

AMENDMENT TO H.R. 1317
OFFERED BY M____.

Page 2, strike line 20 and all that follows through
page 4, line 2, and insert the following:

1 (2) SECURITIES EXCHANGE ACT OF 1934
2 AMENDMENT.—Section 3C(g)(4)(A) of the Securities
3 Exchange Act of 1934 (15 U.S.C. 78c–3(g)(4)(A))
4 is amended to read as follows

5 (A) by redesignating subparagraph (C) as
6 subparagraph (E);

7 (B) by striking subparagraphs (A) and (B)
8 and inserting the following:

9 “(A) IN GENERAL.—An affiliate of a per-
10 son that qualifies for an exception under this
11 subsection (including affiliate entities predomi-
12 nantly engaged in providing financing for the
13 purchase of the merchandise or manufactured
14 goods of the person) may qualify for the excep-
15 tion only if the affiliate—

16 “(i) enters into the security-based
17 swap to hedge or mitigate the commercial
18 risk of the person or other affiliate of the
19 person that is not a financial entity, and

1 the commercial risk that the affiliate is
2 hedging or mitigating has been transferred
3 to the affiliate;

4 “(ii) is directly and wholly-owned by
5 another affiliate qualified for the exception
6 under this paragraph or an entity that is
7 not a financial entity;

8 “(iii) is not indirectly majority-owned
9 by a financial entity;

10 “(iv) is not ultimately owned by a par-
11 ent company that is a financial entity; and

12 “(v) does not provide any services, fi-
13 nancial or otherwise, to any affiliate that is
14 a nonbank financial company supervised by
15 the Board of Governors (as defined under
16 section 102 of the Financial Stability Act
17 of 2010).

18 “(B) LIMITATION ON QUALIFYING AFFILI-
19 ATES.—The exception in subparagraph (A)
20 shall not apply if the affiliate is—

21 “(i) a swap dealer;

22 “(ii) a security-based swap dealer;

23 “(iii) a major swap participant;

24 “(iv) a major security-based swap par-
25 ticipant;

1 “(v) a commodity pool;

2 “(vi) a bank holding company;

3 “(vii) a private fund, as defined in
4 section 202(a) of the Investment Advisers
5 Act of 1940 (15 U.S.C. 80-b-2(a));

6 “(viii) an employee benefit plan or
7 government plan, as defined in paragraphs
8 (3) and (32) of section 3 of the Employee
9 Retirement Income Security Act of 1974
10 (29 U.S.C. 1002);

11 “(ix) an insured depository institu-
12 tion;

13 “(x) a farm credit system institution;

14 “(xi) a credit union;

15 “(xii) a nonbank financial company
16 supervised by the Board of Governors (as
17 defined under section 102 of the Financial
18 Stability Act of 2010); or

19 “(xiii) an entity engaged in the busi-
20 ness of insurance and subject to capital re-
21 quirements established by an insurance
22 governmental authority of a State, a terri-
23 tory of the United States, the District of
24 Columbia, a country other than the United
25 States, or a political subdivision of a coun-

1 try other than the United States that is
2 engaged in the supervision of insurance
3 companies under insurance law.

4 “(C) LIMITATION ON AFFILIATES’ AFFILI-
5 ATES.—Unless the Commission determines, by
6 order, rule, or regulation, that it is in the public
7 interest, the exception in subparagraph (A)
8 shall not apply with respect to an affiliate if
9 such affiliate is itself affiliated with—

10 “(i) a major security-based swap par-
11 ticipant;

12 “(ii) a security-based swap dealer;

13 “(iii) a major swap participant; or

14 “(iv) a swap dealer.

15 “(D) CONDITIONS ON TRANSACTIONS.—
16 With respect to an affiliate that qualifies for
17 the exception in subparagraph (A)—

18 “(i) such affiliate may not enter into
19 any security-based swap other than for the
20 purpose of hedging or mitigating commer-
21 cial risk; and

22 “(ii) neither such affiliate nor any
23 person affiliated with such affiliate that is
24 not a financial entity may enter into a se-
25 curity-based swap with or on behalf of any

1 affiliate that is a financial entity or other-
2 wise assume, net, combine, or consolidate
3 the risk of security-based swaps entered
4 into by any such financial entity, except
5 one that is an affiliate that qualifies for
6 the exception under subparagraph (A).”;
7 and

8 (C) by adding at the end the following:

9 “(F) RISK MANAGEMENT PROGRAM.—Any
10 security-based swap entered into by an affiliate
11 that qualifies for the exception in subparagraph
12 (A) shall be subject to a centralized risk man-
13 agement program of the affiliate, which is rea-
14 sonably designed both to monitor and manage
15 the risks associated with the security-based
16 swap and to identify each of the affiliates on
17 whose behalf a security-based swap was entered
18 into.”.

