H. R. 4293

To reform the Comprehensive Capital Analysis and Review process, the Dodd-Frank Act Stress Test process, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

November 7, 2017

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

A BILL

To reform the Comprehensive Capital Analysis and Review process, the Dodd-Frank Act Stress Test process, 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 “Stress Test Improvement Act of 2017”.

SEC. 2. CCAR AND DFAST REFORMS.

Section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5365(i)) is amended—

(1) in paragraph (1)—
(A) in subparagraph (B)—

(i) by amending clause (i) to read as follows:

“(i) shall—

“(I) issue regulations, after providing for public notice and comment, that provide for at least 3 different sets of conditions under which the evaluation required by this subsection shall be conducted, including baseline, adverse, and severely adverse, and methodologies, including models used to estimate losses on certain assets, and the Board of Governors shall not carry out any such evaluation until 60 days after such regulations are issued; and

“(II) provide copies of such regulations to the Comptroller General of the United States and the Panel of Economic Advisors of the Congressional Budget Office before publishing such regulations;”; 

(ii) in clause (iv), by striking “and” at the end;
(iii) in clause (v), by striking the pe-
period and inserting the following: “, includ-
ing any results of a resubmitted test;”; and
(iv) by adding at the end the fol-
lowing:
“(vi) shall, in establishing the severely
adverse condition under clause (i), provide
detailed consideration of the model’s ef-
effects on financial stability and the cost and
availability of credit;
“(vii) shall, in developing the models
and methodologies and providing them for
notice and comment under this subpara-
graph, publish a process to test the models
and methodologies for their potential to
magnitude systemic and institutional risks in-
stead of facilitating increased resiliency;
“(viii) shall design and publish a proc-
ess to test and document the sensitivity
and uncertainty associated with the model
system’s data quality, specifications, and
assumptions; and
“(ix) shall communicate the range and
sources of uncertainty surrounding the
models and methodologies.”; and
(B) by adding at the end the following:

“(C) CCAR REQUIREMENTS.—

“(i) PARAMETERS AND CONSEQUENCES APPLICABLE TO CCAR.—The requirements of subparagraph (B) shall apply to CCAR.

“(ii) TWO-YEAR LIMITATION.—The Board of Governors may not subject a company to CCAR more than once every two years.

“(iii) MID-CYCLE RESUBMISSION.—If a company receives a quantitative objection to, or otherwise desires to amend the company’s capital plan, the company may file a new streamlined plan at any time after a capital planning exercise has been completed and before a subsequent capital planning exercise.

“(iv) LIMITATION ON QUALITATIVE CAPITAL PLANNING OBJECTIONS.—In carrying out CCAR, the Board of Governors may not object to a company’s capital plan on the basis of qualitative deficiencies in the company’s capital planning process.
“(v) COMPANY INQUIRIES.—The Board of Governors shall establish and publish procedures for responding to inquiries from companies subject to CCAR, including establishing the time frame in which such responses will be made, and make such procedures publicly available.

“(vi) CCAR DEFINED.—For purposes of this subparagraph and subparagraph (E), the term ‘CCAR’ means the Comprehensive Capital Analysis and Review established by the Board of Governors.”; and

(2) in paragraph (2)(A), by striking “semiannual” and inserting “annual”.