□ 1410

NOTIFICATION OF INTENTION TO SUSPEND DESIGNATION OF ARGENTINA AS BENEFICIARY DEVELOPING COUNTRY UNDER GENERALIZED SYSTEM OF PREFERENCES PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 112–94)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and referred to the Committee on Ways and Means and ordered to be printed:

To the Congress of the United States:

In accordance with section 502(f)(2) of the Trade Act of 1974, as amended (the ''1974 Act'') (19 U.S.C. 2462(f)(2)), I am providing notification of my intent to suspend designation of Argentina as a beneficiary developing country under the Generalized System of Preferences (GSP) program. Section 502(b)(2)(E) of the 1974 Act (19 U.S.C. 2462(b)(2)(E)) provides that the President shall not designate any country a beneficiary developing country under the GSP if such country fails to act in good faith in enforcing arbitral awards in favor of U.S.-owned companies. Section 502(d)(2) of the 1974 Act (19 U.S.C. 2462(d)(2)) provides that, after complying with the requirements of section 502(f)(2) of the 1974 Act (19 U.S.C. 2462(f)(2)), the President shall withdraw or suspend the designation of any country as a beneficiary developing country if, after such designation, the President determines that as the result of changed circumstances such country would be barred from designation as a beneficiary developing country under section 502(b)(2) of the 1974 Act.

Pursuant to section 502(d) of the 1974 Act, having considered the factors set forth in section 502(b)(2)(E), I have determined that it is appropriate to suspend Argentina's designation as a beneficiary country under the GSP program because it has not acted in good faith in enforcing arbitral awards in favor of U.S.-owned companies.

BARACK OBAMA.
THE WHITE HOUSE, *March 26, 2012*.

NOTIFICATION TO ADD REPUBLIC OF SOUTH SUDAN TO LIST OF BENEFICIARY DEVELOPING COUNTRIES UNDER GENERALIZED SYSTEM OF PREFERENCES PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 112–95)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and referred to the Committee on Ways and Means and ordered to be printed:

To the Congress of the United States:

In accordance with section 502(f)(1)(A) of the Trade Act of 1974, as amended (the ''1974 Act'') (19 U.S.C. 2462(f)(1)(A)), I am notifying the Congress of my intent to add the Republic of South Sudan (South Sudan) to the list of beneficiary developing countries under the Generalized System of Preferences (GSP) program. South Sudan became an independent nation on July 9, 2011. After considering the criteria set forth in section 502(c) of the 1974 Act (19 U.S.C. 2462(c)), I have determined that South Sudan should be designated as a GSP beneficiary developing country.

In addition, in accordance with section 502(f)(1)(B) of the 1974 Act (19 U.S.C. 2462(f)(1)(B)), I am providing notification of my intent to add South Sudan to the list of least-developed beneficiary countries under the GSP program. After considering the criteria set forth in section 502(c) of the 1974 Act, I have determined that it is appropriate to extend least-developed beneficiary developing country benefits to South Sudan.

BARACK OBAMA.
THE WHITE HOUSE, *March 26, 2012*.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess until approximately 3 p.m. today.

Accordingly (at 2 o'clock and 15 minutes p.m.), the House stood in recess.

□ 1500

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. SMITH of Nebraska) at 3 p.m.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered or on which the voting incurs objection under clause 6 of rule XX.

Record votes on postponed questions will be taken after 6:30 p.m. today.

TREATMENT OF AFFILIATE TRANSACTIONS UNDER THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2779) to exempt inter-affiliate swaps from certain regulatory requirements put in place by the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2779

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TREATMENT OF AFFILIATE TRANSACTIONS.

(a) COMMODITY EXCHANGE ACT AMENDMENTS.—Section 1a(47) of the Commodity Exchange Act (7 U.S.C. 1a(47)), as added by section 721(a)(21) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, is amended by adding at the end the following:

''(G) TREATMENT OF AFFILIATE TRANSACTIONS.—

''(i) IN GENERAL.—For the purposes of any clearing and execution requirements under section 2(h) and any applicable margin and capital requirements of section 4s(e) and for purposes of defining 'swap dealer' or 'major swap participant', and reporting requirements other than those set forth in clause (ii), the term 'swap' does not include any agreement, contract, or transaction that—

''(I) would otherwise be included as a 'swap' under subparagraph (A); and

''(II) is entered into by parties that report information or prepare financial statements on a consolidated basis, or for which a company affiliated with both parties reports information or prepares financial statements on a consolidated basis.

''(ii) REPORTING.—All agreements, contracts, or transactions described in clause (i) shall be reported to either a swap data repository, or, if there is no swap data repository that would accept such agreements, contracts, or transactions, to the Commission pursuant to section 4r, or to a swap data repository or to the Commission pursuant to section 2(h)(5), within such time period as the Commission may by rule or regulation prescribe. Nothing in this subparagraph shall prohibit the Commission from establishing public reporting requirements for covered transactions between affiliates as described in sections 23A and 23B of the Federal Reserve Act in a manner consistent with rules governing the treatment of such covered transactions pursuant to section 2(a)(13) of this Act.

''(iii) PROTECTION OF INSURANCE FUNDS.—Nothing in this subparagraph shall be construed to prevent the regulator of a Federal or State insurance fund or guaranty fund from exercising its other existing authority to protect the integrity of such a fund, except that such regulator shall not subject agreements, contracts, or transactions described in clause (i) to clearing and execution requirements under section 2 of this Act, to any applicable margin and capital requirements of section 4s(e) of this Act, or to reporting requirements of title VII of Public Law 111-203 other than those set forth in clause (ii) of this subparagraph.

''(iv) PRESERVATION OF FEDERAL RESERVE ACT AUTHORITY.—Nothing in this subparagraph shall exempt a transaction described in this subparagraph from sections 23A or 23B of the Federal Reserve Act or implementing regulations thereunder.

''(v) PRESERVATION OF FEDERAL AND STATE REGULATORY AUTHORITIES.—Nothing in this subparagraph shall affect the Federal banking agencies' safety-and-soundness authorities over banks established in law other than title VII of Public Law 111-203 or the authorities of State insurance regulators over insurers, including the authority to impose capital requirements with regard to swaps. For purposes of this clause, the term 'bank' shall be defined pursuant to section 3(a)(6) of the Securities Exchange Act of 1934, 'insurer' shall be defined pursuant to title V of Public Law 111-203, and 'swap' shall be defined pursuant to title VII of Public Law 111-203.

''(vi) PREVENTION OF EVASION.—The Commission may prescribe rules under this subparagraph (and issue interpretations of such rules) as determined by the Commission to be necessary to include in the definition of swaps under this paragraph any agreement,

contract, or transaction that has been structured to evade the requirements of this Act applicable to swaps.''.

(b) SECURITIES EXCHANGE ACT OF 1934 AMENDMENTS.—Section 3(a)(68) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(68)), as added by section 761(a)(6) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, is amended by adding at the end the following:

''(F) TREATMENT OF AFFILIATE TRANSACTIONS.—

''(i) IN GENERAL.—For the purposes of any clearing and execution requirements under section 3C and any applicable margin and capital requirements of section 15F(e), and for purposes of defining 'security-based swap dealer' or a 'major security-based swap participant', and reporting requirements other than those set forth in clause (ii), the term 'security-based swap' does not include any agreement, contract, or transaction that—

''(I) would otherwise be included as a 'security-based swap' under subparagraph (A); and

''(II) is entered into by parties that report information or prepare financial statements on a consolidated basis, or for which a company affiliated with both parties reports information or prepares financial statements on a consolidated basis.

''(ii) REPORTING.—All agreements, contracts, or transactions described in clause (i) shall be reported to either a security-based swap data repository, or, if there is no security-based swap data repository that would accept such agreements, contracts, or transactions, to the Commission pursuant to section 13A, within such time period as the Commission may by rule or regulation prescribe.

''(iii) PRESERVATION OF FEDERAL RESERVE ACT AUTHORITY.—Nothing in this subparagraph shall exempt a transaction described in this subparagraph from sections 23A or 23B of the Federal Reserve Act or implementing regulations thereunder.

''(iv) PROTECTION OF INSURANCE FUNDS.—Nothing in this subparagraph shall be construed to prevent the regulator of a Federal or State insurance fund or guaranty fund from exercising its other existing authority to protect the integrity of such a fund, except that such regulator shall not subject security-based swap transactions between affiliated companies to clearing and execution requirements under section 3C, to any applicable margin and capital requirements of section 15F(e), or to reporting requirements of title VII of Public Law 111-203 other than those set forth in clause (ii).

''(v) PRESERVATION OF FEDERAL AND STATE REGULATORY AUTHORITIES.—Nothing in this subparagraph shall affect the Federal banking agencies' safety-and-soundness authorities over banks established in law other than title VII of Public Law 111-203 or the authorities of State insurance regulators over insurers, including the authority to impose capital requirements with regard to security-based swaps. For purposes of this clause, the term 'bank' shall be defined pursuant to section 3(a)(6) of the Securities Exchange Act of 1934, 'insurer' shall be defined pursuant to title V of Public Law 111-203, and 'security-based swap' shall be defined pursuant to title VII of Public Law 111-203.

''(vi) PREVENTION OF EVASION.—The Commission may prescribe rules under this subparagraph (and issue interpretations of such rules) as determined by the Commission to be necessary to include in the definition of security-based swap under this paragraph any agreement, contract, or transaction that has been structured to evade the requirements of this Act applicable to security-based swaps.''.

SEC. 2. IMPLEMENTATION.

The amendments made by this Act to the Commodity Exchange Act shall be implemented—

(1) without regard to—

(A) chapter 35 of title 44, United States Code; and

(B) the notice and comment provisions of section 553 of title 5, United States Code;

(2) through the promulgation of an interim final rule, pursuant to which public comment will be sought before a final rule is issued, and

(3) such that paragraph (1) shall apply solely to changes to rules and regulations, or proposed rules and regulations, that are limited to and directly a consequence of such amendments.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentlewoman from Ohio (Ms. FUDGE) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey.

GENERAL LEAVE

Mr. GARRETT. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and to add extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GARRETT. Mr. Speaker, I yield myself 2 minutes.

The legislation that is before us today ensures that American businesses will not be needlessly forced to use up the capital that they need to create jobs simply to satisfy some duplicative regulations. Under H.R. 2779, the inter-affiliate trades would be only exempt from costly margin, clearing, and real-time reporting requirements. Swap trades facing non-affiliated counterparties would still be subject to all the other regulatory requirements under proposed agency rules. So, without this bill, companies could face double—yes, double—the margin and regulatory cost.

To my point, last June the office of the OCC—that's the Comptroller of the Currency—estimated that margin requirements under proposed prudential regulator margin rules could conservatively cost over $2 trillion, which could increase substantially if regulators force affiliates to post margins on trades between themselves.

Without the relief of this bill, American companies face the prospect of having to post double margins on swap trades: once on a swap trade with themselves and secondly when they trade outside. So the Stivers-Fudge bill provides this needed relief.

This bill strengthens the ability of the regulators to oversee the affiliate swaps marketplace because those transactions must be reported still to a swap depository, or the CFTC or the SEC. Either way, Mr. Speaker, regulators will be able to monitor these transactions very closely. The bill also gives the SEC and CFTC the power to regulate swap transactions that are structured as affiliate trades only for purposes of evading regulation.

To conclude, Mr. Speaker, I commend the efforts of my colleagues from both sides of the aisle this morning, and I urge my colleagues to support this bipartisan bill.

I reserve the balance of my time.

Ms. FUDGE. Mr. Speaker, I ask unanimous consent that 10 minutes of my time be controlled by Ms. MOORE of the Financial Services Committee.

The SPEAKER pro tempore. Without objection, the gentlewoman from Wisconsin will control 10 minutes.

There was no objection.

Ms. FUDGE. Mr. Speaker, I yield myself such time as I may consume.

Today, we debate and will vote on H.R. 2779, a bill that addresses a critical issue facing American businesses.

I want to thank my fellow Ohioans, STEVE STIVERS and Ms. MOORE, and our collective staffs for all their hard work on this important piece of legislation.

This bill that I co-introduced with my colleague Mr. STIVERS will exempt derivatives trades between two affiliates of the same corporation from clearing, execution, and margin requirements. This legislation would prevent internal, inter-affiliate swaps from being subject to requirements that were designed to apply only to certain external swaps. These internal swaps are used by many American corporations in multiple sectors of our economy.

Under the Dodd-Frank financial reform law, there is no distinction between inter-affiliate and external swaps. The regulation of inter-affiliate trade should reflect the economic reality that internal trades do not increase systemic risk. As our Nation's economic recovery is getting underway, we need to ensure American businesses remain competitive. We all remember the financial crisis and the pain of recovery that is still evident today. We cannot and should not return to the wild days of Wall Street. That is why I voted for the Dodd-Frank law and why I continue to support it.

However, we should allow American businesses acting in good faith to effectively manage risk. By failing to clarify these important distinctions within Dodd-Frank, we run the risk of stalling job growth and potentially passing costs on to consumers.

Together with our colleagues in the Committee on Financial Services and the Committee on Agriculture, we have strengthened the language of the bill to ensure it cannot be used to evade other financial regulations. H.R. 2779 was approved by the House Financial Services Committee by a vote of 53–0, and the House Agriculture Committee passed it by unanimous voice vote.

It is possible for Democrats and Republicans to work together on legislation that stands to benefit American businesses and our Nation's economy. I urge my colleagues to vote ''yes'' on H.R. 2779, and I reserve the balance of my time.

Mr. GARRETT. Mr. Speaker, at this point, I yield 5 minutes to the sponsor

of the underlying legislation, the gentleman from Ohio (Mr. STIVERS).

Mr. STIVERS. I would like to thank the gentleman from New Jersey for yielding me time. I would also like to thank my fellow Ohioan, Ms. FUDGE, for her hard work and support on this bill, and I would like to thank Ms. MOORE from Wisconsin for her hard work as I recognize that she improved the bill. I would also like to thank the chairs and ranking members of the Financial Services and Agriculture Committees and their staffs for their hard work on this bill.

Mr. Speaker, this is bipartisan legislation that clarifies the Dodd-Frank Financial Reform Act by recognizing that there is an important distinction between inter-affiliate swaps and market-facing swaps. While market-facing swaps carry risk, inter-affiliate swaps do not. They're simply an accounting practice used within corporate families to assign the ownership of derivatives inside the corporate umbrella. Without providing this distinction, corporations using inter-affiliate swaps that manage their risk in a central way would be forced to pay up to three times for the way they do business. In fact, they would collateralize their derivatives against the market on one side and then on both sides of the inter-affiliate swap, so they would actually pay three times what you would pay if you didn't manage your risk in a centralized way.

The irony of that is, in managing your risk in a centralized way, it actually provides better protection and allows for experts to manage your risk. The problem with that also is it would tie up working capital that could be used to create jobs here in the United States and get our economy moving and focusing on our recovery.

There are important protections in this bill, as well, that the lady from Ohio already alluded to. We put protections in this bill to make sure that businesses that utilize this provision are, indeed, truly affiliated. We also made sure that there were reporting requirements so that these swaps adhere to transparency in the marketplace. We also made sure that it's very clear that any attempt to use these provisions to evade provisions under the Dodd-Frank bill for someone who is just trying to evade the law and does not have true inter-affiliate swaps would not be allowed. We also ensured that regulators keep their authority to manage the safety and soundness of America's financial institutions.

The bottom line is we should not overcharge businesses for an accounting method they use that does not generate additional risk. By passing this legislation, we are preventing these internal transactions from being subject to duplicative regulations that could drive jobs overseas and increase costs for consumers.

This bill was reported unanimously in the Financial Services Committee 53–0, and it passed by unanimous voice vote in the Agriculture Committee. I urge my colleagues to vote in favor of this legislation.

□ 1510

Ms. FUDGE. Mr. Speaker, I want to thank my friend and colleague from Ohio for all of his work. I think it's an excellent bill, and I'm certainly happy to have cosponsored it with him.

I would now, Mr. Speaker, yield to my colleague and friend from the great State of Wisconsin (Ms. MOORE), a member of the Financial Services Committee.

Ms. MOORE. Thank you, Ms. FUDGE.

I would, first of all, like to thank Chairman BACHUS and Ranking Member FRANK and, on the subcommittee, Chairman GARRETT and Ranking Member WATERS, Mr. STIVERS and Ms. FUDGE from the Ag Committee, for their leadership that kept the bill moving; other members of the Financial Services Committee—Mr. PERLMUTTER, Mr. HIMES, Mr. MILLER, Mr. DOLD, Mr. GIBSON, among others—for all of their input on this legislation.

This is a bill—and some people here today, Mr. Speaker, may be surprised to know that it enjoys bipartisan support because it ensures, number one, the vitality of U.S. and global commerce by exempting interaffiliate swaps, or those swap transactions used internally by companies in all our districts, from clearing, margin, and execution requirements. But H.R. 2779 also preserves the all-important reforms of the over-the-counter swap markets enacted as part of Dodd-Frank while providing swap end users that exemption that is responsive to their legitimate business needs for flexibility, risk management, and price stability.

Now, in Congress, 4 years is an eternity; but I have not forgotten the 2008 financial crisis and the human hardship that it caused and continues to cause in Milwaukee and all across America. The work continues, and this bill is a part of that.

I can tell you, Mr. Speaker, I was proud to be part of the effort that produced Dodd-Frank, legislation that will improve accountability and transparency in the financial markets, including the pre-Dodd-Frank unregulated over-the-counter derivatives markets which played a central role in the crisis. However, I did not vote for Dodd-Frank as retribution against Wall Street or for any punitive means. I voted for Dodd-Frank to enhance the function and transparency of markets and to promote prosperity for Americans going forward. For that reason, I am happy to support H.R. 2779.

A little bit of background about the critical need the bill addresses and how bipartisan collaboration produced the final bill.

Now, swaps are versatile financial tools that have become instrumental for the management of risk and for allowing companies to more efficiently transact in global markets. Swaps aid companies to hedge and to mitigate things like interest rate and currency exposure, but also more exotic risks associated with unique markets and businesses. H.R. 2779 clarifies that end users, not investors, have the ability to hedge risk for legitimate business purposes.

Now, the flip side of swaps are that they may also be used to acquire risk by investors. In that capacity, swaps allocate risk to parties that want to and are able to bear the risk. However, in the unregulated pre-Dodd-Frank world, over-the-counter swaps and derivatives lacked transparency and allowed risk to pool and gather in ways that would eventually help drive the financial crisis and create systemic risk.

Dodd-Frank duly addressed the lessons of the financial crisis by pushing as many product types as possible to be centrally cleared and traded on electronic exchanges or other trading facilities, subjecting these swap dealers and major market participants to capital and to margin requirements, and requiring the public reporting of transaction and pricing data of both cleared and uncleared swaps.

H.R. 2779 does not disturb any of those important reforms accomplished in Dodd-Frank. Interaffiliate swaps are simply transactions within a single group of affiliated entities, in other words, meaning entities that prepare financial statements on a consolidated basis. Therefore, interaffiliated swaps do not add or subtract from overall systemic risk. Therefore, H.R. 2779 simply builds on my original intent of voting for Dodd-Frank—the promotion of U.S. prosperity going forward.

Through the process of drafting the bill, a number of revisions were adopted, thanks to the thoughtful input of many of our colleagues. The definition of ''control,'' which is central to the issues of a legitimate interaffiliate transaction, was clarified. Anti-evasion measures were added so that the exemption would not lead to abuse. Language was adopted that made sure Fed authority over interaffiliate banks was preserved as was language that clearly and explicitly states that the bill does nothing to disturb the existing regulatory regime for insurance companies.

This is a good bill, Mr. Speaker. It has the backing of Republicans, Democrats, and industry end users of derivatives. I urge all of my colleagues to back this legislation, and I yield back the balance of my time.

Mr. GARRETT. Mr. Speaker, at this point, I yield 3 minutes to the gentleman from Texas (Mr. CONAWAY).

Mr. CONAWAY. I thank the gentleman from New Jersey for yielding time.

Mr. Speaker, I rise today to express my strong support for H.R. 2779.

The interaffiliate swaps, those swaps occurring between entities within a single corporate structure, are an important tool for companies and to manage their risk.

As a member of the House Agriculture Committee and the chair of the General Farm Commodities and Risk

Management Subcommittee, I want to commend Mr. STIVERS and Ms. FUDGE for putting together a commonsense bill that will offer our businesses and agriculture firms certainty about a small but important aspect of the overall Dodd-Frank rulemaking.

Centralizing a large organization's risk mitigation efforts can yield substantial economic benefits and reduce a firm's overall credit risk. In addition to creating operating savings through economies of scale, these companies can also reduce the number of external-facing transactions altogether.

By looking at a firm's entire risk portfolio, it's possible to find places where risks overlap and offset one another, reducing the need for entering the market. Fewer swaps mean less money tied up in margin, clearing, and execution and more money being spent on hiring Americans, buying supplies, and funding innovation.

Unfortunately, ambiguity in the Dodd-Frank law could undo this innovative risk management strategy. If interaffiliate swaps are treated the same as other swaps, end users could wind up posting margin for the same swap twice: once for the public trade and once for the internal trade that assigns the swap to the appropriate business unit. Needless to say, posting margin for the same transaction twice means that companies are likely to abandon the use of interaffiliate swaps altogether and, with it, the efficiencies that made the strategy attractive in the first place, thereby driving up their business costs and overall risks.

It's important to note that this legislation simply clarifies the intent of Congress. It does not repeal any of the market protections in Dodd-Frank. These internal swaps do not create risk and do not pose a systemic threat to financial markets. Instead, it protects an important tool American companies use to unlock the value of their unlimited resources.

I want to thank both Mr. STIVERS and Ms. FUDGE for bringing forward this legislation, and Chairman LUCAS and Chairman BACHUS for shepherding it through both committees in a timely fashion.

Ms. FUDGE. I continue to reserve, Mr. Speaker. I have no further speakers.

Mr. GARRETT. Mr. Speaker, I was hoping the gentlelady had one more speaker. I was going to reserve, as we had one other speaker on the way, but let me just check.

Without seeing him here, Mr. Speaker, I yield back the balance of my time.

Ms. FUDGE. Mr. Speaker, I just, again, want to thank everyone involved in this bill and ask my colleagues to please support it.

I yield back the balance of my time.

□ 1520

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. GARRETT) that the House suspend the rules and pass the bill, H.R. 2779, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. GARRETT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

BUSINESS RISK MITIGATION AND PRICE STABILIZATION ACT OF 2012

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2682) to provide end user exemptions from certain provisions of the Commodity Exchange Act and the Securities Exchange Act of 1934, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2682

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Business Risk Mitigation and Price Stabilization Act of 2012''.

SEC. 2. MARGIN REQUIREMENTS.

(a) COMMODITY EXCHANGE ACT AMENDMENT.—Section 4s(e) of the Commodity Exchange Act (7 U.S.C. 6s(e)), as added by section 731 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, is amended by adding at the end the following new paragraph:

''(4) APPLICABILITY WITH RESPECT TO COUNTERPARTIES.—The requirements of paragraphs (2)(A)(ii) and (2)(B)(ii) shall not apply to a swap in which a counterparty qualifies for an exception under section 2(h)(7)(A) or satisfies the criteria in section 2(h)(7)(D).''.

(b) SECURITIES EXCHANGE ACT AMENDMENT.—Section 15F(e) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–10(e)), as added by section 764(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, is amended by adding at the end the following new paragraph:

''(4) APPLICABILITY WITH RESPECT TO COUNTERPARTIES.—The requirements of paragraphs (2)(A)(ii) and (2)(B)(ii) shall not apply to a security-based swap in which a counterparty qualifies for an exception under section 3C(g)(1) or satisfies the criteria in section 3C(g)(4).''.

SEC. 3. IMPLEMENTATION.

The amendments made by this Act to the Commodity Exchange Act shall be implemented—

(1) without regard to—

(A) chapter 35 of title 44, United States Code; and

(B) the notice and comment provisions of section 553 of title 5, United States Code;

(2) through the promulgation of an interim final rule, pursuant to which public comment will be sought before a final rule is issued; and

(3) such that paragraph (1) shall apply solely to changes to rules and regulations, or proposed rules and regulations, that are limited to and directly a consequence of such amendments.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentleman from Texas (Mr. AL GREEN) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey.

GENERAL LEAVE

Mr. GARRETT. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and to add any extraneous material on the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GARRETT. I yield myself 3 minutes.

Mr. Speaker, this bipartisan bill would do what? It would provide a clear exemption from margin requirements, margin requirements imposed by the Dodd-Frank Act on where? On swap transactions for so-called end-users who use derivatives to hedge their business risks and whose swap transactions really do not pose a systemic risk to the financial system.

Following the really late night of the Dodd-Frank conference committee deliberations, numerous assurances were made that margin would not be required on end-users' transactions. Now, these assurances were subsequently followed up by formal letters and colloquies by the very same architects of the bill themselves. Everyone was told that Congress clearly intended for the language to exempt end-users from the bill's margin requirements.

Unfortunately, the regulators have interpreted it a different way, and they have interpreted Dodd-Frank's somewhat rushed language as not providing a clear exemption for these end-users.

Representative GRIMM's bill here today finally provides American businesses with the certainty that they need to use derivatives to hedge against business risk. End-users, you know, were not the cause of the financial crisis; and by any measure whatsoever, end-users are not systemically significant.

Who are these end-users that we're talking about here? Well, they are the Main Street businesses from all over the country that represent all types of industries that rely on the use of derivatives to responsibly hedge their own business risk, and so they should not be and were not ever considered under the same umbrella, if you will, of regulations as banks are that are subject to posting margins on their swap transactions.

In requiring end-users to be subject to a mandatory margin requirement, what it basically does is force commercial entities to act like banks. So, without a margin exemption, the cost of hedging for these would rise dramatically, and that would needlessly tie up working capital that otherwise could and should be used to expand business investments, build factories, or create jobs.