

## EFFECTIVE DATE

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

**§ 1831w. Safety and soundness firewalls applicable to financial subsidiaries of banks**

**(a) In general**

An insured State bank may control or hold an interest in a subsidiary that engages in activities as principal that would only be permissible for a national bank to conduct through a financial subsidiary if—

(1) the State bank and each insured depository institution affiliate of the State bank are well capitalized (after the capital deduction required by paragraph (2));

(2) the State bank complies with the capital deduction and financial statement disclosure requirements in section 24a(c) of this title;

(3) the State bank complies with the financial and operational safeguards required by section 24a(d) of this title; and

(4) the State bank complies with the amendments to sections 23A and 23B of the Federal Reserve Act [12 U.S.C. 371c and 371c-1] made by section 121(b) of the Gramm-Leach-Bliley Act.

**(b) Preservation of existing subsidiaries**

Notwithstanding subsection (a), an insured State bank may retain control of a subsidiary, or retain an interest in a subsidiary, that the State bank lawfully controlled or acquired before November 12, 1999, and conduct through such subsidiary any activities lawfully conducted in such subsidiary as of such date.

**(c) Definitions**

For purposes of this section, the following definitions shall apply:

**(1) Subsidiary**

The term “subsidiary” means any company that is a subsidiary (as defined in section 1813(w)(4) of this title) of 1 or more insured banks.

**(2) Financial subsidiary**

The term “financial subsidiary” has the meaning given the term in section 24a(g) of this title.

**(d) Preservation of authority**

**(1) This chapter**

No provision of this section shall be construed as superseding the authority of the Federal Deposit Insurance Corporation to review subsidiary activities under section 1831a of this title.

**(2) Federal Reserve Act**

No provision of this section shall be construed as affecting the applicability of the 20th undesignated paragraph of section 9 of the Federal Reserve Act [12 U.S.C. 335].

(Sept. 21, 1950, ch. 967, §2[46], as added Pub. L. 106-102, title I, §121(d)(1), Nov. 12, 1999, 113 Stat. 1380.)

## REFERENCES IN TEXT

Section 121(b) of the Gramm-Leach-Bliley Act, referred to in subsec. (a)(4), is section 121(b) of Pub. L.

106-102, title I, Nov. 12, 1999, 113 Stat. 1378, which amended section 371c of this title.

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**§ 1831x. Insurance customer protections**

**(a) Regulations required**

**(1) In general**

The Federal banking agencies shall prescribe and publish in final form, before the end of the 1-year period beginning on November 12, 1999, customer protection regulations (which the agencies jointly determine to be appropriate) that—

(A) apply to retail sales practices, solicitations, advertising, or offers of any insurance product by any depository institution or any person that is engaged in such activities at an office of the institution or on behalf of the institution; and

(B) are consistent with the requirements of this chapter and provide such additional protections for customers to whom such sales, solicitations, advertising, or offers are directed.

**(2) Applicability to subsidiaries**

The regulations prescribed pursuant to paragraph (1) shall extend such protections to any subsidiary of a depository institution, as deemed appropriate by the regulators referred to in paragraph (3), where such extension is determined to be necessary to ensure the consumer protections provided by this section.

**(3) Consultation and joint regulations**

The Federal banking agencies shall consult with each other and prescribe joint regulations pursuant to paragraph (1), after consultation with the State insurance regulators, as appropriate.

**(b) Sales practices**

The regulations prescribed pursuant to subsection (a) shall include antitying and anticoercion rules applicable to the sale of insurance products that prohibit a depository institution from engaging in any practice that would lead a customer to believe an extension of credit, in violation of section 1972 of this title, is conditional upon—

(1) the purchase of an insurance product from the institution or any of its affiliates; or

(2) an agreement by the consumer not to obtain, or a prohibition on the consumer from obtaining, an insurance product from an unaffiliated entity.

**(c) Disclosures and advertising**

The regulations prescribed pursuant to subsection (a) shall include the following provisions relating to disclosures and advertising in connection with the initial purchase of an insurance product:

**(1) Disclosures**

**(A) In general**

Requirements that the following disclosures be made orally and in writing before