

S 3538

Close the Shadow Banking Loophole Act

Congress: 118 (2023–2025, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Dec 14, 2023

Current Status: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

Latest Action: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Dec 14, 2023)

Official Text: <https://www.congress.gov/bill/118th-congress/senate-bill/3538>

Sponsor

Name: Sen. Brown, Sherrod [D-OH]

Party: Democratic • State: OH • Chamber: Senate

Cosponsors (5 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Braun, Mike [R-IN]	R · IN		Dec 14, 2023
Sen. Casey, Robert P., Jr. [D-PA]	D · PA		Dec 14, 2023
Sen. Kennedy, John [R-LA]	R · LA		Dec 14, 2023
Sen. Van Hollen, Chris [D-MD]	D · MD		Dec 14, 2023
Sen. Wicker, Roger F. [R-MS]	R · MS		Dec 14, 2023

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Dec 14, 2023

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

Close the Shadow Banking Loophole Act

This bill provides for the federal regulation and supervision of industrial banks, also known as industrial loan companies (ILCs), and their parent companies. ILCs are state-chartered institutions owned by nonfinancial businesses (parent companies) that provide several services similar to banks, such as originating loans and processing payments. Under current law, the parent companies are not subject to federal banking supervision, however, the Federal Deposit Insurance Corporation (FDIC) may grant deposit insurance to these institutions.

Under the bill, certain pending ILC deposit insurance applications must receive votes from two-thirds of the FDIC board to be approved. The bill also sets a deadline for FDIC to consider pending applications. If FDIC does not approve an application before this deadline, the application is deemed to have been denied.

Actions Timeline

- **Dec 14, 2023:** Introduced in Senate
- **Dec 14, 2023:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.