

115TH CONGRESS
1ST SESSION

H. R. 493

To amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to require certain systemically important entities to account for the financial benefit they receive as a result of the expectations on the part of shareholders, creditors, and counterparties of such entities that the Government will shield them from losses in the event of failure, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 12, 2017

Mr. CAPUANO (for himself, Mr. LYNCH, and Mr. ELLISON) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to require certain systemically important entities to account for the financial benefit they receive as a result of the expectations on the part of shareholders, creditors, and counterparties of such entities that the Government will shield them from losses in the event of failure, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Subsidy Reserve Act
3 of 2017”.

4 **SEC. 2. SUBSIDY RESERVE.**

5 Section 165 of the Dodd-Frank Wall Street Reform
6 and Consumer Protection Act (12 U.S.C. 5365) is amend-
7 ed by adding at the end the following:

8 “(1) SUBSIDY RESERVE.—

9 “(1) IN GENERAL.—Each nonbank financial
10 company supervised by the Board of Governors and
11 each bank holding company with total consolidated
12 assets equal to or greater than \$500,000,000,000
13 shall establish and maintain a capital account called
14 the ‘Subsidy Reserve’.

15 “(2) COMPUTATION OF BENEFIT.—The Board
16 of Governors shall, in consultation with the Council
17 and the Office of Financial Research, and after no-
18 tice and opportunity for a hearing, establish a for-
19 mula for determining the financial benefit received
20 by a company described under paragraph (1) as a
21 result of the expectations on the part of share-
22 holders, creditors, and counterparties of such com-
23 pany that the Government will shield such share-
24 holders, creditors, and counterparties from losses in
25 the event of the failure of such company.

1 “(3) SUBSIDY RESERVE AMOUNT.—The Board
2 of Governors shall require each company described
3 under paragraph (1) to annually apply the formula
4 established under paragraph (2) to its annual finan-
5 cial statement and maintain the resulting amount in
6 the company’s Subsidy Reserve, in addition to any
7 amounts so maintained from previous years.

8 “(4) USE OF SUBSIDY RESERVE AMOUNTS.—
9 The amount of funds in the Subsidy Reserve may
10 only be decreased if a company makes a sale of as-
11 sets, spins off a subsidiary, or makes a similar dives-
12 titure, in which case the Subsidy Reserve may only
13 be decreased in an amount, as determined by the
14 Board of Governors, that reflects the amount of
15 such sale, spin off, or similar divestiture, either on
16 a pro rata basis or according to the risk weighting
17 of the property sold, spun off, or divested.

18 “(5) TREATMENT OF SUBSIDY RESERVE
19 AMOUNTS.—Amounts in the Subsidy Reserve may be
20 taken into account when determining the capital of
21 a company for purposes of meeting any regulatory
22 capital requirements.

1 “(6) RULEMAKING.—The Board of Governors
2 may issue such regulations and orders as it con-
3 siders necessary to carry out this subsection.”.

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