

Public Law 111–203
111th Congress

An Act

July 21, 2010
[H.R. 4173]

Dodd-Frank Wall
Street Reform
and Consumer
Protection Act.
12 USC 5301
note.

To promote the financial stability of the United States by improving accountability and transparency in the financial system, to end “too big to fail”, to protect the American taxpayer by ending bailouts, to protect consumers from abusive financial services practices, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Dodd-Frank Wall Street Reform and Consumer Protection Act”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Severability.
- Sec. 4. Effective date.
- Sec. 5. Budgetary effects.
- Sec. 6. Antitrust savings clause.

TITLE I—FINANCIAL STABILITY

- Sec. 101. Short title.
- Sec. 102. Definitions.

Subtitle A—Financial Stability Oversight Council

- Sec. 111. Financial Stability Oversight Council established.
- Sec. 112. Council authority.
- Sec. 113. Authority to require supervision and regulation of certain nonbank financial companies.
- Sec. 114. Registration of nonbank financial companies supervised by the Board of Governors.
- Sec. 115. Enhanced supervision and prudential standards for nonbank financial companies supervised by the Board of Governors and certain bank holding companies.
- Sec. 116. Reports.
- Sec. 117. Treatment of certain companies that cease to be bank holding companies.
- Sec. 118. Council funding.
- Sec. 119. Resolution of supervisory jurisdictional disputes among member agencies.
- Sec. 120. Additional standards applicable to activities or practices for financial stability purposes.
- Sec. 121. Mitigation of risks to financial stability.
- Sec. 122. GAO Audit of Council.
- Sec. 123. Study of the effects of size and complexity of financial institutions on capital market efficiency and economic growth.

Subtitle B—Office of Financial Research

- Sec. 151. Definitions.
- Sec. 152. Office of Financial Research established.
- Sec. 153. Purpose and duties of the Office.
- Sec. 154. Organizational structure; responsibilities of primary programmatic units.
- Sec. 155. Funding.
- Sec. 156. Transition oversight.

[124 Stat. 1377–1683 omitted (307 pages)]

of title 11, United States Code, with regard to all money, securities, and property of any swaps customer received by a futures commission merchant or a derivatives clearing organization to margin, guarantee, or secure the swap (including money, securities, or property accruing to the customer as the result of the swap).

“(6) PROHIBITION.—It shall be unlawful for any person, including any derivatives clearing organization and any depository institution, that has received any money, securities, or property for deposit in a separate account or accounts as provided in paragraph (2) to hold, dispose of, or use any such money, securities, or property as belonging to the depositing futures commission merchant or any person other than the swaps customer of the futures commission merchant.”.

(b) BANKRUPTCY TREATMENT OF CLEARED SWAPS.—Section 761 of title 11, United States Code, is amended—

(1) in paragraph (4), by striking subparagraph (F) and inserting the following:

“(F)(i) any other contract, option, agreement, or transaction that is similar to a contract, option, agreement, or transaction referred to in this paragraph; and

“(ii) with respect to a futures commission merchant or a clearing organization, any other contract, option, agreement, or transaction, in each case, that is cleared by a clearing organization;”; and

(2) in paragraph (9)(A)(i), by striking “the commodity futures account” and inserting “a commodity contract account”.

(c) SEGREGATION REQUIREMENTS FOR UNCLEARED SWAPS.—Section 4s of the Commodity Exchange Act (as added by section 731) is amended by adding at the end the following:

“(1) SEGREGATION REQUIREMENTS.—

“(1) SEGREGATION OF ASSETS HELD AS COLLATERAL IN UNCLEARED SWAP TRANSACTIONS.—

“(A) NOTIFICATION.—A swap dealer or major swap participant shall be required to notify the counterparty of the swap dealer or major swap participant at the beginning of a swap transaction that the counterparty has the right to require segregation of the funds or other property supplied to margin, guarantee, or secure the obligations of the counterparty.

“(B) SEGREGATION AND MAINTENANCE OF FUNDS.—At the request of a counterparty to a swap that provides funds or other property to a swap dealer or major swap participant to margin, guarantee, or secure the obligations of the counterparty, the swap dealer or major swap participant shall—

“(i) segregate the funds or other property for the benefit of the counterparty; and

“(ii) in accordance with such rules and regulations as the Commission may promulgate, maintain the funds or other property in a segregated account separate from the assets and other interests of the swap dealer or major swap participant.

“(2) APPLICABILITY.—The requirements described in paragraph (1) shall—

[124 Stat. 1685–2114 omitted (430 pages)]

“(dd) any requirements imposed on the recipient with respect to employee compensation, distribution of dividends, or any other corporate decision in exchange for the assistance; and

“(ee) the expected costs to the taxpayers of such assistance; and

“(ii) once every 30 days, with respect to any outstanding loan or other financial assistance under this paragraph, written updates on—

“(I) the value of collateral; and

“(II) the amount of interest, fees, and other revenue or items of value received in exchange for the assistance; and

“(III) the expected or final cost to the taxpayers of such assistance.

“(D) The information required to be submitted to Congress under subparagraph (C) related to—

“(i) the identity of the participants in an emergency lending program or facility commenced under this paragraph;

“(ii) the amounts borrowed by each participant in any such program or facility;

“(iii) identifying details concerning the assets or collateral held by, under, or in connection with such a program or facility,

Confidentiality.

shall be kept confidential, upon the written request of the Chairman of the Board, in which case such information shall be made available only to the Chairpersons or Ranking Members of the Committees described in subparagraph (C).

“(E) If an entity to which a Federal reserve bank has provided a loan under this paragraph becomes a covered financial company, as defined in section 201 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, at any time while such loan is outstanding, and the Federal reserve bank incurs a realized net loss on the loan, then the Federal reserve bank shall have a claim equal to the amount of the net realized loss against the covered entity, with the same priority as an obligation to the Secretary of the Treasury under section 210(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.”.

(b) CONFORMING AMENDMENT.—Section 507(a)(2) of title 11, United States Code, is amended by inserting “unsecured claims of any Federal reserve bank related to loans made through programs or facilities authorized under section 13(3) of the Federal Reserve Act (12 U.S.C. 343),” after “this title,”.

(c) REFERENCES.—On and after the date of enactment of this Act, any reference in any provision of Federal law to the third undesignated paragraph of section 13 of the Federal Reserve Act (12 U.S.C. 343) shall be deemed to be a reference to section 13(3) of the Federal Reserve Act, as so designated by this section.

Effective date.
12 USC 343 note.

SEC. 1102. AUDITS OF SPECIAL FEDERAL RESERVE CREDIT FACILITIES.

(a) AUDITS.—Section 714 of title 31, United States Code, is amended by adding at the end the following:

[124 Stat. 2116–2222 omitted (107 pages)]

TITLE XVI—SECTION 1256 CONTRACTS**SEC. 1601. CERTAIN SWAPS, ETC., NOT TREATED AS SECTION 1256 CONTRACTS.**

(a) IN GENERAL.—Subsection (b) of section 1256 of the Internal Revenue Code of 1986 is amended—

26 USC 1256.

(1) by redesignating paragraphs (1) through (5) as subparagraphs (A) through (E), respectively, and by indenting such subparagraphs (as so redesignated) accordingly,

(2) by striking “For purposes of” and inserting the following:

“(1) IN GENERAL.—For purposes of”, and

(3) by striking the last sentence and inserting the following new paragraph:

“(2) EXCEPTIONS.—The term ‘section 1256 contract’ shall not include—

“(A) any securities futures contract or option on such a contract unless such contract or option is a dealer securities futures contract, or

“(B) any interest rate swap, currency swap, basis swap, interest rate cap, interest rate floor, commodity swap, equity swap, equity index swap, credit default swap, or similar agreement.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

26 USC 1256
note.

Approved July 21, 2010.

LEGISLATIVE HISTORY—H.R. 4173 (S. 3217):

HOUSE REPORTS: No. 111–517 (Comm. of Conference).

SENATE REPORTS: No. 111–176 (Comm. on Banking, Housing, and Urban Affairs) accompanying S. 3217.

CONGRESSIONAL RECORD:

Vol. 155 (2009): Dec. 9–11, considered and passed House.

Vol. 156 (2010): May 20, considered and passed Senate, amended, in lieu of S. 3217.

June 30, House agreed to conference report.

July 13, 15, Senate considered and agreed to conference report.

DAILY COMPILATION OF PRESIDENTIAL DOCUMENTS (2010):

July 21, Presidential remarks.