

115TH CONGRESS
1ST SESSION

H. R. 4659

To require the appropriate Federal banking agencies to recognize the exposure-reducing nature of client margin for cleared derivatives.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 14, 2017

Mr. LUETKEMEYER (for himself, Mr. LUCAS, Mr. VELA, Mr. O'HALLERAN, and Mr. DAVID SCOTT of Georgia) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the appropriate Federal banking agencies to recognize the exposure-reducing nature of client margin for cleared derivatives.

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. TREATMENT OF CLIENT MARGIN.**

4 (a) TREATMENT OF CLIENT MARGIN FOR INSURED
5 DEPOSITORY INSTITUTIONS.—Section 18(n) of the Fed-
6 eral Deposit Insurance Act (12 U.S.C. 1828(n)) is amend-
7 ed—

8 (1) by striking “No appropriate” and inserting
9 the following:

1 “(1) UNIDENTIFIED INTANGIBLE ASSETS.—No
2 appropriate”; and

3 (2) by adding at the end the following:

4 “(2) TREATMENT OF CLIENT MARGIN.—For
5 purposes of any leverage-based capital rule, guide-
6 line, standard, or requirement promulgated, pre-
7 scribed, or imposed by any appropriate Federal
8 banking agency on insured depository institutions,
9 the amount of any initial margin provided by a cli-
10 ent of an insured depository institution with respect
11 to a centrally-cleared derivative obligation shall be
12 deducted from the amount of any leverage exposure
13 arising from the insured depository institution’s
14 guarantee of the client’s derivative obligation to the
15 central counterparty.”.

16 (b) TREATMENT OF CLIENT MARGIN FOR BANK
17 HOLDING COMPANIES.—Section 5(c)(3) of the Bank
18 Holding Company Act of 1956 (12 U.S.C. 1844(c)(3)) is
19 amended—

20 (1) by adding at the end the following:

21 “(D) TREATMENT OF CLIENT MARGIN.—
22 For purposes of any leverage-based capital rule,
23 guideline, standard, or requirement promul-
24 gated, prescribed, or imposed by the Board on
25 bank holding companies, the amount of any ini-

1 tial margin provided by a client of a bank hold-
 2 ing company or affiliate thereof with respect to
 3 a centrally-cleared derivative obligation shall be
 4 deducted from the amount of any leverage expo-
 5 sure arising from the guarantee by the bank
 6 holding company or affiliate thereof of the cli-
 7 ent’s derivative obligation to the central
 8 counterparty.”.

9 (c) TREATMENT OF CLIENT MARGIN FOR SAVINGS
 10 AND LOAN HOLDING COMPANIES.—Section 10(g)(1) of
 11 the Home Owners’ Loan Act (12 U.S.C. 1467a(g)(1)) is
 12 amended—

13 (1) by striking “The Board” and inserting the
 14 following:

15 “(A) REGULATIONS AND ORDERS.—The
 16 Board”; and

17 (2) by adding at the end the following:

18 “(B) TREATMENT OF CLIENT MARGIN.—For
 19 purposes of any leverage-based capital rule, guide-
 20 line, standard, or requirement promulgated, pre-
 21 scribed, or imposed by the Board on savings and
 22 loan holding companies, the amount of any initial
 23 margin provided by a client of a savings and loan
 24 holding company or affiliate thereof with respect to
 25 a centrally-cleared derivative obligation shall be de-

1 ducted from the amount of any leverage exposure
2 arising from the guarantee by the savings and loan
3 holding company or affiliate thereof of the client's
4 derivative obligation to the central counterparty.''.

5 (d) AMENDMENTS TO LEVERAGE-BASED CAPITAL
6 REGULATIONS.—Not later than the end of the 3-month
7 period beginning on the date of the enactment of this Act,
8 the Federal Deposit Insurance Corporation, the Board of
9 Governors of the Federal Reserve System, and the Comp-
10 troller of the Currency shall amend their rules to imple-
11 ment the amendments made by this Act.

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