

Senate Bill 372

By: Senators Walker III of the 20th, Kennedy of the 18th, Summers of the 13th, Hodges of the 3rd, Goodman of the 8th and others

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 1 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated,  
2 relating to Department of Banking and Finance and financial institutions generally, so as to  
3 provide for the removal of references to reputational risk from any Department of Banking  
4 and Finance guidance, rule, examination manual, or similar document; to prohibit the  
5 department from considering reputational risk when regulating financial institutions; to  
6 provide for a report detailing any policy changes made by the department as a result of this  
7 Act; to provide for a definition; to provide for related matters; to repeal conflicting laws; and  
8 for other purposes.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 **SECTION 1.**

11 Article 1 of Chapter 1 of Title 7 the Official Code of Georgia Annotated, relating to  
12 Department of Banking and Finance and financial institutions generally, is amended in  
13 Part 1, relating to purposes and preliminary matters, by revising subparagraph (H) of  
14 paragraph (21) of Code Section 7-1-4, relating to definitions, as follows:

15 "(H) In addition, as the context requires, a national bank, savings and loan association,  
16 or federal credit union for the purpose of the following provisions:

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- 17 (i) Code Section 7-1-2, relating to findings of the General Assembly;
- 18 (ii) Code Section 7-1-8, relating to supplementary principles of law;
- 19 (iii) Code Section 7-1-37, relating to restrictions on officials and personnel;
- 20 (iv) Code Section 7-1-70, relating to disclosure of information;
- 21 (v) Code Section 7-1-80, relating to department taking reputational risk into
- 22 consideration prohibited;
- 23 (vi) Code Section 7-1-90, relating to judicial review of department actions;
- 24 ~~(vi)~~(vii) Code Sections 7-1-111 and 7-1-112, relating to emergency closings and
- 25 business restrictions;
- 26 ~~(vii)~~(viii) Paragraph (3) of subsection (a) of Code Section 7-1-394, relating to criteria
- 27 to be considered in approving new banks;
- 28 ~~(viii)~~(ix) Code Section 7-1-840, relating to criminal prosecutions; and
- 29 ~~(ix)~~(x) Code Section 7-1-841, relating to application of Title 16 provisions;"

30 **SECTION 2.**

31 Said article is further amended in Part 3, relating to operations of Department of Banking and

32 Finance, by adding a new Code section to read as follows:

33 "7-1-80.

34 (a) As used in this Code section, the term 'reputational risk' means the potential that

35 negative publicity or negative public opinion regarding a financial institution's business

36 practices may cause a decline in confidence in such institution or a decline in the customer

37 base, costly litigation, or revenue reductions or otherwise adversely impact the financial

38 institution.

39 (b) The department shall remove any reference to reputational risk from any guidance,

40 rule, examination manual, or similar document established by the department such that

41 reputational risk is no longer taken into consideration by the department when examining

42 and supervising a financial institution.

- 43 (c) The department shall not consider reputational risk when:  
44 (1) Establishing any rule, regulation, requirement, standard, or supervisory expectation  
45 related to the reputational risk of a financial institution;  
46 (2) Conducting any examination, assessment, data collection, or other supervisory  
47 exercise concerning or related to reputational risk of a financial institution;  
48 (3) Issuing any finding, supervisory criticism, or other supervisory communication  
49 related to reputational risk of a financial institution;  
50 (4) Making any supervisory ratings decision or determination that is based, in whole or  
51 in part, on any matter concerning reputational risk of a financial institution; and  
52 (5) Taking any formal or informal enforcement action that is based, in whole or in part,  
53 on any matter related to reputational risk of a financial institution.  
54 (d) The department shall submit a report to the General Assembly no later than  
55 January 1, 2026, describing any changes to internal policies made as a result of this Code  
56 section."

57 **SECTION 3.**

58 All laws and parts of laws in conflict with this Act are repealed.