

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

# H. R. 5749

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## AN ACT

To require the appropriate Federal banking agencies to increase the risk-sensitivity of the capital treatment of certain centrally cleared exchange-listed options and derivatives, 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,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Options Markets Sta-  
3 bility Act”.

4 **SEC. 2. RULEMAKING.**

5       Within 180 days of the date of enactment of this Act,  
6 the Board of Governors of the Federal Reserve System,  
7 the Federal Deposit Insurance Corporation, and the  
8 Comptroller of the Currency shall, jointly, issue a pro-  
9 posed rule, and finalize such rule within 360 days of the  
10 date of enactment of this Act, to adopt a methodology for  
11 calculating the counterparty credit risk exposure, at de-  
12 fault, of a depository institution, depository institution  
13 holding company, or affiliate thereof to a client arising  
14 from a guarantee provided by the depository institution,  
15 depository institution holding company, or affiliate thereof  
16 to a central counterparty in respect of the client’s per-  
17 formance under an exchange-listed derivative contract  
18 cleared through that central counterparty pursuant to the  
19 risk-based and leverage-based capital rules applicable to  
20 depository institutions and depository institution holding  
21 companies under parts 3, 217, and 324 of title 12, Code  
22 of Federal Regulations. In issuing such rule, the Board  
23 of Governors of the Federal Reserve System, the Federal  
24 Deposit Insurance Corporation, and the Comptroller of  
25 the Currency shall consider—

1           (1) the availability of liquidity provided by mar-  
2           ket makers during times of high volatility in the cap-  
3           ital markets;

4           (2) the spread between the bid and the quote  
5           offered by market makers;

6           (3) the preference for clearing through central  
7           counterparties;

8           (4) the safety and soundness of the financial  
9           system and financial stability, including the benefits  
10          of central clearing;

11          (5) the safety and soundness of individual insti-  
12          tutions that may centrally clear exchange-listed de-  
13          rivatives or options on behalf of a client, including  
14          concentration of market share;

15          (6) the economic value of delta weighting a  
16          counterparty's position and netting of a counter-  
17          party's position;

18          (7) the inherent risk of the positions;

19          (8) barriers to entry for depository institutions,  
20          depository institution holding companies, affiliates  
21          thereof, and entities not affiliated with a depository  
22          institution or depository institution holding company  
23          to centrally clear exchange-listed derivatives or op-  
24          tions on behalf of market makers;

1           (9) the impact any changes may have on the  
2 broader capital regime and aggregate capital in the  
3 system; and

4           (10) consideration of other potential factors  
5 that impact market making in the exchange-listed  
6 options market, including changes in market struc-  
7 ture.

8 **SEC. 3. REPORT TO CONGRESS.**

9           At the end of the 5-year period beginning on the date  
10 the final rule is issued under section 2, the Board of Gov-  
11 ernors of the Federal Reserve System shall submit to the  
12 Committee on Financial Services of the House of Rep-  
13 resentatives and the Committee on Banking, Housing, and  
14 Urban Affairs of the Senate a report detailing the impact  
15 of the final rule during such period on the factors de-  
16 scribed under paragraphs (1) through (10) of section 2.

Passed the House of Representatives July 10, 2018.

Attest:

*Clerk.*



115<sup>TH</sup> CONGRESS  
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