113TH CONGRESS
2D SESSION

H. R. 5471

IN THE SENATE OF THE UNITED STATES

DECEMBER 3, 2014

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

DECEMBER 10, 2014

Committee discharged; referred to the Committee on Agriculture, Nutrition, and Forestry

AN ACT

To amend the Commodity Exchange Act and the Securities Exchange Act of 1934 to specify how clearing requirements apply to certain affiliate transactions, and for other purposes.

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

SECTION 1. TREATMENT OF AFFILIATE TRANSACTIONS.

(a) IN GENERAL.—

(1) COMMODITY EXCHANGE ACT AMENDMENT.—Section 2(h)(7)(D)(i) of the Commodity Exchange Act (7 U.S.C. 2(h)(7)(D)(i)) is amended to read as follows:

"(i) IN GENERAL.—An affiliate of a person that qualifies for an exception under subparagraph (A) (including affiliate entities predominantly engaged in providing financing for the purchase of the merchandise or manufactured goods of the person) may qualify for the exception only if the affiliate enters into the swap to hedge or mitigate the commercial risk of the person or other affiliate of the person that is not a financial entity, provided that if the hedge or mitigation of such commercial risk is addressed by entering into a swap with a swap dealer or major swap participant, an appropriate credit support measure or other mechanism must be utilized.".

(2) SECURITIES EXCHANGE ACT OF 1934 AMENDMENT.—Section 3C(g)(4)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c–3(g)(4)(A)) is amended to read as follows:

"(A) IN GENERAL.—An affiliate of a person that qualifies for an exception under paragraph (1) (including affiliate entities predominantly engaged in providing financing for the purchase of the merchandise or manufactured goods of the person) may qualify for the exception only if the affiliate enters into the security-based swap to hedge or mitigate the commercial risk of the person or other affiliate of the person that is not a financial entity, provided that if the hedge or mitigation such commercial risk is addressed by entering into a security-based swap with a security-based swap dealer or major security-based swap participant, an appropriate credit support measure or other mechanism must be utilized.''.

(b) APPLICABILITY OF CREDIT SUPPORT MEASURE REQUIREMENT.—The requirements in section 2(h)(7)(D)(i) of the Commodity Exchange Act and section 3C(g)(4)(A) of the Securities Exchange Act of 1934, as amended by subsection (a), requiring that a credit support measure or other mechanism be utilized if the transfer of commercial risk referred to in such sections is addressed by entering into a swap with a swap dealer or major swap participant or a security-based swap with a security-based swap dealer or major security-based swap participant, as appropriate, shall not apply with respect to swaps or security-based swaps, as appropriate, entered into before the date of the enactment of this Act.

Passed the House of Representatives December 2, 2014.

Attest: KAREN L. HAAS,

Clerk.