

## TITLE I: FINANCIAL STABILITY

- **Establishes Financial Stability Oversight Council (FSOC):** Charged with identifying risks to the financial stability of the United States, promoting market discipline, responding to emerging threats to the stability of the United States financial system.
  - **Ten voting members:** Secretary of Treasury, Comptroller of the Currency, Director of the Bureau of Consumer Financial Protection, Chairman of the Fed, Chairman of the Securities and Exchange Commission, Chairman of the Commodity Futures Trading Commission, Chairperson to the Federal Deposit Insurance Corporation, Chairperson of the Federal Housing Finance Agency, Chairman of the National Credit Union Administration Board, and one independent, six year presidentially appointed member with insurance expertise.
  - **Five Non-Voting Members:** Director of the Office of Financial Research, Director of Federal Insurance Office, a designated state insurance commissioner, designated state banking supervisor, and designated state securities commissioner. All designated members are designated by a process determined by their respective peers.
- **FSOC Authority:** Can impose heightened prudential regulation on nonbank financial companies and bank holding companies: Imposes Federal Reserve Board (the "Board") oversight and heightened prudential regulation of bank holding companies ("BHC") with more than \$50 billion in assets and nonbank financial company designated by the Council by a 2/3 vote.
- **Fed Must Establish Heightened Prudential Standards:** The Fed's standards include risk-based capital requirements; leverage limits; liquidity requirements; resolution plan; concentration limits and may create contingent capital requirement; enhanced public disclosures; overall risk management requirements.
- **Activity Restriction & Divestiture:** Through a two-thirds vote of the members, including an affirmative vote of the Treasury Secretary, the Oversight Council can determine that a bank holding company with assets greater than \$50 billion or a nonbank financial company must terminate activities, subject its activities to certain limitations, limit expansion or dispose of its assets or off-balance sheet items.
- **Systemic Risk:** Can restrict or prohibit institutions from engaging in "systemically risky" activities.
- **Concentration Limit:** A financial company cannot acquire or merge with another firm if resulting consolidated liabilities exceed 10% aggregate consolidated liabilities of all financial firms at end of prior year. Board has rulemaking authority to restrict or limit transaction between nonbank financial firm and affiliates, parent company, subsidiaries, and non-subsidiary affiliates.

- **Large BHC Leverage Limit:** Requires BHCs with \$50 billion or more in assets to maintain a debt to equity ratio of 15 to 1.
- **Institutes the “Hotel California” Clause:** Forbids de-banking; heightened prudential regulations will apply to large TARP recipients even if the entity divests its depository institution or bank holding company charter.
- **Establishes the Office of Financial Research:** Authorized to collect data from a wide range of market participants.