

**HIMES001**

**AMENDMENT TO COMMITTEE PRINT  
OFFERED BY MR. HIMES OF CONNECTICUT**

Page 144, strike lines 7 through 21 and insert the following:

1                   “(i) establish and register a section 6  
2                   holding company pursuant to section 6 of  
3                   this Act within 180 days after the adoption  
4                   of rules required by this section, unless the  
5                   Board grants an extension for such estab-  
6                   lishment and registration, which shall not  
7                   exceed 180 additional days; and  
8                   “(ii) conduct such activities which are  
9                   permissible for a financial holding com-  
10                  pany, as determined under section 4(k),  
11                  through such section 6 holding company,  
12                  other than internal financial activities con-  
13                  ducted for such company or any affiliate,  
14                  including, but not limited to internal treas-  
15                  ury, investment, and employee benefit  
16                  functions, provided that with respect to  
17                  any internal financial activity engaged in  
18                  for the company or an affiliate and a non-  
19                  affiliate during the year prior to date of

1 enactment, the company (or an affiliate  
2 not a subsidiary of the section 6 company)  
3 may continue to engage in that activity so  
4 long as at least two-thirds of the assets or  
5 two-thirds of the revenues of generated  
6 from the activity are from or attributable  
7 to the company or an affiliate, subject to  
8 review by the Board to determine whether  
9 engaging in such activity presents undue  
10 risk to the section 6 company or undue  
11 systemic risk.”; and

Page 147, strike lines 17 through 24 and insert the following:

12 “(1) establish and register a section 6  
13 holding company pursuant to section 6 of  
14 this Act within 180 days after adoption of  
15 rules required by this section, unless the  
16 Board grants an extension of such period  
17 for compliance which shall not exceed 180  
18 additional days; and”.

Page 148, strike lines 5 through 12 and insert the following:

19 “(B) such company directly or indirectly  
20 (including through the section 6 holding com-

1           pany it must form pursuant to this subsection  
2           and section 6 of this Act) acquires control of an  
3           additional bank or insured depository institu-  
4           tion after June 30, 2009, provided that such  
5           company directly or indirectly (including  
6           through the section 6 holding company) may  
7           acquire—”.

Page 149, after line 19, insert the following:

8                   “(viii) shares or assets acquired di-  
9                   rectly or indirectly by a depository institu-  
10                  tion controlled by such company in a  
11                  transaction involving an insured depository  
12                  institution for which the FDIC has been  
13                  appointed as receiver or which has been  
14                  found to be in danger of default (as de-  
15                  fined in section 3 of the Federal Deposit  
16                  Insurance Act) by the appropriate Federal  
17                  or State authority;

18                  “(ix) shares or assets of another in-  
19                  dustrial loan company meeting the require-  
20                  ments of this Act if such company continu-  
21                  ously controlled an industrial loan com-  
22                  pany since the date of enactment of the Fi-  
23                  nancial Stability Improvement Act of  
24                  2009; and

1           “(x) shares or assets of a savings as-  
2           sociation acquired directly or indirectly by  
3           the savings association controlled by such  
4           company if such company continuously  
5           controlled a savings association since the  
6           date of enactment of the Financial Sta-  
7           bility Improvement Act of 2009;”.

Page 156, strike lines 1 through 17 and insert the  
following:

8           “(2) PURPOSE.—  
9           “(A) The purpose of this section is to pro-  
10          vide for consolidated supervision of certain fi-  
11          nancial companies by the Board.  
12          “(B) A company that is required to form  
13          a section 6 holding company shall conduct such  
14          activities which are permissible for a financial  
15          holding company, as determined under section  
16          4(k), through such section 6 holding company,  
17          other than internal financial activities con-  
18          ducted for such company or any affiliate, in-  
19          cluding, but not limited to internal treasury, in-  
20          vestment, and employee benefit functions, pro-  
21          vided that with respect to any internal financial  
22          activity engaged in for the company or an affil-  
23          iate and a nonaffiliate during the year prior to

1 date of enactment, the company (or an affiliate  
2 not a subsidiary of the section 6 company) may  
3 continue to engage in that activity so long as at  
4 least two-thirds of the assets or two-thirds of  
5 the revenues of generated from the activity are  
6 from or attributable to the company or an affil-  
7 iate, subject to review by the Board to deter-  
8 mine whether engaging in such activity presents  
9 undue risk to the section 6 company or undue  
10 systemic risk.

11 “(C) A section 6 holding company shall be  
12 prohibited from conducting any nonbanking ac-  
13 tivities or investing in any nonbank companies  
14 other than those permissible for a financial  
15 holding company under sections 3 and 4, unless  
16 the Board specifically determines otherwise in  
17 accordance with paragraph (6), and provided  
18 that, for purposes of this paragraph, a company  
19 designated as a section 6 holding company  
20 under paragraph (4) (or any permitted suc-  
21 cessor) is not prohibited from continuing to en-  
22 gage in any impermissible activity in which it  
23 was engaged continuously during the 6 months  
24 prior to the date of enactment, from owning  
25 any shares or types of assets related to such ac-

1           tivity, or continuing to own such other shares  
2           or assets that it owned on the date of enact-  
3           ment.”.

Page 159, strike line 4 and all that follows through  
page 160, line 20, and insert the following:

4           “(6) BOARD AUTHORITY.—

5           “(A) RULES AND EXEMPTIONS.—In addi-  
6           tion to any other authority of the Board, the  
7           Board shall prescribe rules and regulations or  
8           issue orders providing for the establishment and  
9           registration of section 6 holding companies and  
10          shall provide exemptions from the requirements  
11          of this title (including an order in response to  
12          a request from an affected company), including,  
13          but not limited to, exemptions—

14                 “(i) with respect to the requirement to  
15                 conduct such activities which are financial  
16                 in nature, as determined under section  
17                 4(k), other than financial activities con-  
18                 ducted for such company or any affiliate,  
19                 including any financial activity engaged in  
20                 for both the company or an affiliate and a  
21                 nonaffiliate as permitted under section  
22                 4(f)(2)(D) or section 6(a)(2)(B), through  
23                 such section 6 holding company, if the

1 Board makes a finding that such exemp-  
2 tion—

3 “(I)(aa) would facilitate the ex-  
4 tension of credit to individuals, house-  
5 holds, and businesses; or

6 “(bb) would allow for greater ef-  
7 ficiency, improved customer service, or  
8 other public benefits in the conduct of  
9 financial activities by affected compa-  
10 nies;

11 “(II) would not threaten the  
12 safety and soundness of the section 6  
13 holding company, or of any insured  
14 depository institution or other sub-  
15 sidiary of the section 6 holding com-  
16 pany;

17 “(III) would not increase sys-  
18 temic risk or threaten the stability of  
19 the overall financial system;

20 “(IV) would not, as applied to  
21 the activities that are the subject of  
22 the rule, order or request, result in  
23 substantially lessening competition, or  
24 to tend to create a monopoly, or which  
25 in any other manner would be in re-

1           strait of trade, unless the Board  
2           finds that the anticompetitive effects  
3           are outweighed in the public interest  
4           by the probable effect of the exemp-  
5           tion in meeting the convenience and  
6           needs of the community to be served.;  
7           and

8                       “(V) would meet the financial  
9                       and managerial standards for finan-  
10                      cial holding companies described in  
11                      section 4(j)(4)(A) & (B) of this Act;  
12                      and

13                     “(ii) from the affiliate transaction re-  
14                     quirements of subsection (b), including but  
15                     not limited to exemptions that would facili-  
16                     tate extensions of credit to unaffiliated  
17                     persons for the personal, household, or  
18                     business purposes of such unaffiliated per-  
19                     sons, unless the Board makes a finding  
20                     that such exemption—

21                     “(I) is not consistent with the  
22                     purposes of section 23A and section  
23                     23B of the Federal Reserve Act;

24                     “(II) would threaten the safety  
25                     and soundness of the section 6 hold-



1           ing company, or any insured deposi-  
2           tory institution or other subsidiary of  
3           the section 6 holding company;

4                   “(III) would increase systemic  
5           risk or threaten the stability of the  
6           overall financial system;

7                   “(IV) would not, as applied to  
8           the activities that are the subject of  
9           the rule, order or request result in  
10          substantially lessening competition, or  
11          to tend to create a monopoly, or which  
12          in any other manner would be in re-  
13          straint of trade, unless the Board  
14          finds that the anticompetitive effects  
15          are outweighed in the public interest  
16          by the probable effect of the exemp-  
17          tion in meeting the convenience and  
18          needs of the community to be served;  
19          or

20                   “(V) would permit an unfair, de-  
21          ceptive, abusive, or unsafe-and-un-  
22          sound act or practice.”.

Page 162, strike line 8 and all that follows through  
page 163, line 12, and insert the following:

1       “(b) RESTRICTIONS ON AFFILIATE TRANS-  
2 ACTIONS.—

3       “(1) SECTION 23A AND 23B APPLICABILITY.—

4               “(A) IN GENERAL.—Transactions between  
5 a section 6 holding company (or any nonbank  
6 subsidiary thereof) and any affiliate not con-  
7 trolled by the section 6 holding company shall  
8 be subject to the restrictions and limitations  
9 contained in section 23A and section 23B of the  
10 Federal Reserve Act as if the section 6 holding  
11 company were a member bank; provided, that a  
12 transaction that otherwise would be a covered  
13 transaction shall not be a covered transaction if  
14 the transaction is in connection with the bona  
15 fide acquisition or lease by an unaffiliated per-  
16 son of assets, goods or services but shall be sub-  
17 ject to review under section 23A(f)(1).

18               “(B) COVERED TRANSACTIONS.—A deposi-  
19 tory institution controlled by a section 6 holding  
20 company may not engage in a covered trans-  
21 action (as defined in section 23A(b)(7) of the  
22 Federal Reserve Act) with any affiliate that is  
23 not the section 6 holding company or a sub-  
24 sidiary of the section 6 holding company; pro-  
25 vided that, for purposes of the prohibition, a

1 transaction that otherwise would be a covered  
2 transaction shall not be a covered transaction if  
3 the transaction is in connection with the bona  
4 fide acquisition or lease by an unaffiliated per-  
5 son of assets, goods or services, but shall be  
6 subject to review under section 23A(f)(1).”.

Page 164, strike line 13 and all that follows through  
page 165, line 13 (and redesignate succeeding sub-  
sections accordingly).

Page 166, strike lines 17 through 21 and insert the  
following:

7 “(3) The Board shall issue regulations that re-  
8 quire effective legal and operational separation of  
9 the functions of a section 6 holding company from  
10 its affiliates that are not subsidiaries of such section  
11 6 holding company, provided, however that such  
12 rules shall not require operational separation of in-  
13 ternal functions including, but not limited to, human  
14 resources management, employee benefit plans, and  
15 information technology.”.



