

[DISCUSSION DRAFT]

117TH CONGRESS
1ST SESSION

H. R. _____

To provide for a 3-year moratorium on approving new industrial loan company deposit insurance applications and change in control requests, to require the Comptroller General of the United States shall carry out a study of the various Federal and State banking charters, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To provide for a 3-year moratorium on approving new industrial loan company deposit insurance applications and change in control requests, to require the Comptroller General of the United States shall carry out a study of the various Federal and State banking charters, 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 “Bank Charter Review
5 Act”.

1 **SEC. 2. MORATORIUM ON APPROVING NEW ILC DEPOSIT IN-**
2 **SURANCE APPLICATIONS.**

3 During the 3-year period beginning on the date of
4 enactment of this Act, the Federal Deposit Insurance Cor-
5 poration may not approve an application for deposit insur-
6 ance under section 5 of the Federal Deposit Insurance Act
7 (12 U.S.C. 1815) for an industrial loan company.

8 **SEC. 3. MORATORIUM ON ILC-RELATED CHANGES OF CON-**
9 **TROL.**

10 (a) IN GENERAL.—Except as provided in subsection
11 (b), during the 3-year period beginning on the date of en-
12 actment of this Act, the appropriate Federal banking
13 agency shall disapprove a change in control, as provided
14 in section 7(j) of the Federal Deposit Insurance Act (12
15 U.S.C. 1817(j)), of an industrial loan company.

16 (b) EXCEPTIONS.—Subsection (a) shall not apply to
17 a change in control of an industrial loan company—

18 (1) that—

19 (A) is in danger of default, as determined
20 by the appropriate Federal banking agency;

21 (B) results from the merger or whole ac-
22 quisition of a commercial firm that directly or
23 indirectly controls the industrial loan company
24 in a bona fide merger with or acquisition by an-
25 other commercial firm, as determined by the
26 appropriate Federal banking agency

1 (C) results from an acquisition of voting
2 shares of a publicly traded company that con-
3 trols an industrial loan company if, after the
4 acquisition, the acquiring shareholder (or group
5 of shareholders acting in concert) holds less
6 than 25 percent of any class of the voting
7 shares of the company; or

8 (D) will be controlled, directly or indi-
9 rectly, by a firm subject to consolidated super-
10 vision by the Board of Governors of the Federal
11 Reserve System as—

12 (i) a bank holding company;

13 (ii) a savings and loan holding com-
14 pany; or

15 (iii) a foreign bank organization treat-
16 ed as of July 1, 2020, as a bank holding
17 company under the International Banking
18 Act (12 U.S.C. 3101 et seq.); and

19 (2) that has obtained all regulatory approvals
20 otherwise required for such change of control under
21 any applicable Federal or State law, including sec-
22 tion 7(j) of the Federal Deposit Insurance Act (12
23 U.S.C. 1817(j)).

1 **SEC. 4. GAO STUDY ON BANKING CHARTERS.**

2 (a) IN GENERAL.—The Comptroller General of the
3 United States shall carry out a study of the various Fed-
4 eral and State banking charters and the use of technology
5 by various market participants.

6 (b) REPORT.—Not later than the end of the 18-
7 month period beginning on the date of enactment of this
8 Act, the Comptroller General shall issue a report to the
9 Committee on Financial Services of the House of Rep-
10 resentatives and the Committee on Banking, Housing, and
11 Urban Affairs of the Senate containing—

12 (1) all findings and determinations made in car-
13 rying out the study required under paragraph (1);
14 and

15 (2) administrative and legislative recommenda-
16 tions to promote—

17 (A) the separation of banking and com-
18 merce;

19 (B) consumer protection;

20 (C) diversity and inclusion;

21 (D) safety and soundness;

22 (E) financial stability; and

23 (F) a level playing field for current and po-
24 tential market participants.