

[DISCUSSION DRAFT]

116TH CONGRESS
1ST SESSION

H. R. _____

To amend the Bank Holding Company Act of 1956 to require certain public disclosures related to the Volcker Rule, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To amend the Bank Holding Company Act of 1956 to require certain public disclosures related to the Volcker Rule, 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 “Proprietary Trading
5 Disclosures Act of 2019”.

6 **SEC. 2. VOLCKER DISCLOSURE.**

7 Section 13 of the Bank Holding Company Act of
8 1956 (12 U.S.C. 1851) is amended—

1 (1) by redesignating subsection (h) as sub-
2 section (i); and

3 (2) by inserting after subsection (g) the fol-
4 lowing;

5 “(h) PUBLIC DISCLOSURE.—

6 “(1) IN GENERAL.—The Federal Deposit Insur-
7 ance Corporation (in this subsection referred to as
8 the ‘Corporation’), in consultation with the Board,
9 the Comptroller of the Currency, the Securities and
10 Exchange Commission, and the Commodity Futures
11 Trading Commission, shall disclose to the public, not
12 less frequently than annually, a qualitative descrip-
13 tion of implementation practices involving this sec-
14 tion at large covered banking entities, as well as any
15 other banking entity that the Corporation may wish
16 to include.

17 “(2) CONTENTS.—Each disclosure made pursu-
18 ant to paragraph (1) shall include—

19 “(A) a general description of the role
20 played by the limitations under this section in
21 the process of risk management at the entities,
22 including the role played by this section in the
23 setting of risk appetite and trading limits for
24 entities and individual trading desks;

1 “(B) a description of how this section af-
2 fects pay practices in the entities and at indi-
3 vidual trading desks, including how pay prac-
4 tices in the entities are designed to discourage
5 proprietary trading or other violations of this
6 section;

7 “(C) any penalties, violations, or cease and
8 desist orders related to the enforcement of this
9 section; and

10 “(D) any other material that the Corpora-
11 tion considers relevant to helping the public un-
12 derstand the implementation of this section.

13 “(3) DATA AND TRADING DISCLOSURES.—The
14 Corporation, in consultation with the Board, the
15 Comptroller of the Currency, the Securities and Ex-
16 change Commission, and the Commodity Futures
17 Trading Commission, shall publicly disclose, not less
18 frequently than annually, the following data with re-
19 spect to each large covered banking entity:

20 “(A) A description of the trading desk
21 structure of the entity, including a list of trad-
22 ing desks, the instruments traded at each desk,
23 and the trading activities engaged in at each
24 desk.

1 “(B) The average and standard deviation
2 of value at risk, or, if appropriate, related
3 metrics such as expected shortfall, for each in-
4 dividual trading desk, averaged over one-quar-
5 ter periods.

6 “(C) The average and standard deviation
7 of a metric of inventory, constructed using data
8 on individual trading desk positions, for long
9 securities positions, short securities positions,
10 and derivatives, at each individual trading desk
11 averaged over one-quarter periods.

12 “(D) The average and standard deviation
13 of transaction volume at each individual trading
14 desk, as well as a breakdown of such volumes
15 into securities and derivatives transactions con-
16 ducted with customers, noncustomers, and af-
17 filiated trading desks, for market making and
18 underwriting purposes, averaged over one-quar-
19 ter periods.

20 “(E) Average daily profit and loss due to
21 new and existing positions for each individual
22 trading desk, averaged over a one-quarter pe-
23 riod.

1 “(F) The total and average and standard
2 deviation of net revenue for each individual
3 trading desk, over a one-quarter period.

4 “(G) Information on use of the market
5 making and underwriting exemptions at each
6 individual trading desk, including a description
7 of the data and methodology used to determine
8 and project reasonably expected near-term de-
9 mands of clients and a qualitative description of
10 how customer demand data is used in setting
11 trading limits.

12 “(H) Information on use of the hedging
13 exemption at each individual trading desk, in-
14 cluding a description of the data and method-
15 ology used to determine whether hedges are
16 risk-reducing.

17 “(I) For the entity as a whole, the total
18 number and value of external funds covered by
19 the restrictions under this section that are
20 sponsored or owned by the entity, including a
21 tabulation of the amount of funds held under
22 each regulatory exemption to the restrictions.

23 “(J) For the entity as a whole, the average
24 value over the past year of securities held that
25 were not classified as held in trading accounts

1 under this section, and therefore not subject to
2 the limitations of this section.

3 “(K) For the entity as a whole, the total
4 gains and losses incurred over the past year
5 through the sale of securities not classified as
6 held in trading accounts under this section, and
7 therefore not subject to the limitations of this
8 section on their sale, and to the extent such se-
9 curities are held at individual trading desks, the
10 gains and losses from the sale of such securities
11 at each individual trading desk.

12 “(L) Any additional data the Corporation
13 may determine is useful in understanding bank
14 compliance with this section.

15 “(4) PERMISSIBLE DELAY IN DISCLOSURE.—To
16 prevent disclosure of information relevant to current
17 trading, disclosures required under this subsection
18 may represent a period of up to nine months prior
19 to the date of public disclosure, but no longer.

20 “(5) LARGE COVERED BANKING ENTITY DE-
21 FINED.—For the purposes of this subsection, the
22 term ‘large covered banking entity’ means a banking
23 entity that—

24 “(A) has \$250,000,000,000 or more in
25 total assets; or

1 “(B) has \$20,000,000,000 or more in
2 trading book assets.”.