



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 17, 2015

### **H.R. 1847** **Swap Data Repository and Clearinghouse Indemnification** **Correction Act of 2015**

*As ordered reported by the House Committee on Financial Services on May 20, 2015*

Under current law, derivatives clearing organizations (DCOs) and swap data repositories (SDRs) must report information about swap transactions to the Commodity Futures Trading Commission (CFTC), or in the case of SDRs that receive information about securities-based swaps, to the Securities and Exchange Commission (SEC). (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.) Such information also must be shared with other regulatory agencies, both foreign and domestic, if those agencies request the information and agree to certain conditions.

H.R. 1847 would eliminate one of those conditions—that agencies requesting the information indemnify the SDRs and the CFTC (or the SEC for security-based swap information) for expenses that arise from litigation related to the shared information. The bill would still require the regulatory agencies requesting the information to agree to certain confidentiality requirements prior to receiving the data.

Based on information from the CFTC and the SEC, CBO expects that implementing the provisions of H.R. 1847 would not require a significant increase in their workloads because neither agency expects to revise rules already in place. Therefore, CBO estimates that any change in discretionary spending to implement the legislation would be insignificant. Further, under current law, the SEC is authorized to collect fees sufficient to offset the cost of its annual appropriation each year; therefore, we estimate that the net cost to the agency would be negligible, assuming annual appropriation actions consistent with that authority.

Based on information from several federal financial regulators, CBO estimates that enacting H.R. 1847 would affect direct spending; therefore, pay-as-you-go procedures apply. However, we estimate that any such effects would be insignificant. Under current law, any litigation expenses of the federal government related to sharing information about swap transactions, in certain instances, would be paid by foreign regulators. Under the bill, such expenses would become a federal liability. Because the regulations have only been finalized recently and any potential litigation is unlikely to be resolved quickly, CBO expects those costs would not arise in the next 10 years. Enacting H.R. 1847 would not affect revenues.

H.R. 1847 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.

The CBO staff contacts are for this estimate are Susan Willie and Ben Christopher. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.