

HR 3968

To amend the Bank Holding Company Act of 1956 to require the Board of Governors of the Federal Reserve System to take prompt corrective action to resolve problems of bank holding companies.

Congress: 111 (2009–2011, Ended)

Chamber: House

Policy Area: Finance and Financial Sector

Introduced: Oct 29, 2009

Current Status: Referred to the House Committee on Financial Services.

Latest Action: Referred to the House Committee on Financial Services. (Oct 29, 2009)

Official Text: <https://www.congress.gov/bill/111th-congress/house-bill/3968>

Sponsor

Name: Rep. Ellison, Keith [D-MN-5]

Party: Democratic • **State:** MN • **Chamber:** House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

| Committee | Chamber | Activity | Date |
|------------------------------|---------|-------------|--------------|
| Financial Services Committee | House | Referred To | Oct 29, 2009 |

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

Amends the Bank Holding Company Act of 1956 to instruct the Board of Governors of the Federal Reserve System to: (1) take prompt corrective action to resolve the problems of a bank holding company; (2) prescribe capital standards for bank holding companies, including a leverage limit and a risk-based capital requirement; (3) specify for each relevant capital measure the levels at which a bank holding company is well capitalized, undercapitalized, and significantly undercapitalized; and (4) specify the ratio of tangible equity to total assets at which a bank holding company is critically undercapitalized.

Prohibits a bank holding company, except under certain conditions, from making a capital distribution if it would be undercapitalized after making the distribution.

Requires the Board to monitor the condition and compliance of any undercapitalized bank holding company regarding its capital restoration plans, restrictions, and requirements.

Requires an undercapitalized bank holding company to submit an acceptable capital restoration plan to the Board.

Prohibits such a company from obtaining acquisitions and new lines of business without prior Board approval.

Sets forth mandatory Board actions with respect to undercapitalized bank holding companies that fail to submit or implement capital restoration plans, including: (1) requiring recapitalization; (2) restricting asset growth and transactions with affiliates; (3) requiring dismissal of directors or senior executive officers; (4) ordering a new election of the board of directors; and (5) requiring divestiture of affiliates.

Requires prior written Board approval for senior executive compensation that exceeds the officer's average rate of compensation during a specified period preceding the undercapitalization of the bank holding company.

Specifies additional discretionary measures following Board determination that a bank holding company is either in an unsafe or unsound condition, or engaging in an unsafe or unsound practice.

Requires a petition in bankruptcy for a critically undercapitalized bank holding company.

Actions Timeline

- **Oct 29, 2009:** Introduced in House
- **Oct 29, 2009:** Referred to the House Committee on Financial Services.