



(Original Signature of Member)

118TH CONGRESS  
1ST SESSION

**H. R.**

To amend the Financial Stability Act of 2010 to require certain large banking institutions to have a Chief Risk Officer, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

**A BILL**

To amend the Financial Stability Act of 2010 to require certain large banking institutions to have a Chief Risk Officer, 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 “Chief Risk Officer En-  
5 forcement and Accountability Act”.

6 **SEC. 2. CHIEF RISK OFFICER.**

7 Section 165(h) of the Financial Stability Act of 2010  
8 (12 U.S.C. 5365(h)) is amended—

1 (1) in paragraph (2)—

2 (A) by striking “that is a publicly traded  
3 company and” each place such term appears;  
4 and

5 (B) by inserting “, and appoint a chief risk  
6 officer, as set forth in paragraph (4)” after “as  
7 set forth in paragraph (3)” each place such  
8 term appears; and

9 (2) by redesignating paragraph (4) as para-  
10 graph (6); and

11 (3) by inserting after paragraph (3) the fol-  
12 lowing:

13 “(4) CHIEF RISK OFFICER.—

14 “(A) IN GENERAL.—A chief risk officer re-  
15 quired by this subsection shall be appointed by  
16 a company from among individuals with experi-  
17 ence in identifying, assessing, and managing  
18 risk exposures of large, complex financial firms.

19 “(B) RESPONSIBILITIES.—A chief risk of-  
20 ficer shall be responsible for overseeing the fol-  
21 lowing:

22 “(i) The establishment of risk limits  
23 on an enterprise-wide basis and the moni-  
24 toring of compliance with such limits.

1           “(ii) The implementation of and ongo-  
2           ing compliance with the policies and proce-  
3           dures establishing risk-management gov-  
4           ernance, risk-management procedures, and  
5           risk-control infrastructure for the global  
6           operations of the company.

7           “(iii) The development and implemen-  
8           tation of the processes and systems for im-  
9           plementing and monitoring compliance  
10          with the policies and procedures described  
11          under clause (ii), including—

12               “(I) processes and systems for  
13               identifying and reporting risks and  
14               risk-management deficiencies, includ-  
15               ing regarding emerging risks, and en-  
16               suring effective and timely implemen-  
17               tation of actions to address emerging  
18               risks and risk-management defi-  
19               ciencies for the global operations of  
20               the company;

21               “(II) processes and systems for  
22               establishing managerial and employee  
23               responsibility for risk management;

1 “(III) processes and systems for  
2 ensuring the independence of the risk-  
3 management function; and

4 “(IV) processes and systems to  
5 integrate risk management and associ-  
6 ated controls with management goals  
7 and the compensation structure of the  
8 company for the global operations of  
9 the company.

10 “(iv) The management of risks and  
11 risk controls within the parameters of the  
12 company’s risk-control framework, and  
13 monitoring and testing of the company’s  
14 risk controls.

15 “(C) REPORTING RESPONSIBILITIES.—A  
16 chief risk officer shall—

17 “(i) report directly to both the risk  
18 committee described under paragraph (3)  
19 and the chief executive officer of the com-  
20 pany; and

21 “(ii) be responsible for reporting risk-  
22 management deficiencies and emerging  
23 risks to the risk committee described under  
24 paragraph (3) and resolving risk-manage-  
25 ment deficiencies in a timely manner.

1 “(D) VACANCIES.—

2 “(i) NOTIFICATION TO REGU-  
3 LATORS.—With respect to a chief risk offi-  
4 cer required by this subsection, if the office  
5 of a chief risk officer becomes vacant, the  
6 company shall—

7 “(I) not later than 24 hours after  
8 such vacancy occurs, notify the pri-  
9 mary financial regulatory agency of  
10 the company, the primary financial  
11 regulatory agency of any depository  
12 institution subsidiary of the company,  
13 and any State agency with supervisory  
14 authority over the company or any de-  
15 pository institution subsidiary of the  
16 company of such vacancy; and

17 “(II) not later than 7 days after  
18 such vacancy occurs, submit a plan to  
19 the primary financial regulatory agen-  
20 cy of the company, the primary finan-  
21 cial regulatory agency of any deposi-  
22 tory institution subsidiary of the com-  
23 pany, and any State agency with su-  
24 pervisory authority over the company  
25 or any depository institution sub-

1 subsidiary of the company on how the  
2 company will search for and promptly  
3 hire a well-qualified chief risk officer  
4 to fill the vacancy.

5 “(ii) FAILURE TO FILL VACANCY.—  
6 With respect to a vacancy described under  
7 clause (i), if the company does not fill the  
8 vacancy within 60 days of the vacancy oc-  
9 ccurring—

10 “(I) the company shall notify the  
11 public, including on the website of the  
12 company, that the vacancy has existed  
13 for more than 60 days; and

14 “(II) the total assets of the com-  
15 pany may not exceed the total assets  
16 of the company on the date the va-  
17 cancy occurred until such time as the  
18 vacancy is filled.

19 “(5) APPLICATION TO LARGE BANKS WITH NO  
20 BANK HOLDING COMPANY.—The primary financial  
21 regulatory agencies shall issue regulations requiring  
22 each bank that does not have a bank holding com-  
23 pany and that has total consolidated assets of not  
24 less than \$50,000,000,000 to establish a risk com-

1        mittee, as set forth in paragraph (3) and appoint a  
2        chief risk officer, as set forth in paragraph (4).

3           “(6) PRIMARY FINANCIAL REGULATORY AGEN-  
4        CY FOR CERTAIN NONBANK FINANCIAL COMPA-  
5        NIES.—For purposes of this subsection, the primary  
6        financial regulatory agency for a nonbank financial  
7        company supervised by the Board of Governors shall  
8        be the Board of Governors.”.