

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”.

