

TITLE VIII: PAYMENT, CLEARING, AND SETTLEMENT SUPERVISION

- **Purpose:** Enhancements to regulation and supervision of systemically important financial market utilities (hereinafter utilities) and the conduct of systemically important payment, clearing, and settlement activities by financial institutions (hereinafter institutions) are necessary to provide consistency, promote risk management, safety and soundness, reduce systemic risks, and stability of the broader financial system. The purpose of this title is to mitigate systemic risk and promote financial stability.
- **Financial Stability Oversight Council:** The Financial Stability Oversight Council (Council) has the authority to designate utilities and institutions as systemically important.
 - The Council will consider: (1) the aggregate monetary value of the transactions processed by the utility or carried out through the institution; (2) the aggregate exposure of the utility or institution to its counterparties; (3) the relationship, interdependencies or other interactions of the utility or institution with other utilities or institutions; (3) the effect that the failure or disruption to the utility or institution would have on the broader financial system; and (4) any other factors the Council deems appropriate.
- **Risk Management Standards:** Once deemed systemically important, the Council must prescribe risk management standards.
 - The standards must promote risk management; promote safety and soundness; reduce systemic risk; and support stability of the broader financial system.
 - The standards may include risk management procedures; margin and collateral requirements; default policies and procedures; timely clearing and settlement of financial transactions; and capital and financial resource requirements.
- **Notice Requirement:** A designated utility must give 60 days notice, absent an emergency, to the Board of any proposed change to its rules, procedures, or operations that could materially affect the risks presented by the utility.
- **Requests for Information:** The Council is authorized to require any utility or institution to submit information to assess systemic importance if the Council has reasonable cause to believe it is systemically important.
- **Effective Date:** This title is effective as of the date of enactment of the Act.