



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 7, 2012

H.R. 2682
Business Risk Mitigation and Price Stabilization Act of 2012

As ordered reported by the House Committee on Agriculture on January 25, 2012

H.R. 2682 would allow certain nonfinancial entities that are counterparties in a swap or a security-based swap transaction to be exempted from provisions in current law that require such entities to meet certain margin requirements. (A swap is a contract that calls for an exchange of cash between two participants, based on an underlying rate or index or on the performance of an asset.) Both the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC) are developing regulations relating to margin requirements in swap transactions as the result of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203); however, neither agency has finalized such regulations. (Margin requirements are minimum amounts of collateral that must be deposited, often with a broker or exchange, to cover some or all of the risk of a counter-party.)

Based on information from the two agencies, CBO expects that incorporating the provisions of H.R. 2682 at this point in the regulatory process would not require a significant increase in the workload of either agency. Therefore, CBO estimates that any change in net discretionary spending to implement the legislation, which would be subject to the availability of appropriated funds, would not be significant. Further, under current law, the SEC is authorized to collect fees sufficient to offset its appropriation each year; CBO expects that the agency would set fee rates each year to offset amounts provided in appropriation acts. Enacting H.R. 2682 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 2586 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

On December 14, 2011, CBO transmitted an estimate for H.R. 2682, the Business Risk Mitigation and Price Stabilization Act of 2011, as ordered reported by the House Committee on Financial Services on November 30, 2011. The Financial Services Committee version of the bill would make similar changes in margin requirements for certain counterparties in swap transactions. CBO estimates that the cost to implement either version of the legislation would be insignificant.

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