

[DISCUSSION DRAFT]

113TH CONGRESS
2^D SESSION

H. R. _____

To amend title 11 of the United States Code in order to facilitate the resolution of an insolvent financial institution in bankruptcy.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend title 11 of the United States Code in order to facilitate the resolution of an insolvent financial institution in bankruptcy.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Financial Institution
5 Bankruptcy Act of 2014”.

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

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

6 “(9A) The term ‘covered financial corporation’
7 means any corporation incorporated or organized
8 under any Federal or State law, other than a stock-
9 broker, a commodity broker, or an entity of the kind
10 specified in paragraph (2) or (3) of section 109(b),
11 that is—

12 “(A) a bank holding company, as defined
13 in section 2(a) of the Bank Holding Company
14 Act of 1956; or

15 “(B) predominantly engaged in activities
16 that the Board of Governors of the Federal Re-
17 serve System has determined are financial in
18 nature or incidental to such financial activity
19 for purposes of section 4(k) of the Bank Hold-
20 ing Company Act of 1956.”.

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

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

1 (c) WHO MAY BE A DEBTOR.—Section 109 of title
2 11, United States Code, is amended—

3 (1) in subsection (b)—

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

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

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

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

10 (2) in subsection (d)—

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

13 (B) by striking “or” before “a corpora-
14 tion”; and

15 (C) by inserting “, or a covered financial
16 corporation” after “Federal Deposit Insurance
17 Corporation Improvement Act of 1991”.

18 (d) INVOLUNTARY CASES.—Section 303 of title 11,
19 the United States Code, is amended by adding at the end
20 the following:

21 “(k) Notwithstanding any other provision of this sec-
22 tion, an involuntary case may be commenced under sub-
23 chapter V of chapter 11 only in accordance with section
24 1183.”.

1 **SEC. 3. LIQUIDATION, REORGANIZATION, OR RECAPITAL-**
2 **IZATION OF A COVERED FINANCIAL COR-**
3 **PORATION.**

4 Chapter 11 of title 11, United States Code, is amend-
5 ed by adding at the end the following:

6 “SUBCHAPTER V—LIQUIDATION, REORGANIZA-
7 TION, OR RECAPITALIZATION OF A COV-
8 ERED FINANCIAL CORPORATION

9 **“§ 1181. Inapplicability of other sections**

10 “Sections 321(c) and 322(b) do not apply in a case
11 under this subchapter concerning a covered financial cor-
12 poration.

13 **“§ 1182. Definitions for this subchapter**

14 “In this subchapter, the following definitions shall
15 apply:

16 “(1) The term ‘Board’ means the Board of
17 Governors of the Federal Reserve System.

18 “(2) The term ‘bridge company’ means a newly-
19 formed corporation the equity securities of which are
20 transferred trust under section 1185(a).

21 “(3) The term ‘capital structure debt’ means all
22 unsecured debt of the debtor, other than a qualified
23 contract, for which the debtor is the primary obligor.

24 “(4) The term ‘contractual right’ means a con-
25 tractual right of a kind defined in section 555, 556,
26 559, or 560.

1 bona fide dispute as to liability or amount)
2 as they become due; or

3 “(iv) is likely to be in a financial con-
4 dition specified in clause (i), (ii), or (iii)
5 sufficiently soon such that the immediate
6 commencement of a case under this sub-
7 chapter is necessary to prevent imminent
8 substantial harm to financial stability in
9 the United States;

10 “(B) the commencement of a case under
11 this title and the effect of a transfer under sec-
12 tion 1185 is necessary to prevent imminent sub-
13 stantial harm to financial stability in the
14 United States; and

15 “(C) the bankruptcy court determines,
16 after a hearing described in subsection (b), that
17 the Board has shown by a preponderance of the
18 evidence that the requirements under subpara-
19 graphs (A) and (B) have been satisfied.

20 “(b)(1) A hearing described in this subsection is a
21 hearing held not later than 12 hours after the Board files
22 a petition under subsection (a)(2), with notice only to—

23 “(A) the covered financial corporation;

24 “(B) the Federal Deposit Insurance Corpora-
25 tion; and

1 “(C) the Secretary of the Treasury.

2 “(2) Only the Board and the entities specified in
3 paragraph (1) and their counsel may attend or participate
4 in a hearing described in this subsection. Transcripts of
5 such hearing shall be sealed until the earlier of—

6 “(A) 3 months after the commencement of a
7 bankruptcy case; and

8 “(B) 18 months after the conclusion of the
9 hearing.

10 “(3) All pleadings, transcripts, and orders shall be
11 filed under seal during the 24-hour period beginning when
12 the case is commenced and may be available to only the
13 bankruptcy court, appellate panel, the covered financial
14 corporation, the Federal Deposit Insurance Corporation,
15 the Secretary of the Treasury, and the Board. Notwith-
16 standing paragraph (2), if the case is dismissed, all court
17 documents, including pleadings, transcripts, and orders,
18 shall be expunged. If the case is not dismissed, the court
19 documents shall be made available to the entities specified
20 in section 1185(b) immediately and shall be sealed with
21 respect to all other entities until the expiration of the 90-
22 day period beginning on the date the case is commenced.

23 “(4) The bankruptcy court shall enter, not later than
24 14 hours after the filing of the Board’s petition under sec-

1 tion 303, an order either dismissing the case or ordering
2 relief against the covered financial corporation.

3 “(c)(1) The covered financial corporation or the
4 Board may file an appeal in the court of appeals for review
5 by the appellate panel of a determination made by the
6 bankruptcy court under subsection (a)(2)(C) not later
7 than 1 hour after the bankruptcy court makes such deter-
8 mination, with notice only to the entities specified in sub-
9 section (b)(1) and the Board.

10 “(2) The appellate panel specified under section
11 298(c)(1) of title 28 for the judicial circuit in which the
12 case is pending shall hear the appeal under paragraph (1)
13 and review within 12 hours of the determination of the
14 bankruptcy court under subsection (a)(2)(B) such deter-
15 mination for abuse of discretion. The appellate panel shall
16 enter an order determining the matter that is the subject
17 of the appeal not later than 14 hours after the appeal is
18 filed.

19 “(3) Notwithstanding sections 158 and 1292 of title
20 28, the determination of a decision by a appellate panel
21 under this section is final and may not be appealed fur-
22 ther.

23 “(d)(1) The commencement of a case under sub-
24 section (a)(1) constitutes an order for relief under this
25 subchapter.

1 “(2) In a case commenced under subsection (a)(2),
2 the bankruptcy court shall promptly order relief under this
3 subchapter if—

4 “(A) the bankruptcy court makes a determina-
5 tion under subsection (a)(2)(C) that the require-
6 ments of subsections (a)(2)(A) and (a)(2)(B) have
7 been satisfied; and

8 “(B)(i) the period for appeal under subsection
9 (c)(1) has expired without an appeal having been
10 filed; or

11 “(ii) the appellate panel affirms the determina-
12 tion of the bankruptcy court under subsection (c)(2).

13 “(3) Notwithstanding paragraph (2), the bankruptcy
14 court shall order relief immediately in a case commenced
15 under subsection (a)(2) if the debtor consents to the
16 Board’s petition under subsection (a)(2).

17 **“§ 1184. Regulators**

18 “The Board and the Federal Deposit Insurance Cor-
19 poration may raise and may appear and be heard on any
20 issue in any case or proceeding under this subchapter.

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 commencement of the case, the court may
25 order a transfer under this section of property of the es-

1 tate to a bridge company. Except as provided under this
2 section, the provisions of section 363 shall apply to a
3 transfer under this section.

4 “(b) Unless the court orders otherwise, notice of a
5 request for an order under subsection (a) shall consist of
6 electronic or telephonic notice of not less than 24 hours
7 to—

8 “(1) the debtor;

9 “(2) the trustee;

10 “(3) the holders of the 20 largest secured
11 claims against the debtor;

12 “(4) the holders of the 20 largest unsecured
13 claims against the debtor;

14 “(5) counterparties to any qualified financial
15 contract requested to be transferred under this sec-
16 tion;

17 “(6) the Board;

18 “(7) the Federal Deposit Insurance Corpora-
19 tion;

20 “(8) the Secretary of the Treasury;

21 “(9) the United States trustee or bankruptcy
22 administrator; and

23 “(10) each primary financial regulatory agency,
24 as defined in section 2(12) of the Dodd-Frank Wall
25 Street Reform and Consumer Protection Act, with

1 respect to any affiliate that is proposed to be trans-
2 ferred under this section.

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

6 “(1) the transfer under this section is necessary
7 to prevent imminent substantial harm to financial
8 stability in the United States;

9 “(2) the proposed transfer does not provide for
10 the assumption of any capital structure debt by the
11 bridge company; and

12 “(3) the Board certifies to the court that the
13 Board has determined that the bridge company pro-
14 vides adequate assurance of future performance of
15 any executory contract or unexpired lease assumed
16 and assigned to the bridge company, and of payment
17 of any debt assumed by the bridge company, in the
18 transfer under this section.

19 “(d) The bridge company that is the recipient of a
20 transfer under this section shall—

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

1 “(2) have equity securities that solely are prop-
2 erty of the estate, which may be sold or distributed
3 solely in accordance with section 1186; and

4 “(3) obtain court approval of the governing doc-
5 uments of the bridge company, including the initial
6 the directors and senior officers of the corporation.

7 **“§ 1186. Special trustee**

8 “(a) On request of the trustee or the Board, the court
9 may order the trustee to transfer to a trust all of the eq-
10 uity securities in the bridge corporation that is the recipi-
11 ent of a transfer under section 1185 to hold in trust for
12 the sole benefit of the estate if—

13 “(1) the trust is a newly-formed entity that
14 shall be formed at the direction of the trustee and
15 shall exist for the sole purpose of holding and ad-
16 ministering the securities of the bridge company in
17 accordance with the trust agreement; and

18 “(2) the court approves—

19 “(A) the trust agreement governing the
20 trust; and

21 “(B) the appointment of a trustee to ad-
22 minister such trust (in this subchapter referred
23 to as the ‘special trustee’).

24 “(b) The trust agreement governing the trust shall
25 provide—

1 “(1) for the payment of the costs and expenses
2 of the special trustee from the assets of the debtor’s
3 estate;

4 “(2) that the special trustee provide—

5 “(A) periodic reporting to the estate and
6 the bankruptcy court; and

7 “(B) information about the bridge com-
8 pany as reasonably requested by a party in in-
9 terest to prepare a disclosure statement for a
10 plan providing for distribution of any securities
11 of the bridge company if such information is
12 necessary to prepare such disclosure statement;

13 “(3) that the special trustee provide notice to
14 the bankruptcy court in connection with—

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

17 “(B) any modification to the governing
18 documents of the bridge company; and

19 “(C) any material corporate action of the
20 bridge company, including—

21 “(i) recapitalization;

22 “(ii) a liquidity borrowing;

23 “(iii) termination of an intercompany
24 debt or guarantee;

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

3 or

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

6 “(4) that the proceeds of the sale of any equity
7 securities of the bridge company by the special trust-
8 ee be held in trust for the benefit of or transferred
9 to the estate; and

10 “(5) that the property held in trust by the spe-
11 cial trustee is subject to distribution in accordance
12 with the plan and subsection (c).

13 “(c) The special trustee shall distribute the assets
14 held in trust in accordance with the plan on the effective
15 date of the plan and, as soon thereafter as practicable,
16 thereafter the office of the special trustee shall terminate,
17 except as may be necessary to wind up and conclude the
18 business and financial affairs of the trust.

19 “(d) After a transfer under section 1185, the special
20 trustee shall be subject only to applicable nonbankruptcy
21 law, and the actions and conduct of the special trustee
22 shall no longer be subject to approval by the court in the
23 case under this subchapter.

1 **“§ 1187. Temporary and supplemental automatic stay;**
2 **assumed debt**

3 “(a)(1) A petition filed under section 1183 operates
4 as a stay, applicable to all entities, of the termination, ac-
5 celeration, or modification of any debt, lease, or agreement
6 of the kind described in paragraph (2), or of any right
7 or obligation under any such debt, contract, lease, or
8 agreement, solely because of—

9 “(A) a default by the debtor under any such
10 debt, contract, lease, or agreement;

11 “(B) a provision in such debt, contract, lease,
12 or agreement, or in applicable nonbankruptcy law,
13 that is conditioned on—

14 “(i) the insolvency or financial condition of
15 the debtor at any time before the closing of the
16 case;

17 “(ii) the commencement of a case under
18 this title concerning the debtor;

19 “(iii) the appointment of or taking posses-
20 sion by a trustee in a case under this title con-
21 cerning the debtor or by a custodian before the
22 commencement of the case;

23 “(iv) a credit rating agency rating, or ab-
24 sence or withdrawal of a credit rating agency
25 rating—

1 “(I) of the debtor at any time after
2 the commencement of the case;

3 “(II) of an affiliate during the 48
4 hours after the commencement of the case;
5 or

6 “(III) while the special trustee is a di-
7 rect or indirect beneficial holder of more
8 than 50 percent of the equity securities
9 of—

10 “(aa) the bridge company; or

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

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

17 “(A) any debt (other than capital structure
18 debt), executory contract (other than a qualified fi-
19 nancial contract), or unexpired lease of the debtor;

20 “(B) any agreement under which the debtor
21 issued or is obligated for debt (other than capital
22 structure debt);

23 “(C) any debt, executory contract (other than a
24 qualified financial contract), or unexpired lease of an
25 affiliate; or

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

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

4 “(A) for the benefit of the debtor, upon the ear-
5 liest of—

6 “(i) 48 hours after the commencement of
7 the case;

8 “(ii) assumption of the debt, contract,
9 lease, or agreement under an order authorizing
10 a transfer under section 1185; or

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

13 “(B) for the benefit of an affiliate, upon the
14 earliest of—

15 “(i) entry of an order authorizing a trans-
16 fer under section 1185 in which the direct or
17 indirect interests in the affiliate that are prop-
18 erty of the estate are not transferred under sec-
19 tion 1185;

20 “(ii) a determination by the court denying
21 the request for a transfer under section 1185;

22 or

23 “(iii) 48 hours after the commencement of
24 the case if the court has not ordered a transfer
25 under section 1185.

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

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

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

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

16 “(A) the assignment of the debt, contract,
17 lease, or agreement; or

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

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

1 tract, lease, or agreement or in applicable nonbankruptcy
2 law—

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

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

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

12 “(i) the assignment of the debt, contract,
13 lease, or agreement; or

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

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

22 “(A) cures, or provides adequate assurance to
23 the court in connection with a transfer under section
24 1185 that the bridge company will promptly cure,
25 the default;

1 “(B) compensates, or provides adequate assur-
2 ance to the court in connection with a transfer
3 under section 1185 that the bridge company will
4 promptly compensate, a party other than the debtor
5 to the debt, contract, lease, or agreement, for any
6 actual pecuniary loss to the party resulting from the
7 default; and

8 “(C) provides adequate assurance to the court
9 in connection with a transfer under section 1185 of
10 future performance under the debt, contract, lease,
11 or agreement.

12 **“§ 1188. Treatment of qualified financial contracts**
13 **and affiliate contracts**

14 “(a) Notwithstanding sections 362(b)(6), 362(b)(7),
15 362(b)(17), 362(b)(27), 362(o), 555, 556, 559, 560, and
16 561, a petition filed under section 1183 operates as a stay,
17 during the period specified in section 1187(a)(3), applica-
18 ble to all entities, of the exercise of a contractual right—

19 “(1) to cause the liquidation, termination, or
20 acceleration of a qualified financial contract of the
21 debtor or an affiliate;

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

1 “(3) under any security agreement or arrange-
2 ment or other credit enhancement forming a part of
3 or related to a qualified financial contract of the
4 debtor or an affiliate.

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

15 “(2) A counterparty to any qualified financial con-
16 tract of the debtor that is assumed and assigned in a
17 transfer under section 1185 may perform any
18 unperformed payment or delivery obligation under the
19 qualified financial contract promptly after the assumption
20 and assignment with the same effect as if the counterparty
21 had timely performed such obligations.

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

1 “(1) all qualified financial contracts between
2 the entity and the debtor are assigned to and as-
3 sumed by the bridge company in the transfer under
4 section 1185;

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

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

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

23 “(d) Section 365(b)(1) does not apply to a default
24 under a qualified financial contract of the debtor that is

1 assumed and assigned in a transfer under section 1185
2 if the default—

3 “(1) is a breach of a provision of the kind spec-
4 ified in section 1187(a)(1)(B)(iv); or

5 “(2) in the case of a breach of a provision of
6 the kind specified in section 1187(a)(1)(B)(iv)(III),
7 occurs while the bridge company is a direct or indi-
8 rect beneficial holder of more than 50 percent of the
9 equity securities of the affiliate.

10 “(e) Notwithstanding any provision of a qualified fi-
11 nancial contract or of applicable nonbankruptcy law, a
12 qualified financial contract of the debtor that is assumed
13 or assigned in a transfer under section 1185 may not be
14 terminated or modified, and any right or obligation under
15 the qualified financial contract may not be terminated or
16 modified, at any time solely because of a condition de-
17 scribed in section 1187(a), after the entry of the order
18 under section 1185 until such time as the special trustee
19 is no longer the direct or indirect beneficial holder of more
20 than 50 percent of the equity securities of the bridge com-
21 pany.

22 “(f) Notwithstanding any provision of any agreement
23 or in applicable nonbankruptcy law, an agreement of an
24 affiliate (including an executory contract, an unexpired
25 lease, or an agreement under which the affiliate issued or

1 is obligated for debt) and any right or obligation under
2 such agreement may not be terminated or modified, solely
3 because of a condition described in section 1187(b), at any
4 time after the commencement of the case if—

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

9 “(2) the bridge company assumes—

10 “(A) any guarantee or other credit en-
11 hancement issued by the debtor relating to the
12 agreement of the affiliate; and

13 “(B) any right of setoff, netting arrange-
14 ment, or debt of the debtor that directly arises
15 out of or directly relates to the guarantee or
16 credit enhancement; and

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

20 **“§ 1189. Licenses, permits, and registrations**

21 “(a) Notwithstanding any otherwise applicable non-
22 bankruptcy law, if a request is made under section 1185
23 for a transfer of property of the estate, any Federal, State,
24 or local license, permit, or registration that the debtor or
25 an affiliate had immediately before the commencement of

1 the case and that is proposed to be transferred under sec-
2 tion 1185 may not be terminated or modified at any time
3 after the request solely on account of—

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

6 “(2) the commencement of a case under this
7 title concerning the debtor; or

8 “(3) the appointment of or taking possession by
9 a trustee in a case under this title concerning the
10 debtor or by a custodian before the commencement
11 of the case.

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

18 **“§ 1190. Exemption from securities laws and special**
19 **tax provisions**

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

1 **“§ 1191. Inapplicability of certain avoiding powers**

2 “Except with respect to a capital structure debt, a
3 transfer made or an obligation incurred by the debtor, in-
4 cluding any obligation released by the debtor or the estate,
5 to or for the benefit of an affiliate in a transfer under
6 section 1185 is not avoidable under section 544, 547,
7 548(a)(1)(B), or 549, or under any similar nonbankruptcy
8 law.”.

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

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

13 **“§ 298. Judge for a case under subchapter V of title**

14 **11**

15 “(a) Notwithstanding section 295, the Chief Justice
16 of the United States shall designate not fewer than 3
17 judges of the court of appeals in each circuit to serve on
18 an appellate panel to be available to hear an appeal under
19 section 1403 in a case under title 11 concerning a covered
20 financial corporation.

21 “(b)(1) Notwithstanding section 295, the Chief Jus-
22 tice of the United States shall designate a panel of not
23 fewer than 10 bankruptcy judges, who have significant ex-
24 perience with cases under title 11 in which a financial in-
25 stitution or a company with assets or liabilities exceeding

1 \$1,000,000,000 is a debtor, to be available to hear a case
2 under subchapter V of title 11.

3 “(2) Notwithstanding section 295, a case under sub-
4 chapter V of title 11 shall be heard under section 157 by
5 a bankruptcy judge designated under paragraph (1), who
6 shall be assigned to hear such case by the chief judge of
7 the court of appeals for the circuit embracing the district
8 in which the case is pending.

9 “(3) If the bankruptcy judge assigned to hear a case
10 under paragraph (2) is not assigned to the district in
11 which the case is pending, the bankruptcy judge shall be
12 temporarily assigned to the district.

13 “(c)(1) Notwithstanding section 295, in an appeal
14 under section 158(a) in a case under title 11 concerning
15 a covered financial corporation shall be heard by—

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

18 “(B) if the 3 judges of such panel are not im-
19 mediately available to hear the case, 3 judges from
20 another appellate panel designated under subsection
21 (a) from another circuit and assigned by the Chief
22 Justice of the United States to hear the case;

23 “(2) If the appellate panel specified in paragraph (1)
24 is not assigned to the district in which the case is pending,

1 the appellate panel shall be temporarily assigned to the
2 district.

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

6 “(d) In this section, the term ‘covered financial cor-
7 poration’ has the meaning given that term in section
8 101(9A) of title 11.”.

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

12 “(f) This section does not grant jurisdiction to the
13 district court after a transfer pursuant to an order under
14 section 1185 of title 11 of any proceeding related to a spe-
15 cial trustee appointed, or to a bridge company formed, in
16 connection with a case under subchapter V of title 11, and
17 after a transfer pursuant to an order under section 1185
18 of title 11, the district courts in the district in which a
19 case under title 11 concerning a covered financial corpora-
20 tion (as defined in section 101 of title 11) is pending shall
21 not have jurisdiction over the property held in trust by
22 the special trustee, the bridge company, or the property
23 of the bridge company.”.

24 (c) TECHNICAL AND CONFORMING AMENDMENT.—
25 The table of sections for chapter 13 of title 28, United

- 1 States Code, is amended by adding at the end the fol-
- 2 lowing:

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