

113TH CONGRESS
2^D SESSION

H. R. 5471

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,*

1 **SECTION 1. TREATMENT OF AFFILIATE TRANSACTIONS.**

2 (a) IN GENERAL.—

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

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

24 (2) SECURITIES EXCHANGE ACT OF 1934
25 AMENDMENT.—Section 3C(g)(4)(A) of the Securities

1 Exchange Act of 1934 (15 U.S.C. 78c-3(g)(4)(A))
2 is amended to read as follows:

3 “(A) IN GENERAL.—An affiliate of a per-
4 son that qualifies for an exception under para-
5 graph (1) (including affiliate entities predomi-
6 nantly engaged in providing financing for the
7 purchase of the merchandise or manufactured
8 goods of the person) may qualify for the excep-
9 tion only if the affiliate enters into the security-
10 based swap to hedge or mitigate the commercial
11 risk of the person or other affiliate of the per-
12 son that is not a financial entity, provided that
13 if the hedge or mitigation such commercial risk
14 is addressed by entering into a security-based
15 swap with a security-based swap dealer or
16 major security-based swap participant, an ap-
17 propriate credit support measure or other
18 mechanism must be utilized.”.

19 (b) APPLICABILITY OF CREDIT SUPPORT MEASURE
20 REQUIREMENT.—The requirements in section
21 2(h)(7)(D)(i) of the Commodity Exchange Act and section
22 3C(g)(4)(A) of the Securities Exchange Act of 1934, as
23 amended by subsection (a), requiring that a credit support
24 measure or other mechanism be utilized if the transfer of
25 commercial risk referred to in such sections is addressed

1 by entering into a swap with a swap dealer or major swap
2 participant or a security-based swap with a security-based
3 swap dealer or major security-based swap participant, as
4 appropriate, shall not apply with respect to swaps or secu-
5 rity-based swaps, as appropriate, entered into before the
6 date of the enactment of this Act.

Passed the House of Representatives December 2,
2014.

Attest:

Clerk.

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