

115TH CONGRESS
2D SESSION

H. R. 5749

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.

IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2018

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

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 **SEC. 2. CREDIT EXPOSURE FOR GUARANTEES OF CEN-**
7 **TRALLY CLEARED OPTIONS.**

8 (a) DEFINITIONS.—In this section, the terms “affil-
9 iate”, “appropriate Federal banking agency”, “depository

1 institution”, and “depository institution holding company”
2 have the meanings given those terms, respectively, in sec-
3 tion 3 of the Federal Deposit Insurance Act (12 U.S.C.
4 1813).

5 (b) TREATMENT OF CERTAIN CENTRALLY CLEARED
6 OPTION DERIVATIVES EXPOSURES.—For purposes of cal-
7 culating the counterparty credit risk exposure of a deposi-
8 tory institution, depository institution holding company, or
9 affiliate thereof, to a client arising from a guarantee pro-
10 vided by the depository institution, depository institution
11 holding company, or affiliate thereof to a central
12 counterparty in respect of the client’s performance under
13 a derivative contract cleared through that central
14 counterparty pursuant to the risk-based and leverage-
15 based capital rules applicable to depository institutions
16 and depository institution holding companies under parts
17 3, 217, and 324 of title 12, Code of Federal Regulations,
18 the term “effective notional principal amount” with re-
19 spect to such centrally cleared derivative contract means
20 the hypothetical on-balance sheet position in the under-
21 lying asset that would evidence the same change in fair
22 value (measured in dollars) given a small change in the
23 price of the underlying asset.

24 (c) CALCULATION OF EXPOSURE FOR CENTRALLY
25 CLEARED DERIVATIVES.—For purposes of calculating the

1 counterparty credit risk exposure of a depository institu-
2 tion, depository institution holding company, or affiliate
3 thereof to a client arising from a guarantee provided by
4 the depository institution, depository institution holding
5 company, or affiliate thereof to a central counterparty in
6 respect of the client's performance under a derivative con-
7 tract cleared through that central counterparty pursuant
8 to the risk-based and leverage-based capital rules applica-
9 ble to depository institutions and depository institution
10 holding companies under parts 3, 217 and 324 of title 12,
11 Code of Federal Regulations, the offsetting nature of sig-
12 nificantly and reliably correlated positions within a netting
13 set must be reflected in a manner consistent with the risk
14 offsets provided by the central counterparty.

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