To amend provisions in section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to Federal assistance for swaps entities.

IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2013

Mr. HULTGREN (for himself, Mr. HIMES, Mr. HUDSON, and Mr. SEAN PATRICK MALONEY of New York) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

A BILL

To amend provisions in section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to Federal assistance for swaps entities.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “Swaps Regulatory Improvement Act”. 
SEC. 2. REFORM OF PROHIBITION ON SWAP ACTIVITY ASSISTANCE.

Section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 8305) is amended—

(1) in subsection (b)—

(A) in paragraph (2)(B), by striking “insured depository institution” and inserting “covered depository institution”; and

(B) by adding at the end the following:

“(3) COVERED DEPOSITORY INSTITUTION.—

The term ‘covered depository institution’ means—

“(A) an insured depository institution, as that term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and

“(B) a United States uninsured branch or agency of a foreign bank.”;

(2) in subsection (c)—

(A) in the heading for such subsection, by striking “INSURED” and inserting “COVERED”;

(B) by striking “an insured” and inserting “a covered”; 

(C) by striking “such insured” and inserting “such covered”; and

(D) by striking “or savings and loan holding company” and inserting “savings and loan holding company”;

...
holding company, or foreign banking organization (as such term is defined under Regulation K of the Board of Governors of the Federal Reserve System (12 C.F.R. 211.21(o)))’;

(3) by amending subsection (d) to read as follows:

“(d) ONLY BONA FIDE HEDGING AND TRADITIONAL BANK ACTIVITIES PERMITTED.—

“(1) IN GENERAL.—The prohibition in subsection (a) shall not apply to any covered depository institution that limits its swap and security-based swap activities to the following:

“(A) HEDGING AND OTHER SIMILAR RISK MITIGATION ACTIVITIES.—Hedging and other similar risk mitigating activities directly related to the covered depository institution’s activities.

“(B) NON-STRUCTURED FINANCE SWAP ACTIVITIES.—Acting as a swaps entity for swaps or security-based swaps other than a structured finance swap.

“(C) CERTAIN STRUCTURED FINANCE SWAP ACTIVITIES.—Acting as a swaps entity for swaps or security-based swaps that are structured finance swaps, if—
“(i) such structured finance swaps are undertaken for hedging or risk management purposes; or

“(ii) each asset-backed security underlying such structured finance swaps is of a credit quality and of a type or category with respect to which the prudential regulators have jointly adopted rules authorizing swap or security-based swap activity by covered depository institutions.

“(2) Definitions.—For purposes of this subsection:

“(A) Structured finance swap.—The term ‘structured finance swap’ means a swap or security-based swap based on an asset-backed security (or group or index primarily comprised of asset-backed securities).

“(B) Asset-backed security.—The term ‘asset-backed security’ has the meaning given such term under section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).”;

(4) in subsection (e), by striking “an insured” and inserting “a covered”; and

(5) in subsection (f)—
(A) by striking "an insured depository"
and inserting "a covered depository"; and

(B) by striking "the insured depository"
each place such term appears and inserting
"the covered depository".