

# Union Calendar No. 473

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3179

[Report No. 115-620]

To require the appropriate Federal banking agencies, when issuing certain prudential regulations that are substantively more stringent than a corresponding international prudential standard to publish the rationale for doing so and a cost-benefit analysis of the difference, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2017

Mr. HOLLINGSWORTH introduced the following bill; which was referred to the Committee on Financial Services

APRIL 5, 2018

Additional sponsors: Mr. TIPTON, Mrs. WAGNER, Mr. BUDD, Mr. MESSER, Mr. LUETKEMEYER, Mr. ROTHFUS, Mr. STIVERS, Mr. LUCAS, Mr. MACARTHUR, Mr. HILL, Mr. BARR, Mr. EMMER, Mr. DAVIDSON, Ms. TENNEY, and Mr. PITTENGER

APRIL 5, 2018

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

# **A BILL**

To require the appropriate Federal banking agencies, when issuing certain prudential regulations that are substantively more stringent than a corresponding international prudential standard to publish the rationale for doing so and a cost-benefit analysis of the difference, 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,*

3 **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Transparency and Ac-  
5 countability for Business Standards Act”.

6 **SEC. 2. COST-BENEFIT ANALYSIS REQUIREMENT FOR CER-**  
7 **TAIN PRUDENTIAL REGULATIONS.**

8       (a) **RULEMAKING REQUIREMENT.**—An appropriate  
9 Federal banking agency may not adopt or otherwise estab-  
10 lish a prudential regulation that is substantively more  
11 stringent than a corresponding international prudential  
12 standard unless the appropriate Federal banking agency  
13 publishes, for public notice and comment—

14           (1) a description of the agency’s rationale for  
15 doing so; and

16           (2) a comprehensive analysis of the costs and  
17 benefits of the difference between the prudential reg-  
18 ulation and the corresponding international pruden-  
19 tial standard, including—

20                   (A) any impact on the pricing and avail-  
21 ability of credit in the aggregate and for spe-  
22 cific types of borrowers;

23                   (B) any impact on liquidity in markets for  
24 financial instruments in the aggregate and for  
25 specific types of instruments;

1 (C) any impact of doing so on the competi-  
2 tiveness of affected institutions; and

3 (D) any impact on employment, economic  
4 growth, and the execution of monetary policy.

5 (b) REQUIREMENTS WITH RESPECT TO SUPER-  
6 SEDED PRUDENTIAL REGULATIONS.—An appropriate  
7 Federal banking agency may not adopt or otherwise estab-  
8 lish a prudential regulation to implement an international  
9 standard that will result in a prudential regulation that  
10 is then in effect becoming a superseded prudential regula-  
11 tion, unless the appropriate Federal banking agency pub-  
12 lishes for public notice and comment—

13 (1) a proposal to repeal or amend the super-  
14 seded prudential regulation, or applicable part there-  
15 of; or

16 (2) if the appropriate Federal banking agency  
17 does not propose to repeal or amend the superseded  
18 prudential regulation, or applicable part thereof, a  
19 description of the agency's rationale for not doing  
20 so, which shall include a comprehensive analysis of  
21 the incremental costs and benefits of the superseded  
22 prudential regulation after the adoption of the pru-  
23 dential regulation to implement an international  
24 standard.

1           (c) LOOKBACK REQUIREMENT.—With respect to a  
2 final rule issued by an appropriate Federal banking agen-  
3 cy on or after January 1, 2007, but before the date of  
4 the enactment of this Act that established a prudential  
5 regulation that is substantively more stringent than a cor-  
6 responding international prudential standard, or that re-  
7 sulted in another prudential regulation becoming a super-  
8 seded prudential regulation, each appropriate Federal  
9 banking agency shall, not later than the end of the 180-  
10 day period beginning on the date of the enactment of this  
11 Act, issue a report to the Congress (and make such report  
12 available on the website of the agency) with respect to  
13 such rule, containing the description and analysis de-  
14 scribed under paragraphs (1) and (2) of subsection (a)  
15 or paragraph (2) of subsection (b), as applicable.

16           (d) DEFINITIONS.—For purposes of this section:

17           (1) APPROPRIATE FEDERAL BANKING AGEN-  
18 CY.—The term “appropriate Federal banking agen-  
19 cy” has the meaning given that term under section  
20 3 of the Federal Deposit Insurance Act.

21           (2) BANKING ORGANIZATION.—The term  
22 “banking organization” means a depository institu-  
23 tion or a depository institution holding company, as  
24 such terms are defined, respectively, under section 3  
25 of the Federal Deposit Insurance Act.

1           (3) CORRESPONDING INTERNATIONAL PRUDEN-  
2           TIAL STANDARD.—The term “corresponding inter-  
3           national prudential standard” means an inter-  
4           national prudential standard on which a prudential  
5           regulation is based, from which a prudential regula-  
6           tion is derived, or to which a prudential regulation  
7           is otherwise substantively similar.

8           (4) PRUDENTIAL REGULATION.—The term  
9           “prudential regulation” means any rule or regula-  
10          tion relating to capital requirements, leverage re-  
11          quirements, liquidity requirements, or any similar  
12          requirements, including any rule or regulation that  
13          imposes any minimum requirement on a banking or-  
14          ganization’s amount of capital, debt, or liquid assets,  
15          either in absolute terms or as a ratio of any measure  
16          of assets, exposures, or cash inflows and outflows, or  
17          that conditions the ability of a banking organization  
18          to take any action or imposes any requirement based  
19          on any absolute or proportional measure of capital,  
20          leverage, debt, or liquidity.

21          (5) PRUDENTIAL REGULATION TO IMPLEMENT  
22          AN INTERNATIONAL STANDARD.—The term “pru-  
23          dential regulation to implement an international  
24          standard” means a prudential regulation that is

1 based on, derived from, or otherwise substantively  
2 similar to an international prudential standard.

3 (6) INTERNATIONAL PRUDENTIAL STANDARD.—

4 The term “international prudential standard” means  
5 any standard that has been adopted by an inter-  
6 national institution comprised of an appropriate  
7 Federal banking agency and banking supervisors or  
8 central banks of jurisdictions other than the United  
9 States, including the Basel Committee on Banking  
10 Supervision and the Financial Stability Board, relat-  
11 ing to capital requirements, leverage requirements,  
12 liquidity requirements, or any similar requirements,  
13 including any standard that contemplates minimum  
14 requirements on a banking organization’s amount of  
15 capital, debt, or liquid assets, either in absolute  
16 terms or as a ratio of any measure of assets, expo-  
17 sures, or cash inflows and outflows, or that con-  
18 templates conditioning the ability of a banking orga-  
19 nization to take any action or imposing any require-  
20 ment based on any measure of capital, leverage,  
21 debt, or liquidity.

22 (7) SUPERSEDED PRUDENTIAL REGULATION.—

23 The term “superseded prudential regulation” means  
24 a prudential regulation, with respect to which a pru-  
25 dential regulation to implement an international

- 1 standard addresses or would address the same or
- 2 similar risks or otherwise achieves or would achieve
- 3 the same or similar goals.



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