

have to take direct or indirect action with respect to holding companies and their functionally regulated subsidiaries;

shall also limit whatever authority that a Federal banking agency might otherwise have under any statute or regulation to require reports, make examinations, impose capital requirements, or take any other direct or indirect action with respect to any functionally regulated affiliate of a depository institution, subject to the same standards and requirements as are applicable to the Board under those provisions.

(b) Certain exemption authorized

No provision of this section shall be construed as preventing the Corporation, if the Corporation finds it necessary to determine the condition of a depository institution for insurance purposes, from examining an affiliate of any depository institution, pursuant to section 1820(b)(4) of this title, as may be necessary to disclose fully the relationship between the depository institution and the affiliate, and the effect of such relationship on the depository institution.

(c) Definitions

For purposes of this section, the following definitions shall apply:

(1) Functionally regulated subsidiary

The term “functionally regulated subsidiary” has the meaning given the term in section 1844(c)(5) of this title.

(2) Functionally regulated affiliate

The term “functionally regulated affiliate” means, with respect to any depository institution, any affiliate of such depository institution that is—

- (A) not a depository institution holding company; and
- (B) a company described in any clause of section 1844(c)(5)(B) of this title.

(Sept. 21, 1950, ch. 967, §2[45], as added Pub. L. 106-102, title I, §112(b), Nov. 12, 1999, 113 Stat. 1367.)

Editorial Notes

REFERENCES IN TEXT

Section 1848a of this title, referred to in subsec. (a)(3), was repealed by Pub. L. 111-203, title VI, §604(c)(2), July 21, 2010, 124 Stat. 1601.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective 120 days after Nov. 12, 1999, see section 161 of Pub. L. 106-102, set out as an Effective Date of 1999 Amendment note under section 24 of this title.

§ 1831w. Safety and soundness firewalls applicable to financial subsidiaries of banks

(a) In general

An insured State bank may control or hold an interest in a subsidiary that engages in activities as principal that would only be permissible for a national bank to conduct through a financial subsidiary if—

- (1) the State bank and each insured depository institution affiliate of the State bank are

well capitalized (after the capital deduction required by paragraph (2));

(2) the State bank complies with the capital deduction and financial statement disclosure requirements in section 24a(c) of this title;

(3) the State bank complies with the financial and operational safeguards required by section 24a(d) of this title; and

(4) the State bank complies with the amendments to sections 23A and 23B of the Federal Reserve Act [12 U.S.C. 371c and 371c-1] made by section 121(b) of the Gramm-Leach-Bliley Act.

(b) Preservation of existing subsidiaries

Notwithstanding subsection (a), an insured State bank may retain control of a subsidiary, or retain an interest in a subsidiary, that the State bank lawfully controlled or acquired before November 12, 1999, and conduct through such subsidiary any activities lawfully conducted in such subsidiary as of such date.

(c) Definitions

For purposes of this section, the following definitions shall apply:

(1) Subsidiary

The term “subsidiary” means any company that is a subsidiary (as defined in section 1813(w)(4) of this title) of 1 or more insured banks.

(2) Financial subsidiary

The term “financial subsidiary” has the meaning given the term in section 24a(g) of this title.

(d) Preservation of authority

(1) This chapter

No provision of this section shall be construed as superseding the authority of the Federal Deposit Insurance Corporation to review subsidiary activities under section 1831a of this title.

(2) Federal Reserve Act

No provision of this section shall be construed as affecting the applicability of the 20th undesignated paragraph of section 9 of the Federal Reserve Act [12 U.S.C. 335].

(Sept. 21, 1950, ch. 967, §2[46], as added Pub. L. 106-102, title I, §121(d)(1), Nov. 12, 1999, 113 Stat. 1380.)

Editorial Notes

REFERENCES IN TEXT

Section 121(b) of the Gramm-Leach-Bliley Act, referred to in subsec. (a)(4), is section 121(b) of Pub. L. 106-102, title I, Nov. 12, 1999, 113 Stat. 1378, which amended section 371c of this title.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective 120 days after Nov. 12, 1999, see section 161 of Pub. L. 106-102, set out as an Effective Date of 1999 Amendment note under section 24 of this title.

§ 1831x. Insurance customer protections

(a) Regulations required

(1) In general

The Federal banking agencies shall prescribe and publish in final form, before the end of the