TITLE VI: IMPROVEMENTS TO REGULATION OF BANK HOLDING COMPANIES AND DEPOSITORY INSTITUTIONS

- Establishes a three-year moratorium prohibiting the Federal Deposit Insurance Corporation (FDIC) from granting applications for federal deposit insurance for certain depository institutions that are exempt from the definition of "bank" in the Bank Holding Company Act
- Requires the Comptroller General to conduct a study to determine whether the exemptions for institutions from the definition of "bank" in the Bank Holding Company Act are necessary
- Removes the restrictions imposed under the Gramm-Leach-Bliley Act on the authority of the Federal Reserve Board (FRB) to regulate, examine and take enforcement actions against functionally regulated subsidiaries of bank holding companies
- Requires that bank holding companies that are financial holding companies (and therefore may engage in the expanded financial activities) are well-capitalized and well-managed
- Amends Sections 23A and 23B of the Federal Reserve Act to add additional restrictions on transactions with affiliates; authorizes the FRB to take into account a netting agreement in determining the amount of a covered transaction between a bank and an affiliate; and eliminates the provision permitting banks to engage in covered transactions with financial subsidiaries in an amount greater than 10 percent of the bank's capital and surplus
- Amends the national bank lending limit to include any credit exposure to a person arising from a derivative transaction, repurchase agreement, reverse repurchase agreement, securities lending transaction or securities borrowing transaction
- Prohibits a national bank from converting to a state bank or a state savings association during any period in which it is subject to a cease-and-desist order, formal enforcement order, or memorandum of understanding with the Office of the Comptroller of the Currency (OCC) with respect to a "significant supervisory matter"
- Treats as an extension of credit for purposes of Section 22(h) of the Federal Reserve Act any credit exposure to a person arising from a derivative transaction, repurchase agreement, reverse repurchase agreement, securities lending transaction or securities borrowing transaction, and prohibits an insured depository institution from purchasing an asset from, or selling an asset to, an executive officer, director or principal shareholder of the institution unless the transaction is on market terms
- Authorizes the FRB to issue regulations related to the capital requirements of bank holding companies
- Eliminates the investment bank holding company framework adopted under the Exchange Act, and requires "securities holding companies" that are required by a non-US regulator or provision of non-US law to be subject to comprehensive consolidated supervision to register with and be supervised by the FRB; establishes a process for securities holding companies to register with the FRB to become a "supervised securities holding company," and
- Implements the "Volcker rule" by requiring the appropriate federal banking agencies, through joint rulemaking and reflecting recommendations by the Financial Stability Oversight Council (based on a required study by the Council), to prohibit proprietary trading and the sponsorship of or investment in

hedge funds or private equity funds by insured depository institutions, companies that directly or indirectly control such institutions, companies that are treated as bank holding companies under the Bank Holding Company Act, and any subsidiaries thereof

Rulemakings

Federal Reserve Board (FRB)	
July 21, 2011 (1 year after enactment)	**Bill Section**
FRB authorized to issue rules to establish capital requirements for bank holding companies and savings and loan holding companies.	§616
October 21, 2011 (15 months after enactment)	
FRB, FDIC and OCC to jointly issue rules implementing the Volcker rule, reflecting the recommendations of the Financial Stability Oversight Council.	§619
FRB to issue rules (reflecting the Financial Stability Oversight Council's recommendations) establishing additional capital requirements and quantitative limits for nonbank financial companies it supervises that engage in activities covered by the Volcker rule.	§619
FRB to issue rules (reflecting the Financial Stability Oversight Council's recommendations) to implement concentration limit on expansion by large financial firms.	§622
No date given	
FRB authorized to issue rules implementing various amendments to Sections 23A and 23B of Federal Reserve Act, including coverage of credit exposure on derivatives and securities lending and borrowing transactions.	§608
FRB authorized to issue rules to implement amendments to insider lending restriction of Section 22(h) of the Federal Reserve Act, covering credit exposure on derivative transactions, repurchase and reverse repurchase agreements, and securities lending and borrowing transactions.	§614
FRB authorized to issue rules to implement requirement that purchases of assets by a bank from, and sales by a bank to, an insider be on market terms.	§615
FRB to adopt capital adequacy and risk management standards for supervised securities holding companies.	§618

Financial Stability Oversight Council	
January 21, 2011 (6 months after enactment)	**Bill Section**
Council to complete study of the Volcker rule and make recommendations regarding definitions in and modifications of the Volcker rule to FRB, FDIC and OCC.	§619(b)
Council to complete study on effect of concentration limit on acquisitions by large financial companies and make recommendations to FRB for modifications.	§620(e)

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