

115TH CONGRESS  
1ST SESSION

# H. R. 3312

---

IN THE SENATE OF THE UNITED STATES

DECEMBER 20, 2017

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

---

## AN ACT

To amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to specify when bank holding companies may be subject to certain enhanced supervision, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Systemic Risk Des-  
3 ignation Improvement Act of 2017”.

4 **SEC. 2. REVISIONS TO COUNCIL AUTHORITY.**

5 (a) **PURPOSES AND DUTIES.**—Section 112 of the  
6 Dodd-Frank Wall Street Reform and Consumer Protec-  
7 tion Act (12 U.S.C. 5322) is amended in subsection  
8 (a)(2)(I) by inserting before the semicolon “, which have  
9 been identified as global systemically important bank hold-  
10 ing companies pursuant to section 217.402 of title 12,  
11 Code of Federal Regulations, or subjected to a determina-  
12 tion under subsection (l) of section 165”.

13 (b) **ENHANCED SUPERVISION.**—Section 115 of the  
14 Dodd-Frank Wall Street Reform and Consumer Protec-  
15 tion Act (12 U.S.C. 5325) is amended—

16 (1) in subsection (a)(1), by striking “large,  
17 interconnected bank holding companies” and insert-  
18 ing “bank holding companies which have been iden-  
19 tified as global systemically important bank holding  
20 companies pursuant to section 217.402 of title 12,  
21 Code of Federal Regulations, or subjected to a de-  
22 termination under subsection (l) of section 165”;  
23 and

24 (2) in subsection (a)(2)—

25 (A) in subparagraph (A), by striking “;  
26 or” at the end and inserting a period;

1 (B) by striking “the Council may” and all  
2 that follows through “differentiate” and insert-  
3 ing “the Council may differentiate”; and

4 (C) by striking subparagraph (B).

5 (c) REPORTS.—Section 116(a) of the Dodd-Frank  
6 Wall Street Reform and Consumer Protection Act (12  
7 U.S.C. 5326(a)) is amended by striking “with total con-  
8 solidated assets of \$50,000,000,000 or greater” and in-  
9 serting “which has been identified as a global systemically  
10 important bank holding company pursuant to section  
11 217.402 of title 12, Code of Federal Regulations, or sub-  
12 jected to a determination under subsection (l) of section  
13 165”.

14 (d) MITIGATION.—Section 121(a) of the Dodd-Frank  
15 Wall Street Reform and Consumer Protection Act (12  
16 U.S.C. 5331) is amended by striking “with total consoli-  
17 dated assets of \$50,000,000,000 or more” and inserting  
18 “which has been identified as a global systemically impor-  
19 tant bank holding company pursuant to section 217.402  
20 of title 12, Code of Federal Regulations, or subjected to  
21 a determination under subsection (l) of section 165”.

22 (e) OFFICE OF FINANCIAL RESEARCH.—Section 155  
23 of the Dodd-Frank Wall Street Reform and Consumer  
24 Protection Act (12 U.S.C. 5345) is amended in subsection  
25 (d) by striking “with total consolidated assets of

1 50,000,000,000 or greater” and inserting “which have  
2 been identified as global systemically important bank hold-  
3 ing companies pursuant to section 217.402 of title 12,  
4 Code of Federal Regulations, or subjected to a determina-  
5 tion under subsection (l) of section 165”.

6 **SEC. 3. REVISIONS TO BOARD AUTHORITY.**

7 (a) ACQUISITIONS.—Section 163 of the Dodd-Frank  
8 Wall Street Reform and Consumer Protection Act (12  
9 U.S.C. 5363) is amended by striking “with total consoli-  
10 dated assets equal to or greater than \$50,000,000,000”  
11 each place such term appears and inserting “which has  
12 been identified as a global systemically important bank  
13 holding company pursuant to section 217.402 of title 12,  
14 Code of Federal Regulations, or subjected to a determina-  
15 tion under subsection (l) of section 165”.

16 (b) MANAGEMENT INTERLOCKS.—Section 164 of the  
17 Dodd-Frank Wall Street Reform and Consumer Protec-  
18 tion Act (12 U.S.C. 5364) is amended by striking “with  
19 total consolidated assets equal to or greater than  
20 \$50,000,000,000” and inserting “which has been identi-  
21 fied as a global systemically important bank holding com-  
22 pany pursuant to section 217.402 of title 12, Code of Fed-  
23 eral Regulations, or subjected to a determination under  
24 subsection (l) of section 165”.

1 (c) ENHANCED SUPERVISION AND PRUDENTIAL  
2 STANDARDS.—Section 165 of the Dodd-Frank Wall Street  
3 Reform and Consumer Protection Act (12 U.S.C. 5365)  
4 is amended—

5 (1) in subsection (a), by striking “with total  
6 consolidated assets equal to or greater than  
7 \$50,000,000,000” and inserting “which have been  
8 identified as global systemically important bank  
9 holding companies pursuant to section 217.402 of  
10 title 12, Code of Federal Regulations, or subjected  
11 to a determination under subsection (l)”;

12 (2) in subsection (a)(2)—

13 (A) by striking “(A) IN GENERAL.—”;

14 (B) in subparagraph (A), by striking  
15 “may” and inserting “shall”; and

16 (C) by striking subparagraph (B); and

17 (3) in subsection (j), by striking “with total  
18 consolidated assets equal to or greater than  
19 \$50,000,000,000” and inserting “which has been  
20 identified as a global systemically important bank  
21 holding company pursuant to section 217.402 of  
22 title 12, Code of Federal Regulations, or subjected  
23 to a determination under subsection (l)”.

24 (d) ADVANCED TAILORING.—Section 165 of the  
25 Dodd-Frank Wall Street Reform and Consumer Protec-

1 tion Act (12 U.S.C. 5365) is amended by adding at the  
2 end the following:

3 “(1) ADDITIONAL BANK HOLDING COMPANIES SUB-  
4 JECT TO ENHANCED SUPERVISION AND PRUDENTIAL  
5 STANDARDS BY TAILORED REGULATION.—

6 “(1) DETERMINATION.—The Board of Gov-  
7 ernors may, within the limits of its existing re-  
8 sources—

9 “(A) determine that a bank holding com-  
10 pany that has not been identified as a global  
11 systemically important bank holding company  
12 pursuant to section 217.402 of title 12, Code of  
13 Federal Regulations, shall be subject to certain  
14 enhanced supervision or prudential standards  
15 under this section, tailored to the risks pre-  
16 sented, based on the considerations in para-  
17 graph (3), where material financial distress at  
18 the bank holding company, or the nature, scope,  
19 size, scale, concentration, interconnectedness, or  
20 mix of the activities of the individual bank hold-  
21 ing company, could pose a threat to the finan-  
22 cial stability of the United States; or

23 “(B) by regulation determine that a cat-  
24 egory of bank holding companies that have not  
25 been identified as global systemically important

1 bank holding companies pursuant to section  
2 217.402 of title 12, Code of Federal Regula-  
3 tions, shall be subject to certain enhanced su-  
4 pervision or prudential standards under this  
5 section, tailored to the risk presented by the  
6 category of bank holding companies, based on  
7 the considerations in paragraph (3), where ma-  
8 terial financial distress at the category of bank  
9 holding companies, or the nature, scope, size,  
10 scale, concentration, interconnectedness, or mix  
11 of the activities of the category of bank holding  
12 companies, could pose a threat to the financial  
13 stability of the United States.

14 “(2) COUNCIL APPROVAL OF REGULATIONS  
15 WITH RESPECT TO CATEGORIES.—Notwithstanding  
16 paragraph (1)(B), a regulation issued by the Board  
17 of Governors to make a determination under such  
18 paragraph (1)(B) shall not take effect unless the  
19 Council, by a vote of not fewer than two-thirds of  
20 the voting members then serving, including an af-  
21 firmative vote by the Chairperson, approves the  
22 metrics used by the Board of Governors in estab-  
23 lishing such regulation.

1           “(3) CONSIDERATIONS.—In making any deter-  
2           mination under paragraph (1), the Board of Gov-  
3           ernors shall consider the following factors:

4                   “(A) The size of the bank holding com-  
5           pany.

6                   “(B) The interconnectedness of the bank  
7           holding company.

8                   “(C) The extent of readily available sub-  
9           stitutes or financial institution infrastructure  
10          for the services of the bank holding company.

11                  “(D) The global cross-jurisdictional activ-  
12          ity of the bank holding company.

13                  “(E) The complexity of the bank holding  
14          company.

15           “(4) CONSISTENT APPLICATION OF CONSIDER-  
16          ATIONS.—In making a determination under para-  
17          graph (1), the Board of Governors shall ensure that  
18          bank holding companies that are similarly situated  
19          with respect to the factors described under para-  
20          graph (3), are treated similarly for purposes of any  
21          enhanced supervision or prudential standards ap-  
22          plied under this section.

23           “(5) USE OF CURRENTLY REPORTED DATA TO  
24          AVOID UNNECESSARY BURDEN.—For purposes of  
25          making a determination under paragraph (1), the

1 Board of Governors shall make use of data already  
2 being reported to the Board of Governors, including  
3 from calculating a bank holding company’s systemic  
4 indicator score, in order to avoid placing an unneces-  
5 sary burden on bank holding companies.”.

6 (e) SYSTEMIC IDENTIFICATION.—Section 165 of the  
7 Dodd-Frank Wall Street Reform and Consumer Protec-  
8 tion Act (12 U.S.C. 5365), as amended by subsection (d),  
9 is further amended by adding at the end the following:

10 “(m) SYSTEMIC IDENTIFICATION.—With respect to  
11 the identification of bank holding companies as global sys-  
12 temically important bank holding companies pursuant to  
13 section 217.402 of title 12, Code of Federal Regulations,  
14 or subjected to a determination under subsection (l), the  
15 Board of Governors shall—

16 “(1) publish, including on the Board of  
17 Governors’s website, a list of all bank holding com-  
18 panies that have been so identified, and keep such  
19 list current; and

20 “(2) solicit feedback from the Council on the  
21 identification process and on the application of such  
22 process to specific bank holding companies.”.

23 **SEC. 4. RULE OF CONSTRUCTION.**

24 Nothing in this Act or the amendments made by this  
25 Act shall be construed to prohibit the Board of Governors

1 of the Federal Reserve System from prescribing enhanced  
2 prudential standards for any bank holding company which  
3 the Board of Governors determines, based upon the bank  
4 holding company's size, interconnectedness, substitut-  
5 ability, global cross-jurisdictional activity, and complexity,  
6 could pose a safety and soundness risk to the stability of  
7 the United States banking or financial system but has not  
8 been designated as a global systemically important bank  
9 holding company.

10 **SEC. 5. EXISTING ASSESSMENT TERMINATION SCHEDULE.**

11 (a) TEMPORARY EXTENSION OF EXISTING ASSESS-  
12 MENT.—

13 (1) IN GENERAL.—Each bank holding company  
14 that, on the day that is 24 months following the  
15 date of the enactment of this Act, has total consoli-  
16 dated assets equal to or greater than  
17 \$50,000,000,000, has not been identified as a global  
18 systemically important bank holding company pursu-  
19 ant to section 217.402 of title 12, Code of Federal  
20 Regulations, and has not been subjected to a deter-  
21 mination under subsection (l) of section 165 of the  
22 Dodd-Frank Wall Street Reform and Consumer Pro-  
23 tection Act, shall be subject to assessments by the  
24 Secretary of the Treasury to the same extent as a

1 bank holding company that has been so identified or  
2 subjected.

3 (2) CONSIDERATIONS.—In making assessments  
4 pursuant to paragraph (1), the Secretary of the  
5 Treasury shall take into account differences among  
6 the bank holding companies subject to such assess-  
7 ment, based on the considerations for establishing  
8 the prudential standards under section 115 of the  
9 Dodd-Frank Wall Street Reform and Consumer Pro-  
10 tection Act (12 U.S.C. 5325).

11 (3) LIMITATION ON AMOUNT OF ASSESS-  
12 MENTS.—The aggregate amount collected pursuant  
13 to paragraph (1) from all bank holding companies  
14 assessed under such paragraph shall be  
15 \$58,000,000.

16 (4) PAYMENT PERIOD OPTIONS.—The Secretary  
17 of the Treasury shall offer the option of payments  
18 spread out before the end of the 48-month period  
19 following the date of the enactment of this Act, or  
20 shorter periods including the option of a one-time  
21 payment, at the discretion of each bank holding  
22 company paying assessments pursuant to paragraph  
23 (1).

24 (5) ASSESSMENTS TO BE MADE IN ADDITION TO  
25 ANY OTHER ASSESSMENTS.—The assessments col-

1 lected pursuant to paragraph (1) shall be in addition  
2 to, and not as a replacement of, any assessments re-  
3 quired under any other law.

4 (b) TREATMENT UPON DETERMINATION.—A bank  
5 holding company assessed under this section shall no  
6 longer be subject to such assessments in the event it is  
7 identified as a global systemically important bank holding  
8 company pursuant to section 217.402 of title 12, Code of  
9 Federal Regulations, or subjected to a determination  
10 under subsection (l) of section 165 of the Dodd-Frank  
11 Wall Street Reform and Consumer Protection Act. Any  
12 prior payments made by such a banking holding company  
13 pursuant to an assessment under this section shall be non-  
14 refundable.

15 **SEC. 6. EFFECTIVE DATE.**

16 The amendments made by this Act shall take effect  
17 after the end of the 18-month period following the date  
18 of the enactment of this Act.

Passed the House of Representatives December 19,  
2017.

Attest:

KAREN L. HAAS,  
*Clerk.*