

TO FACILITATE IMPLEMENTATION OF TITLE VII OF THE DODD-FRANK
WALL STREET REFORM AND CONSUMER PROTECTION ACT, PROMOTE
REGULATORY COORDINATION, AND AVOID MARKET DISRUPTION

—————
JUNE 16, 2011.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed
—————

Mr. LUCAS, from the Committee on Agriculture,
submitted the following

R E P O R T

[To accompany H.R. 1573]

[Including cost estimate of the Congressional Budget Office]

The Committee on Agriculture, to whom was referred the bill (H.R. 1573) to facilitate implementation of title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, promote regulatory coordination, and avoid market disruption, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. EFFECTIVE DATES.

Section 712(f) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) is amended to read as follows:

“(f) RULES AND REGISTRATION BEFORE FINAL EFFECTIVE DATES.—

“(1) IN GENERAL.—Beginning on the date of enactment of this Act and notwithstanding the effective date of any provision of this Act, the Commodity Futures Trading Commission and the Securities and Exchange Commission may, in order to prepare for the effective dates of the provisions of this Act—

“(A) promulgate rules, regulations, or orders permitted or required by this Act;

“(B) conduct studies and prepare reports and recommendations required by this Act;

“(C) register persons under the provisions of this Act; and

“(D) exempt persons, agreements, contracts, or transactions from provisions of this Act, under the terms contained in this Act.

“(2) EFFECTIVE DATE.—(A) Notwithstanding paragraph (1), an action by the Commodity Futures Trading Commission or the Securities and Exchange Commission described in paragraph (1) shall not become effective before the effective date applicable to the action under this Act, except as provided in paragraph (3).

“(B) Notwithstanding any provision of this Act (other than paragraph (3) and sections 721(a)(4) and 721(f)), this title and the regulations under this title shall become effective on the latest of—

- “(i) December 31, 2012;
 - “(ii) 90 days after the publication of the relevant final rule or regulation in the Federal Register or such later date as may be specified in the final rule or regulation; or
 - “(iii) the effective date otherwise applicable to this title.
- “(3) EXCEPTIONS.—
- “(A) CERTAIN DEFINITIONS.—Notwithstanding any other provision of this Act, in order to assist persons subject to this title in coming into compliance with the provisions of this title on a timely basis, the Commodity Futures Trading Commission and the Securities and Exchange Commission, in consultation with the Board of Governors, shall adopt definitions further defining the terms specified in subsection (d)(1) not later than 360 days after the date of the enactment of this Act. Such definitions shall become effective 90 days after their publication in the Federal Register.
 - “(B) REGULATORY REPORTING.—
 - “(i) SWAP DATA REPORTING.—Notwithstanding any other provision of this Act, sections 2(h)(5) and 4r of the Commodity Exchange Act and the rules and regulations of the Commodity Futures Trading Commission issued under such sections shall become effective on the later of—
 - “(I) 90 days after the publication of the relevant final rule or regulation in the Federal Register, or such later date as may be specified in the final rule or regulation; or
 - “(II) the effective date otherwise applicable to such sections.
 - “(ii) SECURITY-BASED SWAP DATA REPORTING.—Sections 3C(e) and 13A(a) of the Securities Exchange Act of 1934 and the rules and regulations of the Securities and Exchange Commission issued under such sections shall become effective on the later of—
 - “(I) 90 days after the publication of the relevant final rule or regulation in the Federal Register, or such later date as may be specified in the rule or regulation; or
 - “(II) the effective date otherwise applicable to such sections.
 - “(iii) SWAP DATA REPOSITORIES.—To facilitate compliance, before December 31, 2012, with the regulatory reporting provisions of this section, the Commodity Futures Trading Commission and the Securities and Exchange Commission may authorize the reporting of swap data and security-based swap data to any person then conducting the business described in section 1a(48) of the Commodity Exchange Act (7 U.S.C. 1a(48)) or section 3(a)(75) of the Securities Exchange Act of 1934 (15 U.S.C. 78m), respectively, who has—
 - “(I) provided notice to the relevant Commission of its intention to register as a swap data repository or security-based swap data repository, as applicable; and
 - “(II) made such undertakings to the relevant Commission as such Commission has determined to be appropriate and in the public interest, consistent with this title.”.

SEC. 2. IMPLEMENTATION ANALYSIS.

Section 712 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203), as amended by section 1 of this Act, is amended by adding at the end the following:

- “(g) IMPLEMENTATION ANALYSIS.—Notwithstanding any other provision of this title, the Commodity Futures Trading Commission and the Securities and Exchange Commission shall, before prescribing final rules and regulations under this title—
- “(1) conduct public hearings and roundtables and take testimony of affected market participants, experts and other interested parties, and solicit public comment, regarding—
 - “(A) the time and resources that would be required of affected parties in order to develop systems and infrastructure necessary to comply with any rules and regulations proposed or then contemplated by the relevant Commission;
 - “(B) any alternative approaches capable of accomplishing the relevant Commission’s rulemaking objectives; and
 - “(C) the time and resources that would be required of affected parties in order to develop policies and procedures designed to comply with any rules and regulations proposed or then contemplated by the relevant Commission, and
 - “(2) take such testimony and comment into account in—
 - “(A) performing the cost-benefit analysis required under Federal law in connection with its adoption of the relevant final rules and regulations; and

“(B) determining the effective date of the relevant final rules and regulations.”.

SEC. 3. REGULATORY COORDINATION.

(a) **COMMODITY FUTURES TRADING COMMISSION.**—Section 2(a)(1) of the Commodity Exchange Act (7 U.S.C. 2(a)(1)) is amended by adding at the end the following:

“(J)(i) Notwithstanding any other provision of this Act, the Commission may exempt, in whole or in part, a person from the registration and related regulatory requirements of this Act if and to the extent that the Commission determines that—

“(I) the person is subject to comprehensive supervision and regulation under a regulatory scheme administered by another domestic regulatory authority or the appropriate governmental authorities in the person’s home country that is comparable to the relevant provisions of this Act,

“(II) adequate information-sharing arrangements are in effect between the Commission and the other regulatory authority, and

“(III) the exemption would be consistent with the public interest.

“(ii) The Commission may condition any such exemption on compliance with all or any part of the alternate regulatory scheme, and on such other terms as the Commission determines appropriate, and may deem any non-compliance with the alternate regulatory scheme or other terms a violation of the corresponding provisions of this Act.”.

(b) **SECURITIES AND EXCHANGE COMMISSION.**—The Securities Exchange Act of 1934 (15 U.S.C. 78m) is amended by inserting after section 4E the following:

“SEC. 4F. EXEMPTIVE AUTHORITY.

“(a) **IN GENERAL.**—Notwithstanding any other provision of this Act, the Commission may exempt, in whole or in part, a person from the registration and related regulatory requirements of this Act if and to the extent that the Commission determines that—

“(1) the person is subject to comprehensive supervision and regulation under a regulatory scheme administered by another regulatory authority or the appropriate governmental authorities in the person’s home country that is comparable to the relevant provisions of this Act;

“(2) adequate information-sharing arrangements are in effect with the other regulatory authority; and

“(3) the exemption would be consistent with the protection of investors.

“(b) **CONDITION ON COMPLIANCE.**—The Commission may condition any such exemption on compliance with all or any part of the alternate regulatory scheme, and such other terms as the Commission determines appropriate, and may deem any noncompliance with the alternate regulatory scheme or other terms a violation of the corresponding provisions of this Act.”.

BRIEF EXPLANATION

The bill extends the statutory deadline for the implementation of most provisions of Title VII of the Wall Street Reform and Consumer Protection Act (P.L. 111–203) by 18 months. The bill does not extend the deadline for the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC) to issue final rules further defining key terms in Section 712(d)(1) of swap, security based swap, swap dealer, security-based swap dealer, major swap participant, major security-based swap participant and eligible contract participant. The bill also does not extend the deadline for the reporting requirements in Sections 2(h)(5) and 4r of the Commodity Exchange Act and Sections 3C(e) and 13A(a) of the Securities Exchange Act of 1934. To facilitate the reporting of swaps data, the bill gives the CFTC and the SEC interim authority to designate swap data repositories that meet certain criteria. In addition, the bill requires the CFTC and SEC, prior to prescribing any final rules required under Title VII, to hold additional roundtables and public hearings to receive public testimony and factor it into the rule proposals. Lastly, HR 1573 gives the CFTC and SEC authority to exempt certain persons from reg-

istration or related regulatory requirements if they are subject to comparable regulation by a U.S. or foreign regulatory authority.

PURPOSE AND NEED

Beginning in February, the Committee held 4 hearings, two Full Committee and two General Farm Commodities and Risk Management Subcommittee hearings to examine the implementation of Title VII of the Dodd-Frank Act. The Committee took testimony from witnesses that represented a broad spectrum of participants in the derivatives markets. The Committee heard from a broad array of end-users, including agricultural cooperatives, manufacturers, commercial energy firms and electric utilities. The Committee also heard from large financial market participants, such as a global exchange and clearinghouse, electronic trading platforms, swap dealers, hedge funds and mutual funds. Witnesses also included pension funds, community banks and farm credit banks. Across the spectrum of expertise, an overwhelming majority of witnesses expressed concerns that the compressed statutory deadlines and sheer volume of regulations were having a negative impact on the implementation process, particularly at the Commodity Futures Trading Commission (CFTC). In short, a common concern was that the statutory deadlines forced the regulatory agencies to prioritize speed over deliberation, making it difficult for stakeholders to comment, and undermining the economic analysis associated with each proposed rule. Witnesses also expressed concerns that many of the CFTC's rule proposals exceed or conflict with congressional intent, are inconsistent with proposals from other regulatory agencies, and may be detrimental for U.S. businesses, for our markets, and for our economy.

In addition, there are efforts around the world to implement financial regulatory reform in the wake of the global financial crisis. In September of 2009, the leaders of the G20 Nations agreed to implement certain OTC derivatives reforms by the end of December of 2012. Many of the witnesses, along with a broad cross section of industry and academics, have cited concerns about the U.S. moving on a much faster timetable than the European Union (EU) or Asian regulators, creating the potential for regulatory arbitrage and negative consequences to the competitiveness of U.S. businesses. The extreme pace of rulemaking diminishes the opportunity for regulators to coordinate and harmonize international regulatory regimes, creates opportunities for regulatory arbitrage, and gives foreign countries a "learn from our mistakes" advantage. While it would not be possible or wise to tie the timing of our regulatory reforms to unpredictable deadlines of the EU and other jurisdictions, slowing the process down would enhance the opportunity for coordination and greater consistency among regulatory regimes.

Lastly, the CFTC Inspector General (IG) recently issued an investigative report of the CFTC's cost-benefit analysis performed in connection with Dodd-Frank rulemakings. In general, the report found that the CFTC takes a minimalist approach to considering the costs and benefits of proposed regulations and focuses more on meeting the legal obligation under the Commodity Exchange Act than performing a legitimate economic analysis. Put simply, the CFTC IG concluded the report by saying "We are mindful of the adage, 'just because something is legal, doesn't make it right.' And

we wholeheartedly agree that, ‘[in] the end, economic analysis is more than about satisfying procedural requirements for regulatory rulemaking.’” In addition, the report found that the irrational sequence of rule proposals that many witnesses cited as an impediment to their ability to provide meaningful comment was created by the compressed timeframes. Specifically the report stated “Staff and management were aware that market participants might refrain from comment on conduct regulations in the mistaken belief that they would not fall within the definitions. However, at this stage in the process, staff indicated the overriding concern was meeting the rule-making deadline under Dodd-Frank.”

H.R. 1573 gives the regulatory agencies an additional 18 months to promulgate most rules required by Title VII. A common concern, particularly among end-users, was that the sequence of rule proposals made it difficult for them to comment meaningfully. For example, one of the last rules proposed by the CFTC in the initial proposing phase was the definition of “swap.” Stakeholders were asked to comment on each rule prescribing a regulatory regime without clarification regarding the scope of products impacted. For certain industries, such as the electric power industry, the definition of swap was a significant factor in understanding which regulations they may be subject to. In addition, rules were proposed to govern Major Swap Participants and Swap Dealers before a rule had been proposed to define Major Swap Participant and Swap Dealer. To provide for a more rational sequence of rule proposals, H.R. 1573 does not extend the deadline for the definitions required under Section 712(d)(1). This will provide clarity to market participants about their regulatory status, and to facilitate productive comment on the succeeding rules prescribing the relevant regulatory requirements.

H.R. 1573 also does not extend the deadline for the regulatory reporting requirements applicable to swaps in Sections 723 and 729 and the similar provisions applicable to security-based swaps. This provision will ensure transparency and reporting of all swap transactions are not delayed, both to give the regulatory agencies access to market data to monitor for systemic risk, and to further instruct the rulemaking process by providing swap market data that the agencies currently do not have. To facilitate the reporting of swaps data and encourage further development of swap data repositories, H.R. 1573 gives the regulatory agencies interim authority to designate swap data repositories during the period in which the regulations governing swap data repositories are being finalized.

The bill also requires the CFTC and the Securities and Exchange Commission (SEC) to hold additional public roundtables and hearings to take testimony from affected market participants prior to the finalization of any rules. Providing stakeholders additional time to offer input will help to mitigate unintended consequences of poorly vetted proposals, and permit comment once all rules have been proposed and can be considered in light of their interdependence and cumulative impact on the markets.

SECTION-BY-SECTION

Section 1 delays the effective date of most of Title VII of the Dodd Frank Act from July of this year until December 31, 2012. To allow industry to plan and prepare, the effective dates for the

definition of a swap dealer, major swap participant (and its security-based counterpart), eligible contract participant and security based swap agreement are not extended. Neither are the effective dates for regulatory reporting or the prohibition on trading box office receipt future contracts.

Section 2 requires the regulators to conduct public hearings and solicit public comment from affected parties regarding time and resources necessary to comply with any rules or regulations and alternative approaches capable of accomplishing the rulemaking objectives. The regulators then need to take the information received and account for it when performing a cost-benefit analysis.

Section 3 gives the regulators the authority to exempt persons or entities from registration or related regulatory requirements if the entity is subject to comprehensive supervision and regulation under a regulatory scheme administered by another regulatory agency or, if a foreign based entity, the appropriate regulatory authority in their home country, that is comparable to the relevant provisions under Dodd-Frank, there are adequate information sharing arrangements in effect between the CFTC or SEC and that regulatory authority; and the exemption is consistent with the public interest.

It also gives the CFTC and SEC authority to safeguard against misuse of the exemption by conditioning any exemptions they move to grant on that entity's compliance with the alternate regulatory regime. Should any noncompliance with that regime occur, the Commissions would have the authority to treat it as a violation of the corresponding provisions of Dodd-Frank, triggering any relevant enforcement actions.

COMMITTEE CONSIDERATION

I. HEARINGS

On February 10, 2011 the full Committee held a hearing to review implementation of title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. On February 15, 2011, the Subcommittee on General Farm Commodities and Risk Management held part II to review the implementation of title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Additional hearings were held on March 31, 2011 by the full Committee to review the definitions of key terms included in title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, such as "swap," "Swap Dealer," and "Major Swap Participant." The Committee examined how end-users will be impacted by these definitions and regulatory designations. On April 13, 2011, the Subcommittee on General Farm Commodities and Risk Management held a hearing to further review the Commodity Futures Trading Commission's (CFTC) rulemaking process for implementing title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

At the hearings the Committee and Subcommittee heard testimony from the CFTC, academics, clearing institutions, exchanges, financial services industry associations, investment funds, commercial commodity associations and commercial end-users. The information presented at these hearings prepared the Committee to draft legislation which would extend the deadline by 18 months for

implementing title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The legislation also gives the regulatory agencies more time to effectively meet the objectives of the derivatives title, to prioritize deliberation over speed, to consider the costs and benefits, and to understand the cumulative impact of the rules that will be applied to the marketplace. Additionally, the bill realigns the U.S. with the G20 agreement to implement reform by December 2012.

II. FULL COMMITTEE

The Committee on Agriculture met, pursuant to notice, with a quorum present, on May 4, 2011, to consider H.R. 1573, a bill to facilitate implementation of title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, promote regulatory coordination, and avoid market disruption. Mr. Lucas offered an opening statement, as did Ranking Member Peterson.

The bill, H.R. 1573 was placed before the Committee for consideration and without objection a first reading of the bill was waived and it was opened for amendment at any point. The Chairman offered an Amendment in the Nature of a Substitute to the bill, H.R. 1573 and counsel provided a brief explanation of that amendment.

Mr. Courtney was recognized to offer and explain an amendment that would exempt Section 757 of the Dodd-Frank Act, which directs the CFTC to set position limits on commodity speculation, from the enactment date delays established by the Substitute Amendment. Discussion occurred and by a voice vote the amendment failed. Mr. Courtney requested a recorded vote and by a roll call vote of 22 yeas, 23 nays, 1 not voting, the amendment failed. See Roll Call #1.

There being no further amendments, Mr. Conaway offered a motion to approve the Amendment in the Nature of a Substitute. Discussion occurred and the motion was agreed to. Mr. Peterson requested a recorded vote. The Amendment in the Nature of a Substitute was adopted by a recorded vote of 25 yeas, 20 nays, 1 not voting. See Roll Call #2.

Mr. Conaway then made the motion to report the bill H.R. 1573, as amended, favorably to the House with the recommendation that it do pass. By a voice vote the motion was agreed to.

Chairman Lucas then advised Members that pursuant to the rules of the House of Representatives, Members would have 2 calendar days to file any minority or additional views.

Without objection, staff was given permission to make any necessary clerical, technical or conforming changes to reflect the intent of the Committee.

Chairman Lucas thanked all the Members and adjourned the meeting subject to the call of the chair.

REPORTING THE BILL—ROLL CALL VOTES

In compliance with clause 3(b) of rule XIII of the House of Representatives, the Committee sets forth the record of the following roll call votes taken with respect to H.R. 1573.

ROLL CALL #1

Summary: To exempt Section 737 of the Dodd-Frank Act, which directs the CFTC to set position limits on commodity speculation, from the enactment date delays established by the Manager's Amendment to H.R. 1573.

Offered by: Mr. Courtney

Results: 22 yeas, 23 nays, 1 not voting.

YEAS

1. Mr. Fortenberry
2. Mr. Gibson
3. Mr. Peterson
4. Mr. Holden
5. Mr. McIntyre
6. Mr. Boswell
7. Mr. Baca
8. Mr. Cardoza
9. Mr. David Scott
10. Mr. Cuellar
11. Mr. Costa
12. Mr. Walz
13. Mr. Schrader
14. Mr. Kissell
15. Mr. Owens
16. Ms. Pingree
17. Mr. Courtney
18. Mr. Welch
19. Ms. Fudge
20. Mr. Sablan
21. Ms. Sewell
22. Mr. McGovern

NAYS

1. Mr. Goodlatte
2. Mr. Johnson
3. Mr. King
4. Mr. Neugebauer
5. Mr. Conaway
6. Mrs. Schmidt
7. Mr. Thompson
8. Mr. Rooney
9. Mr. Stutzman
10. Mr. Gibbs
11. Mr. Austin Scott
12. Mr. Fincher
13. Mr. Southerland
14. Mr. Crawford
15. Mrs. Roby
16. Mr. Huelskamp
17. Mr. DesJarlais
18. Mrs. Ellmers
19. Mr. Hultgren
20. Mrs. Hartzler
21. Mr. Schilling
22. Mr. Ribble
23. Mr. Lucas

NOT VOTING

1. Mr. Tipton

ROLL CALL #2

Summary: Amendment in the Nature of a Substitute

Offered by: Chairman Lucas

Results: 25 yeas, 20 nays, 1 not voting.

YEAS

1. Mr. Goodlatte
2. Mr. Johnson
3. Mr. King
4. Mr. Neugebauer
5. Mr. Conaway
6. Mr. Fortenberry
7. Mrs. Schmidt
8. Mr. Thompson
9. Mr. Rooney
10. Mr. Stutzman
11. Mr. Gibbs
12. Mr. Austin Scott
13. Mr. Fincher
14. Mr. Southerland
15. Mr. Crawford
16. Mrs. Roby
17. Mr. Huelskamp
18. Mr. DesJarlais
19. Mrs. Ellmers
20. Mr. Gibson
21. Mr. Hultgren
22. Mrs. Hartzler
23. Mr. Schilling
24. Mr. Ribble
25. Mr. Lucas

NOT VOTING

1. Mr. Tipton

NAYS

1. Mr. Peterson
2. Mr. Holden
3. Mr. McIntyre
4. Mr. Boswell
5. Mr. Baca
6. Mr. Cardoza
7. Mr. David Scott
8. Mr. Cuellar
9. Mr. Costa
10. Mr. Walz
11. Mr. Schrader
12. Mr. Kissell
13. Mr. Owens
14. Ms. Pingree
15. Mr. Courtney
16. Mr. Welch
17. Mrs. Fudge
18. Mr. Sablan
19. Ms. Sewell
20. Mr. McGovern

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Agriculture's oversight findings and recommendations are reflected in the body of this report.

BUDGET ACT COMPLIANCE (SECTIONS 308, 402, AND 423)

The provisions of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a)(1) of the Congressional Budget Act of 1974 (relating to estimates of new budget authority, new spending authority, new credit authority, or increased or decreased revenues or tax expenditures) are not considered applicable. The estimate and comparison required to be prepared by the Director of the Congressional Budget Office under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and sections 402 and 423 of the Congressional Budget Act of 1974 submitted to the Committee prior to the filing of this report are as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 11, 2011.

Hon. FRANK D. LUCAS,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1573, a bill to facilitate implementation of title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, promote regulatory coordination, and avoid market disruption.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susan Willie.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

H.R. 1573—A bill to facilitate implementation of title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, promote regulatory coordination, and avoid market disruption

H.R. 1573 would extend the effective date for certain regulations that are being developed by the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC); those regulations relate to entities that trade in, or assist in the trading of, financial instruments known as over-the-counter derivatives. The bill also would require the agencies to solicit comments from the public regarding implementation of proposed regulations and to consider that information when analyzing costs and benefits of the final regulations. Finally, the bill would authorize the agencies to exempt certain entities from regulation if those entities are subject to comparable requirements of another financial regulator in the United States or in the entity's home country.

Based on information from the CFTC and the SEC, CBO estimates that implementing the provisions of H.R. 1573 would not significantly affect the staffing levels or spending of either agency. Enacting H.R. 1573 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 1573 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of this legislation are to facilitate implementation of title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, promote regulatory coordination, and avoid market disruption.

CONSTITUTIONAL AUTHORITY STATEMENT

The Committee finds the Constitutional authority for this legislation in Article I, section 8, clause 18, that grants Congress the power to make all laws necessary and proper for carrying out the powers vested by Congress in the Constitution of the United States or in any department or officer thereof.

COMMITTEE COST ESTIMATE

Pursuant to clause 3(d)(2) of rule XIII of the Rules of the House of Representatives, the Committee report incorporates the cost estimate prepared by the Director of the Congressional Budget Office pursuant to sections 402 and 423 of the Congressional Budget Act of 1974.

ADVISORY COMMITTEE STATEMENT

No advisory committee within the meaning of section 5(b) of the Federal Advisory Committee Act was created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (Public Law 104–1).

FEDERAL MANDATES STATEMENT

The Committee adopted as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (Public Law 104–4).

EARMARK STATEMENT REQUIRED BY CLAUSE 9 OF RULE XXI OF THE RULES OF THE HOUSE OF REPRESENTATIVES

H.R. 1573 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI of the Rules of the House of Representatives.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

* * * * *

**TITLE VII—WALL STREET
TRANSPARENCY AND ACCOUNTABILITY**

* * * * *

**Subtitle A—Regulation of Over-the-
Counter Swaps Markets**

PART I—REGULATORY AUTHORITY

* * * * *

SEC. 712. REVIEW OF REGULATORY AUTHORITY.

(a) * * *

* * * * *

[(f) RULES AND REGISTRATION BEFORE FINAL EFFECTIVE DATES.—Beginning on the date of enactment of this Act and notwithstanding the effective date of any provision of this Act, the Commodity Futures Trading Commission and the Securities and Exchange Commission may, in order to prepare for the effective dates of the provisions of this Act—

[(1) promulgate rules, regulations, or orders permitted or required by this Act;

[(2) conduct studies and prepare reports and recommendations required by this Act;

[(3) register persons under the provisions of this Act; and

[(4) exempt persons, agreements, contracts, or transactions from provisions of this Act, under the terms contained in this Act,

provided, however, that no action by the Commodity Futures Trading Commission or the Securities and Exchange Commission described in paragraphs (1) through (4) shall become effective prior to the effective date applicable to such action under the provisions of this Act.]

(f) RULES AND REGISTRATION BEFORE FINAL EFFECTIVE DATES.—

(1) IN GENERAL.—Beginning on the date of enactment of this Act and notwithstanding the effective date of any provision of this Act, the Commodity Futures Trading Commission and the Securities and Exchange Commission may, in order to prepare for the effective dates of the provisions of this Act—

(A) promulgate rules, regulations, or orders permitted or required by this Act;

(B) conduct studies and prepare reports and recommendations required by this Act;

(C) register persons under the provisions of this Act; and

(D) exempt persons, agreements, contracts, or transactions from provisions of this Act, under the terms contained in this Act.

(2) EFFECTIVE DATE.—(A) Notwithstanding paragraph (1), an action by the Commodity Futures Trading Commission or the Securities and Exchange Commission described in paragraph (1) shall not become effective before the effective date applicable

to the action under this Act, except as provided in paragraph (3).

(B) Notwithstanding any provision of this Act (other than paragraph (3) and sections 721(a)(4) and 721(f)), this title and the regulations under this title shall become effective on the latest of—

(i) December 31, 2012;

(ii) 90 days after the publication of the relevant final rule or regulation in the Federal Register or such later date as may be specified in the final rule or regulation; or

(iii) the effective date otherwise applicable to this title.

(3) **EXCEPTIONS.**—

(A) **CERTAIN DEFINITIONS.**—Notwithstanding any other provision of this Act, in order to assist persons subject to this title in coming into compliance with the provisions of this title on a timely basis, the Commodity Futures Trading Commission and the Securities and Exchange Commission, in consultation with the Board of Governors, shall adopt definitions further defining the terms specified in subsection (d)(1) not later than 360 days after the date of the enactment of this Act. Such definitions shall become effective 90 days after their publication in the Federal Register.

(B) **REGULATORY REPORTING.**—

(i) **SWAP DATA REPORTING.**—Notwithstanding any other provision of this Act, sections 2(h)(5) and 4r of the Commodity Exchange Act and the rules and regulations of the Commodity Futures Trading Commission issued under such sections shall become effective on the later of—

(I) 90 days after the publication of the relevant final rule or regulation in the Federal Register, or such later date as may be specified in the final rule or regulation; or

(II) the effective date otherwise applicable to such sections.

(ii) **SECURITY-BASED SWAP DATA REPORTING.**—Sections 3C(e) and 13A(a) of the Securities Exchange Act of 1934 and the rules and regulations of the Securities and Exchange Commission issued under such sections shall become effective on the later of—

(I) 90 days after the publication of the relevant final rule or regulation in the Federal Register, or such later date as may be specified in the rule or regulation; or

(II) the effective date otherwise applicable to such sections.

(iii) **SWAP DATA REPOSITORIES.**—To facilitate compliance, before December 31, 2012, with the regulatory reporting provisions of this section, the Commodity Futures Trading Commission and the Securities and Exchange Commission may authorize the reporting of swap data and security-based swap data to any person then conducting the business described in section 1a(48) of the Commodity Exchange Act (7 U.S.C.

1a(48)) or section 3(a)(75) of the Securities Exchange Act of 1934 (15 U.S.C. 78m), respectively, who has—

(I) provided notice to the relevant Commission of its intention to register as a swap data repository or security-based swap data repository, as applicable; and

(II) made such undertakings to the relevant Commission as such Commission has determined to be appropriate and in the public interest, consistent with this title.

(g) IMPLEMENTATION ANALYSIS.—Notwithstanding any other provision of this title, the Commodity Futures Trading Commission and the Securities and Exchange Commission shall, before prescribing final rules and regulations under this title—

(1) conduct public hearings and roundtables and take testimony of affected market participants, experts and other interested parties, and solicit public comment, regarding—

(A) the time and resources that would be required of affected parties in order to develop systems and infrastructure necessary to comply with any rules and regulations proposed or then contemplated by the relevant Commission;

(B) any alternative approaches capable of accomplishing the relevant Commission’s rulemaking objectives; and

(C) the time and resources that would be required of affected parties in order to develop policies and procedures designed to comply with any rules and regulations proposed or then contemplated by the relevant Commission, and

(2) take such testimony and comment into account in—

(A) performing the cost-benefit analysis required under Federal law in connection with its adoption of the relevant final rules and regulations; and

(B) determining the effective date of the relevant final rules and regulations.

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COMMODITY EXCHANGE ACT

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SEC. 2. JURISDICTION OF COMMISSION; LIABILITY OF PRINCIPAL FOR ACT OF AGENT; COMMODITY FUTURES TRADING COMMISSION; TRANSACTION IN INTERSTATE COMMERCE.

(a) JURISDICTION OF COMMISSION; COMMODITY FUTURES TRADING COMMISSION.—

(1) JURISDICTION OF COMMISSION.—

(A) * * *

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(J)(i) Notwithstanding any other provision of this Act, the Commission may exempt, in whole or in part, a person from the registration and related regulatory requirements of this Act if and to the extent that the Commission determines that—

(I) the person is subject to comprehensive supervision and regulation under a regulatory scheme administered by another domestic regulatory authority or the appropriate governmental authorities in the person's home country that is comparable to the relevant provisions of this Act,

(II) adequate information-sharing arrangements are in effect between the Commission and the other regulatory authority, and

(III) the exemption would be consistent with the public interest.

(ii) The Commission may condition any such exemption on compliance with all or any part of the alternate regulatory scheme, and on such other terms as the Commission determines appropriate, and may deem any noncompliance with the alternate regulatory scheme or other terms a violation of the corresponding provisions of this Act.

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SECURITIES EXCHANGE ACT OF 1934

TITLE I—REGULATION OF SECURITIES EXCHANGES

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SEC. 4F. EXEMPTIVE AUTHORITY.

(a) *IN GENERAL.*—Notwithstanding any other provision of this Act, the Commission may exempt, in whole or in part, a person from the registration and related regulatory requirements of this Act if and to the extent that the Commission determines that—

(1) the person is subject to comprehensive supervision and regulation under a regulatory scheme administered by another regulatory authority or the appropriate governmental authorities in the person's home country that is comparable to the relevant provisions of this Act;

(2) adequate information-sharing arrangements are in effect with the other regulatory authority; and

(3) the exemption would be consistent with the protection of investors.

(b) *CONDITION ON COMPLIANCE.*—The Commission may condition any such exemption on compliance with all or any part of the alternate regulatory scheme, and such other terms as the Commission determines appropriate, and may deem any noncompliance with the alternate regulatory scheme or other terms a violation of the corresponding provisions of this Act.

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