^{113TH CONGRESS} **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

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

"(A) IN GENERAL.—An affiliate of a per-3 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.".

(b) Applicability of Credit Support Measure 19 **REQUIREMENT.**—The 20requirements section in 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 commercial risk referred to in such sections is addressed 25

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

Passed the House of Representatives December 2, 2014.

Attest:

Clerk.

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