

AMENDMENT TO COMMITTEE PRINT

OFFERED BY MR. FOSTER OF ILLINOIS

Page 71, insert after line 7 the following new section
(and redesignate the succeeding sections accordingly):

SEC. 1111. STUDY OF THE EFFECTS OF SIZE AND COMPLEXITY OF FINANCIAL INSTITUTIONS ON CAPITAL MARKET EFFICIENCY AND ECONOMIC GROWTH.

(a) **STUDY REQUIRED.** – The Chairman of the Financial Services Oversight Council shall carry out a study the economic impact of possible financial services regulatory limitations intended to reduce systemic risk. Such study shall estimate the effect on the efficiency of capital markets, costs imposed on the financial sector, and on national economic growth, of –

(1) Explicit or implicit limits on the maximum size of banks, bank holding companies, and other large financial institutions;

(2) Limits on the organizational complexity and diversification of large financial institutions;

(3) Requirements for operational separation between business units of large financial institutions in order to expedite resolution in case of failure;

(4) Limits on risk transfer between business units of large financial institutions;

(5) Requirements to carry contingent capital or similar mechanisms;

(6) Limits on co-mingling of commercial and financial activities by large financial institutions;

(7) Segregation requirements between traditional financial activities and trading or other high-risk operations in large financial institutions;

(8) Other limitations on the activities or structure of large financial institutions that may be useful to limit systemic risk;

The study shall include recommendations for the optimal structure of any limits considered in subsections (1)-(5) in order to maximize their effectiveness and minimize their economic impact.

(b) **REPORT.** – Not later than the end of the 180-day period beginning on the date of the enactment of this Act, the Chairman shall issue a report to the Congress containing any findings and determinations made in carrying out the study required under subsection (a).