

**AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
**TO H.R. \_\_\_\_\_**  
**OFFERED BY M. \_\_\_\_\_**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Financial Institution  
3 Bankruptcy Act of 2014”.

**4 SEC. 2. GENERAL PROVISIONS RELATING TO COVERED FI-**  
**5 NANCIAL CORPORATIONS.**

6 (a) DEFINITION.—Section 101 of title 11, United  
7 States Code, is amended by inserting the following after  
8 paragraph (9):

9 “(9A) The term ‘covered financial corporation’  
10 means any corporation incorporated or organized  
11 under any Federal or State law, other than a stock-  
12 broker, a commodity broker, or an entity of the kind  
13 specified in paragraph (2) or (3) of section 109(b),  
14 that is—

15 “(A) a bank holding company, as defined  
16 in section 2(a) of the Bank Holding Company  
17 Act of 1956; or

1           “(B) a corporation that exists for the pri-  
2           mary purpose of owning, controlling and financ-  
3           ing its subsidiaries, that has total consolidated  
4           assets of \$50,000,000,000 or greater, and for  
5           which, in its most recently completed fiscal  
6           year—

7                   “(i) annual gross revenues derived by  
8                   the corporation and all of its subsidiaries  
9                   from activities that are financial in nature  
10                  (as defined in section 4(k) of the Bank  
11                  Holding Company Act of 1956) and, if ap-  
12                  plicable, from the ownership or control of  
13                  one or more insured depository institu-  
14                  tions, represents 85 percent or more of the  
15                  consolidated annual gross revenues of the  
16                  corporation; or

17                   “(ii) the consolidated assets of the  
18                   corporation and all of its subsidiaries re-  
19                   lated to activities that are financial in na-  
20                   ture (as defined in section 4(k) of the  
21                   Bank Holding Company Act of 1956) and,  
22                   if applicable, related to the ownership or  
23                   control of one or more insured depository  
24                   institutions, represents 85 percent or more

1                   of the consolidated assets of the corpora-  
2                   tion.”.

3           (b) APPLICABILITY OF CHAPTERS.—Section 103 of  
4 title 11, United States Code, is amended by adding at the  
5 end the following:

6           “(l) Subchapter V of chapter 11 of this title applies  
7 only in a case under chapter 11 concerning a covered fi-  
8 nancial corporation.”.

9           (c) WHO MAY BE A DEBTOR.—Section 109 of title  
10 11, United States Code, is amended—

11           (1) in subsection (b)—

12                   (A) in paragraph (2), by striking “or” at  
13 the end;

14                   (B) in paragraph (3)(B), by striking the  
15 period at the end and inserting “; or”; and

16                   (C) by adding at the end the following:

17                   “(4) a covered financial corporation.”; and

18           (2) in subsection (d)—

19                   (A) by striking “and” before “an unin-  
20 sured State member bank”;

21                   (B) by striking “or” before “a corpora-  
22 tion”; and

23                   (C) by inserting “, or a covered financial  
24 corporation” after “Federal Deposit Insurance  
25 Corporation Improvement Act of 1991”.

1 (d) CONVERSION TO CHAPTER 7.—Section 1112 of  
2 title 11, the United States Code, is amended by adding  
3 at the end the following:

4 “(g) Notwithstanding section 109(b), the court may  
5 convert a case under subchapter V to a case under chapter  
6 7 if—

7 “(1) a transfer approved under section 1185  
8 has been consummated;

9 “(2) the court has ordered the appointment of  
10 a special trustee under section 1186; and

11 “(3) the court finds, after notice and a hearing,  
12 that conversion is in the best interest of the credi-  
13 tors and the estate.”.

14 (e)(1) Section 726(a)(1) of title 11, the United States  
15 Code, is amended by inserting after “first,” the following:  
16 “in payment of any unpaid fees, costs, and expenses of  
17 a special trustee appointed under section 1186, and then”.

18 (2) Section 1129(a) of title 11, the United States  
19 Code, is amended by inserting after paragraph (16) the  
20 following:

21 “(17) In a case under subchapter V, all payable  
22 fees, costs, and expenses of the special trustee have  
23 been paid or the plan provides for the payment of  
24 all such fees, costs, and expenses on the effective  
25 date of the plan.



1           “(2) The term ‘bridge company’ means a newly-  
2           formed corporation to which property of the estate  
3           may be transferred under section 1185(a) and the  
4           equity securities of which may be transferred to a  
5           special trustee under section 1186(a).

6           “(3) The term ‘capital structure debt’ means all  
7           unsecured debt of the debtor for borrowed money,  
8           other than a qualified financial contract, for which  
9           the debtor is the primary obligor.

10           “(4) The term ‘contractual right’ means a con-  
11           tractual right of a kind defined in section 555, 556,  
12           559, 560, or 561.

13           “(5) The term ‘qualified financial contract’  
14           means any contract of a kind defined in paragraph  
15           (25), (38A), (47), or (53B) of section 101, section  
16           741(7), or paragraph (4), (5), (11), or (13) of sec-  
17           tion 761.

18           “(6) the term ‘special trustee’ means the trust-  
19           ee of a trust formed under section 1186(a)(1).

20   **“§ 1183. Commencement of a case concerning a cov-**  
21                                   **ered financial corporation**

22           “(a) A case under this subchapter concerning a cov-  
23           ered financial corporation may be commenced by the filing  
24           of a petition with the court—

1           “(1) by the debtor under section 301 only if the  
2 debtor states to the best of its knowledge under pen-  
3 alty of perjury in the petition that it is a covered fi-  
4 nancial corporation; or

5           “(2) by the Board only if the Board states to  
6 the best of its knowledge under penalty of perjury  
7 in the petition that—

8           “(A) the debtor is a covered financial cor-  
9 poration that—

10           “(i) has incurred losses that will de-  
11 plete all or substantially all of the capital  
12 of the covered financial corporation, and  
13 there is no reasonable prospect for the cov-  
14 ered financial corporation to avoid such de-  
15 pletion;

16           “(ii) is insolvent;

17           “(iii) is not paying, or is unable to  
18 pay, the debts of the covered financial cor-  
19 poration (other than debts subject to a  
20 bona fide dispute as to liability or amount)  
21 as they become due; or

22           “(iv) is likely to be in a financial con-  
23 dition specified in clause (i), (ii), or (iii)  
24 sufficiently soon such that the immediate  
25 commencement of a case under this sub-

1 chapter is necessary to prevent serious ad-  
2 verse effects on financial stability in the  
3 United States; and

4 “(B) the commencement of a case under  
5 this title and effecting a transfer under section  
6 1185 is necessary to prevent serious adverse ef-  
7 fects on financial stability in the United States.

8 “(b)(1) Unless the debtor consents to an order for  
9 relief, the court shall hold a hearing on the Board’s peti-  
10 tion under subsection (a)(2) as soon as practicable but not  
11 later than 16 hours after the Board files such a petition,  
12 with notice only to—

13 “(A) the covered financial corporation;

14 “(B) the Federal Deposit Insurance Corpora-  
15 tion;

16 “(C) the Office of the Comptroller of the Cur-  
17 rency of the Department of the Treasury; and

18 “(D) the Secretary of the Treasury.

19 “(2) Only the Board and the entities specified in  
20 paragraph (1) and their counsel may participate in a hear-  
21 ing described in this subsection. The Board or the trustee  
22 may request that pleadings, hearings, transcripts, and or-  
23 ders in connection with a hearing described in this sub-  
24 section be sealed if their disclosure could create financial  
25 instability in the United States.

1           “(3) All pleadings, hearings, transcripts, and orders  
2 sealed under paragraph (2) shall be available to only the  
3 court, the appellate panel, the covered financial corpora-  
4 tion, the Federal Deposit Insurance Corporation, the Of-  
5 fice of the Comptroller of the Currency of the Department  
6 of the Treasury, the Secretary of the Treasury, and the  
7 Board. Notwithstanding paragraph (2), if the case is dis-  
8 missed, all court documents, including pleadings, hearings,  
9 transcripts, and orders, shall be permanently sealed.

10           “(c)(1) The commencement of a case under sub-  
11 section (a)(1) constitutes an order for relief under this  
12 subchapter.

13           “(2) In a case commenced under subsection (a)(2),  
14 after notice and hearing required under subsection (b) and  
15 not later than 18 hours after the filing of the Board’s peti-  
16 tion, the court shall enter—

17                   “(A) an order for relief—

18                           “(i) if the Board has shown by a prepon-  
19 derance of the evidence at the hearing under  
20 this subsection that the requirements under  
21 subsection (a)(2) have been satisfied, or

22                           “(ii) if the debtor consents to the Board’s  
23 petition under subsection (a)(2); or

24                   “(B) an order dismissing the case.

1       “(d)(1) The covered financial corporation or the  
2 Board may appeal to the court of appeals from an order  
3 entered by the court under subsection (c)(2) not later than  
4 1 hour after the court enters such order, with notice only  
5 to the entities specified in subsection (b)(1) and the  
6 Board. Such order shall be stayed pending such appeal.

7       “(2) The appellate panel specified under section  
8 298(c)(1) of title 28 for the judicial circuit in which the  
9 case is pending shall hear the appeal under paragraph (1)  
10 within 12 hours of the filing of the notice of appeal under  
11 this subsection. The standard of review shall be abuse of  
12 discretion. The appellate panel shall enter an order deter-  
13 mining the matter that is the subject of the appeal not  
14 later than 14 hours after the notice of appeal is filed.

15       “(3) The court may not, on account of an appeal  
16 from an order for relief under section 1183(d)(1), delay  
17 any proceeding under section 1185, except that the court  
18 shall not authorize a transfer under section 1185 before  
19 the determination of the appeal.

20       “(e) The members of the board of directors (or body  
21 performing similar functions) of a covered financial com-  
22 pany shall have no liability to shareholders, creditors or  
23 other parties in interest for a good faith filing or con-  
24 senting in good faith to a petition with respect to a case  
25 under this subchapter, or for any reasonable action taken

1 in good faith in contemplation of or in connection with  
2 such a petition or a transfer under section 1185 or section  
3 1186, whether prior to or after commencement of the case.

4 “(f) Counsel to the debtor or the Board shall provide,  
5 to the greatest extent practicable, sufficient confidential  
6 notice to the Office of Court Services of the Administrative  
7 Office of the United States Courts regarding the potential  
8 commencement of a subchapter V case without disclosing  
9 the identity of the potential debtor in order to allow such  
10 office to randomly designate and ensure the ready avail-  
11 ability of one of the bankruptcy judges designated under  
12 section 298(b)(1) of title 28 to be available to preside over  
13 such subchapter V case.

14 **“§ 1184. Regulators**

15 “The Board, the Securities Exchange Commission,  
16 the Office of the Comptroller of the Currency of the De-  
17 partment of the Treasury, and the Federal Deposit Insur-  
18 ance Corporation may raise and may appear and be heard  
19 on any issue in any case or proceeding under this sub-  
20 chapter.

21 **“§ 1185. Special transfer of property of the estate**

22 “(a) On request of the trustee or the Board, and after  
23 notice and a hearing that shall occur not less than 24  
24 hours after the order for relief, the court may order a  
25 transfer under this section of property of the estate, and

1 the assignment of executory contracts, unexpired leases,  
2 and qualified financial contracts of the debtor, to a bridge  
3 company. Upon the entry of an order approving such a  
4 transfer, any property transferred under such order shall  
5 no longer be property of the estate. Except as provided  
6 under this section, the provisions of sections 363 and 365  
7 shall apply to a transfer and assignment under this sec-  
8 tion.

9 “(b) Unless the court orders otherwise, notice of a  
10 request for an order under subsection (a) shall consist of  
11 electronic or telephonic notice of not less than 24 hours  
12 to—

13 “(1) the debtor;

14 “(2) the holders of the 20 largest secured  
15 claims against the debtor;

16 “(3) the holders of the 20 largest unsecured  
17 claims against the debtor;

18 “(4) counterparties to any debt, executory con-  
19 tract, unexpired lease, and qualified financial con-  
20 tract requested to be transferred under this section;

21 “(5) the Board;

22 “(6) the Federal Deposit Insurance Corpora-  
23 tion;

1           “(7) the Secretary of the Treasury and the Of-  
2           fice of the Comptroller of the Currency of the Treas-  
3           ury;

4           “(8) the Securities and Exchange Commission;

5           “(9) the United States trustee or bankruptcy  
6           administrator; and

7           “(10) each primary financial regulatory agency,  
8           as defined in section 2(12) of the Dodd-Frank Wall  
9           Street Reform and Consumer Protection Act, with  
10          respect to any affiliate the equity securities of which  
11          are proposed to be transferred under this section.

12          “(c) The court may not order a transfer under this  
13          section unless the court determines, based upon a prepon-  
14          derance of the evidence, that—

15                 “(1) the transfer under this section is necessary  
16                 to prevent serious adverse effects on financial sta-  
17                 bility in the United States;

18                 “(2) the proposed transfer does not provide for  
19                 the assumption of any capital structure debt by the  
20                 bridge company;

21                 “(3) the proposed transfer does not provide for  
22                 the transfer of the equity of the debtor;

23                 “(4) the party requesting the transfer under  
24                 this subsection has demonstrated that the bridge  
25                 company is not likely to fail to meet the obligations

1 of any debt, executory contract, qualified financial  
2 contract, or unexpired lease assumed and assigned  
3 to the bridge company;

4 “(5) the proposed transfer provides for the  
5 transfer to a special trustee all of the equity securi-  
6 ties in the bridge company and appointment of a  
7 special trustee in accordance with section 1186;

8 “(6) after giving effect to the transfer, ade-  
9 quate provision has been made for the fees, costs,  
10 and expenses of the estate and special trustee; and

11 “(7) the bridge company will have governing  
12 documents, and initial directors and senior officers,  
13 that are in the best interest of creditors and the es-  
14 tate.

15 “(d) Immediately before a transfer under the section,  
16 the bridge company that is the recipient of the transfer  
17 shall—

18 “(1) not have any property, executory con-  
19 tracts, unexpired leases, or debts, other than any  
20 property acquired or executory contracts, unexpired  
21 leases, or debts assumed when acting as a transferee  
22 of a transfer under this section; and

23 “(2) have equity securities that are property of  
24 the estate, which may be sold or distributed in ac-  
25 cordance with this title.

1 **“§ 1186. Special trustee**

2       “(a)(1) An order approving a transfer under section  
3 1185 shall require the trustee to transfer to a qualified  
4 and independent special trustee all of the equity securities  
5 in the bridge company that is the recipient of a transfer  
6 under section 1185 to hold in trust for the sole benefit  
7 of the estate, subject to satisfaction of the special trustee’s  
8 fees, costs, and expenses. The trust of which the special  
9 trustee is the trustee shall be a newly-formed trust gov-  
10 erned by a trust agreement approved by the court as in  
11 the best interests of the estate, and shall exist for the sole  
12 purpose of holding and administering, and shall be per-  
13 mitted to dispose of, the equity securities of the bridge  
14 company in accordance with the trust agreement.

15       “(2) In connection with the hearing to approve a  
16 transfer under section 1185, the trustee shall confirm to  
17 the court that the Board has been consulted regarding the  
18 identity of the proposed special trustee and advise the  
19 court of the results of such consultation.

20       “(b) The trust agreement governing the trust shall  
21 provide—

22               “(1) for the payment of the fees, costs, ex-  
23 penses, and indemnities of the special trustee from  
24 the assets of the debtor’s estate;

25               “(2) that the special trustee provide—

1           “(A) quarterly reporting to the estate,  
2           which shall be filed with the court; and

3           “(B) information about the bridge com-  
4           pany reasonably requested by a party in inter-  
5           est to prepare a disclosure statement for a plan  
6           providing for distribution of any securities of  
7           the bridge company if such information is nec-  
8           essary to prepare such disclosure statement;

9           “(3) that for as long as the equity securities of  
10          the bridge company are held by the trust, the special  
11          trustee shall file a notice with the court in connec-  
12          tion with—

13                 “(A) any change in a director or senior of-  
14                 ficer of the bridge company;

15                 “(B) any modification to the governing  
16                 documents of the bridge company; and

17                 “(C) any material corporate action of the  
18                 bridge company, including—

19                         “(i) recapitalization;

20                         “(ii) a material borrowing;

21                         “(iii) termination of an intercompany  
22                         debt or guarantee;

23                         “(iv) a transfer of a substantial por-  
24                         tion of the assets of the bridge company;

25                         or

1                   “(v) the issuance or sale of any secu-  
2                   rities of the bridge company;

3                   “(4) that any sale of any equity securities of  
4                   the bridge company shall not be consummated until  
5                   the special trustee consults with the Federal Deposit  
6                   Insurance Corporation and the Board regarding  
7                   such sale and discloses the results of such consulta-  
8                   tion with the court;

9                   “(5) that, subject to reserves for payments per-  
10                  mitted under paragraph (1) provided for in the trust  
11                  agreement, the proceeds of the sale of any equity se-  
12                  curities of the bridge company by the special trustee  
13                  be held in trust for the benefit of or transferred to  
14                  the estate;

15                  “(6) the process and guidelines for the replace-  
16                  ment of the special trustee; and

17                  “(7) that the property held in trust by the spe-  
18                  cial trustee is subject to distribution in accordance  
19                  with subsection (c).

20                  “(c)(1) The special trustee shall distribute the assets  
21                  held in trust—

22                  “(A) if the court confirms a plan in the case,  
23                  in accordance with the plan on the effective date of  
24                  the plan; or



1           “(i) the insolvency or financial condition of  
2           the debtor at any time before the closing of the  
3           case;

4           “(ii) the commencement of a case under  
5           this title concerning the debtor;

6           “(iii) the appointment of or taking posses-  
7           sion by a trustee in a case under this title con-  
8           cerning the debtor or by a custodian before the  
9           commencement of the case;

10          “(iv) a credit rating agency rating, or ab-  
11          sence or withdrawal of a credit rating agency  
12          rating—

13                 “(I) of the debtor at any time after  
14                 the commencement of the case;

15                 “(II) of an affiliate during the period  
16                 from the commencement of the case until  
17                 48 hours after such order is entered;

18                 “(III) of the bridge company while the  
19                 trustee or the special trustee is a direct or  
20                 indirect beneficial holder of more than 50  
21                 percent of the equity securities of—

22                         “(aa) the bridge company; or

23                         “(bb) the affiliate, if all of the di-  
24                         rect or indirect interests in the affil-

1                   iate that are property of the estate  
2                   are transferred under section 1185; or  
3                   “(IV) of an affiliate while the trustee  
4                   or the special trustee is a direct or indirect  
5                   beneficial holder of more than 50 percent  
6                   of the equity securities of—

7                                 “(aa) the bridge company; or

8                                 “(bb) the affiliate, if all of the di-  
9                                 rect or indirect interests in the affil-  
10                                iate that are property of the estate  
11                                are transferred under section 1185.

12           “(2) A debt, contract, lease, or agreement described  
13 in this paragraph is—

14                   “(A) any debt (other than capital structure  
15                   debt), executory contract, or unexpired lease of the  
16                   debtor (other than a qualified financial contract);

17                   “(B) any agreement under which the debtor  
18                   issued or is obligated for debt (other than capital  
19                   structure debt);

20                   “(C) any debt, executory contract, or unexpired  
21                   lease of an affiliate (other than a qualified financial  
22                   contract); or

23                   “(D) any agreement under which an affiliate  
24                   issued or is obligated for debt.

25           “(3) The stay under this subsection terminates—

1           “(A) for the benefit of the debtor, upon the ear-  
2           liest of—

3                   “(i) 48 hours after the commencement of  
4           the case;

5                   “(ii) assumption of the debt, contract,  
6           lease, or agreement by the bridge company  
7           under an order authorizing a transfer under  
8           section 1185; or

9                   “(iii) a final order of the court denying the  
10          request for a transfer under section 1185; and

11          “(B) for the benefit of an affiliate, upon the  
12          earliest of—

13                   “(i) the entry of an order authorizing a  
14          transfer under section 1185 in which the direct  
15          or indirect interests in the affiliate that are  
16          property of the estate are not transferred under  
17          section 1185;

18                   “(ii) a final order by the court denying the  
19          request for a transfer under section 1185; or

20                   “(iii) 48 hours after the commencement of  
21          the case if the court has not ordered a transfer  
22          under section 1185.

23          “(4) Subsections (d), (e), (f), and (g) of section 362  
24          apply to a stay under this subsection.

1           “(b) A debt, executory contract (other than a quali-  
2 fied financial contract), or unexpired lease of the debtor,  
3 or an agreement under which the debtor has issued or is  
4 obligated for any debt, may be assumed by a bridge com-  
5 pany in a transfer under section 1185 notwithstanding  
6 any provision in an agreement or in applicable nonbank-  
7 ruptcy law that—

8                   “(1) prohibits, restricts, or conditions the as-  
9 signment of the debt, contract, lease, or agreement;  
10 or

11                   “(2) terminates or modifies, or permits a party  
12 other than the debtor to terminate or modify, the  
13 debt, contract, lease, or agreement on account of—

14                           “(A) the assignment of the debt, contract,  
15 lease, or agreement; or

16                           “(B) a change in control of any party to  
17 the debt, contract, lease, or agreement.

18           “(c)(1) A debt, contract, lease, or agreement of the  
19 kind described in subparagraph (A) or (B) of subsection  
20 (a)(2) may not be terminated or modified, and any right  
21 or obligation under such debt, contract, lease, or agree-  
22 ment may not be terminated or modified, as to the bridge  
23 company solely because of a provision in the debt, con-  
24 tract, lease, or agreement or in applicable nonbankruptcy  
25 law—

1           “(A) of the kind described in subsection  
2           (a)(1)(B) as applied to the debtor;

3           “(B) that prohibits, restricts, or conditions the  
4           assignment of the debt, contract, lease, or agree-  
5           ment; or

6           “(C) that terminates or modifies, or permits a  
7           party other than the debtor to terminate or modify,  
8           the debt, contract, lease or agreement on account  
9           of—

10           “(i) the assignment of the debt, contract,  
11           lease, or agreement; or

12           “(ii) a change in control of any party to  
13           the debt, contract, lease, or agreement.

14           “(2) If there is a default by the debtor under a provi-  
15           sion other than the kind described in paragraph (1) in  
16           a debt, contract, lease or agreement of the kind described  
17           in subparagraph (A) or (B) of subsection (a)(2), the  
18           bridge company may assume such debt, contract, lease,  
19           or agreement only if the bridge company—

20           “(A) shall cure the default;

21           “(B) compensates, or provides adequate assur-  
22           ance in connection with a transfer under section  
23           1185 that the bridge company will promptly com-  
24           pensate, a party other than the debtor to the debt,  
25           contract, lease, or agreement, for any actual pecu-

1 niary loss to the party resulting from the default;  
2 and

3 “(C) provides adequate assurance in connection  
4 with a transfer under section 1185 of future per-  
5 formance under the debt, contract, lease, or agree-  
6 ment, as determined by the court under section  
7 1185(e)(3).

8 **“§ 1188. Treatment of qualified financial contracts**  
9 **and affiliate contracts**

10 “(a) Notwithstanding sections 362(b)(6), 362(b)(7),  
11 362(b)(17), 362(b)(27), 362(o), 555, 556, 559, 560, and  
12 561, a petition filed under section 1183 operates as a stay,  
13 during the period specified in section 1187(a)(3)(A), ap-  
14 plicable to all entities, of the exercise of a contractual  
15 right—

16 “(1) to cause the modification, liquidation, ter-  
17 mination, or acceleration of a qualified financial con-  
18 tract of the debtor or an affiliate;

19 “(2) to offset or net out any termination value,  
20 payment amount, or other transfer obligation arising  
21 under or in connection with a qualified financial con-  
22 tract of the debtor or an affiliate; or

23 “(3) under any security agreement or arrange-  
24 ment or other credit enhancement forming a part of

1 or related to a qualified financial contract of the  
2 debtor or an affiliate.

3 “(b)(1) During the period specified in section  
4 1187(a)(3)(A), the trustee or the affiliate shall perform  
5 all payment and delivery obligations under such qualified  
6 financial contract of the debtor or the affiliate, as the case  
7 may be, that become due after the commencement of the  
8 case. The stay provided under subsection (a) terminates  
9 as to a qualified financial contract of the debtor or an  
10 affiliate immediately upon the failure of the trustee or the  
11 affiliate, as the case may be, to perform any such obliga-  
12 tion during such period.

13 “(2) Any failure by a counterparty to any qualified  
14 financial contract of the debtor or any affiliate to perform  
15 any payment or delivery obligation under such qualified  
16 financial contract, including during the pendency of the  
17 stay provided under subsection (a), shall constitute a  
18 breach of such qualified financial contract by the  
19 counterparty.

20 “(c) A qualified financial contract between an entity  
21 and the debtor may not be assigned to or assumed by the  
22 bridge company in a transfer under section 1185 unless—

23 “(1) all qualified financial contracts between  
24 the entity and the debtor are assigned to and as-

1       sumed by the bridge company in the transfer under  
2       section 1185;

3           “(2) all claims of the entity against the debtor  
4       under any qualified financial contract between the  
5       entity and the debtor (other than any claim that,  
6       under the terms of the qualified financial contract,  
7       is subordinated to the claims of general unsecured  
8       creditors) are assigned to and assumed by the bridge  
9       company;

10          “(3) all claims of the debtor against the entity  
11       under any qualified financial contract between the  
12       entity and the debtor are assigned to and assumed  
13       by the bridge company; and

14          “(4) all property securing or any other credit  
15       enhancement furnished by the debtor for any quali-  
16       fied financial contract described in paragraph (1) or  
17       any claim described in paragraph (2) or (3) under  
18       any qualified financial contract between the entity  
19       and the debtor is assigned to and assumed by the  
20       bridge company.

21          “(d) Notwithstanding any provision of a qualified fi-  
22       nancial contract or of applicable nonbankruptcy law, a  
23       qualified financial contract of the debtor that is assumed  
24       or assigned in a transfer under section 1185 may not be  
25       accelerated, terminated, or modified, after the entry of the

1 order approving a transfer under section 1185, and any  
2 right or obligation under the qualified financial contract  
3 may not be accelerated, terminated, or modified, after the  
4 entry of the order approving a transfer under section 1185  
5 solely because of a condition described in section  
6 1187(c)(1), other than a condition of the kind specified  
7 in section 1187(a)(1)(B)(iv)(III) or section 1187(b) that  
8 occurs after property of the estate no longer includes a  
9 direct beneficial interest or an indirect beneficial interest  
10 through the special trustee, in more than 50 percent of  
11 the equity securities of the bridge company.

12 “(e) Notwithstanding any provision of any agreement  
13 or in applicable nonbankruptcy law, an agreement of an  
14 affiliate (including an executory contract, an unexpired  
15 lease, qualified financial contract, or an agreement under  
16 which the affiliate issued or is obligated for debt) and any  
17 right or obligation under such agreement may not be ter-  
18 minated or modified, solely because of a condition de-  
19 scribed in section 1187(c)(1), other than a condition of  
20 the kind specified in section 1187(a)(1)(B)(iv)(III) or sec-  
21 tion 1187(b) that occurs after the bridge company is no  
22 longer a direct or indirect beneficial holder of more than  
23 50 percent of the equity securities of the affiliate, at any  
24 time after the commencement of the case if—

1           “(1) all direct or indirect interests in the affil-  
2           iate that are property of the estate are transferred  
3           under section 1185 to the bridge company within the  
4           period specified in subsection (a);

5           “(2) the bridge company assumes—

6                   “(A) any guarantee or other credit en-  
7                   hancement issued by the debtor relating to the  
8                   agreement of the affiliate; and

9                   “(B) any right of setoff, netting arrange-  
10                  ment, or debt of the debtor that directly arises  
11                  out of or directly relates to the guarantee or  
12                  credit enhancement; and

13           “(3) any property of the estate that directly  
14           serves as collateral for the guarantee or credit en-  
15           hancement is transferred to the bridge company.

16   **“§ 1189. Licenses, permits, and registrations**

17           “(a) Notwithstanding any otherwise applicable non-  
18           bankruptcy law, if a request is made under section 1185  
19           for a transfer of property of the estate, any Federal, State,  
20           or local license, permit, or registration that the debtor or  
21           an affiliate had immediately before the commencement of  
22           the case and that is proposed to be transferred under sec-  
23           tion 1185 may not be terminated or modified at any time  
24           after the request solely on account of—

1           “(1) the insolvency or financial condition of the  
2 debtor at any time before the closing of the case;

3           “(2) the commencement of a case under this  
4 title concerning the debtor;

5           “(3) the appointment of or taking possession by  
6 a trustee in a case under this title concerning the  
7 debtor or by a custodian before the commencement  
8 of the case; or

9           “(4) a transfer under section 1185.

10          “(b) Notwithstanding any otherwise applicable non-  
11 bankruptcy law, any Federal, State, or local license, per-  
12 mit, or registration that the debtor had immediately before  
13 the commencement of the case that is included in a trans-  
14 fer under section 1185 shall be valid and all rights and  
15 obligations thereunder shall vest in the bridge company.

16 **“§ 1190. Exemption from securities laws**

17          “For purposes of section 1145, a security of the  
18 bridge company shall be deemed to be a security of a suc-  
19 cessor to the debtor under a plan if the court approves  
20 the disclosure statement for the plan as providing ade-  
21 quate information (as defined in section 1125(a)) about  
22 the bridge company and the security.

23 **“§ 1191. Inapplicability of certain avoiding powers**

24          “A transfer made or an obligation incurred by the  
25 debtor to an affiliate prior to or after the commencement

1 of the case, including any obligation released by the debtor  
2 or the estate to or for the benefit of an affiliate, in con-  
3 templation of or in connection with a transfer under sec-  
4 tion 1185 is not avoidable under section 544, 547,  
5 548(a)(1)(B), or 549, or under any similar nonbankruptcy  
6 law.

7 **“§ 1192. Consideration of Financial Stability**

8 “The court may consider the effect that any decision  
9 in connection with this subchapter may have on financial  
10 stability in the United States.”.

11 **SEC. 4. AMENDMENTS TO TITLE 28, UNITED STATES CODE.**

12 (a) AMENDMENT TO CHAPTER 13.—Chapter 13 of  
13 title 28, United States Code, is amended by adding at the  
14 end the following:

15 **“§ 298. Judge for a case under subchapter V of chap-  
16 ter 11 of title 11**

17 “(a) Notwithstanding section 295, the Chief Justice  
18 of the United States shall designate not fewer than 3  
19 judges of the courts of appeals in not fewer than 4 circuits  
20 to serve on an appellate panel to be available to hear an  
21 appeal under section 1183 of title 11 in a case under such  
22 title concerning a covered financial corporation. Appellate  
23 judges may request to be considered by the Chief Justice  
24 of the United States for such designation.

1           “(b)(1) Notwithstanding section 295, the Chief Jus-  
2 tice of the United States shall designate not fewer than  
3 10 bankruptcy judges to be available to hear a case under  
4 subchapter V of chapter 11 of title 11. Bankruptcy judges  
5 may request to be considered by the Chief Justice of the  
6 United States for such designation.

7           “(2) Notwithstanding section 155, a case under sub-  
8 chapter V of chapter 11 of title 11 shall be heard under  
9 section 157 by a bankruptcy judge designated under para-  
10 graph (1), who shall be assigned to hear such case by the  
11 chief judge of the court of appeals for the circuit embrac-  
12 ing the district in which the case is pending. To the great-  
13 est extent practicable, the parties should obtain the ap-  
14 provals required under section 155.

15           “(3) If the bankruptcy judge assigned to hear a case  
16 under paragraph (2) is not assigned to the district in  
17 which the case is pending, the bankruptcy judge shall be  
18 temporarily assigned to the district.

19           “(c)(1) The court of appeals shall have jurisdiction  
20 of appeals from all orders for relief and orders of dismissal  
21 under section 1183 of title 11.

22           “(2) Notwithstanding section 295, in an appeal under  
23 paragraph (1) in a case under title 11 concerning a cov-  
24 ered financial corporation shall be heard by—

1           “(A) 3 judges selected from the appellate panel  
2 designated under subsection (a); or

3           “(B) if the 3 judges of such panel are not im-  
4 mediately available to hear the case, 3 judges des-  
5 ignated under subsection (a) from another circuit  
6 and assigned by the Chief Justice of the United  
7 States to hear the case.

8           “(3) If any of the judges of the appellate panel speci-  
9 fied in paragraph (2) is not assigned to the circuit in  
10 which the appeal is pending, the judges shall be tempo-  
11 rarily assigned to the circuit.

12           “(4) A case under subchapter V of chapter 11 of title  
13 11, and all proceedings in the case, shall take place in  
14 the district in which the case is pending.

15           “(d) In this section, the term ‘covered financial cor-  
16 poration’ has the meaning given that term in section  
17 101(9A) of title 11.”.

18           (b) AMENDMENT TO SECTION 1334.—Section 1334  
19 of title 28, United States Code, is amended by adding at  
20 the end the following:

21           “(f) This section does not grant jurisdiction to the  
22 district court after a transfer pursuant to an order under  
23 section 1185 of title 11 of any proceeding related to a spe-  
24 cial trustee appointed, or to a bridge company formed, in

1 connection with a case under subchapter V of chapter 11  
2 of title 11.”.

3 (c) TECHNICAL AND CONFORMING AMENDMENT.—

4 The table of sections for chapter 13 of title 28, United  
5 States Code, is amended by adding at the end the fol-  
6 lowing:

“298. Judge for a case under subchapter V of chapter 11 of title 11.”.

