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(Original Signature of Member)

117TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To amend the Bank Holding Company Act of 1956 and the Dodd-Frank Wall Street Reform and Consumer Protection Act to require disclosure of certain financed emissions, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. JONES introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Bank Holding Company Act of 1956 and the Dodd-Frank Wall Street Reform and Consumer Protection Act to require disclosure of certain financed emissions, 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 “Fossil Free Finance  
5 Act”.

1 **SEC. 2. ALIGNMENT OF FINANCED GREENHOUSE GAS EMIS-**  
2 **SIONS WITH SCIENCE-BASED TARGETS.**

3 The Bank Holding Company Act of 1956 (12 U.S.C.  
4 1841 et seq.) is amended by adding at the end the fol-  
5 lowing:

6 **“SEC. 15. ALIGNMENT OF FINANCED GREENHOUSE GAS**  
7 **EMISSIONS WITH SCIENCE-BASED TARGETS.**

8 “(a) REQUIREMENTS.—Not later than July 1, 2022,  
9 and not less than once every 2 years thereafter, a covered  
10 bank holding company shall—

11 “(1) submit to the Board an emission reduction  
12 plan for reducing emissions in accordance with this  
13 section; and

14 “(2) if the plan is accepted under subsection  
15 (c), implement such plan.

16 “(b) ELEMENTS OF PLAN.—Each plan required  
17 under subsection (a)(1)—

18 “(1) shall include—

19 “(A) a plan for the covered bank holding  
20 company to reach zero financed greenhouse gas  
21 emissions by January 1, 2050;

22 “(B) a plan for the equitable transition to  
23 zero financed greenhouse gas emissions;

24 “(C) a plan to reduce the financed green-  
25 house gas emissions of the bank holding com-  
26 pany by 50 percent by January 1, 2030;

1           “(D) a plan to discontinue new or ex-  
2           panded fossil fuel projects not later than Janu-  
3           ary 1, 2023;

4           “(E) a plan for the covered bank holding  
5           company to discontinue thermal coal financing  
6           by January 1, 2025;

7           “(F) a plan for the covered bank holding  
8           company to discontinue fossil fuel financing by  
9           January 1, 2030;

10          “(G) a review of the emissions supply  
11          chains financed by the covered bank holding  
12          company;

13          “(H) a plan for the covered bank holding  
14          company to eliminate financing of deforestation  
15          risk commodities; and

16          “(I) such other requirements as the Board  
17          determines is necessary to protect the financial  
18          stability of the United States;

19          “(2) may not include carbon offsets;

20          “(3) with respect to negative carbon emission  
21          technologies—

22                 “(A) may include such technologies to  
23                 meet the requirements under paragraph (1)(A)  
24                 if such technologies—

1 “(i) are proven to work at the re-  
2 quired scale;

3 “(ii) do not negatively impact low-in-  
4 come, minority, or indigenous communities;  
5 and

6 “(iii) do not exceed 5 percent of the  
7 projected 2030 financed greenhouse gas  
8 emissions of the covered bank holding com-  
9 pany; and

10 “(B) may not include such technologies to  
11 meet the requirements under paragraph (1)(C);

12 “(4) shall prioritize—

13 “(A) the covered bank holding company  
14 withdrawing funding from companies and  
15 projects that have a disproportionately negative  
16 impact on health and well-being of low-income  
17 and minority communities; and

18 “(B) lending to companies for purposes of  
19 carrying out severance, retraining, and other  
20 benefits to workers impacted by the transition  
21 to zero financed greenhouse gas emissions.

22 “(c) CONSIDERATION OF PLAN.—Not later than 6  
23 months after receiving a plan under subsection (a)(1), the  
24 Board shall—

25 “(1) accept the plan; or

1           “(2) reject the plan if it does not align with  
2           science-based targets without the use of offsets or  
3           unproven carbon emission reduction technologies and  
4           require the covered bank holding company to revise  
5           such plan in accordance with the suggestions of the  
6           Board.

7           “(d) PENALTIES.—In the case of a covered bank  
8           holding company that does not submit a plan in accord-  
9           ance with this section or meet the requirements set out  
10          in such a plan—

11           “(1) the Board shall—

12                   “(A) apply the penalties under section 8,  
13                   through procedures prescribed by the Board by  
14                   rule;

15                   “(B) require divestiture of assets in order  
16                   to bring the financed greenhouse gas emissions  
17                   of a covered bank holding company into compli-  
18                   ance with the requirements set out in such a  
19                   plan; and

20                   “(C) notify the Board of Directors of the  
21                   Federal Deposit Insurance Corporation of the  
22                   noncompliance of such covered bank holding  
23                   company;

24           “(2) the Board of Directors of the Federal De-  
25          posit Insurance Corporation may, with respect to

1 any covered bank holding company described in  
2 paragraph (2)(B) or a subsidiary of such bank hold-  
3 ing company that contributes to the failure of such  
4 covered bank holding company to comply with this  
5 section—

6 “(A) terminate insurance under section  
7 8(a)(2) of the Federal Deposit Insurance Act  
8 (12 U.S.C. 1818(a)(2)); and

9 “(B) carry out any other corrective action  
10 available under section 38 of the Federal De-  
11 posit Insurance Act (12 U.S.C. 1831o).

12 “(e) REGULATIONS.—Not later than 210 days after  
13 the date of the enactment of this section, the Board shall  
14 issue regulations establishing the format and timing for  
15 submission of the plans required under this section.

16 “(f) DEFINITIONS.—In this section:

17 “(1) COVERED BANK HOLDING COMPANY.—The  
18 term ‘covered bank holding company’ means a bank  
19 holding company with total consolidated assets equal  
20 to or greater than \$50,000,000,000.

21 “(2) DEFORESTATION RISK COMMODITIES.—  
22 The term ‘deforestation risk commodities’ means  
23 globally-traded goods and raw materials—

24 “(A) that originate from natural forest  
25 ecosystems, either—

1 “(i) directly from within forest areas;

2 or

3 “(ii) from areas previously under for-  
4 est cover; and

5 “(B) the extraction or production of which  
6 contributes significantly to the conversion of  
7 natural forest to agriculture, tree plantation, or  
8 other non-forest land use.

9 “(3) FINANCED GREENHOUSE GAS EMIS-  
10 SIONS.—The term ‘financed greenhouse gas emis-  
11 sions’ means, with respect to a covered bank holding  
12 company, the share of the emissions of such com-  
13 pany attributable to investment in, or the providing  
14 of financial services to, a company or project of a  
15 company, including—

16 “(A) investments in a debt or equity in-  
17 vestment in such another company or the assets  
18 of such another company;

19 “(B) project finance investment;

20 “(C) underwriting;

21 “(D) syndication or securitization of loans  
22 or asset-backed securities;

23 “(E) derivative transactions related to fi-  
24 nancing or hedging; and

25 “(F) market making.

1           “(4) FOSSIL FUEL FINANCING.—The term ‘fos-  
2           sil fuel financing’ means, with respect to a covered  
3           bank holding company, investment in—

4                   “(A) a company that derives 15 percent or  
5                   more of revenue from exploration, extraction,  
6                   processing, exporting, transporting, and any  
7                   other significant action with respect to oil, nat-  
8                   ural gas, coal, or any byproduct thereof; or

9                   “(B) a fossil fuel project.

10           “(5) FOSSIL FUEL PROJECT.—The term ‘fossil  
11           fuel project’ means a project intended to—

12                   “(A) facilitate or expand exploration, ex-  
13                   traction, processing, exporting, transporting, or  
14                   any other significant action with respect to oil,  
15                   natural gas, coal; or

16                   “(B) construct any infrastructure related  
17                   to the activities in subparagraph (A), such as  
18                   wells, pipelines, terminals or refineries.

19           “(6) NEW OR EXPANDED FOSSIL FUEL  
20           PROJECT.—The term ‘new or expanded fossil fuel  
21           project’ means a fossil fuel project that would in-  
22           crease the—

23                   “(A) level of proven or developable oil, nat-  
24                   ural gas or coal reserves;



1           “(B) midstream throughput of pipelines,  
2           terminals or refineries; or

3           “(C) generating capacity of oil, natural gas  
4           or coal.

5           “(7) NATURAL FOREST.—The term ‘natural  
6           forest’ means a natural arboreal ecosystem that—

7           “(A) has a species composition a signifi-  
8           cant percentage of which is native species; and

9           “(B) contains a tree canopy cover of more  
10          than 10 percent over an area of not less than  
11          0.5 hectares.

12          “(8) SCIENCE-BASED EMISSIONS TARGETS.—  
13          The term ‘science-based emissions targets’ means re-  
14          duction in greenhouse gas emissions consistent with  
15          preventing an increase in global average temperature  
16          of greater than or equal to 1.5 degrees Celsius com-  
17          pared to pre-industrial levels.”.

18   **SEC. 3. CONTRIBUTION TO CLIMATE CHANGE INCLUDED IN**  
19                   **FSOC DESIGNATION.**

20          (a) AUTHORITY TO REQUIRE SUPERVISION AND REG-  
21          ULATION OF CERTAIN NONBANK FINANCIAL COMPA-  
22          NIES.—Section 113 of the Dodd-Frank Wall Street Re-  
23          form and Consumer Protection Act (12 U.S.C. 5323) is  
24          amended—

25                  (1) in subsection (a)(2)—

1 (A) in subparagraph (J), by striking “and”  
2 at the end;

3 (B) by redesignating subparagraph (K) as  
4 subparagraph (L); and

5 (C) by inserting after subparagraph (J)  
6 the following:

7 “(K) the extent to which the company  
8 makes a non-trivial contribution to the financed  
9 greenhouse gas emissions (as defined in section  
10 15(f) of the Bank Holding Company Act of  
11 1956) of the financial system of the United  
12 States;”;

13 (2) in subsection (b)(2)—

14 (A) in subparagraph (J), by striking “and”  
15 at the end;

16 (B) by redesignating subparagraph (K) as  
17 subparagraph (L); and

18 (C) by inserting after subparagraph (J)  
19 the following:

20 “(K) the extent to which the company  
21 makes a non-trivial contribution to the financed  
22 greenhouse gas emissions (as defined in section  
23 15(f) of the Bank Holding Company Act of  
24 1956) of the financial system of the United  
25 States; and”;

1 (b) ENHANCED SUPERVISION AND PRUDENTIAL  
2 STANDARDS FOR NONBANK FINANCIAL COMPANIES SU-  
3 PERVISED BY THE BOARD OF GOVERNORS AND CERTAIN  
4 BANK HOLDING COMPANIES.—

5 (1) DEVELOPMENT OF PRUDENTIAL STAND-  
6 ARDS.—Section 115(b)(1) of the Dodd-Frank Wall  
7 Street Reform and Consumer Protection Act (12  
8 U.S.C. 5325(b)(1)) is amended—

9 (A) in subparagraph (H), by striking  
10 “and”;

11 (B) in subparagraph (I), by striking the  
12 period at the end and inserting “; and”; and

13 (C) by adding at the end the following:

14 “(J) divestiture of financed greenhouse gas  
15 emissions (as defined in section 15 of the Bank  
16 Holding Company Act of 1956).”.

17 (2) REQUIRED STANDARDS.—Section  
18 165(b)(1)(A) of the Dodd-Frank Wall Street Reform  
19 and Consumer Protection Act (12 U.S.C.  
20 5365(b)(1)(A)) is amended—

21 (A) in clause (iv), by striking “and”;

22 (B) in clause (v), by striking the period  
23 and inserting “; and”; and

24 (C) by adding at the end the following:

1                   “(vi) emissions reduction plans in ac-  
2                   cordance with section 15 of the Bank  
3                   Holding Company Act of 1956 (12 U.S.C.  
4                   1841 et seq.).”.

5 **SEC. 4. REPORTS.**

6           (a) INITIAL REPORT.—Not later than July 1, 2022,  
7 the Board of Governors of the Federal Reserve System  
8 shall submit a report to Congress that—

9                   (1) identifies current level of financed green-  
10                   house gas emissions (as defined in section 15 of the  
11                   Bank Holding Company Act of 1956) in the finan-  
12                   cial system of the United States;

13                   (2) includes an analysis of trends in financed  
14                   greenhouse gas emissions reductions;

15                   (3) includes a summary of the commitments of  
16                   covered bank holding companies (as defined in sec-  
17                   tion 15 of the Bank Holding Company Act of 1956)  
18                   to reduce financed greenhouse gas emissions;

19                   (4) includes projections of estimated tempera-  
20                   ture rise through January 1, 2100 based on latest  
21                   climate science—

22                           (A) if current emission trends continue; or

23                           (B) if bank holding companies meet vol-  
24                   untary financed greenhouse gas emissions goals;

1           (5) estimates the financed greenhouse gas emis-  
2           sions in the financial system of the United States  
3           needed to meet science-based emissions targets (as  
4           defined in section 15 of the Bank Holding Company  
5           Act of 1956);

6           (6) identifies regulatory gaps in reducing fi-  
7           nanced greenhouse gas emissions that cannot be ad-  
8           dressed with authorities of the Board and rec-  
9           ommendations for addressing such gaps;

10          (7) identifies data quality challenges for assess-  
11          ing financed greenhouse gas emissions and rec-  
12          ommendations to address those challenges;

13          (8) identifies the equitable transition needs for  
14          workers and communities that will be impacted by a  
15          shift to a zero financed greenhouse gas emissions  
16          economy;

17          (9) analyzes—

18                (A) the number and groups of people af-  
19                fected by a transition to zero financed green-  
20                house gas emissions; and

21                (B) the economic impact of such a transi-  
22                tion with respect to such groups; and

23          (10) identifies regulatory and legislative options  
24          for mitigating the economic impacts described in  
25          paragraph (9)(B), including—

1 (A) the use of existing authorities, includ-  
2 ing the Community Reinvestment Act of 1977  
3 (12 U.S.C. 2901 et seq.) and emergency lend-  
4 ing powers under section 13 of the Federal Re-  
5 serve Act (12 U.S.C. 342); and

6 (B) the establishment of a public invest-  
7 ment bank to finance investment in an equi-  
8 table transition to a zero financed greenhouse  
9 gas emissions economy.

10 (b) PERIODIC REPORT.—Not later than July 1, 2024  
11 and not less than once every 2 years thereafter, the Board  
12 of Governors of the Federal Reserve System shall submit  
13 a report to Congress that includes—

14 (1) an analysis of the progress against aligning  
15 with financed greenhouse gas emissions targets;

16 (2) the projections described in subsection  
17 (a)(4); and

18 (3) an analysis of the progress made in the pre-  
19 ceding 2 years towards an equitable transition to a  
20 zero financed greenhouse gas emissions economy;  
21 and

22 (4) recommendations with respect to assistance  
23 Congress and other Federal agencies may provide  
24 to—

1 (A) facilitate a reduction of financed  
2 greenhouse gas emissions; and

3 (B) support an equitable transition to a  
4 zero financed greenhouse gas emissions econ-  
5 omy.

6 (c) COLLECTION OF DATA.—The Board of Governors  
7 of the Federal Reserve System shall collect such data as  
8 needed from bank holding companies to carry out the re-  
9 ports under this section.