

115TH CONGRESS  
2D SESSION

# S. 3682

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 SENATE OF THE UNITED STATES

NOVEMBER 29, 2018

Mr. PERDUE introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## 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:

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

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

4           “(2) 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 any appropriate Federal  
8 banking agency on insured depository institutions,  
9 the amount of any initial margin provided by a cli-  
10 ent of an insured depository institution with respect  
11 to a centrally cleared derivative obligation shall be  
12 deducted from the amount of any leverage exposure  
13 arising from the insured depository institution’s  
14 guarantee of the client’s derivative obligation to the  
15 central counterparty.”.

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

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

21           “(D) TREATMENT OF CLIENT MARGIN.—  
22 For purposes of any leverage-based capital rule,  
23 guideline, standard, or requirement promul-  
24 gated, prescribed, or imposed by the Board on  
25 bank holding companies, the amount of any ini-

1            tial margin provided by a client of a bank hold-  
2            ing company or affiliate thereof with respect to  
3            a centrally cleared derivative obligation shall be  
4            deducted from the amount of any leverage expo-  
5            sure arising from the guarantee by the bank  
6            holding company or affiliate thereof of the cli-  
7            ent’s derivative obligation to the central  
8            counterparty.”.

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

13            (1) by striking “The Board” and inserting the  
14          following:

15            “(A) REGULATIONS AND ORDERS.—The  
16          Board”; and

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

18            “(B) TREATMENT OF CLIENT MARGIN.—For  
19          purposes of any leverage-based capital rule, guide-  
20          line, standard, or requirement promulgated, pre-  
21          scribed, or imposed by the Board on savings and  
22          loan holding companies, the amount of any initial  
23          margin provided by a client of a savings and loan  
24          holding company or affiliate thereof with respect to  
25          a centrally cleared derivative obligation shall be de-

1        ducted from the amount of any leverage exposure  
2        arising from the guarantee by the savings and loan  
3        holding company or affiliate thereof of the client's  
4        derivative obligation to the central counterparty.”.

5        (d) AMENDMENTS TO LEVERAGE-BASED CAPITAL  
6        REGULATIONS.—Not later than the end of the 3-month  
7        period beginning on the date of the enactment of this Act,  
8        the Federal Deposit Insurance Corporation, the Board of  
9        Governors of the Federal Reserve System, and the Comp-  
10        troller of the Currency shall amend their rules to imple-  
11        ment the amendments made by this Act.

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