

115TH CONGRESS
1ST SESSION

H. R. _____

To reform the Comprehensive Capital Analysis and Review process, the Dodd-Frank Act Stress Test process, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. ZELDIN introduced the following bill; which was referred to the Committee on _____

A BILL

To reform the Comprehensive Capital Analysis and Review process, the Dodd-Frank Act Stress Test process, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stress Test Improve-
5 ment Act of 2017”.

1 **SEC. 2. CCAR AND DFAST REFORMS.**

2 Section 165(i) of the Dodd-Frank Wall Street Re-
3 form and Consumer Protection Act (12 U.S.C. 5365(i))
4 is amended—

5 (1) in paragraph (1)—

6 (A) in subparagraph (B)—

7 (i) by amending clause (i) to read as
8 follows:

9 “(i) shall—

10 “(I) issue regulations, after pro-
11 viding for public notice and comment,
12 that provide for at least 3 different
13 sets of conditions under which the
14 evaluation required by this subsection
15 shall be conducted, including baseline,
16 adverse, and severely adverse, and
17 methodologies, including models used
18 to estimate losses on certain assets,
19 and the Board of Governors shall not
20 carry out any such evaluation until 60
21 days after such regulations are issued;
22 and

23 “(II) provide copies of such regu-
24 lations to the Comptroller General of
25 the United States and the Panel of
26 Economic Advisors of the Congres-

1 sional Budget Office before publishing
2 such regulations;”;

3 (ii) in clause (iv), by striking “and” at
4 the end;

5 (iii) in clause (v), by striking the pe-
6 riod and inserting the following: “, includ-
7 ing any results of a resubmitted test;”; and

8 (iv) by adding at the end the fol-
9 lowing:

10 “(vi) shall, in establishing the severely
11 adverse condition under clause (i), provide
12 detailed consideration of the model’s ef-
13 fects on financial stability and the cost and
14 availability of credit;

15 “(vii) shall, in developing the models
16 and methodologies and providing them for
17 notice and comment under this subpara-
18 graph, publish a process to test the models
19 and methodologies for their potential to
20 magnify systemic and institutional risks in-
21 stead of facilitating increased resiliency;

22 “(viii) shall design and publish a proc-
23 ess to test and document the sensitivity
24 and uncertainty associated with the model

1 system’s data quality, specifications, and
2 assumptions; and

3 “(ix) shall communicate the range and
4 sources of uncertainty surrounding the
5 models and methodologies.”; and

6 (B) by adding at the end the following:

7 “(C) CCAR REQUIREMENTS.—

8 “(i) PARAMETERS AND CON-
9 SEQUENCES APPLICABLE TO CCAR.—The
10 requirements of subparagraph (B) shall
11 apply to CCAR.

12 “(ii) TWO-YEAR LIMITATION.—The
13 Board of Governors may not subject a
14 company to CCAR more than once every
15 two years.

16 “(iii) MID-CYCLE RESUBMISSION.—If
17 a company receives a quantitative objection
18 to, or otherwise desires to amend the com-
19 pany’s capital plan, the company may file
20 a new streamlined plan at any time after
21 a capital planning exercise has been com-
22 pleted and before a subsequent capital
23 planning exercise.

24 “(iv) LIMITATION ON QUALITATIVE
25 CAPITAL PLANNING OBJECTIONS.—In car-

1 rying out CCAR, the Board of Governors
2 may not object to a company’s capital plan
3 on the basis of qualitative deficiencies in
4 the company’s capital planning process.

5 “(v) COMPANY INQUIRIES.—The
6 Board of Governors shall establish and
7 publish procedures for responding to in-
8 quiries from companies subject to CCAR,
9 including establishing the time frame in
10 which such responses will be made, and
11 make such procedures publicly available.

12 “(vi) CCAR DEFINED.—For purposes
13 of this subparagraph and subparagraph
14 (E), the term ‘CCAR’ means the Com-
15 prehensive Capital Analysis and Review es-
16 tablished by the Board of Governors.”; and

17 (2) in paragraph (2)(A), by striking “semi-
18 annual” and inserting “annual”.