

114TH CONGRESS
1ST SESSION

S. 1320

To amend the Federal Reserve Act to reform the Federal Reserve System.

IN THE SENATE OF THE UNITED STATES

MAY 13, 2015

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

A BILL

To amend the Federal Reserve Act to reform the Federal Reserve System.

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 “Bailout Prevention Act
5 of 2015”.

6 **SEC. 2. DISCOUNTS FOR INDIVIDUALS, PARTNERSHIPS,**
7 **AND CORPORATIONS.**

8 Section 13(3)(B) of the Federal Reserve Act (12
9 U.S.C. 343(3)(B)) is amended by striking clauses (ii) and
10 (iii) and inserting the following:

1 “(ii)(I) The Board shall establish proce-
2 dures to prohibit borrowing from programs and
3 facilities by borrowers that are insolvent. A bor-
4 rower shall not be eligible to borrow from any
5 emergency lending program or facility unless
6 the Board and all Federal banking regulators
7 with jurisdiction over the borrower certify that,
8 at the time the borrower initially borrows under
9 the program or facility, the borrower is not in-
10 solvent. Solvency shall be assessed by examining
11 the last 4 months of relevant financial data and
12 determining whether the fair value of the bor-
13 rower’s assets exceeds the fair value of the bor-
14 rower’s liabilities, with appropriate adjustment
15 for temporary illiquidity in relevant markets.

16 “(II) A borrower shall be considered insol-
17 vent for purposes of this subparagraph if the
18 borrower is—

19 “(aa) in bankruptcy, resolution under
20 title II of the Dodd-Frank Wall Street Re-
21 form and Consumer Protection Act (12
22 U.S.C. 5381 et seq.), or any other Federal
23 or State insolvency proceeding; or

24 “(bb) a bridge financial company (as
25 defined in section 201(a) of the Dodd-

1 Frank Wall Street Reform and Consumer
2 Protection Act (12 U.S.C. 5381(a))) or a
3 bridge depository institution (as defined in
4 section 3 of the Federal Deposit Insurance
5 Act (12 U.S.C. 1813)).

6 “(III) If the Board or any other banking
7 regulator makes a certification of solvency, the
8 Board or banking regulator, as applicable, shall
9 issue a contemporaneous public statement pro-
10 viding a detailed explanation of the certification
11 decision.

12 “(iii) A program or facility shall be consid-
13 ered a program or facility with broad-based eli-
14 gibility only if not fewer than 5 companies are
15 eligible to participate in the program or facility
16 in a significant manner.”.

17 **SEC. 3. PENALTY RATE REQUIREMENT; CONGRESSIONAL**
18 **APPROVAL REQUIREMENT.**

19 Section 13(3) of the Federal Reserve Act (12 U.S.C.
20 343(3)) is amended by adding at the end the following:

21 “(F) Any emergency lending under this
22 paragraph shall be provided at an annual inter-
23 est rate not less than 500 basis points greater
24 than the cost of borrowing for the United
25 States Treasury for a commensurate loan term.

1 “(G)(i) If the Board determines that the
2 Board shall create an emergency lending pro-
3 gram or facility that does not comply with the
4 broad-based eligibility requirement described in
5 subparagraph (B)(iii) or the penalty rate re-
6 quirement described in subparagraph (F), the
7 Board—

8 “(I) may create such a program or fa-
9 cility; and

10 “(II) not later than 3 days after the
11 date on which a program or facility is cre-
12 ated under clause (i), shall submit to Con-
13 gress a report that describes the reasons
14 why the Board is unable to comply with
15 any requirement described in the matter
16 preceding subclause (I).

17 “(ii)(I) A program or facility created under
18 clause (i)(I) shall terminate on the date that is
19 30 calendar days after the date on which Con-
20 gress receives a report described in clause
21 (i)(II) unless there is enacted into law a joint
22 resolution approving the program or facility not
23 later than 30 calendar days after the date on
24 which the report is received. Any loan offered
25 through the program or facility that are out-

1 standing as of the date on which the facility is
2 terminated shall be repaid in full not later than
3 30 calendar days after the date on which the
4 program or facility is terminated.

5 “(II) For the purpose of this section, the
6 term ‘joint resolution’ means only a joint reso-
7 lution—

8 “(aa) that is introduced not later than
9 3 calendar days after the date on which
10 the report referred to in clause (i)(I) is re-
11 ceived by Congress;

12 “(bb) that does not have a preamble;

13 “(cc) the title of which is as follows:
14 ‘Joint resolution relating to the approval of
15 a program or facility created by the Board
16 of Governors of the Federal Reserve Sys-
17 tem’; and

18 “(dd) the matter after the resolving
19 clause of which is as follows: ‘That Con-
20 gress approves the program or facility cre-
21 ated by the Board of Governors of the
22 Federal Reserve System on
23 _____.’ (The blank space
24 being appropriately filled in).

1 “(III)(aa) Upon receipt of a report under
2 subsection (a)(3), the Speaker, if the House
3 would otherwise be adjourned, shall notify the
4 Members of the House that, pursuant to this
5 section, the House shall convene not later than
6 the second calendar day after receipt of such
7 report.

8 “(bb) Any committee of the House of Rep-
9 resentatives to which a joint resolution is re-
10 ferred shall report it to the House not later
11 than 5 calendar days after the date of receipt
12 of the report described in clause (i)(II). If a
13 committee fails to report the joint resolution
14 within that period, the committee shall be dis-
15 charged from further consideration of the joint
16 resolution and the joint resolution shall be re-
17 ferred to the appropriate calendar.

18 “(cc) After each committee authorized to
19 consider a joint resolution reports it to the
20 House or has been discharged from its consid-
21 eration, it shall be in order, not later than the
22 sixth day after Congress receives the report de-
23 scribed in clause (i)(II), to move to proceed to
24 consider the joint resolution in the House. All
25 points of order against the motion are waived.

1 Such a motion shall not be in order after the
2 House has disposed of a motion to proceed on
3 the joint resolution. The previous question shall
4 be considered as ordered on the motion to its
5 adoption without intervening motion. The mo-
6 tion shall not be debatable. A motion to recon-
7 sider the vote by which the motion is disposed
8 of shall not be in order.

9 “(dd) The joint resolution shall be consid-
10 ered as read. All points of order against the
11 joint resolution and against its consideration
12 are waived. The previous question shall be con-
13 sidered as ordered on the joint resolution to its
14 passage without intervening motion except 2
15 hours of debate equally divided and controlled
16 by the proponent and an opponent. A motion to
17 reconsider the vote on passage of the joint reso-
18 lution shall not be in order.

19 “(IV)(aa) Upon receipt of a report under clause
20 (i)(II), if the Senate has adjourned or recessed for
21 more than 2 days, the majority leader of the Senate,
22 after consultation with the minority leader of the
23 Senate, shall notify the Members of the Senate that,
24 pursuant to this subparagraph, the Senate shall con-

1 vene not later than the second calendar day after re-
2 ceipt of such message.

3 “(bb) Upon introduction in the Senate, the
4 joint resolution shall be placed immediately on the
5 calendar.

6 “(cc)(AA) Notwithstanding Rule XXII of the
7 Standing Rules of the Senate, it is in order at any
8 time during the period beginning on the fourth day
9 after the date on which Congress receives a report
10 described in clause (i)(II) and ending on the sixth
11 day after the date on which Congress receives the
12 report (even though a previous motion to the same
13 effect has been disagreed to) to move to proceed to
14 the consideration of the joint resolution, and all
15 points of order against the joint resolution (and
16 against consideration of the joint resolution) are
17 waived. The motion to proceed is not debatable. The
18 motion is not subject to a motion to postpone. A mo-
19 tion to reconsider the vote by which the motion is
20 agreed to or disagreed to shall not be in order. If
21 a motion to proceed to the consideration of the reso-
22 lution is agreed to, the joint resolution shall remain
23 the unfinished business until disposed of.

24 “(BB) Debate on the joint resolution, and on
25 all debatable motions and appeals in connection

1 therewith, shall be limited to not more than 10
2 hours, which shall be divided equally between the
3 majority and minority leaders or their designees. A
4 motion further to limit debate is in order and not
5 debatable. An amendment to, or a motion to post-
6 pone, or a motion to proceed to the consideration of
7 other business, or a motion to recommit the joint
8 resolution is not in order.

9 “(CC) The vote on passage shall occur imme-
10 diately following the conclusion of the debate on a
11 joint resolution, and a single quorum call at the con-
12 clusion of the debate if requested in accordance with
13 the rules of the Senate.

14 “(DD) Appeals from the decisions of the Chair
15 relating to the application of the rules of the Senate,
16 as the case may be, to the procedure relating to a
17 joint resolution shall be decided without debate.

18 “(V)(aa) If, before the passage by one House of a
19 joint resolution of that House, that House receives from
20 the other House a joint resolution, then the following pro-
21 cedures shall apply:

22 “(AA) The joint resolution of the other House
23 shall not be referred to a committee.

24 “(BB) With respect to a joint resolution of the
25 House receiving the resolution—

1 “(CC) the procedure in that House shall be the
2 same as if no joint resolution had been received from
3 the other House; but

4 “(DD) the vote on passage shall be on the joint
5 resolution of the other House.

6 “(bb) If one House fails to introduce or consider a
7 joint resolution under this section, the joint resolution of
8 the other House shall be entitled to expedited floor proce-
9 dures under this section.

10 “(cc) If, following passage of the joint resolution in
11 the Senate, the Senate then receives the companion meas-
12 ure from the House of Representatives, the companion
13 measure shall not be debatable.

14 “(dd) If the President vetoes the joint resolution, the
15 period beginning on the date the President vetoes the joint
16 resolution and ending on the date the Congress receives
17 the veto message with respect to the joint resolution shall
18 be disregarded in computing the 30-calendar day period
19 described in subclause (I) and debate on a veto message
20 in the Senate under this section shall be 1 hour equally
21 divided between the majority and minority leaders or their
22 designees.

23 “(ee) This subclause and subclauses (II), (III), and
24 (IV) are enacted by Congress—

1 “(AA) as an exercise of the rulemaking power
2 of the Senate and House of Representatives, respec-
3 tively, and as such it is deemed a part of the rules
4 of each House, respectively, but applicable only with
5 respect to the procedure to be followed in that
6 House in the case of a joint resolution, and it super-
7 sedes other rules only to the extent that it is incon-
8 sistent with such rules; and

9 “(BB) with full recognition of the constitutional
10 right of either House to change the rules (so far as
11 relating to the procedure of that House) at any time,
12 in the same manner, and to the same extent as in
13 the case of any other rule of that House.”.

14 **SEC. 4. REGULATION OF CERTAIN FINANCIAL HOLDING**
15 **COMPANIES.**

16 (a) **IN GENERAL.**—Section 4 of the Bank Holding
17 Company Act of 1956 (12 U.S.C. 1843) is amended by
18 striking subsection (o).

19 (b) **EFFECTIVE DATE.**—The amendment made by
20 subsection (a) shall take effect on the date that is 5 years
21 after the date of enactment of this Act.

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