A motion to reconsider was laid on the table.

SECURITIES AND EXCHANGE COMMISSION REPORTING MODERNIZATION ACT

Mr. HENSARLING. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3032) to amend the Securities Exchange Act of 1934 to repeal a certain reporting requirement of the Securities and Exchange Commission.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3032

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Securities and Exchange Commission Reporting Modernization Act''.

SEC. 2. ELIMINATION OF REPORTING REQUIREMENT.

Paragraph (6) of section 21(h) of the Securities Exchange Act of 1934 (15 U.S.C. 78u(h)) is repealed.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas (Mr. HENSARLING) and the gentlewoman from Wisconsin (Ms. MOORE) each will control 20 minutes.

The Chair recognizes the gentleman from Texas.

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GENERAL LEAVE

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HENSARLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 3032, the Securities and Exchange Commission Reporting Modernization Act.

I want to thank the gentlewoman from Arizona (Ms. SINEMA) and the gentleman from Virginia (Mr. HURT), for their very diligent and bipartisan work that resulted in the Financial Services Committee favorably reporting H.R. 3032 on a unanimous vote.

I would also like to thank SEC Chair Mary Jo White and her fellow Commissioners for providing their unanimous recommendation to eliminate this reporting requirement, which the Congress previously repealed for all other regulatory agencies.

No matter how modest the legislation may be, legislative efforts to eliminate unnecessary and otherwise extraneous reporting requirements are exactly the type of proactive suggestions our regulators should provide to the committee for consideration.

Despite the Senate's unwillingness to pass equally bipartisan bills to spur growth, promote capital formation, and create jobs, I hope our colleagues in the Senate can agree that this exceedingly minor change is worthy of swift enactment.

Again, I want to thank the gentlewoman from Arizona (Ms. SINEMA) and the gentleman from Virginia (Mr. HURT) for their bipartisan work.

Mr. Speaker, I reserve the balance of my time.

Ms. MOORE. Mr. Speaker, I yield myself such time as I may consume.

I am so happy to join the chairman of the Financial Services Committee and Ms. SINEMA in overwhelmingly supporting H.R. 3032.

This bill, of course, will relieve the SEC from unnecessary administrative burdens and enable the already overwhelmed agency to focus resources to other, more mission-critical tasks, examinations, and enforcement.

Mr. Speaker, I yield such time as she may consume to the gentlewoman from Arizona (Ms. SINEMA) to talk about her great legislation.

Ms. SINEMA. Mr. Speaker, I thank Congresswoman MOORE and Chairman HENSARLING for their bipartisan support of this bill. I also thank Congressman ROBERT HURT for being the lead Republican sponsor of this bipartisan legislation.

Mr. Speaker, I rise today in support of our bill, H.R. 3032, the Securities and Exchange Commission Reporting Modernization Act.

Our regulatory system is inefficient, complicated and confusing, which is why it is so important that outdated regulations are reviewed with the goal of modifying them or repealing them to reduce waste and to make them work for everyday Americans.

That is why I have introduced this bipartisan legislation with Congressman HURT, to repeal an unnecessary and outdated reporting requirement in the United States Securities and Exchange Commission.

Since 1995, the SEC has been the only Federal agency required to compile this obscure annual report. It is a waste of taxpayer dollars, and it is a paperwork burden that diverts time and resources from protecting investors.

Modernizing the SEC's reporting requirements will allow the Commission to better focus on its mission of protecting investors; maintaining fair, orderly, and efficient markets; and facilitating capital formation.

I am committed to working with my colleagues on both sides of the aisle to ensure that our financial markets work for everyone, and I hope that Members will join me in support of this bipartisan legislation.

Mr. HENSARLING. Mr. Speaker, I reserve the balance of my time.

Ms. MOORE. Mr. Speaker, I have no more speakers, so I yield back the balance of my time.

Mr. HENSARLING. Mr. Speaker, I have no further requests for time, so I urge all of my colleagues to support this commonsense, bipartisan bill.

I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. HENSARLING) that the House suspend the rules and pass the bill, H.R. 3032.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

COMMODITY EXCHANGE ACT AND SECURITIES EXCHANGE ACT OF 1934 AMENDMENTS

Mr. HENSARLING. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1317) 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, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1317

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) COMMODITY EXCHANGE ACT AMENDMENTS.—Section 2(h)(7)(D) of the Commodity Exchange Act (7 U.S.C. 2(h)(7)(D)) is amended—

(1) by redesignating clause (iii) as clause (v);

(2) by striking clauses (i) and (ii) and inserting the following:

''(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—

''(I) 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, and the commercial risk that the affiliate is hedging or mitigating has been transferred to the affiliate;

''(II) is directly and wholly-owned by another affiliate qualified for the exception under this subparagraph or an entity that is not a financial entity;

''(III) is not indirectly majority-owned by a financial entity;

''(IV) is not ultimately owned by a parent company that is a financial entity; and

''(V) does not provide any services, financial or otherwise, to any affiliate that is a nonbank financial company supervised by the Board of Governors (as defined under section 102 of the Financial Stability Act of 2010).

''(ii) LIMITATION ON QUALIFYING AFFILIATES.—The exception in clause (i) shall not apply if the affiliate is—

''(I) a swap dealer;

''(II) a security-based swap dealer;

''(III) a major swap participant;

''(IV) a major security-based swap participant;

''(V) a commodity pool;

''(VI) a bank holding company;

''(VII) a private fund, as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80-b-2(a));

''(VIII) an employee benefit plan or government plan, as defined in paragraphs (3) and (32) of section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002);

''(IX) an insured depository institution;

''(X) a farm credit system institution;

''(XI) a credit union;

''(XII) a nonbank financial company supervised by the Board of Governors (as defined under section 102 of the Financial Stability Act of 2010); or

''(XIII) an entity engaged in the business of insurance and subject to capital requirements established by an insurance governmental authority of a State, a territory of the United States, the District of Columbia, a country other than the United States, or a political subdivision of a country other than the United States that is engaged in the supervision of insurance companies under insurance law.

''(iii) LIMITATION ON AFFILIATES' AFFILIATES.—Unless the Commission determines, by order, rule, or regulation, that it is in the public interest, the exception in clause (i) shall not apply with respect to an affiliate if the affiliate is itself affiliated with—

''(I) a major security-based swap participant;

''(II) a security-based swap dealer;

''(III) a major swap participant; or

''(IV) a swap dealer.

''(iv) CONDITIONS ON TRANSACTIONS.—With respect to an affiliate that qualifies for the exception in clause (i)—

''(I) the affiliate may not enter into any swap other than for the purpose of hedging or mitigating commercial risk; and

''(II) neither the affiliate nor any person affiliated with the affiliate that is not a financial entity may enter into a swap with or on behalf of any affiliate that is a financial entity or otherwise assume, net, combine, or consolidate the risk of swaps entered into by any such financial entity, except one that is an affiliate that qualifies for the exception under clause (i).''; and

(3) by adding at the end the following:

''(vi) RISK MANAGEMENT PROGRAM.—Any swap entered into by an affiliate that qualifies for the exception in clause (i) shall be subject to a centralized risk management program of the affiliate, which is reasonably designed both to monitor and manage the risks associated with the swap and to identify each of the affiliates on whose behalf a swap was entered into.''.

(b) SECURITIES EXCHANGE ACT OF 1934 AMENDMENT.—Section 3C(g)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78c–3(g)(4)) is amended—

(1) by redesignating subparagraph (C) as subparagraph (E);

(2) by striking subparagraphs (A) and (B) and inserting the following:

''(A) IN GENERAL.—An affiliate of a person that qualifies for an exception under this subsection (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—

''(i) 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, and the commercial risk that the affiliate is hedging or mitigating has been transferred to the affiliate;

''(ii) is directly and wholly-owned by another affiliate qualified for the exception under this paragraph or an entity that is not a financial entity;

''(iii) is not indirectly majority-owned by a financial entity;

''(iv) is not ultimately owned by a parent company that is a financial entity; and

''(v) does not provide any services, financial or otherwise, to any affiliate that is a nonbank financial company supervised by the Board of Governors (as defined under section 102 of the Financial Stability Act of 2010).

''(B) LIMITATION ON QUALIFYING AFFILIATES.—The exception in subparagraph (A) shall not apply if the affiliate is—

''(i) a swap dealer;

''(ii) a security-based swap dealer;

''(iii) a major swap participant;

''(iv) a major security-based swap participant;

''(v) a commodity pool;

''(vi) a bank holding company;

''(vii) a private fund, as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80-b-2(a));

''(viii) an employee benefit plan or government plan, as defined in paragraphs (3) and (32) of section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002);

''(ix) an insured depository institution;

''(x) a farm credit system institution;

''(xi) a credit union;

''(xii) a nonbank financial company supervised by the Board of Governors (as defined under section 102 of the Financial Stability Act of 2010); or

''(xiii) an entity engaged in the business of insurance and subject to capital requirements established by an insurance governmental authority of a State, a territory of the United States, the District of Columbia, a country other than the United States, or a political subdivision of a country other than the United States that is engaged in the supervision of insurance companies under insurance law.

''(C) LIMITATION ON AFFILIATES' AFFILIATES.—Unless the Commission determines, by order, rule, or regulation, that it is in the public interest, the exception in subparagraph (A) shall not apply with respect to an affiliate if such affiliate is itself affiliated with—

''(i) a major security-based swap participant;

''(ii) a security-based swap dealer;

''(iii) a major swap participant; or

''(iv) a swap dealer.

''(D) CONDITIONS ON TRANSACTIONS.—With respect to an affiliate that qualifies for the exception in subparagraph (A)—

''(i) such affiliate may not enter into any security-based swap other than for the purpose of hedging or mitigating commercial risk; and

''(ii) neither such affiliate nor any person affiliated with such affiliate that is not a financial entity may enter into a security-based swap with or on behalf of any affiliate that is a financial entity or otherwise assume, net, combine, or consolidate the risk of security-based swaps entered into by any such financial entity, except one that is an affiliate that qualifies for the exception under subparagraph (A).''; and

(3) by adding at the end the following:

''(F) RISK MANAGEMENT PROGRAM.—Any security-based swap entered into by an affiliate that qualifies for the exception in subparagraph (A) shall be subject to a centralized risk management program of the affiliate, which is reasonably designed both to monitor and manage the risks associated with the security-based swap and to identify each of the affiliates on whose behalf a security-based swap was entered into.''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas (Mr. HENSARLING) and the gentlewoman from Wisconsin (Ms. MOORE) each will control 20 minutes.

The Chair recognizes the gentleman from Texas.

GENERAL LEAVE

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous materials on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HENSARLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1317. I would like to thank the gentlewoman from Wisconsin (Ms. MOORE) and the gentleman from Ohio (Mr. STIVERS), both very good members of the Financial Services Committee, as well as Ms. FUDGE and Mr. GIBSON from the Agriculture Committee, for their bipartisan work over, frankly, several years to clarify an important provision of title VII of the Dodd-Frank Act.

H.R. 1317 is necessary to, once and for all, provide true relief for businesses that neither caused nor contributed to the financial crisis. The scope of Dodd-Frank's title VII, which governs the derivatives markets, captured thousands upon thousands of unsuspecting businesses who merely want to provide stable prices to their customers and ensure that there are predictable costs to produce those products.

While we were able to address one of those negative impacts that Dodd-Frank was having on end users earlier this year as part of the TRIA Reauthorization, nonfinancial end users, regrettably, are still subject to the onerous and costly requirements of title VII.

As long as a nonfinancial company uses a central treasury unit to consolidate their derivatives positions, H.R. 1317 will exempt the company's affiliates and subsidiaries from having to comply with title VII's many requirements.

As many know, the House of Representatives last December unanimously passed a substantially similar bill to provide this desperately needed relief. Unfortunately, that bill met with the same fate so many other bipartisan bills that have been produced by the Financial Services Committee and the House: they passed on a good-faith, bipartisan basis but, unfortunately, have been disregarded by the Senate.

Despite the significant differences between internal businesses or inter-affiliate derivatives trade and derivatives between unrelated counterparties, the Dodd-Frank Act treats all trades the same, which needlessly increase the cost of hedging risk for end users such as manufacturers, chemical companies, and utility companies, who, in turn, would do what, Mr. Speaker?

Regrettably, pass those increased costs and market fluctuations on to their customers.

In fact, Tom Quaadman, of the U.S. Chamber of Commerce's Center for Capital Markets Competitiveness, noted during the legislative hearing on H.R. 1317 that ''without this critical bipartisan language, end users and consumers would face increased costs, and companies may be forced to abandon proven and efficient methods for managing their risk.''

H.R. 1317 is not for Wall Street; it is clearly for Main Street, and I hope all my colleagues will join me in supporting this commonsense, bipartisan legislation.

I reserve the balance of my time.

Ms. MOORE. Mr. Speaker, I yield myself such time as I may consume.

I do want to thank the chairman for his patience in getting this over the line. Hopefully, the Senate will see it our way this time.

I also want to thank the ranking member, Ms. WATERS, for her diligence in working to get this legislation to the floor and, of course, my friend from Ohio (Mr. STIVERS), for working with me on this bill. All of them have been tremendous partners.

A long, long, long, long time ago, Mr. STIVERS shook my hand and said that he would continue to work with me until we got this legislation right, and he made good on his word.

I also want to thank my friends on the Agriculture Committee, the gentlewoman from Ohio (Ms. FUDGE) and the gentleman from New York (Mr. GIBSON). I credit all of these colleagues with helping this bill pass the Financial Services Committee 57–0, and the Agriculture Committee by voice vote.

We have a bill that sort of works for everyone: business, consumer groups, and regulators.

These central treasury units, Mr. Speaker, are financial affiliates of commercial companies. They are, indeed, the corporate best practices because they permit efficient aggregation of the risk of a corporate entity and provide for a single point of contact between the company and financial counterparties.

This legislation appropriately treats central treasury units like other inter-affiliate transactions in the aggregation and monitoring of risk in businesses, which is exactly what the end user exemption in Dodd-Frank always intended.

For example, if you are a company, you have many inputs and outputs that require you to hedge, like wheat in beer-making or aluminum cans in beer-making, and you need to make sure that you hedge and lock in the price before production.

This bill permits the CTU to transact hedging transactions under the Dodd-Frank end user exemption as principal and as an agent, which is the logic that the CFTC agrees with. The legislation enshrines that logic into statute with appropriate flexibility for the regulator and companies.

So I urge all my colleagues to support H.R. 1317. We need to get this legislation across the finish line to the President's desk because our end users need this in order to conduct business.

Mr. Speaker, I yield back the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield as much time as he may consume to the gentleman from Georgia (Mr. AUSTIN SCOTT), an outstanding member of the Agriculture committee.

Mr. AUSTIN SCOTT of Georgia. Mr. Speaker, I rise today in support of H.R. 1317. This bill makes targeted reforms that narrowly expand end user clearing relief to preserve the ability of end users to utilize necessary risk management tools in line with congressional intent.

This House most recently passed similar language as part of the Agriculture Committee's comprehensive reauthorization of the CFTC. Today's suspension is another step forward in a bipartisan effort to protect end users from the unintended regulatory consequences that have begun to occur.

The derivatives market provides an efficient place for commercial end users to manage and hedge the diverse risks associated with the day-to-day operations of the businesses in this country. These essential risk-management practices allow businesses like our agricultural producers or utility companies to protect themselves against unfavorable market fluctuations and to invest their resources to grow and create jobs.

As someone who has a degree in risk management, I can't stress enough that effective policy in the derivative space must take into account these efficient and proven business strategies. That is why Congress clearly sought to exempt the end users from the law's costly and burdensome clearing requirements in the drafting of the Dodd-Frank legislation.

Unfortunately, despite these efforts, current law does not adequately take into account the common risk-management practices of many companies who utilize separate legal entities known as centralized treasury units, or CTUs, to hedge the risk of their end user affiliates.

CTUs are used by a variety of businesses to centralize the hedging activities of multiple affiliates into a single market-facing entity. While a CTU is appropriately classified as a ''financial entity,'' the transaction it enters into to hedge the commercial market risk of the end user affiliates should also be exempted from the clearing requirement as if the end user affiliate had hedged those risks itself.

This allows firms to use CTUs to consolidate and reduce enterprisewide risk, as well as to centralize hedging expertise. While current law provides clearing exemptions for CTUs that act as an ''agent'' for affiliates, the exemption does not currently extend to CTUs that practice as a ''principal'' to the trades which manage the end user risks of commercial affiliates.

As most CTUS act as principals to the transactions hedging the risks of end user affiliates, this glitch in the law effectively prohibits commercial end users who utilize CTUs from accessing the end user clearing exception.

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H.R. 1317 makes targeted but important statutory changes to clarify that the law's essential end user clearing exception remains available for all end users, regardless of their corporate structure.

As policymakers, it is our responsibility to ensure that regulation does not pose an unnecessary detriment to legitimate business practices. H.R. 1317 is an opportunity for us to resolve one of those issues today. This bill provides needed reforms to ensure our regulatory framework protects the integrity of our markets while allowing end user access to the tools needed to conduct their businesses.

A large bipartisan group of Members from all points of the ideological spectrum have worked diligently to produce this legislation which passed unanimously out of both the House Financial Services and the Agriculture Committees.

Mr. Speaker, I would like to close by thanking each of them, and specifically Representatives MOORE, STIVERS, FUDGE, and GIBSON, for their hard work. I urge my colleagues to join me in supporting H.R. 1317.

Mr. HENSARLING. Mr. Speaker, I have no further speakers, but I just wish to urge all of my colleagues to support, again, a very bipartisan and very commonsense bill. This relief is needed for end users for proper risk management. It will indeed help these companies with economic growth.

Again, Mr. Speaker, I urge all of my colleagues to support the legislation.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. HENSARLING) that the House suspend the rules and pass the bill, H.R. 1317, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

EQUITY IN GOVERNMENT COMPENSATION ACT OF 2015

Mr. HENSARLING. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2036) to suspend the current compensation packages for the chief executive officers of Fannie Mae and Freddie Mac, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

S. 2036

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Equity in Government Compensation Act of 2015''.

SEC. 2. DEFINITIONS.

In this Act:

(1) DIRECTOR.—The term ''Director'' means the Director of the Federal Housing Finance Agency.

(2) ENTERPRISE.—The term ''enterprise'' means—

(A) the Federal National Mortgage Association and any affiliate thereof; and

(B) the Federal Home Loan Mortgage Corporation and any affiliate thereof.

SEC. 3. REASONABLE PAY FOR CHIEF EXECUTIVE OFFICERS.

(a) SUSPENSION OF CURRENT COMPENSATION PACKAGE AND LIMITATION.—The Director shall suspend the compensation packages approved for 2015 for the chief executive officers of each enterprise and, in lieu of such