

AMENDMENT TO H.R. 5323
OFFERED BY MR. KIHUEN OF NEVADA

Strike section 2 and insert the following:

1 **SEC. 2. STUDY OF IMPLEMENTATION OF BASEL III CAPITAL**
2 **REQUIREMENTS RELATED TO DERIVATIVES**
3 **EXPOSURES.**

4 (a) **STUDY.**—The Financial Stability Oversight Coun-
5 cil shall conduct a study of the likely effects that dif-
6 ferences between the United States and other jurisdictions
7 in implementing the derivatives credit valuation adjust-
8 ment (in this section referred to as “CVA”) capital re-
9 quirement have on—

10 (1) United States financial institutions that
11 conduct derivatives transactions and participate in
12 derivatives markets;

13 (2) end users of derivatives; and

14 (3) international derivatives markets.

15 (b) **CONTENT.**—The study required by subsection (a)
16 shall include—

17 (1) an assessment of—

18 (A) the extent to which there are dif-
19 ferences in the approaches that the United
20 States and other jurisdictions are taking re-

1 garding implementation of the CVA capital re-
2 quirement, and the nature of the differences;

3 (B) the impact that the differences have
4 on—

5 (i) United States financial institutions
6 that conduct derivatives transactions and
7 participate in derivatives markets, includ-
8 ing their ability to serve end users of de-
9 rivatives;

10 (ii) pricing and other costs of, and
11 services available to, end users of deriva-
12 tives in the United States and other juris-
13 dictions; and

14 (iii) the competitiveness of United
15 States financial institutions and United
16 States derivatives markets, including the
17 extent to which differences in the CVA
18 capital requirement could shift derivatives
19 business among jurisdictions; and

20 (C) the interaction between differing CVA
21 capital requirements and margin rules; and

22 (2) recommendations regarding steps that the
23 Congress and the Federal financial regulatory agen-
24 cies that comprise the Financial Stability Oversight
25 Council should take to—

1 (A) minimize any expected negative effects
2 on United States financial institutions, deriva-
3 tives markets, and end users;

4 (B) encourage greater international con-
5 sistency in implementation of internationally
6 agreed capital, liquidity, and other prudential
7 standards; and

8 (C) ensure that the Financial Stability
9 Oversight Council fulfills its statutory mandate
10 to identify risks and respond to emerging
11 threats to financial stability.

12 (c) REPORT.—No later than 90 days after the date
13 of the enactment of this Act, the Financial Stability Over-
14 sight Council shall submit a written report containing the
15 results of the study to the Chairman and ranking minority
16 member of the Committees on Agriculture and Financial
17 Services of the House of Representatives, and the Chair-
18 man and ranking minority member of the Committees on
19 Agriculture, Nutrition, and Forestry, and Banking, Hous-
20 ing, and Urban Affairs of the Senate.

