September 24, 2013

RULES COMMITTEE PRINT 113-22 H.R. 992, SWAPS REGULATORY IMPROVEMENT

ACT

[Showing the text of the bill as ordered reported by the Committees on Financial Services and Agriculture.]

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

1	"(B) a United States uninsured branch or
2	agency of a foreign bank.";
3	(2) in subsection (c)—
4	(A) in the heading for such subsection, by
5	striking "Insured" and inserting "Covered";
6	(B) by striking "an insured" and inserting
7	"a covered";
8	(C) by striking "such insured" and insert-
9	ing "such covered"; and
10	(D) by striking "or savings and loan hold-
11	ing company" and inserting "savings and loan
12	holding company, or foreign banking organiza-
13	tion (as such term is defined under Regulation
14	K of the Board of Governors of the Federal Re-
15	serve System (12 C.F.R. 211.21(o)))";
16	(3) by amending subsection (d) to read as fol-
17	lows:
18	"(d) Only Bona Fide Hedging and Traditional
19	BANK ACTIVITIES PERMITTED.—
20	"(1) In general.—The prohibition in sub-
21	section (a) shall not apply to any covered depository
22	institution that limits its swap and security-based
23	swap activities to the following:
24	"(A) Hedging and other similar risk
25	MITIGATION ACTIVITIES.—Hedging and other

1	similar risk mitigating activities directly related
2	to the covered depository institution's activities.
3	"(B) Non-structured finance swap
4	ACTIVITIES.—Acting as a swaps entity for
5	swaps or security-based swaps other than a
6	structured finance swap.
7	"(C) CERTAIN STRUCTURED FINANCE
8	SWAP ACTIVITIES.—Acting as a swaps entity for
9	swaps or security-based swaps that are struc-
10	tured finance swaps, if—
11	"(i) such structured finance swaps are
12	undertaken for hedging or risk manage-
13	ment purposes; or
14	"(ii) each asset-backed security under-
15	lying such structured finance swaps is of a
16	credit quality and of a type or category
17	with respect to which the prudential regu-
18	lators have jointly adopted rules author-
19	izing swap or security-based swap activity
20	by covered depository institutions.
21	"(2) Definitions.—For purposes of this sub-
22	section:
23	"(A) STRUCTURED FINANCE SWAP.—The
24	term 'structured finance swap' means a swap or
25	security-based swap based on an asset-backed

1	security (or group or index primarily comprised
2	of asset-backed securities).
3	"(B) ASSET-BACKED SECURITY.—The
4	term 'asset-backed security' has the meaning
5	given such term under section 3(a) of the Secu-
6	rities Exchange Act of 1934 (15 U.S.C.
7	78c(a)).'';
8	(4) in subsection (e), by striking "an insured"
9	and inserting "a covered"; and
10	(5) in subsection (f)—
11	(A) by striking "an insured depository"
12	and inserting "a covered depository"; and
13	(B) by striking "the insured depository"
14	each place such term appears and inserting
15	"the covered depository".

