

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2947
OFFERED BY MR. TROTT OF MICHIGAN**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Financial Institution
3 Bankruptcy Act of 2016”.

**4 SEC. 2. GENERAL PROVISIONS RELATING TO COVERED FI-
5 NANCIAL CORPORATIONS.**

6 (a) DEFINITION.—Section 101 of title 11, United
7 States Code, is amended by inserting the following after
8 paragraph (9):

9 “(9A) The term ‘covered financial corporation’
10 means any corporation incorporated or organized
11 under any Federal or State law, other than a stock-
12 broker, a commodity broker, or an entity of the kind
13 specified in paragraph (2) or (3) of section 109(b),
14 that is—

15 “(A) a bank holding company, as defined
16 in section 2(a) of the Bank Holding Company
17 Act of 1956; or

1 “(B) a corporation that exists for the pri-
2 mary purpose of owning, controlling and financ-
3 ing its subsidiaries, that has total consolidated
4 assets of \$50,000,000,000 or greater, and for
5 which, in its most recently completed fiscal
6 year—

7 “(i) annual gross revenues derived by
8 the corporation and all of its subsidiaries
9 from activities that are financial in nature
10 (as defined in section 4(k) of the Bank
11 Holding Company Act of 1956) and, if ap-
12 plicable, from the ownership or control of
13 one or more insured depository institu-
14 tions, represents 85 percent or more of the
15 consolidated annual gross revenues of the
16 corporation; or

17 “(ii) the consolidated assets of the
18 corporation and all of its subsidiaries re-
19 lated to activities that are financial in na-
20 ture (as defined in section 4(k) of the
21 Bank Holding Company Act of 1956) and,
22 if applicable, related to the ownership or
23 control of one or more insured depository
24 institutions, represents 85 percent or more

1 of the consolidated assets of the corpora-
2 tion.”.

3 (b) APPLICABILITY OF CHAPTERS.—Section 103 of
4 title 11, United States Code, is amended by adding at the
5 end the following:

6 “(l) Subchapter V of chapter 11 of this title applies
7 only in a case under chapter 11 concerning a covered fi-
8 nancial corporation.”.

9 (c) WHO MAY BE A DEBTOR.—Section 109 of title
10 11, United States Code, is amended—

11 (1) in subsection (b)—

12 (A) in paragraph (2), by striking “or” at
13 the end;

14 (B) in paragraph (3)(B), by striking the
15 period at the end and inserting “; or”; and

16 (C) by adding at the end the following:

17 “(4) a covered financial corporation.”; and

18 (2) in subsection (d)—

19 (A) by striking “and” before “an unin-
20 sured State member bank”;

21 (B) by striking “or” before “a corpora-
22 tion”; and

23 (C) by inserting “, or a covered financial
24 corporation” after “Federal Deposit Insurance
25 Corporation Improvement Act of 1991”.

1 (d) CONVERSION TO CHAPTER 7.—Section 1112 of
2 title 11, United States Code, is amended by adding at the
3 end the following:

4 “(g) Notwithstanding section 109(b), the court may
5 convert a case under subchapter V to a case under chapter
6 7 if—

7 “(1) a transfer approved under section 1185
8 has been consummated;

9 “(2) the court has ordered the appointment of
10 a special trustee under section 1186; and

11 “(3) the court finds, after notice and a hearing,
12 that conversion is in the best interest of the credi-
13 tors and the estate.”.

14 (e)(1) Section 726(a)(1) of title 11, United States
15 Code, is amended by inserting after “first,” the following:
16 “in payment of any unpaid fees, costs, and expenses of
17 a special trustee appointed under section 1186, and then”.

18 (2) Section 1129(a) of title 11, United States Code,
19 is amended by inserting after paragraph (16) the fol-
20 lowing:

21 “(17) In a case under subchapter V, all payable
22 fees, costs, and expenses of the special trustee have
23 been paid or the plan provides for the payment of
24 all such fees, costs, and expenses on the effective
25 date of the plan.

1 “(2) The term ‘bridge company’ means a newly
2 formed corporation to which property of the estate
3 may be transferred under section 1185(a) and the
4 equity securities of which may be transferred to a
5 special trustee under section 1186(a).

6 “(3) The term ‘capital structure debt’ means all
7 unsecured debt of the debtor for borrowed money for
8 which the debtor is the primary obligor, other than
9 a qualified financial contract and other than debt se-
10 cured by a lien on property of the estate that is to
11 be transferred to a bridge company pursuant to an
12 order of the court under section 1185(a).

13 “(4) The term ‘contractual right’ means a con-
14 tractual right of a kind defined in section 555, 556,
15 559, 560, or 561.

16 “(5) The term ‘qualified financial contract’
17 means any contract of a kind defined in paragraph
18 (25), (38A), (47), or (53B) of section 101, section
19 741(7), or paragraph (4), (5), (11), or (13) of sec-
20 tion 761.

21 “(6) The term ‘special trustee’ means the trust-
22 ee of a trust formed under section 1186(a)(1).

1 **“§ 1183. Commencement of a case concerning a cov-**
2 **ered financial corporation**

3 “(a) A case under this subchapter concerning a cov-
4 ered financial corporation may be commenced by the filing
5 of a petition with the court by the debtor under section
6 301 only if the debtor states to the best of its knowledge
7 under penalty of perjury in the petition that it is a covered
8 financial corporation.

9 “(b) The commencement of a case under subsection
10 (a) constitutes an order for relief under this subchapter.

11 “(c) The members of the board of directors (or body
12 performing similar functions) of a covered financial com-
13 pany shall have no liability to shareholders, creditors, or
14 other parties in interest for a good faith filing of a petition
15 to commence a case under this subchapter, or for any rea-
16 sonable action taken in good faith in contemplation of or
17 in connection with such a petition or a transfer under sec-
18 tion 1185 or section 1186, whether prior to or after com-
19 mencement of the case.

20 “(d) Counsel to the debtor shall provide, to the great-
21 est extent practicable without disclosing the identity of the
22 potential debtor, sufficient confidential notice to the chief
23 judge of the court of appeals for the circuit embracing the
24 district in which such counsel intends to file a petition to
25 commence a case under this subchapter regarding the po-
26 tential commencement of such case. The chief judge of

1 such court shall randomly assign to preside over such case
2 a bankruptcy judge selected from among the bankruptcy
3 judges designated by the Chief Justice of the United
4 States under section 298 of title 28.

5 **“§ 1184. Regulators**

6 “The Board, the Securities Exchange Commission,
7 the Office of the Comptroller of the Currency of the De-
8 partment of the Treasury, the Commodity Futures Trad-
9 ing Commission, and the Federal Deposit Insurance Cor-
10 poration may raise and may appear and be heard on any
11 issue in any case or proceeding under this subchapter.

12 **“§ 1185. Special transfer of property of the estate**

13 “(a) On request of the trustee, and after notice and
14 a hearing that shall occur not less than 24 hours after
15 the order for relief, the court may order a transfer under
16 this section of property of the estate, and the assignment
17 of executory contracts, unexpired leases, and qualified fi-
18 nancial contracts of the debtor, to a bridge company.
19 Upon the entry of an order approving such transfer, any
20 property transferred, and any executory contracts, unex-
21 pired leases, and qualified financial contracts assigned
22 under such order shall no longer be property of the estate.
23 Except as provided under this section, the provisions of
24 section 363 shall apply to a transfer and assignment under
25 this section.

1 “(b) Unless the court orders otherwise, notice of a
2 request for an order under subsection (a) shall consist of
3 electronic or telephonic notice of not less than 24 hours
4 to—

5 “(1) the debtor;

6 “(2) the holders of the 20 largest secured
7 claims against the debtor;

8 “(3) the holders of the 20 largest unsecured
9 claims against the debtor;

10 “(4) counterparties to any debt, executory con-
11 tract, unexpired lease, and qualified financial con-
12 tract requested to be transferred under this section;

13 “(5) the Board;

14 “(6) the Federal Deposit Insurance Corpora-
15 tion;

16 “(7) the Secretary of the Treasury and the Of-
17 fice of the Comptroller of the Currency of the Treas-
18 ury;

19 “(8) the Commodity Futures Trading Commis-
20 sion;

21 “(9) the Securities and Exchange Commission;

22 “(10) the United States trustee or bankruptcy
23 administrator; and

24 “(11) each primary financial regulatory agency,
25 as defined in section 2(12) of the Dodd-Frank Wall

1 Street Reform and Consumer Protection Act, with
2 respect to any affiliate the equity securities of which
3 are proposed to be transferred under this section.

4 “(c) The court may not order a transfer under this
5 section unless the court determines, based upon a precon-
6 derance of the evidence, that—

7 “(1) the transfer under this section is necessary
8 to prevent serious adverse effects on financial sta-
9 bility in the United States;

10 “(2) the transfer does not provide for the as-
11 sumption of any capital structure debt by the bridge
12 company;

13 “(3) the transfer does not provide for the trans-
14 fer to the bridge company of any property of the es-
15 tate that is subject to a lien securing a debt, execu-
16 tory contract, unexpired lease or agreement (includ-
17 ing a qualified financial contract) of the debtor un-
18 less—

19 “(A)(i) the bridge company assumes such
20 debt, executory contract, unexpired lease or
21 agreement (including a qualified financial con-
22 tract), including any claims arising in respect
23 thereof that would not be allowed secured
24 claims under section 506(a)(1) and after giving
25 effect to such transfer, such property remains

1 subject to the lien securing such debt, executory
2 contract, unexpired lease or agreement (includ-
3 ing a qualified financial contract); and

4 “(ii) the court has determined that as-
5 sumption of such debt, executory contract, un-
6 expired lease or agreement (including a quali-
7 fied financial contract) by the bridge company
8 is in the best interests of the estate; or

9 “(B) such property is being transferred to
10 the bridge company in accordance with the pro-
11 visions of section 363;

12 “(4) the transfer does not provide for the as-
13 sumption by the bridge company of any debt, execu-
14 tory contract, unexpired lease or agreement (includ-
15 ing a qualified financial contract) of the debtor se-
16 cured by a lien on property of the estate unless the
17 transfer provides for such property to be transferred
18 to the bridge company in accordance with paragraph
19 (3)(A) of this subsection;

20 “(5) the transfer does not provide for the trans-
21 fer of the equity of the debtor;

22 “(6) the trustee has demonstrated that the
23 bridge company is not likely to fail to meet the obli-
24 gations of any debt, executory contract, qualified fi-

1 nancial contract, or unexpired lease assumed and as-
2 signed to the bridge company;

3 “(7) the transfer provides for the transfer to a
4 special trustee all of the equity securities in the
5 bridge company and appointment of a special trustee
6 in accordance with section 1186;

7 “(8) after giving effect to the transfer, ade-
8 quate provision has been made for the fees, costs,
9 and expenses of the estate and special trustee; and

10 “(9) the bridge company will have governing
11 documents, and initial directors and senior officers,
12 that are in the best interest of creditors and the es-
13 tate.

14 “(d) Immediately before a transfer under this section,
15 the bridge company that is the recipient of the transfer
16 shall—

17 “(1) not have any property, executory con-
18 tracts, unexpired leases, qualified financial contracts,
19 or debts, other than any property acquired or execu-
20 tory contracts, unexpired leases, or debts assumed
21 when acting as a transferee of a transfer under this
22 section; and

23 “(2) have equity securities that are property of
24 the estate, which may be sold or distributed in ac-
25 cordance with this title.

1 **“§ 1186. Special trustee**

2 “(a)(1) An order approving a transfer under section
3 1185 shall require the trustee to transfer to a qualified
4 and independent special trustee, who is appointed by the
5 court, all of the equity securities in the bridge company
6 that is the recipient of a transfer under section 1185 to
7 hold in trust for the sole benefit of the estate, subject to
8 satisfaction of the special trustee’s fees, costs, and ex-
9 penses. The trust of which the special trustee is the trust-
10 ee shall be a newly formed trust governed by a trust agree-
11 ment approved by the court as in the best interests of the
12 estate, and shall exist for the sole purpose of holding and
13 administering, and shall be permitted to dispose of, the
14 equity securities of the bridge company in accordance with
15 the trust agreement.

16 “(2) In connection with the hearing to approve a
17 transfer under section 1185, the trustee shall confirm to
18 the court that the Board has been consulted regarding the
19 identity of the proposed special trustee and advise the
20 court of the results of such consultation.

21 “(b) The trust agreement governing the trust shall
22 provide—

23 “(1) for the payment of the fees, costs, ex-
24 penses, and indemnities of the special trustee from
25 the assets of the debtor’s estate;

26 “(2) that the special trustee provide—

1 “(A) quarterly reporting to the estate,
2 which shall be filed with the court; and

3 “(B) information about the bridge com-
4 pany reasonably requested by a party in inter-
5 est to prepare a disclosure statement for a plan
6 providing for distribution of any securities of
7 the bridge company if such information is nec-
8 essary to prepare such disclosure statement;

9 “(3) that for as long as the equity securities of
10 the bridge company are held by the trust, the special
11 trustee shall file a notice with the court in connec-
12 tion with—

13 “(A) any change in a director or senior of-
14 ficer of the bridge company;

15 “(B) any modification to the governing
16 documents of the bridge company; and

17 “(C) any material corporate action of the
18 bridge company, including—

19 “(i) recapitalization;

20 “(ii) a material borrowing;

21 “(iii) termination of an intercompany
22 debt or guarantee;

23 “(iv) a transfer of a substantial por-
24 tion of the assets of the bridge company;

25 or

1 “(v) the issuance or sale of any secu-
2 rities of the bridge company;

3 “(4) that any sale of any equity securities of
4 the bridge company shall not be consummated until
5 the special trustee consults with the Federal Deposit
6 Insurance Corporation and the Board regarding
7 such sale and discloses the results of such consulta-
8 tion with the court;

9 “(5) that, subject to reserves for payments per-
10 mitted under paragraph (1) provided for in the trust
11 agreement, the proceeds of the sale of any equity se-
12 curities of the bridge company by the special trustee
13 be held in trust for the benefit of or transferred to
14 the estate;

15 “(6) the process and guidelines for the replace-
16 ment of the special trustee; and

17 “(7) that the property held in trust by the spe-
18 cial trustee is subject to distribution in accordance
19 with subsection (c).

20 “(c)(1) The special trustee shall distribute the assets
21 held in trust—

22 “(A) if the court confirms a plan in the case,
23 in accordance with the plan on the effective date of
24 the plan; or

1 “(i) the insolvency or financial condition of
2 the debtor at any time before the closing of the
3 case;

4 “(ii) the commencement of a case under
5 this title concerning the debtor;

6 “(iii) the appointment of or taking posses-
7 sion by a trustee in a case under this title con-
8 cerning the debtor or by a custodian before the
9 commencement of the case; or

10 “(iv) a credit rating agency rating, or ab-
11 sence or withdrawal of a credit rating agency
12 rating—

13 “(I) of the debtor at any time after
14 the commencement of the case;

15 “(II) of an affiliate during the period
16 from the commencement of the case until
17 48 hours after such order is entered;

18 “(III) of the bridge company while the
19 trustee or the special trustee is a direct or
20 indirect beneficial holder of more than 50
21 percent of the equity securities of—

22 “(aa) the bridge company; or

23 “(bb) the affiliate, if all of the di-
24 rect or indirect interests in the affil-

1 iate that are property of the estate
2 are transferred under section 1185; or
3 “(IV) of an affiliate while the trustee
4 or the special trustee is a direct or indirect
5 beneficial holder of more than 50 percent
6 of the equity securities of—

7 “(aa) the bridge company; or

8 “(bb) the affiliate, if all of the di-
9 rect or indirect interests in the affil-
10 iate that are property of the estate
11 are transferred under section 1185.

12 “(2) A debt, contract, lease, or agreement described
13 in this paragraph is—

14 “(A) any debt (other than capital structure
15 debt), executory contract, or unexpired lease of the
16 debtor (other than a qualified financial contract);

17 “(B) any agreement under which the debtor
18 issued or is obligated for debt (other than capital
19 structure debt);

20 “(C) any debt, executory contract, or unexpired
21 lease of an affiliate (other than a qualified financial
22 contract); or

23 “(D) any agreement under which an affiliate
24 issued or is obligated for debt.

25 “(3) The stay under this subsection terminates—

1 “(A) for the benefit of the debtor, upon the ear-
2 liest of—

3 “(i) 48 hours after the commencement of
4 the case;

5 “(ii) assumption of the debt, contract,
6 lease, or agreement by the bridge company
7 under an order authorizing a transfer under
8 section 1185;

9 “(iii) a final order of the court denying the
10 request for a transfer under section 1185; or

11 “(iv) the time the case is dismissed; and

12 “(B) for the benefit of an affiliate, upon the
13 earliest of—

14 “(i) the entry of an order authorizing a
15 transfer under section 1185 in which the direct
16 or indirect interests in the affiliate that are
17 property of the estate are not transferred under
18 section 1185;

19 “(ii) a final order by the court denying the
20 request for a transfer under section 1185;

21 “(iii) 48 hours after the commencement of
22 the case if the court has not ordered a transfer
23 under section 1185; or

24 “(iv) the time the case is dismissed.

1 “(4) Subsections (d), (e), (f), and (g) of section 362
2 apply to a stay under this subsection.

3 “(b) A debt, executory contract (other than a quali-
4 fied financial contract), or unexpired lease of the debtor,
5 or an agreement under which the debtor has issued or is
6 obligated for any debt, may be assumed by a bridge com-
7 pany in a transfer under section 1185 notwithstanding
8 any provision in an agreement or in applicable nonbank-
9 ruptcy law that—

10 “(1) prohibits, restricts, or conditions the as-
11 signment of the debt, contract, lease, or agreement;
12 or

13 “(2) accelerates, terminates, or modifies, or
14 permits a party other than the debtor to terminate
15 or modify, the debt, contract, lease, or agreement on
16 account of—

17 “(A) the assignment of the debt, contract,
18 lease, or agreement; or

19 “(B) a change in control of any party to
20 the debt, contract, lease, or agreement.

21 “(c)(1) A debt, contract, lease, or agreement of the
22 kind described in subparagraph (A) or (B) of subsection
23 (a)(2) may not be accelerated, terminated, or modified,
24 and any right or obligation under such debt, contract,
25 lease, or agreement may not be accelerated, terminated,

1 or modified, as to the bridge company solely because of
2 a provision in the debt, contract, lease, or agreement or
3 in applicable nonbankruptcy law—

4 “(A) of the kind described in subsection
5 (a)(1)(B) as applied to the debtor;

6 “(B) that prohibits, restricts, or conditions the
7 assignment of the debt, contract, lease, or agree-
8 ment; or

9 “(C) that accelerates, terminates, or modifies,
10 or permits a party other than the debtor to termi-
11 nate or modify, the debt, contract, lease or agree-
12 ment on account of—

13 “(i) the assignment of the debt, contract,
14 lease, or agreement; or

15 “(ii) a change in control of any party to
16 the debt, contract, lease, or agreement.

17 “(2) If there is a default by the debtor under a provi-
18 sion other than the kind described in paragraph (1) in
19 a debt, contract, lease or agreement of the kind described
20 in subparagraph (A) or (B) of subsection (a)(2), the
21 bridge company may assume such debt, contract, lease,
22 or agreement only if the bridge company—

23 “(A) shall cure the default;

24 “(B) compensates, or provides adequate assur-
25 ance in connection with a transfer under section

1 1185 that the bridge company will promptly com-
2 pensate, a party other than the debtor to the debt,
3 contract, lease, or agreement, for any actual pecu-
4 niary loss to the party resulting from the default;
5 and

6 “(C) provides adequate assurance in connection
7 with a transfer under section 1185 of future per-
8 formance under the debt, contract, lease, or agree-
9 ment, as determined by the court under section
10 1185(e)(4).

11 **“§ 1188. Treatment of qualified financial contracts**
12 **and affiliate contracts**

13 “(a) Notwithstanding sections 362(b)(6), 362(b)(7),
14 362(b)(17), 362(b)(27), 362(o), 555, 556, 559, 560, and
15 561, a petition filed under section 1183 operates as a stay,
16 during the period specified in section 1187(a)(3)(A), ap-
17 plicable to all entities, of the exercise of a contractual
18 right—

19 “(1) to cause the modification, liquidation, ter-
20 mination, or acceleration of a qualified financial con-
21 tract of the debtor or an affiliate;

22 “(2) to offset or net out any termination value,
23 payment amount, or other transfer obligation arising
24 under or in connection with a qualified financial con-
25 tract of the debtor or an affiliate; or

1 “(3) under any security agreement or arrange-
2 ment or other credit enhancement forming a part of
3 or related to a qualified financial contract of the
4 debtor or an affiliate.

5 “(b)(1) During the period specified in section
6 1187(a)(3)(A), the trustee or the affiliate shall perform
7 all payment and delivery obligations under such qualified
8 financial contract of the debtor or the affiliate, as the case
9 may be, that become due after the commencement of the
10 case. The stay provided under subsection (a) terminates
11 as to a qualified financial contract of the debtor or an
12 affiliate immediately upon the failure of the trustee or the
13 affiliate, as the case may be, to perform any such obliga-
14 tion during such period.

15 “(2) Any failure by a counterparty to any qualified
16 financial contract of the debtor or any affiliate to perform
17 any payment or delivery obligation under such qualified
18 financial contract, including during the pendency of the
19 stay provided under subsection (a), shall constitute a
20 breach of such qualified financial contract by the
21 counterparty.

22 “(c) Subject to the court’s approval, a qualified finan-
23 cial contract between an entity and the debtor may be as-
24 signed to or assumed by the bridge company in a transfer

1 under, and in accordance with, section 1185 if and only
2 if—

3 “(1) all qualified financial contracts between
4 the entity and the debtor are assigned to and as-
5 sumed by the bridge company in the transfer under
6 section 1185;

7 “(2) all claims of the entity against the debtor
8 in respect of any qualified financial contract between
9 the entity and the debtor (other than any claim that,
10 under the terms of the qualified financial contract,
11 is subordinated to the claims of general unsecured
12 creditors) are assigned to and assumed by the bridge
13 company;

14 “(3) all claims of the debtor against the entity
15 under any qualified financial contract between the
16 entity and the debtor are assigned to and assumed
17 by the bridge company; and

18 “(4) all property securing or any other credit
19 enhancement furnished by the debtor for any quali-
20 fied financial contract described in paragraph (1) or
21 any claim described in paragraph (2) or (3) under
22 any qualified financial contract between the entity
23 and the debtor is assigned to and assumed by the
24 bridge company.

1 “(d) Notwithstanding any provision of a qualified fi-
2 nancial contract or of applicable nonbankruptcy law, a
3 qualified financial contract of the debtor that is assumed
4 or assigned in a transfer under section 1185 may not be
5 accelerated, terminated, or modified, after the entry of the
6 order approving a transfer under section 1185, and any
7 right or obligation under the qualified financial contract
8 may not be accelerated, terminated, or modified, after the
9 entry of the order approving a transfer under section 1185
10 solely because of a condition described in section
11 1187(c)(1), other than a condition of the kind specified
12 in section 1187(b) that occurs after property of the estate
13 no longer includes a direct beneficial interest or an indi-
14 rect beneficial interest through the special trustee, in more
15 than 50 percent of the equity securities of the bridge com-
16 pany.

17 “(e) Notwithstanding any provision of any agreement
18 or in applicable nonbankruptcy law, an agreement of an
19 affiliate (including an executory contract, an unexpired
20 lease, qualified financial contract, or an agreement under
21 which the affiliate issued or is obligated for debt) and any
22 right or obligation under such agreement may not be ac-
23 celerated, terminated, or modified, solely because of a con-
24 dition described in section 1187(c)(1), other than a condi-
25 tion of the kind specified in section 1187(b) that occurs

1 after the bridge company is no longer a direct or indirect
2 beneficial holder of more than 50 percent of the equity
3 securities of the affiliate, at any time after the commence-
4 ment of the case if—

5 “(1) all direct or indirect interests in the affil-
6 iate that are property of the estate are transferred
7 under section 1185 to the bridge company within the
8 period specified in subsection (a);

9 “(2) the bridge company assumes—

10 “(A) any guarantee or other credit en-
11 hancement issued by the debtor relating to the
12 agreement of the affiliate; and

13 “(B) any obligations in respect of rights of
14 setoff, netting arrangement, or debt of the debt-
15 or that directly arises out of or directly relates
16 to the guarantee or credit enhancement; and

17 “(3) any property of the estate that directly
18 serves as collateral for the guarantee or credit en-
19 hancement is transferred to the bridge company.

20 **“§ 1189. Licenses, permits, and registrations**

21 “(a) Notwithstanding any otherwise applicable non-
22 bankruptcy law, if a request is made under section 1185
23 for a transfer of property of the estate, any Federal, State,
24 or local license, permit, or registration that the debtor or
25 an affiliate had immediately before the commencement of

1 the case and that is proposed to be transferred under sec-
2 tion 1185 may not be accelerated, terminated, or modified
3 at any time after the request solely on account of—

4 “(1) the insolvency or financial condition of the
5 debtor at any time before the closing of the case;

6 “(2) the commencement of a case under this
7 title concerning the debtor;

8 “(3) the appointment of or taking possession by
9 a trustee in a case under this title concerning the
10 debtor or by a custodian before the commencement
11 of the case; or

12 “(4) a transfer under section 1185.

13 “(b) Notwithstanding any otherwise applicable non-
14 bankruptcy law, any Federal, State, or local license, per-
15 mit, or registration that the debtor had immediately before
16 the commencement of the case that is included in a trans-
17 fer under section 1185 shall be valid and all rights and
18 obligations thereunder shall vest in the bridge company.

19 **“§ 1190. Exemption from securities laws**

20 “For purposes of section 1145, a security of the
21 bridge company shall be deemed to be a security of a suc-
22 cessor to the debtor under a plan if the court approves
23 the disclosure statement for the plan as providing ade-
24 quate information (as defined in section 1125(a)) about
25 the bridge company and the security.

1 **“§ 1191. Inapplicability of certain avoiding powers**

2 “A transfer made or an obligation incurred by the
3 debtor to an affiliate prior to or after the commencement
4 of the case, including any obligation released by the debtor
5 or the estate to or for the benefit of an affiliate, in con-
6 templation of or in connection with a transfer under sec-
7 tion 1185 is not avoidable under section 544, 547,
8 548(a)(1)(B), or 549, or under any similar nonbankruptcy
9 law.

10 **“§ 1192. Consideration of financial stability**

11 “The court may consider the effect that any decision
12 in connection with this subchapter may have on financial
13 stability in the United States.”.

14 **SEC. 4. AMENDMENTS TO TITLE 28, UNITED STATES CODE.**

15 (a) AMENDMENT TO CHAPTER 13.—Chapter 13 of
16 title 28, United States Code, is amended by adding at the
17 end the following:

18 **“§ 298. Judge for a case under subchapter V of chap-**
19 **ter 11 of title 11**

20 “(a)(1) Notwithstanding section 295, the Chief Jus-
21 tice of the United States shall designate not fewer than
22 10 bankruptcy judges to be available to hear a case under
23 subchapter V of chapter 11 of title 11. Bankruptcy judges
24 may request to be considered by the Chief Justice of the
25 United States for such designation.

1 “(2) Notwithstanding section 155, a case under sub-
2 chapter V of chapter 11 of title 11 shall be heard under
3 section 157 by a bankruptcy judge designated under para-
4 graph (1), who shall be randomly assigned to hear such
5 case by the chief judge of the court of appeals for the cir-
6 cuit embracing the district in which the case is pending.
7 To the greatest extent practicable, the approvals required
8 under section 155 should be obtained.

9 “(3) If the bankruptcy judge assigned to hear a case
10 under paragraph (2) is not assigned to the district in
11 which the case is pending, the bankruptcy judge shall be
12 temporarily assigned to the district.

13 “(b) A case under subchapter V of chapter 11 of title
14 11, and all proceedings in the case, shall take place in
15 the district in which the case is pending.

16 “(c) In this section, the term ‘covered financial cor-
17 poration’ has the meaning given that term in section
18 101(9A) of title 11.”.

19 (b) AMENDMENT TO SECTION 1334 OF TITLE 28.—
20 Section 1334 of title 28, United States Code, is amended
21 by adding at the end the following:

22 “(f) This section does not grant jurisdiction to the
23 district court after a transfer pursuant to an order under
24 section 1185 of title 11 of any proceeding related to a spe-
25 cial trustee appointed, or to a bridge company formed, in

1 connection with a case under subchapter V of chapter 11
2 of title 11.”.

3 (c) TECHNICAL AND CONFORMING AMENDMENT.—

4 The table of sections for chapter 13 of title 28, United
5 States Code, is amended by adding at the end the fol-
6 lowing:

“298. Judge for a case under subchapter V of chapter 11 of title 11.”.

