

111TH CONGRESS  
1ST SESSION

# S. 2886

To prohibit certain affiliations (between commercial banking and investment banking companies), and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

DECEMBER 16, 2009

Ms. CANTWELL (for herself, Mr. MCCAIN, and Mr. FEINGOLD) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To prohibit certain affiliations (between commercial banking and investment banking companies), 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 “Banking Integrity Act  
5       of 2009”.

6       **SEC. 2. RESTORING LIMITATIONS ON FINANCIAL INSTITU-**  
7       **TION AFFILIATIONS.**

8       (a) **LIMITATION ON AFFILIATION.**—The Banking Act  
9       of 1933 (12 U.S.C. 221a et seq.) is amended by inserting  
10      before section 21 the following:

1       “SEC. 20. Beginning 1 year after the date of enact-  
 2       ment of the Banking Integrity Act of 2009 , no member  
 3       bank may be affiliated, in any manner described in section  
 4       2(b), with any corporation, association, business trust, or  
 5       other similar organization that is engaged principally in  
 6       the issue, flotation, underwriting, public sale, or distribu-  
 7       tion at wholesale or retail or through syndicate participa-  
 8       tion stocks, bonds, debenture, notes, or other securities,  
 9       except that nothing in this section shall apply to any such  
 10      organization which shall have been placed in formal liq-  
 11      uidation and which shall transact no business, except such  
 12      as may be incidental to the liquidation of its affairs.”.

13       (b) LIMITATION ON COMPENSATION.—The Banking  
 14      Act of 1933 (12 U.S.C. 221 et seq.) is amended by insert-  
 15      ing after section 31 the following:

16       “SEC. 32. Beginning 1 year after the date of enact-  
 17      ment of the Banking Integrity Act of 2009, no officer,  
 18      director, or employee of any corporation or unincorporated  
 19      association, no partner or employee of any partnership,  
 20      and no individual, primarily engaged in the issue, flota-  
 21      tion, underwriting, public sale, or distribution, at whole-  
 22      sale or retail, or through syndicate participation, of stocks,  
 23      bonds, or other similar securities, shall serve simulta-  
 24      neously as an officer, director, or employee of any member  
 25      bank, except in limited classes of cases in which the Board

1 of Governors of the Federal Reserve System may allow  
 2 such service by general regulations when, in the judgment  
 3 of the Board of Governors, it would not unduly influence  
 4 the investment policies of such member bank or the advice  
 5 given to customers by the member bank regarding invest-  
 6 ments.”.

7 **SEC. 3. PROHIBITING DEPOSITORY INSTITUTIONS FROM**  
 8 **ENGAGING IN INSURANCE-RELATED ACTIVI-**  
 9 **TIES.**

10 (a) IN GENERAL.—Beginning 1 year after the date  
 11 of enactment of this Act, and notwithstanding any other  
 12 provision of law, in no case may a depository institution  
 13 engage in the business of insurance or any insurance-re-  
 14 lated activity.

15 (b) DEFINITION.—As used in this section, the term  
 16 “business of insurance” means the writing of insurance  
 17 or the reinsuring of risks by an insurer, including all acts  
 18 necessary to such writing or reinsuring and the activities  
 19 relating to the writing of insurance or the reinsuring of  
 20 risks conducted by persons who act as, or are, officers,  
 21 directors, agents, or employees of insurers or who are  
 22 other persons authorized to act on behalf of such persons.

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