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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Megabank Board Standards Act”.

SEC. 2. DEFINITIONS.

For purposes of this Act:

(1) AFFILIATED BANKING ORGANIZATION.— With respect to a megabank, the term “affiliated banking organization” means any subsidiary or affiliate of the megabank that has an appropriate Federal banking agency.

(2) MEGABANK.—

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

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

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

(B) TREATMENT OF EXISTING GSIBS.—A company or organization described under clause (i) or (ii) of subparagraph (A) on the date of the enactment of this Act shall be deemed a megabank.
(3) Other banking definitions.—The terms “affiliate”, “appropriate Federal banking agency”, “depository institution”, “depository institution holding company”, and “subsidiary” have the meaning given those terms, respectively, under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

SEC. 3. QUALIFICATIONS FOR DIRECTORS.

(a) In general.—Each megabank and affiliated banking organization shall ensure that the board of directors of the megabank or organization includes members with relevant and current banking or regulatory experience.

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

SEC. 4. LIMITATIONS ON OUTSIDE COMMITMENTS OF DIRECTORS.

(a) In general.—A member of the board of directors of a megabank or an affiliated banking organization may not—

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

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

(B) serves as the lead independent member, risk committee chair, or audit committee chair of the board of directors of the megabank or organization.

(b) Prohibitions on Positions of Executives.—An executive of a megabank or an affiliated banking organization may not also serve as the lead independent member, risk committee chair, or audit committee chair of the board of directors of such megabank or organization.

(e) Penalties.—Any individual who violates subsection (a) or (b) shall—

(1) be removed from any position as an executive, employee, or member of the board of directors of the megabank or affiliated banking organization; and

(2) be prohibited from taking any position as an executive, employee, or member of the board of directors of any depository institution, depository institution holding company, or subsidiary or affiliate of a depository institution holding company.
SEC. 5. RULEMAKING.

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

SEC. 6. EFFECTIVE DATE.

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