To amend the Bank Holding Company Act of 1956 to place certain limitations on commodity ownership and to repeal the merchant banking authority, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. CASTEN of Illinois introduced the following bill; which was referred to the Committee on

A BILL

To amend the Bank Holding Company Act of 1956 to place certain limitations on commodity ownership and to repeal the merchant banking authority, 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. LIMITATIONS ON COMMODITY OWNERSHIP

4 AND REPEAL OF THE MERCHANT BANKING

5 AUTHORITY.

6 (a) In General.—Section 4 of the Bank Holding

7 Company Act of 1956 (12 U.S.C. 1843) is amended—

8 (1) in subsection (k)—
(A) in paragraph (1), by striking “(by regulation or order)” and inserting “, by regulation”;

(B) in paragraph (2)—

(i) in the heading, by striking “SECRETARY OF THE TREASURY” and inserting “SECRETARY OF THE TREASURY AND THE FEDERAL DEPOSIT INSURANCE CORPORATION”;

(ii) by adding at the end the following:

“(C) JOINT DETERMINATION WITH THE FEDERAL DEPOSIT INSURANCE CORPORATION.—For purposes of paragraph (1), the Board may only make a determination that an activity is complementary to a financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally, if such determination is made jointly, by rule, with the Federal Deposit Insurance Corporation.”;

(C) in paragraph (4)—

(i) by striking subparagraph (H); and

(ii) by redesignating subparagraph (I) as subparagraph (H); and
(D) by striking paragraph (7);

(2) in subsection (l)—

(A) in paragraph (1), by striking “subsection (k), (n), or (o)” each place such term appears and inserting “subsection (k) or (n)”;

and

(B) in paragraph (2)(B), by striking “subparagraph (H) or (I)” and inserting “subparagraph (H)”;

(3) in subsection (m)(1)(A), by striking “subsection (k), (n), or (o)” and inserting “subsection (k) or (n)”;

(4) in subsection (n)(5), by striking “subparagraph (H) or (I)” each place such term appears and inserting “subparagraph (H)”;

(5) by striking subsection (o).

(b) **CONFORMING AMENDMENT.**—Section 3(a)(4)(B)(vi) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(4)(B)(vi)) is amended by striking “other than” and all that follows through the end and inserting “other than a registered broker or dealer.”.

(c) **RULEMAKING.**—The Board of Governors of the Federal Reserve System shall—

(1) issue rules to carry out the amendments made by this section; and
(2) provide for an appropriate transition period before persons are required to comply with the amendments made by this section, including allowing for the divestment of shares, assets, and ownership interests affected by such amendments.

SEC. 2. FINALIZATION OF PROPOSED FINANCIAL HOLDING COMPANY RULE.

(a) IN GENERAL.—The proposed financial holding company rule of the Board of Governors of the Federal Reserve System shall have the force and effect of law.

(b) DEFINITION.—In this section, the term “proposed financial holding company rule” means the proposed rule of the Board of Governors of the Federal Reserve System titled “Regulations Q and Y; Risk-Based Capital and Other Regulatory Requirements for Activities of Financial Holding Companies Related to Physical Commodities and Risk-Based Capital Requirements for Merchant Banking Investments” (81 Fed. Reg. 67220; published September 30, 2016).