

105TH CONGRESS
1ST SESSION

S. 298

To enhance competition in the financial services sector, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 11, 1997

Mr. D'AMATO (for himself, Mr. GRAMS, Mr. GRAMM, and Mr. BENNETT) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To enhance competition in the financial services sector, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Depository Institution Affiliation Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purposes.

TITLE I—CREATION AND CONTROL OF FINANCIAL SERVICES
HOLDING COMPANIES

- Sec. 101. Definitions.
 Sec. 102. Amendments to the Bank Holding Company Act of 1956.
 Sec. 103. Amendments to the Federal Reserve Act.
 Sec. 104. Amendments to the Banking Act of 1933.
 Sec. 105. Amendments to the Federal Deposit Insurance Act.
 Sec. 106. Amendments to the Securities Exchange Act of 1934.
 Sec. 107. Amendment to the Home Owners' Loan Act.
 Sec. 108. Amendments to the Community Reinvestment Act.

TITLE II—SUPERVISORY IMPROVEMENTS

- Sec. 201. National Financial Services Committee.

1 SEC. 2. FINDINGS AND PURPOSES.

2 (a) FINDINGS.—The Congress finds that—

3 (1) current laws and regulations restrain effi-
 4 ciency, competition, and innovation in the design
 5 and delivery of financial services to the disadvantage
 6 of consumers;

7 (2) restrictions on ownership of depository insti-
 8 tutions and affiliations with other business organiza-
 9 tions interfere with their ability to attract and retain
 10 capital and managerial resources;

11 (3) the vulnerability of the financial system and
 12 its discrete components is increased and effective
 13 monitoring, supervision, and coordination of actions
 14 during periods of stress is impeded by fragmented
 15 and disparate regulation; and

16 (4) current laws inhibit the ability of domestic
 17 financial markets and intermediaries to respond to
 18 the serious competitive challenges presented by for-
 19 eign intermediaries and the globalization of markets.

1 (b) PURPOSES.—The purposes of this Act are to pro-
2 mote the safety and soundness of the Nation’s financial
3 system, enhance the quality of regulation and supervision
4 of financial intermediaries, and achieve a more efficient
5 market and effective regulatory structure by—

6 (1) establishing an alternative and comprehen-
7 sive legislative framework for the creation and regu-
8 lation of financial services holding companies;

9 (2) increasing the capital adequacy of commer-
10 cial banks, brokers and dealers, and savings and
11 loan associations and other financial companies by
12 eliminating restrictions on common ownership and
13 affiliation within a financial services holding com-
14 pany;

15 (3) permitting affiliates to engage in any activ-
16 ity subject to functional and equal regulation by the
17 appropriate Federal or State regulator;

18 (4) insulating and protecting insured depository
19 institutions through higher capital requirements, ex-
20 panded restrictions on relationships with affiliates,
21 broader examination and enforcement authority and
22 increased civil and criminal penalties;

23 (5) permitting the efficient marketing and dis-
24 tribution of financial services to consumers subject

1 to safeguards against coercive tie-ins and other un-
 2 fair and abusive practices; and

3 (6) establishing the National Financial Services
 4 Committee to oversee the evolution and supervision
 5 of the financial services industry and to report to the
 6 Congress.

7 **TITLE I—CREATION AND CON-**
 8 **TROL OF FINANCIAL SERV-**
 9 **ICES HOLDING COMPANIES**

10 **SEC. 101. DEFINITIONS.**

11 (a) DEFINITIONS.—For purposes of this Act—

12 (1) the term “financial services holding com-
 13 pany” means a company that—

14 (A) has filed with the National Financial
 15 Services Committee, established under section
 16 201, a notice stating such company’s intent to
 17 comply with the requirements of this Act and
 18 has not withdrawn such notice; and

19 (B) controls an insured depository institu-
 20 tion, or either—

21 (i) has, within the preceding 12
 22 months, filed a notice under subsection (b)
 23 to acquire control of an insured depository

1 institution, a bank holding company, a sav-
2 ings and loan holding company, or a finan-
3 cial services holding company, which notice
4 has not been disapproved; or

5 (ii) controls a depository institution
6 which has, within the preceding 12
7 months, filed an application for deposit in-
8 surance under section 5 of the Federal De-
9 posit Insurance Act which has not been
10 disapproved,

11 except that the filing of the notice described in
12 subparagraph (A) by a bank holding company
13 that does not control any bank, as defined in
14 section 2(c) of the Bank Holding Company Act
15 of 1956, that is not an insured depository insti-
16 tution, other than a bank that has filed an ap-
17 plication for deposit insurance under section 5
18 of the Federal Deposit Insurance Act, that has
19 not been disapproved, shall result in immediate
20 termination of the status of such company as a
21 bank holding company, and the filing of the no-
22 tice described in subparagraph (A) by a savings
23 and loan holding company shall result in the
24 immediate termination of the status of such

1 company as a savings and loan holding com-
2 pany, except that, upon denial of any such ap-
3 plication for deposit insurance filed by a bank
4 that is controlled by a company, the status of
5 which as a bank holding company is terminated
6 under this subparagraph, such company shall
7 resume its status as a bank holding company;

8 (2) the term “bank holding company” has the
9 same meaning as in section 2(a) of the Bank Hold-
10 ing Company Act of 1956;

11 (3) the term “savings and loan holding com-
12 pany” has the same meaning as in section 10(a) of
13 the Home Owners’ Loan Act;

14 (4) except as provided in subsection (f)(5), the
15 term “affiliate” of a company means any other com-
16 pany which controls, is controlled by, or is under
17 common control with such company;

18 (5) the term “appropriate Federal banking
19 agency” has the same meaning as in section 3 of the
20 Federal Deposit Insurance Act;

21 (6) the terms “depository institution” and “in-
22 sured depository institution” have the same mean-
23 ings as in section 3 of the Federal Deposit Insur-
24 ance Act;

1 (7) the term “State” has the same meaning as
2 in section 3 of the Federal Deposit Insurance Act;

3 (8) the term “company” means any corpora-
4 tion, partnership, business trust, association, or
5 similar organization, or any other trust unless by its
6 terms it must terminate within 25 years or not later
7 than 21 years and 10 months after the death of in-
8 dividuals living on the effective date of the trust, but
9 shall not include any corporation the majority of the
10 shares of which are owned by the United States or
11 by any State;

12 (9) the term “control” means the power, di-
13 rectly or indirectly, to direct the management or
14 policies of a company, or to vote 25 percent or more
15 of any class of voting securities of a company, except
16 that—

17 (A) no company shall be deemed to control
18 or to have acquired control of any other com-
19 pany by virtue of its ownership of the voting se-
20 curities of such other company—

21 (i) acquired or held in an agency,
22 trust, or other fiduciary capacity;

23 (ii) acquired or held in connection
24 with or incidental to—

1 (I) the underwriting of securities
 2 if such securities are held only for
 3 such period of time as will permit the
 4 sale thereof on a reasonable basis; or

5 (II) market making, dealing,
 6 trading, brokerage, or other securities-
 7 related activities, and not with a view
 8 to acquiring, exercising, or transfer-
 9 ring any control over the management
 10 or policies of such company; or

11 (iii) acquired in securing or collecting
 12 a debt previously contracted in good faith,
 13 until 2 years after the date of acquisition
 14 or for such additional period of time as the
 15 appropriate Federal banking agency may
 16 permit; and

17 (B) no company formed for the sole pur-
 18 pose of participating in a proxy solicitation is in
 19 control of a company by virtue of its acquisition
 20 of voting rights with respect to shares of such
 21 company acquired in the course of such solicita-
 22 tion;

23 (10) the term “adequately capitalized”, with re-
 24 spect to an insured depository institution, has the

1 same meaning as in section 38(b)(1) of the Federal
2 Deposit Insurance Act;

3 (11) the term “well capitalized” has the same
4 meaning as in section 38(b)(1) of the Federal De-
5 posit Insurance Act;

6 (12) the term “minimum required capital”,
7 with respect to an insured depository institution,
8 means the amount of capital that is required for the
9 institution to be adequately capitalized; and

10 (13) the term “domestic branch” has the same
11 meaning as in section 3(o) of the Federal Deposit
12 Insurance Act.

13 (b) CHANGES IN CONTROL OF INSURED BANKS AND
14 INSURED INSTITUTIONS.—No financial services holding
15 company acting directly or indirectly, or through or in con-
16 cert with one or more other persons, shall acquire control
17 of an insured depository institution, a bank holding com-
18 pany, a savings and loan holding company, or a financial
19 services holding company not controlled by such company
20 on the date it became a financial services holding com-
21 pany, if such acquisition and control occurs through a pur-
22 chase, assignment, transfer, pledge, or other disposition
23 of voting stock of such insured depository institution, bank
24 holding company, savings and loan holding company, or
25 financial services holding company, unless the financial

1 services holding company has complied with the require-
 2 ments of section 7(j) of the Federal Deposit Insurance
 3 Act. Any failure to comply with the preceding require-
 4 ments shall subject the relevant financial services holding
 5 company to the penalties and other procedures provided
 6 in subsections (i) through (m) of this section, in addition
 7 to otherwise applicable penalties.

8 (c) AFFILIATE TRANSACTIONS.—

9 (1) IN GENERAL.—The appropriate Federal
 10 banking agency may—

11 (A) upon a finding of probable harm that
 12 cannot adequately be prevented by less burden-
 13 some rules and regulations, adopt such rules
 14 and regulations, consistent with the purposes of
 15 this Act, as may be necessary in order to pre-
 16 vent an insured depository institution that is
 17 controlled by a financial services holding com-
 18 pany from engaging in unsafe or unsound prac-
 19 tices that involve the financial services holding
 20 company or any of its affiliates including, with-
 21 out limitation, unsafe or unsound practices that
 22 involve covered transactions, as defined in sec-
 23 tion 23A of the Federal Reserve Act, and any
 24 transactions described in section 23B(a)(2) of
 25 the Federal Reserve Act; and

1 (B) by rule, regulation or order, exempt
2 any insured depository institution that is con-
3 trolled by a financial services holding company
4 or class of such banks or institutions, or any
5 transaction or class of transactions, from any
6 requirement under subparagraph (A), or under
7 section 23A or 23B of the Federal Reserve Act,
8 notwithstanding the provisions of any other law,
9 rule, regulation or order, if the appropriate
10 Federal banking agency deems such an exemp-
11 tion to be reasonable and not inconsistent with
12 the purposes of this Act and in the public inter-
13 est.

14 (2) REGULATORY ACTIVITY.—Any rule or regu-
15 lation adopted pursuant to paragraph (1)(A) shall be
16 adopted in accordance with section 553 of title 5,
17 United States Code, except that the appropriate
18 Federal banking agency shall give interested persons
19 an opportunity for oral presentations of data, views,
20 and arguments, in addition to written submissions.

21 (3) APPLICATION TO PRIOR APPROVED TRANS-
22 ACTIONS.—Any transaction that was approved by a
23 Federal regulatory agency before the date of enact-
24 ment of this Act shall be exempt from any rules or
25 regulations adopted pursuant to paragraph (1)(A).

1 (4) FEDERAL RESERVE ACT TREATMENT.—

2 Subject to paragraph (1)(B), the provisions of sec-
 3 tions 23A and 23B of the Federal Reserve Act shall
 4 be applicable to every insured depository institution
 5 controlled by a financial services holding company in
 6 the same manner and to the extent as if such in-
 7 sured depository institution were a member bank;
 8 and for this purpose, any company which would be
 9 an affiliate of an insured depository institution for
 10 purposes of such sections 23A and 23B if such in-
 11 sured depository institution were a member bank
 12 shall be deemed to be an affiliate of such insured de-
 13 pository institution.

14 (5) LIMITATIONS.—No insured depository insti-
 15 tution that is an affiliate of a financial services hold-
 16 ing company shall, directly or indirectly—

17 (A) extend credit in any manner to a secu-
 18 rities affiliate or a subsidiary thereof;

19 (B) purchase for its own account assets of
 20 a securities affiliate or a subsidiary thereof;

21 (C) issue a guarantee, acceptance, or letter
 22 of credit, including an endorsement or standby
 23 letter of credit, for the benefit of a securities af-
 24 filiate or a subsidiary thereof; or

1 (D) extend credit in any manner to any in-
2 vestment company advised by or the shares of
3 which are distributed by a securities affiliate.

4 (6) EXCEPTION.—Subparagraphs (A) and (B)
5 of paragraph (5) do not apply to any extension of
6 credit by an insured depository institution made to
7 acquire or sell any securities of the United States
8 if—

9 (A) the extension of credit is to be repaid
10 on the same calendar day;

11 (B) the extension of credit is incidental to
12 the clearing of transactions in those securities
13 through that insured depository institution; and

14 (C) both the principal of and the interest
15 on the extension of credit are fully secured by
16 securities of the United States.

17 (7) LIMITATION ON CERTAIN MARKETABILITY
18 ACTIVITIES.—No insured depository institution that
19 is an affiliate of a financial services holding company
20 shall directly or indirectly extend credit, or issue or
21 enter into a standby letter of credit, asset purchase
22 agreement, indemnity, guarantee, insurance, or
23 other facility, for the purpose of enhancing the mar-
24 ketability of a securities issue underwritten or dis-
25 tributed by a securities affiliate.

1 (8) ACTIVITIES DURING SECURITIES DISTRIBUTION.—No insured depository institution that is an
2 affiliate of a financial services holding company shall
3 knowingly extend or arrange for the extension of
4 credit, directly or indirectly, secured by or for the
5 purpose of purchasing any security while, or for 30
6 days after, that security is the subject of a distribu-
7 tion in which a securities affiliate of that insured de-
8 pository institution participates as an underwriter or
9 a member of a selling group.
10

11 (9) EXTENSIONS OF CREDIT FOR PAYMENT OF
12 DIVIDENDS.—No depository institution that is an af-
13 filiate of a financial services holding company shall,
14 directly or indirectly, extend credit to an issuer of
15 securities underwritten by a securities affiliate for
16 the purpose of paying the principal of those securi-
17 ties or interest for dividends on those securities.

18 (10) “SECURITIES AFFILIATE” DEFINED.—For
19 purposes of paragraphs (5) through (9), the term
20 “securities affiliate” means a company that engages
21 in underwriting, distributing, or dealing in securities
22 of any type, except that such term shall not include
23 insurance products deemed to be securities, includ-
24 ing and without limitation variable annuities and
25 variable life insurance.

1 (d) CAPITALIZATION.—

2 (1) IN GENERAL.—Each insured depository in-
3 stitution that is controlled by a financial services
4 holding company shall be well capitalized.

5 (2) ACTIONS BY FEDERAL REGULATORS.—In
6 the event of a finding by the appropriate Federal
7 banking agency that an insured depository institu-
8 tion controlled by a financial services holding com-
9 pany is not well capitalized, the financial services
10 holding company shall—

11 (A) execute an agreement with the appro-
12 priate Federal banking agency within 30 days
13 to return the insured depository institution
14 within a reasonable period of time to being well
15 capitalized; or

16 (B) divest control of the insured bank or
17 insured institution in an orderly manner within
18 180 days, or such additional period of time as
19 the appropriate Federal banking agency may
20 determine is reasonably required in order to ef-
21 fect such divestiture.

22 (3) CAPITAL OF HOLDING COMPANY.—The ap-
23 propriate Federal banking agency may not impose
24 by regulation, order, agreement, or any other means,

1 any requirement pertaining to the capital of a finan-
 2 cial services holding company.

3 (e) INTERSTATE ACQUISITIONS AND ACTIVITIES OF
 4 INSURED DEPOSITORY INSTITUTIONS.—

5 (1) INSURED BANKS.—No financial services
 6 holding company may acquire control of an addi-
 7 tional insured bank (as such term is defined in sec-
 8 tion 2(c) of the Bank Holding Company Act of
 9 1956) if the acquisition could not be approved by the
 10 Board of Governors of the Federal Reserve System
 11 under section 3(d)(1)(B), 3(d)(1)(C), 3(d)(1)(D),
 12 3(d)(2), 3(d)(3), 3(d)(4) or 3(d)(5) of the Bank
 13 Holding Company Act of 1956, were such acquisi-
 14 tion made by a bank holding company, except as
 15 otherwise authorized pursuant to section 13(f) of the
 16 Federal Deposit Insurance Act.

17 (2) TREATMENT OF FINANCIAL SERVICES
 18 HOLDING COMPANIES AND SUBSIDIARIES.—A finan-
 19 cial services holding company shall be treated as a
 20 bank holding company, and any insured depository
 21 institution affiliate of a financial services holding
 22 company shall be treated as a bank subsidiary for
 23 purposes of section 18(r) of the Federal Deposit In-
 24 surance Act.

1 (3) SAVINGS ASSOCIATIONS.—No financial serv-
 2 ices holding company may acquire control of an ad-
 3 ditional savings association if the acquisition would
 4 be in violation of section 10(e)(3) of the Home Own-
 5 ers' Loan Act, were such acquisition made by a sav-
 6 ings and loan holding company, except as otherwise
 7 authorized pursuant to section 13(k) of the Federal
 8 Deposit Insurance Act.

9 (f) DIFFERENTIAL TREATMENT PROHIBITION; LAWS
 10 INCONSISTENT WITH THIS ACT.—

11 (1) IN GENERAL.—Notwithstanding any other
 12 Federal law, no State, and no Federal or State regu-
 13 latory agency, including the appropriate Federal
 14 banking agency, may act by law, rule, regulation,
 15 order, or otherwise if the effect of such action would
 16 be to differentiate insured depository institutions
 17 controlled by financial services holding companies
 18 from any other insured depository institutions in a
 19 manner adverse to insured depository institutions
 20 controlled by financial services holding companies, or
 21 to differentiate financial services holding companies
 22 or their affiliates from bank holding companies or
 23 savings and loan holding companies and their affili-
 24 ates in a manner adverse to financial services hold-
 25 ing companies or their affiliates, except to the extent

1 that the appropriate Federal banking agency may
2 act to implement this Act as authorized herein.

3 (2) APPLICATION OF STATE LAWS.—

4 (A) FINDINGS.—The Congress finds
5 that—

6 (i) certain State laws and regulations
7 have the purpose or effect of preventing in-
8 sured depository institutions from being or
9 becoming affiliated with, companies or per-
10 sons engaged in nonbanking activities;

11 (ii) such laws restrain legitimate com-
12 petition in interstate commerce and deny
13 consumers freedom of choice in selecting
14 financial services;

15 (iii) such restrictions also threaten the
16 long-term safety and soundness of insured
17 depository institutions by denying them ac-
18 cess to capital;

19 (iv) given the preponderant Federal
20 interest in ensuring competition in national
21 markets for financial services and in ensur-
22 ing the safety and soundness of the feder-
23 ally insured banking and thrift industries,
24 it is necessary to preempt such anti-
25 competitive State laws and regulations to

1 the extent necessary to permit the forma-
2 tion and efficient operation of financial
3 services holding companies;

4 (v) there is, however, a legitimate and
5 traditional State interest in ensuring that
6 State banks and other companies are oper-
7 ated in a safe and sound manner to serve
8 the interests of the public and consumers;
9 and

10 (vi) the preemption provided in sub-
11 paragraph (B) is not intended to preempt
12 State laws that concern the regulation, su-
13 pervision, and examination of State char-
14 tered entities, and that are not inconsistent
15 with the purposes of this Act.

16 (B) PREEMPTION.—Any provision of Fed-
17 eral or State law, rule, regulation, or order that
18 is expressed or implied inconsistent with the
19 provisions and purposes of this section is hereby
20 preempted, including, without limitation, State
21 banking, savings and loan, insurance, real es-
22 tate, securities, finance company, retail, or
23 other laws which have the purpose or effect
24 of—

1 (i) preventing or impeding insured de-
2 pository institutions or affiliates, agents,
3 principals, brokers, directors, officers, em-
4 ployees, or other representatives of such
5 institutions or affiliates thereof from being
6 owned or controlled by or from being affili-
7 ated in any way with a financial services
8 holding company or any affiliate thereof as
9 a result of the types of nonbanking activi-
10 ties engaged in directly or indirectly by
11 such company or any affiliate thereof or by
12 any agent, principal, solicitor, broker, di-
13 rector, officer, employee, or other rep-
14 resentative of such company or affiliate
15 thereof; or

16 (ii) preventing insured banks or in-
17 sured institutions or affiliates, agents,
18 principals, brokers, directors, officers, em-
19 ployees, or other representatives of such
20 institutions or affiliates thereof from offer-
21 ing or marketing products or services of
22 their affiliated financial services holding
23 company or any affiliate thereof or from
24 having their products or services offered or

1 marketed by their affiliated financial serv-
 2 ices holding company or any affiliate there-
 3 of, or by any agent, principal, broker, di-
 4 rector, officer, employee, or other rep-
 5 resentative of such company or affiliate
 6 thereof.

7 (3) LAWS AFFECTING COURT ACTIONS.—

8 (A) IN GENERAL.—No State or State regu-
 9 latory agency may act by law, rule, regulation,
 10 or order if the effect of such action would be to
 11 impede or prevent an insured bank or insured
 12 institution that is located in another State from
 13 qualifying to maintain or defend in court any
 14 action which could be maintained or defended
 15 under similar circumstances by a company that
 16 is located in such other State and that is not
 17 an insured depository institution, if the insured
 18 depository institution does not establish or op-
 19 erate in that State a “domestic branch”.

20 (B) EXCEPTION.—Where the maintenance
 21 or defense of a court action referred to in sub-
 22 paragraph (A) by a company that is located in
 23 such other State and that is not an insured de-
 24 pository institution is subject to certain condi-
 25 tions, the maintenance or defense of such an

1 action by an insured depository institution lo-
2 cated in such other State may be subject to
3 those same conditions, if such conditions are
4 applied in a nondiscriminatory manner to fulfill
5 legitimate State objectives and do not have the
6 effect, directly or indirectly, of denying insured
7 depository institutions located in other States
8 the opportunity to maintain or defend such ac-
9 tions.

10 (4) OTHER RESTRICTIONS.—Except for licens-
11 ing, marketing, compensation, employment, or other
12 requirements applied in a nondiscriminatory manner
13 to fulfill legitimate State regulatory objectives which
14 are not inconsistent with the purposes of this Act,
15 no State may, through legislative, administrative, ex-
16 ecutive, or judicial action, impede or prevent a finan-
17 cial services holding company or affiliate thereof
18 from utilizing or compensating any agent (including
19 an affiliated insured depository institution acting in
20 accordance with section 18(r) of the Federal Deposit
21 Insurance Act), solicitor, broker, employee, or other
22 person located in that State and representing in any
23 lawful capacity any insured depository institution or
24 any such financial services holding company or such
25 affiliate thereof, if, where any such person is being

1 utilized or compensated for the performance of ac-
 2 tivities on behalf of an insured depository institu-
 3 tion, such activities do not result in the establish-
 4 ment or operation by the insured depository institu-
 5 tion of a domestic branch at any location other than
 6 the main or branch offices of such depository insti-
 7 tution.

8 (5) DEFINITIONS.—As used in paragraphs (2)
 9 through (4) only—

10 (A) the term “affiliate” means a person
 11 that directly or indirectly controls or is con-
 12 trolled by, or is under common control with the
 13 person specified; and

14 (B) the term “control”, including the
 15 terms “controlled by” and “under common con-
 16 trol with”, means the power, directly or indi-
 17 rectly, to direct the management or policies of
 18 a person and shall be presumed to exist if any
 19 person, directly or indirectly, owns, controls, or
 20 holds with power to vote 10 percent or more of
 21 the voting securities of any other person.

22 (g) SECURITIES, INSURANCE, AND REAL ESTATE AC-
 23 TIVITIES OF INSURED BANKS AND INSURED INSTITU-
 24 TIONS.—

1 (1) IN GENERAL.—No insured depository insti-
2 tution that is an affiliate of a financial services hold-
3 ing company shall directly engage in—

4 (A) dealing in or underwriting securities,
5 or purchasing or selling securities as agent, ex-
6 cept to the extent that such activities are per-
7 formed only with regard to obligations of the
8 United States or would be authorized for a na-
9 tional bank under the first section of the Act of
10 September 28, 1962 (12 U.S.C. 92a);

11 (B) insurance underwriting; or

12 (C) real estate investment or development,
13 except to the extent that such activities are per-
14 formed in relation to the premises of the in-
15 sured depository institution or in connection
16 with securing or collecting a debt previously
17 contracted in good faith, or would be authorized
18 for a national bank under the first section of
19 the Act of September 28, 1962 (12 U.S.C.
20 92a).

21 (2) CONSTRUCTION.—Nothing contained in this
22 subsection shall be construed to prohibit or im-
23 pede—

1 (A) a financial services holding company or
 2 any affiliate of a financial services holding com-
 3 pany other than an insured depository institu-
 4 tion from engaging in any of the activities set
 5 forth in paragraph (1); or

6 (B) any employee of an insured depository
 7 institution that is an affiliate of a financial
 8 services holding company from promoting or
 9 advertising products or services of an affiliate
 10 of such insured depository institution that en-
 11 gages in any of such activities.

12 (3) INSURANCE AND REAL ESTATE ACTIVI-
 13 TIES.—No bank holding company which becomes a
 14 financial services holding company and no financial
 15 services holding company which did not at any time
 16 prior to becoming such a holding company may, di-
 17 rectly or indirectly, engage in insurance agency or
 18 real estate brokerage activities shall commence any
 19 insurance agency or real estate brokerage activities
 20 not permissible for bank holding companies under
 21 section 4(c)(8) of the Bank Holding Company Act
 22 of 1956, unless such activities are conducted
 23 through an existing insurance agency or real estate
 24 brokerage firm, as the case may be, acquired directly

1 or indirectly by such financial services holding com-
 2 pany or through any successor to such insurance
 3 agency or real estate brokerage, and unless such ac-
 4 quired insurance agency or real estate brokerage
 5 firm shall have been actively engaged in such insur-
 6 ance or real estate agency activities during the 2-
 7 year period preceding the date of enactment of this
 8 Act.

9 (4) EXISTING CONTRACTS.—Nothing in this
 10 subsection shall require the breach of any contract
 11 entered into before the date of enactment of this
 12 Act.

13 (h) TYING AND INSIDER LENDING PROVISIONS.—

14 (1) IN GENERAL.—A financial services holding
 15 company shall be treated as a bank holding company
 16 for purposes of section 106 of the Bank Holding
 17 Company Act Amendments of 1970 and section
 18 22(h) of the Federal Reserve Act and any regulation
 19 prescribed under any such section.

20 (2) TREATMENT UNDER BANK HOLDING COM-
 21 PANY ACT.—A financial services holding company
 22 and any of such company's other affiliates shall be
 23 subject to section 106 of the Bank Holding Com-
 24 pany Act Amendments of 1970, in connection with
 25 any transaction involving the products or services of

1 such company or affiliate and those of an insured
2 depository institution affiliate, as if such company or
3 any such company's other affiliates were an insured
4 depository institution and such insured depository
5 institution were a subsidiary of a bank holding com-
6 pany.

7 (3) REGULATORY AUTHORITY.—For purposes
8 of this subsection, the appropriate Federal banking
9 agency shall exercise the authority provided to the
10 Board of Governors of the Federal Reserve System
11 under section 106 of the Bank Holding Company
12 Act Amendments of 1970 and section 22(h) of the
13 Federal Reserve Act.

14 (i) EXAMINATION AND ENFORCEMENT.—

15 (1) APPROPRIATE FEDERAL BANKING AGENCY
16 ACTIONS.—The appropriate Federal banking agency
17 shall enforce the provisions of this section and any
18 regulations adopted under the authority conferred in
19 this section by using its examination and supervisory
20 powers to ensure that each insured depository insti-
21 tution under its supervision is in compliance with
22 the limitations of this section.

23 (2) NO EXTENSION OF INSURANCE COV-
24 ERAGE.—In no instance shall the benefits of Federal
25 deposit insurance coverage applicable to an insured

1 depository institution that is controlled by a finan-
2 cial services holding company be extended to either
3 such financial services holding company or to any
4 other company controlled by such financial services
5 holding company that is not an insured depository
6 institution.

7 (3) AGENCY REVIEW OF RECORDS.—The appro-
8 priate Federal banking agency may examine the
9 books, records and affairs of, or require reports
10 from, any affiliate of an insured depository institu-
11 tion controlled by a financial services holding com-
12 pany in order to ensure compliance with the limita-
13 tions of this section.

14 (4) ENFORCEMENT OF VIOLATIONS.—Whenever
15 it appears to the appropriate Federal banking agen-
16 cy that any financial services holding company is
17 violating, has violated, or is about to violate any pro-
18 vision of this section or any regulation prescribed
19 under this section, such agency may, in its discre-
20 tion, apply to the appropriate district court of the
21 United States or the United States court of any ter-
22 ritory for—

23 (A) a temporary or permanent injunction
24 or restraining order enjoining such financial
25 services holding company from violating this

1 section or any regulation prescribed under this
2 section; or

3 (B) such other equitable relief, including
4 divestiture, as may be necessary to prevent such
5 violation.

6 (5) COURT JURISDICTION.—The district courts
7 of the United States and the United States court in
8 any territory shall have jurisdiction and power to
9 issue any injunction or restraining order or grant
10 any other relief described in paragraph (3). When
11 appropriate, any injunction, order, or other equitable
12 relief granted under this subparagraph shall be
13 granted without requiring the posting of any bond.

14 (6) NOTICE OF VIOLATIONS.—Whenever it ap-
15 pears to a Federal or State official or agency with
16 supervisory or examination authority over any affili-
17 ate of a financial services holding company that such
18 affiliate or such financial services holding company
19 is violating, has violated, or is about to violate any
20 provision of this section or any regulation prescribed
21 under this section, such official or agency shall
22 promptly notify the appropriate Federal regulatory
23 authority in order that the appropriate Federal reg-
24 ulatory authority in consultation with the notifying

1 agency may determine whether action under this
2 subsection is appropriate.

3 (j) DIVESTITURE.—

4 (1) IN GENERAL.—In addition to all of its other
5 regulatory and supervisory powers, if the appro-
6 priate Federal banking agency determines that an
7 insured depository institution under its supervision
8 has engaged in a continuing course of conduct in-
9 volving its financial services holding company or any
10 affiliate of such holding company which has had, or
11 has a significant probability of having, the effect of
12 causing such insured depository institution to be in
13 an unsafe or unsound condition, it may make an ini-
14 tial finding that the financial services holding com-
15 pany should be required to terminate its control of
16 the insured depository institution. If the appropriate
17 Federal banking agency makes such an initial find-
18 ing, it shall within 3 days so notify the financial
19 services holding company controlling the insured de-
20 pository institution and the National Financial Serv-
21 ices Committee. Such notice shall provide a state-
22 ment for the basis of the appropriate Federal bank-
23 ing agency's action.

1 (2) HEARING PROCEDURES.—Not later than 30
2 days after receipt of the notice described in para-
3 graph (1), the financial services holding company re-
4 ceiving such notice may request an agency hearing
5 before the appropriate Federal banking agency. In
6 such hearing, all issues shall be determined pursuant
7 to section 554 of title 5, United States Code. The
8 length of the hearing shall be determined by the ap-
9 propriate Federal banking agency, and such hearing
10 may be before a hearing examiner appointed by such
11 agency. At the conclusion thereof, the appropriate
12 Federal banking agency shall issue a final order, on
13 the basis of the record made at such hearing, affirm-
14 ing or reversing the initial finding of the appropriate
15 Federal banking agency. A company that fails to re-
16 quest an agency hearing under this paragraph shall
17 be deemed to have consented to the issuance of a
18 final order affirming the initial finding without the
19 necessity of the hearing provided for in this para-
20 graph.

21 (3) TERMINATION OF CONTROL.—If such final
22 order affirms the initial finding, the financial serv-
23 ices holding company shall, upon completion of the
24 judicial review, if any, of the appropriate Federal

1 banking agency's final order as provided for in sub-
2 section (m), terminate its control of the insured de-
3 pository institution involved within 1 year.

4 (k) CRIMINAL PENALTIES.—

5 (1) WILLFUL VIOLATIONS.—Any company or
6 insured depository institution which knowingly and
7 willfully violates or knowingly and willfully partici-
8 pates in a violation of any provision of this section,
9 or any rule, regulation, or order issued by an appro-
10 priate Federal banking agency pursuant thereto,
11 shall, upon conviction, be fined for each violation not
12 more than the greater of \$250,000 or an amount
13 equal to $\frac{1}{100}$ of 1 percent of the minimum required
14 capital of the relevant insured depository institution
15 for each day during which the violation continues,
16 except that in no case shall any such amount for any
17 violation or related series of violations exceed 1 per-
18 cent of the minimum required capital of the relevant
19 insured depository institution.

20 (2) ENFORCEMENT AGAINST INDIVIDUALS.—

21 Any officer, director, employee, or agent of any com-
22 pany, insured depository institution, and any other
23 natural person who knowingly and willfully partici-
24 pates in a violation of any provision of this section
25 or any rule, regulation, or order issued pursuant

1 thereto, shall upon conviction be imprisoned not less
 2 than 5 years and fined for each violation not more
 3 than the greater of \$250,000 or double the individ-
 4 ual's annual compensation at the time the violation
 5 occurred.

6 (3) ENFORCEABILITY AGAINST OFFICERS AND
 7 EMPLOYEES.—Every officer, director, employee, and
 8 agent of a financial services holding company or in-
 9 sured depository institution also shall be subject to
 10 the same penalties for false entries in any book, re-
 11 port, or statement of such company or insured de-
 12 pository institution as are applicable to officers, di-
 13 rectors, employees, and agents of member banks for
 14 false entries in any books, reports, or statements of
 15 member banks under section 1005 of title 18, Unit-
 16 ed States Code.

17 (4) ENFORCEABILITY AGAINST HOLDING COM-
 18 PANIES.—A financial services holding company and
 19 its affiliates shall be subject to the provisions of title
 20 18, United States Code, to the same extent as a reg-
 21 istered bank holding company or savings and loan
 22 holding company or any affiliate of such a company.

23 (1) CIVIL ENFORCEMENT, CEASE-AND-DESIST OR-
 24 DERS, CIVIL MONEY PENALTIES, REMOVAL, AND PROHI-
 25 BITION AUTHORITY.—Subsections (b) through (s) and

1 subsection (u) of section 8 of the Federal Deposit Insur-
2 ance Act shall apply to any financial services holding com-
3 pany in the same manner as they apply to an insured de-
4 pository institution. Nothing in subsection (b) or (c) of
5 that section 8 shall authorize any Federal banking agency,
6 other than the appropriate Federal banking agency, to
7 issue a notice of charges or cease-and-desist order against
8 a financial services holding company.

9 (m) CIVIL MONEY PENALTIES.—

10 (1) IN GENERAL.—The appropriate Federal
11 banking agency shall have authority to assess such
12 a civil money penalty, after giving notice and an op-
13 portunity to the company or insured depository insti-
14 tution, officer, director, employee, agent, or other
15 natural person to submit data, views, and argu-
16 ments, and after giving due consideration to the ap-
17 propriateness of the penalty with respect to the size
18 of financial resources and good faith of the com-
19 pany, insured depository institution, or natural per-
20 son charged, the gravity of the violation, the history
21 of previous violations, and any data, views, and ar-
22 guments submitted.

23 (2) COLLECTION OF PENALTIES.—The appro-
24 priate Federal banking agency may, in its discretion,

1 compromise, modify, or remit any civil money pen-
2 alty which is subject to imposition or has been im-
3 posed. The appropriate Federal banking agency may
4 collect such civil money penalty by agreement with
5 the company, insured bank or insured institution, or
6 person, or by bringing an action in the appropriate
7 United States district court, except that in any such
8 action, the company, insured depository institution
9 or person against whom the penalty has been as-
10 sessed shall have a right to trial de novo.

11 (n) JUDICIAL REVIEW.—Any party aggrieved by an
12 appropriate Federal banking agency's findings or other ac-
13 tions under this Act may obtain review by the United
14 States court of appeals of the circuit wherein such party
15 has its principal place of business or the United States
16 Court of Appeals for the District of Columbia Circuit, by
17 filing a Notice of Appeal in such court within 30 days from
18 the date of such action, and simultaneously sending a copy
19 of such notice by registered or certified mail to the appro-
20 priate Federal banking agency. The appropriate Federal
21 banking agency shall promptly certify and file in such
22 court the record upon which such action or finding was
23 based. The actions or findings of the appropriate Federal

1 banking agency shall be set aside if not supported by sub-
 2 stantial evidence or if found to violate procedures estab-
 3 lished by this Act. An initial finding by the appropriate
 4 Federal banking agency under subsection (j) shall be sub-
 5 ject to judicial review only in the context of review of a
 6 final order under paragraph (2) of subsection (j).

7 **SEC. 102. AMENDMENTS TO THE BANK HOLDING COMPANY**
 8 **ACT OF 1956.**

9 Section 2(c)(2) of the Bank Holding Company Act
 10 of 1956 (12 U.S.C. 1841(c)(2)) is amended by adding at
 11 the end the following new subparagraph:

12 “(K) An insured bank, as defined in sec-
 13 tion 3 of the Federal Deposit Insurance Act,
 14 that is controlled by no company other than a
 15 financial services holding company, as defined
 16 in section 101 of the Depository Institution Af-
 17 filiation Act.”.

18 **SEC. 103. AMENDMENTS TO THE FEDERAL RESERVE ACT.**

19 Section 23A(a)(2) of the Federal Reserve Act (12
 20 U.S.C. 371c(a)(2)) is amended by adding at the end the
 21 following: “Notwithstanding the foregoing, a loan or ex-
 22 tension of credit shall not be deemed to be made to an
 23 affiliate if—

24 “(A) the member bank approves such loan or
 25 extension of credit in accordance with substantially

1 the same standards and procedures and on substan-
 2 tially the same terms that it applies to similar loans
 3 or extensions of credit the proceeds of which are not
 4 transferred to or for the benefit of an affiliate; and

5 “(B) such loan or extension of credit is not
 6 made for the purposes of evading any of the require-
 7 ments of this section.”.

8 **SEC. 104. AMENDMENTS TO THE BANKING ACT OF 1933.**

9 (a) SECTION 20.—Section 20 of the Banking Act of
 10 1933 (12 U.S.C. 377) is amended by inserting after the
 11 first undesignated paragraph the following:

12 “The provisions of this section shall not apply
 13 to the affiliation of any bank that is an affiliate of
 14 a financial services holding company as defined in
 15 the Depository Institution Affiliation Act with the fi-
 16 nancial services holding company or any other affili-
 17 ate of the financial services holding company.”.

18 (b) SECTION 32.—Section 32 of the Banking Act of
 19 1933 (12 U.S.C. 78) is amended by adding at the end
 20 the following: “The provisions of this section shall not
 21 apply to relationships involving an affiliate of a financial
 22 services holding company, as defined in section 101 of the
 23 Depository Institution Affiliation Act, and either that fi-
 24 nancial services holding company or any other affiliate of
 25 that financial services holding company.”.

1 **SEC. 105. AMENDMENTS TO THE FEDERAL DEPOSIT INSUR-**
 2 **ANCE ACT.**

3 (a) SECTION 7.—Section 7(j) of the Federal Deposit
 4 Insurance Act (12 U.S.C. 1817(j)) is amended—

5 (1) in paragraph (8), by striking subparagraph
 6 (B) and inserting the following:

7 “(B) the term ‘control’ means the power,
 8 directly or indirectly, to direct the management
 9 or policies of a company, or to vote 25 percent
 10 or more of any class of voting securities of a
 11 company, except that no company shall be
 12 deemed to control or to have acquired control of
 13 any other company by virtue of its ownership of
 14 the voting securities of such other company—

15 “(i) acquired or held in an agency,
 16 trust, or other fiduciary capacity;

17 “(ii) acquired or held in connection
 18 with or incidental to—

19 “(I) the underwriting of securi-
 20 ties if such securities are held only for
 21 such period of time as will permit the
 22 sale thereof on a reasonable basis; or

23 “(II) market making, dealing,
 24 trading, brokerage, or other securities-
 25 related activities and not with a view

1 to acquiring, exercising, or transfer-
 2 ring any control over the management
 3 or policies of such company; or

4 “(iii) acquired in securing or collect-
 5 ing a debt previously contracted in good
 6 faith, until 2 years after the date of acqui-
 7 sition, except that no company formed for
 8 the sole purpose of participating in a proxy
 9 solicitation is in control of a company by
 10 virtue of its acquisition of voting rights
 11 with respect to shares of such company ac-
 12 quired in the course of such solicitation.”;
 13 and

14 (2) by adding at the end the following new
 15 paragraph:

16 “(18) DEFINITION.—For purposes of this sub-
 17 section, the term ‘insured depository institution’
 18 shall include—

19 “(A) any ‘bank holding company’, as that
 20 term is defined in section 2 of the Bank Hold-
 21 ing Company Act of 1956, which has control of
 22 any insured bank (as defined in that section 2),
 23 and the appropriate Federal banking agency in
 24 the case of a bank holding company shall be the

1 Board of Governors of the Federal Reserve Sys-
 2 tem;

3 “(B) any ‘savings and loan holding com-
 4 pany’, as that term is defined in section 10 of
 5 the Home Owners’ Loan Act, which has control
 6 of any insured savings association (as defined
 7 in that section 10), and the appropriate Federal
 8 banking agency, in the case of a savings and
 9 loan holding company shall be the Office of
 10 Thrift Supervision; and

11 “(C) any ‘financial services holding com-
 12 pany’, as that term is defined in section
 13 101(a)(1) of the Depository Institution Affili-
 14 ation Act, which has control of any such in-
 15 sured bank, and the appropriate Federal bank-
 16 ing agency in the case of a financial services
 17 holding company shall be the appropriate Fed-
 18 eral banking agency, as defined in section
 19 101(a)(5) of the Depository Institution Affili-
 20 ation Act, of such insured bank, or each such
 21 agency, if more than one, in the case of a finan-
 22 cial services holding company which has control
 23 of more than one such insured bank.”.

24 (b) SECTION 18.—Section 18(j)(1)(A) of the Federal
 25 Deposit Insurance Act (12 U.S.C. 1828(j)(1)(A)) is

1 amended by striking “Sections” and inserting “Subject to
 2 section 101(c)(1)(B) of the Depository Institution Affili-
 3 ation Act, sections”.

4 **SEC. 106. AMENDMENTS TO THE SECURITIES EXCHANGE**
 5 **ACT OF 1934.**

6 (a) REGISTRATION OF BROKERS AND DEALERS.—
 7 Section 15 of the Securities Exchange Act of 1934 (15
 8 U.S.C. 78o) is amended by adding at the end the following
 9 new subsection:

10 “(i) ADHERENCE TO OTHER LAWS.—The Commis-
 11 sion shall not grant registration to any broker or dealer
 12 unless such broker or dealer establishes to the satisfaction
 13 of the Commission that all requirements established by the
 14 Depository Institution Affiliation Act in connection with
 15 the activities of such broker or dealer (including any cap-
 16 ital adequacy requirement) have been met.”.

17 (b) REGULATION OF BROKERS AND DEALERS.—Sec-
 18 tion 15(b)(4) of the Securities Exchange Act of 1934 (15
 19 U.S.C. 78o(b)(4)) is amended—

20 (1) in subparagraph (D), by inserting “the De-
 21 pository Institution Affiliation Act,” after “the Com-
 22 modity Exchange Act,”; and

23 (2) in subparagraph (E), by inserting “the De-
 24 pository Institution Affiliation Act,” after “the Com-
 25 modity Exchange Act,”.

1 **SEC. 107. AMENDMENT TO THE HOME OWNERS' LOAN ACT.**

2 Section 11(a)(1) of the Home Owners' Loan Act (12
3 U.S.C. 1468(a)(1)) is amended by striking “Sections” and
4 inserting “Subject to section 101(c)(1)(B) of the Depository
5 Institution Affiliation Act, sections”.

6 **SEC. 108. AMENDMENT TO THE COMMUNITY REINVEST-**
7 **MENT ACT.**

8 Section 803(3) of the Community Reinvestment Act
9 of 1977 (12 U.S.C. 2902(3)) is amended—

10 (1) by inserting “or notice, as appropriate”
11 after “an application”;

12 (2) in subparagraph (E), by striking “or” at
13 the end;

14 (3) in subparagraph (F), by striking the period
15 at the end and inserting “; or”; and

16 (4) by adding at the end the following new sub-
17 paragraph:

18 “(G) the acquisition of an insured depository
19 institution requiring prior notice under section 101(b) of the Depository Institution Affili-
20 tion Act.”.

21
22 **TITLE II—SUPERVISORY**
23 **IMPROVEMENTS**

24 **SEC. 201. NATIONAL FINANCIAL SERVICES COMMITTEE.**

25 (a) ESTABLISHMENT OF NATIONAL FINANCIAL
26 SERVICES OVERSIGHT COMMITTEE.—There is established

1 a National Financial Services Oversight Committee which
2 shall consist of—

3 (1) the Secretary of the Treasury;

4 (2) the Chairman of the Board of Governors of
5 the Federal Reserve System;

6 (3) the Chairman of the Board of Directors of
7 the Federal Deposit Insurance Corporation;

8 (4) the Director of the Office of Thrift Super-
9 vision;

10 (5) the Comptroller of the Currency;

11 (6) the Secretary of Commerce;

12 (7) the Attorney General;

13 (8) the Chairman of the Securities and Ex-
14 change Commission; and

15 (9) the Chairman of the Commodities Futures
16 Trading Commission.

17 (b) MEMBER AGENCIES.—For purposes of this Act,
18 the agencies or departments headed by members of the
19 committee shall be referred to as “member agencies”.

20 (c) CHAIR.—The chair of the committee shall be the
21 Secretary of the Treasury.

22 (d) COMPENSATION.—Each member of the committee
23 shall serve without additional compensation, but shall be
24 entitled to reasonable expenses incurred in carrying out
25 the official duties as such a member.

1 (e) PUBLIC MEETINGS.—The committee shall hold
2 public meetings at least annually. All meetings of the com-
3 mittee shall be conducted in conformity with the provisions
4 of section 3(a) of the Government in the Sunshine Act
5 (5 U.S.C. 552b). The committee may not take any action
6 unless such action is approved by a vote of two-thirds of
7 the members of the committee.

8 (f) SECRETARIAT.—The Department of the Treasury
9 shall provide the secretariat for the committee and shall
10 assume any expenses arising for execution of the respon-
11 sibilities of the committee.

12 (g) ACCESS TO RECORDS.—For the purpose of carry-
13 ing out this section, the committee shall have access to
14 all books, accounts, records, reports, files, memoranda, pa-
15 pers, things, and property belonging to or in use by any
16 appropriate Federal banking agency.

17 (h) FUNCTIONS OF THE COMMITTEE.—

18 (1) UNIFORM PRINCIPLES AND STANDARDS.—
19 The committee shall, insofar as is practicable, estab-
20 lish uniform principles and standards for the exam-
21 ination and supervision of financial institutions and
22 other providers of financial services, which shall be
23 applied by the member agencies.

1 (2) RECOMMENDATIONS.—The committee shall
2 make recommendations for uniformity in other su-
3 pervisory matters, such as, but not limited to, identi-
4 fying financial institutions and other providers of fi-
5 nancial services in need of special supervisory atten-
6 tion, the adequacy of supervisory tools for determin-
7 ing the impact of affiliate operations on insured de-
8 pository institutions and the ability of the member
9 agencies to discover possible fraud or questionable
10 practices.

11 (3) RECOMMENDATIONS TO CONGRESS.—The
12 committee shall, from time to time, recommend to
13 the Congress additional measures to strengthen the
14 separation between insured depository institutions
15 controlled by depository institutions holding compa-
16 nies from the activities of any of their affiliates in-
17 cluding, the imposition of additional restrictions on
18 interaffiliate transactions and the strict application
19 of Federal deposit insurance coverage only for the
20 benefit of depositors of insured depository institu-
21 tions that are controlled by a financial services hold-
22 ing company.

23 (i) CONSULTATION WITH STATE REGULATORS.—The
24 committee shall consult with the appropriate organizations
25 representing the State regulators of banks, savings and

1 loan associations, savings banks, securities firms, insur-
2 ance companies, and other providers of financial services,
3 and as deemed appropriate, meet with such State regu-
4 lators. The committee shall invite to each public meeting
5 of the committee representatives of such organizations.

6 (j) STUDIES AND RECOMMENDATIONS.—The com-
7 mittee may conduct or authorize studies to carry out the
8 purposes of this Act. On the basis of such studies, the
9 committee may make recommendations to the Congress
10 and member agencies concerning the implementation of
11 this Act and changes in statutes and regulations necessary
12 to promote the strength and stability of the Nation's fi-
13 nancial system and financial institutions, the competitive-
14 ness of providers of financial services in domestic and
15 international markets and the purposes of this Act. Not
16 later than 1 year after the date of enactment of this Act,
17 the committee shall report to the Congress on proposals
18 for legislative or regulatory actions that will improve the
19 examination process to permit better oversight of all in-
20 sured depository institutions. In particular, the committee
21 shall consider whether the number of or compensation for
22 examiners employed by the appropriate Federal regulatory
23 agencies should be increased.

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