



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 6, 2012

H.R. 3527
Protecting Main Street End-Users from Excessive Regulation

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

H.R. 3527 would prevent the Commodity Futures Trading Commission (CFTC) from considering certain transactions undertaken by an entity when determining whether the entity should be considered a swap dealer. Current law defines a swap dealer as a person who, among other things, buys and sells swaps in the regular course of business to earn a profit on the transactions. (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.) Under H.R. 3527, the CFTC would be directed to exclude swap transactions undertaken to mitigate business-related risk (for instance, an airline entering into a swap transaction to hedge the risk of rising fuel prices) when determining whether a person or entity would meet the definition of a swap dealer.

The CFTC is developing regulations relating to swap dealers as the result of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203), however, the agency has not finalized such regulations. Based on information from the agency, CBO expects that incorporating the provisions of H.R. 3527 at this point in the regulatory process would not require a significant increase in the agency's workload. 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. Enacting H.R. 3527 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 3527 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.