

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3556
OFFERED BY MR. CASTEN OF ILLINOIS**

In title III, add at the end the following:

1 **SEC. 302. CHIEF RISK OFFICER.**

2 Section 165(h) of the Financial Stability Act of 2010
3 (12 U.S.C. 5365(h)) is amended—

4 (1) in paragraph (2)—

5 (A) by striking “that is a publicly traded
6 company and” each place such term appears;
7 and

8 (B) by inserting “, and appoint a chief risk
9 officer, as set forth in paragraph (4)” after “as
10 set forth in paragraph (3)” each place such
11 term appears; and

12 (2) by redesignating paragraph (4) as para-
13 graph (6); and

14 (3) by inserting after paragraph (3) the fol-
15 lowing:

16 “(4) CHIEF RISK OFFICER.—

17 “(A) IN GENERAL.—A chief risk officer re-
18 quired by this subsection shall be appointed by
19 a company from among individuals with experi-

1 ence in identifying, assessing, and managing
2 risk exposures of large, complex financial firms.

3 “(B) RESPONSIBILITIES.—A chief risk of-
4 ficer shall be responsible for overseeing the fol-
5 lowing:

6 “(i) The establishment of risk limits
7 on an enterprise-wide basis and the moni-
8 toring of compliance with such limits.

9 “(ii) The implementation of and ongo-
10 ing compliance with the policies and proce-
11 dures establishing risk-management gov-
12 ernance, risk-management procedures, and
13 risk-control infrastructure for the global
14 operations of the company.

15 “(iii) The development and implemen-
16 tation of the processes and systems for im-
17 plementing and monitoring compliance
18 with the policies and procedures described
19 under clause (ii), including—

20 “(I) processes and systems for
21 identifying and reporting risks and
22 risk-management deficiencies, includ-
23 ing regarding emerging risks, and en-
24 suring effective and timely implemen-
25 tation of actions to address emerging

1 risks and risk-management defi-
2 ciencies for the global operations of
3 the company;

4 “(II) processes and systems for
5 establishing managerial and employee
6 responsibility for risk management;

7 “(III) processes and systems for
8 ensuring the independence of the risk-
9 management function; and

10 “(IV) processes and systems to
11 integrate risk management and associ-
12 ated controls with management goals
13 and the compensation structure of the
14 company for the global operations of
15 the company.

16 “(iv) The management of risks and
17 risk controls within the parameters of the
18 company’s risk-control framework, and
19 monitoring and testing of the company’s
20 risk controls.

21 “(C) REPORTING RESPONSIBILITIES.—A
22 chief risk officer shall—

23 “(i) report directly to both the risk
24 committee described under paragraph (3)

1 and the chief executive officer of the com-
2 pany; and

3 “(ii) be responsible for reporting risk-
4 management deficiencies and emerging
5 risks to the risk committee described under
6 paragraph (3) and resolving risk-manage-
7 ment deficiencies in a timely manner.

8 “(D) VACANCIES.—

9 “(i) NOTIFICATION TO REGU-
10 LATORS.—With respect to a chief risk offi-
11 cer required by this subsection, if the office
12 of a chief risk officer becomes vacant, the
13 company shall—

14 “(I) not later than 24 hours after
15 such vacancy occurs, notify the pri-
16 mary financial regulatory agency of
17 the company, the primary financial
18 regulatory agency of any depository
19 institution subsidiary of the company,
20 and any State agency with supervisory
21 authority over the company or any de-
22 pository institution subsidiary of the
23 company of such vacancy; and

24 “(II) not later than 7 days after
25 such vacancy occurs, submit a plan to

1 the primary financial regulatory agen-
2 cy of the company, the primary finan-
3 cial regulatory agency of any deposi-
4 tory institution subsidiary of the com-
5 pany, and any State agency with su-
6 pervisory authority over the company
7 or any depository institution sub-
8 sidiary of the company on how the
9 company will search for and promptly
10 hire a well-qualified chief risk officer
11 to fill the vacancy.

12 “(ii) FAILURE TO FILL VACANCY.—
13 With respect to a vacancy described under
14 clause (i), if the company does not fill the
15 vacancy within 60 days of the vacancy oc-
16 ccurring—

17 “(I) the company shall notify the
18 public, including on the website of the
19 company, that the vacancy has existed
20 for more than 60 days; and

21 “(II) the total assets of the com-
22 pany may not exceed the total assets
23 of the company on the date the va-
24 cancy occurred until such time as the
25 vacancy is filled.

1 “(5) APPLICATION TO LARGE BANKS WITH NO
2 BANK HOLDING COMPANY.—The primary financial
3 regulatory agencies shall issue regulations requiring
4 each bank that does not have a bank holding com-
5 pany and that has total consolidated assets of not
6 less than \$50,000,000,000 to establish a risk com-
7 mittee, as set forth in paragraph (3) and appoint a
8 chief risk officer, as set forth in paragraph (4).

9 “(6) PRIMARY FINANCIAL REGULATORY AGEN-
10 CY FOR CERTAIN NONBANK FINANCIAL COMPA-
11 NIES.—For purposes of this subsection, the primary
12 financial regulatory agency for a nonbank financial
13 company supervised by the Board of Governors shall
14 be the Board of Governors.”.

