

## Union Calendar No. 629

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

# H. R. 5749

[Report No. 115–810]

To require the appropriate Federal banking agencies to increase the risk-sensitivity of the capital treatment of certain centrally cleared options, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2018

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

JULY 10, 2018

Additional sponsor: Mr. FOSTER

JULY 10, 2018

Reported with an amendment, committed to the Committee of the Whole  
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on May 10, 2018]

# **A BILL**

To require the appropriate Federal banking agencies to increase the risk-sensitivity of the capital treatment of certain centrally cleared options, 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 “Options Markets Sta-*  
5 *bility Act”.*

6 **SECTION 2. RULEMAKING.**

7 *Within 180 days of the date of enactment of this Act,*  
8 *the Board of Governors of the Federal Reserve System, the*  
9 *Federal Deposit Insurance Corporation, and the Comp-*  
10 *troller of the Currency shall, jointly, issue a proposed rule,*  
11 *and finalize such rule within 360 days of the date of enact-*  
12 *ment of this Act, to adopt a methodology for calculating*  
13 *the counterparty credit risk exposure, at default, of a depos-*  
14 *itory institution, depository institution holding company,*  
15 *or affiliate thereof to a client arising from a guarantee pro-*  
16 *vided by the depository institution, depository institution*  
17 *holding company, or affiliate thereof to a central*  
18 *counterparty in respect of the client’s performance under*  
19 *a derivative contract cleared through that central*  
20 *counterparty pursuant to the risk-based and leverage-based*  
21 *capital rules applicable to depository institutions and de-*  
22 *pository institution holding companies under parts 3, 217,*  
23 *and 324 of title 12, Code of Federal Regulations. In issuing*  
24 *such rule, the Board of Governors of the Federal Reserve*

1 *System, the Federal Deposit Insurance Corporation, and*  
2 *the Comptroller of the Currency shall consider—*

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

6 *(2) the spread between the bid and the quote of-*  
7 *fered by market makers;*

8 *(3) the preference for clearing through central*  
9 *counterparties;*

10 *(4) the safety and soundness of the financial sys-*  
11 *tem and financial stability, including the benefits of*  
12 *central clearing;*

13 *(5) the safety and soundness of individual insti-*  
14 *tutions that may centrally clear derivatives or options*  
15 *on behalf of a client, including concentration of mar-*  
16 *ket share;*

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

20 *(7) the inherent risk of the positions;*

21 *(8) barriers to entry for depository institutions,*  
22 *depository institution holding companies, affiliates*  
23 *thereof, and entities not affiliated with a depository*  
24 *institution or depository institution holding company*

1        *to centrally clear derivatives or options on behalf of*  
2        *market makers;*

3            *(9) the impact any changes may have on the*  
4        *broader capital regime and aggregate capital in the*  
5        *system; and*

6            *(10) consideration of other potential factors that*  
7        *impact market making in the options market, includ-*  
8        *ing changes in market structure.*

9        **SEC. 3. REPORT TO CONGRESS.**

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

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