Suspending the Rules And Pass the Bill, H.R. 5749, with Amendments
(The amendments strike all after the enacting clause and insert a new text and a new title)

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 Representatives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “Options Markets Stability Act”.

4

5
SECTION 2. RULEMAKING.

Within 180 days of the date of enactment of this Act, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency shall, jointly, issue a proposed rule, and finalize such rule within 360 days of the date of enactment of this Act, to adopt a methodology for calculating the counterparty credit risk exposure, at default, of a depository institution, depository institution holding company, or affiliate thereof to a client arising from a guarantee provided by the depository institution, depository institution holding company, or affiliate thereof to a central counterparty in respect of the client’s performance under an exchange-listed derivative contract cleared through that central counterparty pursuant to the risk-based and leverage-based capital rules applicable to depository institutions and depository institution holding companies under parts 3, 217, and 324 of title 12, Code of Federal Regulations. In issuing such rule, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency shall consider—

(1) the availability of liquidity provided by market makers during times of high volatility in the capital markets;
(2) the spread between the bid and the quote offered by market makers;

(3) the preference for clearing through central counterparties;

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

(5) the safety and soundness of individual institutions that may centrally clear exchange-listed derivatives or options on behalf of a client, including concentration of market share;

(6) the economic value of delta weighting a counterparty’s position and netting of a counterparty’s position;

(7) the inherent risk of the positions;

(8) barriers to entry for depository institutions, depository institution holding companies, affiliates thereof, and entities not affiliated with a depository institution or depository institution holding company to centrally clear exchange-listed derivatives or options on behalf of market makers;

(9) the impact any changes may have on the broader capital regime and aggregate capital in the system; and
1 (10) consideration of other potential factors
2 that impact market making in the exchange-listed
3 options market, including changes in market struc-
4 ture.

5 **SEC. 3. REPORT TO CONGRESS.**
6 At the end of the 5-year period beginning on the date
7 the final rule is issued under section 2, the Board of Gov-
8 ernors of the Federal Reserve System shall submit to the
9 Committee on Financial Services of the House of Rep-
10 resentatives and the Committee on Banking, Housing, and
11 Urban Affairs of the Senate a report detailing the impact
12 of the final rule during such period on the factors de-
13 scribed under paragraphs (1) through (10) of section 2.

Amend the title so as to read: “A bill to require the
appropriate Federal banking agencies to increase the
risk-sensitivity of the capital treatment of certain cen-
trally cleared exchange-listed options and derivatives, and
for other purposes”.
