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INSIGHT

H.R. 6955: Main Street Capital Access Act

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On March 4, 2026, the House Financial Services Committee ordered H.R. 6955, as amended, to be reported. The bill contains a package of bank regulatory relief provisions that, among other things, aim to encourage new bank formation and update regulatory thresholds. This Insight provides a thematic overview of the policies in the package. It does not cover every provision; rather it highlights the general policy proposals and provides links to resources to help Congress understand the underlying economic impacts of those proposals.

De Novo Bank Formation

New banks are referred to as *de novo* institutions. From 2000 to 2009, there were around 130 new banks formed each year. Since 2010, the average number of new banks has fallen to around six per year, and some have pointed to the costs associated with complying with various regulations as a contributing factor. For example, these banks are currently required to meet all of their capital requirements upon opening their institution. (Other factors include market consolidation and the proliferation of alternative options for consumer financial products, both of which could weaken demand for new bank services.)

Title I of the bill includes provisions that would lower the barriers to entry for newer banks. For example, Section 101 would allow new banks to phase in their capital requirements over a three-year period, rather than requiring them to meet requirements from the start.

Tailoring Bank Regulation and Supervision

Regulatory asset thresholds are often set in statute to exempt smaller institutions from regulations when the regulatory frameworks are intended for more complex institutions. In other cases, legislation can shield institutions from regulatory obligations by restricting the group of banks to which a particular regulation applies.

Many of the provisions in the bill would exempt more banking institutions from various regulatory requirements by raising thresholds immediately and every five years subsequently based on inflation. For example, Section 202 would change the definition of a *small bank holding company* for the purpose of certain regulations from a holding company with less than $3 billion in assets to $6 billion. Section 203

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would raise the threshold for the Community Bank Leverage Ratio (CBLR), an alternative capital regulatory regime, from $10 billion to $15 billion. Other provisions in Title II would raise thresholds to reduce the number of large banks subject to enhanced prudential regulation. In addition, provisions in Title III would raise asset thresholds to increase the number of banks exempted from certain supervisory examinations.

Banks regulators routinely supervise banks for safety and soundness and for compliance with banking law. Provisions in Title III would reduce some qualitative aspects of the supervisory process. Further, the bill would establish a board to review examination findings and provide a more independent appeals process for financial institutions.

Deposit Funding

Banks fund their operations with deposits, debt, and capital. The federal banking agencies regulate the types and standards of funding that banks can use. One such regulation concerns a type of deposit funding procured by third-party agents called deposit brokers. Deposit brokers manage and relocate customer deposits to take advantage of differences in interest rates paid to depositors. Brokered deposits respond to market prices, and they are inherently less likely to remain at a particular bank than traditional deposit accounts in which customers are likely to have selected direct payroll deposit and bill payment services.

Banks in weaker financial condition may seek to raise short-term funds by offering higher rates to incentivize and attract brokered deposits. Regulators generally want banks to hold stable, less mobile deposits to protect the financial safety net. Thus, they limit the conditions upon which an undercapitalized bank may accept brokered deposits.

Similar to brokered deposit accounts, custodial deposit accounts are also a type of deposit account that is typically opened on behalf of other customers. Although banks may hold and pay interest on *custodial deposits* to retain relationships with high-net-worth clients, these funds are not used to finance lending activities and are, therefore, much more stable relative to brokered deposits. Another type of deposit source comes from *reciprocal deposits*, which are deposits exchanged among a network of banks in a manner such that it maximizes deposit insurance coverage.

Provisions in Title V would limit the circumstances where these two special types of deposit accounts are considered brokered deposits, allowing banks to use more third-party deposit accounts for funding.

Bank Merger Applications

Regulatory consideration of bank mergers can be complicated, particularly for complex institutions. The time it takes to approve mergers has increased in recent years, and regulators have debated how and whether to adjust their process to facilitate faster merger approval. Provisions in Title VI would facilitate merger approvals. This title would lessen the regulatory requirements for approving a merger application, particularly with respect to bank mergers that would result in a bank under $10 billion in assets.

Bank Resolution

When a bank fails, it does not enter the bankruptcy process like most other businesses. Instead, it is taken into receivership by the FDIC, which takes control of the bank and resolves it through an administrative process designed to select the least costly resolution (LCR) option. Under 12 U.S.C. §1823, the FDIC must resolve a failed (insolvent) bank in a manner that is least costly to the Deposit Insurance Fund (DIF) unless the systemic risk exception is invoked.

To prevent banks from holding excessive market power, they are subject to various concentration limits that apply to acquisition and mergers. However, these limits on mergers have an exception for banks in danger of default, or with respect to instances where FDIC assistance is provided for a resolution. Title VII contains provisions that would expand the instances where the FDIC could select an alternative resolution method outside the LCR option in an attempt to reduce cases where the largest banks assume the failing bank.

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