116TH CONGRESS 1ST SESSION

H. R. ______

To require the Financial Institutions Examination Council to establish uniform examination procedures for financial institutions that conduct leverage lending activities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To require the Financial Institutions Examination Council to establish uniform examination procedures for financial institutions that conduct leverage lending activities, 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 “Leveraged Lending Examination Enhancement Act”.

May 31, 2019
SEC. 2. LEVERAGED LENDING EXAMINATION PROCEDURES.

(a) IN GENERAL.—Section 1006 of the Federal Financial Institutions Examination Council Act (12 U.S.C. 3305) is amended by adding at the end the following:

“(h) LEVERAGED LENDING.—

“(1) EXAMINATION PROCEDURES.—In carrying out subsection (a), the Council shall establish uniform examination procedures for financial institutions that conduct leverage lending activities to ensure such activities are done in a safe and sound manner.

“(2) MINIMUM EXPECTATIONS.—The procedures established under paragraph (1) shall include a definition of leveraged lending and include minimum expectations relating to leveraged lending, including—

“(A) general policy expectations;
“(B) participations purchased;
“(C) underwriting standards;
“(D) valuation standards;
“(E) pipeline management;
“(F) reporting and analytics;
“(G) risk rating leveraged loans;
“(H) credit analysis;
“(I) problem credit management;
“(J) deal sponsors;
“(K) credit review;
“(L) stress testing;
“(M) conflicts of interest;
“(N) reputational risk; and
“(O) compliance.

“(3) QUARTERLY REPORT.—The Federal financial institutions regulatory agencies shall, jointly, issue a quarterly report to the Council and the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing—

“(A) an analysis of leveraged lending activity by financial institutions, including general risk management and compliance with the minimum expectations described under paragraph (2); and

“(B) any regulatory or legislative recommendations the agencies may have to improve the supervision and oversight of the leveraged lending market.”.

(b) RULEMAKING DEADLINE.—Not later than 180 days after the date of enactment of this Act, the Financial Institutions Examination Council shall establish the uniform examination procedures required under section
1. 1006(h) of the Federal Financial Institutions Examination Council Act.