

115TH CONGRESS
1ST SESSION

S. 1647

To require the appropriate Federal banking agencies to treat certain non-significant investments in the capital of unconsolidated financial institutions as qualifying capital instruments, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 27, 2017

Mr. WICKER (for himself, Ms. DUCKWORTH, Mr. COCHRAN, and Ms. BALDWIN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require the appropriate Federal banking agencies to treat certain non-significant investments in the capital of unconsolidated financial institutions as qualifying capital instruments, 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. TREATMENT OF CERTAIN NONSIGNIFICANT IN-**
4 **VESTMENTS IN THE CAPITAL OF UNCONSOLI-**
5 **DATED FINANCIAL INSTITUTIONS.**

6 (a) IN GENERAL.—Section 18 of the Federal Deposit
7 Insurance Act (12 U.S.C. 1828) is amended—

1 (1) by moving subsection (z) so that it appears
 2 after subsection (y); and

3 (2) by adding at the end the following:

4 “(aa) TREATMENT OF NONSIGNIFICANT INVEST-
 5 MENTS IN THE CAPITAL OF UNCONSOLIDATED FINAN-
 6 CIAL INSTITUTIONS.—For purposes of the final rules ti-
 7 tled ‘Regulatory Capital Rules: Regulatory Capital, Imple-
 8 mentation of Basel III, Capital Adequacy, Transition Pro-
 9 visions, Prompt Corrective Action, Standardized Approach
 10 for Risk-weighted Assets, Market Discipline and Disclo-
 11 sure Requirements, Advanced Approaches Risk-Based
 12 Capital Rule, and Market Risk Capital Rule’ (78 Fed.
 13 Reg. 62018; published Oct. 11, 2013, and 79 Fed. Reg.
 14 20754; published April 14, 2014) and any other regulation
 15 which incorporates a definition of the term ‘nonsignificant
 16 investments in the capital of unconsolidated financial in-
 17 stitutions’, the appropriate Federal banking agencies shall
 18 provide that investments in trust preferred securities
 19 (pooled and individual instruments) by a depository insti-
 20 tution with assets of less than \$15,000,000,000 as of July
 21 21, 2010, or a depository institution holding company with
 22 assets of less than \$15,000,000,000 as of July 21, 2010,
 23 shall not be subject to deduction from the regulatory cap-
 24 ital of such depository institution or depository institution
 25 holding company or any depository institution holding

1 company of such an institution, provided such investments
2 were held prior to July 21, 2010.”.

3 (b) AMENDMENT TO BASEL III CAPITAL REGULA-
4 TIONS.—Not later than the end of the 3-month period be-
5 ginning on the date of the enactment of this Act, the Fed-
6 eral Deposit Insurance Corporation, the Board of Gov-
7 ernors of the Federal Reserve System, and the Comp-
8 troller of the Currency shall amend the final rules titled
9 “Regulatory Capital Rules: Regulatory Capital, Implemen-
10 tation of Basel III, Capital Adequacy, Transition Provi-
11 sions, Prompt Corrective Action, Standardized Approach
12 for Risk-weighted Assets, Market Discipline and Disclo-
13 sure Requirements, Advanced Approaches Risk-Based
14 Capital Rule, and Market Risk Capital Rule” (78 Fed.
15 Reg. 62018; published Oct. 11, 2013, and 79 Fed. Reg.
16 20754; published April 14, 2014) to implement the
17 amendments made by this Act.

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