

## Union Calendar No. 680

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4659

[Report No. 115–882]

To require the appropriate Federal banking agencies to recognize the exposure-reducing nature of client margin for cleared derivatives.

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### IN THE HOUSE OF REPRESENTATIVES

DECEMBER 14, 2017

Mr. LUETKEMEYER (for himself, Mr. LUCAS, Mr. VELA, Mr. O'HALLERAN, and Mr. DAVID SCOTT of Georgia) introduced the following bill; which was referred to the Committee on Financial Services

AUGUST 3, 2018

Additional sponsors: Mr. SESSIONS, Mr. HULTGREN, Mr. EMMER, Mr. RODNEY DAVIS of Illinois, Mr. CONAWAY, Mr. PETERSON, Mr. ARRINGTON, Mr. GONZALEZ of Texas, Mr. KUSTOFF of Tennessee, Mr. AUSTIN SCOTT of Georgia, Mr. HILL, Mr. MESSER, and Mr. GOTTHEIMER

AUGUST 3, 2018

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

# **A BILL**

To require the appropriate Federal banking agencies to recognize the exposure-reducing nature of client margin for cleared derivatives.

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. TREATMENT OF CLIENT MARGIN.**

4 (a) TREATMENT OF CLIENT MARGIN FOR INSURED  
5 DEPOSITORY INSTITUTIONS.—Section 18(n) of the Fed-  
6 eral Deposit Insurance Act (12 U.S.C. 1828(n)) is amend-  
7 ed—

8 (1) by striking “No appropriate” and inserting  
9 the following:

10 “(1) UNIDENTIFIED INTANGIBLE ASSETS.—No  
11 appropriate”; and

12 (2) by adding at the end the following:

13 “(2) TREATMENT OF CLIENT MARGIN.—For  
14 purposes of any leverage-based capital rule, guide-  
15 line, standard, or requirement promulgated, pre-  
16 scribed, or imposed by any appropriate Federal  
17 banking agency on insured depository institutions,  
18 the amount of any initial margin provided by a cli-  
19 ent of an insured depository institution with respect  
20 to a centrally-cleared derivative obligation shall be  
21 deducted from the amount of any leverage exposure  
22 arising from the insured depository institution’s  
23 guarantee of the client’s derivative obligation to the  
24 central counterparty.”.

1 (b) TREATMENT OF CLIENT MARGIN FOR BANK  
2 HOLDING COMPANIES.—Section 5(c)(3) of the Bank  
3 Holding Company Act of 1956 (12 U.S.C. 1844(c)(3)) is  
4 amended—

5 (1) by adding at the end the following:

6 “(D) TREATMENT OF CLIENT MARGIN.—  
7 For purposes of any leverage-based capital rule,  
8 guideline, standard, or requirement promul-  
9 gated, prescribed, or imposed by the Board on  
10 bank holding companies, the amount of any ini-  
11 tial margin provided by a client of a bank hold-  
12 ing company or affiliate thereof with respect to  
13 a centrally-cleared derivative obligation shall be  
14 deducted from the amount of any leverage expo-  
15 sure arising from the guarantee by the bank  
16 holding company or affiliate thereof of the cli-  
17 ent’s derivative obligation to the central  
18 counterparty.”.

19 (c) TREATMENT OF CLIENT MARGIN FOR SAVINGS  
20 AND LOAN HOLDING COMPANIES.—Section 10(g)(1) of  
21 the Home Owners’ Loan Act (12 U.S.C. 1467a(g)(1)) is  
22 amended—

23 (1) by striking “The Board” and inserting the  
24 following:

1                   “(A) REGULATIONS AND ORDERS.—The  
2                   Board”; and

3                   (2) by adding at the end the following:

4                   “(B) TREATMENT OF CLIENT MARGIN.—For  
5                   purposes of any leverage-based capital rule, guide-  
6                   line, standard, or requirement promulgated, pre-  
7                   scribed, or imposed by the Board on savings and  
8                   loan holding companies, the amount of any initial  
9                   margin provided by a client of a savings and loan  
10                  holding company or affiliate thereof with respect to  
11                  a centrally-cleared derivative obligation shall be de-  
12                  ducted from the amount of any leverage exposure  
13                  arising from the guarantee by the savings and loan  
14                  holding company or affiliate thereof of the client’s  
15                  derivative obligation to the central counterparty.”.

16                  (d) AMENDMENTS TO LEVERAGE-BASED CAPITAL  
17 REGULATIONS.—Not later than the end of the 3-month  
18 period beginning on the date of the enactment of this Act,  
19 the Federal Deposit Insurance Corporation, the Board of  
20 Governors of the Federal Reserve System, and the Comp-  
21 troller of the Currency shall amend their rules to imple-  
22 ment the amendments made by this Act.

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