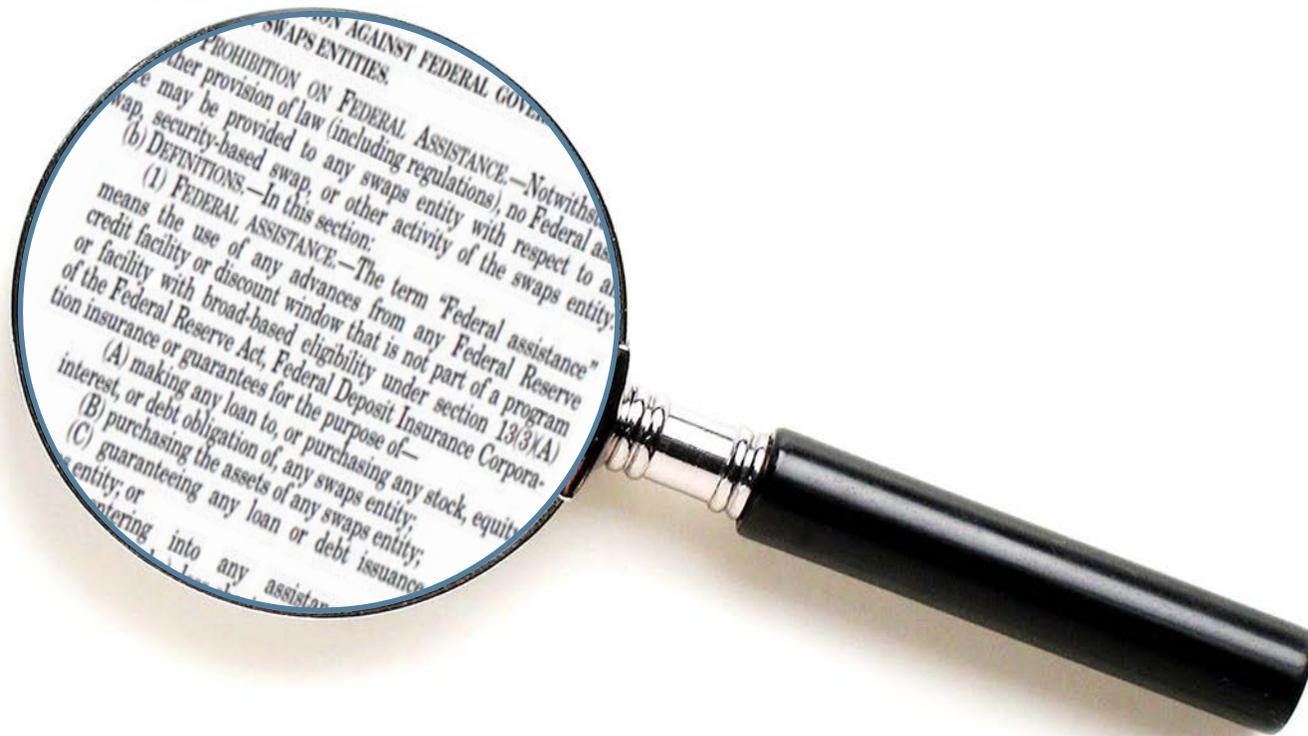


Swaps Pushout Provision Amended:

Pushout Requirement in Section 716 Now Limited to Certain ABS Swaps



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Overview of the Swaps Pushout Amendment

- On December 16, 2014, the President signed into law an amendment to Section 716 of the Dodd-Frank Act (known as the **Swaps Pushout Rule** or the **Lincoln Amendment**) as part of a \$1.1 trillion spending bill. A blackline comparing the old and new Section 716 is available [here](#).
- This amendment significantly narrows the scope of swaps* subject to the pushout requirement under Section 716.
- The amendment does not change the conformance period.

Overview of the Swaps Pushout Amendment

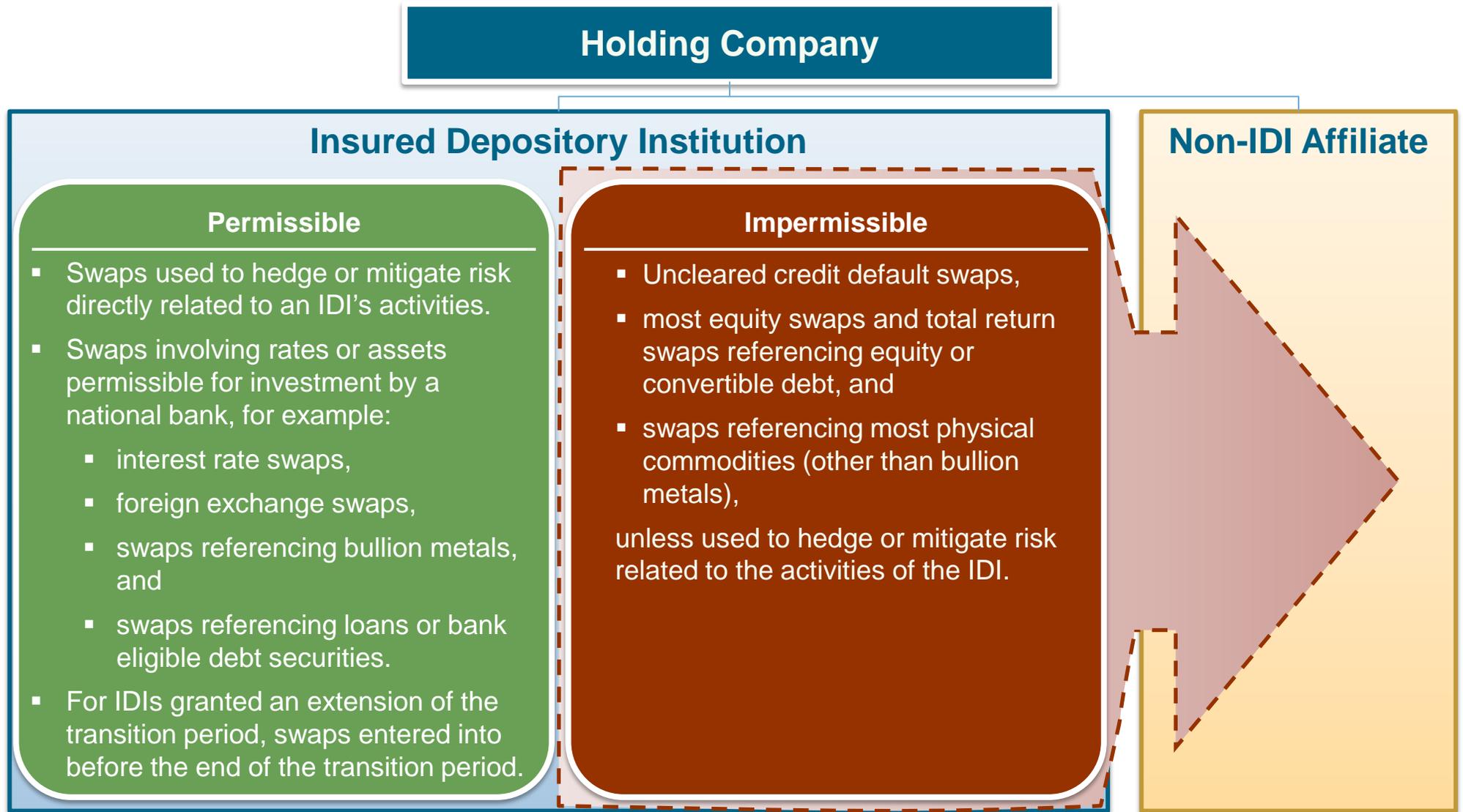
Certain ABS Swaps Must Be Pushed Out

- Insured depository institutions (**IDIs**) and U.S. branches and agencies of foreign banks that are swap dealers or security-based swap dealers (collectively, **Covered Depository Institutions** or **CDIs**) will be required to push out certain swaps based on an asset-backed security (**ABS**) or a group or index primarily comprised of ABS (**ABS Swaps**). The amendment refers to these swaps as **structured finance swaps**.
- A CDI may nonetheless enter into ABS Swaps if the swaps are:
 - undertaken for hedging or risk management purposes; or
 - permitted by rules jointly adopted by the prudential regulators* authorizing such swap activity by CDIs.
- Until the prudential regulators jointly adopt such rules permitting ABS Swaps, the scope of the pushout will be unclear.
 - The old pushout provision permitted an IDI to engage in swaps referencing assets permissible for investment by a national bank, which included many types of ABS.
 - The amendment eliminates that exemption, so that some of those ABS Swaps now may need to be pushed out.

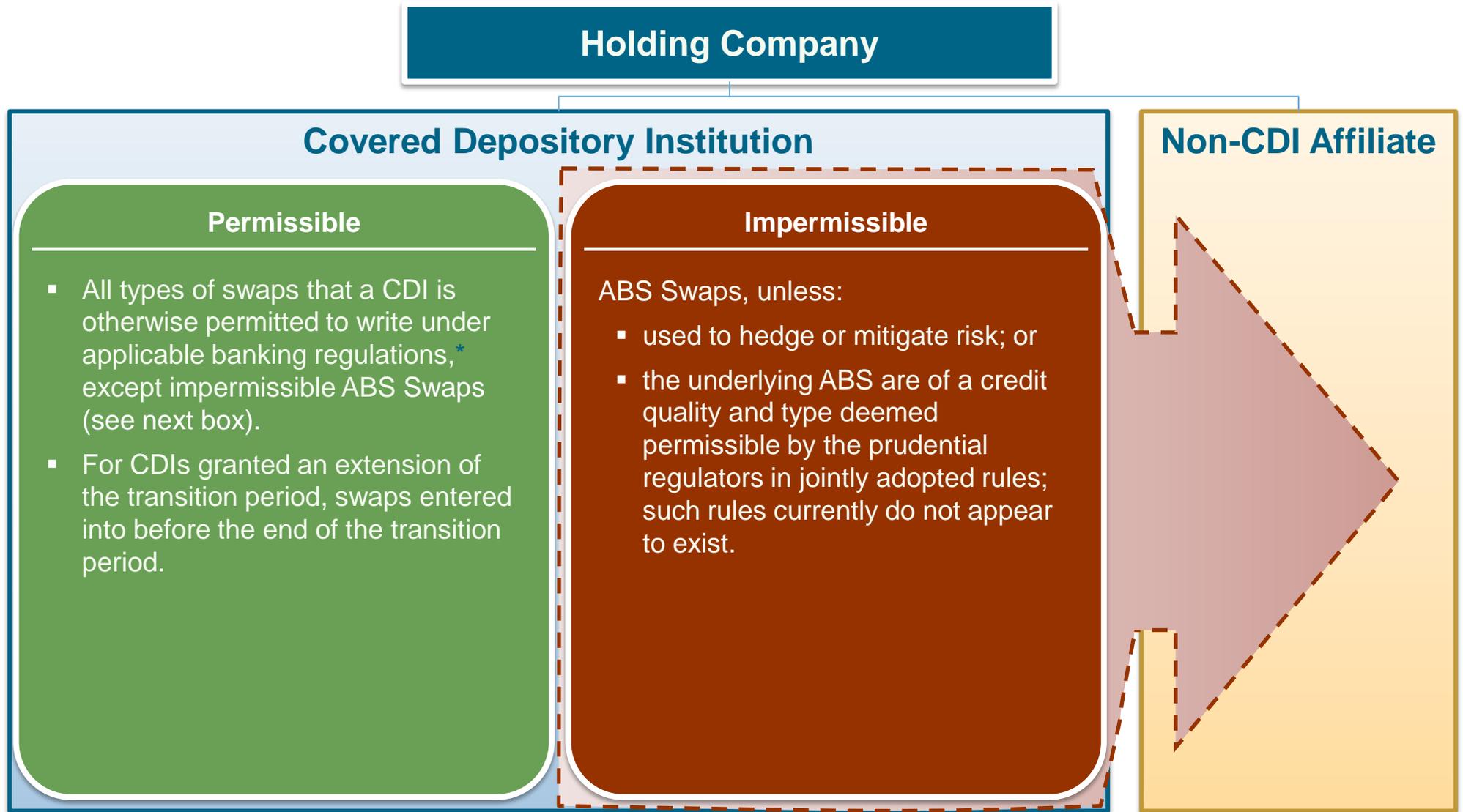
Branches and Agencies of Foreign Banks

- The amendment codifies the Federal Reserve's rule that uninsured branches and agencies of foreign banks are entitled to the same exceptions as IDIs under Section 716.
- It confirms that uninsured branches and agencies of foreign banks do not need to push out swaps to an affiliate, except for certain ABS Swaps.

Swaps Pushout: Permissible and Impermissible Swaps Activities under *Old* Section 716



Swaps Pushout: Permissible and Impermissible Swaps Activities under *Amended* Section 716



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