

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: February 9, 2018

Subject: February 14, 2018 Subcommittee on Capital Markets, Securities, and Investment Hearing Entitled “Legislative Proposals Regarding Derivatives”

The Subcommittee on Capital Markets, Securities, and Investment will hold a hearing entitled “Legislative Proposals Regarding Derivatives” on Wednesday, February 14 at 2:00 p.m. in Room 2128 of the Rayburn House Office Building. The hearing is one panel with the following witnesses:

- TBD witness on behalf of the Securities Industry and Financial Markets Association
- Thomas C. Deas, Chairman, National Association of Corporate Treasurers, on behalf of the Coalition for Derivatives End-Users
- Andy Green, Managing Director of Economic Policy, Center for American Progress
- Scott O’Malia, Chief Executive Officer, International Swaps and Derivatives Association, Inc.

The purpose of this hearing is to examine legislative proposals to amend provisions of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) (“Dodd-Frank Act”), harmonize and reconcile differences between Securities and Exchange Commission and the Commodity Futures Trading Commission guidance and rulemaking, and provide targeted relief to entities that use derivatives to mitigate risk. The legislative proposals include:

- H.R. 4569, To require the appropriate Federal banking agencies to recognize the exposure-reducing nature of client margin for cleared derivatives.
- H.R. _____, To direct the Securities and Exchange Commission and Commodity Futures Trading Commission to review and harmonize rules relating to the regulation of over-the-counter swaps.

- H.R. _____, To amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to establish an exemption from the credit valuation adjustment calculation for uncleared derivatives transactions with end-users so that United States companies are not disadvantaged, and for other purposes.
- H.R. _____, To amend the Securities Exchange Act of 1934 and the Commodity Exchange Act to remove unfairness in the scope of end-user relief for end users hedging bona fide business risks, and for other purposes.
- H.R. _____, To amend the Securities Exchange Act of 1934 and the Commodity Exchange Act to clarify the relief from mandatory clearing available to centralized treasury units of nonfinancial affiliates, and for other purposes.
- H.R. _____, To amend the Securities Exchange Act of 1934 and the Commodity Exchange Act to exempt swap transactions between affiliated entities from the swaps rules issued by the Securities and Exchange Commission and Commodity Futures Trading Commission.
- H.R. _____, To amend the Securities Exchange Act of 1934 and the Commodity Exchange Act to align margin and clearing requirements by clarifying the definition of “financial entity”, and for other purposes.
- H.R. _____, To amend the Securities Exchange Act of 1934 and the Commodity Exchange Act to encourage risk mitigation by excluding all hedging swaps from the swap dealer de minimis threshold, and for other purposes.
- H.R. _____, To provide clarity regarding the de minimis exception annual thresholds for swap dealers and security-based swap dealers, and for other purposes.
- H.R. _____, To clarify the definition of “financial end user” as it applies to parent and holding companies.
- H.R. _____, To exclude non-U.S. regulated funds from the definition of “United States person” and ensure consistent application of title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act to cross-border security-based swap and swap transactions, and for other purposes.