

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.

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## IN THE HOUSE OF REPRESENTATIVES

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

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# 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”.