

Union Calendar No. 584

114TH CONGRESS
2^D SESSION

H. R. 1309

[Report No. 114-752]

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, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2015

Mr. LUETKEMEYER (for himself, Mr. STIVERS, Mr. WILLIAMS, Mr. MURPHY of Florida, Ms. SEWELL of Alabama, Mr. DAVID SCOTT of Georgia, and Ms. SINEMA) introduced the following bill; which was referred to the Committee on Financial Services

SEPTEMBER 19, 2016

Additional sponsors: Mr. HILL, Mr. SCHWEIKERT, Mrs. ROBY, Mr. FARENTHOLD, Mr. FINCHER, Mr. POSEY, Mr. SESSIONS, Mrs. LOVE, Mr. BYRNE, Mr. HUIZENGA of Michigan, Mr. MULVANEY, Mr. BROOKS of Alabama, Mr. POE of Texas, Mr. SMITH of Texas, Mr. TIPTON, Mr. OLSON, Mr. BARR, Mr. PITTENGER, Mr. CURBELO of Florida, Mr. MESSER, Mr. ABRAHAM, Mr. BUCHANAN, Mr. RICHMOND, Mr. HARPER, Mr. VELA, Mr. HASTINGS, Mr. ROGERS of Alabama, Mr. DOLD, Mr. HURT of Virginia, Mr. BABIN, Ms. GRAHAM, Ms. MENG, Mr. KING of New York, Mr. WEBSTER of Florida, Mr. POLIQUIN, Mr. FLEISCHMANN, Mr. ROSS, Mr. WESTMORELAND, Mr. CARTER of Georgia, Mrs. BEATTY, Mr. CLEAVER, Mrs. BLACK, Mrs. WAGNER, Ms. WILSON of Florida, Mr. BLUM, Mr. PEARCE, Mr. CRAWFORD, Mr. ROE of Tennessee, Mr. PETERS, Mr. HULTGREN, Mr. JOLLY, Ms. GRANGER, Mr. MARCHANT, Mr. NUGENT, Mr. YOHO, Mr. BUCSHON, Mr. FORBES, Mr. RATCLIFFE, Mr. ALLEN, Mr. SAM JOHNSON of Texas, Ms. FRANKEL of Florida, Mr. LANCE, Mr. STUTZMAN, Mr. FLORES, Mr. STEWART, Mr. VEASEY, Mr. CHAFFETZ, Mr. CARTER of Texas, Mr. HIGGINS, Mr. WOMACK, Mr. BISHOP of Utah, Ms. JENKINS of Kansas, Mr. MILLER of Florida, Mr. ROYCE, Mr. GRIFFITH, Mr. BRADY of Texas, Mr. LUCAS, Mr. DESJARLAIS, Mr. YOUNG of Iowa, Mrs. BLACKBURN, Mr. ROTHFUS, Mr. SMITH of Missouri, Mr. NEUGEBAUER, Mrs. HARTZLER, Ms. JACKSON

LEE, Ms. ROS-LEHTINEN, Mr. ASHFORD, Mr. SHERMAN, Mr. GENE GREEN of Texas, Mr. LONG, Mr. ROONEY of Florida, Mr. JODY B. HICE of Georgia, Mr. FITZPATRICK, Mr. LATTA, Mr. GRAVES of Georgia, Mr. MCHENRY, Mr. ADERHOLT, Mr. EMMER of Minnesota, Mr. WENSTRUP, Mr. PAULSEN, Mr. GRAVES of Missouri, Mr. CHABOT, Mr. AUSTIN SCOTT of Georgia, Mr. COLLINS of Georgia, Mr. THORNBERRY, Mr. ROKITA, Mr. CRENSHAW, Mr. ROSKAM, Mr. HANNA, Mr. WITTMAN, Mr. COFFMAN, Mr. KINZINGER of Illinois, Mr. BRAT, Mr. BISHOP of Michigan, Mr. MACARTHUR, Mr. SHUSTER, Mr. KATKO, Mr. TURNER, Mr. FRANKS of Arizona, Mr. RENACCI, Mr. DUFFY, Mr. CULBERSON, Mr. GOSAR, Mr. LOUDERMILK, Mr. WALBERG, Mr. AMODEI, Mr. WESTERMAN, Mr. SIMPSON, and Mr. CRAMER

SEPTEMBER 19, 2016

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

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, 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 “Systemic Risk Des-
 5 igation Improvement Act of 2015”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for the Dodd-Frank Wall Street
 8 Reform and Consumer Protection Act (12 U.S.C. 5301
 9 et seq.) is amended by striking the item relating to section
 10 113 and inserting the following:

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

11 **SEC. 3. REVISIONS TO COUNCIL AUTHORITY.**

12 (a) **PURPOSES AND DUTIES.**—Section 112 of the
 13 Dodd-Frank Wall Street Reform and Consumer Protec-
 14 tion Act (12 U.S.C. 5322) is amended in subsection
 15 (a)(2)(I) by inserting before the semicolon “, which have
 16 been the subject of a final determination under section
 17 113”.

18 (b) **BANK HOLDING COMPANY DESIGNATION.**—Sec-
 19 tion 113 of the Dodd-Frank Wall Street Reform and Con-
 20 sumer Protection Act (12 U.S.C. 5323) is amended—

21 (1) by amending the heading for such section to
 22 read as follows: “**AUTHORITY TO REQUIRE EN-**
 23 **HANCED SUPERVISION AND REGULATION OF**

1 **CERTAIN NONBANK FINANCIAL COMPANIES**
2 **AND CERTAIN BANK HOLDING COMPANIES”;**

3 (2) by redesignating subsections (c), (d), (e),
4 (f), (g), (h), and (i) as subsections (d), (e), (f), (g),
5 (h), (i), and (j), respectively;

6 (3) by inserting after subsection (b) the fol-
7 lowing:

8 “(c) BANK HOLDING COMPANIES SUBJECT TO EN-
9 HANCED SUPERVISION AND PRUDENTIAL STANDARDS
10 UNDER SECTION 165.—

11 “(1) DETERMINATION.—The Council, on a non-
12 delegable basis and by a vote of not fewer than $\frac{2}{3}$
13 of the voting members then serving, including an af-
14 firmative vote by the Chairperson, may determine
15 that a bank holding company shall be subject to en-
16 hanced supervision and prudential standards by the
17 Board of Governors, in accordance with section 165,
18 if the Council determines, based on the consider-
19 ations in paragraph (2), that material financial dis-
20 tress at the bank holding company, or the nature,
21 scope, size, scale, concentration, interconnectedness,
22 or mix of the activities of the bank holding company,
23 could pose a threat to the financial stability of the
24 United States.

1 “(2) CONSIDERATIONS.—In making a deter-
2 mination under paragraph (1), the Council shall use
3 the indicator-based measurement approach estab-
4 lished by the Basel Committee on Banking Super-
5 vision to determine systemic importance, which con-
6 siders—

7 “(A) the size of the bank holding company;

8 “(B) the interconnectedness of the bank
9 holding company;

10 “(C) the extent of readily available sub-
11 stitutes or financial institution infrastructure
12 for the services of the bank holding company;

13 “(D) the global cross-jurisdictional activity
14 of the bank holding company; and

15 “(E) the complexity of the bank holding
16 company.

17 “(3) GSIBS DESIGNATED BY OPERATION OF
18 LAW.—Notwithstanding any other provision of this
19 subsection, a bank holding company that is des-
20 ignated, as of the date of enactment of this sub-
21 section, as a Global Systemically Important Bank by
22 the Financial Stability Board shall be deemed to
23 have been the subject of a final determination under
24 paragraph (1).”;

25 (4) in subsection (d), as so redesignated—

1 (A) in paragraph (1)(A), by striking “sub-
2 section (a)(2) or (b)(2)” and inserting “sub-
3 section (a)(2), (b)(2), or (c)(2)”; and

4 (B) in paragraph (4), by striking “Sub-
5 sections (d) through (h)” and inserting “Sub-
6 sections (e) through (i)”;

7 (5) in subsections (e), (f), (g), (h), (i), and
8 (j)—

9 (A) by striking “subsections (a) and (b)”
10 each place such term appears and inserting
11 “subsections (a), (b), and (c)”; and

12 (B) by striking “nonbank financial com-
13 pany” each place such term appears and insert-
14 ing “bank holding company for which there has
15 been a determination under subsection (c) or
16 nonbank financial company”;

17 (6) in subsection (g), as so redesignated, by
18 striking “subsection (e)” and inserting “subsection
19 (f)”;

20 (7) in subsection (h), as so redesignated, by
21 striking “subsection (a), (b), or (c)” and inserting
22 “subsection (a), (b), (c), or (d)”;

23 (8) in subsection (i), as so redesignated, by
24 striking “subsection (d)(2), (e)(3), or (f)(5)” and in-
25 serting “subsection (e)(2), (f)(3), or (g)(5)”.

1 (c) ENHANCED SUPERVISION.—Section 115 of the
2 Dodd-Frank Wall Street Reform and Consumer Protec-
3 tion Act (12 U.S.C. 5325) is amended—

4 (1) in subsection (a)(1), by striking “large,
5 interconnected bank holding companies” and insert-
6 ing “bank holding companies which have been the
7 subject of a final determination under section 113”;

8 (2) in subsection (a)(2)—

9 (A) in subparagraph (A), by striking “;
10 or” at the end and inserting a period;

11 (B) by striking “the Council may” and all
12 that follows through “differentiate” and insert-
13 ing “the Council may differentiate”; and

14 (C) by striking subparagraph (B); and

15 (3) in subsection (b)(3), by striking “sub-
16 sections (a) and (b) of section 113” each place such
17 term appears and inserting “subsections (a), (b),
18 and (c) of section 113”.

19 (d) REPORTS.—Section 116(a) of the Dodd-Frank
20 Wall Street Reform and Consumer Protection Act (12
21 U.S.C. 5326(a)) is amended by striking “with total con-
22 solidated assets of \$50,000,000,000 or greater” and in-
23 serting “which has been the subject of a final determina-
24 tion under section 113”.

1 (e) MITIGATION.—Section 121 of the Dodd-Frank
2 Wall Street Reform and Consumer Protection Act (12
3 U.S.C. 5331) is amended—

4 (1) in subsection (a), by striking “with total
5 consolidated assets of \$50,000,000,000 or more”
6 and inserting “which has been the subject of a final
7 determination under section 113”; and

8 (2) in subsection (c), by striking “subsection
9 (a) or (b) of section 113” and inserting “subsection
10 (a), (b), or (c) of section 113”.

11 (f) OFFICE OF FINANCIAL RESEARCH.—Section 155
12 of the Dodd-Frank Wall Street Reform and Consumer
13 Protection Act (12 U.S.C. 5345) is amended in subsection
14 (d) by striking “with total consolidated assets of
15 50,000,000,000 or greater” and inserting “which have
16 been the subject of a final determination under section
17 113”.

18 **SEC. 4. REVISIONS TO BOARD AUTHORITY.**

19 (a) ACQUISITIONS.—Section 163 of the Dodd-Frank
20 Wall Street Reform and Consumer Protection Act (12
21 U.S.C. 5363) is amended by striking “with total consoli-
22 dated assets equal to or greater than \$50,000,000,000”
23 each place such term appears and inserting “which has
24 been the subject of a final determination under section
25 113”.

1 (b) MANAGEMENT INTERLOCKS.—Section 164 of the
2 Dodd-Frank Wall Street Reform and Consumer Protec-
3 tion Act (12 U.S.C. 5364) is amended by striking “with
4 total consolidated assets equal to or greater than
5 \$50,000,000,000” and inserting “which has been the sub-
6 ject of a final determination under section 113”.

7 (c) ENHANCED SUPERVISION AND PRUDENTIAL
8 STANDARDS.—Section 165 of the Dodd-Frank Wall Street
9 Reform and Consumer Protection Act (12 U.S.C. 5365)
10 is amended—

11 (1) in subsection (a), by striking “with total
12 consolidated assets equal to or greater than
13 \$50,000,000,000” and inserting “which have been
14 the subject of a final determination under section
15 113”;

16 (2) in subsection (a)(2)—

17 (A) by striking “(A) IN GENERAL.—”; and

18 (B) by striking subparagraph (B);

19 (3) by striking “subsections (a) and (b) of sec-
20 tion 113” each place such term appears and insert-
21 ing “subsections (a), (b), and (c) of section 113”;
22 and

23 (4) in subsection (j), by striking “with total
24 consolidated assets equal to or greater than
25 \$50,000,000,000” and inserting “which has been

1 the subject of a final determination under section
2 113”.

3 (d) CONFORMING AMENDMENT.—The second sub-
4 section (s) (relating to “Assessments, Fees, and Other
5 Charges for Certain Companies”) of section 11 of the Fed-
6 eral Reserve Act (12 U.S.C. 248) is amended—

7 (1) by redesignating such subsection as sub-
8 section (t); and

9 (2) in paragraph (2)—

10 (A) in subparagraph (A), by striking “hav-
11 ing total consolidated assets of
12 \$50,000,000,000 or more;” and inserting
13 “which have been the subject of a final deter-
14 mination under section 113 of the Dodd-Frank
15 Wall Street Reform and Consumer Protection
16 Act; and”;

17 (B) by striking subparagraph (B); and

18 (C) by redesignating subparagraph (C) as
19 subparagraph (B).

20 **SEC. 5. EFFECTIVE DATE; RULE OF APPLICATION.**

21 (a) EFFECTIVE DATE.—The Financial Stability
22 Oversight Council may begin proceedings with respect to
23 a bank holding company under section 113(e)(1) of the
24 Dodd-Frank Wall Street Reform and Consumer Protec-
25 tion Act, as added by this Act, on the date of the enact-

1 ment of this Act, but may not make a final determination
2 under such section 113(c)(1) with respect to a bank hold-
3 ing company before the end of the 1-year period beginning
4 on the date of the enactment of this Act.

5 (b) IMMEDIATE APPLICATION TO LARGE BANK
6 HOLDING COMPANIES.—During the 1-year period de-
7 scribed under subsection (a), a bank holding company with
8 total consolidated assets equal to or greater than
9 \$50,000,000,000 shall be deemed to have been the subject
10 of a final determination under section 113(c)(1) of the
11 Dodd-Frank Wall Street Reform and Consumer Protec-
12 tion Act.

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