

S 3118

Derivatives Oversight and Taxpayer Protection Act

Congress: 114 (2015–2017, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Jun 29, 2016

Current Status: Read twice and referred to the Committee on Agriculture, Nutrition, and Forestry.

Latest Action: Read twice and referred to the Committee on Agriculture, Nutrition, and Forestry. (Jun 29, 2016)

Official Text: <https://www.congress.gov/bill/114th-congress/senate-bill/3118>

Sponsor

Name: Sen. Warren, Elizabeth [D-MA]

Party: Democratic • **State:** MA • **Chamber:** Senate

Cosponsors (1 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Warner, Mark R. [D-VA]	D · VA		Jun 29, 2016

Committee Activity

Committee	Chamber	Activity	Date
Agriculture, Nutrition, and Forestry Committee	Senate	Referred To	Jun 29, 2016

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

Bill	Relationship	Last Action
114 HR 5592	Identical bill	Jul 14, 2016: Referred to the Subcommittee on Commodity Exchanges, Energy, and Credit.

Derivatives Oversight and Taxpayer Protection Act

This bill amends the Commodity Exchange Act (CEA) to require the Commodity Futures Trading Commission (CFTC) to collect fees to recover the costs of its regulatory services and its annual appropriation from Congress.

The bill increases penalties for CEA violations, removes the Department of the Treasury's authority to exempt foreign exchange swaps or forwards from CFTC regulation, and requires collection of margin on inter-affiliate swaps.

Swaps requirements enacted by the Wall Street Transparency and Accountability Act of 2010 that ordinarily do not apply to activities outside the United States are made applicable to swaps transactions in which a financial entity domiciled or organized in the United States bears swaps-related risks. But the CFTC may allow a swaps transaction involving a subsidiary entity that is majority owned or controlled by a financial entity domiciled or organized in the United States to be conducted under a foreign jurisdiction's rules and oversight if the foreign rules are no less stringent than U.S. rules.

The CFTC must: (1) make data concerning swap data repository registrations available to other financial regulatory agencies, and (2) revoke the license of swap dealers that the CFTC and the Securities and Exchange Commission have found are not providing accurate data in standardized formats that allow aggregated analysis by regulators.

The bill repeals a safe harbor provision under federal bankruptcy law that protects a contractual right to liquidate the amount due on a swap agreement because of a debtor's bankruptcy case. The removal of this safe harbor subjects swap agreements to the regular bankruptcy procedures that automatically stay claims against a debtor.

The bill amends the Financial Stability Act of 2010 to require Federal Reserve Board (FRB) risk-based capital requirements and leverage limits for nonbank financial companies supervised by the FRB and bank holding companies with total consolidated assets of \$50 billion or more to include the fair value and potential future exposure of derivatives exposures, without recognizing the benefits of netting arrangements. Exceptions are provided for certain formal netting agreements with counterparties or with clearing organizations that meet financial standards approved by the FRB and the Federal Deposit Insurance Corporation (FDIC).

The CFTC, the Comptroller of the Currency, the FDIC, and the FRB must report on the ability of clearinghouses to endure systemic stress events.

Actions Timeline

- **Jun 29, 2016:** Introduced in Senate
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