

# Union Calendar No. 313

115TH CONGRESS  
1ST SESSION

# H. R. 3312

[Report No. 115-423]

To amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to specify when bank holding companies may be subject to certain enhanced supervision, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 19, 2017

Mr. LUETKEMEYER (for himself, Ms. SINEMA, Mr. WILLIAMS, Mr. DAVID SCOTT of Georgia, Mr. HILL, Mr. GOTTHEIMER, Mr. BUDD, Mr. STIVERS, and Mr. MEEKS) introduced the following bill; which was referred to the Committee on Financial Services

NOVEMBER 28, 2017

Additional sponsors: Mrs. BEATTY, Mr. SESSIONS, Mrs. LOVE, Ms. SEWELL of Alabama, Mr. HASTINGS, Mr. PEARCE, Mr. PETERS, Mr. LOUDERMILK, Mr. POSEY, Mr. MEADOWS, Mr. VEASEY, Mrs. MURPHY of Florida, Mrs. WAGNER, Mr. BARR, Mr. HULTGREN, Mr. TIPTON, Ms. JACKSON LEE, Mr. SCHWEIKERT, Mr. GOSAR, Mr. HOLLINGSWORTH, Ms. KELLY of Illinois, Mr. CURBELO of Florida, Mr. YOHO, Mr. WEBSTER of Florida, Mr. BROOKS of Alabama, Mr. CARTER of Texas, Mr. BUCHANAN, Ms. BLUNT ROCHESTER, Mr. BUCSHON, Ms. ROSLEHTINEN, Mr. MAST, Mr. SMITH of Missouri, Mr. RATCLIFFE, Mr. FITZPATRICK, Mr. HIGGINS of New York, Mr. RUTHERFORD, Mr. NORMAN, Mr. ROTHFUS, Mr. ROSS, Mr. MARCHANT, Mr. DUNN, Mr. POE of Texas, Mr. PITTENGER, Mr. GRAVES of Georgia, Mr. SCHNEIDER, Mr. WALKER, Mr. FLEISCHMANN, Mr. FRANCIS ROONEY of Florida, Mr. MESSER, Mr. KUSTOFF of Tennessee, Mr. DESJARLAIS, Mr. KING of New York, Mr. SAM JOHNSON of Texas, Mr. MARSHALL, Mr. EMMER, Mr. COOPER, Mrs. BROOKS of Indiana, Ms. JENKINS of Kansas, Mr. PAULSEN, Mrs. WALORSKI, and Mr. COFFMAN

NOVEMBER 28, 2017

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

[Omit the part struck through and insert the part printed in italic]

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## **A BILL**

To amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to specify when bank holding companies may be subject to certain enhanced supervision, 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 “Systemic Risk Des-  
5 igation Improvement Act of 2017”.

6 **SEC. 2. REVISIONS TO COUNCIL AUTHORITY.**

7        (a) **PURPOSES AND DUTIES.**—Section 112 of the  
8 Dodd-Frank Wall Street Reform and Consumer Protec-  
9 tion Act (12 U.S.C. 5322) is amended in subsection  
10 (a)(2)(I) by inserting before the semicolon “, which have  
11 been identified as global systemically important bank hold-  
12 ing companies pursuant to section 217.402 of title 12,  
13 Code of Federal Regulations, or subjected to a determina-  
14 tion under subsection (l) of section 165”.

15        (b) **ENHANCED SUPERVISION.**—Section 115 of the  
16 Dodd-Frank Wall Street Reform and Consumer Protec-  
17 tion Act (12 U.S.C. 5325) is amended—

18            (1) in subsection (a)(1), by striking “large,  
19 interconnected bank holding companies” and insert-  
20 ing “bank holding companies which have been iden-  
21 tified as global systemically important bank holding  
22 companies pursuant to section 217.402 of title 12,  
23 Code of Federal Regulations, or subjected to a de-  
24 termination under subsection (l) of section 165”;  
25        and

1 (2) in subsection (a)(2)—

2 (A) in subparagraph (A), by striking “;  
3 or” at the end and inserting a period;

4 (B) by striking “the Council may” and all  
5 that follows through “differentiate” and insert-  
6 ing “the Council may differentiate”; and

7 (C) by striking subparagraph (B).

8 (c) REPORTS.—Section 116(a) of the Dodd-Frank  
9 Wall Street Reform and Consumer Protection Act (12  
10 U.S.C. 5326(a)) is amended by striking “with total con-  
11 solidated assets of \$50,000,000,000 or greater” and in-  
12 serting “which has been identified as a global systemically  
13 important bank holding company pursuant to section  
14 217.402 of title 12, Code of Federal Regulations, or sub-  
15 jected to a determination under subsection (l) of section  
16 165”.

17 (d) MITIGATION.—Section 121(a) of the Dodd-Frank  
18 Wall Street Reform and Consumer Protection Act (12  
19 U.S.C. 5331) is amended by striking “with total consoli-  
20 dated assets of \$50,000,000,000 or more” and inserting  
21 “which has been identified as a global systemically impor-  
22 tant bank holding company pursuant to section 217.402  
23 of title 12, Code of Federal Regulations, or subjected to  
24 a determination under subsection (l) of section 165”.

1 (e) OFFICE OF FINANCIAL RESEARCH.—Section 155  
2 of the Dodd-Frank Wall Street Reform and Consumer  
3 Protection Act (12 U.S.C. 5345) is amended in subsection  
4 (d) by striking “with total consolidated assets of  
5 50,000,000,000 or greater” and inserting “which have  
6 been identified as global systemically important bank hold-  
7 ing companies pursuant to section 217.402 of title 12,  
8 Code of Federal Regulations, or subjected to a determina-  
9 tion under subsection (l) of section 165”.

10 **SEC. 3. REVISIONS TO BOARD AUTHORITY.**

11 (a) ACQUISITIONS.—Section 163 of the Dodd-Frank  
12 Wall Street Reform and Consumer Protection Act (12  
13 U.S.C. 5363) is amended by striking “with total consoli-  
14 dated assets equal to or greater than \$50,000,000,000”  
15 each place such term appears and inserting “which has  
16 been identified as a global systemically important bank  
17 holding company pursuant to section 217.402 of title 12,  
18 Code of Federal Regulations, or subjected to a determina-  
19 tion under subsection (l) of section 165”.

20 (b) MANAGEMENT INTERLOCKS.—Section 164 of the  
21 Dodd-Frank Wall Street Reform and Consumer Protec-  
22 tion Act (12 U.S.C. 5364) is amended by striking “with  
23 total consolidated assets equal to or greater than  
24 \$50,000,000,000” and inserting “which has been identi-  
25 fied as a global systemically important bank holding com-

1 pany pursuant to section 217.402 of title 12, Code of Fed-  
2 eral Regulations, or subjected to a determination under  
3 subsection (l) of section 165”.

4 (c) ENHANCED SUPERVISION AND PRUDENTIAL  
5 STANDARDS.—Section 165 of the Dodd-Frank Wall Street  
6 Reform and Consumer Protection Act (12 U.S.C. 5365)  
7 is amended—

8 (1) in subsection (a), by striking “with total  
9 consolidated assets equal to or greater than  
10 \$50,000,000,000” and inserting “which have been  
11 identified as global systemically important bank  
12 holding companies pursuant to section 217.402 of  
13 title 12, Code of Federal Regulations, or subjected  
14 to a determination under subsection (l)”;

15 (2) in subsection (a)(2)—

16 (A) by striking “(A) IN GENERAL.—”;

17 (B) in subparagraph (A), by striking  
18 “may” and inserting “shall”; and

19 (C) by striking subparagraph (B);

20 (3) in subsection (j), by striking “with total  
21 consolidated assets equal to or greater than  
22 \$50,000,000,000” and inserting “which has been  
23 identified as a global systemically important bank  
24 holding company pursuant to section 217.402 of

1 title 12, Code of Federal Regulations, or subjected  
2 to a determination under subsection (l)”.  
3

3 (d) **ADVANCED TAILORING.**—Section 165 of the  
4 Dodd-Frank Wall Street Reform and Consumer Protec-  
5 tion Act (12 U.S.C. 5365) is amended by adding at the  
6 end the following:

7 “(l) **ADDITIONAL BANK HOLDING COMPANIES SUB-**  
8 **JECT TO ENHANCED SUPERVISION AND PRUDENTIAL**  
9 **STANDARDS BY TAILORED REGULATION.**—

10 “(1) **DETERMINATION.**—The Board of Gov-  
11 ernors may, within the limits of its existing re-  
12 sources—

13 “(A) determine that a bank holding com-  
14 pany that has not been identified as a global  
15 systemically important bank holding company  
16 pursuant to section 217.402 of title 12, Code of  
17 Federal Regulations, shall be subject to certain  
18 enhanced supervision or prudential standards  
19 under this section, tailored to the risks pre-  
20 sented, based on the considerations in para-  
21 graph (3), where material financial distress at  
22 the bank holding company, or the nature, scope,  
23 size, scale, concentration, interconnectedness, or  
24 mix of the activities of the individual bank hold-

1           ing company, could pose a threat to the finan-  
2           cial stability of the United States; or

3           “(B) by regulation determine that a cat-  
4           egory of bank holding companies that have not  
5           been identified as global systemically important  
6           bank holding companies pursuant to section  
7           217.402 of title 12, Code of Federal Regula-  
8           tions, shall be subject to certain enhanced su-  
9           pervision or prudential standards under this  
10          section, tailored to the risk presented by the  
11          category of bank holding companies, based on  
12          the considerations in paragraph (3), where ma-  
13          terial financial distress at the category of bank  
14          holding companies, or the nature, scope, size,  
15          scale, concentration, interconnectedness, or mix  
16          of the activities of the category of bank holding  
17          companies, could pose a threat to the financial  
18          stability of the United States.

19          “(2) COUNCIL APPROVAL OF REGULATIONS  
20          WITH RESPECT TO CATEGORIES.—Notwithstanding  
21          paragraph (1)(B), a regulation issued by the Board  
22          of Governors to make a determination under such  
23          paragraph (1)(B) shall not take effect unless the  
24          Council, by a vote of not fewer than  $\frac{2}{3}$  of the voting  
25          members then serving, including an affirmative vote



1 by the Chairperson, approves the metrics used by  
2 the Board of Governors in establishing such regula-  
3 tion.

4 “(3) CONSIDERATIONS.—In making any deter-  
5 mination under paragraph (1), the Board of Gov-  
6 ernors shall consider the following factors:

7 “(A) The size of the bank holding com-  
8 pany.

9 “(B) The interconnectedness of the bank  
10 holding company.

11 “(C) The extent of readily available sub-  
12 stitutes or financial institution infrastructure  
13 for the services of the bank holding company.

14 “(D) The global cross-jurisdictional activ-  
15 ity of the bank holding company.

16 “(E) The complexity of the bank holding  
17 company.

18 “(4) CONSISTENT APPLICATION OF CONSIDER-  
19 ATIONS.—In making a determination under para-  
20 graph (1), the Board of Governors shall ensure that  
21 bank holding companies that are similarly situated  
22 with respect to the factors described under para-  
23 graph (3), are treated similarly for purposes of any  
24 enhanced supervision or prudential standards ap-  
25 plied under this section.

1           “(5) USE OF CURRENTLY REPORTED DATA TO  
2           AVOID UNNECESSARY BURDEN.—For purposes of  
3           making a determination under paragraph (1), the  
4           Board of Governors shall make use of data already  
5           being reported to the Board of Governors, including  
6           from calculating a bank holding company’s systemic  
7           indicator score, in order to avoid placing an unneces-  
8           sary burden on bank holding companies.”.

9           (e) SYSTEMIC IDENTIFICATION.—Section 165 of the  
10          Dodd-Frank Wall Street Reform and Consumer Protec-  
11          tion Act (12 U.S.C. 5365), as amended by subsection (d),  
12          is further amended by adding at the end the following:

13           “(m) SYSTEMIC IDENTIFICATION.—With respect to  
14          the identification of bank holding companies as global sys-  
15          temically important bank holding companies pursuant to  
16          section 217.402 of title 12, Code of Federal Regulations,  
17          or subjected to a determination under subsection (l), the  
18          Board of Governors shall—

19           “(1) publish, including on the Board of  
20          Governors’s website, a list of all bank holding com-  
21          panies that have been so identified, and keep such  
22          list current; and

23           “(2) solicit feedback from the Council on the  
24          identification process and on the application of such  
25          process to specific bank holding companies.”.

1 (f) CONFORMING AMENDMENT.—The second sub-  
2 section (s) (relating to “Assessments, Fees, and Other  
3 Charges for Certain Companies”) of section 11 of the Fed-  
4 eral Reserve Act (12 U.S.C. 248) is amended—

5 (1) by redesignating such subsection as sub-  
6 section (t); and

7 (2) in paragraph (2)(A), by striking “having  
8 total consolidated assets of \$50,000,000,000 or  
9 more” and inserting “which have been identified as  
10 global systemically important bank holding compa-  
11 nies pursuant to section 217.402 of title 12, Code of  
12 Federal Regulations, or subjected to a determination  
13 under subsection (l) of section 165 of the Dodd-  
14 Frank Wall Street Reform and Consumer Protection  
15 Act”.

16 **SEC. 4. RULE OF CONSTRUCTION.**

17 Nothing in this Act or the amendments made by this  
18 Act shall be construed to prohibit the Board of Governors  
19 of the Federal Reserve System from prescribing enhanced  
20 prudential standards for any bank holding company which  
21 the Board of Governors determines, based upon the bank  
22 holding company’s size, interconnectedness, substitut-  
23 ability, global cross-jurisdictional activity, and complexity,  
24 could pose a safety and soundness risk to the stability of  
25 the United States banking or financial system but has not

1 been designated as a global systemically important bank  
2 holding company.

3 **SEC. 5. EFFECTIVE DATE.**

4       The amendments made by this Act shall take effect  
5 after the end of the ~~1-year~~ *18-month* period following the  
6 date of the enactment of this Act.



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115<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

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