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(Original Signature of Member)

117TH CONGRESS
1ST SESSION

H. R. _____

To require the Federal banking agencies to design a strategic plan to hold megabanks accountable when they engage in a pattern of compliance failures that results in extensive consumer harm, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To require the Federal banking agencies to design a strategic plan to hold megabanks accountable when they engage in a pattern of compliance failures that results in extensive consumer harm, 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 (a) SHORT TITLE.—This Act may be cited as the
5 “Holding Megabanks Accountable Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title.
Sec. 2. Megabank defined.

TITLE I—STRATEGIC PLAN TO HOLD MEGABANKS ACCOUNTABLE

Sec. 101. Strategic plan.

TITLE II—CONSUMER ABUSE REMEDIATION ENHANCEMENT

Sec. 201. Disclosure and remediation of extensive consumer abuse.

TITLE III—DISCLOSE MEGABANK RATINGS ACT

Sec. 301. Public disclosure of supervisory ratings.

TITLE IV—MEGABANK BOARD STANDARDS ACT

Sec. 401. Definitions.
Sec. 402. Qualifications for directors.
Sec. 403. Limitations on outside commitments of directors.

1 SEC. 2. MEGABANK DEFINED.

2 (a) IN GENERAL.—In this Act, the term “megabank”
3 means—

4 (1) a bank holding company that has been iden-
5 tified by the Board of Governors of the Federal Re-
6 serve System as a global systemically important
7 bank holding company pursuant to section 217.402
8 of title 12, Code of Federal Regulations; and

9 (2) a global systemically important foreign
10 banking organization, as defined under section 252.2
11 of title 12, Code of Federal Regulations.

12 (b) TREATMENT OF EXISTING GSIBS.—A company
13 or organization described under clause (i) or (ii) of sub-
14 paragraph (A) on the date of the enactment of this Act
15 shall be deemed a megabank.

1 **TITLE I—STRATEGIC PLAN TO**
2 **HOLD MEGABANKS ACCOUNT-**
3 **ABLE**

4 **SEC. 101. STRATEGIC PLAN.**

5 (a) IN GENERAL.—The Federal banking agencies, in
6 consultation with the Secretary of the Treasury, shall de-
7 sign a strategic plan describing how the agencies will uti-
8 lize the full extent of the agencies’ authorities to hold a
9 megabank (including the directors and officers of the
10 megabank) accountable when the megabank engages in a
11 pattern of compliance failures, including when such fail-
12 ures result in extensive consumer harm.

13 (b) AUTHORITIES DESCRIBED.—The authorities of
14 the Federal banking agencies described in subsection (a)
15 include the authority to—

16 (1) restrict the growth of a megabank;

17 (2) restrict certain lines of business of a
18 megabank;

19 (3) require the disposition of assets of a
20 megabank;

21 (4) remove certain directors or officers of a
22 megabank; or

23 (5) permanently ban certain directors or offi-
24 cers of a megabank from working in the financial
25 services industry.

1 (c) PENALTIES.—The plan described in subsection
2 (a) shall include an outline of penalties for multiple com-
3 pliance failures by a megabank that increase in severity
4 based on the number and type of failure.

5 (d) PUBLIC FEEDBACK.—The Federal banking agen-
6 cies shall make a draft of the strategic plan described in
7 subsection (a) publicly available and invite public feedback
8 on the plan.

9 (e) REPORT.—Not later than 1 year after the date
10 of enactment of this Act, the Federal banking agencies
11 shall—

12 (1) issue a report to the Committee on Finan-
13 cial Services of the House of Representatives and
14 the Committee on Banking, Housing, and Urban Af-
15 fairs of the Senate containing the strategic plan de-
16 signed under subsection (a); and

17 (2) make such report publicly available on a
18 website of each Federal banking agency.

19 (f) PERIODIC UPDATES.—The Federal banking agen-
20 cies, in consultation with the Secretary of the Treasury,
21 may periodically update the strategic plan required under
22 subsection (a) if the agencies comply with the requirement
23 of subsection (d) with respect to any update.

24 (g) FEDERAL BANKING AGENCIES DEFINED.—In
25 this section, the term “Federal banking agencies” means

1 the Board of Governors of the Federal Reserve System,
2 the Bureau of Consumer Financial Protection, the Federal
3 Deposit Insurance Corporation, and the Office of the
4 Comptroller of the Currency.

5 **TITLE II—CONSUMER ABUSE**
6 **REMEDICATION ENHANCEMENT**

7 **SEC. 201. DISCLOSURE AND REMEDIATION OF EXTENSIVE**
8 **CONSUMER ABUSE.**

9 (a) IN GENERAL.—Any megabank or affiliated bank-
10 ing organization that has engaged or is engaging in exten-
11 sive consumer abuse described under subsection (b)
12 shall—

13 (1) not later than the end of the 72-hour period
14 beginning on the hour on which the megabank or af-
15 filiated banking organization determines the exist-
16 ence of extensive consumer abuse, notify the appro-
17 priate Federal banking agency, the Consumer Bu-
18 reau, the Congress, and the public of such extensive
19 consumer abuse, including on the website of the
20 megabank or affiliated banking organization;

21 (2) not later than the end of the 15-day period
22 beginning on the date on which the megabank or af-
23 filiated banking organization determines the exist-
24 ence of extensive consumer abuse, submit a remedi-

1 ation plan to the Consumer Bureau under which the
2 megabank or affiliated banking organization will—

3 (A) pay each customer of the megabank or
4 affiliated banking organization affected by the
5 extensive consumer abuse an amount equal to
6 the damages suffered by such customer because
7 of the extensive consumer abuse; and

8 (B) correct any incorrect information fur-
9 nished to a consumer reporting agency in con-
10 nection with such extensive consumer abuse;
11 and

12 (3) not later than the end of the 30-day period
13 beginning on the date the Consumer Bureau ap-
14 proves the remediation plan submitted pursuant to
15 paragraph (2), complete such remediation plan in a
16 satisfactory manner that is certified by the Con-
17 sumer Bureau.

18 (b) EXTENSIVE CONSUMER ABUSE.—For purposes of
19 a megabank or affiliated banking organization, extensive
20 consumer abuse described under this subsection is any in-
21 dividual violation or series of violations of Federal law by
22 the megabank or affiliated banking organization that—

23 (1) in the aggregate, affects more than 50,000
24 customers or customer accounts of the megabank or
25 affiliated banking organization;

1 (2) in the aggregate, results in the loss to cus-
2 tomers of the megabank or affiliated banking organi-
3 zation of more than \$10,000,000; or

4 (3) the Consumer Bureau determines to be ex-
5 tensive consumer abuse, including if such abuse re-
6 sults in significant reputational risk or raises other
7 supervisory concerns.

8 (c) PENALTIES.—Any megabank or affiliated bank-
9 ing organization that violates subsection (a) or fails to re-
10 ceive a certification from the Consumer Bureau for a com-
11 pleted remediation plan submitted under such subsection
12 shall be fined in an amount equal to—

13 (1) 3 times the aggregate amount of fines appli-
14 cable to such megabank or organization for the ex-
15 tensive consumer abuse; or

16 (2) in the case of an extensive consumer abuse
17 identified by the Consumer Bureau or a Federal
18 banking agency before the applicable megabank or
19 affiliated banking organization, 6 times the aggre-
20 gate amount of fines applicable to such megabank or
21 organization for the extensive consumer abuse.

22 (d) RULEMAKING.—The Consumer Bureau and the
23 Federal banking agencies shall issue such rules as may
24 be necessary to carry out this section.

25 (e) DEFINITIONS.—For purposes of this section:

1 (1) AFFILIATED BANKING ORGANIZATION.—
2 The term “affiliated banking organization” means
3 any depository institution subsidiary or affiliate of a
4 megabank that has an appropriate Federal banking
5 agency.

6 (2) APPROPRIATE FEDERAL BANKING AGEN-
7 CY.—The term “appropriate Federal banking agen-
8 cy”—

9 (A) has the meaning given that term under
10 section 3 of the Federal Deposit Insurance Act
11 (12 U.S.C. 1813); and

12 (B) includes the Consumer Bureau, with
13 respect to an insured depository institution de-
14 scribed under section 1025(a) of the Consumer
15 Financial Protection Act of 2010 (12 U.S.C.
16 5515(a)).

17 (3) CONSUMER BUREAU.—The term “Consumer
18 Bureau” means the Bureau of Consumer Financial
19 Protection.

20 (4) CONSUMER REPORTING AGENCY.—The term
21 “consumer reporting agency” has the meaning given
22 that term under section 603 of the Fair Credit Re-
23 porting Act (15 U.S.C. 1681a).

24 (5) CUSTOMER.—With respect to megabank or
25 affiliated banking organization, the term “customer”

1 includes an individual who, but for extensive con-
2 sumer abuse, would be a customer of the megabank
3 or affiliated banking organization.

4 (6) OTHER BANKING DEFINITIONS.—The terms
5 “affiliate”, “depository institution”, “Federal bank-
6 ing agency”, and “subsidiary” have the meaning
7 given those terms, respectively, under section 3 of
8 the Federal Deposit Insurance Act (12 U.S.C.
9 1813).

10 **TITLE III—DISCLOSE MEGABANK** 11 **RATINGS ACT**

12 **SEC. 301. PUBLIC DISCLOSURE OF SUPERVISORY RATINGS.**

13 (a) CONSUMER COMPLIANCE RATINGS.—With re-
14 spect to a depository institution that is a subsidiary or
15 affiliate of a megabank, the appropriate Federal banking
16 agency shall, after each evaluation of the depository insti-
17 tution under the Consumer Compliance Rating System,
18 make the results of such evaluation available to the public
19 (including on the website of the agency) along with a brief
20 overview of the results that includes key findings made
21 by the agency in carrying out such evaluation.

22 (b) BANK RATINGS.—

23 (1) IN GENERAL.—With respect to a megabank
24 and each depository institution that is a subsidiary
25 or an affiliate of the megabank, the appropriate

1 Federal banking agency shall, after the end of the
2 2-year period beginning on the date of an evaluation
3 of the megabank or a depository institution under a
4 Bank Ratings System, make the results of such eval-
5 uation (including the composite score and component
6 scores, if applicable) available to the public (includ-
7 ing on the website of the agency) along with a brief
8 overview of the results that includes key findings
9 made by the agency in carrying out such evaluation.

10 (2) EARLIER DISCLOSURE PERMITTED.—An ap-
11 propriate Federal banking agency may disclose the
12 results of an evaluation described under paragraph
13 (1) before the end of the 2-year period described in
14 such paragraph if the appropriate Federal banking
15 agency determines that such disclosure is in the pub-
16 lic interest and would not negatively affect the safety
17 and soundness of the megabank or the depository in-
18 stitution evaluated.

19 (c) INCLUSION OF PRIOR EVALUATIONS.—The re-
20 quirements under subsections (a) and (b) shall also apply
21 to each evaluation of a megabank or a depository institu-
22 tion that is a subsidiary or an affiliate of the megabank
23 under the Consumer Compliance Rating System or a Bank
24 Ratings System that was completed after January 1,
25 2000.

1 (d) DEFINITIONS.—For purposes of this section:

2 (1) APPROPRIATE FEDERAL BANKING AGEN-
3 CY.—The term “appropriate Federal banking agen-
4 cy”—

5 (A) has the meaning given that term under
6 section 3 of the Federal Deposit Insurance Act
7 (12 U.S.C. 1813); and

8 (B) includes the Bureau of Consumer Fi-
9 nancial Protection, with respect to an evalua-
10 tion under the Consumer Compliance Rating
11 System of an insured depository institution de-
12 scribed under section 1025(a) of the Consumer
13 Financial Protection Act of 2010 (12 U.S.C.
14 5515(a)).

15 (2) BANK RATINGS SYSTEM.—The term “Bank
16 Ratings System” means—

17 (A) with respect to a depository institution,
18 the Uniform Financial Institutions Rating Sys-
19 tem (or a comparable rating system); and

20 (B) with respect to a megabank, the large
21 financial institution (LFI) rating system (or a
22 comparable rating system).

23 (3) OTHER BANKING DEFINITIONS.—The terms
24 “affiliate”, “depository institution”, and “sub-
25 sidiary” have the meaning given those terms, respec-

1 tively, under section 3 of the Federal Deposit Insur-
2 ance Act (12 U.S.C. 1813).

3 **TITLE IV—MEGABANK BOARD**
4 **STANDARDS ACT**

5 **SEC. 401. DEFINITIONS.**

6 For purposes of this title:

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

8 With respect to a megabank, the term “affiliated
9 banking organization” means any subsidiary or affil-
10 iate of the megabank that has an appropriate Fed-
11 eral banking agency.

12 (2) **OTHER BANKING DEFINITIONS.**—The terms
13 “affiliate”, “appropriate Federal banking agency”,
14 “depository institution”, “depository institution
15 holding company”, and “subsidiary” have the mean-
16 ing given those terms, respectively, under section 3
17 of the Federal Deposit Insurance Act (12 U.S.C.
18 1813).

19 **SEC. 402. QUALIFICATIONS FOR DIRECTORS.**

20 (a) **IN GENERAL.**—Each megabank and affiliated
21 banking organization shall ensure that—

22 (1) a majority of the members of the board of
23 directors of an affiliated banking organization of a
24 megabank do not also serve on the board of direc-
25 tors of—

1 (A) that megabank; or

2 (B) any affiliate of that megabank, if such
3 affiliate engages in any activities listed in sec-
4 tion 4(k) of the Bank Holding Company Act of
5 1956 (12 U.S.C. 1843(k)); and

6 (2) the board of directors of the megabank or
7 organization includes members with relevant and
8 current banking or regulatory experience.

9 (b) PENALTIES.—A violation of subsection (a) by any
10 megabank or affiliated banking organization shall be
11 deemed an unsafe and unsound practice by such
12 megabank or organization.

13 **SEC. 403. LIMITATIONS ON OUTSIDE COMMITMENTS OF DI-**
14 **RECTORS.**

15 (a) IN GENERAL.—A member of the board of direc-
16 tors of a megabank or an affiliated banking organization
17 may not—

18 (1) serve on the board of more than 3 public
19 companies (including such megabank or organiza-
20 tion); or

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

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

1 (B) serves as the lead independent mem-
2 ber, risk committee chair, or audit committee
3 chair of the board of directors of the megabank
4 or organization.

5 (b) PROHIBITIONS ON POSITIONS OF EXECUTIVES.—
6 An executive of a megabank or an affiliated banking orga-
7 nization may not also serve as the lead independent mem-
8 ber, risk committee chair, or audit committee chair of the
9 board of directors of such megabank or organization.

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

12 (1) be removed from any position as an execu-
13 tive, employee, or member of the board of directors
14 of the megabank or affiliated banking organization;
15 and

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

21 (d) RULEMAKING.—The appropriate Federal banking
22 agencies shall issue such rules as may be necessary to
23 carry out this section.

1 (e) EFFECTIVE DATE.—This section shall apply after
2 the end of the 1-year period beginning on the date of en-
3 actment of this section.