

105TH CONGRESS
1ST SESSION

S. 1560

To require the Federal banking agencies to make certain certifications to Congress regarding new accounting standards for derivatives before they become effective.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 13, 1997

Mr. FAIRCLOTH introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require the Federal banking agencies to make certain certifications to Congress regarding new accounting standards for derivatives before they become effective.

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 “Accurate Accounting
5 Standards Certification Act of 1997”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act, the terms “depository institution” and
8 “appropriate Federal banking agency” have the same

1 meanings as in section 3 of the Federal Deposit Insurance
2 Act.

3 **SEC. 3. CERTIFICATION BY FEDERAL BANKING AGENCIES.**

4 Notwithstanding any other provision of law, account-
5 ing standards regarding the accounting treatment of de-
6 rivatives and similar instruments developed in final form
7 by the Financial Accounting Standards Board on or after
8 November 13, 1997, shall not be considered to be gen-
9 erally accepted accounting principles, and may not be em-
10 ployed by any depository institution (or affiliate thereof)
11 for purpose of compliance with any Federal banking law,
12 unless the appropriate Federal banking agency for such
13 institution (or affiliate) certifies in writing to the Congress
14 that the standards—

15 (1) will more accurately reflect the assets, li-
16 abilities, and earnings of the depository institution
17 and its affiliates; and

18 (2) will not have the effect of diminishing the
19 use of risk management practices that would inhibit
20 the safe and sound operation of the depository insti-
21 tution and its affiliates.

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