

House-passed H.R. 4173	Senate-passed H.R. 4173 (S. 3217 as amended)	Notes
<p>Subtitle L--Securities Holding Companies</p> <p>SEC. 1961. SECURITIES HOLDING COMPANIES.</p> <p>(a) Supervision of a Securities Holding Company Not Having a Bank or Savings Association Affiliate-</p> <p>(1) IN GENERAL- A securities holding company that is required by a foreign regulator or foreign law to be subject to comprehensive consolidated supervision and that is not--</p> <p>(A) a financial holding company subject to stricter standards;</p> <p>(B) an affiliate of an insured bank (other than an institution described in subparagraphs (D) or (G) of section 2(c)(2) of the Bank Holding Company Act of 1956) or a savings association;</p> <p>(C) a foreign bank, foreign company, or company that is described in section 8(a) of the International Banking Act of 1978;</p> <p>(D) a foreign bank that controls, directly or indirectly, a corporation chartered under section 25A of the Federal Reserve Act (12 U.S.C. 611 et seq.); or</p> <p>(E) subject to comprehensive consolidated supervision by a foreign regulator,</p> <p>may register with the Board to become supervised, pursuant to paragraph (2). Any securities holding company filing such a registration shall be supervised in accordance with this section and comply with the rules and orders prescribed by the Board applicable to supervised securities holding companies.</p> <p>(2) REGISTRATION AS A SUPERVISED SECURITIES HOLDING COMPANY- A securities holding company described in paragraph (1) shall register by filing with the Board such information and documents concerning such securities holding company as the Board, by regulation, may prescribe as necessary or appropriate in furtherance of the purposes of this section. Such supervision shall become effective 45 days after the date of receipt of such registration by the Board or within such shorter time period as the Board, by rule or order, may</p>	<p>SEC. 618. SECURITIES HOLDING COMPANIES.</p> <p><i>(b) Supervision of a Securities Holding Company Not Having a Bank or Savings Association Affiliate-</i></p> <p><i>(1) IN GENERAL- A securities holding company that is required by a foreign regulator or provision of foreign law to be subject to comprehensive consolidated supervision may register with the Board of Governors under paragraph (2) to become a supervised securities holding company. Any securities holding company filing such a registration shall be supervised in accordance with this section, and shall comply with the rules and orders prescribed by the Board of Governors applicable to supervised securities holding companies.</i></p> <p>(2) REGISTRATION AS A SUPERVISED SECURITIES HOLDING COMPANY-</p> <p><i>(A) REGISTRATION- A securities holding company that elects to be subject to comprehensive consolidated supervision shall register by filing with the Board of Governors such information and documents as the Board of Governors, by regulation, may prescribe as necessary or appropriate in furtherance of the purposes of this section.</i></p> <p><i>(B) EFFECTIVE DATE- A securities holding company that registers under subparagraph (A) shall be deemed to be a supervised securities holding company, effective on the date that is 45 days after the date of receipt of the registration information and documents under subparagraph (A) by the Board of Governors, or within such shorter period as the Board of Governors, by rule or order, may determine.</i></p>	

House-passed H.R. 4173	Senate-passed H.R. 4173 (S. 3217 as amended)	Notes
determine.		
<p>(b) Supervision of Securities Holding Companies-</p> <p>(1) RECORDKEEPING AND REPORTING-</p> <p>(A) IN GENERAL- Every supervised securities holding company and each affiliate of such company shall make and keep for prescribed periods such records, furnish copies of records, and make such reports, as the Board determines to be necessary or appropriate for the Board to carry out the purposes of this section, prevent evasions, and monitor compliance by the company or affiliate with applicable provisions of law.</p>	<p>(c) Supervision of Securities Holding Companies-</p> <p>(1) RECORDKEEPING AND REPORTING-</p> <p>(A) RECORDKEEPING AND REPORTING REQUIRED- Each supervised securities holding company and each affiliate of a supervised securities holding company shall make and keep for periods determined by the Board of Governors such records, furnish copies of such records, and make such reports, as the Board of Governors determines to be necessary or appropriate to carry out this section, to prevent evasions thereof, and to monitor compliance by the supervised securities holding company or affiliate with applicable provisions of law.</p>	
<p>(B) FORM AND CONTENTS- Such records and reports shall be prepared in such form and according to such specifications (including certification by a registered public accounting firm), as the Board may require and shall be provided promptly at any time upon request by the Board. Such records and reports may include--</p> <p>(i) a balance sheet and income statement;</p> <p>(ii) an assessment of the consolidated capital of the supervised securities holding company;</p> <p>(iii) an independent auditor's report attesting to the supervised securities holding company's compliance with its internal risk management and internal control objectives; and</p> <p>(iv) reports concerning the extent to which the company or affiliate has complied with the</p>	<p>(B) FORM AND CONTENTS-</p> <p>(i) IN GENERAL- Any record or report required to be made, furnished, or kept under this paragraph shall--</p> <p>(I) be prepared in such form and according to such specifications (including certification by a registered public accounting firm), as the Board of Governors may require; and</p> <p>(II) be provided promptly to the Board of Governors at any time,</p>	

House-passed H.R. 4173	Senate-passed H.R. 4173 (S. 3217 as amended)	Notes
<p>provisions of this section and any regulations prescribed and orders issued under this section.</p>	<p><i>upon request by the Board of Governors.</i></p> <p><i>(ii) CONTENTS- Records and reports required to be made, furnished, or kept under this paragraph may include--</i></p> <p><i>(I) a balance sheet or income statement of the supervised securities holding company or an affiliate of a supervised securities holding company;</i></p> <p><i>(II) an assessment of the consolidated capital and liquidity of the supervised securities holding company;</i></p> <p><i>(III) a report by an independent auditor attesting to the compliance of the supervised securities holding company with the internal risk management and internal control objectives of the supervised securities holding company; and</i></p> <p><i>(IV) a report concerning the extent to which the supervised securities holding company or affiliate has complied with the provisions of this section and any regulations prescribed and orders issued under this section.</i></p>	

House-passed H.R. 4173	Senate-passed H.R. 4173 (S. 3217 as amended)	Notes
<p>(2) USE OF EXISTING REPORTS-</p> <p>(A) IN GENERAL- The Board shall, to the fullest extent possible, accept reports in fulfillment of the requirements under this paragraph that the supervised securities holding company or its affiliates have been required to provide to another appropriate regulatory agency or self-regulatory organization.</p> <p>(B) AVAILABILITY- A supervised securities holding company or an affiliate of such company shall provide to the Board, at the request of the Board, any report referred to in subparagraph (A), as permitted by law.</p>	<p>(2) USE OF EXISTING REPORTS-</p> <p><i>(A) IN GENERAL- The Board of Governors shall, to the fullest extent possible, accept reports in fulfillment of the requirements of this paragraph that a supervised securities holding company or an affiliate of a supervised securities holding company has been required to provide to another regulatory agency or a self-regulatory organization.</i></p> <p><i>(B) AVAILABILITY- A supervised securities holding company or an affiliate of a supervised securities holding company shall promptly provide to the Board of Governors, at the request of the Board of Governors, any report described in subparagraph (A), as permitted by law.</i></p>	
<p>(3) EXAMINATION AUTHORITY-</p> <p>(A) FOCUS OF EXAMINATION AUTHORITY- The Board may make examinations of any supervised securities holding company and any affiliate of such company to carry out the purposes of this subsection, prevent evasions thereof, and monitor compliance by the company or affiliate with applicable provisions of law.</p> <p>(B) DEFERENCE TO OTHER EXAMINATIONS- For purposes of this subparagraph, the Board shall, to the fullest extent possible, use the reports of examination made by other appropriate Federal or State regulatory authorities with respect to any functionally regulated subsidiary, as defined under section 5(c)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(c)(1)), or an institution described in subparagraphs (D) or (G) of section 1841(c)(2).</p>	<p>(3) EXAMINATION AUTHORITY-</p> <p><i>(A) FOCUS OF EXAMINATION AUTHORITY- The Board of Governors may make examinations of any supervised securities holding company and any affiliate of a supervised securities holding company to carry out this subsection, to prevent evasions thereof, and to monitor compliance by the supervised securities holding company or affiliate with applicable provisions of law.</i></p> <p><i>(B) DEFERENCE TO OTHER EXAMINATIONS- For purposes of this subparagraph, the Board of Governors shall, to the fullest extent possible, use the reports of examination made by other appropriate Federal or State regulatory authorities with respect to any functionally regulated subsidiary or any institution described in subparagraph (D), (F), or (H) of section</i></p>	

House-passed H.R. 4173	Senate-passed H.R. 4173 (S. 3217 as amended)	Notes
	<p><i>2(c)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2)).</i></p>	
<p>(c) Capital and Risk Management-</p> <p>(1) The Board shall, by regulation or order, prescribe capital adequacy and other risk management standards for a supervised securities holding company appropriate to protect the safety and soundness of the company and address the risks posed to financial stability by a supervised securities holding company. Standards imposed under this subparagraph shall take account of differences among types of business activities and--</p> <p>(A) the amount and nature of the company's financial assets;</p> <p>(B) the amount and nature of the company's liabilities, including the degree of reliance on short-term funding;</p> <p>(C) the extent and nature of the company's off-balance sheet exposures;</p> <p>(D) the extent and nature of the company's transactions and relationships with other financial companies;</p> <p>(E) the company's importance as a source of credit for households, businesses, and State and local governments and as a source of liquidity for the financial system; and</p> <p>(F) the nature, scope, and mix of the company's activities.</p> <p>(2) In imposing standards under this subsection, the Board may differentiate among supervised securities holding companies on an individual basis or by category, taking into consideration the criteria specified above.</p> <p>(3) Any capital requirements imposed under this subsection shall not take effect until the expiration of 180 days after a supervised securities holding company is provided notice of such requirement.</p>	<p><i>(d) Capital and Risk Management-</i></p> <p><i>(1) IN GENERAL- The Board of Governors shall, by regulation or order, prescribe capital adequacy and other risk management standards for supervised securities holding companies that are appropriate to protect the safety and soundness of the supervised securities holding companies and address the risks posed to financial stability by supervised securities holding companies.</i></p> <p><i>(2) DIFFERENTIATION- In imposing standards under this subsection, the Board of Governors may differentiate among supervised securities holding companies on an individual basis, or by category, taking into consideration the requirements under paragraph (3).</i></p> <p><i>(3) CONTENT- Any standards imposed on a supervised securities holding company under this subsection shall take into account--</i></p> <p><i>(A) the differences among types of business activities carried out by the supervised securities holding company;</i></p> <p><i>(B) the amount and nature of the financial assets of the supervised securities holding company;</i></p> <p><i>(C) the amount and nature of the liabilities of the supervised securities holding company, including the degree of reliance on short-term funding;</i></p>	

House-passed H.R. 4173	Senate-passed H.R. 4173 (S. 3217 as amended)	Notes
	<p><i>(D) the extent and nature of the off-balance sheet exposures of the supervised securities holding company;</i></p> <p><i>(E) the extent and nature of the transactions and relationships of the supervised securities holding company with other financial companies;</i></p> <p><i>(F) the importance of the supervised securities holding company as a source of credit for households, businesses, and State and local governments, and as a source of liquidity for the financial system; and</i></p> <p><i>(G) the nature, scope, and mix of the activities of the supervised securities holding company.</i></p> <p><i>(4) NOTICE- A capital requirement imposed under this subsection may not take effect earlier than 180 days after the date on which a supervised securities holding company is provided notice of the capital requirement.</i></p>	
	<p><i>(e) Exception for Banks- No bank shall be subject to any of the requirements set forth in subsections (c) and (d).</i></p>	
<p>(d) Other Provisions-</p> <p>(1) Subsections (b), (c) through (s), and (u) of section 8 of the Federal Deposit Insurance Act shall apply to any supervised securities holding company, and to any subsidiary (other than a bank) of a supervised securities holding company, in the same manner as they apply to a bank holding company. For purposes of applying such subsections to a supervised securities holding company or a subsidiary (other than a bank) of a supervised securities holding company, the Board shall be considered the appropriate Federal banking agency for the supervised securities holding company or subsidiary.</p>	<p><i>(f) Other Provisions of Law Applicable to Supervised Securities Holding Companies-</i></p> <p><i>(1) FEDERAL DEPOSIT INSURANCE ACT- Subsections (b), (c) through (s), and (u) of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818) shall apply to any supervised securities holding company, and to any subsidiary (other than a bank or an institution described in subparagraph (D), (F), or (H) of section 2(c)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2))) of a supervised securities holding</i></p>	

House-passed H.R. 4173	Senate-passed H.R. 4173 (S. 3217 as amended)	Notes
<p>(2) Except as the Board may otherwise provide by regulation or order, a supervised securities holding company shall be subject to the provisions of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) in the same manner and to the same extent that bank holding companies are subject to such provisions, except that any such supervised securities holding company shall not by reason of this subparagraph be deemed a bank holding company for purposes of section 4 of the Bank Holding Company Act of 1956.</p>	<p><i>company, in the same manner as such subsections apply to a bank holding company for which the Board of Governors is the appropriate Federal banking agency. For purposes of applying such subsections to a supervised securities holding company or a subsidiary (other than a bank or an institution described in subparagraph (D), (F), or (H) of section 2(c)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2))) of a supervised securities holding company, the Board of Governors shall be deemed the appropriate Federal banking agency for the supervised securities holding company or subsidiary.</i></p> <p><i>(2) BANK HOLDING COMPANY ACT OF 1956- Except as the Board of Governors may otherwise provide by regulation or order, a supervised securities holding company shall be subject to the provisions of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) in the same manner and to the same extent a bank holding company is subject to such provisions, except that a supervised securities holding company may not, by reason of this paragraph, be deemed to be a bank holding company for purposes of section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843).</i></p>	
<p>(e) Definitions- For purposes of this section, the following definitions shall apply:</p>	<p>SEC. 618.</p> <p><i>(a) Definitions- In this section--</i></p>	
<p>(1) SECURITIES HOLDING COMPANY- The term `securities holding company' means-- (A) any person other than a natural person that owns or controls one or more brokers or dealers as defined in section 3 of the Securities Exchange Act; and (B) the associated persons of the securities holding company.</p>	<p><i>(4) the term `securities holding company'--</i></p> <p><i>(A) means--</i></p> <p><i>(i) a person (other than a natural person) that owns or controls 1 or more brokers or dealers registered with the Commission; and</i></p> <p><i>(ii) the associated persons of a person</i></p>	

House-passed H.R. 4173	Senate-passed H.R. 4173 (S. 3217 as amended)	Notes
	<p><i>described in clause (i); and</i></p> <p><i>(B) does not include a person that is--</i></p> <p><i>(i) a nonbank financial company supervised by the Board under title I;</i></p> <p><i>(ii) an affiliate of an insured bank (other than an institution described in subparagraphs (D), (F), or (H) of section 2(c)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2)) or an affiliate of a savings association;</i></p> <p><i>(iii) a foreign bank, foreign company, or company that is described in section 8(a) of the International Banking Act of 1978 (12 U.S.C. 3106(a));</i></p> <p><i>(iv) a foreign bank that controls, directly or indirectly, a corporation chartered under section 25A of the Federal Reserve Act (12 U.S.C. 611 et seq.); or</i></p> <p><i>(v) subject to comprehensive consolidated supervision by a foreign regulator;</i></p>	
<p>(2) SUPERVISED SECURITIES HOLDING COMPANY- The term `supervised securities holding company' means any securities holding company that is supervised by the Board pursuant to this section.</p>	<p><i>(5) the term `supervised securities holding company' means a securities holding company that is supervised by the Board of Governors under this section; and</i></p>	
<p>(3) OTHER BANKING TERMS- The terms `affiliate', `bank', `bank holding company', `company', `control', `savings association', and `subsidiary' have the same meanings as in section 2 of the Bank Holding Company Act of 1956.</p>	<p><i>(6) the terms `affiliate', `bank', `bank holding company', `company', `control', `savings association', and `subsidiary' have the same meanings as in section 2 of the Bank Holding Company Act of 1956.</i></p>	

House-passed H.R. 4173	Senate-passed H.R. 4173 (S. 3217 as amended)	Notes
(4) INSURED BANK- The term `insured bank' has the same meaning as in section 13 of the Federal Deposit Insurance Act.	<i>(3) the term `insured bank' has the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813);</i>	
(5) FOREIGN BANK- The term `foreign bank' has the same meaning as in section 1(b)(7) of the International Banking Act of 1978.	<i>(2) the term `foreign bank' has the same meaning as in section 1(b)(7) of the International Banking Act of 1978 (12 U.S.C. 3101(b)(7));</i>	
(6) ASSOCIATED PERSONS- The terms `person associated with a securities holding company' and `associated person of a securities holding company' mean any person directly or indirectly controlling, controlled by, or under common control with, a securities holding company.	<i>(1) the term `associated person of a securities holding company' means a person directly or indirectly controlling, controlled by, or under common control with, a securities holding company;</i>	