt into the CBLR framework to \$15 billion in total assets, compared to the current threshold of \$10 billion in total assets. Under current law, qualifying community banks that opt in to the CBLR framework are considered to have met the generally applicable risk-based and leverage capital requirements in the agencies' capital rules, the well-capitalized ratio requirements in the agencies' prompt corrective action regulations, and any other capital or leverage requirements. Opting into the CBLR framework not only facilitates compliance with the agencies' capital rules but also alleviates the burdens of periodically calculating and reporting risk-weighted measures of capital, allowing an organization to devote more resources to customer-serving products and initiatives. By strategically lowering the CBLR, this bill would provide meaningful regulatory relief to community banks across the country and allow those institutions to serve consumers in a more robust way.

**H.R. 5291, the Merchant Banking Modernization Act**, led by Chairman Roger Williams (R-TX), would amend the Bank Holding Company Act by requiring the Federal Reserve to permit merchant banking investments to be held for at least 15 years from the date of initial investment. By increasing the current 10-year time frame to 15 years, this legislation would provide more flexibility for banks to make long-term investments in businesses of all sizes, including services related to private equity, financial advising, merger-and-acquisition guidance, and specialty loan services. Further, this flexibility would allow institutions offering merchant banking services to provide sustained support to clients while aligning regulations to the amount of time necessary to see complex projects through to completion.

**H.R. 5262, the Bank Competition Modernization Act**, led by Rep. Scott Fitzgerald (R-WI), would amend the Federal Deposit Insurance Act, the Bank Holding Company Act, and the Home Owners' Loan Act to stipulate that mergers resulting in institutions under \$10 billion in assets are presumed not to result in a monopoly, lessen competition, or restrain trade. Furthermore, the \$10 billion asset threshold in the legislation would be periodically increased by indexing to the nominal gross domestic product. Importantly, ABA urges Congress to include language to expand the competitive factors considered by the Attorney General and federal financial regulators in reviewing bank mergers and acquisitions. In order to fully assess competition in the market, the evaluation of merger applications should include financial products and services, including loans and deposits, offered by not only other banks but also credit unions, Farm Credit institutions, and nonbank financial companies. ABA looks forward to working with Rep. Fitzgerald and Committee to expand merger application evaluations to include these critical competitive factors moving forward.