

soundness of the bank. These supervisory requirements are virtually identical to those that currently apply to companies that own regulated securities broker dealers, and companies that own regulated futures commission merchants—the so-called “holding company risk assessment provisions.” In the past six years, Congress has twice embraced this model for gathering information on potential risk to regulated entities by affiliated companies, once in the Market Reform Act of 1990 (securities firms), and once in the Futures Trading Practices Act of 1992 (futures traders). While the National Financial Services Committee would establish uniform standards for these requirements as they apply to depository institutions, the appropriate Federal banking agency that regulate the lead depository institution of the financial services holding company would implement and enforce them.

Apart from these general requirements, financial services holding companies would not be subject to the bank-like regulation that currently applies to the capital and activities of bank holding companies. However, as in the D’Amato-Baker bills, financial services holding companies would be subject to the following additional safety and soundness requirements:

Affiliate transaction restrictions, including but not limited to the requirements of Sections 23A and 23B of the Federal Reserve Act.

Prohibition on credit extensions to non-financial affiliates.

Change in Control Act restrictions.

Insider lending restrictions.

A “well-capitalized” requirement for subsidiary banks.

Civil money penalties, cease-and-desist authority, and similar banking law enforcement provisions applicable to violation of the new statute.

New criminal law penalty provisions for knowing violations of the new statute.

Divestiture requirement applicable to banks within any financial services holding company that fails to satisfy certain safety and soundness standards.

Cross-Marketing Provisions.—As with the D’Amato-Baker bills, the bill would preempt cross-marketing restrictions imposed on financial services holding companies by state law or any other federal law.

Securities Activities.—The draft bill includes principal elements of the last-introduced version of the Leach bill in the previous Congress, H.R. 2520, as it related to Glass-Steagall issues. These include statutory firewall, “push-out,” and “functional regulation” provisions, with some modifications. These new restrictions would apply only to financial services holding companies; they would not apply to the securities or investment company activities of banks that remained part of bank holding companies.

Wholesale Financial Institutions.—Financial services holding companies (but not bank holding companies) could also form un-insured bank subsidiaries called wholesale financial institutions or “WFIs.” Such WFIs could be either state or nationally chartered, and there would be no restrictions on the ability of a WFI to affiliate with an insured bank. A WFI would not be subject to the statutory securities firewalls applicable to insured banks and their securities affiliates, but the WFI could not be used to evade such statutory firewalls.

2. ELIMINATION OF THRIFT CHARTER

With the new financial services holding company structure in place, the thrift charter would be eliminated; thrifts would generally be required to convert to banks, with grandfathering/transition provisions; and unitary thrift holding companies would be

required to convert to either bank holding companies or financial services holding companies, also with grandfathering/transition provisions. The statutory language for the charter conversion is similar to the language included in the last version of the Roukema bill, which is the one that was used in the House’s offer in the Budget Reconciliation conference in late 1995.

3. NATIONAL MARKET FUNDED LENDING INSTITUTIONS

Unlike the D’Amato-Baker bills, the draft bill generally precludes a commercial firm from owning an insured depository institution. However, the bill recognizes the important role that nonfinancial companies play in other aspects of the financial services industry by allowing such companies to own “national market funded lending institutions.” This new kind of OCC-regulated institution would have national bank lending powers, but would have no access to the federal safety net: it could not take deposits or receive federal deposit insurance, and it would have no bank-like access to the payments system or the Federal Reserve’s discount window. In addition, the institution could not use the term “bank” in its name. By owning a national market funded lending institution, a nonfinancial company could provide all types of credit throughout the country using uniform lending rates and terms.

SPECIAL TRIBUTE TO U.S. SENATOR ROBERT C. BYRD OF WEST VIRGINIA ON A HALF-CENTURY OF SERVICE TO THE NATION AND TO HIS STATE

HON. NICK J. RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 9, 1997

Mr. RAHALL. Mr. Speaker, 50 years ago yesterday, January 8, 1997, the senior Senator from West Virginia, ROBERT C. BYRD, began his service in the U.S. House of Representatives where he served for 11 years, moving to the Senate in 1958 where he has served for the past 39 years.

As we all know, Senator BYRD celebrated having cast his 14,000th vote in the U.S. Senate last year, at which time he had a 98.7 percent voting average.

Senator ROBERT C. BYRD is the nationally recognized historian in residence in the Senate—the uncontested expert on the Senate as an institution, and the leading, nationally recognized expert on parliamentary procedures.

West Virginia’s citizens recognize Senator BYRD and applaud his achievements as a researcher, lecturer, writer, and parliamentary magician. That is all well and good, they say. It makes them very proud.

But what makes Senator BYRD’s people in West Virginia most proud is that he is also one of them—that he is someone they can go to, take their troubles, trials and tribulations to, and know that he will hear them and he will intervene on their behalf at every opportunity to make things better. West Virginians know that Senator BYRD’s every waking moment of service in the U.S. Senate is in their service—their best interests, their well being—and they know this without one single iota of doubt.

Residents of West Virginia can name with pride the many accomplishments of Senator BYRD—those noted above first of all. But, in

addition, West Virginians can tell you that during his Senate tenure he has served as secretary of the Senate Democratic Conference, Senate majority whip, Senate majority leader, Senate minority leader, and President pro tempore.

Further, Senator BYRD has served his State and his country throughout an integral part of the high drama and history of the second half of the 20th century—including the cold war, Vietnam, Watergate, Iran-Contra, the collapse of the Soviet Union, and the gulf war. He has served under nine Presidents, one of whom was assassinated, the other forced to resign the highest office in the land.

Senator BYRD is widely recognized for having achieved many milestones during his career, among them being only one of three U.S. Senators in history to have been elected to seven 6-year terms; being the first sitting Member of either House of Congress to begin and complete the study of law and obtain a law degree while serving in the Congress; being the first person in the history of West Virginia ever to serve in both chambers of his State Legislature and both Houses of the U.S. Congress; obtaining the greatest number, the greatest percentage, and the greatest margin of votes cast in statewide, contested elections in his State; being the first U.S. Senator in West Virginia to win a Senate seat without opposition in a general election; and having served longer in the U.S. Senate than anyone else in West Virginia history.

Mr. Speaker, these are remarkable achievements for one man, and we honor Senator BYRD for them.

His greatest feat, in my estimation, is that he has brought dignity and civility to the U.S. Senate every day of his life, throughout his tenure there.

Senator ROBERT C. BYRD is a gentle but firm leader, who has the ability to share, in his writing and vocally, his deep and abiding reverence for the Senate as an institution. He constantly lectures, through his weekly history lessons, on the importance of knowing and observing, and above all else, respecting, the traditions of the Senate, its rules of engagement and the parliamentary procedures that govern it as an institution.

And so it is with great personal honor that I rise on the occasion of his 50th anniversary year of U.S. Senate service, to pay tribute to the well cherished and beloved senior Senator from West Virginia ROBERT C. BYRD, and to wish God’s blessings upon himself personally, and upon the important work he will do in the coming years on behalf of his institution, his countrymen nationwide, and his especial work on behalf of his fellow West Virginians.

SUPPORT FOR H.M.O. PATIENT REFORM

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 9, 1997

Mr. STARK. Mr. Speaker, on Tuesday, January 7, I introduced legislation to provide a comprehensive set of consumer protections for people in managed care plans.

One of my proposals is that Medicare and Medicaid should not start monthly payments—which can amount to somewhere between