

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.RES. 1007
OFFERED BY MR. STEIL OF WISCONSIN

Strike the preamble and insert the following:

Whereas generative artificial intelligence (“AI”) has the potential to provide significant opportunities as well as risks across the financial services and housing industries;

Whereas AI is playing a significant role in the financial services and housing industries and continues to be adopted in various forms;

Whereas regulatory agencies should expand knowledge of governance and regulatory best practices with respect to AI;

Whereas the United States capital markets market participants are leveraging AI to enhance research capabilities, market surveillance, and trading and execution;

Whereas the United States housing market participants are using AI to enhance underwriting, mortgage servicing, and tenant screening;

Whereas United States financial institutions are exploring the use of AI to enhance customer service capabilities, expand the pool of loan applicants, increase repayment rates, and decrease fraudulent payments;

Whereas United States financial firms are leveraging AI to streamline compliance with the Bank Secrecy Act and sanctions laws as well as enhance cybersecurity operations from evolving threats;

Whereas the use of generative AI is enhancing both employee productivity and consumer experiences across the financial services and housing industries;

Whereas regulators should understand any financial stability risks related to financial institutions' growing use of AI, including whether such use increases herding behavior;

Whereas AI can be exploited by malicious actors;

Whereas the use of AI in automated decision-making does not relieve financial institutions from their obligations under anti-discrimination laws, and may lead to explainability challenges due to the complexity and opacity of certain AI models;

Whereas small community financial institutions, such as rural depository institutions, minority depository institutions, and community development financial institutions may lack the resources to develop, train, and deploy AI models compared to larger institutions;

Whereas financial institutions' use of AI may increase their direct and indirect reliance on third-party services; and

Whereas AI has the potential of unlocking valuable new use cases for financial services and housing under risk-based guardrails: Now, therefore, be it

Strike all after the resolving clause and insert the following: That it is the sense of the House of Representatives that—

1 (1) given the critical role of the financial and
2 housing markets, the Committee on Financial Serv-
3 ices of the House of Representatives should play a

1 leading role in making public policy regarding the
2 adoption of AI in the financial services and housing
3 industries;

4 (2) the Committee on Financial Services should
5 consider how to promote a dynamic, pro-consumer,
6 pro-investor, and pro-innovation culture for AI
7 across the financial services and housing industries;

8 (3) the Committee on Financial Services must
9 ensure regulators apply and enforce existing laws,
10 including anti-discrimination laws, and assess regu-
11 latory gaps and ineffective regulations as market
12 participants adopt AI;

13 (4) the Committee on Financial Services should
14 support regulators assessing the impact on innova-
15 tion and cost effectiveness before issuing AI-related
16 rules;

17 (5) the Committee on Financial Services must
18 ensure any regulatory framework related to AI does
19 not disproportionately burden smaller firms;

20 (6) the Committee on Financial Services should
21 ensure the financial regulators have the appropriate
22 focus and tools to oversee new products and services;

23 (7) the Committee on Financial Services should
24 continue to evaluate State laws and consider reforms

1 to privacy laws for financial institutions and firms
2 given the importance of financial data to AI;

3 (8) the Committee on Financial Services should
4 continue to consider how to strengthen cybersecurity
5 standards for AI systems;

6 (9) the Committee on Financial Services should
7 work with financial regulators to understand AI's
8 impact on the workforce;

9 (10) the Committee on Financial Services
10 should ensure United States global leadership on AI
11 development and use; and

12 (11) the Committee on Financial Services
13 should safeguard taxpayer interests as emerging
14 technologies continue to evolve.

