

116TH CONGRESS
1ST SESSION

H. R. 4717

To improve swap execution facility administration, swap entity compliance,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 17, 2019

Mr. CRAWFORD (for himself and Mr. AUSTIN SCOTT of Georgia) introduced
the following bill; which was referred to the Committee on Agriculture

A BILL

To improve swap execution facility administration, swap
entity compliance, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Swap Trading Im-
5 provement Act”.

6 **SEC. 2. SIMPLIFICATION OF SWAP DATA AGGREGATION RE-**
7 **QUIREMENTS.**

8 (a) OBLIGATIONS FOR DESIGNATED CONTRACT MAR-
9 KETS.—Section 5(d)(5) of the Commodity Exchange Act
10 (7 U.S.C. 7(d)(5)) is amended—

1 (1) in subparagraph (A), by inserting “that is
2 not a swap contract” after “for each contract of the
3 board of trade”; and

4 (2) in subparagraph (B), by inserting “that is
5 not a swap contract” after “contract”.

6 (b) OBLIGATIONS FOR SWAP EXECUTION FACILI-
7 TIES.—Section 5h(f)(4)(B) of such Act (7 U.S.C. 7b-
8 3(f)(4)(B)) is amended by striking “in swaps” and insert-
9 ing “activity in swaps occurring on the swap execution fa-
10 cility”.

11 (c) CROSS-FACILITY DATA AGGREGATION RELIEF.—
12 Section 5h(f) of such Act (7 U.S.C. 7b-3(f)) is amended
13 by striking paragraph (6).

14 **SEC. 3. SWAP ENTITY ADMINISTRATIVE IMPROVEMENTS.**

15 (a) AUTHORITY OF REGISTERED ENTITIES TO USE
16 THIRD-PARTY SERVICE PROVIDERS.—Section 5c(b) of the
17 Commodity Exchange Act (7 U.S.C. 7a-2(b)) is amended
18 to read as follows:

19 “(b) DELEGATION OF FUNCTIONS UNDER CORE
20 PRINCIPLES.—

21 “(1) IN GENERAL.—A registered entity may
22 comply with any applicable core principle through
23 delegation of any relevant function to a third-party
24 service provider.

1 “(2) RESPONSIBILITY.—A registered entity that
2 delegates a function under paragraph (1) shall re-
3 main responsible for carrying out the function.

4 “(3) NONCOMPLIANCE.—If a registered entity
5 that delegates a function under paragraph (1) be-
6 comes aware that the function is not being per-
7 formed as required under this Act, the registered en-
8 tity shall promptly take steps to address the non-
9 compliance.”.

10 (b) REGISTRATION OF SWAP EXECUTION FACILI-
11 TIES.—Section 5h(a)(1) of such Act (7 U.S.C. 7b–3(a)(1))
12 is amended by striking “or processing”.

13 (c) CORE PRINCIPLES FOR SWAP EXECUTION FA-
14 CILITIES.—

15 (1) MODIFICATION OF EMERGENCY AUTHORITY
16 REQUIREMENTS.—Section 5h(f)(8) of such Act (7
17 U.S.C. 7b–3(f)(8)) is amended by striking all that
18 follows “cooperation with the Commission” and in-
19 serting “or other registered entities, as is necessary
20 and appropriate, to facilitate the liquidation or
21 transfer of open positions in any swap, or to suspend
22 or curtail trading in a swap.”.

23 (2) REDUCTION OF OPERATING CAPITAL RE-
24 QUIREMENT.—Section 5h(f)(13)(B) of such Act (7
25 U.S.C. 7b–3(f)(13)(B)) is amended by striking “1-

1 year period, as calculated on a rolling basis,” and in-
 2 serting “90-day period, as calculated on a rolling
 3 basis, or conduct an orderly wind-down of its oper-
 4 ations, whichever is greater.”.

5 **SEC. 4. SIMPLIFICATION OF SWAP EXECUTION FACILITY**
 6 **CHIEF COMPLIANCE OFFICER OBLIGATIONS.**

7 Section 5h(f)(15) of the Commodity Exchange Act (7
 8 U.S.C. 7b–3(f)(15)) is amended—

9 (1) in subparagraph (A), by adding at the end
 10 the following: “The individual may also perform
 11 other responsibilities for the swap execution facil-
 12 ity.”;

13 (2) in subparagraph (B)—

14 (A) in clause (i), by inserting “, to a com-
 15 mittee of the board,” after “directly to the
 16 board”;

17 (B) by striking clauses (iii) through (v)
 18 and inserting the following:

19 “(iii) establish and administer policies
 20 and procedures that are reasonably de-
 21 signed to resolve any conflicts of interest
 22 that may arise;

23 “(iv) establish and administer policies
 24 and procedures that reasonably ensure
 25 compliance with this Act and the rules and

1 regulations issued under this Act, includ-
2 ing rules prescribed by the Commission
3 pursuant to this section; and”; and
4 (C) by redesignating clause (vi) as clause
5 (v);
6 (3) in subparagraph (C), by striking “(B)(vi)”
7 and inserting “(B)(v)”; and
8 (4) in subparagraph (D)—
9 (A) in clause (i)—
10 (i) by striking “In accordance with
11 rules prescribed by the Commission, the”
12 and inserting “The”; and
13 (ii) by striking “and sign”; and
14 (B) in clause (ii)—
15 (i) in the matter preceding subclause
16 (I), by inserting “or senior officer” after
17 “officer”;
18 (ii) by amending subclause (I) to read
19 as follows:
20 “(I) submit each report described
21 in clause (i) to the Commission; and”;
22 and
23 (iii) in subclause (II), by inserting
24 “materially” before “accurate”.

1 **SEC. 5. CLARIFICATION OF CFTC AUTHORITY OVER SWAPS**
2 **ENTITIES.**

3 (a) Section 6b of the Commodity Exchange Act (7
4 U.S.C. 13a) is amended by inserting “or section 5h” after
5 “sections 5 through 5c”.

6 (b) Section 8a of such Act (7 U.S.C. 12a) is amend-
7 ed—

8 (1) in paragraph (7)(A), by inserting “or swap
9 contracts” after “contracts of sale”; and

10 (2) in paragraph (9), by striking “futures con-
11 tract” and inserting “contract of sale for future de-
12 livery or swap contract” each place it occurs.

13 (c) Section 15(b) of such Act (7 U.S.C. 19(b)) is
14 amended by striking “contract market” and inserting
15 “registered entity”.

16 **SEC. 6. TECHNICAL CORRECTION.**

17 Section 5h(h) of the Commodity Exchange Act (7
18 U.S.C. 7b–3)(h)) is amended by striking “alternative”.

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