

AMENDMENT TO RULES COMMITTEE PRINT 115-2
OFFERED BY MR. LUCAS OF OKLAHOMA

At the end of title III, insert the following:

1 **SEC. ____ . TREATMENT OF TRANSACTIONS BETWEEN AF-**
2 **FILIATES.**

3 Section 1a(48) of the Commodity Exchange Act (7
4 U.S.C. 1a(47)), as so redesignated by section 304(b)(1)
5 of this Act, is amended by adding at the end the following:

6 “(G) TREATMENT OF TRANSACTIONS BE-
7 TWEEN AFFILIATES.—

8 “(i) EXEMPTION FROM SWAP
9 RULES.—An agreement, contract, or trans-
10 action described in subparagraphs (A)
11 through (F) shall not be regulated as a
12 swap under this Act if all of the following
13 apply with respect to the agreement, con-
14 tract, or transaction:

15 “(I) AFFILIATION.—1
16 counterparty, directly or indirectly,
17 holds a majority ownership interest in
18 the other counterparty, or a third
19 party, directly or indirectly, holds a

1 majority ownership interest in both
2 counterparties.

3 “(II) FINANCIAL STATEMENTS.—

4 The affiliated counterparty that holds
5 the majority interest in the other
6 counterparty or the third party that,
7 directly or indirectly, holds the major-
8 ity interests in both affiliated
9 counterparties, reports its financial
10 statements on a consolidated basis
11 under generally accepted accounting
12 principles or International Financial
13 Reporting Standards, or other similar
14 standards, and the financial state-
15 ments include the financial results of
16 the majority-owned affiliated
17 counterparty or counterparties.

18 “(ii) REPORTING REQUIREMENT.—If
19 at least 1 counterparty to an agreement,
20 contract, or transaction that meets the re-
21 quirements of clause (i) is a swap dealer or
22 major swap participant, that counterparty
23 shall report the agreement, contract, or
24 transaction pursuant to section 4r, within

1 such time period as the Commission may
2 by rule or regulation prescribe—

3 “(I) to a swap data repository; or

4 “(II) if there is no swap data re-
5 pository that would accept the agree-
6 ment, contract or transaction, to the
7 Commission .

8 “(iii) RISK MANAGEMENT REQUIRE-
9 MENT.—If at least 1 counterparty to an
10 agreement, contract, or transaction that
11 meets the requirements of clause (i) is a
12 swap dealer or major swap participant, the
13 agreement, contract, or transaction shall
14 be subject to a centralized risk manage-
15 ment program pursuant to section 4s(j)
16 that is reasonably designed to monitor and
17 to manage the risks associated with the
18 agreement, contract, or transaction.

19 “(iv) VARIATION MARGIN REQUIRE-
20 MENT.—Affiliated counterparties to an
21 agreement, contract, or transaction that
22 meets the requirements of clause (i) shall
23 exchange variation margin to the extent
24 prescribed under any rule promulgated by

1 the Commission or any prudential regu-
2 lator pursuant to section 4s(e).

3 “(v) ANTI-EVASION REQUIREMENT.—

4 An agreement, contract, or transaction
5 that meets the requirements of clause (i)
6 shall not be structured to evade the Dodd-
7 Frank Wall Street Reform and Consumer
8 Protection Act in violation of any rule pro-
9 mulgated by the Commission pursuant to
10 section 721(c) of such Act.”.

