

113TH CONGRESS
2^D SESSION

H. R. 4532

To amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to specify when bank holding companies may be subject to certain enhanced supervision.

IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 2014

Mrs. BEATTY (for herself and Mr. STIVERS) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to specify when bank holding companies may be subject to certain enhanced supervision.

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. ENHANCED SUPERVISION OF CERTAIN BANK**
4 **HOLDING COMPANIES.**

5 (a) TABLE OF CONTENTS.—The table of contents for
6 the Dodd-Frank Wall Street Reform and Consumer Pro-
7 tection Act (12 U.S.C. 5301 et seq.) is amended by strik-
8 ing the item relating to section 113 and inserting the fol-
9 lowing:

“Sec. 113. Authority to require enhanced supervision and regulation of certain nonbank financial companies and certain bank holding companies.”.

1 (b) REVISIONS TO COUNCIL AUTHORITY.—

2 (1) PURPOSES AND DUTIES.—Section 112 of
3 the Dodd-Frank Wall Street Reform and Consumer
4 Protection Act (12 U.S.C. 5322) is amended in sub-
5 section (a)(2)(I) by inserting before the semicolon “,
6 which have been the subject of a final determination
7 under section 113”.

8 (2) BANK HOLDING COMPANY DESIGNATION.—
9 Section 113 of the Dodd-Frank Wall Street Reform
10 and Consumer Protection Act (12 U.S.C. 5323) is
11 amended—

12 (A) by amending the heading for such sec-
13 tion to read as follows: “**AUTHORITY TO RE-**
14 **QUIRE ENHANCED SUPERVISION AND REG-**
15 **ULATION OF CERTAIN NONBANK FINAN-**
16 **CIAL COMPANIES AND CERTAIN BANK**
17 **HOLDING COMPANIES”;**

18 (B) by redesignating subsections (c), (d),
19 (e), (f), (g), (h), and (i) as subsections (d), (e),
20 (f), (g), (h), (i), and (j), respectively;

21 (C) by inserting after subsection (b) the
22 following:

1 “(c) BANK HOLDING COMPANIES SUBJECT TO EN-
2 HANCED SUPERVISION AND PRUDENTIAL STANDARDS
3 UNDER SECTION 165.—

4 “(1) IN GENERAL.—There is a determination
5 that bank holding companies with total consolidated
6 assets equal to or greater than \$250,000,000,000
7 shall be subject to enhanced supervision and pruden-
8 tial standards by the Board of Governors, in accord-
9 ance with section 165.

10 “(2) ENHANCED SUPERVISION FOR CERTAIN
11 BANK HOLDING COMPANIES.—

12 “(A) DETERMINATION.—The Council shall
13 review each bank holding company with total
14 consolidated assets equal to or greater than
15 \$50,000,000,000 but less than
16 \$250,000,000,000 to determine whether such
17 company shall be subject to enhanced super-
18 vision and prudential standards by the Board of
19 Governors, in accordance with section 165.
20 Such determination shall be made if the Coun-
21 cil, on a non-delegable basis and by a vote of
22 not fewer than $\frac{2}{3}$ of the voting members then
23 serving, including an affirmative vote by the
24 Chairperson, determines that material financial
25 distress at the bank holding company, or the

1 nature, scope, size, scale, concentration, inter-
2 connectedness, or mix of the activities of the
3 bank holding company, could pose a threat to
4 the financial stability of the United States.

5 “(B) CONSIDERATIONS.—In making a de-
6 termination under subparagraph (A), the Coun-
7 cil shall consider the following:

8 “(i) the size of the bank holding com-
9 pany;

10 “(ii) the interconnectedness of the
11 bank holding company;

12 “(iii) the extent of readily available
13 substitutes or financial institution infra-
14 structure for the services of the bank hold-
15 ing company;

16 “(iv) the global cross-jurisdictional ac-
17 tivity of the bank holding company; and

18 “(v) the complexity of the bank hold-
19 ing company.

20 “(C) REVIEW OF DETERMINATION.—With
21 respect to a bank holding company described
22 under subparagraph (A) that is not subject to
23 enhanced supervision and prudential standards,
24 the Council shall perform an additional review
25 under subparagraph (A) of such company if—

1 “(i) the Council finds that the nature,
2 scope, size, scale, concentration, inter-
3 connectedness, or mix of the activities of
4 the bank holding company have signifi-
5 cantly changed and the company should be
6 reviewed again to determine if it may pose
7 a threat to the financial stability of the
8 United States; or

9 “(ii) a period of 36 months has
10 passed since the bank holding company
11 was last reviewed under subparagraph (A).

12 “(D) NOTIFICATION OF REVIEW.—If, after
13 a review under this paragraph, the Council de-
14 termines that a bank holding company de-
15 scribed under subparagraph (A) shall be subject
16 to enhanced supervision and prudential stand-
17 ards, the Council shall provide the bank holding
18 company with written notice of such determina-
19 tion and an explanation of the Council’s rea-
20 soning for such determination.

21 “(E) TERMINATION OF ENHANCED SUPER-
22 VISION AND PRUDENTIAL STANDARDS.—If, with
23 respect to a bank holding company described
24 under subparagraph (A) that is subject to en-
25 hanced supervision and prudential standards,

1 the Council finds, on a non-delegable basis and
2 by a vote of not fewer than $\frac{2}{3}$ of the voting
3 members then serving, including an affirmative
4 vote by the Chairperson, that material financial
5 distress at the bank holding company, or the
6 nature, scope, size, scale, concentration, inter-
7 connectedness, or mix of the activities of the
8 bank holding company, do not pose a threat to
9 the financial stability of the United States, such
10 company shall no longer be subject to enhanced
11 supervision and prudential standards.”;

12 (D) in subsection (d), as so redesignated—

13 (i) in paragraph (1)(A), by striking
14 “subsection (a)(2) or (b)(2)” and inserting
15 “subsection (a)(2), (b)(2), or (c)(2)”; and

16 (ii) in paragraph (4), by striking
17 “Subsections (d) through (h)” and insert-
18 ing “Subsections (e) through (i)”;

19 (E) in subsections (f), (g), (h), (i), and (j),
20 as so redesignated—

21 (i) by striking “subsections (a) and
22 (b)” each place such term appears and in-
23 serting “subsections (a), (b), and (c)”; and

24 (ii) by striking “nonbank financial
25 company” each place such term appears

1 and inserting “bank holding company for
2 which there has been a determination
3 under subsection (c) or nonbank financial
4 company”;

5 (F) in subsection (g), as so redesignated,
6 by striking “subsection (e)” and inserting “sub-
7 section (f)”;

8 (G) in subsection (h), as so redesignated,
9 by striking “subsection (a), (b), or (c)” and in-
10 serting “subsection (a), (b), (c), or (d)”;

11 (H) in subsection (i), as so redesignated,
12 by striking “subsection (d)(2), (e)(3), or (f)(5)”
13 and inserting “subsection (e)(2), (f)(3), or
14 (g)(5)”.

15 (3) ENHANCED SUPERVISION.—Section 115 of
16 the Dodd-Frank Wall Street Reform and Consumer
17 Protection Act (12 U.S.C. 5325) is amended—

18 (A) in subsection (a)(1), by striking “large,
19 interconnected bank holding companies” and in-
20 serting “bank holding companies which have
21 been the subject of a final determination under
22 section 113”;

23 (B) in subsection (a)(2)—

24 (i) in subparagraph (A), by striking
25 “or” at the end;

1 (ii) by striking “the Council may” and
2 all that follows through “differentiate” and
3 inserting “the Council may differentiate”;
4 and

5 (iii) by striking subparagraph (B);
6 and

7 (C) in subsection (b)(3), by striking “sub-
8 sections (a) and (b) of section 113” each place
9 such term appears and inserting “subsections
10 (a), (b), and (c) of section 113”.

11 (4) REPORTS.—Section 116(a) of the Dodd-
12 Frank Wall Street Reform and Consumer Protection
13 Act (12 U.S.C. 5326(a)) is amended by striking
14 “with total consolidated assets of \$50,000,000,000
15 or greater” and inserting “which has been the sub-
16 ject of a final determination under section 113”.

17 (5) MITIGATION.—Section 121 of the Dodd-
18 Frank Wall Street Reform and Consumer Protection
19 Act (12 U.S.C. 5331) is amended—

20 (A) in subsection (a), by striking “with
21 total consolidated assets of \$50,000,000,000 or
22 more” and inserting “which has been the sub-
23 ject of a final determination under section
24 113”; and

1 (B) in subsection (c), by striking “sub-
2 section (a) or (b) of section 113” and inserting
3 “subsection (a), (b), or (c) of section 113”.

4 (6) OFFICE OF FINANCIAL RESEARCH.—Section
5 155 of the Dodd-Frank Wall Street Reform and
6 Consumer Protection Act (12 U.S.C. 5345) is
7 amended in subsection (d) by striking “with total
8 consolidated assets of \$50,000,000,000 or greater”
9 and inserting “which have been the subject of a final
10 determination under section 113”.

11 (c) REVISIONS TO BOARD AUTHORITY.—

12 (1) ACQUISITIONS.—Section 163 of the Dodd-
13 Frank Wall Street Reform and Consumer Protection
14 Act (12 U.S.C. 5363) is amended by striking “with
15 total consolidated assets equal to or greater than
16 \$50,000,000,000” each place such term appears and
17 inserting “which has been the subject of a final de-
18 termination under section 113”.

19 (2) MANAGEMENT INTERLOCKS.—Section 164
20 of the Dodd-Frank Wall Street Reform and Con-
21 sumer Protection Act (12 U.S.C. 5364) is amended
22 by striking “with total consolidated assets equal to
23 or greater than \$50,000,000,000” and inserting
24 “which has been the subject of a final determination
25 under section 113”.

1 (3) ENHANCED SUPERVISION AND PRUDENTIAL
2 STANDARDS.—Section 165 of the Dodd-Frank Wall
3 Street Reform and Consumer Protection Act (12
4 U.S.C. 5365) is amended—

5 (A) in subsection (a), by striking “with
6 total consolidated assets equal to or greater
7 than \$50,000,000,000” and inserting “which
8 have been the subject of a final determination
9 under section 113”;

10 (B) in subsection (a)(2)—

11 (i) by striking “(A) IN GENERAL.—”;

12 and

13 (ii) by striking subparagraph (B);

14 (C) by striking “subsections (a) and (b) of
15 section 113” each place such term appears and
16 inserting “subsections (a), (b), and (c) of sec-
17 tion 113”; and

18 (D) in subsection (j), by striking “with
19 total consolidated assets equal to or greater
20 than \$50,000,000,000” and inserting “which
21 has been the subject of a final determination
22 under section 113”.

23 (d) EFFECTIVE DATE; EXPEDITED RULEMAKING
24 AUTHORITY.—

1 (1) EFFECTIVE DATE.—The amendments made
2 by this section shall take effect on the earlier of the
3 following:

4 (A) the date on which the Financial Sta-
5 bility Oversight Council issues final regulations
6 to carry out the amendment made by this sec-
7 tion; or

8 (B) the end of the 18-month period begin-
9 ning on the date of the enactment of this Act.

10 (2) EXPEDITED RULEMAKING AUTHORITY.—
11 The Financial Stability Oversight Counsel and the
12 Board of Governors of the Federal Reserve System
13 shall—

14 (A) issue regulations to carry out the
15 amendments made by this section—

16 (i) in proposed form, not later than
17 the end of the 90-day period beginning on
18 the date of the enactment of this Act; and

19 (ii) in final form, not later than the
20 end of the 180-day period beginning on the
21 date of the enactment of this Act; and

22 (B) such final regulations shall take effect
23 not later than the end of the 1-year period be-
24 ginning on the date of the enactment of this
25 Act.

1 **SEC. 2. SENSE OF CONGRESS.**

2 It is the sense of Congress that—

3 (1) consolidated asset size remains a factor, but
4 only one of many factors, that should be considered
5 in determining systemic risk; and

6 (2) the more objective and complete processes
7 identified in section 112 of the Dodd-Frank Wall
8 Street Reform and Consumer Protection Act, as
9 modified by this Act, represent a more accurate indi-
10 cator of systemic risk.

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