

112<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 3709

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IN THE HOUSE OF REPRESENTATIVES

DECEMBER 27, 2012

Referred to the Committee on Financial Services

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## AN ACT

To require a Government Accountability Office examination of transactions between large financial institutions and the Federal Government, 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,*

1 **SECTION 1. GOVERNMENT ACCOUNTABILITY OFFICE**  
2 **STUDY OF TRANSACTIONS BETWEEN LARGE**  
3 **FINANCIAL COMPANIES AND THE FEDERAL**  
4 **GOVERNMENT.**

5 (a) DEFINITIONS.—For purposes of this Act—

6 (1) the term “covered institution” means any  
7 bank holding company having more than  
8 \$500,000,000,000 in consolidated assets; and

9 (2) the term “economic benefit” means the dif-  
10 ference between actual loans terms offered, debt or  
11 equity prices, or asset values and a reasonable esti-  
12 mate of what such terms, prices, or values might  
13 have been, as determined by examining actual values  
14 of comparable transaction in the private markets or  
15 by estimating the values of comparable transactions  
16 priced to properly reflect associated risk.

17 (b) GAO STUDY.—The Comptroller General of the  
18 United States (in this section referred to as the “Comp-  
19 troller”) shall conduct a study of covered institutions, such  
20 as—

21 (1) the favorable pricing of the debt of such in-  
22 stitutions, relative to their risk profile resulting from  
23 the perception that such institutions will receive  
24 Government support in the event of any financial  
25 stress;

1           (2) any favorable funding or economic treat-  
2           ment resulting from an increase in the credit rating  
3           for covered institutions, as a result of express, im-  
4           plied, or perceived Government support;

5           (3) any economic benefit to covered institutions  
6           resulting from the ownership of, or affiliation with,  
7           an insured depository institution;

8           (4) any economic benefit resulting from the sta-  
9           tus of covered institutions as a bank holding com-  
10          pany, including access to Federal deposit insurance  
11          and the discount window of the Board of Governors  
12          of the Federal Reserve System before the date of en-  
13          actment of this Act;

14          (5) any economic benefit received through ex-  
15          traordinary Government actions taken, such as—

16                (A) actions by the Department of the  
17                Treasury—

18                       (i) under the Emergency Economic  
19                       Stabilization Act, such as—

20                               (I) asset purchases by the United  
21                               States Government;

22                               (II) capital injections from the  
23                               United States Government; or

24                               (III) housing programs; or

1           (ii) by the purchase of the mortgage  
2 backed securities of the Federal National  
3 Mortgage Association and the Federal  
4 Home Loan Mortgage Corporation (in this  
5 Act referred to as “government-sponsored  
6 enterprises”), in order to lower interest  
7 rates, and the value of such securities in  
8 the absence of such purchases;

9           (B) actions by the Board of Governors of  
10 the Federal Reserve System prior to the date of  
11 enactment of this Act, such as—

12           (i) providing loans to financial institu-  
13 tions through the Term Auction Facility;  
14 and

15           (ii) assistance through programs  
16 under section 13(3) of the Federal Reserve  
17 Act prior to the date of enactment of this  
18 Act, such as—

19           (I) lending through the Commer-  
20 cial Paper Funding Facility;

21           (II) securities lending to primary  
22 dealers through the Primary Dealer  
23 Credit Facility and the Term Securi-  
24 ties Lending Facility;

1 (III) lending to institutions  
2 through the Term Asset-Backed Secu-  
3 rities Loan Facility; or

4 (IV) purchasing assets through  
5 the Maiden Lane facility; and

6 (C) actions by the Federal Deposit Insur-  
7 ance Corporation, such as—

8 (i) guaranteeing debt or deposits  
9 through the Temporary Liquidity Guar-  
10 antee Program; or

11 (ii) pricing of assessments related to  
12 any such guarantees; and

13 (6) any extraordinary assistance provided to  
14 American Insurance Group, but ultimately received  
15 by one of the covered institutions; and

16 (7) any Government actions that resulted in the  
17 payment or nonpayment of credit default swap con-  
18 tracts entered into by a covered institution.

19 **SEC. 2. REPORT TO CONGRESS.**

20 Not later than 1 year after the date of enactment  
21 of this Act, the Comptroller shall submit a report to Con-  
22 gress detailing the findings of the Comptroller in the study  
23 conducted under this Act. Such report shall be made elec-  
24 tronically available to the public, except that any propri-

1 etary, sensitive, or confidential information shall be re-  
2 dacted in any release to the public.

3 **SEC. 3. RULE OF CONSTRUCTION.**

4 Nothing in this Act may be construed to provide au-  
5 thority inconsistent with, or to otherwise affect, section  
6 714 of title 31 United States Code.

Passed the Senate December 21, 2012.

Attest:

NANCY ERICKSON,

*Secretary.*