

The Investment Company Act of 1940, referred to in subsecs. (c)(3)(C), (5)(B)(iii) and (g)(1)(A), is title I of act Aug. 22, 1940, ch. 686, 54 Stat. 789, which is classified generally to subchapter I (§80a-1 et seq.) of chapter 2D of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see section 80a-51 of Title 15 and Tables.

The Securities Exchange Act of 1934, referred to in subsecs. (c)(5)(B)(i) and (g)(1)(A), is act June 6, 1934, ch. 404, 48 Stat. 881, which is classified principally to chapter 2B (§78a et seq.) of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see section 78a of Title 15 and Tables.

The Financial Institutions Supervisory Act of 1966, referred to in subsec. (e)(1), is Pub. L. 89-695, Oct. 16, 1966, 80 Stat. 1028. For complete classification of this Act to the Code, see Short Title of 1966 Amendment note set out under section 1464 of this title and Tables.

#### AMENDMENTS

2010—Subsec. (b). Pub. L. 111-203, §616(a), inserted “, including regulations and orders relating to the capital requirements for bank holding companies,” after “orders” and “In establishing capital regulations pursuant to this subsection, the Board shall seek to make such requirements countercyclical, so that the amount of capital required to be maintained by a company increases in times of economic expansion and decreases in times of economic contraction, consistent with the safety and soundness of the company.” at the end.

Subsec. (c)(1)(A)(ii). Pub. L. 111-203, §604(a)(1), added cl. (ii) and struck out former cl. (ii) which read as follows: “compliance by the company or subsidiary with applicable provisions of this chapter or any other Federal law that the Board has specific jurisdiction to enforce against such company or subsidiary.”

Subsec. (c)(1)(B). Pub. L. 111-203, §604(a)(2), added subpar. (B) and struck out former subpar. (B) which related to use of existing reports.

Subsec. (c)(1)(C). Pub. L. 111-203, §604(a)(3), added subpar. (C).

Subsec. (c)(2). Pub. L. 111-203, §604(b), amended par. (2) generally. Prior to amendment, par. (2) consisted of subpars. (A) to (E) relating to examination authority for bank holding companies and subsidiaries, functionally regulated subsidiaries, restricted focus of examinations, deference to bank examinations, and deference to other examinations, respectively.

Subsec. (c)(5)(B)(v). Pub. L. 111-203, §604(c)(1), added cl. (v) and struck out former cl. (v) which read as follows: “an entity that is subject to regulation by the Commodity Futures Trading Commission, with respect to the commodities activities of such entity and activities incidental to such commodities activities.”

Subsec. (f). Pub. L. 111-203, §354(3), substituted “subpoenas” for “subpenas” in two places, “subpoena” for “subpena” wherever appearing, and “subpoenaed” for “subpenaed”.

1999—Subsec. (a). Pub. L. 106-102, §116(a), inserted at end “A declaration filed in accordance with section 1843(l)(1)(C) of this title shall satisfy the requirements of this subsection with regard to the registration of a bank holding company but not any requirement to file an application to acquire a bank pursuant to section 1842 of this title.”

Subsec. (c). Pub. L. 106-102, §111, inserted heading and amended text of subsec. (c) generally. Prior to amendment, text read as follows: “The Board from time to time may require reports under oath to keep it informed as to whether the provisions of this chapter and such regulations and orders issued thereunder have been complied with; and the Board may make examinations of each bank holding company and each subsidiary thereof, the cost of which shall be assessed against, and paid by, such holding company. The Board shall, as far as possible, use the report of examinations made by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, or the appropriate State bank supervisory authority for the purposes of this section.”

Subsec. (e)(1). Pub. L. 106-102, §116(b), in first sentence, substituted “Financial Institutions Supervisory

Act of 1966, at the election of the bank holding company—” along with subpar. (A) designation and “order” for “Financial Institutions Supervisory Act of 1966, order” and “shareholders of the bank holding company; or” along with subpar. (B) for “shareholders of the bank holding company.”, designated second sentence as concluding provisions, and substituted “The distribution referred to in subparagraph (A)” for “Such distribution”.

Subsec. (g). Pub. L. 106-102, §112(a), added subsec. (g). 1978—Subsec. (e). Pub. L. 95-630, §105(a), added subsec. (e).

Subsec. (f). Pub. L. 95-630, §106(b), added subsec. (f).

#### EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by section 354(3) of Pub. L. 111-203 effective on the transfer date, see section 351 of Pub. L. 111-203, set out as a note under section 906 of Title 2, The Congress.

Amendment by section 604(a)-(c)(1) of Pub. L. 111-203 effective on the transfer date, see section 604(j) of Pub. L. 111-203, set out as a note under section 1462 of this title.

Amendment by section 616(a) of Pub. L. 111-203 effective on the transfer date, see section 616(e) of Pub. L. 111-203, set out as a note under section 1467a of this title.

#### EFFECTIVE DATE OF 1999 AMENDMENT

Amendment by Pub. L. 106-102 effective 120 days after Nov. 12, 1999, see section 161 of Pub. L. 106-102, set out as a note under section 24 of this title.

#### EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-630 effective on expiration of 120 days after Nov. 10, 1978, see section 2101 of Pub. L. 95-630, set out as an Effective Date note under section 375b of this title.

#### TERMINATION OF REPORTING REQUIREMENTS

For termination, effective May 15, 2000, of provisions of law requiring submittal to Congress of any annual, semiannual, or other regular periodic report listed in House Document No. 103-7 (in which a report required under subsection (d) of this section is listed on page 171), see section 3003 of Pub. L. 104-66, set out as a note under section 1113 of Title 31, Money and Finance.

#### § 1845. Repealed. Pub. L. 89-485, § 9, July 1, 1966, 80 Stat. 240

Section, act May 9, 1956, ch. 240, § 6, 70 Stat. 137, prohibited any subsidiary bank from lending to or investing in its parent holding company or a fellow subsidiary bank. See section 371c of this title.

#### § 1846. Reservation of rights to States

##### (a) In general

No provision of this chapter shall be construed as preventing any State from exercising such powers and jurisdiction which it now has or may hereafter have with respect to companies, banks, bank holding companies, and subsidiaries thereof.

##### (b) State taxation authority not affected

No provision of this chapter shall be construed as affecting the authority of any State or political subdivision of any State to adopt, apply, or administer any tax or method of taxation to any bank, bank holding company, or foreign bank, or any affiliate of any bank, bank holding company, or foreign bank, to the extent that such tax or tax method is otherwise permissible by or under the Constitution of the United States or other Federal law.

(May 9, 1956, ch. 240, § 7, 70 Stat. 138; Pub. L. 100-86, title I, § 101(f), Aug. 10, 1987, 101 Stat. 563; Pub. L. 103-328, title I, § 101(b), Sept. 29, 1994, 108 Stat. 2341.)

#### AMENDMENTS

1994—Pub. L. 103-328 designated existing provisions as subsec. (a), inserted heading, and added subsec. (b).

1987—Pub. L. 100-86 substituted “No provision of this chapter shall” for “The enactment by the Congress of this chapter shall not” and inserted “companies,” before “banks.”

#### EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103-328 effective at end of 1-year period beginning on Sept. 29, 1994, see section 101(e) of Pub. L. 103-328, set out as a note under section 1828 of this title.

### § 1847. Penalties

#### (a) Criminal penalty

(1) Whoever knowingly violates any provision of this chapter or, being a company, violates any regulation or order issued by the Board under this chapter, shall be imprisoned not more than 1 year, fined not more than \$100,000 per day for each day during which the violation continues, or both.

(2) Whoever, with the intent to deceive, defraud, or profit significantly, knowingly violates any provision of this chapter shall be imprisoned not more than 5 years, fined not more than \$1,000,000 per day for each day during which the violation continues, or both.

Every officer, director, agent, and employee of a bank holding company shall be subject to the same penalties for false entries in any book, report, or statement of such bank holding company as are applicable to officers, directors, agents, and employees of member banks for false entries in any books, reports, or statements of member banks under section 1005 of title 18.

#### (b) Civil money penalty

##### (1) Penalty

Any company which violates, and any individual who participates in a violation of, any provision of this chapter, or any regulation or order issued pursuant thereto, shall forfeit and pay a civil penalty of not more than \$25,000 for each day during which such violation continues.

##### (2) Assessment; etc.

Any penalty imposed under paragraph (1) may be assessed and collected by the Board in the manner provided in subparagraphs (E), (F), (G), and (I) of section 1818(i)(2) of this title for penalties imposed (under such section) and any such assessment shall be subject to the provisions of such section.

##### (3) Hearing

The company or other person against whom any penalty is assessed under this subsection shall be afforded an agency hearing if such association or person submits a request for such hearing within 20 days after the issuance of the notice of assessment. Section 1818(h) of this title shall apply to any proceeding under this subsection.

#### (4) Disbursement

All penalties collected under authority of this subsection shall be deposited into the Treasury.

#### (5) “Violate” defined

For purposes of this section, the term “violate” includes any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling, or aiding or abetting a violation.

#### (6) Regulations

The Board shall prescribe regulations establishing such procedures as may be necessary to carry out this subsection.

#### (c) Notice under this section after separation from service

The resignation, termination of employment or participation, or separation of an institution-affiliated party (within the meaning of section 1813(u) of this title) with respect to a bank holding company (including a separation caused by the deregistration of such a company) shall not affect the jurisdiction and authority of the Board to issue any notice and proceed under this section against any such party, if such notice is served before the end of the 6-year period beginning on the date such party ceased to be such a party with respect to such holding company (whether such date occurs before, on, or after August 9, 1989).

#### (d) Penalty for failure to make reports

##### (1) First tier

Any company which—

(A) maintains procedures reasonably adapted to avoid any inadvertent error and, unintentionally and as a result of such an error—

(i) fails to make, submit, or publish such reports or information as may be required under this chapter or under regulations prescribed by the Board pursuant to this chapter, within the period of time specified by the Board; or

(ii) submits or publishes any false or misleading report or information; or

(B) inadvertently transmits or publishes any report which is minimally late,

shall be subject to a penalty of not more than \$2,000 for each day during which such failure continues or such false or misleading information is not corrected. The company shall have the burden of proving that an error was inadvertent and that a report was inadvertently transmitted or published late.

##### (2) Second tier

Any company which—

(A) fails to make, submit, or publish such reports or information as may be required under this chapter or under regulations prescribed by the Board pursuant to this chapter, within the period of time specified by the Board; or

(B) submits or publishes any false or misleading report or information,

in a manner not described in paragraph (1) shall be subject to a penalty of not more than