

113TH CONGRESS  
1ST SESSION

# H. R. 992

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IN THE SENATE OF THE UNITED STATES

OCTOBER 31, 2013

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

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 Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Swaps Regulatory Im-  
3       provement Act”.

4 **SEC. 2. REFORM OF PROHIBITION ON SWAP ACTIVITY AS-**  
5 **SISTANCE.**

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

9               (1) in subsection (b)—

10                   (A) in paragraph (2)(B), by striking “in-  
11                   sured depository institution” and inserting  
12                   “covered depository institution”; and

13                   (B) by adding at the end the following:

14                   “(3) COVERED DEPOSITORY INSTITUTION.—

15       The term ‘covered depository institution’ means—

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

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

21               (2) in subsection (c)—

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

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

1 (C) by striking “such insured” and insert-  
2 ing “such covered”; and

3 (D) by striking “or savings and loan hold-  
4 ing company” and inserting “savings and loan  
5 holding company, or foreign banking organiza-  
6 tion (as such term is defined under Regulation  
7 K of the Board of Governors of the Federal Re-  
8 serve System (12 C.F.R. 211.21(o)))”;

9 (3) by amending subsection (d) to read as fol-  
10 lows:

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

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

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

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

1           “(C) CERTAIN STRUCTURED FINANCE  
2 SWAP ACTIVITIES.—Acting as a swaps entity for  
3 swaps or security-based swaps that are struc-  
4 tured finance swaps, if—

5           “(i) such structured finance swaps are  
6 undertaken for hedging or risk manage-  
7 ment purposes; or

8           “(ii) each asset-backed security under-  
9 lying such structured finance swaps is of a  
10 credit quality and of a type or category  
11 with respect to which the prudential regu-  
12 lators have jointly adopted rules author-  
13 izing swap or security-based swap activity  
14 by covered depository institutions.

15           “(2) DEFINITIONS.—For purposes of this sub-  
16 section:

17           “(A) STRUCTURED FINANCE SWAP.—The  
18 term ‘structured finance swap’ means a swap or  
19 security-based swap based on an asset-backed  
20 security (or group or index primarily comprised  
21 of asset-backed securities).

22           “(B) ASSET-BACKED SECURITY.—The  
23 term ‘asset-backed security’ has the meaning  
24 given such term under section 3(a) of the Secu-

1           rities Exchange Act of 1934 (15 U.S.C.  
2           78c(a)).”;

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

5           (5) in subsection (f)—

6                 (A) by striking “an insured depository”  
7                 and inserting “a covered depository”; and

8                 (B) by striking “the insured depository”  
9                 each place such term appears and inserting  
10                “the covered depository”.

          Passed the House of Representatives October 30,  
2013.

Attest:

KAREN L. HAAS,  
*Clerk.*