

[DISCUSSION DRAFT]

117TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To require megabank boards to include directors with current and relevant banking or regulatory experience, to prohibit megabank directors from serving on an excessive number of other company boards, to bar management from serving in key board leadership roles, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

M. \_\_\_\_\_ introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

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**A BILL**

To require megabank boards to include directors with current and relevant banking or regulatory experience, to prohibit megabank directors from serving on an excessive number of other company boards, to bar management from serving in key board leadership roles, 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 “Megabank Board  
5 Standards Act”.

1 **SEC. 2. DEFINITIONS.**

2 For purposes of this Act:

3 (1) **AFFILIATED BANKING ORGANIZATION.**—

4 With respect to a megabank, the term “affiliated  
5 banking organization” means any subsidiary or affil-  
6 iate of the megabank that has an appropriate Fed-  
7 eral banking agency.

8 (2) **MEGABANK.**—

9 (A) **IN GENERAL.**—For purposes of this  
10 Act, the term “megabank” means—

11 (i) a bank holding company that has  
12 been identified by the Board of Governors  
13 of the Federal Reserve System as a global  
14 systemically important bank holding com-  
15 pany pursuant to section 217.402 of title  
16 12, Code of Federal Regulations; and

17 (ii) a global systemically important  
18 foreign banking organization, as defined  
19 under section 252.2 of title 12, Code of  
20 Federal Regulations.

21 (B) **TREATMENT OF EXISTING GSIBS.**—A  
22 company or organization described under clause  
23 (i) or (ii) of subparagraph (A) on the date of  
24 the enactment of this Act shall be deemed a  
25 megabank.

1           (3) OTHER BANKING DEFINITIONS.—The terms  
2           “affiliate”, “appropriate Federal banking agency”,  
3           “depository institution”, “depository institution  
4           holding company”, and “subsidiary” have the mean-  
5           ing given those terms, respectively, under section 3  
6           of the Federal Deposit Insurance Act (12 U.S.C.  
7           1813).

8   **SEC. 3. QUALIFICATIONS FOR DIRECTORS.**

9           (a) IN GENERAL.—Each megabank and affiliated  
10          banking organization shall ensure that the board of direc-  
11          tors of the megabank or organization includes members  
12          with relevant and current banking or regulatory experi-  
13          ence.

14          (b) PENALTIES.—A violation of subsection (a) by any  
15          megabank or affiliated banking organization shall be  
16          deemed an unsafe and unsound practice by such  
17          megabank or organization.

18   **SEC. 4. LIMITATIONS ON OUTSIDE COMMITMENTS OF DI-**  
19                           **RECTORS.**

20          (a) IN GENERAL.—A member of the board of direc-  
21          tors of a megabank or an affiliated banking organization  
22          may not—

23                  (1) serve on the board of more than 3 public  
24                  companies (including such megabank or organiza-  
25                  tion); or

1           (2) serve on the board of more than 2 public  
2           companies (including such megabank or organiza-  
3           tion), if the member—

4                   (A) is an executive of a public company; or

5                   (B) serves as the lead independent mem-  
6           ber, risk committee chair, or audit committee  
7           chair of the board of directors of the megabank  
8           or organization.

9           (b) PROHIBITIONS ON POSITIONS OF EXECUTIVES.—

10   An executive of a megabank or an affiliated banking orga-  
11   nization may not also serve as the lead independent mem-  
12   ber, risk committee chair, or audit committee chair of the  
13   board of directors of such megabank or organization.

14           (c) PENALTIES.—Any individual who violates sub-  
15   section (a) or (b) shall—

16                   (1) be removed from any position as an execu-  
17           tive, employee, or member of the board of directors  
18           of the megabank or affiliated banking organization;  
19           and

20                   (2) be prohibited from taking any position as  
21           an executive, employee, or member of the board of  
22           directors of any depository institution, depository in-  
23           stitution holding company, or subsidiary or affiliate  
24           of a depository institution holding company.

1 **SEC. 5. RULEMAKING.**

2       The appropriate Federal banking agencies shall issue  
3 such rules as may be necessary to carry out this Act.

4 **SEC. 6. EFFECTIVE DATE.**

5       This Act shall apply after the end of the 1-year period  
6 beginning on the date of enactment of this Act.