

115TH CONGRESS  
1ST SESSION

# H. R. 2706

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## AN ACT

To provide requirements for the appropriate Federal banking agencies when requesting or ordering a depository institution to terminate a specific customer account, to provide for additional requirements related to subpoenas issued under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Financial Institution  
3 Customer Protection Act of 2017”.

4 **SEC. 2. REQUIREMENTS FOR DEPOSIT ACCOUNT TERMI-**  
5 **NATION REQUESTS AND ORDERS.**

6 (a) **TERMINATION REQUESTS OR ORDERS MUST BE**  
7 **VALID.—**

8 (1) **IN GENERAL.—**An appropriate Federal  
9 banking agency may not formally or informally re-  
10 quest or order a depository institution to terminate  
11 a specific customer account or group of customer ac-  
12 counts or to otherwise restrict or discourage a de-  
13 pository institution from entering into or maintain-  
14 ing a banking relationship with a specific customer  
15 or group of customers unless—

16 (A) the agency has a valid reason for such  
17 request or order; and

18 (B) such reason is not based solely on rep-  
19 utation risk.

20 (2) **TREATMENT OF NATIONAL SECURITY**  
21 **THREATS.—**If an appropriate Federal banking agen-  
22 cy believes a specific customer or group of customers  
23 is, or is acting as a conduit for, an entity which—

24 (A) poses a threat to national security;

25 (B) is involved in terrorist financing;

1           (C) is an agency of the Government of  
2           Iran, North Korea, Syria, or any country listed  
3           from time to time on the State Sponsors of  
4           Terrorism list;

5           (D) is located in, or is subject to the juris-  
6           diction of, any country specified in subpara-  
7           graph (C); or

8           (E) does business with any entity described  
9           in subparagraph (C) or (D), unless the appro-  
10          priate Federal banking agency determines that  
11          the customer or group of customers has used  
12          due diligence to avoid doing business with any  
13          entity described in subparagraph (C) or (D),  
14          such belief shall satisfy the requirement under para-  
15          graph (1).

16          (b) NOTICE REQUIREMENT.—

17           (1) IN GENERAL.—If an appropriate Federal  
18          banking agency formally or informally requests or  
19          orders a depository institution to terminate a spe-  
20          cific customer account or a group of customer ac-  
21          counts, the agency shall—

22           (A) provide such request or order to the  
23          institution in writing; and

24           (B) accompany such request or order with  
25          a written justification for why such termination

1 is needed, including any specific laws or regula-  
2 tions the agency believes are being violated by  
3 the customer or group of customers, if any.

4 (2) JUSTIFICATION REQUIREMENT.—A jus-  
5 tification described under paragraph (1)(B) may not  
6 be based solely on the reputation risk to the deposi-  
7 tory institution.

8 (c) CUSTOMER NOTICE.—

9 (1) NOTICE REQUIRED.—Except as provided  
10 under paragraph (2) or as otherwise prohibited from  
11 being disclosed by law, if an appropriate Federal  
12 banking agency orders a depository institution to  
13 terminate a specific customer account or a group of  
14 customer accounts, the depository institution shall  
15 inform the specific customer or group of customers  
16 of the justification for the customer’s account termi-  
17 nation described under subsection (b).

18 (2) NOTICE PROHIBITED.—

19 (A) NOTICE PROHIBITED IN CASES OF NA-  
20 TIONAL SECURITY.—If an appropriate Federal  
21 banking agency requests or orders a depository  
22 institution to terminate a specific customer ac-  
23 count or a group of customer accounts based on  
24 a belief that the customer or customers pose a  
25 threat to national security, or are otherwise de-

1           scribed under subsection (a)(2), neither the de-  
2           pository institution nor the appropriate Federal  
3           banking agency may inform the customer or  
4           customers of the justification for the customer's  
5           account termination.

6                   (B) NOTICE PROHIBITED IN OTHER  
7           CASES.—If an appropriate Federal banking  
8           agency determines that the notice required  
9           under paragraph (1) may interfere with an au-  
10          thorized criminal investigation, neither the de-  
11          pository institution nor the appropriate Federal  
12          banking agency may inform the specific cus-  
13          tomer or group of customers of the justification  
14          for the customer's account termination.

15          (d) REPORTING REQUIREMENT.—Each appropriate  
16          Federal banking agency shall issue an annual report to  
17          the Congress stating—

18                   (1) the aggregate number of specific customer  
19           accounts that the agency requested or ordered a de-  
20           pository institution to terminate during the previous  
21           year; and

22                   (2) the legal authority on which the agency re-  
23           lied in making such requests and orders and the fre-  
24           quency on which the agency relied on each such au-  
25           thority.

1 (e) DEFINITIONS.—For purposes of this section:

2 (1) APPROPRIATE FEDERAL BANKING AGEN-  
3 CY.—The term “appropriate Federal banking agen-  
4 cy” means—

5 (A) the appropriate Federal banking agen-  
6 cy, as defined under section 3 of the Federal  
7 Deposit Insurance Act (12 U.S.C. 1813); and

8 (B) the National Credit Union Administra-  
9 tion, in the case of an insured credit union.

10 (2) DEPOSITORY INSTITUTION.—The term “de-  
11 pository institution” means—

12 (A) a depository institution, as defined  
13 under section 3 of the Federal Deposit Insur-  
14 ance Act (12 U.S.C. 1813); and

15 (B) an insured credit union.

Passed the House of Representatives December 11,  
2017.

Attest:

*Clerk.*



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