

## Studies - Financial Stability Oversight Council

Section	Page	Excerpt about Study	Deadline	Note
115(c)	29	<p>(c) CONTINGENT CAPITAL.—</p> <p>(1) STUDY REQUIRED.—The Council shall conduct a study of the feasibility, benefits, costs, and structure of a contingent capital requirement for nonbank financial companies supervised by the Board of Governors and bank holding companies described in subsection (a) which study shall include—</p> <p>(A) an evaluation of the degree to which such requirement would enhance the safety and soundness of companies subject to the requirement, promote the financial stability of the United States, and reduce risks to United States taxpayers;</p> <p>(B) an evaluation of the characteristics and amounts of contingent capital that should be required;</p> <p>(C) an analysis of potential prudential standards that should be used to determine whether the contingent capital of a company would be converted to equity in times of financial stress;</p> <p>(D) an evaluation of the costs to companies, the effects on the structure and operation of credit and other financial markets, and other economic effects of requiring contingent capital;</p> <p>(E) an evaluation of the effects of such requirement on the international competitiveness of companies subject to the requirement and the prospects for international coordination in establishing such requirement; and</p> <p>(F) recommendations for implementing regulations.</p> <p>(2) REPORT.—The Council shall submit a report to Congress regarding the study required by paragraph (1) not later than 2 years after the date of enactment of this Act.</p>	2 years after enactment	
123(a-b)	37	<p>STUDY OF THE EFFECTS OF SIZE AND COMPLEXITY OF FINANCIAL INSTITUTIONS ON CAPITAL MARKET EFFICIENCY AND ECONOMIC GROWTH.</p> <p>(a) STUDY REQUIRED.—</p> <p>(1) IN GENERAL.—The Chairperson of the Council shall carry out a study of the economic impact of possible financial services regulatory limitations intended to reduce systemic risk. Such study shall estimate the benefits and costs on the efficiency of capital markets, on the financial sector, and on national economic growth, of—</p> <p>(A) explicit or implicit limits on the maximum size of banks, bank holding companies, and other large financial institutions;</p> <p>(B) limits on the organizational complexity and diversification of large financial institutions;</p> <p>(C) requirements for operational separation between business units of large financial institutions in order to expedite resolution in case of failure;</p> <p>(D) limits on risk transfer between business units of large financial institutions;</p> <p>(E) requirements to carry contingent capital or similar mechanisms;</p> <p>(F) limits on commingling of commercial and financial activities by large financial institutions;</p>	180 days after enactment, every 5 years thereafter	

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		<p>(G) segregation requirements between traditional financial activities and trading or other high-risk operations in large financial institutions; and</p> <p>(H) other limitations on the activities or structure of large financial institutions that may be useful to limit systemic risk.</p> <p>(2) RECOMMENDATIONS.—The study required by this section shall include recommendations for the optimal structure of any limits considered in subparagraphs (A) through (E), in order to maximize their effectiveness and minimize their economic impact.</p> <p>(b) REPORT.—Not later than the end of the 180-day period beginning on the date of enactment of this title, and not later than every 5 years thereafter, the Chairperson shall issue a report to the Congress containing any findings and determinations made in carrying out the study required under subsection (a).</p>		
215(a-b)	143	<p><b>STUDY ON SECURED CREDITOR HAIRCUTS.</b></p> <p>(a) STUDY REQUIRED.—The Council shall conduct a study evaluating the importance of maximizing United States taxpayer protections and promoting market discipline with respect to the treatment of fully secured creditors in the utilization of the orderly liquidation authority authorized by this Act. In carrying out such study, the Council shall—</p> <p>(1) not be prejudicial to current or past laws or regulations with respect to secured creditor treatment in a resolution process;</p> <p>(2) study the similarities and differences between the resolution mechanisms authorized by the Bankruptcy Code, the Federal Deposit Insurance Corporation Improvement Act of 1991, and the orderly liquidation authority authorized by this Act;</p> <p>(3) determine how various secured creditors are treated in such resolution mechanisms and examine how a haircut (of various degrees) on secured creditors could improve market discipline and protect taxpayers;</p> <p>(4) compare the benefits and dynamics of prudent lending practices by depository institutions in secured loans for consumers and small businesses to the lending practices of secured creditors to large, interconnected financial firms;</p> <p>(5) consider whether credit differs according to different types of collateral and different terms and timing of the extension of credit; and</p> <p>(6) include an examination of stakeholders who were unsecured or under-collateralized and seek collateral when a firm is failing, and the impact that such behavior has on financial stability and an orderly resolution that protects taxpayers if the firm fails.</p> <p>(b) REPORT.—Not later than the end of the 1-year period beginning on the date of enactment of this Act, the Council shall issue a report to the Congress containing all findings and conclusions made by the</p>	1 year after enactment	

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		Council in carrying out the study required under subsection (a).		

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619	246	<p>“(b) STUDY AND RULEMAKING.—</p> <p>“(1) STUDY.—Not later than 6 months after the date of enactment of this section, the Financial Stability Oversight Council shall study and make recommendations on implementing the provisions of this section so as to—</p> <p>“(A) promote and enhance the safety and soundness of banking entities;</p> <p>“(B) protect taxpayers and consumers and enhance financial stability by minimizing the risk that insured depository institutions and the affiliates of insured depository institutions will engage in unsafe and unsound activities;</p> <p>“(C) limit the inappropriate transfer of Federal subsidies from institutions that benefit from deposit insurance and liquidity facilities of the Federal Government to unregulated entities;</p> <p>“(D) reduce conflicts of interest between the self-interest of banking entities and nonbank financial companies supervised by the Board, and the interests of the customers of such entities and companies;</p> <p>“(E) limit activities that have caused undue risk or loss in banking entities and nonbank financial companies supervised by the Board, or that might reasonably be expected to create undue risk or loss in such banking entities and nonbank financial companies supervised by the Board;</p> <p>“(F) appropriately accommodate the business of insurance within an insurance company, subject to regulation in accordance with the relevant insurance company investment laws, while protecting the safety and soundness of any banking entity with which such insurance company is affiliated and of the United States financial system; and</p> <p>“(G) appropriately time the divestiture of illiquid assets that are affected by the implementation of the prohibitions under subsection (a).</p>	6 months after enactment	<p>amending Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.), Sec. 13(b); see page 245 for beginning of amendment</p> <p>see rulemaking in (2)</p>

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622	258	<p>“(e) COUNCIL STUDY AND RULEMAKING.—</p> <p>“(1) STUDY AND RECOMMENDATIONS.—Not later than 6 months after the date of enactment of this section, the Council shall—</p> <p>“(A) complete a study of the extent to which the concentration limit under this section would affect financial stability, moral hazard in the financial system, the efficiency and competitiveness of United States financial firms and financial markets, and the cost and availability of credit and other financial services to households and businesses in the United States; and</p> <p>“(B) make recommendations regarding any modifications to the concentration limit that the Council determines would more effectively implement this section.</p>	6 months after enactment of section	<p>amending Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.), Sec.14(e); see page 257 for beginning of amendment</p> <p>see rulemaking in (2)</p>
946(a-b)	523	<p><b>STUDY ON THE MACROECONOMIC EFFECTS OF RISK RETENTION REQUIREMENTS.</b></p> <p>(a) <b>STUDY REQUIRED.</b>—The Chairman of the Financial Services Oversight Council shall carry out a study on the macroeconomic effects of the risk retention requirements under this subtitle, and the amendments made by this subtitle, with emphasis placed on potential beneficial effects with respect to stabilizing the real estate market. Such study shall include—</p> <p>(1) an analysis of the effects of risk retention on real estate asset price bubbles, including a retrospective estimate of what fraction of real estate losses may have been averted had such requirements been in force in recent years;</p> <p>(2) an analysis of the feasibility of minimizing real estate price bubbles by proactively adjusting the percentage of risk retention that must be borne by creditors and securitizers of real estate debt, as a function of regional or national market conditions;</p> <p>(3) a comparable analysis for proactively adjusting mortgage origination requirements;</p> <p>(4) an assessment of whether such proactive adjustments should be made by an independent regulator, or in a formulaic and transparent manner;</p> <p>(5) an assessment of whether such adjustments should take place independently or in concert with monetary policy; and</p> <p>(6) recommendations for implementation and enabling legislation.</p> <p>(b) <b>REPORT.</b>—Not later than the end of the 180-day period beginning on the date of the enactment of this title, the Chairman of the Financial Services Oversight Council shall issue a report to the Congress</p>	180 days after enactment	

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		containing any findings and determinations made in carrying out the study required under subsection (a).		