

**AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
**TO H.R. 698**  
**OFFERED BY MR. FRANK OF MASSACHUSETTS**  
**AND MR. GILLMOR OF OHIO**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Industrial Bank Hold-  
3 ing Company Act of 2007”.

**4 SEC. 2. INDUSTRIAL BANK HOLDING COMPANY REGULA-**  
**5 TION.**

6 (a) DEFINITIONS.—

7 (1) INDUSTRIAL BANK.—Section 3(a) of the  
8 Federal Deposit Insurance Act (12 U.S.C. 1813(a))  
9 is amended by adding at the end the following new  
10 paragraph:

11 “(4) INDUSTRIAL BANK.—The term ‘industrial  
12 bank’ means any insured State bank that is an in-  
13 dustrial bank, industrial loan company, or other in-  
14 stitution that is excluded, pursuant to section  
15 2(c)(2)(H) of the Bank Holding Company Act of  
16 1956, from the definition of the term ‘bank’ for pur-  
17 poses of such Act.”.

1           (2) INDUSTRIAL BANK HOLDING COMPANY.—  
2           Section 3(w) of the Federal Deposit Insurance Act  
3           (12 U.S.C. 1813(w)) is amended by adding at the  
4           end the following new paragraphs:

5           “(8) INDUSTRIAL BANK HOLDING COMPANY.—  
6           The term ‘industrial bank holding company’ means  
7           any company that—

8                   “(A) controls (as determined by the Cor-  
9                   poration pursuant to section 2(a) of the Bank  
10                  Holding Company Act of 1956), directly or in-  
11                  directly, any industrial bank; and

12                  “(B) is not—

13                          “(i) 1 or more of the following: a bank  
14                          holding company, a savings and loan hold-  
15                          ing company, a company that is subject to  
16                          the Bank Holding Company Act of 1956  
17                          pursuant to section 8(a) of the Inter-  
18                          national Banking Act of 1978, or a holding  
19                          company regulated by the Securities and  
20                          Exchange Commission pursuant to section  
21                          240.15e3-1(a)(7) of title 17 of the Code of  
22                          Federal Regulations (as in effect on Janu-  
23                          ary 29, 2007); or

24                          “(ii) controlled by a company de-  
25                          scribed in clause (i).

1           “(9) CAPITAL TERMS RELATING TO INDUSTRIAL  
2 BANK HOLDING COMPANIES.—

3           “(A) ADEQUATELY CAPITALIZED.—With  
4 respect to an industrial bank holding company,  
5 the term ‘adequately capitalized’ means a level  
6 of capitalization which meets or exceeds all ap-  
7 plicable Federal regulatory capital standards.

8           “(B) WELL CAPITALIZED.—With respect  
9 to an industrial bank holding company, the  
10 term ‘well capitalized’ means a level of capital-  
11 ization which meets or exceeds the required  
12 capital levels for well capitalized industrial bank  
13 holding companies established by the Corpora-  
14 tion.”.

15           (3) TECHNICAL AND CONFORMING AMEND-  
16 MENTS TO OTHER DEFINITIONS.—

17           (A) APPROPRIATE FEDERAL BANKING  
18 AGENCY.—Section 3(q)(3) of the Federal De-  
19 posit Insurance Act (12 U.S.C. 1813(q)(3)) is  
20 amended—

21           (i) by striking “or a foreign” and in-  
22 serting “, any foreign”; and

23           (ii) by inserting “, and any industrial  
24 bank holding company and any subsidiary  
25 of an industrial bank holding company

1 (other than a bank)” after “insured  
2 branch”.

3 (B) DEPOSITORY INSTITUTION HOLDING  
4 COMPANY.—Section 3(w)(1) of the Federal De-  
5 posit Insurance Act (12 U.S.C. 1813(w)(1)) is  
6 amended—

7 (i) by striking “or a savings” and in-  
8 serting “, any savings”; and

9 (ii) by inserting “, and any industrial  
10 bank holding company” before the period  
11 at the end.

12 (b) INDUSTRIAL BANK HOLDING COMPANY REG-  
13 ISTRATION AND OWNERSHIP.—The Federal Deposit In-  
14 surance Act (12 U.S.C. 1811 et seq.) is amended by add-  
15 ing at the end the following new section:

16 **“SEC. 51. INDUSTRIAL BANK HOLDING COMPANY REGULA-**  
17 **TION.**

18 “(a) ACQUISITION OF INDUSTRIAL BANK SHARES OR  
19 ASSETS.—Section 3 of the Bank Holding Company Act  
20 of 1956 (other than section 3(c)(3)(B) of that Act) shall  
21 apply to any company that is or would become an indus-  
22 trial bank holding company in the same manner as such  
23 section applies to a company that is or would become a  
24 bank holding company, except that for purposes of apply-  
25 ing this subsection—

1           “(1) any reference to a ‘bank holding company’  
2           in such section 3 shall be deemed to be a reference  
3           to an ‘industrial bank holding company’;

4           “(2) any reference to a ‘bank’ in such section  
5           shall be deemed to be a reference to an ‘industrial  
6           bank’;

7           “(3) any reference to the ‘Board’ in such sec-  
8           tion shall be deemed to be a reference to the Cor-  
9           poration;

10          “(4) any reference to the ‘Bank Holding Com-  
11          pany Act Amendments of 1970’ in such section shall  
12          be deemed to be a reference to the ‘Industrial Bank  
13          Holding Company Act of 2007’;

14          “(5) any reference to a ‘home State’ in such  
15          section 3 shall be deemed to be a reference to—

16                 “(A) with respect to an industrial bank  
17                 holding company, the State in which the total  
18                 deposits of all banking subsidiaries of such  
19                 company were the largest on the later of—

20                         “(i) January 28, 2007; or

21                         “(ii) the date on which the company  
22                         becomes an industrial bank holding com-  
23                         pany under this section; and

1           “(B) with respect to an industrial bank,  
2           the home State of the bank as determined  
3           under section 44(g);

4           “(6) any reference to a ‘host State’ in such sec-  
5           tion 3 shall be deemed to be a reference to—

6           “(A) with respect to an industrial bank  
7           holding company, a State, other than the home  
8           State of the company, in which the company  
9           controls, or seeks to control, an industrial bank  
10          subsidiary; and

11          “(B) with respect to an industrial bank,  
12          the host State of the bank as determined under  
13          section 44(g);

14          “(7) any reference to an ‘out-of-State bank  
15          holding company’ in such section 3 shall be deemed  
16          to be a reference to, with respect to any State, an  
17          industrial bank holding company whose home State  
18          is another State; and

19          “(8) any reference to an ‘out-of-State bank’ in  
20          such section 3 shall be deemed to be a reference to,  
21          with respect to any State, an industrial bank whose  
22          home State is another State.

23          “(b) APPLICATION PROCESS.—An application filed  
24          under subsection (a) to acquire control of an industrial

1 bank shall be treated as an application for a deposit facil-  
2 ity for purposes of this Act and any other Federal law.

3 “(c) REGISTRATION.—

4 “(1) IN GENERAL.—Each industrial bank hold-  
5 ing company shall register with the Corporation on  
6 forms prescribed by the Corporation before the end  
7 of the 180-day period beginning on the later of—

8 “(A) the date the company becomes an in-  
9 dustrial bank holding company; or

10 “(B) the date of the enactment of the In-  
11 dustrial Bank Holding Company Act of 2007.

12 “(2) INFORMATION TO BE INCLUDED.—Each  
13 registration submitted under paragraph (1) shall in-  
14 clude such information, under oath, with respect to  
15 the financial condition, ownership, operations, man-  
16 agement, and intercompany relationships of the in-  
17 dustrial bank holding company and subsidiaries of  
18 such holding company, and other factors (including  
19 information described in subsection (d)(1)(C)), as  
20 the Corporation may determine to be appropriate to  
21 carry out the purposes of this section.

22 “(3) EXTENSION OF TIME FOR SUBMITTING  
23 COMPLETE INFORMATION.—Upon application by an  
24 industrial bank holding company and subject to such  
25 requirements, factors, and evidence as the Corpora-

1       tion may require, the Corporation may extend the  
2       period described in paragraph (1) within which such  
3       company shall register and file the requisite infor-  
4       mation.

5       “(d) REPORTS AND EXAMINATIONS.—

6             “(1) REPORTS.—

7                     “(A) REPORTS REQUIRED.—Each indus-  
8                     trial bank holding company and each subsidiary  
9                     of an industrial bank holding company, other  
10                    than an industrial bank, shall file with the Cor-  
11                    poration such reports as may be required by the  
12                    Corporation.

13                   “(B) FORM AND MANNER.—Reports filed  
14                    under subparagraph (A) shall be made under  
15                    oath and shall be in such form and for such pe-  
16                    riods, as the Corporation may prescribe.

17                   “(C) INFORMATION.—Each report filed  
18                    under subparagraph (A) shall contain such in-  
19                    formation as the Corporation may require con-  
20                    cerning—

21                             “(i) the operations of the industrial  
22                             bank holding company and the holding  
23                             company’s subsidiaries;

24                             “(ii) the financial condition of the in-  
25                             dustrial bank holding company and such

1 subsidiaries, together with information on  
2 systems maintained within the holding  
3 company or within any such subsidiary for  
4 monitoring and controlling financial and  
5 operating risks, and transactions with in-  
6 sured depository institution subsidiaries of  
7 the holding company;

8 “(iii) compliance by the industrial  
9 bank holding company and the holding  
10 company’s subsidiaries with all applicable  
11 Federal and State law; and

12 “(iv) such other information as the  
13 Corporation may require.

14 “(D) ACCEPTANCE OF EXISTING RE-  
15 PORTS.—For purposes of this paragraph, the  
16 Corporation may accept reports that an indus-  
17 trial bank holding company or any subsidiary of  
18 such company has provided or has been re-  
19 quired to provide to any other Federal or State  
20 supervisor or to any appropriate self-regulatory  
21 organization.

22 “(2) EXAMINATIONS.—

23 “(A) IN GENERAL.—Each industrial bank  
24 holding company and each subsidiary of each  
25 such holding company (other than an industrial

1 bank) shall be subject to such examinations by  
2 the Corporation as the Corporation may pre-  
3 scribe for purposes of this section.

4 “(B) FURNISHING REPORTS TO OTHER  
5 AGENCIES.—Examination and other reports  
6 made or received under this section may be fur-  
7 nished by the Corporation to any other appro-  
8 priate Federal agency or any appropriate State  
9 bank supervisor or other State financial super-  
10 visory agency.

11 “(C) USE OF REPORTS FROM OTHER  
12 AGENCIES.—The Corporation may use, for the  
13 purposes of this subsection, reports of examina-  
14 tion made by any other appropriate Federal  
15 agency, any appropriate State bank supervisor,  
16 or any other State financial supervisory author-  
17 ity with respect to any industrial bank holding  
18 company or subsidiary of any such holding com-  
19 pany, to the extent the Corporation may deter-  
20 mine such use to be feasible for such purposes.

21 “(3) CAPITAL.—

22 “(A) IN GENERAL.— The Corporation may  
23 not, by regulation, guideline, order, or other-  
24 wise, prescribe or impose any capital or capital  
25 adequacy rules, guidelines, standards, or re-

1           quirements on any functionally regulated affil-  
2           iate (as defined in section 45) of any depository  
3           institution that is controlled by an industrial  
4           bank holding company that—

5                   “(i) is not a depository institution;

6                   and

7                   “(ii) is—

8                           “(I) in compliance with the appli-  
9                           cable capital requirements of the ap-  
10                           propriate Federal supervisory agency  
11                           of the affiliate (including the Securi-  
12                           ties and Exchange Commission or  
13                           State insurance authority);

14                           “(II) properly registered as an  
15                           investment adviser under the Invest-  
16                           ment Advisers Act of 1940, or with  
17                           any State; or

18                           “(III) is licensed as an insurance  
19                           agent with the appropriate State in-  
20                           surance authority.

21                   “(B) RULE OF CONSTRUCTION.—Subpara-  
22                   graph (A) shall not be construed as preventing  
23                   the Corporation from imposing capital or cap-  
24                   ital adequacy rules, guidelines, standards, or re-  
25                   quirements with respect to—

1                   “(i) activities of a registered invest-  
2                   ment adviser other than with respect to in-  
3                   vestment advisory activities or activities in-  
4                   cidental to investment advisory activities;  
5                   or

6                   “(ii) activities of a licensed insurance  
7                   agent other than insurance agency activi-  
8                   ties or activities incidental to insurance  
9                   agency activities.

10                  “(e) ACCESS TO INFORMATION.—

11                   “(1) INFORMATION PROVIDED BY CORPORA-  
12                   TION.—Any confidential supervisory information, in-  
13                   cluding examination or other reports, pertaining to  
14                   an industrial bank furnished by the Corporation to  
15                   any other Federal agency or any appropriate State  
16                   supervisory agency shall remain confidential unless  
17                   the Corporation, in writing, otherwise consents.

18                   “(2) DEFERENCE TO DEPOSITORY INSTITUTION  
19                   EXAMINATIONS.—Any appropriate Federal super-  
20                   visory agency of a holding company of an industrial  
21                   bank shall, to the fullest extent possible, forego any  
22                   examination of any depository institution subsidiary  
23                   of the holding company and use the reports of ex-  
24                   aminations of the institution made by the appro-  
25                   priate Federal banking agency and the appropriate

1 State bank supervisor in lieu of a direct examina-  
2 tion.

3 “(3) INFORMATION TO BE PROVIDED TO COR-  
4 PORATION.—

5 “(A) REQUEST TO AGENCY.—Upon request  
6 by the Corporation, an appropriate Federal su-  
7 pervisory agency may provide to the Corpora-  
8 tion information regarding the condition of an  
9 industrial bank, any holding company that con-  
10 trols such industrial bank, or any other affiliate  
11 of any such holding company that is necessary  
12 to assess risk to the industrial bank.

13 “(B) AVAILABILITY FROM HOLDING COM-  
14 PANY DIRECTLY.—Notwithstanding section 45,  
15 section 115 of the Gramm Leach Bliley Act, or  
16 any other provision of law (including any regu-  
17 lation), if the information requested under sub-  
18 paragraph (A) is not provided to the Corpora-  
19 tion, and the information is necessary to assess  
20 risk to the industrial bank, the Corporation  
21 may require the holding company or affiliate re-  
22 ferred to in such subparagraph with respect to  
23 such bank to provide such information to the  
24 Corporation.

25 “(4) EXAMINATIONS BY CORPORATION.—

1           “(A) IN GENERAL.—Subject to subpara-  
2 graph (B) and notwithstanding section 45, sec-  
3 tion 115 of the Gramm Leach Bliley Act, or  
4 any other provision of law (including any regu-  
5 lation), no law shall be construed as preventing  
6 the Corporation from examining an affiliate of  
7 an industrial bank pursuant to paragraph (2),  
8 (3), or (4) of section 10(b), as may be nec-  
9 essary to disclose fully the relationship between  
10 the industrial bank and the affiliate, and the ef-  
11 fect of such relationship on the industrial bank,  
12 if the Corporation finds such examination nec-  
13 essary to determine the condition of an indus-  
14 trial bank.

15           “(B) FUNCTIONALLY REGULATED AFFILI-  
16 ATES.— Before the Corporation may examine  
17 any affiliate of an industrial bank that is—

18                   “(i) a broker, a dealer, an investment  
19 company, or an investment advisor, or

20                   “(ii) an entity that is subject to con-  
21 solidated supervision by the Securities and  
22 Exchange Commission, other than a depos-  
23 itory institution,

24 the Corporation shall request the Commission  
25 to provide the information that the Corporation

1 is seeking to obtain through examination and  
2 may proceed with the examination only if the  
3 requested information is not provided by the  
4 Commission in a timely manner.

5 “(f) LIMITATION ON CONTROL.—

6 “(1) IN GENERAL.—Except as provided in para-  
7 graph (3) or (4), no industrial bank may be con-  
8 trolled, directly or indirectly, by a commercial firm.

9 “(2) COMMERCIAL FIRM DEFINED.—For pur-  
10 poses of this section, the term ‘commercial firm’  
11 means any entity at least 15 percent of the annual  
12 gross revenues of which on a consolidated basis, in-  
13 cluding all affiliates of the entity, were derived from  
14 engaging, on an on-going basis, in activities that are  
15 not financial in nature or incidental to a financial  
16 activity during at least 3 of the prior 4 calendar  
17 quarters, as determined by the Corporation in ac-  
18 cordance with regulations which the Corporation  
19 shall prescribe.

20 “(3) PRE-2003 EXCLUSIONS.—

21 “(A) GRANDFATHERED INSTITUTIONS.—  
22 Paragraph (1) shall not apply with respect to  
23 any industrial bank—

24 “(i) which became an insured deposi-  
25 tory institution before October 1, 2003, or

1                   pursuant to an application for deposit in-  
2                   surance which was approved by the Cor-  
3                   poration before such date; and

4                   “(ii) with respect to which there is no  
5                   change in control, directly or indirectly, of  
6                   the bank after September 30, 2003, that  
7                   requires a registration under this section  
8                   or an application under section 7(j) or  
9                   18(c), section 3 of the Bank Holding Com-  
10                  pany Act of 1956, or section 10 of the  
11                  Home Owners’ Loan Act, except a direct  
12                  or indirect change of control in which—

13                  “(I) immediately prior to such  
14                  change in control neither the ultimate  
15                  acquiring holding company nor the ul-  
16                  timate acquired holding company is a  
17                  commercial firm;

18                  “(II) immediately after such  
19                  change of control the resulting ul-  
20                  timate holding company is not a com-  
21                  mercial firm; and

22                  “(III) the resulting ultimate  
23                  holding company is subject to consoli-  
24                  dated supervision by the Office of  
25                  Thrift Supervision or a holding com-

1                   pany regulated by the Securities and  
2                   Exchange Commission pursuant to  
3                   section 240.15c3-1(a)(7) of title 17 of  
4                   the Code of Federal Regulations (as  
5                   in effect on January 29, 2007).

6                   “(B) CORPORATE REORGANIZATIONS PER-  
7                   MITTED.—The acquisition of direct or indirect  
8                   control of the industrial bank referred to in  
9                   subparagraph (A)(ii) shall not be treated as a  
10                  ‘change in control’ for purposes of such sub-  
11                  paragraph if—

12                   “(i) the company acquiring control is  
13                   itself directly or indirectly controlled by a  
14                   company that was an affiliate of such bank  
15                   on the date referred to in such subpara-  
16                   graph, and remains an affiliate at all times  
17                   after such date; and

18                   “(ii) the transaction through which  
19                   the company acquired control of the indus-  
20                   trial bank constituted solely a corporate re-  
21                   organization of a company that controlled  
22                   the industrial bank on the date referred to  
23                   in such subparagraph.

24                  “(4) PRE-2007 EXCLUSIONS.—

1                   “(A) GRANDFATHERED COMMERCIAL  
2 FIRMS.—Paragraph (1) shall not apply to any  
3 commercial firm—

4                   “(i) which became a holding company  
5 of an industrial bank by virtue of acquiring  
6 control of an industrial bank on or after  
7 October 1, 2003, and before January 29,  
8 2007;

9                   “(ii) which does not acquire control of  
10 any other depository institution after Jan-  
11 uary 28, 2007;

12                   “(iii) with respect to which there is no  
13 change in control, directly or indirectly, of  
14 any depository institution subsidiary after  
15 January 28, 2007, that requires a registra-  
16 tion under this section or an application  
17 under section 7(j) or 18(c), section 3 of  
18 the Bank Holding Company Act of 1956,  
19 or section 10 of the Home Owners’ Loan  
20 Act; and

21                   “(iv) each industrial bank subsidiary  
22 of which remains in compliance with the  
23 limitations contained in subparagraph (B).

24                   “(B) ACTIVITY AND BRANCHING LIMITA-  
25 TIONS.—An industrial bank subsidiary of a

1 commercial firm described in clauses (i), (ii)  
2 and (iii) of subparagraph (A) is in compliance  
3 with the requirements of this subparagraph for  
4 purposes of subparagraph (A)(iv) so long as the  
5 industrial bank—

6 “(i) engages only in activities in which  
7 the industrial bank was engaged on Janu-  
8 ary 28, 2007; and

9 “(ii) does not acquire, establish, or  
10 operate any branch, deposit production of-  
11 fice, loan production office, automated tell-  
12 er machine, or remote service unit in any  
13 State other than the home State of the  
14 bank or any host State in which such bank  
15 operated branches on January 28, 2007.

16 “(C) CORPORATE REORGANIZATIONS PER-  
17 MITTED.—The acquisition of direct or indirect  
18 control of a depository institution subsidiary re-  
19 ferred to in subparagraph (A)(iii) shall not be  
20 treated as a ‘change in control’ for purposes of  
21 such subparagraph if—

22 “(i) the company acquiring control is  
23 itself directly or indirectly controlled by a  
24 company that was an affiliate of such sub-  
25 sidiary on the date referred to in such sub-

1 paragraph, and remains an affiliate at all  
2 times after such date; and

3 “(ii) the transaction through which  
4 the company acquired control of the depos-  
5 itory institution constituted solely a cor-  
6 porate reorganization of a company that  
7 controlled the depository institution on the  
8 date referred to in such subparagraph.

9 “(g) PROCEDURES AND TIMING FOR TERMINATION  
10 OF ACTIVITIES OR DIVESTITURE.—

11 “(1) TRANSITION PROVISION.—

12 “(A) IN GENERAL.—Any company that  
13 fails to comply with the provisions of subsection  
14 (f) shall divest its ownership or control of each  
15 industrial bank subsidiary of the company not  
16 later than the end of the 2-year period begin-  
17 ning on the first date that the company ceased  
18 to comply with subsection (f).

19 “(B) EXTENSION OF TIME PERIOD.—

20 “(i) IN GENERAL.—Upon application  
21 by a holding company that controls an in-  
22 dustrial bank, the appropriate Federal su-  
23 pervisory agent of such holding company  
24 may extend the 2-year period referred to in  
25 subparagraph (A) with respect to such

1           company for not more than 1 year if, in  
2           such agency's judgment, such an extension  
3           would not be detrimental to the public in-  
4           terest.

5                   “(ii) FACTORS.—In making any deci-  
6           sion to grant an extension under clause (i)  
7           to a holding company of an industrial  
8           bank, the appropriate Federal supervisory  
9           agent of such holding company shall con-  
10          sider whether—

11                           “(I) the company has made a  
12                           good faith effort to divest such inter-  
13                           ests; and

14                           “(II) such extension is necessary  
15                           to avert substantial loss to the com-  
16                           pany.

17                   “(2) CONDITIONS BEFORE DIVESTITURE.—Dur-  
18           ing the 2-year period referred to in paragraph  
19           (1)(A) with respect to any company and any exten-  
20           sion of such period, the appropriate Federal super-  
21           visory agency may impose any conditions or restric-  
22           tions on the company or any subsidiary of the com-  
23           pany (other than a bank), including restricting or  
24           prohibiting transactions between the company or  
25           subsidiary and any depository institution subsidiary

1 of the company, as are appropriate under the cir-  
2 cumstances.

3 “(3) TERMINATION OF ACTIVITIES OR DIVESTI-  
4 TURE OF NONBANK SUBSIDIARIES CONSTITUTING  
5 SERIOUS RISK.—

6 “(A) IN GENERAL.—Notwithstanding any  
7 other provision of this section, the appropriate  
8 Federal supervisory agency may, whenever such  
9 agency has reasonable cause to believe that the  
10 continuation by a holding company of an indus-  
11 trial bank of any activity or of ownership or  
12 control of any nonbank subsidiary of such hold-  
13 ing company, other than a nonbank subsidiary  
14 of a depository institution, constitutes a serious  
15 risk to the financial safety, soundness, or sta-  
16 bility of a depository institution subsidiary of  
17 the holding company and is inconsistent with  
18 sound banking principles or with the purposes  
19 of this section, at the election of the holding  
20 company—

21 “(i) order such holding company or  
22 any such nonbank subsidiary, after due no-  
23 tice and opportunity for hearing, and after  
24 considering the views of the appropriate  
25 Federal banking agency and, if applicable,

1 appropriate State bank supervisor, to ter-  
2minate such activities or to terminate  
3 (within 120 days or such longer period as  
4 the appropriate Federal supervisory agency  
5 may direct in unusual circumstances) the  
6 ownership or control by such holding com-  
7 pany or nonbank subsidiary of any such  
8 depository institution subsidiary either by  
9 sale or by distribution of the shares of the  
10 depository institution subsidiary, in accord-  
11 ance with subparagraph (B), to the share-  
12 holders of the holding company of the in-  
13 dustrial bank; or

14 “(ii) order the holding company of the  
15 industrial bank, after due notice and op-  
16 portunity for hearing, and after consulta-  
17 tion with the appropriate State bank su-  
18 pervisor for the industrial bank, to termi-  
19 nate (within 120 days or such longer pe-  
20 riod as the appropriate Federal supervisory  
21 agency may direct) the ownership or con-  
22 trol of any such industrial bank by such  
23 company.

24 “(B) PRO RATA DISTRIBUTION.—Any dis-  
25 tribution to shareholders referred to in clause

1 (i) shall be pro rata with respect to all of the  
2 shareholders of the distributing company, and  
3 such company shall not make any charge to any  
4 shareholder in connection with such distribu-  
5 tion.

6 “(4) FOREIGN BANK OWNERSHIP.—After Janu-  
7 ary 28, 2007, no foreign bank may acquire, directly  
8 or indirectly, control of an industrial bank unless the  
9 Board of Governors of the Federal Reserve System  
10 has determined, by order, in connection with the  
11 change in control or acquisition of the industrial  
12 bank and after consultation with the Corporation,  
13 that the foreign bank is subject to comprehensive su-  
14 pervision or regulation on a consolidated basis by  
15 the appropriate authorities in the bank’s home coun-  
16 try in accordance with the standard in section  
17 3(c)(3)(B) of the Bank Holding Company Act of  
18 1956.

19 “(5) HOLDING COMPANY RESPONSIBILITY.—

20 “(A) SOURCE OF STRENGTH.—Notwith-  
21 standing section 45, a holding company of an  
22 industrial bank—

23 “(i) shall serve as a source of finan-  
24 cial and managerial strength to the sub-

1           sidiary banks of such holding company;  
2           and

3                   “(ii) shall not conduct the operations  
4           of the holding company in an unsafe and  
5           unsound manner.

6                   “(B) IMPLEMENTATION.—The appropriate  
7           Federal supervisory agency of the industrial  
8           bank holding company shall implement the re-  
9           quirements under subparagraph (A).

10           “(h) ADMINISTRATIVE PROVISIONS.—

11                   “(1) AGENT FOR SERVICE OF PROCESS.—The  
12           Corporation may require any industrial bank holding  
13           company, or persons connected with such holding  
14           company if it is not a corporation, to execute and  
15           file a prescribed form of irrevocable appointment of  
16           agent for service of process.

17                   “(2) RELEASE FROM REGISTRATION.—The Cor-  
18           poration may at any time, upon the Corporation’s  
19           own motion or upon application, release a registered  
20           industrial bank holding company from any registra-  
21           tion previously made by such company, if the Cor-  
22           poration determines that such company no longer  
23           controls any industrial bank.

24                   “(i) DEFINITIONS.—For purposes of this section, the  
25           following definitions shall apply:

1           “(1) APPROPRIATE FEDERAL SUPERVISORY  
2 AGENCY.—The term ‘appropriate Federal super-  
3 visory agency’ means, with respect to a company  
4 that controls an industrial bank—

5           “(A) the Corporation, in the case of a com-  
6 pany that is an industrial bank holding com-  
7 pany;

8           “(B) the Board of Governors of the Fed-  
9 eral Reserve System, in the case of a company  
10 that is a bank holding company or that is sub-  
11 ject to the Bank Holding Company Act of 1956  
12 pursuant to section 8(a) of the International  
13 Banking Act of 1978;

14           “(C) the Office of Thrift Supervision, in  
15 the case of a company that is a savings and  
16 loan holding company; and

17           “(D) the Securities and Exchange Com-  
18 mission, in the case of a company that is regu-  
19 lated by the Commission pursuant to section  
20 240.15c3-1(a)(7) of title 17 of the Code of Fed-  
21 eral Regulations (as in effect on January 29,  
22 2007).

23           “(2) RULE OF CONSTRUCTION.—Under the def-  
24 inition of the term ‘appropriate Federal supervisory  
25 agency’ in paragraph (1), more than 1 agency may

1 be an appropriate Federal supervisory agency with  
2 respect to any given company that controls an indus-  
3 trial bank.”.

4 (c) ENFORCEMENT.—

5 (1) Section 8(b) of the Federal Deposit Insur-  
6 ance Act (12 U.S.C. 1818(b)) is amended by adding  
7 at the end the following new paragraph:

8 “(11) INDUSTRIAL BANK HOLDING COMPA-  
9 NIES.—This subsection and subsections (c) through  
10 (s) and subsection (u) of this section shall apply to  
11 any industrial bank holding company, and to any  
12 subsidiary (other than a bank) of an industrial bank  
13 holding company in the same manner as such sub-  
14 sections apply to State nonmember insured banks.”.

15 (2) Section 8(h)(2) of the Federal Deposit In-  
16 surance Act (12 U.S.C. 1818(h)(2)) is amended by  
17 striking “(2) Any party to” and inserting “(2) Any  
18 party aggrieved by an order of any appropriate Fed-  
19 eral supervisory agency under section 51 or any  
20 party to”.

21 (3) Section 8(i) of the Federal Deposit Insur-  
22 ance Act (12 U.S.C. 1818(i)) is amended by striking  
23 “or 39” each place such term appears and inserting  
24 “, 39, or 51”.

1 (d) PROMPT CORRECTIVE ACTION.—Section  
2 38(f)(2)(H) of the Federal Deposit Insurance Act (12  
3 U.S.C. 1831o(f)(2)(H)) is amended by—

4 (1) by striking “BANK HOLDING COMPANY.—  
5 Prohibiting any bank” and inserting “HOLDING  
6 COMPANY.—

7 “(i) BANK HOLDING COMPANY.—Pro-  
8 hibiting any bank”; and

9 (2) by adding at the end the following new  
10 clause:

11 “(ii) INDUSTRIAL BANK HOLDING  
12 COMPANY.—Prohibiting any industrial  
13 bank holding company having control of  
14 the insured depository institution from  
15 making any capital distribution without  
16 the prior approval of the Corporation.”.

17 (e) TECHNICAL AND CONFORMING AMENDMENTS.—

18 (1) Section 10(e)(2) of the Federal Deposit In-  
19 surance Act (12 U.S.C. 1820(e)(2)) is amended by  
20 inserting “or section 51” after “subsection (b)(4)”.

21 (2) Section 1101(6) of the Right to Financial  
22 Privacy Act of 1978 (12 U.S.C. 3401(6)) is amend-  
23 ed—

24 (A) in subparagraph (B), by striking  
25 “and” after the semicolon;

1 (B) in subparagraph (C), by inserting  
2 “and” after the semicolon; and

3 (C) by inserting after paragraph (C) the  
4 following new paragraph:

5 “(D) any industrial bank holding company  
6 (as defined in section 3(w)(8) of the Federal  
7 Deposit Insurance Act);”.

8 (3) Section 115 of the Gramm-Leach-Bliley Act  
9 (12 U.S.C. 1820a) is amended—

10 (A) in subsection (a), by striking “or”  
11 after “bank holding company” and inserting “,  
12 industrial bank holding company, or”;

13 (B) in subsection (d)—

14 (i) by redesignating paragraphs (5),  
15 (6), and (7) as paragraphs (6), (7), and  
16 (8), respectively; and

17 (ii) by inserting after paragraph (4)  
18 the following new paragraph:

19 “(5) INDUSTRIAL BANK HOLDING COMPANY.—  
20 The term ‘industrial bank holding company’ has the  
21 same meaning as in section 3(w)(8) of the Federal  
22 Deposit Insurance Act.”.

23 (4) Section 304(g)(1) of the Home Mortgage  
24 Disclosure Act of 1975 (12 U.S.C. 2803(g)(1)) is

1           amended by inserting “, industrial bank holding  
2           company,” after “bank holding company”.

3   **SEC. 3. REGULATIONS.**

4           The Corporation shall prescribe such regulations as  
5 the Corporation determines to be appropriate to carry out  
6 the amendments made by this Act.