

of. All of them are highly educated and highly trained. They work in very sensitive positions for NATO and their present status is, I believe, an oversight that should be corrected.

Mr. WATT of North Carolina. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would just reiterate to my colleagues that this is not a controversial bill. It serves a very worthy purpose, and the fact that I have talked about some things that the bill could cover and should cover should not overshadow the good aspects of the bill. I hope that the House will have the courage to address some of those issues, but that is not a negative about this bill. This bill should be supported.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SMITH of Texas. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I just want to say to my friend, the gentleman from North Carolina, that I appreciate his effort to expand the four criteria that he listed to include other groups like the Haitians and the Hmongs that he mentioned. But unfortunately, that is not a valid application of those criteria.

I say this because there are at least two major distinctions. One is in the case of the NATO employees, who were specifically admitted to work for NATO and indirectly for the United States, and that is not the case with these other groups that were mentioned.

Secondly, the NATO employees have to have been in the United States for an aggregate of 15 years. Again, that would distinguish the NATO employees from members of the other groups that were mentioned by the gentleman from North Carolina.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SHAW). The question is on the motion offered by the gentleman from Texas (Mr. SMITH) that the House suspend the rules and pass the bill, H.R. 429, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

EXAMINATION PARITY AND YEAR 2000 READINESS FOR FINANCIAL INSTITUTIONS ACT

Mr. LEACH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3116) to address the year 2000 computer problems with regard to financial institutions, to extend examination parity to the Director of the Office of Thrift Supervision and the National Credit Union Administration, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3116

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Examination Parity and Year 2000 Readiness for Financial Institutions Act".

SEC. 2. YEAR 2000 READINESS FOR FINANCIAL INSTITUTIONS.

(a) FINDINGS.—The Congress finds that—
(1) the Year 2000 computer problem poses a serious challenge to the American economy, including the Nation's banking and financial services industries;

(2) thousands of banks, savings associations, and credit unions rely heavily on internal information technology and computer systems, as well as outside service providers, for mission-critical functions, such as check clearing, direct deposit, accounting, automated teller machine networks, credit card processing, and data exchanges with domestic and international borrowers, customers, and other financial institutions; and

(3) Federal financial regulatory agencies must have sufficient examination authority to ensure that the safety and soundness of the Nation's financial institutions will not be at risk.

(b) DEFINITIONS.—For purposes of this section—

(1) the terms "depository institution" and "Federal banking agency" have the same meanings as in section 3 of the Federal Deposit Insurance Act;

(2) the term "Federal home loan bank" has the same meaning as in section 2 of the Federal Home Loan Bank Act;

(3) the term "Federal reserve bank" means a reserve bank established under the Federal Reserve Act;

(4) the term "insured credit union" has the same meaning as in section 101 of the Federal Credit Union Act; and

(5) the term "Year 2000 computer problem" means, with respect to information technology, any problem which prevents such technology from accurately processing, calculating, comparing, or sequencing date or time data—

(A) from, into, or between—
(i) the 20th and 21st centuries; or
(ii) the years 1999 and 2000; or

(B) with regard to leap year calculations.

(c) SEMINARS AND MODEL APPROACHES TO YEAR 2000 COMPUTER PROBLEM.—

(1) SEMINARS.—

(A) IN GENERAL.—Each Federal banking agency and the National Credit Union Administration Board shall offer seminars to all depository institutions and insured credit unions under the jurisdiction of such agency on the implication of the Year 2000 computer problem for—

(i) the safe and sound operations of such depository institutions and credit unions; and

(ii) transactions with other financial institutions, including Federal reserve banks and Federal home loan banks.

(B) CONTENT AND SCHEDULE.—The content and schedule of seminars offered pursuant to subparagraph (A) shall be determined by each Federal banking agency and the National Credit Union Administration Board taking into account the resources and examination priorities of such agency.

(2) MODEL APPROACHES.—

(A) IN GENERAL.—Each Federal banking agency and the National Credit Union Administration Board shall make available to each depository institution and insured credit union under the jurisdiction of such agency model approaches to common Year 2000 computer problems, such as model approaches with regard to project management, vendor contracts, testing regimes, and business continuity planning.

(B) VARIETY OF APPROACHES.—In developing model approaches to the Year 2000 computer problem pursuant to subparagraph (A),

each Federal banking agency and the National Credit Union Administration Board shall take into account the need to develop a variety of approaches to correspond to the variety of depository institutions or credit unions within the jurisdiction of the agency.

(3) COOPERATION.—In carrying out this section, the Federal banking agencies and the National Credit Union Administration Board may cooperate and coordinate their activities with each other, the Financial Institutions Examination Council, and appropriate organizations representing depository institutions and credit unions.

SEC. 3. REGULATION AND EXAMINATION OF SERVICE PROVIDERS.

(a) REGULATION AND EXAMINATION OF SAVINGS ASSOCIATION SERVICE COMPANIES.—

(1) AMENDMENT TO HOME OWNERS' LOAN ACT.—Section 5(d) of the Home Owners' Loan Act (12 U.S.C. 1464(d)) is amended by adding at the end the following:

"(7) REGULATION AND EXAMINATION OF SAVINGS ASSOCIATION SERVICE COMPANIES, SUBSIDIARIES, AND SERVICE PROVIDERS.—

"(A) GENERAL EXAMINATION AND REGULATORY AUTHORITY.—A service company or subsidiary that is owned in whole or in part by a savings association shall be subject to examination and regulation by the Director to the same extent as that savings association.

"(B) EXAMINATION BY OTHER BANKING AGENCIES.—The Director may authorize any other Federal banking agency that supervises any other owner of part of the service company or subsidiary to perform an examination described in subparagraph (A).

"(C) APPLICABILITY OF SECTION 8 OF THE FEDERAL DEPOSIT INSURANCE ACT.—A service company or subsidiary that is owned in whole or in part by a saving association shall be subject to the provisions of section 8 of the Federal Deposit Insurance Act as if the service company or subsidiary were an insured depository institution. In any such case, the Director shall be deemed to be the appropriate Federal banking agency, pursuant to section 3(q) of the Federal Deposit Insurance Act.

"(D) SERVICE PERFORMED BY CONTRACT OR OTHERWISE.—Notwithstanding subparagraph (A), if a savings association, a subsidiary thereof, or any savings and loan affiliate or entity, as identified by section 8(b)(9) of the Federal Deposit Insurance Act, that is regularly examined or subject to examination by the Director, causes to be performed for itself, by contract or otherwise, any service authorized under this Act or, in the case of a State savings association, any applicable State law, whether on or off its premises—

"(i) such performance shall be subject to regulation and examination by the Director to the same extent as if such services were being performed by the savings association on its own premises; and

"(ii) the savings association shall notify the Director of the existence of the service relationship not later than 30 days after the earlier of—

"(I) the date on which the contract is entered into; or

"(II) the date on which the performance of the service is initiated.

"(E) ADMINISTRATION BY THE DIRECTOR.—The Director may issue such regulations and orders, including those issued pursuant to section 8 of the Federal Deposit Insurance Act, as may be necessary to enable the Director to administer and carry out this paragraph and to prevent evasion of this paragraph.

"(8) DEFINITIONS.—For purposes of this section—

"(A) the term 'service company' means—

"(i) any corporation—

“(I) that is organized to perform services authorized by this Act or, in the case of a corporation owned in part by a State savings association, authorized by applicable State law; and

“(II) all of the capital stock of which is owned by 1 or more insured savings associations; and

“(ii) any limited liability company—

“(I) that is organized to perform services authorized by this Act or, in the case of a company, 1 of the members of which is a State savings association, authorized by applicable State law; and

“(II) all of the members of which are 1 or more insured savings associations;

“(B) the term ‘limited liability company’ means any company, partnership, trust, or similar business entity organized under the law of a State (as defined in section 3 of the Federal Deposit Insurance Act) that provides that a member or manager of such company is not personally liable for a debt, obligation, or liability of the company solely by reason of being, or acting as, a member or manager of such company; and

“(C) the terms ‘State savings association’ and ‘subsidiary’ have the same meanings as in section 3 of the Federal Deposit Insurance Act.”

(2) CONFORMING AMENDMENTS TO SECTION 8 OF THE FEDERAL DEPOSIT INSURANCE ACT.—Section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818) is amended—

(A) in subsection (b)(9), by striking “to any service corporation of a savings association and to any subsidiary of such service corporation”;

(B) in subsection (e)(7)(A)(ii), by striking “(b)(8)” and inserting “(b)(9)”;

(C) in subsection (j)(2), by striking “(b)(8)” and inserting “(b)(9)”.

(b) REGULATION AND EXAMINATION OF SERVICE PROVIDERS FOR CREDIT UNIONS.—Title II of the Federal Credit Union Act (12 U.S.C. 1781 et seq.) is amended by inserting after section 206 the following new section:

“SEC. 206A. REGULATION AND EXAMINATION OF CREDIT UNION ORGANIZATIONS AND SERVICE PROVIDERS.

“(a) REGULATION AND EXAMINATION OF CREDIT UNION ORGANIZATIONS.—

“(1) GENERAL EXAMINATION AND REGULATORY AUTHORITY.—A credit union organization shall be subject to examination and regulation by the Board to the same extent as that insured credit union.

“(2) EXAMINATION BY OTHER BANKING AGENCIES.—The Board may authorize to make an examination of a credit union organization in accordance with paragraph (1)—

“(A) any Federal regulator agency that supervises any activity of a credit union organization; or

“(B) any Federal banking agency that supervises any other person who maintains an ownership interest in a credit union organization.

“(b) APPLICABILITY OF SECTION 206.—A credit union organization shall be subject to the provisions of section 206 as if the credit union organization were an insured credit union.

“(c) SERVICE PERFORMED BY CONTRACT OR OTHERWISE.—Notwithstanding subsection (a), if an insured credit union or a credit union organization that is regularly examined or subject to examination by the Board, causes to be performed for itself, by contract or otherwise, any service authorized under this Act, or in the case of a State credit union, any applicable State law, whether on or off its premises—

“(1) such performance shall be subject to regulation and examination by the Board to the same extent as if such services were being performed by the insured credit union or credit union organization itself on its own premises; and

“(2) the insured credit union or credit union organization shall notify the Board of the existence of the service relationship not later than 30 days after the earlier of—

“(A) the date on which the contract is entered into; or

“(B) the date on which the performance of the service is initiated.

“(d) ADMINISTRATION BY THE BOARD.—The Board may issue such regulations and orders as may be necessary to enable the Board to administer and carry out this section and to prevent evasion of this section.

“(e) DEFINITIONS.—For purposes of this section—

“(1) the term ‘credit union organization’ means any entity that—

“(A) is not a credit union;

“(B) is an entity in which an insured credit union may lawfully hold an ownership interest or investment; and

“(C) is owned in whole or in part by an insured credit union; and

“(2) the term ‘Federal banking agency’ has the same meaning as in section 3 of the Federal Deposit Insurance Act.

“(f) EXPIRATION OF AUTHORITY.—This section and all powers and authority of the Board under this section shall cease to be effective as of December 31, 2001.”

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE) each will control 20 minutes.

The Chair recognizes the gentleman from Iowa (Mr. LEACH).

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume.

(Mr. LEACH asked and was given permission to revise and extend his remarks.)

Mr. LEACH. Mr. Speaker, I rise in support of H.R. 3116, the Examination Parity and Year 2000 Readiness for Financial Institutions Act. This bill is a product of hearings which the Committee on Banking and Financial Services held in November and February to examine the potential impact of the year 2000 computer problem on the Nation's financial institutions. It was reported from committee on February 5 on a voice vote with broad bipartisan support, and I want to express my appreciation to the minority for their cooperation, particularly the gentleman from New York (Mr. LAFALCE), and assistance in facilitating timely action on this bill.

For those of our colleagues who may not yet be aware of this issue, the year 2000 problem, or Y2K problem, as it is sometimes called, arises from the fact that most computers represent the year with only two digits. Hence, 1998 is simply recorded as “98.” Unfortunately, that means when the clock rolls over to January 1, 2000, many computers may incorrectly assume that 00 means 1900 rather than 2000. As a result, computers may reject data entries, calculate erroneous results, or simply shut down.

As inconsequential as this issue may appear, it is clear from testimony presented at the committee's hearing that the year 2000 problem poses a serious challenge to the banking sector and to the economy as a whole. Thousands of financial institutions in the United

States rely on computers for such functions as check clearing, direct deposit, accounting, automated teller machines, ATM networks, credit card processing, and electronic data exchanges with external parties.

Even passenger security systems, vaults, phone systems, elevators, and other building systems could malfunction if embedded data-sensitive microchips failed to process the year 2000 date change.

Most of the effort to address the year 2000 problem does not require new legislation. The bill before us today is designed to deal with a couple of discrete aspects of the problem as it relates to financial institutions.

First, H.R. 3116 requires Federal financial regulatory agencies to hold seminars for financial institutions on the implications of the problem for safe and sound operations, and to provide model approaches for solving common problems. The bill gives the agency broad latitude to work together and with outside industry organizations to accomplish these objectives.

Second, H.R. 3116 extends to the Office of Thrift Supervision and the National Credit Union Administration the authority to examine the operations of service corporations or other entities that perform services under contracts for thrifts and credit unions, thereby giving these two financial regulatory agencies statute parity with the other three, the Fed, the OCC, and the FDIC, which already have such authority.

Mr. Speaker, I urge my colleagues to vote aye on this important measure, and I would like to thank in particular the staff for all of their work for what appears to be a very esoteric but surprisingly sophisticated issue.

Mr. Speaker, I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume.

(Mr. LAFALCE asked and was given permission to revise and extend his remarks.)

Mr. LaFALCE. Mr. Speaker, I join with my friend and colleague, the distinguished chairman of the Committee on Banking and Financial Services, in urging the House to suspend the rules and approve H.R. 3116, the Examination Parity and Year 2000 Readiness for Financial Institutions Act.

It is imperative that Congress give greater focus to the potential ramifications of what is being called the year 2000 or Y2K problem. We have a series of date-related programming problems that can adversely affect computer operations, beginning, really, as early as January of 1999. If not corrected, these problems could create serious disruptions throughout our economy.

Credit cards could read as expired, insurance policies could get lost, checks could bounce, phone lines could crash, and entire computer systems could fail under the weight of nonsensical dates.

The potential implications for the United States and, indeed, the global economy are virtually mind-boggling.

But even if these problems can be averted, the economic costs of resolving the problems will still be enormous.

The cover story in this week's Business Week estimates that correcting year 2000 problems could cost the economy roughly \$119 billion in lost economic output, simply between now and the year 2001. This would cut roughly half a percentage point off economic growth in 2000 and early 2001, roughly equal to the estimated economic damage anticipated from the financial crisis in Asia.

The year 2000 problem is particularly serious for financial institutions and their regulations. The failure of computers to distinguish between the year 2000 and the year 1900 or the risk they will misread dates as commonly used symbols for "die dates" in financial accounting could result in loan schedules being miscalculated, debts being cancelled, payments and bank statements being delayed, electronic funds transfers being lost, 100-year interest charges and late payment fees being imposed on consumers, and a virtually limitless variety of other problems.

Some analysts warn and believe that the entire financial system could shut down New Year's Day 2000. Fortunately, the Federal Reserve Board, other bank regulators, and the Nation's larger banks have taken the year 2000 problem quite seriously for several years and have spent considerable sums to develop and test potential solutions.

But the same has not always been true of smaller banks, thrift institutions, and credit unions. These institutions sometimes lag behind in year 2000 compliance, in part because they do not fully comprehend the potential disruptions that would occur and also, to a certain extent, because they lack the resources to commit to developing solutions.

Smaller institutions are further hampered by the fact that they typically outsource most data processing, check clearance, credit card, and other computer dependent operations, to outside service providers and assume that these companies will handle the year 2000 problems.

Unfortunately, these companies often face problems of their own in resolving year 2000 problems. Any failures to make appropriate adjustments in these computer networks will easily be compounded throughout the entire financial system.

As of now, the Comptroller of the Currency, and only the Comptroller, has the authority to examine the operations of affiliated service corporations and outside vendors that perform services for banks to monitor compliance in resolving year 2000 problems.

Clearly, this authority must be expanded on a uniform basis to permit comparable examination of year 2000 compliance by service providers to thrift institutions and credit unions.

H.R. 3116 addresses these problems in several ways. First, it directs the Fed-

eral bank, thrift, and credit union regulatory agencies to offer seminars to financial institutions on the implications of the year 2000 computer problem on safe and sound operations.

Second, it requires each agency to make available to financial institutions model approaches for addressing year 2000 computer and data processing problems.

And, third, the bill provides the necessary authority to the Office of Thrift Supervision and the National Credit Union Administration to examine the operations of affiliated service corporations and outside vendors that provide services under contract to thrifts and credit unions.

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This will provide both agencies with comparable authority to the bank regulatory agencies for monitoring the Year 2000 compliance.

Mr. Speaker, I again applaud the gentleman from Iowa (Mr. LEACH) chairman of the committee, and the staff, both the majority and the minority, for working on this bill. It is extremely timely and important legislation. It is necessary to assure the safety and soundness of our financial system. I strongly urge its adoption.

Mr. Speaker, I reserve the balance of my time.

Mr. LEACH. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from New Jersey (Mrs. ROUKEMA) chairman of the Subcommittee on Financial Institutions and Consumer Credit.

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I do not believe I will take the whole 5 minutes, but I do want to rise in strong support of H.R. 3116. I am an original cosponsor and believe this is a very far-reaching bill and we are giving adequate time to address the problem of Y2K, as it has come to be none, and we need this advance planning time.

Certainly, we will be addressing the readiness question in this legislation, as well as providing parity and examination authority among the Federal banking agencies and the National Credit Union Administration.

The gentleman from Iowa (Mr. LEACH) has very well, along with the gentleman from New York (Mr. LAFALCE) our ranking member, explained the Y2K problem. And in a nutshell I would simply say that it is the ability of a financial institution's computers to recognize data in their own computer base as well as databases from other systems. And I will not go into the full and complete explanation that Chairman LEACH has made, except that I would also say, however, that as has been noted that financial institutions are spending millions of dollars and man-hours trying to fix their systems presently, and what we are doing here today, both for the Y2K problem, as well as the parity question for exam-

ination authority, is hopefully negotiating those problems and we will be saving both the industry and the consumers untold billions of dollars both in unnecessary disruptions and inconveniences and a lot of legal questions that could arise.

So, Mr. Speaker, I do rise in complete support of this bill. I think we should note that particularly that in dealing with the parity authority for the Federal regulators, as well as the NCUA and the OTC, that what we are doing here is providing services to savings associations and credit unions to help them fulfill their part of the safety and soundness mandate of the banking institutions.

Again, I urge full support of the legislation and I thank the gentleman from Iowa for his leadership.

Mr. LEACH. Mr. Speaker, I yield 5 minutes to the gentlewoman from Maryland (Mrs. MORELLA).

Mrs. MORELLA. Mr. Speaker, I thank the gentleman for yielding the time to me, and I rise to commend the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE) the ranking member, and the sponsors of this legislation on the Committee on Banking and Financial Services on their effort to ensure that our Nation's financial institutions are adequately addressing the Year 2000 computer problem.

It has been said that almost 70 percent of all the network computers around the world are connected to banking and financial institutions. If that is so, then the Year 2000 computer problem, left unattended, could not only detrimentally affect every depositor and creditor in that computer-dependent industry, but also could potentially cripple international commerce. It is clear that our Nation's financial institutions must move expeditiously to ensure that they will not be at risk at the beginning of the new millennium.

H.R. 3116, the Examination Parity and Year 2000 Readiness for Financial Institutions Act, will help them achieve that goal. By requiring the industry to provide seminars for financial institutions on the implications of the Year 2000 problem for safe and sound operations, as well as developing model approaches for solving common year 2000 problems in such areas as vendor contracts, the bill takes an important first step to better assure American customers and depositors that their local banks and credit unions will be safe and open for business when the Year 2000 rolls around.

Mr. Speaker, as you know, we in Congress have been working diligently over the past 2 years to raise the Nation's awareness and to push our Federal Government, as well as State and local governments, and private industry, for immediate corrective action. We have done this through legislation and an ongoing series of current congressional hearings and attentive oversight, even with the national Republican radio address.

As chair of the House Committee on Science's Subcommittee on Technology, we have held six hearings on the Year 2000 problem, many in conjunction with the Committee on Government Reform and Oversight's Subcommittee on Operations, chaired by the gentleman from California (Mr. HORN).

In legislation, we required the creation of a national Federal strategy on the Year 2000 problem. Federal quarterly reporting requirements and a statutory prohibition on the Federal purchase of any information technology which is not Year 2000 compliant.

I am also very pleased that the President has finally joined with Congress to help ensure that our Nation will address the Year 2000 problem in a timely and effective manner. The President's recent Executive order establishing a Year 2000 Conversion Council, chaired by John Koskinen, to make correcting the problem the highest priority attention for both the public and private sector, is vital to our Nation's ability to correct the problem by the unrelenting deadline. This is an important step if we are to avert catastrophic failure of government and industry computer systems. We have been calling for leadership from our Nation's chief executive for over a year. The President is at last giving this issue the attention it deserves.

And while I am anxious to work with Mr. Koskinen and the national Year 2000 Council on future efforts, today I intend to support this necessary measure to ensure the American people that not only is their money safe, but they will have reasonable timely access to it in the Year 2000 and beyond.

So, Mr. Speaker, I urge all of my colleagues to join me in passing H.R. 3116. I also want to again congratulate Chairman LEACH and Ranking Member LAFALCE for their leadership, and I look forward to working with them as Congress moves to enact other Year 2000 solutions.

Mr. LAFALCE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume just to conclude by saying this issue is extraordinarily important for consumers. It is important for America's competitive position abroad. To become Year 2000 compliant will involve a multi-billion dollar cost to the economy and success or failure will affect the competitive position of many types of private sector organizations at home and abroad.

I am particularly concerned at home with the competitive position of various vendors to financial institutions, some of which are on top of the problem, some of which are less so. Abroad, we could literally see a run to American financial institutions who are on top of the problem, in contrast with foreign competitors. Europe is intertwined with a series of problems relat-

ed to European Community. In Asia there is a series of very different kinds of problems. Neither in the world is putting as much attention as the United States is. So as there are challenges, there are also potential opportunities for those institutions who are on top of this particular subject matter.

Mr. Speaker, let me just conclude by saying that also from a job sense, we are going to see perhaps the greatest shortage of software engineers and technicians in the history of the country in almost any industry. And it is important for individuals not only in the financial services sector, but in other types of critical industries, to be very sensitive to these issues. Obviously, relating to airlines which is one most in the public mind, but there are many others as well.

In any regard, this is a very, very modest bill that the Congress is putting forth. Behind the bill is also the sense that involved is an education process of which the Congress is a part. And while this bill will not be an answer to anything, it is intended to precipitate serious attention to the issue.

Mr. Speaker, with that, I have no further requests for time. I would like to thank particularly the gentleman from New York (Mr. LAFALCE) and the gentlewoman from New Jersey (Mrs. ROUKEMA), as well as the gentlewoman from Maryland (Mrs. MORELLA) for her thoughtful attention.

Mr. PAUL. Mr. Speaker, this Legislation, H.R. 3116, will not solve the Year 2000 problem. Giving some financial regulators "statutory parity" with other regulators will not solve the problem. Everyone will have to take responsibility to secure that their own systems will be Year 2000-compliant. We must hope that the government will be as diligent in its compliance with the so-called Millennium Bug problem as it want the private sector to be.

The General Accounting Office (GAO) has reported unfavorably on the FDIC's readiness. Before the Subcommittee on Financial Services and Technology, Committee on Banking, Housing and Urban Affairs, US Senate, Jack L. Brock, Jr., Director, Governmentwide and Defense Information Systems, testified on February 10, 1998 (Year 2000 Computing Crisis: Federal Deposit Insurance Corporation's Efforts to Ensure Bank's Systems Are Year 2000 Compliant) that the Federal Deposit Insurance Corporation (FDIC) has not met its own "y2k-compliant" standards. According to GAO, the FDIC has not yet completed the assessment phase of the remediation process, despite its own standard that banks under the agency's supervision should have completed this phase by the end of the third quarter of 1997.

The bill requires the regulators to provide information (seminars, etc.), make available to financial institutions model approaches to address the Year 2000 problem, and to give the regulators examination authority to examine third party service providers under contract to federally-insured institutions.

James Mills, of NAFCU, testified before the House Committee on Banking and Financial Services, "Historically, the role of providing education and training is one best performed

by the private sector, namely trade associations and industry-related organizations . . . Rather than require federal agencies to offer seminars, perhaps any legislative efforts should require federal agencies to participate in such programs or make it advisable and permissible to participate." NAFCU believes that the focus of H.R. 3116 should be strictly limited to ensuring compliance. In its present form, H.R. 3116 contains a broad and permanent expansion of NCUA's examination and regulatory authority . . . Legitimate questions may be raised as to whether, absent the year 2000 issue, NCUA, as a federal financial regulatory agency, should have the authority not just to examine but to actually regulate private business enterprises incorporated under the laws of various states. The authority given to NCUA in H.R. 3116, is not limited to the examination and regulation of credit unions, but would allow NCUA to examine and regulate third-party businesses, vendors and outside providers. Do the members of the Committee intend to give NCUA authority to regulate private entities?"

Ellen Seidman, Director OTS, added, "Clearly, the primary responsibility and liability for Year 2000 compliance rests with the regulated institutions themselves, including those that rely on service providers . . . Some service providers, however, have been resistant to these contractual provisions and, as a result, thrifts have been hindered in their ability to contract for services."

This bill raises legal liability questions that may actually thwart a financial institution's ability to address the y2k problem more effectively. Introducing legislation on the y2k issue would only give more people more incentive to sue companies which are not compliant. How does the bill define "year 2000 compliance"? It isn't clear. Such ambiguity only causes further problems. The real problem with y2k isn't the computers, its the people. More legislation will only compound the problem.

Year 2000 issues with computers cause numerous headaches but by no means unsolvable problems. Solutions exist, and since we do exist in a relatively free market, we should allow it to work.

Mr. LEACH. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SHAW). The question is on the motion offered by the gentleman from Iowa (Mr. LEACH) that the House suspend the rules and pass the bill, H.R. 3116, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. LEACH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to include in the RECORD additional statements and to revise and extend their remarks on H.R. 3116, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.