

114TH CONGRESS
1ST SESSION

H. R. 1165

To direct the Securities and Exchange Commission to require that repurchase-to-maturity transactions be treated as secured borrowings.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2015

Mr. CAPUANO introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To direct the Securities and Exchange Commission to require that repurchase-to-maturity transactions be treated as secured borrowings.

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 “Keep Repos to Maturity on Balance Sheet Act of 2015”.

6 **SEC. 2. ACCOUNTING TREATMENT OF RTM TRANSACTIONS.**

7 (a) IN GENERAL.—In establishing accounting principles or standards for purposes of the securities laws, the
8 Securities and Exchange Commission shall require that a
9 repurchase-to-maturity transaction be treated as a secured
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1 borrowing in which the transferred asset serves as collat-
2 eral.

3 (b) DEFINITIONS.—In this section:

4 (1) REPURCHASE-TO-MATURITY TRANS-
5 ACTION.—The term “repurchase-to-maturity trans-
6 action” means a transaction in which—

7 (A) a financial asset is transferred in ex-
8 change for cash, other financial assets, or let-
9 ters of credit; and

10 (B) concurrently with the transfer, the
11 transferor and the transferee agree that, at the
12 maturity of the transferred asset, the transferee
13 may either, at the option of the transferee—

14 (i) return the transferred asset (or a
15 substantially similar asset) to the trans-
16 feror, thereby obligating the transferor to
17 reacquire the transferred asset (or to ac-
18 quire the substantially similar asset, as the
19 case may be) for an amount equal to the
20 value of the cash, other financial assets, or
21 letters of credit described in subparagraph
22 (A), plus a stipulated interest factor; or

23 (ii) redeem the transferred asset from
24 the issuer of the transferred asset.

1 (2) SECURITIES LAWS.—The term “securities
2 laws” has the meaning given such term in section
3 3(a) of the Securities Exchange Act of 1934 (15
4 U.S.C. 78c(a)).

5 (3) TRANSFERRED ASSET.—The term “trans-
6 ferred asset” means a financial asset transferred in
7 exchange for cash, other financial assets, or letters
8 of credit in a repurchase-to-maturity transaction, as
9 described in paragraph (1)(A).

10 (c) EFFECTIVE DATE.—The treatment required
11 under subsection (a) shall apply beginning on the date
12 that is 90 days after the date of the enactment of this
13 Act.

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