

TITLE I: FINANCIAL STABILITY

- Establishes a new Financial Stability Oversight Council with the objective of increasing stability by monitoring systemic risks posed by financial firms. A new Office of Financial Research in the Treasury Department provides the Council with technical expertise and gathers data through the functional financial regulators. Both entities have significant power to recommend and implement actions impacting financial services companies.
- Council is chaired by the Secretary of the Treasury. The Council is made up of ten voting members: all relevant agency heads and one independent member with insurance expertise. There are five non-voting members, including the Director of the Office of Research, an independent insurance expert, and three designated state officials.
- Imposes Federal Reserve Board oversight and heightened prudential regulation of bank holding companies with more than \$50 billion in assets.
- 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.
- Council can determine that a nonbank financial company is to be subject to enhanced supervision by the Federal Reserve, and includes a capture clause (the “Hotel California” rule) to prevent holding companies from “de-banking” to avoid heightened regulation.