

113TH CONGRESS  
1ST SESSION

# H. R. 992

To amend provisions in section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to Federal assistance for swaps entities.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2013

Mr. HULTGREN (for himself, Mr. HIMES, Mr. HUDSON, and Mr. SEAN PATRICK MALONEY of New York) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend provisions in section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to Federal assistance for swaps entities.

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. SHORT TITLE.**

4 This Act may be cited as the “Swaps Regulatory Im-  
5 provement Act”.

1 **SEC. 2. REFORM OF PROHIBITION ON SWAP ACTIVITY AS-**  
2 **SISTANCE.**

3 Section 716 of the Dodd-Frank Wall Street Reform  
4 and Consumer Protection Act (15 U.S.C. 8305) is amend-  
5 ed—

6 (1) in subsection (b)—

7 (A) in paragraph (2)(B), by striking “in-  
8 sured depository institution” and inserting  
9 “covered depository institution”; and

10 (B) by adding at the end the following:

11 “(3) COVERED DEPOSITORY INSTITUTION.—

12 The term ‘covered depository institution’ means—

13 “(A) an insured depository institution, as  
14 that term is defined in section 3 of the Federal  
15 Deposit Insurance Act (12 U.S.C. 1813); and

16 “(B) a United States uninsured branch or  
17 agency of a foreign bank.”;

18 (2) in subsection (c)—

19 (A) in the heading for such subsection, by  
20 striking “INSURED” and inserting “COVERED”;

21 (B) by striking “an insured” and inserting  
22 “a covered”;

23 (C) by striking “such insured” and insert-  
24 ing “such covered”; and

25 (D) by striking “or savings and loan hold-  
26 ing company” and inserting “savings and loan

1 holding company, or foreign banking organiza-  
2 tion (as such term is defined under Regulation  
3 K of the Board of Governors of the Federal Re-  
4 serve System (12 C.F.R. 211.21(o)))”;

5 (3) by amending subsection (d) to read as fol-  
6 lows:

7 “(d) ONLY BONA FIDE HEDGING AND TRADITIONAL  
8 BANK ACTIVITIES PERMITTED.—

9 “(1) IN GENERAL.—The prohibition in sub-  
10 section (a) shall not apply to any covered depository  
11 institution that limits its swap and security-based  
12 swap activities to the following:

13 “(A) HEDGING AND OTHER SIMILAR RISK  
14 MITIGATION ACTIVITIES.—Hedging and other  
15 similar risk mitigating activities directly related  
16 to the covered depository institution’s activities.

17 “(B) NON-STRUCTURED FINANCE SWAP  
18 ACTIVITIES.—Acting as a swaps entity for  
19 swaps or security-based swaps other than a  
20 structured finance swap.

21 “(C) CERTAIN STRUCTURED FINANCE  
22 SWAP ACTIVITIES.—Acting as a swaps entity for  
23 swaps or security-based swaps that are struc-  
24 tured finance swaps, if—

1           “(i) such structured finance swaps are  
2           undertaken for hedging or risk manage-  
3           ment purposes; or

4           “(ii) each asset-backed security under-  
5           lying such structured finance swaps is of a  
6           credit quality and of a type or category  
7           with respect to which the prudential regu-  
8           lators have jointly adopted rules author-  
9           izing swap or security-based swap activity  
10          by covered depository institutions.

11          “(2) DEFINITIONS.—For purposes of this sub-  
12          section:

13               “(A) STRUCTURED FINANCE SWAP.—The  
14               term ‘structured finance swap’ means a swap or  
15               security-based swap based on an asset-backed  
16               security (or group or index primarily comprised  
17               of asset-backed securities).

18               “(B) ASSET-BACKED SECURITY.—The  
19               term ‘asset-backed security’ has the meaning  
20               given such term under section 3(a) of the Secu-  
21               rities Exchange Act of 1934 (15 U.S.C.  
22               78c(a)).”;

23               (4) in subsection (e), by striking “an insured”  
24               and inserting “a covered”; and

25               (5) in subsection (f)—

1           (A) by striking “an insured depository”  
2           and inserting “a covered depository”; and

3           (B) by striking “the insured depository”  
4           each place such term appears and inserting  
5           “the covered depository”.

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