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Union Calendar No. 313

115TH CONGRESS
1ST SESSION

H. R. 3312

[Report No. 115–423]

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.

IN THE HOUSE OF REPRESENTATIVES

JULY 19, 2017

Mr. LUETKEMEYER (for himself, Ms. SINEMA, Mr. WILLIAMS, Mr. DAVID SCOTT of Georgia, Mr. HILL, Mr. GOTTHEIMER, Mr. BUDD, Mr. STIVERS, and Mr. MEEKS) introduced the following bill; which was referred to the Committee on Financial Services

NOVEMBER 28, 2017

Additional sponsors: Mrs. BEATTY, Mr. SESSIONS, Mrs. LOVE, Ms. SEWELL of Alabama, Mr. HASTINGS, Mr. PEARCE, Mr. PETERS, Mr. LOUDERMILK, Mr. POSEY, Mr. MEADOWS, Mr. VEASEY, Mrs. MURPHY of Florida, Mrs. WAGNER, Mr. BARR, Mr. HULTGREN, Mr. TIPTON, Ms. JACKSON LEE, Mr. SCHWEIKERT, Mr. GOSAR, Mr. HOLLINGSWORTH, Ms. KELLY of Illinois, Mr. CURBELO of Florida, Mr. YOHO, Mr. WEBSTER of Florida, Mr. BROOKS of Alabama, Mr. CARTER of Texas, Mr. BUCHANAN, Ms. BLUNT ROCHESTER, Mr. BUCSHON, Ms. ROS-LEHTINEN, Mr. MAST, Mr. SMITH of Missouri, Mr. RATCLIFFE, Mr. FITZPATRICK, Mr. HIGGINS of New York, Mr. RUTHERFORD, Mr. NORMAN, Mr. ROTHFUS, Mr. ROSS, Mr. MARCHANT, Mr. DUNN, Mr. POE of Texas, Mr. PITTENGER, Mr. GRAVES of Georgia, Mr. SCHNEIDER, Mr. WALKER, Mr. FLEISCHMANN, Mr. FRANCIS ROONEY of Florida, Mr. MESSER, Mr. KUSTOFF of Tennessee, Mr. DESJARLAIS, Mr. KING of New York, Mr. SAM JOHNSON of Texas, Mr. MARSHALL, Mr. EMMER, Mr. COOPER, Mrs. BROOKS of Indiana, Ms. JENKINS of Kansas, Mr. PAULSEN, Mrs. WALORSKI, and Mr. COFFMAN

NOVEMBER 28, 2017
Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed
[Omit the part struck through and insert the part printed in italic]

A BILL

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Systemic Risk Designation Improvement Act of 2017''.

SEC. 2. REVISIONS TO COUNCIL AUTHORITY.

(a) PURPOSES AND DUTIES.—Section 112 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5322) is amended in subsection (a)(2)(I) by inserting before the semicolon '', which have been identified as global systemically important bank holding companies pursuant to section 217.402 of title 12, Code of Federal Regulations, or subjected to a determination under subsection (l) of section 165''.

(b) ENHANCED SUPERVISION.—Section 115 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5325) is amended—

(1) in subsection (a)(1), by striking ''large, interconnected bank holding companies'' and inserting ''bank holding companies which have been identified as global systemically important bank holding companies pursuant to section 217.402 of title 12, Code of Federal Regulations, or subjected to a determination under subsection (l) of section 165''; and

(2) in subsection (a)(2)—

(A) in subparagraph (A), by striking ''; or'' at the end and inserting a period;

(B) by striking ''the Council may'' and all that follows through ''differentiate'' and inserting ''the Council may differentiate''; and

(C) by striking subparagraph (B).

(c) REPORTS.—Section 116(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5326(a)) is amended by striking ''with total consolidated assets of $50,000,000,000 or greater'' and inserting ''which has been identified as a global systemically important bank holding company pursuant to section 217.402 of title 12, Code of Federal Regulations, or subjected to a determination under subsection (l) of section 165''.

(d) MITIGATION.—Section 121(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5331) is amended by striking ''with total consolidated assets of $50,000,000,000 or more'' and inserting ''which has been identified as a global systemically important bank holding company pursuant to section 217.402 of title 12, Code of Federal Regulations, or subjected to a determination under subsection (l) of section 165''.

(e) OFFICE OF FINANCIAL RESEARCH.—Section 155 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5345) is amended in subsection (d) by striking ''with total consolidated assets of 50,000,000,000 or greater'' and inserting ''which have been identified as global systemically important bank holding companies pursuant to section 217.402 of title 12, Code of Federal Regulations, or subjected to a determination under subsection (l) of section 165''.

SEC. 3. REVISIONS TO BOARD AUTHORITY.

(a) ACQUISITIONS.—Section 163 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5363) is amended by striking ''with total consolidated assets equal to or greater than $50,000,000,000'' each place such term appears and inserting ''which has been identified as a global systemically important bank holding company pursuant to section 217.402 of title 12, Code of Federal Regulations, or subjected to a determination under subsection (l) of section 165''.

(b) MANAGEMENT INTERLOCKS.—Section 164 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5364) is amended by striking ''with total consolidated assets equal to or greater than $50,000,000,000'' and inserting ''which has been identified as a global systemically important bank holding com-

pany pursuant to section 217.402 of title 12, Code of Federal Regulations, or subjected to a determination under subsection (l) of section 165''.

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

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

(2) in subsection (a)(2)—

(A) by striking ''(A) IN GENERAL.—'';

(B) in subparagraph (A), by striking ''may'' and inserting ''shall''; and

(C) by striking subparagraph (B);

(3) in subsection (j), by striking ''with total consolidated assets equal to or greater than $50,000,000,000'' and inserting ''which has been identified as a global systemically important bank holding company pursuant to section 217.402 of

title 12, Code of Federal Regulations, or subjected to a determination under subsection (l)''.

(d) ADVANCED TAILORING.—Section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5365) is amended by adding at the end the following:

''(l) ADDITIONAL BANK HOLDING COMPANIES SUBJECT TO ENHANCED SUPERVISION AND PRUDENTIAL STANDARDS BY TAILORED REGULATION.—

''(1) DETERMINATION.—The Board of Governors may, within the limits of its existing resources—

''(A) determine that a bank holding company that has not been identified as a global systemically important bank holding company pursuant to section 217.402 of title 12, Code of Federal Regulations, shall be subject to certain enhanced supervision or prudential standards under this section, tailored to the risks presented, based on the considerations in paragraph (3), where material financial distress at the bank holding company, or the nature, scope, size, scale, concentration, interconnectedness, or mix of the activities of the individual bank hold-

ing company, could pose a threat to the financial stability of the United States; or

"(B) by regulation determine that a category of bank holding companies that have not been identified as global systemically important bank holding companies pursuant to section 217.402 of title 12, Code of Federal Regulations, shall be subject to certain enhanced supervision or prudential standards under this section, tailored to the risk presented by the category of bank holding companies, based on the considerations in paragraph (3), where material financial distress at the category of bank holding companies, or the nature, scope, size, scale, concentration, interconnectedness, or mix of the activities of the category of bank holding companies, could pose a threat to the financial stability of the United States.

"(2) COUNCIL APPROVAL OF REGULATIONS WITH RESPECT TO CATEGORIES.—Notwithstanding paragraph (1)(B), a regulation issued by the Board of Governors to make a determination under such paragraph (1)(B) shall not take effect unless the Council, by a vote of not fewer than ⅔ of the voting members then serving, including an affirmative vote

by the Chairperson, approves the metrics used by the Board of Governors in establishing such regulation.

"(3) CONSIDERATIONS.—In making any determination under paragraph (1), the Board of Governors shall consider the following factors:

"(A) The size of the bank holding company.

"(B) The interconnectedness of the bank holding company.

"(C) The extent of readily available substitutes or financial institution infrastructure for the services of the bank holding company.

"(D) The global cross-jurisdictional activity of the bank holding company.

"(E) The complexity of the bank holding company.

"(4) CONSISTENT APPLICATION OF CONSIDERATIONS.—In making a determination under paragraph (1), the Board of Governors shall ensure that bank holding companies that are similarly situated with respect to the factors described under paragraph (3), are treated similarly for purposes of any enhanced supervision or prudential standards applied under this section.

"(5) USE OF CURRENTLY REPORTED DATA TO AVOID UNNECESSARY BURDEN.—For purposes of making a determination under paragraph (1), the Board of Governors shall make use of data already being reported to the Board of Governors, including from calculating a bank holding company's systemic indicator score, in order to avoid placing an unnecessary burden on bank holding companies.".

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

"(m) SYSTEMIC IDENTIFICATION.—With respect to the identification of bank holding companies as global systemically important bank holding companies pursuant to section 217.402 of title 12, Code of Federal Regulations, or subjected to a determination under subsection (l), the Board of Governors shall—

"(1) publish, including on the Board of Governors's website, a list of all bank holding companies that have been so identified, and keep such list current; and

"(2) solicit feedback from the Council on the identification process and on the application of such process to specific bank holding companies.".

(f) CONFORMING AMENDMENT.—The second subsection (s) (relating to ''Assessments, Fees, and Other Charges for Certain Companies'') of section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended—

(1) by redesignating such subsection as subsection (t); and

(2) in paragraph (2)(A), by striking ''having total consolidated assets of $50,000,000,000 or more'' and inserting ''which have been identified as global systemically important bank holding companies pursuant to section 217.402 of title 12, Code of Federal Regulations, or subjected to a determination under subsection (l) of section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act''.

SEC. 4. RULE OF CONSTRUCTION.

Nothing in this Act or the amendments made by this Act shall be construed to prohibit the Board of Governors of the Federal Reserve System from prescribing enhanced prudential standards for any bank holding company which the Board of Governors determines, based upon the bank holding company's size, interconnectedness, substitutability, global cross-jurisdictional activity, and complexity, could pose a safety and soundness risk to the stability of the United States banking or financial system but has not

been designated as a global systemically important bank holding company.

SEC. 5. EFFECTIVE DATE.

The amendments made by this Act shall take effect after the end of the ~~1-year~~ *18-month* period following the date of the enactment of this Act.

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