

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4060

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

FEBRUARY 14, 2014

Mr. LUETKEMEYER (for himself, Mr. BACHUS, Mr. STIVERS, Mr. DAVID SCOTT of Georgia, Mr. MURPHY of Florida, and Ms. SEWELL of Alabama) 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, 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 ignation Improvement Act of 2014”.

1 **SEC. 2. TABLE OF CONTENTS.**

2 The table of contents for the Dodd-Frank Wall Street  
3 Reform and Consumer Protection Act (12 U.S.C. 5301  
4 et seq.) is amended by striking the item relating to section  
5 113 and inserting the following:

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

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

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

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

16 (1) by amending the heading for such section to  
17 read as follows: “**AUTHORITY TO REQUIRE EN-**  
18 **HANCED SUPERVISION AND REGULATION OF**  
19 **CERTAIN NONBANK FINANCIAL COMPANIES**  
20 **AND CERTAIN BANK HOLDING COMPANIES**”;

21 (2) by redesignating subsections (c), (d), (e),  
22 (f), (g), (h), and (i) as subsections (d), (e), (f), (g),  
23 (h), (i), and (j), respectively;

1           (3) by inserting after subsection (b) the fol-  
2           lowing:

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

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

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

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

2 “(B) the interconnectedness of the bank  
3 holding company;

4 “(C) the extent of readily available sub-  
5 stitutes or financial institution infrastructure  
6 for the services of the bank holding company;

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

9 “(E) the complexity of the bank holding  
10 company.

11 “(3) EXEMPTION FOR CERTAIN BANK HOLDING  
12 COMPANIES.—This subsection shall not apply to a  
13 bank holding company with total consolidated assets  
14 of \$50,000,000,000 or less.”;

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

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

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

22 (5) in subsections (e), (f), (g), (h), (i), and  
23 (j)—

1 (A) by striking “subsections (a) and (b)”  
2 each place such term appears and inserting  
3 “subsections (a), (b), and (c)”;

4 (B) by striking “nonbank financial com-  
5 pany” each place such term appears and insert-  
6 ing “bank holding company for which there has  
7 been a determination under subsection (c) or  
8 nonbank financial company”;

9 (6) in subsection (g), as so redesignated, by  
10 striking “subsection (e)” and inserting “subsection  
11 (f)”;

12 (7) in subsection (h), as so redesignated, by  
13 striking “subsection (a), (b), or (c)” and inserting  
14 “subsection (a), (b), (c), or (d)”;

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

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

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

25 (2) in subsection (a)(2)—

1 (A) in subparagraph (A), by striking “or”  
2 at the end;

3 (B) by striking “the Council may” and all  
4 that follows through “differentiate” and insert-  
5 ing “the Council may differentiate”; and

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

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

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

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

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

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

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

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

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

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

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

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

10 (2) in subsection (a)(2)—

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

12 (B) by striking subparagraph (B);

13 (3) by striking “subsections (a) and (b) of sec-  
14 tion 113” each place such term appears and insert-  
15 ing “subsections (a), (b), and (c) of section 113”;  
16 and

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

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



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

3 (2) in paragraph (2)—

4 (A) in subparagraph (A), by striking “hav-  
5 ing total consolidated assets of  
6 \$50,000,000,000 or more;” and inserting  
7 “which have been the subject of a final deter-  
8 mination under section 113 of the Dodd-Frank  
9 Wall Street Reform and Consumer Protection  
10 Act; and”;

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

12 (C) by redesignating subparagraph (C) as  
13 subparagraph (B).

14 **SEC. 5. EFFECTIVE DATE.**

15 (a) IN GENERAL.—Subject to subsection (b), the  
16 amendments made by this Act shall take effect one year  
17 after the date of enactment of this Act.

18 (b) PRESUMPTION OF DETERMINATION.—Notwith-  
19 standing subsection (a), with respect to a bank holding  
20 company that has been identified by the Financial Sta-  
21 bility Board as a Global Systemically Important Financial  
22 Institution, the Financial Stability Oversight Council may,  
23 upon enactment of this Act, begin proceedings for a deter-  
24 mination under section 113(e) of the Dodd-Frank Wall  
25 Street Reform and Consumer Protection Act, as added by

1 section 3(b)(3), but the Council may not make a final de-  
2 termination under such section 113(c) with respect to a  
3 bank holding company before the effective date described  
4 under subsection (a).

○