

119TH CONGRESS
2D SESSION

S. 4198

To amend the Federal Deposit Insurance Act to provide deposit insurance for noninterest-bearing transaction accounts, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 25, 2026

Mr. HAGERTY (for himself, Ms. ALSOBROOKS, Mr. BANKS, Ms. CORTEZ MASTO, Mrs. HYDE-SMITH, Mr. GALLEGGO, and Mr. WICKER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Federal Deposit Insurance Act to provide deposit insurance for noninterest-bearing transaction accounts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Main Street Depositor
5 Protection Act”.

6 **SEC. 2. TRANSACTION ACCOUNT INSURANCE.**

7 (a) DEPOSITORY INSTITUTIONS.—

8 (1) IN GENERAL.—Section 11(a)(1) of the Fed-
9 eral Deposit Insurance Act (12 U.S.C. 1821(a)(1))

1 is amended by striking subparagraph (B) and insert-
 2 ing the following:

3 “(B) NET AMOUNT OF INSURED DE-
 4 POSIT.—

5 “(i) IN GENERAL.—The net amount
 6 due to any depositor at an insured deposi-
 7 tory institution shall not exceed the sum
 8 of—

9 “(I) the standard maximum de-
 10 posit insurance amount as determined
 11 in accordance with subparagraphs
 12 (C), (D), (E), and (F) and paragraph
 13 (3); and

14 “(II) the net amount under
 15 clause (ii).

16 “(ii) INSURANCE FOR NONINTEREST-
 17 BEARING TRANSACTION ACCOUNTS.—

18 “(I) IN GENERAL.—Except as
 19 provided in subclause (IV), not later
 20 than the end of the 6-month period
 21 beginning on the date of enactment of
 22 this clause, the Corporation shall in-
 23 sure the net amount that any deposi-
 24 tor maintains, in the aggregate, in 1
 25 or more noninterest-bearing trans-

1 action accounts at an insured deposi-
 2 tory institution, in the amount deter-
 3 mined under subclause (II).

4 “(II) INSURED AMOUNT.—The
 5 Corporation shall issue a rule to es-
 6 tablish the maximum amount for in-
 7 surance described in subclause (I),
 8 which shall be in an amount that is—

9 “(aa) not less than the
 10 standard maximum deposit insur-
 11 ance amount on the date such
 12 rule is issued;

13 “(bb) not more than
 14 \$5,000,000; and

15 “(cc) based on consider-
 16 ations of enhancing the financial
 17 stability of the banking system,
 18 promoting economic growth, and
 19 providing for the safety of the
 20 Deposit Insurance Fund.

21 “(III) AGGREGATION.—For the
 22 purpose of determining the net
 23 amount due to any depositor under
 24 subclause (I), the Corporation shall
 25 aggregate the amounts of all deposits

1 in noninterest-bearing transaction ac-
 2 counts at insured depository institu-
 3 tions that are subsidiaries of a single
 4 depository institution holding com-
 5 pany.

6 “(IV) EXCLUSION.—

7 “(aa) DEFINITION.—In this
 8 subclause, the term ‘foreign
 9 bank’ does not include any bank
 10 organized under the laws of any
 11 territory of the United States,
 12 Puerto Rico, Guam, American
 13 Samoa, or the Virgin Islands, the
 14 deposits of which are insured by
 15 the Corporation pursuant to this
 16 Act.

17 “(bb) EXCLUSION.—The
 18 Corporation may not insure
 19 under subclause (I) amounts
 20 maintained at—

21 “(AA) any insured de-
 22 pository institution that is a
 23 subsidiary of a bank holding
 24 company that is identified as
 25 a global systemically impor-

1 tant BHC under section
 2 217.402 of title 12, Code of
 3 Federal Regulations (or any
 4 successor regulation); or
 5 “(BB) any insured
 6 branch of a foreign bank.

7 “(cc) RULE OF CONSTRUC-
 8 TION.—Nothing in this subclause
 9 may be construed to exclude any
 10 insured depository institution de-
 11 scribed in subitem (AA) from the
 12 standard maximum deposit insur-
 13 ance amount described in clause
 14 (i)(I).

15 “(V) NO SUBSEQUENT ADJUST-
 16 MENTS.—After the Corporation issues
 17 a rule pursuant to subclause (II), the
 18 amount of insurance provided under
 19 subclause (I) may not subsequently be
 20 modified or repealed except by an Act
 21 of Congress.”.

22 (2) TECHNICAL AND CONFORMING AMEND-
 23 MENT.—Section 3(m) of the Federal Deposit Insur-
 24 ance Act (12 U.S.C. 1813(m)) is amended—

1 (A) in paragraph (1), by inserting “, in-
 2 cluding deposits in a noninterest-bearing trans-
 3 action account,” after “deposits”; and

4 (B) by adding at the end the following:

5 “(5) NONINTEREST-BEARING TRANSACTION AC-
 6 COUNT.—The term ‘noninterest-bearing transaction
 7 account’ means a deposit or account maintained at
 8 an insured depository institution—

9 “(A) with respect to which interest is nei-
 10 ther accrued nor paid;

11 “(B) on which the depositor or account
 12 holder is permitted to make withdrawals by ne-
 13 gotiable or transferable instrument, payment
 14 orders of withdrawal, telephone or other elec-
 15 tronic media transfers, or other similar items
 16 for the purpose of making payments or trans-
 17 fers to third parties or others; and

18 “(C) on which the insured depository insti-
 19 tution does not reserve the right to require ad-
 20 vance notice of an intended withdrawal.”.

21 (3) ASSESSMENTS.—During the transition pe-
 22 riod under subsection (c), no insured depository in-
 23 stitution with total assets of \$10,000,000,000 or less
 24 shall be required to pay—

(A) any special assessment under section 7(b)(5) or 13(c)(4)(G) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(5), 1823(c)(4)(G)) as a condition to insurance on a noninterest-bearing transaction account, as defined in paragraph (5) of section 3(m) of the Federal Deposit Insurance Act (12 U.S.C. 1813(m)), as added by paragraph (2) of this subsection; or

(B) any increase in assessments under section 7(b)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) solely to offset any impact on the reserve ratio arising out of the extension of insurance to noninterest-bearing transaction accounts in excess of the standard maximum deposit insurance amount as determined in accordance with subparagraphs (C), (D), (E), and (F) of paragraph (1) and paragraph (3) of section 11(a) of that Act (12 U.S.C. 1821(a)).

(b) CREDIT UNIONS.—

(1) IN GENERAL.—Section 207(k)(1)(A) of the Federal Credit Union Act (12 U.S.C. 1787(k)(1)(A)) is amended—

1 (A) by striking “Subject to the provisions
 2 of paragraph (2), the net amount” and insert-
 3 ing the following:

4 “(i) NET AMOUNT OF INSURANCE
 5 PAYABLE.—Subject to clause (ii) and the
 6 provisions of paragraph (2), the net
 7 amount”; and

8 (B) by adding at the end the following:

9 “(ii) INSURANCE FOR NONINTEREST-
 10 BEARING TRANSACTION ACCOUNTS.—

11 “(I) IN GENERAL.—Notwith-
 12 standing clause (i), the Board shall
 13 insure the net amount that any mem-
 14 ber, or any person with funds lawfully
 15 held in a member account, maintains,
 16 in the aggregate, in 1 or more non-
 17 interest-bearing transaction accounts
 18 at an insured credit union.

19 “(II) INSURED AMOUNT.—The
 20 maximum amount for insurance de-
 21 scribed in subclause (I) shall be the
 22 maximum amount determined in the
 23 rule issued by the Federal Deposit In-
 24 surance Corporation pursuant to sec-
 25 tion 11(a)(1)(B)(ii)(II) of the Federal

1 Deposit Insurance Act (12 U.S.C.
2 1821(a)(1)(B)(ii)(II)).

3 “(III) EXCLUSION.—The amount
4 described in subclause (I) shall not be
5 taken into account when computing
6 the net amount due to a member, or
7 to any person with funds lawfully held
8 in a member account, described in
9 that subclause under clause (i).”.

10 (2) TECHNICAL AND CONFORMING AMEND-
11 MENTS.—Section 101 of the Federal Credit Union
12 Act (12 U.S.C. 1752) is amended—

13 (A) in paragraph (5), by inserting “such
14 terms mean a noninterest-bearing transaction
15 account,” after “Act,”;

16 (B) in paragraph (8), by striking “and” at
17 the end;

18 (C) in paragraph (9), by striking the pe-
19 riod at the end and inserting “; and”; and

20 (D) by adding at the end the following:

21 “(10) The term ‘noninterest-bearing transaction
22 account’ means an account of a member, or non-
23 member that is eligible to maintain an insured ac-
24 count, maintained at an insured credit union—

1 “(A) with respect to which interest is nei-
2 ther accrued nor paid;

3 “(B) on which the member or account
4 holder is permitted to make withdrawals by ne-
5 gotiable or transferable instrument, payment
6 orders of withdrawal, telephone or other elec-
7 tronic media transfers, or other similar items
8 for the purpose of making payments or trans-
9 fers to third parties or others; and

10 “(C) on which the insured credit union
11 does not reserve the right to require advance
12 notice of an intended withdrawal.”.

13 (c) TRANSITION PERIOD.—

14 (1) DEPOSITORY INSTITUTIONS.—

15 (A) IN GENERAL.—Notwithstanding any
16 other provision of law, insured deposits in non-
17 interest-bearing transaction accounts, as de-
18 scribed in clause (ii) of section 11(a)(1)(B) of
19 the Federal Deposit Insurance Act (12 U.S.C.
20 1821(a)(1)(B)), as added by subsection (a)(1)
21 of this section, shall be included in the deter-
22 mination of the value of the estimated insured
23 deposits described in sections 3(y)(3) and
24 7(b)(3)(B) of that Act (12 U.S.C. 1813(y)(3),

1 1817(b)(3)(B)) in accordance with the plan re-
2 quired under subparagraph (B).

3 (B) PLAN.—Not later than 1 year after
4 the date of enactment of this Act, the Federal
5 Deposit Insurance Corporation shall publish in
6 the Federal Register a plan for gradually in-
7 creasing, during the period ending on the date
8 that is 10 years after the date of enactment of
9 this Act, the portion of insured deposits de-
10 scribed in subparagraph (A) in the determina-
11 tion described in that subparagraph, reaching
12 100 percent at the end of the period.

13 (2) CREDIT UNIONS.—

14 (A) IN GENERAL.—Notwithstanding any
15 other provision of law, insured shares in non-
16 interest-bearing transaction accounts, as de-
17 scribed in clause (ii) of section 207(k)(1)(A) of
18 the Federal Credit Union Act (12 U.S.C.
19 1787(k)(1)(A)), as added by subsection (b)(1)
20 of this section, shall be included in the deter-
21 mination of the value of the aggregate amount
22 of the insured shares, as defined in section
23 202(h) of that Act (12 U.S.C. 1782(h)), in ac-
24 cordance with the plan required under subpara-
25 graph (B).

1 (B) PLAN.—Not later than 1 year after
2 the date of enactment of this Act, the National
3 Credit Union Administration Board shall pub-
4 lish in the Federal Register a plan for gradually
5 increasing, during the period ending on the date
6 that is 10 years after the date of enactment of
7 this Act, the portion of insured shares described
8 in subparagraph (A) in the determination de-
9 scribed in that subparagraph, reaching 100 per-
10 cent at the end of the period.

11 (C) REGULATIONS.—The National Credit
12 Union Administration Board may promulgate
13 regulations to ensure that the National Credit
14 Union Share Insurance Fund remains well-cap-
15 italized.

16 (d) REGULATIONS.—The Federal Deposit Insurance
17 Corporation and the National Credit Union Administra-
18 tion Board may promulgate regulations carrying out the
19 amendments made by this section, including prohibiting
20 insured depository institutions, as defined in section 3 of
21 the Federal Deposit Insurance Act (12 U.S.C. 1813), in-
22 sured credit unions, as defined in section 101 of the Fed-
23 eral Credit Union Act (12 U.S.C. 1752), and third parties,
24 as applicable, from evading the limitation of insurance es-
25 tablished under those amendments to only—

- 1 (1) noninterest-bearing transaction accounts;
- 2 (2) deposits or accounts at insured depository
- 3 institutions not excluded under clause (ii)(IV) of sec-
- 4 tion 11(a)(1)(B) of the Federal Deposit Insurance
- 5 Act (12 U.S.C. 1821(a)(1)(B)), as added by sub-
- 6 section (a) of this section; and
- 7 (3) shares, deposits, or accounts at insured
- 8 credit unions.

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