

**AMENDMENT TO COMMITTEE PRINT
OFFERED BY MR. FOSTER OF ILLINOIS, MR. HIMES OF
CONNECTICUT, and Mr. MINNICK OF IDAHO**

Page 71, after line 7, insert the following new section
(and redesignate succeeding sections accordingly):

SEC. 1111. CONTINGENT CAPITAL.—

(a) **IN GENERAL.**— The Board, in coordination with the appropriate primary financial regulatory agency, may promulgate regulations that require identified financial holding companies to maintain a minimum amount of long-term hybrid debt that is convertible to equity when—

(1) a specified financial company fails to meet prudential standards established by the Agency;

and

(2) the agency has determined that threats to United States financial system stability make such a conversion necessary.

(b) **FACTORS TO CONSIDER.**— In establishing regulations under this subsection, the Agency shall consider—

(1) an appropriate transition period for implementation of a conversion under this subsection;

(2) capital requirements applicable to the specified financial company and its subsidiaries;

and

(3) any other factor that the Agency deems appropriate.

(c) **STUDY REQUIRED.**— The Chairman of the Financial Services Oversight Council shall carry out a study to determine an optimal implementation of contingent capital requirements to maximize financial stability, minimize the probability of drawing on the systemic resolution fund in a financial crisis, and minimize costs for identified financial holding companies. To the extent practical, the study shall take place with input from industry participants and international financial regulators. Such study shall include—

(1) an evaluation of the characteristics and amounts of convertible debt that should be required, including possible tranche structure;

(2) an analysis of possible trigger mechanisms for debt conversion, including violation of regulatory capital requirements, failure of stress tests, declaration of systemic emergency by regulators, market-based triggers and other trigger mechanisms;

(3) an estimate of the costs of carrying contingent capital;

(4) an estimate of the effectiveness of contingent capital requirements in reducing losses to the systemic resolution fund in cases of single-firm or systemic failure;

and

(5) recommendations for implementing legislation.

(d) **REPORT.**—Not later than the end of the 180-day period beginning on the date of the enactment of this Act, the Chairman of the Financial Services Oversight Council shall issue a report to the Congress containing any findings and determinations made in carrying out the study required under subsection (c).