

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.

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. TREATMENT OF AFFILIATE TRANSACTIONS.**

4 (a) IN GENERAL.—

5 (1) COMMODITY EXCHANGE ACT AMEND-
6 MENT.—Section 2(h)(7)(D)(i) of the Commodity Ex-
7 change Act (7 U.S.C. 2(h)(7)(D)(i)) is amended to
8 read as follows:

1 “(i) IN GENERAL.—An affiliate of a
2 person that qualifies for an exception
3 under subparagraph (A) (including affiliate
4 entities predominantly engaged in pro-
5 viding financing for the purchase of the
6 merchandise or manufactured goods of the
7 person) may qualify for the exception only
8 if the affiliate enters into the swap to
9 hedge or mitigate the commercial risk of
10 the person or other affiliate of the person
11 that is not a financial entity, provided that
12 if the hedge or mitigation of such commer-
13 cial risk is addressed by entering into a
14 swap with a swap dealer or major swap
15 participant, an appropriate credit support
16 measure or other mechanism must be uti-
17 lized.”.

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

22 “(A) IN GENERAL.—An affiliate of a per-
23 son that qualifies for an exception under para-
24 graph (1) (including affiliate entities predomi-
25 nantly engaged in providing financing for the

1 purchase of the merchandise or manufactured
2 goods of the person) may qualify for the excep-
3 tion only if the affiliate enters into the security-
4 based swap to hedge or mitigate the commercial
5 risk of the person or other affiliate of the per-
6 son that is not a financial entity, provided that
7 if the hedge or mitigation such commercial risk
8 is addressed by entering into a security-based
9 swap with a security-based swap dealer or
10 major security-based swap participant, an ap-
11 propriate credit support measure or other
12 mechanism must be utilized.”.

13 (b) APPLICABILITY OF CREDIT SUPPORT MEASURE
14 REQUIREMENT.—The requirements in section
15 2(h)(7)(D)(i) of the Commodity Exchange Act and section
16 3C(g)(4)(A) of the Securities Exchange Act of 1934, as
17 amended by subsection (a), requiring that a credit support
18 measure or other mechanism be utilized if the transfer of
19 commercial risk referred to in such sections is addressed
20 by entering into a swap with a swap dealer or major swap
21 participant or a security-based swap with a security-based
22 swap dealer or major security-based swap participant, as
23 appropriate, shall not apply with respect to swaps or secu-

1 rity-based swaps, as appropriate, entered into before the
2 date of the enactment of this Act.

Passed the House of Representatives December 2,
2014.

Attest:

KAREN L. HAAS,

Clerk.