



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 6, 2012

H.R. 2586 **Swap Execution Facility Clarification Act**

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

The Dodd-Frank Wall Street Reform and Consumer Protection Act established entities known as swap execution facilities (SEFs) where multiple parties are able to trade swaps. (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.)

H.R. 2586 would amend the definition of an SEF to prevent the regulatory agencies—the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC)—from imposing certain requirements on such facilities. Specifically, the bill would prevent the agencies from developing regulations that require an SEF to follow certain business practices, such as setting a minimum number of participants to receive a bid.

Neither the CFTC nor the SEC has finalized regulations regarding swap execution facilities. Based on information from the two agencies, CBO expects that incorporating the provisions of H.R. 2586 at this point in the regulatory process would not have a significant effect on the workload of either agency. Therefore, CBO estimates that any change in 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. 2586 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 impose no costs on state, local, or tribal governments.

On December 14, 2011, CBO transmitted an estimate for H.R. 2586, the Swap Execution Facility Clarification Act, as ordered reported by the House Committee on Financial Services on November 30, 2011. The earlier bill would make similar changes in the definition of a swap execution facility. CBO estimates that enacting either version of the legislation would have an insignificant cost.

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