H. R. 4659

[Report No. 115–882]

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

August 3, 2018

Additional sponsors: Mr. Sessions, Mr. Hultgren, Mr. Emmer, Mr. Rodney Davis of Illinois, Mr. Conaway, Mr. Peterson, Mr. Arrington, Mr. Gonzalez of Texas, Mr. Kustoff of Tennessee, Mr. Austin Scott of Georgia, Mr. Hill, Mr. Messer, and Mr. Gottheimer

August 3, 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 to recognize the exposure-reducing nature of client margin for cleared derivatives.
Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. TREATMENT OF CLIENT MARGIN.

(a) Treatment of Client Margin for Insured Depo-
sitory Institutions.—Section 18(n) of the Fed-
eral Deposit Insurance Act (12 U.S.C. 1828(n)) is amend-
ed—

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

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

(2) by adding at the end the following:

“(2) TREATMENT OF CLIENT MARGIN.—For
purposes of any leverage-based capital rule, guide-
line, standard, or requirement promulgated, pre-
scribed, or imposed by any appropriate Federal
banking agency on insured depository institutions,
the amount of any initial margin provided by a cli-
ent of an insured depository institution with respect
to a centrally-cleared derivative obligation shall be
deducted from the amount of any leverage exposure
arising from the insured depository institution’s
guarantee of the client’s derivative obligation to the
central counterparty.”.
(b) Treatment of Client Margin for Bank Holding Companies.—Section 5(c)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(c)(3)) is amended—

(1) by adding at the end the following:

“(D) Treatment of client margin.—

For purposes of any leverage-based capital rule, guideline, standard, or requirement promulgated, prescribed, or imposed by the Board on bank holding companies, the amount of any initial margin provided by a client of a bank holding company or affiliate thereof with respect to a centrally-cleared derivative obligation shall be deducted from the amount of any leverage exposure arising from the guarantee by the bank holding company or affiliate thereof of the client’s derivative obligation to the central counterparty.”.

(c) Treatment of Client Margin for Savings and Loan Holding Companies.—Section 10(g)(1) of the Home Owners’ Loan Act (12 U.S.C. 1467a(g)(1)) is amended—

(1) by striking “The Board” and inserting the following:
“(A) Regulations and Orders.—The Board”; and

(2) by adding at the end the following:

“(B) Treatment of Client Margin.—For purposes of any leverage-based capital rule, guideline, standard, or requirement promulgated, prescribed, or imposed by the Board on savings and loan holding companies, the amount of any initial margin provided by a client of a savings and loan holding company or affiliate thereof with respect to a centrally-cleared derivative obligation shall be deducted from the amount of any leverage exposure arising from the guarantee by the savings and loan holding company or affiliate thereof of the client’s derivative obligation to the central counterparty.”.

(d) Amendments to Leverage-Based Capital Regulations.—Not later than the end of the 3-month period beginning on the date of the enactment of this Act, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Comptroller of the Currency shall amend their rules to implement the amendments made by this Act.
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