



# Comparing Supervisory Frameworks: Bank Holding Companies vs. ILC Parent Companies

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Supervisory Requirement	Bank Holding Companies	ILC Parent Companies
Regulators have authority over both the top tier parent company and all of its subsidiaries and affiliates to ensure that the <i>entire</i> business —not just one line of business— poses no risk to the financial system.		
Regulators can conduct thorough examinations of the business and its affiliates, ensuring a transparent and comprehensive assessment of the organization’s compliance with its legal responsibilities.		 <i>ILC Parent Companies (along with all subsidiaries) must consent to FDIC jurisdiction for limited-scope examinations</i>
Minimum capital and liquidity requirements apply to the parent company’s consolidated balance sheet. This mitigates the risk that financial instability or trouble in one part of the organization can infect the rest, including the bank or ILC subsidiary.		 <i>Capital and liquidity requirements apply to the ILC subsidiary only</i>
Non-banking (commercial) activities, such as operating an online shopping service, are restricted to prevent monopolistic behavior and to maintain the separation of banking and commerce in the marketplace.		 <i>Unlimited non-banking activities permitted</i>
The regular submission of comprehensive financial and organizational data across all lines of business, including a balance sheet, income statement and other documentation, is required to inform regulators of the financial health of the company. (e.g., FR Y9-C, FR Y-10, etc.)		 <i>Some annual reporting required.<sup>1</sup></i>
Rigorous standards exist to establish when a company controls a bank and, as a result, whether that company should be subject to certain requirements designed to promote the safety and stability of the U.S. banking system.		 <i>Subject to CIBCA control standards rather than BHCA standards</i>

1. Annual reporting required for financial condition; systems for identifying, measuring, monitoring, and controlling financial and operational risks; transactions with depository institution subsidiaries of the ILC Parent Company; systems for protecting the security, confidentiality, and integrity of consumer and nonpublic personal information; and compliance with applicable provisions of the FDIA and any other law or regulation.



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Strict comprehensive federal privacy and data security rules are in place to protect sensitive consumer financial information.		 <i>Unless the parent is itself significantly engaged in financial activities in the U.S., it is not subject to the same rules</i>
Regulators can conduct examinations to review a company's data storage and protection against cyber threats.		
Plans must be in place to ensure that if the company fails, the failure of the company does not generate costs to taxpayers.	 <i>Generally, apply only to BHCs with &gt; \$250 billion in total consolidated assets</i>	 <i>FDIC has the authority to require contingency planning</i>
A company may be required to sell off a subsidiary if capital levels drop below minimum levels, or if a business isn't meeting its supervisory obligations.		
Protections are in place to prevent policies that may encourage certain employees and directors to engage in risky short-term practices, which may result in long-term risks and losses.		
A company may be prohibited from offering new services or opening new branches if its Community Reinvestment Act rating is less than satisfactory.	 <i>Activity restrictions apply to BHCs that are FHCs and have failed to maintain a satisfactory or better CRA rating</i>	
Additional safety rules apply to large holding companies that may pose a greater risk to the financial sector if a failure were to occur.		
The parent company is required to financially support an insured depository institution subsidiary that may be at risk of failure.		