Too Big to Fail, Too Big to Exist Act:
Summary

The “Too Big to Fail, Too Big to Exist Act” is designed to break up financial institutions that are so big they create the risk of blowing up the American or global economy.

The bill would:

- Require the breakup of JP Morgan Chase, Citigroup, Goldman Sachs, Bank of America, and Morgan Stanley within one year of enactment.

- Create a “Too Big to Fail List” of banks and bank holding companies who pose a threat to the financial system. This list will be compiled by a super-committee of bank regulators, or the Financial Stability Oversight Council (FSOC), based on a variety of factors enumerated in the bill.

- Direct the Secretary, within a year of enactment, to break up these institutions.

- Prohibit any institutions on the “Too Big to Fail list” from accessing Federal Reserve discount facilities and from using insured deposits for speculative activities, derivatives, or hedging.

“Too Big to Fail” is defined as any entity whose failure, due to its size, exposure to counterparties, liquidity position, interdependencies, role in critical markets, or other characteristics or factors, would have a catastrophic effect on the stability of either the financial system or the United States economy without substantial Government assistance.

Supporters include:

- Independent Community Bankers of America
- Public Citizen
- U.S. PIRG
- Americans for Financial Reform