

114TH CONGRESS  
1ST SESSION

# S. 876

To amend the Commodity Exchange Act to specify how clearing requirements apply to certain affiliate transactions.

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IN THE SENATE OF THE UNITED STATES

MARCH 26, 2015

Mr. ROBERTS introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To amend the Commodity Exchange Act to specify how clearing requirements apply to certain affiliate transactions.

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. TREATMENT OF AFFILIATE TRANSACTIONS.**

4 (a) IN GENERAL.—

5 (1) COMMODITY EXCHANGE ACT AMEND-  
6 MENT.—Section 2(h)(7)(D) of the Commodity Ex-  
7 change Act (7 U.S.C. 2(h)(7)(D)) is amended by  
8 striking clause (i) and inserting the following:

9 “(i) IN GENERAL.—An affiliate of a  
10 person that qualifies for an exception

1 under subparagraph (A) (including affiliate  
2 entities predominantly engaged in pro-  
3 viding financing for the purchase of the  
4 merchandise or manufactured goods of the  
5 person) may qualify for the exception only  
6 if the affiliate enters into the swap to  
7 hedge or mitigate the commercial risk of  
8 the person or other affiliate of the person  
9 that is not a financial entity, provided that  
10 if the hedge or mitigation of the commer-  
11 cial risk is addressed by entering into a  
12 swap with a swap dealer or major swap  
13 participant, an appropriate credit support  
14 measure or other mechanism must be  
15 used.”.

16 (2) CONFORMING AMENDMENT.—Section  
17 3C(g)(4) of the Securities Exchange Act of 1934 (15  
18 U.S.C. 78c–3(g)(4)) is amended by striking subpara-  
19 graph (A) and inserting the following:

20 “(A) IN GENERAL.—An affiliate of a per-  
21 son that qualifies for an exception under para-  
22 graph (1) (including affiliate entities predomi-  
23 nantly engaged in providing financing for the  
24 purchase of the merchandise or manufactured  
25 goods of the person) may qualify for the excep-

1           tion only if the affiliate enters into the security-  
2           based swap to hedge or mitigate the commercial  
3           risk of the person or other affiliate of the per-  
4           son that is not a financial entity, provided that  
5           if the hedge or mitigation of the commercial  
6           risk is addressed by entering into a security-  
7           based swap with a security-based swap dealer  
8           or major security-based swap participant, an  
9           appropriate credit support measure or other  
10          mechanism must be used.”.

11          (b) APPLICABILITY OF CREDIT SUPPORT MEASURE  
12          REQUIREMENT.—The requirements in section  
13          2(h)(7)(D)(i) of the Commodity Exchange Act and section  
14          3C(g)(4)(A) of the Securities Exchange Act of 1934, as  
15          amended by subsection (a), requiring that a credit support  
16          measure or other mechanism be used if the transfer of  
17          commercial risk referred to in those sections is addressed  
18          by entering into a swap with a swap dealer or major swap  
19          participant or a security-based swap with a security-based  
20          swap dealer or major security-based swap participant, as  
21          appropriate, shall not apply with respect to swaps or secu-  
22          rity-based swaps, as appropriate, entered into before the  
23          date of enactment of this Act.

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