



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 6, 2012

H.R. 2779

A bill to exempt inter-affiliate swaps from certain regulatory requirements put in place by the Dodd-Frank Wall Street Reform and Consumer Protection Act

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

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) requires that participants in swap transactions meet certain clearing, reporting, and margin requirements as well as certain standards of business conduct. (A swap is a contract that calls for an exchange of cash between two participants based on an underlying rate or index, or the performance of an asset.) H.R. 2779 would exempt from the definition of a swap those transactions in which the parties are affiliates as defined in the bill; thus, affiliated parties that enter into swap transactions would be exempt from those clearing, reporting, margin, and business conduct requirements.

Neither the Commodity Futures Trading Commission nor the Securities and Exchange Commission (SEC)—the agencies required to develop and enforce regulations related to swap transactions—has finalized regulations related to swap transactions. Based on information from the two agencies, CBO expects that incorporating the provisions of H.R. 2779 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 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. 2779 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 2779 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, and tribal governments.

On December 14, 2011, CBO transmitted an estimate for H.R. 2779, a bill to exempt inter-affiliate swaps from certain regulatory requirements put in place by the Dodd-Frank Wall Street Reform and Consumer Protection Act, 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 regulatory requirements for swaps entered into between affiliated parties. 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.