

[DISCUSSION DRAFT]

116TH CONGRESS
2^D SESSION

H. R. _____

To require megabank boards to include directors with current and relevant banking or regulatory experience, to prohibit megabank directors from serving on an excessive number of other company boards, to bar management from serving in key board leadership roles, 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 megabank boards to include directors with current and relevant banking or regulatory experience, to prohibit megabank directors from serving on an excessive number of other company boards, to bar management from serving in key board leadership roles, 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 This Act may be cited as the “Megabank Board
5 Standards Act”.

1 **SEC. 2. DEFINITIONS.**

2 For purposes of this Act:

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

4 With respect to a megabank, the term “affiliated
5 banking organization” means any subsidiary or affil-
6 iate of the megabank that has an appropriate Fed-
7 eral banking agency.

8 (2) **MEGABANK.**—

9 (A) **IN GENERAL.**—For purposes of this
10 Act, the term “megabank” means—

11 (i) a bank holding company that has
12 been identified by the Board of Governors
13 of the Federal Reserve System as a global
14 systemically important bank holding com-
15 pany pursuant to section 217.402 of title
16 12, Code of Federal Regulations; and

17 (ii) a global systemically important
18 foreign banking organization, as defined
19 under section 252.2 of title 12, Code of
20 Federal Regulations.

21 (B) **TREATMENT OF EXISTING GSIBS.**—A
22 company or organization described under clause
23 (i) or (ii) of subparagraph (A) on the date of
24 the enactment of this Act shall be deemed a
25 megabank.

1 (3) OTHER BANKING DEFINITIONS.—The terms
2 “affiliate”, “appropriate Federal banking agency”,
3 “depository institution”, “depository institution
4 holding company”, and “subsidiary” have the mean-
5 ing given those terms, respectively, under section 3
6 of the Federal Deposit Insurance Act (12 U.S.C.
7 1813).

8 **SEC. 3. QUALIFICATIONS FOR DIRECTORS.**

9 (a) IN GENERAL.—Each megabank and affiliated
10 banking organization shall ensure that the board of direc-
11 tors of the megabank or organization includes members
12 with relevant and current banking or regulatory experi-
13 ence.

14 (b) PENALTIES.—A violation of subsection (a) by any
15 megabank or affiliated banking organization shall be
16 deemed an unsafe and unsound practice by such
17 megabank or organization.

18 **SEC. 4. LIMITATIONS ON OUTSIDE COMMITMENTS OF DI-**
19 **RECTORS.**

20 (a) IN GENERAL.—A member of the board of direc-
21 tors of a megabank or an affiliated banking organization
22 may not—

23 (1) serve on the board of more than 3 public
24 companies (including such megabank or organiza-
25 tion); or

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

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

5 (B) serves as the lead independent mem-
6 ber, risk committee chair, or audit committee
7 chair of the board of directors of the megabank
8 or organization.

9 (b) PROHIBITIONS ON POSITIONS OF EXECUTIVES.—

10 An executive of a megabank or an affiliated banking orga-
11 nization may not also serve as the lead independent mem-
12 ber, risk committee chair, or audit committee chair of the
13 board of directors of such megabank or organization.

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

16 (1) be removed from any position as an execu-
17 tive, employee, or member of the board of directors
18 of the megabank or affiliated banking organization;
19 and

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

1 **SEC. 5. RULEMAKING.**

2 The appropriate Federal banking agencies shall issue
3 such rules as may be necessary to carry out this Act.

4 **SEC. 6. EFFECTIVE DATE.**

5 This Act shall apply after the end of the 1-year period
6 beginning on the date of enactment of this Act.