

110TH CONGRESS
1ST SESSION

S. 1356

To amend the Federal Deposit Insurance Act to establish industrial bank holding company regulation, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 10, 2007

Mr. BROWN (for himself, Mr. JOHNSON, Mr. ALLARD, and Mr. FEINGOLD) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Federal Deposit Insurance Act to establish industrial bank holding company regulation, 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.**

4 This Act may be cited as the “Industrial Bank Hold-
5 ing Company Act of 2007”.

6 **SEC. 2. INDUSTRIAL BANK HOLDING COMPANY REGULA-**
7 **TION.**

8 (a) DEFINITIONS.—

1 (1) INDUSTRIAL BANK.—Section 3(a) of the
 2 Federal Deposit Insurance Act (12 U.S.C. 1813(a))
 3 is amended by adding at the end the following new
 4 paragraph:

5 “(4) INDUSTRIAL BANK.—The term ‘industrial
 6 bank’ means any insured State bank that is an in-
 7 dustrial bank, industrial loan company, or other in-
 8 stitution that is excluded, pursuant to section
 9 2(c)(2)(H) of the Bank Holding Company Act of
 10 1956, from the definition of the term ‘bank’ for pur-
 11 poses of such Act.”.

12 (2) INDUSTRIAL BANK HOLDING COMPANY.—
 13 Section 3(w) of the Federal Deposit Insurance Act
 14 (12 U.S.C. 1813(w)) is amended by adding at the
 15 end the following new paragraphs:

16 “(8) INDUSTRIAL BANK HOLDING COMPANY.—
 17 The term ‘industrial bank holding company’ means
 18 any company that—

19 “(A) controls (as determined by the Cor-
 20 poration pursuant to section 2(a) of the Bank
 21 Holding Company Act of 1956), directly or in-
 22 directly, any industrial bank; and

23 “(B) is not—

24 “(i) 1 or more of the following: a bank
 25 holding company, a savings and loan hold-

1 ing company, a company that is subject to
 2 the Bank Holding Company Act of 1956
 3 pursuant to section 8(a) of the Inter-
 4 national Banking Act of 1978, or a holding
 5 company regulated by the Securities and
 6 Exchange Commission pursuant to section
 7 240.15c3-1(a)(7) of title 17 of the Code of
 8 Federal Regulations (as in effect on Janu-
 9 ary 29, 2007); or

10 “(ii) controlled by a company de-
 11 scribed in clause (i).

12 “(9) CAPITAL TERMS RELATING TO INDUSTRIAL
 13 BANK HOLDING COMPANIES.—

14 “(A) ADEQUATELY CAPITALIZED.—With
 15 respect to an industrial bank holding company,
 16 the term ‘adequately capitalized’ means a level
 17 of capitalization which meets or exceeds all ap-
 18 plicable Federal regulatory capital standards.

19 “(B) WELL CAPITALIZED.—With respect
 20 to an industrial bank holding company, the
 21 term ‘well capitalized’ means a level of capital-
 22 ization which meets or exceeds the required
 23 capital levels for well capitalized industrial bank
 24 holding companies established by the Corpora-
 25 tion.”.

1 (3) TECHNICAL AND CONFORMING AMEND-
2 MENTS TO OTHER DEFINITIONS.—

3 (A) APPROPRIATE FEDERAL BANKING
4 AGENCY.—Section 3(q)(3) of the Federal De-
5 posit Insurance Act (12 U.S.C. 1813(q)(3)) is
6 amended—

7 (i) by striking “or a foreign” and in-
8 serting “, any foreign”; and

9 (ii) by inserting “, and any industrial
10 bank holding company and any subsidiary
11 of an industrial bank holding company
12 (other than a bank)” after “insured
13 branch”.

14 (B) DEPOSITORY INSTITUTION HOLDING
15 COMPANY.—Section 3(w)(1) of the Federal De-
16 posit Insurance Act (12 U.S.C. 1813(w)(1)) is
17 amended—

18 (i) by striking “or a savings” and in-
19 serting “, any savings”; and

20 (ii) by inserting “, and any industrial
21 bank holding company” before the period
22 at the end.

23 (b) INDUSTRIAL BANK HOLDING COMPANY REG-
24 ISTRATION AND OWNERSHIP.—The Federal Deposit In-

1 surance Act (12 U.S.C. 1811 et seq.) is amended by add-
2 ing at the end the following new section:

3 **“SEC. 51. INDUSTRIAL BANK HOLDING COMPANY REGULA-**
4 **TION.**

5 “(a) ACQUISITION OF INDUSTRIAL BANK SHARES OR
6 ASSETS.—Section 3 of the Bank Holding Company Act
7 of 1956 (other than section 3(c)(3)(B) of that Act) shall
8 apply to any company that is or would become an indus-
9 trial bank holding company in the same manner as such
10 section applies to a company that is or would become a
11 bank holding company, except that for purposes of apply-
12 ing this subsection—

13 “(1) any reference to a ‘bank holding company’
14 in such section 3 shall be deemed to be a reference
15 to an ‘industrial bank holding company’;

16 “(2) any reference to a ‘bank’ in such section
17 3 shall be deemed to be a reference to an ‘industrial
18 bank’;

19 “(3) any reference to the ‘Board’ in such sec-
20 tion 3 shall be deemed to be a reference to the Cor-
21 poration;

22 “(4) any reference to the ‘Bank Holding Com-
23 pany Act Amendments of 1970’ in such section 3
24 shall be deemed to be a reference to the ‘Industrial
25 Bank Holding Company Act of 2007’;

1 “(5) any reference to a ‘home State’ in such
2 section 3 shall be deemed to be a reference to—

3 “(A) with respect to an industrial bank
4 holding company, the State in which the total
5 deposits of all banking subsidiaries of such
6 company were the largest on the later of—

7 “(i) January 28, 2007; or

8 “(ii) the date on which the company
9 becomes an industrial bank holding com-
10 pany under this section; and

11 “(B) with respect to an industrial bank,
12 the home State of the bank as determined
13 under section 44(g);

14 “(6) any reference to a ‘host State’ in such sec-
15 tion 3 shall be deemed to be a reference to—

16 “(A) with respect to an industrial bank
17 holding company, a State, other than the home
18 State of the company, in which the company
19 controls, or seeks to control, an industrial bank
20 subsidiary; and

21 “(B) with respect to an industrial bank,
22 the host State of the bank as determined under
23 section 44(g);

24 “(7) any reference to an ‘out-of-State bank
25 holding company’ in such section 3 shall be deemed

1 to be a reference to, with respect to any State, an
2 industrial bank holding company whose home State
3 is another State; and

4 “(8) any reference to an ‘out-of-State bank’ in
5 such section 3 shall be deemed to be a reference to,
6 with respect to any State, an industrial bank whose
7 home State is another State.

8 “(b) APPLICATION PROCESS.—An application filed
9 under subsection (a) to acquire control of an industrial
10 bank shall be treated as an application for a deposit facil-
11 ity for purposes of this Act and any other Federal law.

12 “(c) REGISTRATION.—

13 “(1) IN GENERAL.—Each industrial bank hold-
14 ing company shall register with the Corporation on
15 forms prescribed by the Corporation before the end
16 of the 180-day period beginning on the later of—

17 “(A) the date the company becomes an in-
18 dustrial bank holding company; or

19 “(B) the date of the enactment of the In-
20 dustrial Bank Holding Company Act of 2007.

21 “(2) INFORMATION TO BE INCLUDED.—Each
22 registration submitted under paragraph (1) shall in-
23 clude such information, under oath, with respect to
24 the financial condition, ownership, operations, man-
25 agement, and intercompany relationships of the in-

1 industrial bank holding company and subsidiaries of
2 such holding company, and other factors (including
3 information described in subsection (d)(1)(C)), as
4 the Corporation may determine to be appropriate to
5 carry out the purposes of this section.

6 “(3) EXTENSION OF TIME FOR SUBMITTING
7 COMPLETE INFORMATION.—Upon application by an
8 industrial bank holding company and subject to such
9 requirements, factors, and evidence as the Corpora-
10 tion may require, the Corporation may extend the
11 period described in paragraph (1) within which such
12 company shall register and file the requisite infor-
13 mation.

14 “(d) REPORTS AND EXAMINATIONS.—

15 “(1) REPORTS.—

16 “(A) REPORTS REQUIRED.—Each indus-
17 trial bank holding company and each subsidiary
18 of an industrial bank holding company, other
19 than an industrial bank, shall file with the Cor-
20 poration such reports as may be required by the
21 Corporation.

22 “(B) FORM AND MANNER.—Reports filed
23 under subparagraph (A) shall be made under
24 oath and shall be in such form and for such pe-
25 riods, as the Corporation may prescribe.

1 “(C) INFORMATION.—Each report filed
2 under subparagraph (A) shall contain such in-
3 formation as the Corporation may require con-
4 cerning—

5 “(i) the operations of the industrial
6 bank holding company and the holding
7 company’s subsidiaries;

8 “(ii) the financial condition of the in-
9 dustrial bank holding company and such
10 subsidiaries, together with information on
11 systems maintained within the holding
12 company or within any such subsidiary for
13 monitoring and controlling financial and
14 operating risks, and transactions with in-
15 sured depository institution subsidiaries of
16 the holding company;

17 “(iii) compliance by the industrial
18 bank holding company and the holding
19 company’s subsidiaries with all applicable
20 Federal and State law; and

21 “(iv) such other information as the
22 Corporation may require.

23 “(D) ACCEPTANCE OF EXISTING RE-
24 PORTS.—For purposes of this paragraph, the
25 Corporation may accept reports that an indus-

1 trial bank holding company or any subsidiary of
2 such company has provided or has been re-
3 quired to provide to any other Federal or State
4 supervisor or to any appropriate self-regulatory
5 organization.

6 “(2) EXAMINATIONS.—

7 “(A) IN GENERAL.—Each industrial bank
8 holding company and each subsidiary of each
9 such holding company (other than an industrial
10 bank) shall be subject to such examinations by
11 the Corporation as the Corporation may pre-
12 scribe for purposes of this section.

13 “(B) FURNISHING REPORTS TO OTHER
14 AGENCIES.—Examination and other reports
15 made or received under this section may be fur-
16 nished by the Corporation to any other appro-
17 priate Federal agency or any appropriate State
18 bank supervisor or other State financial super-
19 visory agency.

20 “(C) USE OF REPORTS FROM OTHER
21 AGENCIES.—The Corporation may use, for the
22 purposes of this subsection, reports of examina-
23 tion made by any other appropriate Federal
24 agency, any appropriate State bank supervisor,
25 or any other State financial supervisory author-

1 ity with respect to any industrial bank holding
2 company or subsidiary of any such holding com-
3 pany, to the extent the Corporation may deter-
4 mine such use to be feasible for such purposes.

5 “(3) CAPITAL.—

6 “(A) IN GENERAL.—The Corporation may
7 not, by regulation, guideline, order, or other-
8 wise, prescribe or impose any capital or capital
9 adequacy rules, guidelines, standards, or re-
10 quirements on any functionally regulated affil-
11 iate (as defined in section 45) of any depository
12 institution that is controlled by an industrial
13 bank holding company that—

14 “(i) is not a depository institution;

15 and

16 “(ii) is—

17 “(I) in compliance with the appli-
18 cable capital requirements of the ap-
19 propriate Federal supervisory agency
20 of the affiliate (including the Securi-
21 ties and Exchange Commission or
22 State insurance authority);

23 “(II) properly registered as an
24 investment adviser under the Invest-

1 ment Advisers Act of 1940, or with
2 any State; or

3 “(III) is licensed as an insurance
4 agent with the appropriate State in-
5 surance authority.

6 “(B) RULE OF CONSTRUCTION.—Subpara-
7 graph (A) shall not be construed as preventing
8 the Corporation from imposing capital or cap-
9 ital adequacy rules, guidelines, standards, or re-
10 quirements with respect to—

11 “(i) activities of a registered invest-
12 ment adviser other than with respect to in-
13 vestment advisory activities or activities in-
14 cidental to investment advisory activities;
15 or

16 “(ii) activities of a licensed insurance
17 agent other than insurance agency activi-
18 ties or activities incidental to insurance
19 agency activities.

20 “(e) ACCESS TO INFORMATION.—

21 “(1) INFORMATION PROVIDED BY CORPORA-
22 TION.—Any confidential supervisory information, in-
23 cluding examination or other reports, pertaining to
24 an industrial bank furnished by the Corporation to
25 any other Federal agency or any appropriate State

1 supervisory agency shall remain confidential unless
2 the Corporation, in writing, otherwise consents.

3 “(2) DEFERENCE TO DEPOSITORY INSTITUTION
4 EXAMINATIONS.—Any appropriate Federal super-
5 visory agency of a holding company of an industrial
6 bank shall, to the fullest extent possible, forego any
7 examination of any depository institution subsidiary
8 of the holding company and use the reports of ex-
9 aminations of the institution made by the appro-
10 priate Federal banking agency and the appropriate
11 State bank supervisor in lieu of a direct examina-
12 tion.

13 “(3) INFORMATION TO BE PROVIDED TO COR-
14 PORATION.—

15 “(A) REQUEST TO AGENCY.—Upon request
16 by the Corporation, an appropriate Federal su-
17 pervisory agency may provide to the Corpora-
18 tion information regarding the condition of an
19 industrial bank, any holding company that con-
20 trols such industrial bank, or any other affiliate
21 of any such holding company that is necessary
22 to assess risk to the industrial bank.

23 “(B) AVAILABILITY FROM HOLDING COM-
24 PANY DIRECTLY.—Notwithstanding section 45,
25 section 115 of the Gramm-Leach-Bliley Act, or

1 any other provision of law (including any regu-
2 lation), if the information requested under sub-
3 paragraph (A) is not provided to the Corpora-
4 tion, and the information is necessary to assess
5 risk to the industrial bank, the Corporation
6 may require the holding company or affiliate re-
7 ferred to in such subparagraph with respect to
8 such bank to provide such information to the
9 Corporation.

10 “(4) EXAMINATIONS BY CORPORATION.—

11 “(A) IN GENERAL.—Subject to subpara-
12 graph (B) and notwithstanding section 45, sec-
13 tion 115 of the Gramm-Leach-Bliley Act, or
14 any other provision of law (including any regu-
15 lation), no law shall be construed as preventing
16 the Corporation from examining an affiliate of
17 an industrial bank pursuant to paragraph (2),
18 (3), or (4) of section 10(b), as may be nec-
19 essary to disclose fully the relationship between
20 the industrial bank and the affiliate, and the ef-
21 fect of such relationship on the industrial bank,
22 if the Corporation finds such examination nec-
23 essary to determine the condition of an indus-
24 trial bank.

1 “(B) FUNCTIONALLY REGULATED AFFILI-
2 ATES.—Before the Corporation may examine
3 any affiliate of an industrial bank that is—

4 “(i) a broker, a dealer, an investment
5 company, or an investment advisor, or

6 “(ii) an entity that is subject to con-
7 solidated supervision by the Securities and
8 Exchange Commission, other than a depos-
9 itory institution,

10 the Corporation shall request the Commission
11 to provide the information that the Corporation
12 is seeking to obtain through examination and
13 may proceed with the examination only if the
14 requested information is not provided by the
15 Commission in a timely manner.

16 “(f) LIMITATION ON CONTROL.—

17 “(1) IN GENERAL.—Except as provided in para-
18 graph (3) or (4), no industrial bank may be con-
19 trolled, directly or indirectly, by a commercial firm.

20 “(2) COMMERCIAL FIRM DEFINED.—For pur-
21 poses of this section, the term ‘commercial firm’
22 means any entity at least 15 percent of the annual
23 gross revenues of which on a consolidated basis, in-
24 cluding all affiliates of the entity, were derived from
25 engaging, on an on-going basis, in activities that are

1 not financial in nature or incidental to a financial
2 activity during at least 3 of the prior 4 calendar
3 quarters, as determined by the Corporation in ac-
4 cordance with regulations which the Corporation
5 shall prescribe.

6 “(3) PRE-2003 EXCLUSIONS.—

7 “(A) GRANDFATHERED INSTITUTIONS.—

8 Paragraph (1) shall not apply with respect to
9 any industrial bank—

10 “(i) which became an insured deposi-
11 tory institution before October 1, 2003, or
12 pursuant to an application for deposit in-
13 surance which was approved by the Cor-
14 poration before such date; and

15 “(ii) with respect to which there is no
16 change in control, directly or indirectly, of
17 the bank after September 30, 2003, that
18 requires a registration under this section
19 or an application under section 7(j) or
20 18(c), section 3 of the Bank Holding Com-
21 pany Act of 1956, or section 10 of the
22 Home Owners’ Loan Act, except a direct
23 or indirect change of control in which—

24 “(I) immediately prior to such
25 change in control neither the ultimate

1 acquiring holding company nor the ul-
2 timate acquired holding company is a
3 commercial firm;

4 “(II) immediately after such
5 change of control the resulting ul-
6 timate holding company is not a com-
7 mercial firm; and

8 “(III) the resulting ultimate
9 holding company is subject to consoli-
10 dated supervision by the Office of
11 Thrift Supervision or a holding com-
12 pany regulated by the Securities and
13 Exchange Commission pursuant to
14 section 240.15c3-1(a)(7) of title 17 of
15 the Code of Federal Regulations (as
16 in effect on January 29, 2007).

17 “(B) CORPORATE REORGANIZATIONS PER-
18 MITTED.—The acquisition of direct or indirect
19 control of the industrial bank referred to in
20 subparagraph (A)(ii) shall not be treated as a
21 ‘change in control’ for purposes of such sub-
22 paragraph if—

23 “(i) the company acquiring control is
24 itself directly or indirectly controlled by a
25 company that was an affiliate of such bank

1 on the date referred to in such subpara-
2 graph, and remains an affiliate at all times
3 after such date; and

4 “(ii) the transaction through which
5 the company acquired control of the indus-
6 trial bank constituted solely a corporate re-
7 organization of a company that controlled
8 the industrial bank on the date referred to
9 in such subparagraph.

10 “(4) PRE-2007 EXCLUSIONS.—

11 “(A) GRANDFATHERED COMMERCIAL
12 FIRMS.—Paragraph (1) shall not apply to any
13 commercial firm—

14 “(i) which became a holding company
15 of an industrial bank by virtue of acquiring
16 control of an industrial bank on or after
17 October 1, 2003, and before January 29,
18 2007;

19 “(ii) which does not acquire control of
20 any other depository institution after Jan-
21 uary 28, 2007;

22 “(iii) with respect to which there is no
23 change in control, directly or indirectly, of
24 any depository institution subsidiary after
25 January 28, 2007, that requires a registra-

1 tion under this section or an application
2 under section 7(j) or 18(c), section 3 of
3 the Bank Holding Company Act of 1956,
4 or section 10 of the Home Owners' Loan
5 Act; and

6 “(iv) each industrial bank subsidiary
7 of which remains in compliance with the
8 limitations contained in subparagraph (B).

9 “(B) ACTIVITY AND BRANCHING LIMITA-
10 TIONS.—An industrial bank subsidiary of a
11 commercial firm described in clauses (i), (ii)
12 and (iii) of subparagraph (A) is in compliance
13 with the requirements of this subparagraph for
14 purposes of subparagraph (A)(iv) so long as the
15 industrial bank—

16 “(i) engages only in activities in which
17 the industrial bank was engaged on Janu-
18 ary 28, 2007; and

19 “(ii) does not acquire, establish, or
20 operate any branch, deposit production of-
21 fice, loan production office, automated tell-
22 er machine, or remote service unit in any
23 State other than the home State of the
24 bank or any host State in which such bank
25 operated branches on January 28, 2007.

1 “(C) CORPORATE REORGANIZATIONS PER-
2 MITTED.—The acquisition of direct or indirect
3 control of a depository institution subsidiary re-
4 ferred to in subparagraph (A)(iii) shall not be
5 treated as a ‘change in control’ for purposes of
6 such subparagraph if—

7 “(i) the company acquiring control is
8 itself directly or indirectly controlled by a
9 company that was an affiliate of such sub-
10 sidiary on the date referred to in such sub-
11 paragraph, and remains an affiliate at all
12 times after such date; and

13 “(ii) the transaction through which
14 the company acquired control of the depos-
15 itory institution constituted solely a cor-
16 porate reorganization of a company that
17 controlled the depository institution on the
18 date referred to in such subparagraph.

19 “(g) PROCEDURES AND TIMING FOR TERMINATION
20 OF ACTIVITIES OR DIVESTITURE.—

21 “(1) TRANSITION PROVISION.—

22 “(A) IN GENERAL.—Any company that
23 fails to comply with the provisions of subsection
24 (f) shall divest its ownership or control of each
25 industrial bank subsidiary of the company not

1 later than the end of the 2-year period begin-
2 ning on the first date that the company ceased
3 to comply with subsection (f).

4 “(B) EXTENSION OF TIME PERIOD.—

5 “(i) IN GENERAL.—Upon application
6 by a holding company that controls an in-
7 dustrial bank, the appropriate Federal su-
8 pervisory agency of such holding company
9 may extend the 2-year period referred to in
10 subparagraph (A) with respect to such
11 company for not more than 1 year if, in
12 such agency’s judgment, such an extension
13 would not be detrimental to the public in-
14 terest.

15 “(ii) FACTORS.—In making any deci-
16 sion to grant an extension under clause (i)
17 to a holding company of an industrial
18 bank, the appropriate Federal supervisory
19 agent of such holding company shall con-
20 sider whether—

21 “(I) the company has made a
22 good faith effort to divest such inter-
23 ests; and

1 “(II) such extension is necessary
2 to avert substantial loss to the com-
3 pany.

4 “(2) CONDITIONS BEFORE DIVESTITURE.—Dur-
5 ing the 2-year period referred to in paragraph
6 (1)(A) with respect to any company and any exten-
7 sion of such period, the appropriate Federal super-
8 visory agency may impose any conditions or restric-
9 tions on the company or any subsidiary of the com-
10 pany (other than a bank), including restricting or
11 prohibiting transactions between the company or
12 subsidiary and any depository institution subsidiary
13 of the company, as are appropriate under the cir-
14 cumstances.

15 “(3) TERMINATION OF ACTIVITIES OR DIVESTI-
16 TURE OF NONBANK SUBSIDIARIES CONSTITUTING
17 SERIOUS RISK.—

18 “(A) IN GENERAL.—Notwithstanding any
19 other provision of this section, the appropriate
20 Federal supervisory agency may, whenever such
21 agency has reasonable cause to believe that the
22 continuation by a holding company of an indus-
23 trial bank of any activity or of ownership or
24 control of any nonbank subsidiary of such hold-
25 ing company, other than a nonbank subsidiary

1 of a depository institution, constitutes a serious
2 risk to the financial safety, soundness, or sta-
3 bility of a depository institution subsidiary of
4 the holding company and is inconsistent with
5 sound banking principles or with the purposes
6 of this section, at the election of the holding
7 company—

8 “(i) order such holding company or
9 any such nonbank subsidiary, after due no-
10 tice and opportunity for hearing, and after
11 considering the views of the appropriate
12 Federal banking agency and, if applicable,
13 appropriate State bank supervisor, to ter-
14 minate such activities or to terminate
15 (within 120 days or such longer period as
16 the appropriate Federal supervisory agency
17 may direct in unusual circumstances) the
18 ownership or control by such holding com-
19 pany or nonbank subsidiary of any such
20 depository institution subsidiary either by
21 sale or by distribution of the shares of the
22 depository institution subsidiary, in accord-
23 ance with subparagraph (B), to the share-
24 holders of the holding company of the in-
25 dustrial bank; or

1 “(ii) order the holding company of the
2 industrial bank, after due notice and op-
3 portunity for hearing, and after consulta-
4 tion with the appropriate State bank su-
5 pervisor for the industrial bank, to termi-
6 nate (within 120 days or such longer pe-
7 riod as the appropriate Federal supervisory
8 agency may direct) the ownership or con-
9 trol of any such industrial bank by such
10 company.

11 “(B) PRO RATA DISTRIBUTION.—Any dis-
12 tribution to shareholders referred to in clause
13 (i) shall be pro rata with respect to all of the
14 shareholders of the distributing company, and
15 such company shall not make any charge to any
16 shareholder in connection with such distribu-
17 tion.

18 “(4) FOREIGN BANK OWNERSHIP.—After Janu-
19 ary 28, 2007, no foreign bank may acquire, directly
20 or indirectly, control of an industrial bank unless the
21 Board of Governors of the Federal Reserve System
22 has determined, by order, in connection with the
23 change in control or acquisition of the industrial
24 bank and after consultation with the Corporation,
25 that the foreign bank is subject to comprehensive su-

1 pervision or regulation on a consolidated basis by
2 the appropriate authorities in the bank's home coun-
3 try in accordance with the standard in section
4 3(c)(3)(B) of the Bank Holding Company Act of
5 1956.

6 “(5) HOLDING COMPANY RESPONSIBILITY.—

7 “(A) SOURCE OF STRENGTH.—Notwith-
8 standing section 45, a holding company of an
9 industrial bank—

10 “(i) shall serve as a source of finan-
11 cial and managerial strength to the sub-
12 sidiary banks of such holding company;
13 and

14 “(ii) shall not conduct the operations
15 of the holding company in an unsafe or un-
16 sound manner.

17 “(B) IMPLEMENTATION.—The appropriate
18 Federal supervisory agency of the holding com-
19 pany of an industrial bank shall implement the
20 requirements under subparagraph (A).

21 “(h) ADMINISTRATIVE PROVISIONS.—

22 “(1) AGENT FOR SERVICE OF PROCESS.—The
23 Corporation may require any industrial bank holding
24 company, or persons connected with such holding
25 company if it is not a corporation, to execute and

1 file a prescribed form of irrevocable appointment of
2 agent for service of process.

3 “(2) RELEASE FROM REGISTRATION.—The Cor-
4 poration may at any time, upon the Corporation’s
5 own motion or upon application, release a registered
6 industrial bank holding company from any registra-
7 tion previously made by such company, if the Cor-
8 poration determines that such company no longer
9 controls any industrial bank.

10 “(i) DEFINITIONS.—For purposes of this section, the
11 following definitions shall apply:

12 “(1) APPROPRIATE FEDERAL SUPERVISORY
13 AGENCY.—The term ‘appropriate Federal super-
14 visory agency’ means, with respect to a company
15 that controls an industrial bank—

16 “(A) the Corporation, in the case of a com-
17 pany that is an industrial bank holding com-
18 pany;

19 “(B) the Board of Governors of the Fed-
20 eral Reserve System, in the case of a company
21 that is a bank holding company or that is sub-
22 ject to the Bank Holding Company Act of 1956
23 pursuant to section 8(a) of the International
24 Banking Act of 1978;

1 “(C) the Office of Thrift Supervision, in
2 the case of a company that is a savings and
3 loan holding company; and

4 “(D) the Securities and Exchange Com-
5 mission, in the case of a company that is regu-
6 lated by the Commission pursuant to section
7 240.15c3-1(a)(7) of title 17 of the Code of
8 Federal Regulations (as in effect on January
9 29, 2007).

10 “(2) RULE OF CONSTRUCTION.—Under the def-
11 inition of the term ‘appropriate Federal supervisory
12 agency’ in paragraph (1), more than 1 agency may
13 be an appropriate Federal supervisory agency with
14 respect to any given company that controls an indus-
15 trial bank.”.

16 (c) ENFORCEMENT.—

17 (1) Section 8(b) of the Federal Deposit Insur-
18 ance Act (12 U.S.C. 1818(b)) is amended by adding
19 at the end the following new paragraph:

20 “(11) INDUSTRIAL BANK HOLDING COMPA-
21 NIES.—This subsection and subsections (c) through
22 (s) and subsection (u) of this section shall apply to
23 any industrial bank holding company, and to any
24 subsidiary (other than a bank) of an industrial bank

1 holding company in the same manner as such sub-
 2 sections apply to State nonmember insured banks.”.

3 (2) Section 8(h)(2) of the Federal Deposit In-
 4 surance Act (12 U.S.C. 1818(h)(2)) is amended by
 5 striking “(2) Any party to” and inserting “(2) Any
 6 party aggrieved by an order of any appropriate Fed-
 7 eral supervisory agency under section 51 or any
 8 party to”.

9 (3) Section 8(i) of the Federal Deposit Insur-
 10 ance Act (12 U.S.C. 1818(i)) is amended by striking
 11 “or 39” each place such term appears and inserting
 12 “, 39, or 51”.

13 (d) PROMPT CORRECTIVE ACTION.—Section
 14 38(f)(2)(H) of the Federal Deposit Insurance Act (12
 15 U.S.C. 1831o(f)(2)(H)) is amended by—

16 (1) by striking “BANK HOLDING COMPANY.—
 17 Prohibiting any bank” and inserting “HOLDING
 18 COMPANY.—

19 “(i) BANK HOLDING COMPANY.—Pro-
 20 hibiting any bank”; and

21 (2) by adding at the end the following new
 22 clause:

23 “(ii) INDUSTRIAL BANK HOLDING
 24 COMPANY.—Prohibiting any industrial
 25 bank holding company having control of

1 the insured depository institution from
2 making any capital distribution without
3 the prior approval of the Corporation.”.

4 (e) TECHNICAL AND CONFORMING AMENDMENTS.—

5 (1) Section 10(e)(2) of the Federal Deposit In-
6 surance Act (12 U.S.C. 1820(e)(2)) is amended by
7 inserting “or section 51” after “subsection (b)(4)”.

8 (2) Section 1101(6) of the Right to Financial
9 Privacy Act of 1978 (12 U.S.C. 3401(6)) is amend-
10 ed—

11 (A) in subparagraph (B), by striking
12 “and” after the semicolon;

13 (B) in subparagraph (C), by inserting
14 “and” after the semicolon; and

15 (C) by inserting after paragraph (C) the
16 following new paragraph:

17 “(D) any industrial bank holding company
18 (as defined in section 3(w)(8) of the Federal
19 Deposit Insurance Act);”.

20 (3) Section 115 of the Gramm-Leach-Bliley Act
21 (12 U.S.C. 1820a) is amended—

22 (A) in subsection (a), by striking “or”
23 after “bank holding company” and inserting “,
24 industrial bank holding company, or”;

25 (B) in subsection (d)—

1 (i) by redesignating paragraphs (5),
2 (6), and (7) as paragraphs (6), (7), and
3 (8), respectively; and

4 (ii) by inserting after paragraph (4)
5 the following new paragraph:

6 “(5) INDUSTRIAL BANK HOLDING COMPANY.—
7 The term ‘industrial bank holding company’ has the
8 same meaning as in section 3(w)(8) of the Federal
9 Deposit Insurance Act.”.

10 (4) Section 304(g)(1) of the Home Mortgage
11 Disclosure Act of 1975 (12 U.S.C. 2803(g)(1)) is
12 amended by inserting “, industrial bank holding
13 company,” after “bank holding company”.

14 **SEC. 3. REGULATIONS.**

15 The Corporation shall prescribe such regulations as
16 the Corporation determines to be appropriate to carry out
17 the amendments made by this Act.

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