To amend the Bank Holding Company Act of 1956 to require certain public disclosures related to the Volcker Rule, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M . introduced the following bill; which was referred to the Committee on

A BILL

To amend the Bank Holding Company Act of 1956 to require certain public disclosures related to the Volcker Rule, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Proprietary Trading Disclosures Act of 2019”.

SEC. 2. VOLCKER DISCLOSURE.

Section 13 of the Bank Holding Company Act of 1956 (12 U.S.C. 1851) is amended—
(1) by redesignating subsection (h) as subsection (i); and

(2) by inserting after subsection (g) the following;

“(h) PUBLIC DISCLOSURE.—

“(1) IN GENERAL.—The Federal Deposit Insurance Corporation (in this subsection referred to as the ‘Corporation’), in consultation with the Board, the Comptroller of the Currency, the Securities and Exchange Commission, and the Commodity Futures Trading Commission, shall disclose to the public, not less frequently than annually, a qualitative description of implementation practices involving this section at large covered banking entities, as well as any other banking entity that the Corporation may wish to include.

“(2) CONTENTS.—Each disclosure made pursuant to paragraph (1) shall include—

“(A) a general description of the role played by the limitations under this section in the process of risk management at the entities, including the role played by this section in the setting of risk appetite and trading limits for entities and individual trading desks;
“(B) a description of how this section affects pay practices in the entities and at individual trading desks, including how pay practices in the entities are designed to discourage proprietary trading or other violations of this section;

“(C) any penalties, violations, or cease and desist orders related to the enforcement of this section; and

“(D) any other material that the Corporation considers relevant to helping the public understand the implementation of this section.

“(3) DATA AND TRADING DISCLOSURES.—The Corporation, in consultation with the Board, the Comptroller of the Currency, the Securities and Exchange Commission, and the Commodity Futures Trading Commission, shall publicly disclose, not less frequently than annually, the following data with respect to each large covered banking entity:

“(A) A description of the trading desk structure of the entity, including a list of trading desks, the instruments traded at each desk, and the trading activities engaged in at each desk.
“(B) The average and standard deviation of value at risk, or, if appropriate, related metrics such as expected shortfall, for each individual trading desk, averaged over one-quarter periods.

“(C) The average and standard deviation of a metric of inventory, constructed using data on individual trading desk positions, for long securities positions, short securities positions, and derivatives, at each individual trading desk averaged over one-quarter periods.

“(D) The average and standard deviation of transaction volume at each individual trading desk, as well as a breakdown of such volumes into securities and derivatives transactions conducted with customers, nonecustomers, and affiliated trading desks, for market making and underwriting purposes, averaged over one-quarter periods.

“(E) Average daily profit and loss due to new and existing positions for each individual trading desk, averaged over a one-quarter period.
“(F) The total and average and standard deviation of net revenue for each individual trading desk, over a one-quarter period.

“(G) Information on use of the market making and underwriting exemptions at each individual trading desk, including a description of the data and methodology used to determine and project reasonably expected near-term demands of clients and a qualitative description of how customer demand data is used in setting trading limits.

“(H) Information on use of the hedging exemption at each individual trading desk, including a description of the data and methodology used to determine whether hedges are risk-reducing.

“(I) For the entity as a whole, the total number and value of external funds covered by the restrictions under this section that are sponsored or owned by the entity, including a tabulation of the amount of funds held under each regulatory exemption to the restrictions.

“(J) For the entity as a whole, the average value over the past year of securities held that were not classified as held in trading accounts
under this section, and therefore not subject to
the limitations of this section.

“(K) For the entity as a whole, the total
gains and losses incurred over the past year
through the sale of securities not classified as
held in trading accounts under this section, and
therefore not subject to the limitations of this
section on their sale, and to the extent such se-
curities are held at individual trading desks, the
gains and losses from the sale of such securities
at each individual trading desk.

“(L) Any additional data the Corporation
may determine is useful in understanding bank
compliance with this section.

“(4) Permissible delay in disclosure.—To
prevent disclosure of information relevant to current
trading, disclosures required under this subsection
may represent a period of up to nine months prior
to the date of public disclosure, but no longer.

“(5) Large covered banking entity de-
finite.—For the purposes of this subsection, the
term ‘large covered banking entity’ means a banking
entity that—

“(A) has $250,000,000,000 or more in
total assets; or
“(B) has $20,000,000,000 or more in trading book assets.”.