

112TH CONGRESS
2D SESSION

S. 3709

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 27, 2012

Referred to the Committee on Financial Services

AN ACT

To require a Government Accountability Office examination of transactions between large financial institutions and the Federal Government, 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,*

1 **SECTION 1. GOVERNMENT ACCOUNTABILITY OFFICE**
2 **STUDY OF TRANSACTIONS BETWEEN LARGE**
3 **FINANCIAL COMPANIES AND THE FEDERAL**
4 **GOVERNMENT.**

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

6 (1) the term “covered institution” means any
7 bank holding company having more than
8 \$500,000,000,000 in consolidated assets; and

9 (2) the term “economic benefit” means the dif-
10 ference between actual loans terms offered, debt or
11 equity prices, or asset values and a reasonable esti-
12 mate of what such terms, prices, or values might
13 have been, as determined by examining actual values
14 of comparable transaction in the private markets or
15 by estimating the values of comparable transactions
16 priced to properly reflect associated risk.

17 (b) GAO STUDY.—The Comptroller General of the
18 United States (in this section referred to as the “Comp-
19 troller”) shall conduct a study of covered institutions, such
20 as—

21 (1) the favorable pricing of the debt of such in-
22 stitutions, relative to their risk profile resulting from
23 the perception that such institutions will receive
24 Government support in the event of any financial
25 stress;

1 (2) any favorable funding or economic treat-
2 ment resulting from an increase in the credit rating
3 for covered institutions, as a result of express, im-
4 plied, or perceived Government support;

5 (3) any economic benefit to covered institutions
6 resulting from the ownership of, or affiliation with,
7 an insured depository institution;

8 (4) any economic benefit resulting from the sta-
9 tus of covered institutions as a bank holding com-
10 pany, including access to Federal deposit insurance
11 and the discount window of the Board of Governors
12 of the Federal Reserve System before the date of en-
13 actment of this Act;

14 (5) any economic benefit received through ex-
15 traordinary Government actions taken, such as—

16 (A) actions by the Department of the
17 Treasury—

18 (i) under the Emergency Economic
19 Stabilization Act, such as—

20 (I) asset purchases by the United
21 States Government;

22 (II) capital injections from the
23 United States Government; or

24 (III) housing programs; or

1 (ii) by the purchase of the mortgage
2 backed securities of the Federal National
3 Mortgage Association and the Federal
4 Home Loan Mortgage Corporation (in this
5 Act referred to as “government-sponsored
6 enterprises”), in order to lower interest
7 rates, and the value of such securities in
8 the absence of such purchases;

9 (B) actions by the Board of Governors of
10 the Federal Reserve System prior to the date of
11 enactment of this Act, such as—

12 (i) providing loans to financial institu-
13 tions through the Term Auction Facility;
14 and

15 (ii) assistance through programs
16 under section 13(3) of the Federal Reserve
17 Act prior to the date of enactment of this
18 Act, such as—

19 (I) lending through the Commer-
20 cial Paper Funding Facility;

21 (II) securities lending to primary
22 dealers through the Primary Dealer
23 Credit Facility and the Term Securi-
24 ties Lending Facility;

1 (III) lending to institutions
2 through the Term Asset-Backed Secu-
3 rities Loan Facility; or

4 (IV) purchasing assets through
5 the Maiden Lane facility; and

6 (C) actions by the Federal Deposit Insur-
7 ance Corporation, such as—

8 (i) guaranteeing debt or deposits
9 through the Temporary Liquidity Guar-
10 antee Program; or

11 (ii) pricing of assessments related to
12 any such guarantees; and

13 (6) any extraordinary assistance provided to
14 American Insurance Group, but ultimately received
15 by one of the covered institutions; and

16 (7) any Government actions that resulted in the
17 payment or nonpayment of credit default swap con-
18 tracts entered into by a covered institution.

19 **SEC. 2. REPORT TO CONGRESS.**

20 Not later than 1 year after the date of enactment
21 of this Act, the Comptroller shall submit a report to Con-
22 gress detailing the findings of the Comptroller in the study
23 conducted under this Act. Such report shall be made elec-
24 tronically available to the public, except that any propri-

1 etary, sensitive, or confidential information shall be re-
2 dacted in any release to the public.

3 **SEC. 3. RULE OF CONSTRUCTION.**

4 Nothing in this Act may be construed to provide au-
5 thority inconsistent with, or to otherwise affect, section
6 714 of title 31 United States Code.

Passed the Senate December 21, 2012.

Attest:

NANCY ERICKSON,

Secretary.