

116TH CONGRESS
2D SESSION

H. R. 7046

To amend the Bank Holding Company Act of 1956 to place certain limitations on commodity ownership and to repeal the merchant banking authority, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 28, 2020

Mr. CASTEN of Illinois introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Bank Holding Company Act of 1956 to place certain limitations on commodity ownership and to repeal the merchant banking authority, 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. LIMITATIONS ON COMMODITY OWNERSHIP**
4 **AND REPEAL OF THE MERCHANT BANKING**
5 **AUTHORITY.**

6 (a) IN GENERAL.—Section 4 of the Bank Holding
7 Company Act of 1956 (12 U.S.C. 1843) is amended—

8 (1) in subsection (k)—

1 (A) in paragraph (1), by striking “(by reg-
2 ulation or order)” and inserting “, by regula-
3 tion”;

4 (B) in paragraph (2)—

5 (i) in the heading, by striking “SEC-
6 RETARY OF THE TREASURY” and inserting
7 “SECRETARY OF THE TREASURY AND THE
8 FEDERAL DEPOSIT INSURANCE CORPORA-
9 TION”; and

10 (ii) by adding at the end the fol-
11 lowing:

12 “(C) JOINT DETERMINATION WITH THE
13 FEDERAL DEPOSIT INSURANCE CORPORA-
14 TION.—For purposes of paragraph (1), the
15 Board may only make a determination that an
16 activity is complementary to a financial activity
17 and does not pose a substantial risk to the safe-
18 ty or soundness of depository institutions or the
19 financial system generally, if such determina-
20 tion is made jointly, by rule, with the Federal
21 Deposit Insurance Corporation.”;

22 (C) in paragraph (4)—

23 (i) by striking subparagraph (H); and

24 (ii) by redesignating subparagraph (I)
25 as subparagraph (H); and

1 (D) by striking paragraph (7);

2 (2) in subsection (l)—

3 (A) in paragraph (1), by striking “sub-
4 section (k), (n), or (o)” each place such term
5 appears and inserting “subsection (k) or (n)”;
6 and

7 (B) in paragraph (2)(B), by striking “sub-
8 paragraph (H) or (I)” and inserting “subpara-
9 graph (H)”;

10 (3) in subsection (m)(1)(A), by striking “sub-
11 section (k), (n), or (o)” and inserting “subsection
12 (k) or (n)”;

13 (4) in subsection (n)(5), by striking “subpara-
14 graph (H) or (I)” each place such term appears and
15 inserting “subparagraph (H)”;

16 (5) by striking subsection (o).

17 (b) CONFORMING AMENDMENT.—Section
18 3(a)(4)(B)(vi) of the Securities Exchange Act of 1934 (15
19 U.S.C. 78c(a)(4)(B)(vi)) is amended by striking “other
20 than” and all that follows through the end and inserting
21 “other than a registered broker or dealer.”.

22 (c) RULEMAKING.—The Board of Governors of the
23 Federal Reserve System shall—

24 (1) issue rules to carry out the amendments
25 made by this section; and

1 (2) provide for an appropriate transition period
2 before persons are required to comply with the
3 amendments made by this section, including allowing
4 for the divestment of shares, assets, and ownership
5 interests affected by such amendments.

6 **SEC. 2. FINALIZATION OF PROPOSED FINANCIAL HOLDING**
7 **COMPANY RULE.**

8 (a) IN GENERAL.—The proposed financial holding
9 company rule of the Board of Governors of the Federal
10 Reserve System shall have the force and effect of law.

11 (b) DEFINITION.—In this section, the term “pro-
12 posed financial holding company rule” means the proposed
13 rule of the Board of Governors of the Federal Reserve Sys-
14 tem titled “Regulations Q and Y; Risk-Based Capital and
15 Other Regulatory Requirements for Activities of Financial
16 Holding Companies Related to Physical Commodities and
17 Risk-Based Capital Requirements for Merchant Banking
18 Investments” (81 Fed. Reg. 67220; published September
19 30, 2016).

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