

108TH CONGRESS  
2D SESSION

# H. R. 1375

---

IN THE SENATE OF THE UNITED STATES

MARCH 22, 2004

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

---

## AN ACT

To provide regulatory relief and improve productivity for  
insured depository institutions, 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,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Financial Services Regulatory Relief Act of 2004”.

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

Sec. 1. Short title; table of contents.

**TITLE I—NATIONAL BANK PROVISIONS**

Sec. 101. National bank directors.

Sec. 102. Voting in shareholder elections.

Sec. 103. Simplifying dividend calculations for national banks.

Sec. 104. Repeal of obsolete limitation on removal authority of the Comptroller  
of the Currency.

Sec. 105. Repeal of intrastate branch capital requirements.

Sec. 106. Clarification of waiver of publication requirements for bank merger  
notices.

Sec. 107. Equal treatment for Federal agencies of foreign banks.

Sec. 108. Maintenance of a Federal branch and a Federal agency in the same  
State.

Sec. 109. Business organization flexibility for national banks.

Sec. 110. Clarification of the main place of business of a national bank.

**TITLE II—SAVINGS ASSOCIATION PROVISIONS**

Sec. 201. Parity for savings associations under the Securities Exchange Act of  
1934 and the Investment Advisers Act of 1940.

Sec. 202. Investments by Federal savings associations authorized to promote  
the public welfare.

Sec. 203. Mergers and consolidations of Federal savings associations with non-  
depository institution affiliates.

Sec. 204. Repeal of statutory dividend notice requirement for savings associa-  
tion subsidiaries of savings and loan holding companies.

Sec. 205. Modernizing statutory authority for trust ownership of savings asso-  
ciations.

Sec. 206. Repeal of overlapping rules governing purchased mortgage servicing  
rights.

Sec. 207. Restatement of authority for Federal savings associations to invest in  
small business investment companies.

Sec. 208. Removal of limitation on investments in auto loans.

Sec. 209. Selling and offering of deposit products.

Sec. 210. Funeral- and cemetery-related fiduciary services.

Sec. 211. Repeal of qualified thrift lender requirement with respect to out-of-  
state branches.

Sec. 212. Small business and other commercial loans.

Sec. 213. Clarifying citizenship of Federal savings associations for Federal  
court jurisdiction.

**TITLE III—CREDIT UNION PROVISIONS**

- Sec. 301. Privately insured credit unions authorized to become members of a Federal home loan bank.
- Sec. 302. Leases of land on Federal facilities for credit unions.
- Sec. 303. Investments in securities by Federal credit unions.
- Sec. 304. Increase in general 12-year limitation of term of Federal credit union loans to 15 years.
- Sec. 305. Increase in 1 percent investment limit in credit union service organizations.
- Sec. 306. Member business loan exclusion for loans to nonprofit religious organizations.
- Sec. 307. Check cashing and money transfer services offered within the field of membership.
- Sec. 308. Voluntary mergers involving multiple common-bond credit unions.
- Sec. 309. Conversions involving common-bond credit unions.
- Sec. 310. Credit union governance.
- Sec. 311. Providing the National Credit Union Administration with greater flexibility in responding to market conditions.
- Sec. 312. Exemption from pre-merger notification requirement of the Clayton Act.
- Sec. 313. Treatment of credit unions as depository institutions under securities laws.

#### TITLE IV—DEPOSITORY INSTITUTION PROVISIONS

- Sec. 401. Easing restrictions on interstate branching and mergers.
- Sec. 402. Statute of limitations for judicial review of appointment of a receiver for depository institutions.
- Sec. 403. Reporting requirements relating to insider lending.
- Sec. 404. Amendment to provide an inflation adjustment for the small depository institution exception under the Depository Institution Management Interlocks Act.
- Sec. 405. Enhancing the safety and soundness of insured depository institutions.
- Sec. 406. Investments by insured savings associations in bank service companies authorized.
- Sec. 407. Cross guarantee authority.
- Sec. 408. Golden parachute authority and nonbank holding companies.
- Sec. 409. Amendments relating to change in bank control.

#### TITLE V—DEPOSITORY INSTITUTION AFFILIATES PROVISIONS

- Sec. 501. Clarification of cross marketing provision.
- Sec. 502. Amendment to provide the Federal Reserve Board with discretion concerning the imputation of control of shares of a company by trustees.
- Sec. 503. Eliminating geographic limits on thrift service companies.
- Sec. 504. Clarification of scope of applicable rate provision.

#### TITLE VI—BANKING AGENCY PROVISIONS

- Sec. 601. Waiver of examination schedule in order to allocate examiner resources.
- Sec. 602. Interagency data sharing.
- Sec. 603. Penalty for unauthorized participation by convicted individual.

- Sec. 604. Amendment permitting the destruction of old records of a depository institution by the FDIC after the appointment of the FDIC as receiver.
- Sec. 605. Modernization of recordkeeping requirement.
- Sec. 606. Clarification of extent of suspension, removal, and prohibition authority of Federal banking agencies in cases of certain crimes by institution-affiliated parties.
- Sec. 607. Streamlining depository institution merger application requirements.
- Sec. 608. Inclusion of Director of the Office of Thrift Supervision in list of banking agencies regarding insurance customer protection regulations.
- Sec. 609. Protection of confidential information received by Federal banking regulators from foreign banking supervisors.
- Sec. 610. Prohibition on participation by convicted individual.
- Sec. 611. Clarification that notice after separation from service may be made by an order.
- Sec. 612. Enforcement against misrepresentations regarding FDIC deposit insurance coverage.
- Sec. 613. Compensation of Federal home loan bank directors.
- Sec. 614. Extension of terms of Federal home loan bank directors.
- Sec. 615. Biennial reports on the status of agency employment of minorities and women.
- Sec. 616. Coordination of State examination authority.

#### TITLE VII— BUSINESS CHECKING FREEDOM

- Sec. 701. Short title.
- Sec. 702. Interest-bearing transaction accounts authorized for all businesses.
- Sec. 703. Interest-bearing transaction accounts authorized.
- Sec. 704. Payment of interest on reserves at Federal reserve banks.
- Sec. 705. Increased Federal reserve board flexibility in setting reserve requirements.
- Sec. 706. Transfer of Federal reserve surpluses.
- Sec. 707. Rule of Construction.

#### TITLE VIII—CLERICAL AND TECHNICAL AMENDMENTS

- Sec. 801. Clerical amendments to the Home Owners' Loan Act.
- Sec. 802. Technical corrections to the Federal Credit Union Act.
- Sec. 803. Other technical corrections.
- Sec. 804. Repeal of obsolete provisions of the Bank Holding Company Act of 1956.

## 1        **TITLE I—NATIONAL BANK** 2        **PROVISIONS**

### 3    **SEC. 101. NATIONAL BANK DIRECTORS.**

4        Section 5146 of the Revised Statutes of the United  
5    States (12 U.S.C. 72) is amended—

1           (1) by striking “SEC. 5146. Every director  
2           must during” and inserting the following:

3   **“SEC. 5146. REQUIREMENTS FOR BANK DIRECTORS.**

4           “(a) RESIDENCY REQUIREMENTS.—Every director of  
5   a national bank shall, during”;

6           (2) by striking “total number of directors.  
7   Every director must own in his or her own right”  
8   and inserting “total number of directors.

9           “(b) INVESTMENT REQUIREMENT.—

10           “(1) IN GENERAL.—Every director of a na-  
11   tional bank shall own, in his or her own right,”; and

12           (3) by adding at the end the following new  
13   paragraph:

14           “(2) EXCEPTION FOR SUBORDINATED DEBT IN  
15   CERTAIN CASES.—In lieu of the requirements of  
16   paragraph (1) relating to the ownership of capital  
17   stock in the national bank, the Comptroller of the  
18   Currency may, by regulation or order, permit an in-  
19   dividual to serve as a director of a national bank  
20   that has elected, or notifies the Comptroller of the  
21   bank’s intention to elect, to operate as a S corpora-  
22   tion pursuant to section 1362(a) of the Internal  
23   Revenue Code of 1986, if that individual holds debt  
24   of at least \$1,000 issued by the national bank that

1 is subordinated to the interests of depositors and  
 2 other general creditors of the national bank.”.

3 **SEC. 102. VOTING IN SHAREHOLDER ELECTIONS.**

4 Section 5144 of the Revised Statutes of the United  
 5 States (12 U.S.C. 61) is amended—

6 (1) by striking “or to cumulate” and inserting  
 7 “or, if so provided by the articles of association of  
 8 the national bank, to cumulate”;

9 (2) by striking the comma after “his shares  
 10 shall equal”; and

11 (3) by adding at the end the following new sen-  
 12 tence: “The Comptroller of the Currency may pre-  
 13 scribe such regulations to carry out the purposes of  
 14 this section as the Comptroller determines to be ap-  
 15 propriate.”.

16 **SEC. 103. SIMPLIFYING DIVIDEND CALCULATIONS FOR NA-**  
 17 **TIONAL BANKS.**

18 (a) IN GENERAL.—Section 5199 of the Revised Stat-  
 19 utes of the United States (12 U.S.C. 60) is amended to  
 20 read as follows:

21 **“SEC. 5199. NATIONAL BANK DIVIDENDS.**

22 “(a) IN GENERAL.—Subject to subsection (b), the di-  
 23 rectors of any national bank may declare a dividend of  
 24 so much of the undivided profits of the bank as the direc-  
 25 tors judge to be expedient.

1       “(b) APPROVAL REQUIRED UNDER CERTAIN CIR-  
 2 CUMSTANCES.—A national bank may not declare and pay  
 3 dividends in any year in excess of an amount equal to the  
 4 sum of the total of the net income of the bank for that  
 5 year and the retained net income of the bank in the pre-  
 6 ceding two years, minus any transfers required by the  
 7 Comptroller of the Currency (including any transfers re-  
 8 quired to be made to a fund for the retirement of any  
 9 preferred stock), unless the Comptroller of the Currency  
 10 approves the declaration and payment of dividends in ex-  
 11 cess of such amount.”.

12       (b) CLERICAL AMENDMENT.—The table of sections  
 13 for chapter three of title LXII of the Revised Statutes of  
 14 the United States is amended by striking the item relating  
 15 to section 5199 and inserting the following new item:

“5199. National bank dividends.”.

16 **SEC. 104. REPEAL OF OBSOLETE LIMITATION ON REMOVAL**  
 17 **AUTHORITY OF THE COMPTROLLER OF THE**  
 18 **CURRENCY.**

19       Section 8(e)(4) of the Federal Deposit Insurance Act  
 20 (12 U.S.C. 1818(e)(4)) is amended by striking the 5th  
 21 sentence.

22 **SEC. 105. REPEAL OF INTRASTATE BRANCH CAPITAL RE-**  
 23 **QUIREMENTS.**

24       Section 5155(c) of the Revised Statutes of the United  
 25 States (12 U.S.C. 36(c)) is amended—

1 (1) in the 2nd sentence, by striking “, without  
2 regard to the capital requirements of this section,”;  
3 and

4 (2) by striking the last sentence.

5 **SEC. 106. CLARIFICATION OF WAIVER OF PUBLICATION RE-**  
6 **QUIREMENTS FOR BANK MERGER NOTICES.**

7 The last sentence of sections 2(a) and 3(a)(2) of the  
8 National Bank Consolidation and Merger Act (12 U.S.C.  
9 215(a) and 215a(a)(2), respectively) are each amended by  
10 striking “Publication of notice may be waived, in cases  
11 where the Comptroller determines that an emergency ex-  
12 ists justifying such waiver, by unanimous action of the  
13 shareholders of the association or State bank” and insert-  
14 ing “Publication of notice may be waived if the Comp-  
15 troller determines that an emergency exists justifying such  
16 waiver or if the shareholders of the association or State  
17 bank agree by unanimous action to waive the publication  
18 requirement for their respective institutions”.

19 **SEC. 107. EQUAL TREATMENT FOR FEDERAL AGENCIES OF**  
20 **FOREIGN BANKS.**

21 The 1st sentence of section 4(d) of the International  
22 Banking Act of 1978 (12 U.S.C. 3102(d)) is amended by  
23 inserting “from citizens or residents of the United States”  
24 after “deposits”.



1 **SEC. 108. MAINTENANCE OF A FEDERAL BRANCH AND A**  
 2 **FEDERAL AGENCY IN THE SAME STATE.**

3 Section 4(e) of the International Banking Act of  
 4 1978 (12 U.S.C. 3102(e)) is amended by inserting “if the  
 5 maintenance of both an agency and a branch in the State  
 6 is prohibited under the law of such State” before the pe-  
 7 riod at the end.

8 **SEC. 109. BUSINESS ORGANIZATION FLEXIBILITY FOR NA-**  
 9 **TIONAL BANKS.**

10 (a) IN GENERAL.—Chapter one of title LXII of the  
 11 Revised Statutes of the United States (12 U.S.C. 21 et  
 12 seq.) is amended by inserting after section 5136B the fol-  
 13 lowing new section:

14 **“SEC. 5136C. ALTERNATIVE BUSINESS ORGANIZATION.**

15 “(a) IN GENERAL.—The Comptroller of the Currency  
 16 may prescribe regulations—

17 “(1) to permit a national bank to be organized  
 18 other than as a body corporate; and

19 “(2) to provide requirements for the organiza-  
 20 tional characteristics of a national bank organized  
 21 and operating other than as a body corporate, con-  
 22 sistent with the safety and soundness of the national  
 23 bank.

24 “(b) EQUAL TREATMENT.—Except as provided in  
 25 regulations prescribed under subsection (a), a national  
 26 bank that is operating other than as a body corporate shall

1 have the same rights and privileges and shall be subject  
 2 to the same duties, restrictions, penalties, liabilities, condi-  
 3 tions, and limitations as a national bank that is organized  
 4 as a body corporate.”.

5 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
 6 Section 5136 of the Revised Statutes of the United States  
 7 (12 U.S.C. 24) is amended, in the matter preceding the  
 8 paragraph designated as the “First”, by inserting “or  
 9 other form of business organization provided under regula-  
 10 tions prescribed by the Comptroller of the Currency under  
 11 section 5136C” after “a body corporate”.

12 (c) CLERICAL AMENDMENT.—The table of sections  
 13 for chapter one of title LXII of the Revised Statutes of  
 14 the United States (12 U.S.C. 21 et seq.) is amended by  
 15 inserting after the item relating to section 5136B the fol-  
 16 lowing new item:

“5136C. Alternative business organization.”.

17 **SEC. 110. CLARIFICATION OF THE MAIN PLACE OF BUSI-**  
 18 **NESS OF A NATIONAL BANK.**

19 Title LXII of the Revised Statutes of the United  
 20 States is amended—

21 (1) in the paragraph designated the “Second”  
 22 of section 5134 (12 U.S.C. 22), by striking “The  
 23 place where its operations of discount and deposit  
 24 are to be carried on” and inserting “The place

1 where the main office of the national bank is, or is  
 2 to be, located”; and

3 (2) in section 5190 (12 U.S.C. 81), by striking  
 4 “the place specified in its organization certificate”  
 5 and inserting “the main office of the national bank”.

## 6 **TITLE II—SAVINGS ASSOCIATION** 7 **PROVISIONS**

### 8 **SEC. 201. PARITY FOR SAVINGS ASSOCIATIONS UNDER THE** 9 **SECURITIES EXCHANGE ACT OF 1934 AND** 10 **THE INVESTMENT ADVISERS ACT OF 1940.**

11 (a) SECURITIES EXCHANGE ACT OF 1934.—

12 (1) DEFINITION OF BANK.—Section 3(a)(6) of  
 13 the Securities Exchange Act of 1934 (15 U.S.C.  
 14 78c(a)(6)) is amended—

15 (A) in subparagraph (A), by inserting “or  
 16 a Federal savings association, as defined in sec-  
 17 tion 2(5) of the Home Owners’ Loan Act” after  
 18 “a banking institution organized under the laws  
 19 of the United States”; and

20 (B) in subparagraph (C)—

21 (i) by inserting “or savings associa-  
 22 tion as defined in section 2(4) of the Home  
 23 Owners’ Loan Act,” after “banking insti-  
 24 tution,”; and

1                   (ii) by inserting “or savings associa-  
2                   tions” after “having supervision over  
3                   banks”.

4                   (2) INCLUDE OTS UNDER THE DEFINITION OF  
5                   APPROPRIATE REGULATORY AGENCY FOR CERTAIN  
6                   PURPOSES.—Section 3(a)(34) of such Act (15  
7                   U.S.C. 78c(a)(34)) is amended—

8                   (A) in subparagraph (A)—

9                   (i) in clause (ii), by striking “(i) or  
10                  (iii)” and inserting “(i), (iii), or (iv)”;

11                  (ii) by striking “and” at the end of  
12                  clause (iii);

13                  (iii) by redesignating clause (iv) as  
14                  clause (v); and

15                  (iv) by inserting the following new  
16                  clause after clause (iii):

17                  “(iv) the Director of the Office of  
18                  Thrift Supervision, in the case of a savings  
19                  association (as defined in section 3(b) of  
20                  the Federal Deposit Insurance Act (12  
21                  U.S.C. 1813(b))) the deposits of which are  
22                  insured by the Federal Deposit Insurance  
23                  Corporation, a subsidiary or a department  
24                  or division of any such savings association,

1 or a savings and loan holding company;  
2 and”;

3 (B) in subparagraph (B)—

4 (i) in clause (ii), by striking “(i) or  
5 (iii)” and inserting “(i), (iii), or (iv)”;

6 (ii) by striking “and” at the end of  
7 clause (iii);

8 (iii) by redesignating clause (iv) as  
9 clause (v); and

10 (iv) by inserting the following new  
11 clause after clause (iii):

12 “(iv) the Director of the Office of  
13 Thrift Supervision, in the case of a savings  
14 association (as defined in section 3(b) of  
15 the Federal Deposit Insurance Act (12  
16 U.S.C. 1813(b))) the deposits of which are  
17 insured by the Federal Deposit Insurance  
18 Corporation, or a subsidiary of any such  
19 savings association, or a savings and loan  
20 holding company; and”;

21 (C) in subparagraph (C)—

22 (i) in clause (ii), by striking “(i) or  
23 (iii)” and inserting “(i), (iii), or (iv)”;

24 (ii) by striking “and” at the end of  
25 clause (iii);

1 (iii) by redesignating clause (iv) as  
2 clause (v); and

3 (iv) by inserting the following new  
4 clause after clause (iii):

5 “(iv) the Director of the Office of  
6 Thrift Supervision, in the case of a savings  
7 association (as defined in section 3(b) of  
8 the Federal Deposit Insurance Act (12  
9 U.S.C. 1813(b))) the deposits of which are  
10 insured by the Federal Deposit Insurance  
11 Corporation, a savings and loan holding  
12 company, or a subsidiary of a savings and  
13 loan holding company when the appro-  
14 priate regulatory agency for such clearing  
15 agency is not the Commission; and”;

16 (D) in subparagraph (D)—

17 (i) by striking “and” at the end of  
18 clause (ii);

19 (ii) by redesignating clause (iii) as  
20 clause (iv); and

21 (iii) by inserting the following new  
22 clause after clause (ii):

23 “(iii) the Director of the Office of  
24 Thrift Supervision, in the case of a savings  
25 association (as defined in section 3(b) of

1 the Federal Deposit Insurance Act (12  
2 U.S.C. 1813(b))) the deposits of which are  
3 insured by the Federal Deposit Insurance  
4 Corporation; and”;

5 (E) in subparagraph (F)—

6 (i) by redesignating clauses (ii), (iii),  
7 and (iv) as clauses (iii), (iv), and (v), re-  
8 spectively; and

9 (ii) by inserting the following new  
10 clause after clause (i):

11 “(ii) the Director of the Office of  
12 Thrift Supervision, in the case of a savings  
13 association (as defined in section 3(b) of  
14 the Federal Deposit Insurance Act (12  
15 U.S.C. 1813(b))) the deposits of which are  
16 insured by the Federal Deposit Insurance  
17 Corporation; and”;

18 (F) by moving subparagraph (H) and in-  
19 serting such subparagraph after subparagraph  
20 (G); and

21 (G) by adding at the end the following new  
22 sentence: “As used in this paragraph, the term  
23 ‘savings and loan holding company’ has the  
24 meaning given it in section 10(a) of the Home  
25 Owners’ Loan Act (12 U.S.C. 1467a(a)).”.

1 (b) INVESTMENT ADVISERS ACT OF 1940.—

2 (1) DEFINITION OF BANK.—Section 202(a)(2)  
3 of the Investment Advisers Act of 1940 (15 U.S.C.  
4 80b–2(a)(2)) is amended—

5 (A) in subparagraph (A) by inserting “or  
6 a Federal savings association, as defined in sec-  
7 tion 2(5) of the Home Owners’ Loan Act” after  
8 “a banking institution organized under the laws  
9 of the United States”; and

10 (B) in subparagraph (C)—

11 (i) by inserting “, savings association  
12 as defined in section 2(4) of the Home  
13 Owners’ Loan Act,” after “banking insti-  
14 tution”; and

15 (ii) by inserting “or savings associa-  
16 tions” after “having supervision over  
17 banks”.

18 (2) CONFORMING AMENDMENTS.—Subsections  
19 (a)(1)(A)(i), (a)(1)(B), (a)(2), and (b) of section  
20 210A of such Act (15 U.S.C. 80b–10a), as added by  
21 section 220 of the Gramm-Leach-Bliley Act, are  
22 each amended by striking “bank holding company”  
23 each place it occurs and inserting “bank holding  
24 company or savings and loan holding company”.



1       (c) CONFORMING AMENDMENT TO THE INVESTMENT  
 2 COMPANY ACT OF 1940.—Section 10(c) of the Investment  
 3 Company Act of 1940 (15 U.S.C. 80a–10(c)), as amended  
 4 by section 213(c) of the Gramm-Leach-Bliley Act, is  
 5 amended by inserting after “1956)” the following: “or any  
 6 one savings and loan holding company (together with its  
 7 affiliates and subsidiaries) (as such terms are defined in  
 8 section 10 of the Home Owners’ Loan Act)”.

9   **SEC. 202. INVESTMENTS BY FEDERAL SAVINGS ASSOCIA-**  
 10                   **TIONS AUTHORIZED TO PROMOTE THE PUB-**  
 11                   **LIC WELFARE.**

12       (a) IN GENERAL.—Section 5(c)(3) of the Home Own-  
 13 ers’ Loan Act (12 U.S.C. 1464(c)) is amended by adding  
 14 at the end the following new subparagraph:

15                   “(D) DIRECT INVESTMENTS TO PROMOTE  
 16                   THE PUBLIC WELFARE.—

17                   “(i) IN GENERAL.—A Federal savings  
 18                   association may make investments de-  
 19                   signed primarily to promote the public wel-  
 20                   fare, including the welfare of low- and  
 21                   moderate-income communities or families  
 22                   through the provision of housing, services,  
 23                   and jobs.

24                   “(ii) DIRECT INVESTMENTS OR ACQUI-  
 25                   SITION OF INTEREST IN OTHER COMPA-

1 NIES.—Investments under clause (i) may  
2 be made directly or by purchasing interests  
3 in an entity primarily engaged in making  
4 such investments.

5 “(iii) PROHIBITION ON UNLIMITED LI-  
6 ABILITY.—No investment may be made  
7 under this subparagraph which would sub-  
8 ject a Federal savings association to unlim-  
9 ited liability to any person.

10 “(iv) SINGLE INVESTMENT LIMITA-  
11 TION TO BE ESTABLISHED BY DIREC-  
12 TOR.—Subject to clauses (v) and (vi), the  
13 Director shall establish, by order or regula-  
14 tion, limits on—

15 “(I) the amount any savings as-  
16 sociation may invest in any 1 project;  
17 and

18 “(II) the aggregate amount of in-  
19 vestment of any savings association  
20 under this subparagraph.

21 “(v) FLEXIBLE AGGREGATE INVEST-  
22 MENT LIMITATION.—The aggregate  
23 amount of investments of any savings asso-  
24 ciation under this subparagraph may not  
25 exceed an amount equal to the sum of 5

1 percent of the savings association's capital  
2 stock actually paid in and unimpaired and  
3 5 percent of the savings association's  
4 unimpaired surplus, unless—

5 “(I) the Director determines that  
6 the savings association is adequately  
7 capitalized; and

8 “(II) the Director determines, by  
9 order, that the aggregate amount of  
10 investments in a higher amount than  
11 the limit under this clause will pose  
12 no significant risk to the affected de-  
13 posit insurance fund.

14 “(vi) MAXIMUM AGGREGATE INVEST-  
15 MENT LIMITATION.—Notwithstanding  
16 clause (v), the aggregate amount of invest-  
17 ments of any savings association under  
18 this subparagraph may not exceed an  
19 amount equal to the sum of 10 percent of  
20 the savings association's capital stock actu-  
21 ally paid in and unimpaired and 10 per-  
22 cent of the savings association's  
23 unimpaired surplus.

24 “(vii) INVESTMENTS NOT SUBJECT TO  
25 OTHER LIMITATION ON QUALITY OF IN-

1 VESTMENTS.—No obligation a Federal sav-  
 2 ings association acquires or retains under  
 3 this subparagraph shall be taken into ac-  
 4 count for purposes of the limitation con-  
 5 tained in section 28(d) of the Federal De-  
 6 posit Insurance Act on the acquisition and  
 7 retention of any corporate debt security  
 8 not of investment grade.”.

9 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
 10 Section 5(c)(3)(A) of the Home Owners’ Loan Act (12  
 11 U.S.C. 1464(c)(3)(A)) is amended to read as follows:

12 “(A) [Repealed.]”.

13 **SEC. 203. MERGERS AND CONSOLIDATIONS OF FEDERAL**  
 14 **SAVINGS ASSOCIATIONS WITH NONDEPOSI-**  
 15 **TORY INSTITUTION AFFILIATES.**

16 Section 5(d)(3) of the Home Owners’ Loan Act (12  
 17 U.S.C. 1464(d)(3)) is amended—

18 (1) by redesignating subparagraph (B) as sub-  
 19 paragraph (C); and

20 (2) by inserting after subparagraph (A) the fol-  
 21 lowing new subparagraph:

22 “(B) MERGERS AND CONSOLIDATIONS  
 23 WITH NONDEPOSITORY INSTITUTION AFFILI-  
 24 ATES.—

1 “(i) IN GENERAL.—Upon the approval  
 2 of the Director, a Federal savings associa-  
 3 tion may merge with any nondepository in-  
 4 stitution affiliate of the savings associa-  
 5 tion.

6 “(ii) RULE OF CONSTRUCTION.—No  
 7 provision of clause (i) shall be construed  
 8 as—

9 “(I) affecting the applicability of  
 10 section 18(c) of the Federal Deposit  
 11 Insurance Act; or

12 “(II) granting a Federal savings  
 13 association any power or any author-  
 14 ity to engage in any activity that is  
 15 not authorized for a Federal savings  
 16 association under any other provision  
 17 of this Act or any other provision of  
 18 law.”.

19 **SEC. 204. REPEAL OF STATUTORY DIVIDEND NOTICE RE-**  
 20 **QUIREMENT FOR SAVINGS ASSOCIATION SUB-**  
 21 **SIDIARIES OF SAVINGS AND LOAN HOLDING**  
 22 **COMPANIES.**

23 Section 10(f) of the Home Owners’ Loan Act (12  
 24 U.S.C. 1467a(f)) is amended to read as follows:

1       “(f) DECLARATION OF DIVIDEND.—The Director  
2 may—

3               “(1) require a savings association that is a sub-  
4 sidiary of a savings and loan holding company to  
5 give prior notice to the Director of the intent of the  
6 savings association to pay a dividend on its guar-  
7 anty, permanent, or other nonwithdrawable stock;  
8 and

9               “(2) establish conditions on the payment of  
10 dividends by such a savings association.”.

11 **SEC. 205. MODERNIZING STATUTORY AUTHORITY FOR**  
12 **TRUST OWNERSHIP OF SAVINGS ASSOCIA-**  
13 **TIONS.**

14       (a) IN GENERAL.—Section 10(a)(1)(C) of the Home  
15 Owners’ Loan Act (12 U.S.C. 1467a(a)(1)(C)) is amend-  
16 ed—

17               (1) by striking “trust,” and inserting “business  
18 trust,”; and

19               (2) by inserting “or any other trust unless by  
20 its terms it must terminate within 25 years or not  
21 later than 21 years and 10 months after the death  
22 of individuals living on the effective date of the  
23 trust,” after “or similar organization,”.

1 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
 2 Section 10(a)(3) of the Home Owners' Loan Act (12  
 3 U.S.C. 1467a(a)(3)) is amended—

4 (1) by striking “does not include—” and all  
 5 that follows through “any company by virtue” where  
 6 such term appears in subparagraph (A) and insert-  
 7 ing “does not include any company by virtue”;

8 (2) by striking “; and” at the end of subpara-  
 9 graph (A) and inserting a period; and

10 (3) by striking subparagraph (B).

11 **SEC. 206. REPEAL OF OVERLAPPING RULES GOVERNING**  
 12 **PURCHASED MORTGAGE SERVICING RIGHTS.**

13 Section 5(t) of the Home Owners' Loan Act (12  
 14 U.S.C. 1464(t)) is amended—

15 (1) by striking paragraph (4) and inserting the  
 16 following new paragraph:

17 “(4) [Repealed.]”; and

18 (2) in paragraph (9)(A), by striking “intangible  
 19 assets, plus” and all that follows through the period  
 20 at the end and inserting “intangible assets.”.

1 **SEC. 207. RESTATEMENT OF AUTHORITY FOR FEDERAL**  
2 **SAVINGS ASSOCIATIONS TO INVEST IN SMALL**  
3 **BUSINESS INVESTMENT COMPANIES.**

4 Subparagraph (D) of section 5(c)(4) of the Home  
5 Owners' Loan Act (12 U.S.C. 1464(c)(4)) is amended to  
6 read as follows:

7 “(D) SMALL BUSINESS INVESTMENT COM-  
8 PANIES.—Any Federal savings association may  
9 invest in 1 or more small business investment  
10 companies, or in any entity established to invest  
11 solely in small business investment companies  
12 formed under the Small Business Investment  
13 Act of 1958, except that the total amount of in-  
14 vestments under this subparagraph may not at  
15 any time exceed the amount equal to 5 percent  
16 of capital and surplus of the savings associa-  
17 tion.”.

18 **SEC. 208. REMOVAL OF LIMITATION ON INVESTMENTS IN**  
19 **AUTO LOANS.**

20 (a) IN GENERAL.—Section 5(c)(1) of the Home Own-  
21 ers' Loan Act (12 U.S.C. 1464(c)(1)) is amended by add-  
22 ing at the end the following new subparagraph:

23 “(V) AUTO LOANS.—Loans and leases for  
24 motor vehicles acquired for personal, family, or  
25 household purposes.”.



1 (b) TECHNICAL AND CONFORMING AMENDMENT RE-  
 2 LATING TO QUALIFIED THRIFT INVESTMENTS.—Section  
 3 10(m)(4)(C)(ii) of the Home Owners’ Loan Act (12  
 4 U.S.C. 1467a(m)(4)(C)(ii)) is amended by adding at the  
 5 end the following new subclause:

6 “(VIII) Loans and leases for  
 7 motor vehicles acquired for personal,  
 8 family, or household purposes.”.

9 **SEC. 209. SELLING AND OFFERING OF DEPOSIT PRODUCTS.**

10 Section 15(h) of the Securities Exchange Act of  
 11 1934 (15 U.S.C. 78o(h)) is amended by adding at  
 12 the end the following new paragraph:

13 “(4) SELLING AND OFFERING OF DEPOSIT  
 14 PRODUCTS.—No law, rule, regulation, or order, or  
 15 other administrative action of any State or political  
 16 subdivision thereof shall directly or indirectly require  
 17 any individual who is an agent of 1 Federal savings  
 18 association (as such term is defined in section 2(5)  
 19 of the Home Owners’ Loan Act (12 U.S.C. 1462(5))  
 20 in selling or offering deposit (as such term is defined  
 21 in section 3 of the Federal Deposit Insurance Act  
 22 (12 U.S.C. 1813(l)) products issued by such associa-  
 23 tion to qualify or register as a broker, dealer, associ-  
 24 ated person of a broker, or associated person of a

1 dealer, or to qualify or register in any other similar  
2 status or capacity, if the individual does not—

3 “(A) accept deposits or make withdrawals  
4 on behalf of any customer of the association;

5 “(B) offer or sell a deposit product as an  
6 agent for another entity that is not subject to  
7 supervision and examination by a Federal bank-  
8 ing agency (as defined in section 3(z) of the  
9 Federal Deposit Insurance Act (12 U.S.C.  
10 1813(z)), the National Credit Union Adminis-  
11 tration, or any officer, agency, or other entity  
12 of any State which has primary regulatory au-  
13 thority over State banks, State savings associa-  
14 tions, or State credit unions;

15 “(C) offer or sell a deposit product that is  
16 not an insured deposit (as defined in section  
17 3(m) of the Federal Deposit Insurance Act (12  
18 U.S.C. 1813(m)));

19 “(D) offer or sell a deposit product which  
20 contains a feature that makes it callable at the  
21 option of such Federal savings association; or

22 “(E) create a secondary market with re-  
23 spect to a deposit product or otherwise add en-  
24 hancements or features to such product inde-  
25 pendent of those offered by the association.”.

1 **SEC. 210. FUNERAL- AND CEMETERY-RELATED FIDUCIARY**  
2 **SERVICES.**

3 Section 5(n) of the Home Owners' Loan Act (12  
4 U.S.C. 1464(n)) is amended by adding at the end the fol-  
5 lowing new paragraph:

6 “(11) FUNERAL- AND CEMETERY-RELATED FI-  
7 DUCIARY SERVICES.—

8 “(A) IN GENERAL.—A funeral director or  
9 cemetery operator, when acting in such capac-  
10 ity, (or any other person in connection with a  
11 contract or other agreement with a funeral di-  
12 rector or cemetery operator) may engage any  
13 Federal savings association, regardless of where  
14 the association is located, to act in any fidu-  
15 ciary capacity in which the savings association  
16 has the right to act in accordance with this sec-  
17 tion, including holding funds deposited in trust  
18 or escrow by the funeral director or cemetery  
19 operator (or by such other party), and the sav-  
20 ings association may act in such fiduciary ca-  
21 pacity on behalf of the funeral director or ceme-  
22 tery operator (or such other person).

23 “(B) DEFINITIONS.—For purposes of this  
24 paragraph, the following definitions shall apply:

25 “(i) CEMETERY.—The term ‘ceme-  
26 tery’ means any land or structure used, or

intended to be used, for the interment of human remains in any form.

“(ii) CEMETERY OPERATOR.—The term ‘cemetery operator’ means any person who contracts or accepts payment for merchandise, endowment, or perpetual care services in connection with a cemetery.

“(iii) FUNERAL DIRECTOR.—The term ‘funeral director’ means any person who contracts or accepts payment to provide or arrange—

“(I) services for the final disposition of human remains; or

“(II) funeral services, property, or merchandise (including cemetery services, property, or merchandise).”.

**SEC. 211. REPEAL OF QUALIFIED THRIFT LENDER REQUIREMENT WITH RESPECT TO OUT-OF-STATE BRANCHES.**

Section 5(r)(1) of the Home Owners’ Loan Act (12 U.S.C. 1464(r)(1)) is amended by striking the last sentence.

1 **SEC. 212. SMALL BUSINESS AND OTHER COMMERCIAL**  
 2 **LOANS.**

3 (a) ELIMINATION OF LENDING LIMIT ON SMALL  
 4 BUSINESS LOANS.—Section 5(c)(1) of the Home Owners’  
 5 Loan Act (12 U.S.C. 1464(c)(1)) is amended by inserting  
 6 after subparagraph (V) (as added by section 208 of this  
 7 title) the following new subparagraph:

8 “(W) SMALL BUSINESS LOANS.—Small  
 9 business loans, as defined in regulations which  
 10 the Director shall prescribe.”.

11 (b) INCREASE IN LENDING LIMIT ON OTHER BUSI-  
 12 NESS LOANS.—Section 5(c)(2)(A) of the Home Owners’  
 13 Loan Act (12 U.S.C. 1464(c)(2)(A)) is amended by strik-  
 14 ing “, and amounts in excess of 10 percent” and all that  
 15 follows through “by the Director”.

16 **SEC. 213. CLARIFYING CITIZENSHIP OF FEDERAL SAVINGS**  
 17 **ASSOCIATIONS FOR FEDERAL COURT JURIS-**  
 18 **DICTION.**

19 Section 5 of the Home Owners’ Loan Act (12 U.S.C.  
 20 1464) is amended by adding at the end the following new  
 21 subsection:

22 “(x) HOME STATE CITIZENSHIP.—In determining  
 23 whether a Federal court has diversity jurisdiction over a  
 24 case in which a Federal savings association is a party, the  
 25 Federal savings association shall be considered to be a cit-

1 ized only of the State in which such savings association  
 2 has its home office.”.

### 3 **TITLE III—CREDIT UNION** 4 **PROVISIONS**

#### 5 **SEC. 301. PRIVATELY INSURED CREDIT UNIONS AUTHOR-** 6 **IZED TO BECOME MEMBERS OF A FEDERAL** 7 **HOME LOAN BANK.**

8 (a) IN GENERAL.—Section 4(a) of the Federal Home  
 9 Loan Bank Act (12 U.S.C. 1424(a)) is amended by adding  
 10 at the end the following new paragraph:

11 “(5) CERTAIN PRIVATELY INSURED CREDIT  
 12 UNIONS.—

13 “(A) IN GENERAL.—A credit union which  
 14 has been determined, in accordance with section  
 15 43(e)(1) of the Federal Deposit Insurance Act  
 16 and subject to the requirements of subpara-  
 17 graph (B), to meet all eligibility requirements  
 18 for Federal deposit insurance shall be treated  
 19 as an insured depository institution for pur-  
 20 poses of determining the eligibility of such cred-  
 21 it union for membership in a Federal home loan  
 22 bank under paragraphs (1), (2), and (3).

23 “(B) CERTIFICATION BY APPROPRIATE SU-  
 24 PERVISOR.—

1           “(i) IN GENERAL.—For purposes of  
2           this paragraph and subject to clause (ii), a  
3           credit union which lacks Federal deposit  
4           insurance and which has applied for mem-  
5           bership in a Federal home loan bank may  
6           be treated as meeting all the eligibility re-  
7           quirements for Federal deposit insurance  
8           only if the appropriate supervisor of the  
9           State in which the credit union is char-  
10          tered has determined that the credit union  
11          meets all the eligibility requirements for  
12          Federal deposit insurance as of the date of  
13          the application for membership.

14                 “(ii)       CERTIFICATION       DEEMED  
15          VALID.—If, in the case of any credit union  
16          to which clause (i) applies, the appropriate  
17          supervisor of the State in which such cred-  
18          it union is chartered fails to make a deter-  
19          mination pursuant to such clause by the  
20          end of the 6-month period beginning on  
21          the date of the application, the credit  
22          union shall be deemed to have met the re-  
23          quirements of clause (i).

24                 “(C) SECURITY INTERESTS OF FEDERAL  
25          HOME LOAN BANK NOT AVOIDABLE.—Notwith-

standing any provision of State law authorizing  
 a conservator or liquidating agent of a credit  
 union to repudiate contracts, no such provision  
 shall apply with respect to—

“(i) any extension of credit from any  
 Federal home loan bank to any credit  
 union which is a member of any such bank  
 pursuant to this paragraph; or

“(ii) any security interest in the as-  
 sets of such credit union securing any such  
 extension of credit.”.

(b) COPIES OF AUDITS OF PRIVATE INSURERS OF  
 CERTAIN DEPOSITORY INSTITUTIONS REQUIRED TO BE  
 PROVIDED TO SUPERVISORY AGENCIES.—Section  
 43(a)(2) of the Federal Deposit Insurance Act (12 U.S.C.  
 1831t(a)(2)) is amended—

(1) by striking “and” at the end of subpara-  
 graph (A)(i);

(2) by striking the period at the end of clause  
 (ii) of subparagraph (A) and inserting a semicolon;

(3) by inserting the following new clauses at the  
 end of subparagraph (A):

“(iii) in the case of depository institu-  
 tions described in subsection (f)(2)(A) the  
 deposits of which are insured by the pri-



1           vate insurer, the National Credit Union  
 2           Administration, not later than 7 days after  
 3           that audit is completed; and

4           “(iv) in the case of depository institu-  
 5           tions described in subsection (f)(2)(A) the  
 6           deposits of which are insured by the pri-  
 7           vate insurer which are members of a Fed-  
 8           eral home loan bank, the Federal Housing  
 9           Finance Board, not later than 7 days after  
 10          that audit is completed.”; and

11          (4) by adding at the end the following new sub-  
 12          paragraph:

13               “(C) CONSULTATION.—The appropriate  
 14               supervisory agency of each State in which a pri-  
 15               vate deposit insurer insures deposits in an insti-  
 16               tution described in subsection (f)(2)(A) which—

17                       “(i) lacks Federal deposit insurance;  
 18                       and

19                       “(ii) has become a member of a Fed-  
 20                       eral home loan bank,

21          shall provide the National Credit Union Admin-  
 22          istration, upon request, with the results of any  
 23          examination and reports related thereto con-  
 24          cerning the private deposit insurer to which  
 25          such agency may have in its possession.”.

1   **SEC. 302. LEASES OF LAND ON FEDERAL FACILITIES FOR**  
2                   **CREDIT UNIONS.**

3           (a) IN GENERAL.—Section 124 of the Federal Credit  
4 Union Act (12 U.S.C. 1770) is amended—

5               (1) by striking “Upon application by any credit  
6 union” and inserting “Notwithstanding any other  
7 provision of law, upon application by any credit  
8 union”;

9               (2) by inserting “on lands reserved for the use  
10 of, and under the exclusive or concurrent jurisdiction  
11 of, the United States or” after “officer or agency of  
12 the United States charged with the allotment of  
13 space”;

14              (3) by inserting “lease land or” after “such of-  
15 ficer or agency may in his or its discretion”; and

16              (4) by inserting “or the facility built on the  
17 lease land” after “credit union to be served by the  
18 allotment of space”.

19           (b) CLERICAL AMENDMENT.—The heading for sec-  
20 tion 124 is amended by inserting “OR FEDERAL LAND”  
21 after “BUILDINGS”.

22   **SEC. 303. INVESTMENTS IN SECURITIES BY FEDERAL CRED-**  
23                   **IT UNIONS.**

24           Section 107 of the Federal Credit Union Act (12  
25 U.S.C. 1757) is amended—

1           (1) in the matter preceding paragraph (1) by  
2           striking “A Federal credit union” and inserting “(a)  
3           IN GENERAL.—Any Federal credit union”; and

4           (2) by adding at the end the following new sub-  
5           section:

6           “(b) ADDITIONAL INVESTMENT AUTHORITY.—

7           “(1) IN GENERAL.—In addition to any invest-  
8           ments otherwise authorized, a Federal credit union  
9           may purchase and hold for its own account such in-  
10          vestment securities of investment grade as the  
11          Board may authorize by regulation, subject to such  
12          limitations and restrictions as the Board may pre-  
13          scribe in the regulations.

14          “(2) PERCENTAGE LIMITATIONS.—

15          “(A) SINGLE OBLIGOR.—In no event may  
16          the total amount of investment securities of any  
17          single obligor or maker held by a Federal credit  
18          union for the credit union’s own account exceed  
19          at any time an amount equal to 10 percent of  
20          the net worth of the credit union.

21          “(B) AGGREGATE INVESTMENTS.—In no  
22          event may the aggregate amount of investment  
23          securities held by a Federal credit union for the  
24          credit union’s own account exceed at any time

1 an amount equal to 10 percent of the assets of  
2 the credit union.

3 “(3) INVESTMENT SECURITY DEFINED.—

4 “(A) IN GENERAL.—For purposes of this  
5 subsection, the term ‘investment security’  
6 means marketable obligations evidencing the in-  
7 debtedness of any person in the form of bonds,  
8 notes, or debentures and other instruments  
9 commonly referred to as investment securities.

10 “(B) FURTHER DEFINITION BY BOARD.—

11 The Board may further define the term ‘invest-  
12 ment security’.

13 “(4) INVESTMENT GRADE DEFINED.—The term  
14 ‘investment grade’ means with respect to an invest-  
15 ment security purchased by a credit union for its  
16 own account, an investment security that at the time  
17 of such purchase is rated in one of the 4 highest rat-  
18 ing categories by at least 1 nationally recognized  
19 statistical rating organization.

20 “(5) CLARIFICATION OF PROHIBITION ON  
21 STOCK OWNERSHIP.—No provision of this subsection  
22 shall be construed as authorizing a Federal credit  
23 union to purchase shares of stock of any corporation  
24 for the credit union’s own account, except as other-  
25 wise permitted by law.”.

1 **SEC. 304. INCREASE IN GENERAL 12-YEAR LIMITATION OF**  
 2 **TERM OF FEDERAL CREDIT UNION LOANS TO**  
 3 **15 YEARS.**

4 Section 107(a)(5) of the Federal Credit Union Act  
 5 (12 U.S.C. 1757(5)) (as so designated by section 303 of  
 6 this title) is amended—

7 (1) in the matter preceding subparagraph (A),  
 8 by striking “to make loans, the maturities of which  
 9 shall not exceed twelve years except as otherwise  
 10 provided herein” and inserting “to make loans, the  
 11 maturities of which shall not exceed 15 years or any  
 12 longer maturity as the Board may allow, in regula-  
 13 tions, except as otherwise provided in this Act”;

14 (2) in subparagraph (A)—

15 (A) by striking clause (ii);

16 (B) by redesignating clauses (iii) through  
 17 (x) as clauses (ii) through (ix), respectively; and

18 (C) by inserting “and” after the semicolon  
 19 at the end of clause (viii) (as so redesignated).

20 **SEC. 305. INCREASE IN 1 PERCENT INVESTMENT LIMIT IN**  
 21 **CREDIT UNION SERVICE ORGANIZATIONS.**

22 Section 107(a)(7)(I) of the Federal Credit Union Act  
 23 (12 U.S.C. 1757(7)(I)) (as so designated by section 303  
 24 of this title) is amended by striking “up to 1 per centum  
 25 of the total paid” and inserting “up to 3 percent of the  
 26 total paid”.

1 **SEC. 306. MEMBER BUSINESS LOAN EXCLUSION FOR LOANS**  
 2 **TO NONPROFIT RELIGIOUS ORGANIZATIONS.**

3 Section 107A(a) of the Federal Credit Union Act (12  
 4 U.S.C. 1757a(a)) is amended by inserting “, excluding  
 5 loans made to nonprofit religious organizations,” after  
 6 “total amount of such loans”.

7 **SEC. 307. CHECK CASHING AND MONEY TRANSFER SERV-**  
 8 **ICES OFFERED WITHIN THE FIELD OF MEM-**  
 9 **BERSHIP.**

10 Paragraph (12) of section 107(a) of the Federal  
 11 Credit Union Act (12 U.S.C. 1757(12)) (as so designated  
 12 by section 303 of this title) is amended to read as follows:

13 “(12) in accordance with regulations prescribed  
 14 by the Board—

15 “(A) to sell, to persons in the field of  
 16 membership, negotiable checks (including trav-  
 17 elers checks), money orders, and other similar  
 18 money transfer instruments (including elec-  
 19 tronic fund transfers); and

20 “(B) to cash checks and money orders and  
 21 receive electronic fund transfers for persons in  
 22 the field of membership for a fee;”.

23 **SEC. 308. VOLUNTARY MERGERS INVOLVING MULTIPLE**  
 24 **COMMON-BOND CREDIT UNIONS.**

25 Section 109(d)(2) of the Federal Credit Union Act  
 26 (12 U.S.C. 1759(d)(2)) is amended—

1 (1) by striking “or” at the end of clause (ii) of  
 2 subparagraph (B);

3 (2) by striking the period at the end of sub-  
 4 paragraph (C) and inserting “; or”; and

5 (3) by adding at the end the following new sub-  
 6 paragraph:

7 “(D) a merger involving any such Federal  
 8 credit union approved by the Board on or after  
 9 August 7, 1998.”.

10 **SEC. 309. CONVERSIONS INVOLVING COMMON-BOND CRED-**  
 11 **IT UNIONS.**

12 Section 109(g) of the Federal Credit Union Act (12  
 13 U.S.C. 1759(g)) is amended by inserting after paragraph  
 14 (2) the following new paragraph:

15 “(3) CRITERIA FOR CONTINUED MEMBERSHIP  
 16 OF CERTAIN MEMBER GROUPS IN COMMUNITY CHAR-  
 17 TER CONVERSIONS.—In the case of a voluntary con-  
 18 version of a common-bond credit union described in  
 19 paragraph (1) or (2) of subsection (b) into a com-  
 20 munity credit union described in subsection (b)(3),  
 21 the Board shall prescribe, by regulation, the criteria  
 22 under which the Board may determine that a mem-  
 23 ber group or other portion of a credit union’s exist-  
 24 ing membership, that is located outside the well-de-  
 25 fined local community, neighborhood, or rural dis-

1        trict that shall constitute the community charter,  
 2        can be satisfactorily served by the credit union and  
 3        remain within the community credit union’s field of  
 4        membership.”.

5    **SEC. 310. CREDIT UNION GOVERNANCE.**

6        (a) EXPULSION OF MEMBERS FOR JUST CAUSE.—

7    Subsection (b) of section 118 of the Federal Credit Union  
 8    Act (12 U.S.C. 1764(b)) is amended to read as follows:

9        “(b) POLICY AND ACTIONS OF BOARDS OF DIREC-  
 10    TORS OF FEDERAL CREDIT UNIONS.—

11            “(1) EXPULSION OF MEMBERS FOR NON-  
 12    PARTICIPATION OR FOR JUST CAUSE.—The board of  
 13    directors of a Federal credit union may, by majority  
 14    vote of a quorum of directors, adopt and enforce a  
 15    policy with respect to expulsion from membership,  
 16    by a majority vote of such board of directors, based  
 17    on just cause, including disruption of credit union  
 18    operations, or on nonparticipation by a member in  
 19    the affairs of the credit union.

20            “(2) WRITTEN NOTICE OF POLICY TO MEM-  
 21    BERS.—If a policy described in paragraph (1) is  
 22    adopted, written notice of the policy as adopted and  
 23    the effective date of such policy shall be provided  
 24    to—



1           “(A) each existing member of the credit  
2           union not less than 30 days prior to the effec-  
3           tive date of such policy; and

4           “(B) each new member prior to or upon  
5           applying for membership.”.

6           (b) **TERM LIMITS AUTHORIZED FOR BOARD MEM-**  
7 **BERS OF FEDERAL CREDIT UNIONS.**—Section 111(a) of  
8 the Federal Credit Union Act (12 U.S.C. 1761(a)) is  
9 amended by adding at the end the following new sentence:  
10 “The bylaws of a Federal credit union may limit the num-  
11 ber of consecutive terms any person may serve on the  
12 board of directors of such credit union.”.

13          (c) **REIMBURSEMENT FOR LOST WAGES DUE TO**  
14 **SERVICE ON CREDIT UNION BOARD NOT TREATED AS**  
15 **COMPENSATION.**—Section 111(c) of the Federal Credit  
16 Union Act (12 U.S.C. 1761(c)) is amended by inserting  
17 “, including lost wages,” after “the reimbursement of rea-  
18 sonable expenses”.

19 **SEC. 311. PROVIDING THE NATIONAL CREDIT UNION AD-**  
20 **MINISTRATION WITH GREATER FLEXIBILITY**  
21 **IN RESPONDING TO MARKET CONDITIONS.**

22          Section 107(a)(5)(A)(vi)(I) of the Federal Credit  
23 Union Act (12 U.S.C. 1757(5)(A)(vi)(I)) (as so designated  
24 by section 303 of this title) is amended by striking “six-  
25 month period and that prevailing interest rate levels” and

1 inserting “6-month period or that prevailing interest rate  
2 levels”.

3 **SEC. 312. EXEMPTION FROM PRE-MERGER NOTIFICATION**

4 **REQUIREMENT OF THE CLAYTON ACT.**

5 Section 7A(c)(7) of the Clayton Act (15 U.S.C.  
6 18a(c)(7)) is amended by inserting “section 205(b)(3) of  
7 the Federal Credit Union Act (12 U.S.C. 1785(b)(3)),”  
8 before “or section 3”.

9 **SEC. 313. TREATMENT OF CREDIT UNIONS AS DEPOSITORY**

10 **INSTITUTIONS UNDER SECURITIES LAWS.**

11 (a) DEFINITION OF BANK UNDER THE SECURITIES  
12 EXCHANGE ACT OF 1934.—Section 3(a)(6) of the Securi-  
13 ties Exchange Act of 1934 (15 U.S.C. 78c(a)(6)) (as  
14 amended by section 201(a)(1) of this Act) is amended—

15 (1) by striking “this title, and (D) a receiver”  
16 and inserting “this title, (D) an insured credit union  
17 (as defined in section 101(7) of the Federal Credit  
18 Union Act) but only for purposes of paragraphs (4)  
19 and (5) of this subsection and only for activities oth-  
20 erwise authorized by applicable laws to which such  
21 credit unions are subject, and (E) a receiver”; and

22 (2) in subparagraph (E) (as so redesignated by  
23 paragraph (1) of this subsection) by striking “(A),  
24 (B), or (C)” and inserting “(A), (B), (C), or (D)”.

1 (b) DEFINITION OF BANK UNDER THE INVESTMENT  
 2 ADVISERS ACT OF 1940.—Section 202(a)(2) of the In-  
 3 vestment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(2))  
 4 (as amended by section 201(b)(1) of this Act) is amend-  
 5 ed—

6 (1) by striking “this title, and (D) a receiver”  
 7 and inserting “this title, (D) an insured credit union  
 8 (as defined in section 101(7) of the Federal Credit  
 9 Union Act) but only for activities otherwise author-  
 10 ized by applicable laws to which such credit unions  
 11 are subject, and (E) a receiver”; and

12 (2) in subparagraph (E) (as so redesignated by  
 13 paragraph (1) of this subsection) by striking “(A),  
 14 (B), or (C)” and inserting “(A), (B), (C), or (D)”.

15 (c) DEFINITION OF APPROPRIATE FEDERAL BANK-  
 16 ING AGENCY.—Section 210A(c) of the Investment Advis-  
 17 ers Act of 1940 (15 U.S.C. 80b–10a(c)) is amended by  
 18 inserting “and includes the National Credit Union Admin-  
 19 istration Board, in the case of an insured credit union (as  
 20 defined in section 101(7) of the Federal Credit Union  
 21 Act)” before the period at the end.

## **TITLE IV—DEPOSITORY INSTITUTION PROVISIONS**

### **SEC. 401. EASING RESTRICTIONS ON INTERSTATE BRANCH- ING AND MERGERS.**

(a) DE NOVO INTERSTATE BRANCHES OF NATIONAL  
BANKS.—

(1) IN GENERAL.—Section 5155(g)(1) of the  
Revised Statutes of the United States (12 U.S.C.  
36(g)(1)) is amended by striking “maintain a  
branch if—” and all that follows through the end of  
subparagraph (B) and inserting “maintain a  
branch.”.

(2) CLERICAL AMENDMENT.—The heading for  
subsection (g) of section 5155 of the Revised Stat-  
utes of the United States is amended by striking  
“STATE ‘OPT-IN’ ELECTION TO PERMIT”.

(b) DE NOVO INTERSTATE BRANCHES OF STATE  
NONMEMBER BANKS.—

(1) IN GENERAL.—Section 18(d)(4)(A) of the  
Federal Deposit Insurance Act (12 U.S.C.  
1828(d)(4)(A)) is amended by striking “maintain a  
branch if—” and all that follows through the end of  
clause (ii) and inserting “maintain a branch.”.

(2) INTERSTATE BRANCHING BY SUBSIDIARIES  
OF COMMERCIAL FIRMS PROHIBITED.—Section

1 18(d)(3)) of the Federal Deposit Insurance Act (12  
2 U.S.C. 1828(d)(3)) is amended by adding at the end  
3 the following new subparagraph:

4 “(C) INTERSTATE BRANCHING BY SUBSIDI-  
5 ARIES OF COMMERCIAL FIRMS PROHIBITED.—

6 “(i) IN GENERAL.—If the appropriate  
7 State bank supervisor of the home State of  
8 any industrial loan company, industrial  
9 bank, or other institution described in sec-  
10 tion 2(c)(2)(H) of the Bank Holding Com-  
11 pany Act of 1956, or the appropriate State  
12 bank supervisor of any host State with re-  
13 spect to such company, bank, or institu-  
14 tion, determines that such company, bank,  
15 or institution is controlled, directly or indi-  
16 rectly, by a commercial firm, such com-  
17 pany, bank, or institution may not acquire,  
18 establish, or operate a branch in such host  
19 State.

20 “(ii) COMMERCIAL FIRM DEFINED.—  
21 For purposes of this subsection, the term  
22 ‘commercial firm’ means any entity at least  
23 15 percent of the annual gross revenues of  
24 which on a consolidated basis, including all  
25 affiliates of the entity, were derived from

1 engaging, on an on-going basis, in activi-  
2 ties that are not financial in nature or inci-  
3 dental to a financial activity during at  
4 least 3 of the prior 4 calendar quarters.

5 “(iii) GRANDFATHERED INSTITU-  
6 TIONS.—Clause (i) shall not apply with re-  
7 spect to any industrial loan company, in-  
8 dustrial bank, or other institution de-  
9 scribed in section 2(c)(2)(H) of the Bank  
10 Holding Company Act of 1956—

11 “(I) which became an insured de-  
12 pository institution before October 1,  
13 2003 or pursuant to an application  
14 for deposit insurance which was ap-  
15 proved by the Corporation before such  
16 date; and

17 “(II) with respect to which there  
18 is no change in control, directly or in-  
19 directly, of the company, bank, or in-  
20 stitution after September 30, 2003,  
21 that requires an application under  
22 subsection (c), section 7(j), section 3  
23 of the Bank Holding Company Act of  
24 1956, or section 10 of the Home  
25 Owners’ Loan Act.

1                   “(iv) TRANSITION PROVISION.—Any  
 2                   divestiture required under this subpara-  
 3                   graph of a branch in a host State shall be  
 4                   completed as quickly as is reasonably pos-  
 5                   sible.

6                   “(v) CORPORATE REORGANIZATIONS  
 7                   PERMITTED.—The acquisition of direct or  
 8                   indirect control of the company, bank, or  
 9                   institution referred to in clause (iii)(II)  
 10                  shall not be treated as a ‘change in con-  
 11                  trol’ for purposes of such clause if the  
 12                  company acquiring control is itself directly  
 13                  or indirectly controlled by a company that  
 14                  was an affiliate of such company, bank, or  
 15                  institution on the date referred to in clause  
 16                  (iii)(II), and remained an affiliate at all  
 17                  times after such date.”.

18                  (3) TECHNICAL AND CONFORMING AMEND-  
 19                  MENTS.—Section 18(d)(4) of the Federal Deposit  
 20                  Insurance Act (12 U.S.C. 1828(d)(4)) is amended—

21                         (A) in subparagraph (A) by striking “Sub-  
 22                         ject to subparagraph (B)” and inserting “Sub-  
 23                         ject to subparagraph (B) and paragraph  
 24                         (3)(C)”; and

1 (B) in subparagraphs (D) and (E), by  
2 striking “The term” and inserting “For pur-  
3 poses of this subsection, the term”.

4 (4) CLERICAL AMENDMENT.—The heading for  
5 paragraph (4) of section 18(d) of the Federal De-  
6 posit Insurance Act is amended by striking “STATE  
7 ‘OPT-IN’ ELECTION TO PERMIT INTERSTATE” and in-  
8 serting “INTERSTATE”.

9 (c) DE NOVO INTERSTATE BRANCHES OF STATE  
10 MEMBER BANKS.—The 3rd undesignated paragraph of  
11 section 9 of the Federal Reserve Act (12 U.S.C. 321) is  
12 amended by adding at the end the following new sen-  
13 tences: “A State member bank may establish and operate  
14 a de novo branch in a host State (as such terms are de-  
15 fined in section 18(d) of the Federal Deposit Insurance  
16 Act) on the same terms and conditions and subject to the  
17 same limitations and restrictions as are applicable to the  
18 establishment of a de novo branch of a national bank in  
19 a host State under section 5155(g) of the Revised Statutes  
20 of the United States or are applicable to an insured State  
21 nonmember bank under section 18(d)(3) of the Federal  
22 Deposit Insurance Act” after “Revised Statutes of the  
23 United States”. Such section 5155(g) shall be applied for  
24 purposes of the preceding sentence by substituting ‘Board  
25 of Governors of the Federal Reserve System’ for ‘Comp-



1 troller of the Currency’ and ‘State member bank’ for ‘na-  
2 tional bank’.”.

3 (d) INTERSTATE MERGER OF BANKS.—

4 (1) MERGER OF INSURED BANK WITH ANOTHER  
5 DEPOSITORY INSTITUTION OR TRUST COMPANY.—

6 Section 44(a)(1) of the Federal Deposit Insurance  
7 Act (12 U.S.C. 1831u(a)(1)) is amended—

8 (A) by striking “Beginning on June 1,  
9 1997, the” and inserting “The”; and

10 (B) by striking “insured banks with dif-  
11 ferent home States” and inserting “an insured  
12 bank and another insured depository institution  
13 or trust company with a different home State  
14 than the resulting insured bank”.

15 (2) NATIONAL BANK TRUST COMPANY MERGER  
16 WITH OTHER TRUST COMPANY.—Subsection (b) of  
17 section 4 of the National Bank Consolidation and  
18 Merger Act (12 U.S.C. 215a–1(b)) is amended to  
19 read as follows:

20 “(b) MERGER OF NATIONAL BANK TRUST COMPANY  
21 WITH ANOTHER TRUST COMPANY.—A national bank that  
22 is a trust company may engage in a consolidation or merg-  
23 er under this Act with any trust company with a different  
24 home State, under the same terms and conditions that

1 would apply if the trust companies were located within the  
2 same State.”.

3 (e) INTERSTATE FIDUCIARY ACTIVITY.—Section  
4 18(d) of the Federal Deposit Insurance Act (12 U.S.C.  
5 1828(d)) is amended by adding at the end the following  
6 new paragraph:

7 “(5) INTERSTATE FIDUCIARY ACTIVITY.—

8 “(A) AUTHORITY OF STATE BANK SUPER-  
9 VISOR.—The State bank supervisor of a State  
10 bank may approve an application by the State  
11 bank, when not in contravention of home State  
12 or host State law, to act as trustee, executor,  
13 administrator, registrar of stocks and bonds,  
14 guardian of estates, assignee, receiver, com-  
15 mittee of estates of lunatics, or in any other fi-  
16 duciary capacity in a host State in which State  
17 banks or other corporations which come into  
18 competition with national banks are permitted  
19 to act under the laws of such host State.

20 “(B) NONCONTRAVENTION OF HOST STATE  
21 LAW.—Whenever the laws of a host State au-  
22 thorize or permit the exercise of any or all of  
23 the foregoing powers by State banks or other  
24 corporations which compete with national  
25 banks, the granting to and the exercise of such

1 powers by a State bank as provided in this  
 2 paragraph shall not be deemed to be in con-  
 3 travention of host State law within the meaning  
 4 of this paragraph.

5 “(C) STATE BANK INCLUDES TRUST COM-  
 6 PANIES.—For purposes of this paragraph, the  
 7 term ‘State bank’ includes any State-chartered  
 8 trust company (as defined in section 44(g)).

9 “(D) OTHER DEFINITIONS.—For purposes  
 10 of this paragraph, the term ‘home State’ and  
 11 ‘host State’ have the meanings given such  
 12 terms in section 44.”.

13 (f) TECHNICAL AND CONFORMING AMENDMENTS.—

14 (1) Section 44 of the Federal Deposit Insurance  
 15 Act (12 U.S.C. 1831u) is amended—

16 (A) in subsection (a)—

17 (i) by striking paragraph (4) and in-  
 18 serting the following new paragraph:

19 “(4) TREATMENT OF BRANCHES IN CONNEC-  
 20 TION WITH CERTAIN INTERSTATE MERGER TRANS-  
 21 ACTIONS.—In the case of an interstate merger  
 22 transaction which involves the acquisition of a  
 23 branch of an insured depository institution or trust  
 24 company without the acquisition of the insured de-  
 25 pository institution or trust company, the branch

1 shall be treated, for purposes of this section, as an  
 2 insured depository institution or trust company the  
 3 home State of which is the State in which the  
 4 branch is located.”; and

5 (ii) by striking paragraphs (5) and (6)

6 and inserting the following new paragraph:

7 “(5) APPLICABILITY TO INDUSTRIAL LOAN  
 8 COMPANIES.—No provision of this section shall be  
 9 construed as authorizing the approval of any trans-  
 10 action involving a industrial loan company, indus-  
 11 trial bank, or other institution described in section  
 12 2(c)(2)(H) of the Bank Holding Company Act of  
 13 1956, or the acquisition, establishment, or operation  
 14 of a branch by any such company, bank, or institu-  
 15 tion, that is not allowed under section 18(d)(3).”.

16 (B) in subsection (b)—

17 (i) by striking “bank” each place such  
 18 term appears in paragraph (2)(B)(i) and  
 19 inserting “insured depository institution”;

20 (ii) by striking “banks” where such  
 21 term appears in paragraph (2)(E) and in-  
 22 serting “insured depository institutions or  
 23 trust companies”;

24 (iii) by striking “bank affiliate” each  
 25 place such term appears in that portion of

1 paragraph (3) that precedes subparagraph  
2 (A) and inserting “insured depository insti-  
3 tution affiliate”;

4 (iv) by striking “any bank” where  
5 such term appears in paragraph (3)(B)  
6 and inserting “any insured depository in-  
7 stitution”;

8 (v) by striking “bank” where such  
9 term appears in paragraph (4)(A) and in-  
10 serting “insured depository institution and  
11 trust company”; and

12 (vi) by striking “all banks” where  
13 such term appears in paragraph (5) and  
14 inserting “all insured depository institu-  
15 tions and trust companies”;

16 (C) in subsection (d)(1), by striking “any  
17 bank” and inserting “any insured depository in-  
18 stitution or trust company”;

19 (D) in subsection (e)—

20 (i) by striking “1 or more banks” and  
21 inserting “1 or more insured depository in-  
22 stitutions”; and

23 (ii) by striking “paragraph (2), (4), or  
24 (5)” and inserting “paragraph (2)”;

1 (E) by striking clauses (i) and (ii) of sub-  
2 section (g)(4)(A) and inserting the following  
3 new clauses:

4 “(i) with respect to a national bank or  
5 Federal savings association, the State in  
6 which the main office of the bank or sav-  
7 ings association is located; and

8 “(ii) with respect to a State bank,  
9 State savings association, or State-char-  
10 tered trust company, the State by which  
11 the bank, savings association, or trust  
12 company is chartered; and”;

13 (F) by striking paragraph (5) of subsection  
14 (g) and inserting the following new paragraph:

15 “(5) HOST STATE.—The term ‘host State’  
16 means—

17 “(A) with respect to a bank, a State, other  
18 than the home State of the bank, in which the  
19 bank maintains, or seeks to establish and main-  
20 tain, a branch; and

21 “(B) with respect to a trust company and  
22 solely for purposes of section 18(d)(5), a State,  
23 other than the home State of the trust com-  
24 pany, in which the trust company acts, or seeks  
25 to act, in 1 or more fiduciary capacities.”;

1 (G) in subsection (g)(10), by striking “sec-  
 2 tion 18(c)(2)” and inserting “paragraph (1) or  
 3 (2) of section 18(c), as appropriate,”; and

4 (H) in subsection (g), by adding at the end  
 5 the following new paragraph:

6 “(12) TRUST COMPANY.—The term ‘trust com-  
 7 pany’ means—

8 “(A) any national bank;

9 “(B) any savings association; and

10 “(C) any bank, banking association, trust  
 11 company, savings bank, or other banking insti-  
 12 tution which is incorporated under the laws of  
 13 any State,

14 that is authorized to act in 1 or more fiduciary ca-  
 15 pacities but is not engaged in the business of receiv-  
 16 ing deposits other than trust funds (as defined in  
 17 section 3(p)).”.

18 (2) Section 3(d) of the Bank Holding Company  
 19 Act of 1956 (12 U.S.C. 1842(d)) is amended—

20 (A) in paragraph (1)—

21 (i) by striking subparagraphs (B) and  
 22 (C); and

23 (ii) by redesignating subparagraph  
 24 (D) as subparagraph (B); and

1 (B) in paragraph (5), by striking “sub-  
 2 paragraph (B) or (D)” and inserting “subpara-  
 3 graph (B)”.

4 (3) Subsection (c) of section 4 of the National  
 5 Bank Consolidation and Merger Act (12 U.S.C.  
 6 215a–1(c)) is amended to read as follows:

7 “(c) DEFINITIONS.—For purposes of this section, the  
 8 terms ‘home State’, ‘out-of-State bank’, and ‘trust com-  
 9 pany’ each have the same meaning as in section 44(g) of  
 10 the Federal Deposit Insurance Act.”.

11 (g) CLERICAL AMENDMENTS.—

12 (1) The heading for section 44(b)(2)(E) of the  
 13 Federal Deposit Insurance Act (12 U.S.C.  
 14 1831u(b)(2)(E)) is amended by striking “BANKS”  
 15 and inserting “INSURED DEPOSITORY INSTITUTIONS  
 16 AND TRUST COMPANIES”.

17 (2) The heading for section 44(e) of the Fed-  
 18 eral Deposit Insurance Act (12 U.S.C. 1831u(e)) is  
 19 amended by striking “BANKS” and inserting “IN-  
 20 SURED DEPOSITORY INSTITUTIONS”.

21 **SEC. 402. STATUTE OF LIMITATIONS FOR JUDICIAL REVIEW**  
 22 **OF APPOINTMENT OF A RECEIVER FOR DE-**  
 23 **POSITORY INSTITUTIONS.**

24 (a) NATIONAL BANKS.—Section 2 of the National  
 25 Bank Receivership Act (12 U.S.C. 191) is amended—



1 (1) by striking “SECTION 2. The Comptroller of  
2 the Currency” and inserting the following:

3 **“SEC. 2. APPOINTMENT OF RECEIVER FOR A NATIONAL**  
4 **BANK.**

5 “(a) IN GENERAL.—The Comptroller of the Cur-  
6 rency”; and

7 (2) by adding at the end the following new sub-  
8 section:

9 “(b) JUDICIAL REVIEW.—If the Comptroller of the  
10 Currency appoints a receiver under subsection (a), the na-  
11 tional bank may, within 30 days thereafter, bring an ac-  
12 tion in the United States district court for the judicial dis-  
13 trict in which the home office of such bank is located, or  
14 in the United States District Court for the District of Co-  
15 lumbia, for an order requiring the Comptroller of the Cur-  
16 rency to remove the receiver, and the court shall, upon  
17 the merits, dismiss such action or direct the Comptroller  
18 of the Currency to remove the receiver.”.

19 (b) INSURED DEPOSITORY INSTITUTIONS.—Section  
20 11(c)(7) of the Federal Deposit Insurance Act (12 U.S.C.  
21 1821(c)(7)) is amended to read as follows:

22 “(7) JUDICIAL REVIEW.—If the Corporation is  
23 appointed (including the appointment of the Cor-  
24 poration as receiver by the Board of Directors) as  
25 conservator or receiver of a depository institution

1 under paragraph (4), (9), or (10), the depository in-  
 2 stitution may, within 30 days thereafter, bring an  
 3 action in the United States district court for the ju-  
 4 dicial district in which the home office of such de-  
 5 pository institution is located, or in the United  
 6 States District Court for the District of Columbia,  
 7 for an order requiring the Corporation to be re-  
 8 moved as the conservator or receiver (regardless of  
 9 how such appointment was made), and the court  
 10 shall, upon the merits, dismiss such action or direct  
 11 the Corporation to be removed as the conservator or  
 12 receiver.”.

13 (c) EXPANSION OF PERIOD FOR CHALLENGING THE  
 14 APPOINTMENT OF A LIQUIDATING AGENT.—Subpara-  
 15 graph (B) of section 207(a)(1) of the Federal Credit  
 16 Union Act (12 U.S.C. 1787(a)(1)) is amended by striking  
 17 “10 days” and inserting “30 days”.

18 (d) EFFECTIVE DATE.—The amendments made by  
 19 subsections (a), (b), and (c) shall apply with respect to  
 20 conservators, receivers, or liquidating agents appointed on  
 21 or after the date of the enactment of this Act.

22 **SEC. 403. REPORTING REQUIREMENTS RELATING TO IN-**  
 23 **SIDER LENDING.**

24 (a) REPORTING REQUIREMENTS REGARDING LOANS  
 25 TO EXECUTIVE OFFICERS OF MEMBER BANKS.—Section

1 22(g) of the Federal Reserve Act (12 U.S.C. 375a) is  
 2 amended—

3 (1) by striking paragraphs (6) and (9); and

4 (2) by redesignating paragraphs (7), (8), and  
 5 (10) as paragraphs (6), (7), and (8), respectively.

6 (b) REPORTING REQUIREMENTS REGARDING LOANS  
 7 FROM CORRESPONDENT BANKS TO EXECUTIVE OFFI-  
 8 CERS AND SHAREHOLDERS OF INSURED BANKS.—Section  
 9 106(b)(2) of the Bank Holding Company Act Amend-  
 10 ments of 1970 (12 U.S.C. 1972(2)) is amended—

11 (1) by striking subparagraph (G); and

12 (2) by redesignating subparagraphs (H) and (I)  
 13 as subparagraphs (G) and (H), respectively.

14 **SEC. 404. AMENDMENT TO PROVIDE AN INFLATION AD-**  
 15 **JUSTMENT FOR THE SMALL DEPOSITORY IN-**  
 16 **STITUTION EXCEPTION UNDER THE DEPOSI-**  
 17 **TORY INSTITUTION MANAGEMENT INTER-**  
 18 **LOCKS ACT.**

19 Section 203(1) of the Depository Institution Manage-  
 20 ment Interlocks Act (12 U.S.C. 3202(1)) is amended by  
 21 striking “\$20,000,000” and inserting “\$100,000,000”.

22 **SEC. 405. ENHANCING THE SAFETY AND SOUNDNESS OF IN-**  
 23 **SURED DEPOSITORY INSTITUTIONS.**

24 (a) CLARIFICATION RELATING TO THE ENFORCE-  
 25 ABILITY OF AGREEMENTS AND CONDITIONS.—The Fed-

1 eral Deposit Insurance Act (12 U.S.C. 1811 et seq.) is  
2 amended by adding at the end the following new section:

3 **“SEC. 49. ENFORCEMENT OF AGREEMENTS.**

4 “(a) IN GENERAL.—Notwithstanding clause (i) or  
5 (ii) of section 8(b)(6)(A) or section 38(e)(2)(E)(i), an ap-  
6 propriate Federal banking agency may enforce, under sec-  
7 tion 8, the terms of—

8 “(1) any condition imposed in writing by the  
9 agency on a depository institution or an institution-  
10 affiliated party (including a bank holding company)  
11 in connection with any action on any application, no-  
12 tice, or other request concerning a depository insti-  
13 tution; or

14 “(2) any written agreement entered into be-  
15 tween the agency and an institution-affiliated party  
16 (including a bank holding company).

17 “(b) RECEIVERSHIPS AND CONSERVATORSHIPS.—  
18 After the appointment of the Corporation as the receiver  
19 or conservator for any insured depository institution, the  
20 Corporation may enforce any condition or agreement de-  
21 scribed in paragraph (1) or (2) of subsection (a) involving  
22 such institution or any institution-affiliated party (includ-  
23 ing a bank holding company), through an action brought  
24 in an appropriate United States district court.”.

1 (b) PROTECTION OF CAPITAL OF INSURED DEPOSI-  
 2 TORY INSTITUTIONS.—Paragraph (1) of section 18(u) of  
 3 the Federal Deposit Insurance Act (12 U.S.C. 1828(u))  
 4 is amended by striking subparagraph (B) and by redesignig-  
 5 nating subparagraph (C) as subparagraph (B).

6 **SEC. 406. INVESTMENTS BY INSURED SAVINGS ASSOCIA-**  
 7 **TIONS IN BANK SERVICE COMPANIES AU-**  
 8 **THORIZED.**

9 (a) IN GENERAL.—Sections 2 and 3 of the Bank  
 10 Service Company Act (12 U.S.C. 1862, 1863) are each  
 11 amended by striking “insured bank” each place such term  
 12 appears and inserting “insured depository institution”.

13 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

14 (1) Section 1(b)(4) of the Bank Service Com-  
 15 pany Act (12 U.S.C. 1861(b)(4)) is amended—

16 (A) by inserting “, except when such term  
 17 appears in connection with the term ‘insured  
 18 depository institution’,” after “means”; and

19 (B) by striking “Federal Home Loan Bank  
 20 Board” and inserting “Director of the Office of  
 21 Thrift Supervision”.

22 (2) Section 1(b) of the Bank Service Company  
 23 Act (12 U.S.C. 1861(b)) is amended—

24 (A) by striking paragraph (5) and insert-  
 25 ing the following new paragraph:

1           “(5) INSURED DEPOSITORY INSTITUTION.—The  
2           term ‘insured depository institution’ has the mean-  
3           ing given the term in section 3(c) of the Federal De-  
4           posit Insurance Act;”;

5                   (B) by striking “and” at the end of para-  
6           graph (7);

7                   (C) by striking the period at the end of  
8           paragraph (8) and inserting “; and”; and

9                   (D) by adding at the end the following new  
10          paragraph:

11           “(9) the terms ‘State depository institution’,  
12          ‘Federal depository institution’, ‘State savings asso-  
13          ciation’ and ‘Federal savings association’ have the  
14          meanings given the terms in section 3 of the Federal  
15          Deposit Insurance Act.”.

16           (3) The 1st sentence of section 5(c)(4)(B) of  
17          the Home Owners’ Loan Act (12 U.S.C.  
18          1464(c)(4)(B)) is amended by striking “by savings  
19          associations of such State and by Federal associa-  
20          tions” and inserting “by State and Federal depository  
21          institutions”.

22           (4) Subparagraph (A)(ii) and subparagraph  
23          (B)(ii) of section 1(b)(2) of the Bank Service Com-  
24          pany Act (12 U.S.C. 1861(b)(2)) are each amended

1 by striking “insured banks” and inserting “insured  
2 depository institutions”.

3 (5) Section 1(b)(8) of the Bank Service Com-  
4 pany Act (12 U.S.C. 1861(b)(8)) is further amend-  
5 ed—

6 (A) by striking “insured bank” and insert-  
7 ing “insured depository institution”;

8 (B) by striking “insured banks” each place  
9 such term appears and inserting “insured de-  
10 pository institutions”; and

11 (C) by striking “the bank’s” and inserting  
12 “the depository institution’s”.

13 (6) Section 2 of the Bank Service Company Act  
14 (12 U.S.C. 1862) is amended by inserting “or sav-  
15 ings associations, other than the limitation on the  
16 amount of investment by a Federal savings associa-  
17 tion contained in section 5(c)(4)(B) of the Home  
18 Owners’ Loan Act” after “relating to banks”.

19 (7) Section 4(c) of the Bank Service Company  
20 Act (12 U.S.C. 1864(c)) is amended by inserting “or  
21 State savings association” after “State bank” each  
22 place such term appears.

23 (8) Section 4(d) of the Bank Service Company  
24 Act (12 U.S.C. 1864(d)) is amended by inserting

1 “or Federal savings association” after “national  
2 bank” each place such term appears.

3 (9) Section 4(e) of the Bank Service Company  
4 Act (12 U.S.C. 1864(e)) is amended to read as fol-  
5 lows:

6 “(e) A bank service company may perform—

7 “(1) only those services that each depository in-  
8 stitution shareholder or member is otherwise author-  
9 ized to perform under any applicable Federal or  
10 State law; and

11 “(2) such services only at locations in a State  
12 in which each such shareholder or member is author-  
13 ized to perform such services.”.

14 (10) Section 4(f) of the Bank Service Company  
15 Act (12 U.S.C. 1864(f)) is amended by inserting “or  
16 savings associations” after “location of banks”.

17 (11) Section 5 of the Bank Service Company  
18 Act (12 U.S.C. 1865) is amended—

19 (A) in subsection (a)—

20 (i) by striking “insured bank” and in-  
21 serting “insured depository institution”;  
22 and

23 (ii) by striking “bank’s” and inserting  
24 “institution’s”.



1 (B) in subsection (b), by striking “insured  
2 bank” and inserting “insured depository insti-  
3 tution”; and

4 (C) in subsection (c)—

5 (i) by striking “the bank or banks”  
6 and inserting “any depository institution”;  
7 and

8 (ii) by striking “capability of the  
9 bank” and inserting “capability of the de-  
10 pository institution”.

11 (12) Section 7 of the Bank Service Company  
12 Act (12 U.S.C. 1867) is amended—

13 (A) in subsection (b), by striking “insured  
14 bank” and inserting “insured depository insti-  
15 tution”; and

16 (B) in subsection (c)—

17 (i) by striking “a bank” each place  
18 such term appears and inserting “a deposi-  
19 tory institution”; and

20 (ii) by striking “the bank” each place  
21 such term appears and inserting “the de-  
22 pository institution”.

1 **SEC. 407. CROSS GUARANTEE AUTHORITY.**

2 Subparagraph (A) of section 5(e)(9) of the Federal  
3 Deposit Insurance Act (12 U.S.C. 1815(e)(9)(A)) is  
4 amended to read as follows:

5 “(A) such institutions are controlled by the  
6 same company; or”.

7 **SEC. 408. GOLDEN PARACHUTE AUTHORITY AND NONBANK**  
8 **HOLDING COMPANIES.**

9 Subsection (k) of section 18 of the Federal Deposit  
10 Insurance Act (12 U.S.C. 1828(k)) is amended—

11 (1) in paragraph (2)(A), by striking “or deposi-  
12 tory institution holding company” and inserting “or  
13 covered company”;

14 (2) by striking subparagraph (B) of paragraph  
15 (2) and inserting the following new subparagraph:

16 “(B) Whether there is a reasonable basis  
17 to believe that the institution-affiliated party is  
18 substantially responsible for—

19 “(i) the insolvency of the depository  
20 institution or covered company;

21 “(ii) the appointment of a conservator  
22 or receiver for the depository institution; or

23 “(iii) the depository institution’s trou-  
24 bled condition (as defined in the regula-  
25 tions prescribed pursuant to section  
26 32(f)).”;

1           (3) in paragraph (2)(F), by striking “depository  
2       institution holding company” and inserting “covered  
3       company,”;

4           (4) in paragraph (3) in the matter preceding  
5       subparagraph (A), by striking “depository institu-  
6       tion holding company” and inserting “covered com-  
7       pany”;

8           (5) in paragraph (3)(A), by striking “holding  
9       company” and inserting “covered company”;

10          (6) in paragraph (4)(A)—

11               (A) by striking “depository institution  
12       holding company” each place such term appears  
13       and inserting “covered company”; and

14               (B) by striking “holding company” each  
15       place such term appears (other than in connec-  
16       tion with the term referred to in subparagraph  
17       (A)) and inserting “covered company”;

18          (7) in paragraph (5)(A), by striking “depository  
19       institution holding company” and inserting “covered  
20       company”;

21          (8) in paragraph (5), by adding at the end the  
22       following new subparagraph:

23               “(D) COVERED COMPANY.—The term ‘cov-  
24       ered company’ means any depository institution  
25       holding company (including any company re-

quired to file a report under section 4(f)(6) of the Bank Holding Company Act of 1956), or any other company that controls an insured depository institution.”; and

(9) in paragraph (6)—

(A) by striking “depository institution holding company” and inserting “covered company,”; and

(B) by striking “or holding company” and inserting “or covered company”.

**SEC. 409. AMENDMENTS RELATING TO CHANGE IN BANK CONTROL.**

Section 7(j) of the Federal Deposit Insurance Act (12 U.S.C. 1817(j)) is amended—

(1) in paragraph (1)(D)—

(A) by striking “is needed to investigate” and inserting “is needed—

“(i) to investigate”;

(B) by striking “United States Code.” and inserting “United States Code; or”; and

(C) by adding at the end the following new clause:

“(ii) to analyze the safety and soundness of any plans or proposals described in

1 paragraph (6)(E) or the future prospects  
2 of the institution.”; and

3 (2) in paragraph (7)(C), by striking “the finan-  
4 cial condition of any acquiring person” and inserting  
5 “either the financial condition of any acquiring per-  
6 son or the future prospects of the institution”.

7 **TITLE V—DEPOSITORY INSTITU-**  
8 **TION AFFILIATES PROVI-**  
9 **SIONS**

10 **SEC. 501. CLARIFICATION OF CROSS MARKETING PROVI-**  
11 **SION.**

12 Section 4(n)(5) of the Bank Holding Company Act  
13 of 1956 (12 U.S.C. 1843(n)(5)) is amended—

14 (1) in subparagraph (B), by striking “sub-  
15 section (k)(4)(I)” and inserting “subparagraph (H)  
16 or (I) of subsection (k)(4)”;

17 (2) by adding at the end the following new sub-  
18 paragraph:

19 “(C) THRESHOLD OF CONTROL.—Subpara-  
20 graph (A) shall not apply with respect to a  
21 company described or referred to in clause (i)  
22 or (ii) of such subparagraph if the financial  
23 holding company does not own or control 25  
24 percent or more of the total equity or any class  
25 of voting securities of such company.”.

1 **SEC. 502. AMENDMENT TO PROVIDE THE FEDERAL RE-**  
 2 **SERVE BOARD WITH DISCRETION CON-**  
 3 **CERNING THE IMPUTATION OF CONTROL OF**  
 4 **SHARES OF A COMPANY BY TRUSTEES.**

5 Section 2(g)(2) of the Bank Holding Company Act  
 6 of 1956 (12 U.S.C. 1841(g)(2)) is amended by inserting  
 7 “, unless the Board determines that such treatment is not  
 8 appropriate in light of the facts and circumstances of the  
 9 case and the purposes of this Act” before the period at  
 10 the end.

11 **SEC. 503. ELIMINATING GEOGRAPHIC LIMITS ON THRIFT**  
 12 **SERVICE COMPANIES.**

13 (a) IN GENERAL.—The 1st sentence of section  
 14 5(c)(4)(B) of the Home Owners’ Loan Act (12 U.S.C.  
 15 1464(c)(4)(B)) (as amended by section 406(b)(3) of this  
 16 Act) is amended—

17 (1) by striking “corporation organized” and all  
 18 that follows through “is available for purchase” and  
 19 inserting “company, if the entire capital of the com-  
 20 pany is available for purchase”; and

21 (2) by striking “having their home offices in  
 22 such State”.

23 (b) TECHNICAL CORRECTIONS.—

24 (1) The heading for subparagraph (B) of sec-  
 25 tion 5(c)(4) of the Home Owners’ Loan Act (12

1 U.S.C. 1464(c)(4)(B)) is amended by striking “COR-  
2 PORATIONS” and inserting “COMPANIES”.

3 (2) The 2nd sentence of section 5(n)(1) of the  
4 Home Owners’ Loan Act (12 U.S.C. 1464(n)(1)) is  
5 amended by striking “service corporations” and in-  
6 serting “service companies”.

7 (3) Section 5(q)(1) of the Home Owners’ Loan  
8 Act (12 U.S.C. 1464(q)(1)) is amended by striking  
9 “service corporation” each place such term appears  
10 in subparagraphs (A), (B), and (C) and inserting  
11 “service company”.

12 (4) Section 10(m)(4)(C)(iii)(II) of the Home  
13 Owners’ Loan Act (12 U.S.C.  
14 1467a(m)(4)(C)(iii)(II)) is amended by striking  
15 “service corporation” each place such term appears  
16 and inserting “service company”.

17 **SEC. 504. CLARIFICATION OF SCOPE OF APPLICABLE RATE**  
18 **PROVISION.**

19 Section 44(f) of the Federal Deposit Insurance Act  
20 (12 U.S.C. 1831u(f)) is amended by adding at the end  
21 the following new paragraphs:

22 “(3) OTHER LENDERS.—In the case of any  
23 other lender doing business in the State described in  
24 paragraph (1), the maximum interest rate or  
25 amount of interest, discount points, finance charges,

1 or other similar charges that may be charged, taken,  
2 received, or reserved from time to time in any loan,  
3 discount, or credit sale made, or upon any note, bill  
4 of exchange, financing transaction, or other evidence  
5 of debt issued to or acquired by any other lender  
6 shall be equal to not more than the greater of the  
7 rates described in subparagraph (A) or (B) of para-  
8 graph (1).

9 “(4) OTHER LENDER DEFINED.—For purposes  
10 of paragraph (3), the term ‘other lender’ means any  
11 person engaged in the business of selling or financ-  
12 ing the sale of personal property (and any services  
13 incidental to the sale of personal property) in such  
14 State, except that, with regard to any person or en-  
15 tity described in such paragraph, such term does not  
16 include—

17 “(A) an insured depository institution; or

18 “(B) any person or entity engaged in the  
19 business of providing a short-term cash advance  
20 to any consumer in exchange for—

21 “(i) a consumer’s personal check or  
22 share draft, in the amount of the advance  
23 plus a fee, where presentment or negotia-  
24 tion of such check or share draft is de-



ferred by agreement of the parties until a  
designated future date; or

“(ii) a consumer authorization to  
debit the consumer’s transaction account,  
in the amount of the advance plus a fee,  
where such account will be debited on or  
after a designated future date.”.

## **TITLE VI—BANKING AGENCY PROVISIONS**

### **SEC. 601. WAIVER OF EXAMINATION SCHEDULE IN ORDER TO ALLOCATE EXAMINER RESOURCES.**

Section 10(d) of the Federal Deposit Insurance Act  
(12 U.S.C. 1820(d)) is amended—

(1) by redesignating paragraphs (5), (6), (7),  
(8), (9), and (10) as paragraphs (6), (7), (8), (9),  
(10), and (11), respectively;

(2) by inserting after paragraph (4), the fol-  
lowing new paragraph:

“(5) WAIVER OF SCHEDULE WHEN NECESSARY  
TO ACHIEVE SAFE AND SOUND ALLOCATION OF EX-  
AMINER RESOURCES.—Notwithstanding paragraphs  
(1), (2), (3), and (4), an appropriate Federal bank-  
ing agency may make adjustments in the examina-  
tion cycle for an insured depository institution if  
necessary to allocate available resources of exam-

1       iners in a manner that provides for the safety and  
2       soundness of, and the effective examination and su-  
3       pervision of, insured depository institutions.”; and

4               (3) in paragraphs (8) and (9), as so redesign-  
5       nated, by striking “paragraph (6)” and inserting  
6       “paragraph (7)”.

7       **SEC. 602. INTERAGENCY DATA SHARING.**

8       (a) FEDERAL BANKING AGENCIES.—Section 7(a)(2)  
9       of the Federal Deposit Insurance Act (12 U.S.C.  
10      1817(a)(2)) is amended by adding at the end the following  
11      new subparagraph:

12               “(C) DATA SHARING WITH OTHER AGEN-  
13               CIES AND PERSONS.—In addition to reports of  
14               examination, reports of condition, and other re-  
15               ports required to be regularly provided to the  
16               Corporation (with respect to all insured deposi-  
17               tory institutions, including a depository institu-  
18               tion for which the Corporation has been ap-  
19               pointed conservator or receiver) or an appro-  
20               priate State bank supervisor (with respect to a  
21               State depository institution) under subpara-  
22               graph (A) or (B), a Federal banking agency  
23               may, in the agency’s discretion, furnish any re-  
24               port of examination or other confidential super-  
25               visory information concerning any depository

1 institution or other entity examined by such  
2 agency under authority of any Federal law,  
3 to—

4 “(i) any other Federal or State agen-  
5 cy or authority with supervisory or regu-  
6 latory authority over the depository institu-  
7 tion or other entity;

8 “(ii) any officer, director, or receiver  
9 of such depository institution or entity;  
10 and

11 “(iii) any other person the Federal  
12 banking agency determines to be appro-  
13 priate.”.

14 (b) NATIONAL CREDIT UNION ADMINISTRATION.—

15 Section 202(a) of the Federal Credit Union Act (12  
16 U.S.C. 1782(a)) is amended by adding at the end the fol-  
17 lowing new paragraph:

18 “(8) DATA SHARING WITH OTHER AGENCIES  
19 AND PERSONS.—In addition to reports of examina-  
20 tion, reports of condition, and other reports required  
21 to be regularly provided to the Board (with respect  
22 to all insured credit unions, including a credit union  
23 for which the Corporation has been appointed con-  
24 servator or liquidating agent) or an appropriate  
25 State commission, board, or authority having super-

1 vision of a State-chartered credit union, the Board  
 2 may, in the Board’s discretion, furnish any report  
 3 of examination or other confidential supervisory in-  
 4 formation concerning any credit union or other enti-  
 5 ty examined by the Board under authority of any  
 6 Federal law, to—

7 “(A) any other Federal or State agency or  
 8 authority with supervisory or regulatory author-  
 9 ity over the credit union or other entity;

10 “(B) any officer, director, or receiver of  
 11 such credit union or entity; and

12 “(C) any other institution-affiliated party  
 13 of such credit union or entity the Board deter-  
 14 mines to be appropriate.”.

15 **SEC. 603. PENALTY FOR UNAUTHORIZED PARTICIPATION**  
 16 **BY CONVICTED INDIVIDUAL.**

17 Section 19 of the Federal Deposit Insurance Act (12  
 18 U.S.C. 1829) is amended by adding at the end the fol-  
 19 lowing new subsection:

20 “(c) NONINSURED BANKS.—Subsections (a) and (b)  
 21 shall apply to a noninsured national bank and a non-  
 22 insured State member bank, and any agency or non-  
 23 insured branch (as such terms are defined in section 1(b)  
 24 of the International Banking Act of 1978) of a foreign  
 25 bank as if such bank, branch, or agency were an insured

1 depository institution, except such subsections shall be ap-  
 2 plied for purposes of this subsection by substituting the  
 3 agency determined under the following paragraphs for  
 4 ‘Corporation’ each place such term appears in such sub-  
 5 sections:

6 “(1) The Comptroller of the Currency, in the  
 7 case of a noninsured national bank or any Federal  
 8 agency or noninsured Federal branch of a foreign  
 9 bank.

10 “(2) The Board of Governors of the Federal  
 11 Reserve System, in the case of a noninsured State  
 12 member bank or any State agency or noninsured  
 13 State branch of a foreign bank.”.

14 **SEC. 604. AMENDMENT PERMITTING THE DESTRUCTION OF**  
 15 **OLD RECORDS OF A DEPOSITORY INSTITU-**  
 16 **TION BY THE FDIC AFTER THE APPOINTMENT**  
 17 **OF THE FDIC AS RECEIVER.**

18 Section 11(d)(15)(D) of the Federal Deposit Insur-  
 19 ance Act (12 U.S.C. 1821(d)(15)(D)) is amended—

20 (1) by striking “RECORDKEEPING REQUIRE-  
 21 MENT.—After the end of the 6-year period” and in-  
 22 serting “RECORDKEEPING REQUIREMENT.—

23 “(i) IN GENERAL.—Except as pro-  
 24 vided in clause (ii), after the end of the 6-  
 25 year period”; and

1           (2) by adding at the end the following new  
2       clause:

3                       “(ii) OLD RECORDS.—In the case of  
4                       records of an insured depository institution  
5                       which are at least 10 years old as of the  
6                       date the Corporation is appointed as the  
7                       receiver of such depository institution, the  
8                       Corporation may destroy such records in  
9                       accordance with clause (i) any time after  
10                      such appointment is final without regard  
11                      to the 6-year period of limitation contained  
12                      in such clause.”.

13 **SEC. 605. MODERNIZATION OF RECORDKEEPING REQUIRE-**  
14 **MENT.**

15       Subsection (f) of section 10 of the Federal Deposit  
16 Insurance Act (12 U.S.C. 1820(f)) is amended to read as  
17 follows:

18       “(f) PRESERVATION OF AGENCY RECORDS.—

19               “(1) IN GENERAL.—A Federal banking agency  
20       may cause any and all records, papers, or documents  
21       kept by the agency or in the possession or custody  
22       of the agency to be—

23                       “(A) photographed or microphotographed  
24                       or otherwise reproduced upon film; or

1                   “(B) preserved in any electronic medium  
2                   or format which is capable of—

3                   “(i) being read or scanned by com-  
4                   puter; and

5                   “(ii) being reproduced from such elec-  
6                   tronic medium or format by printing or  
7                   any other form of reproduction of elec-  
8                   tronically stored data.

9                   “(2) TREATMENT AS ORIGINAL RECORDS.—Any  
10                  photographs, microphotographs, or photographic  
11                  film or copies thereof described in paragraph (1)(A)  
12                  or reproduction of electronically stored data de-  
13                  scribed in paragraph (1)(B) shall be deemed to be  
14                  an original record for all purposes, including intro-  
15                  duction in evidence in all State and Federal courts  
16                  or administrative agencies and shall be admissible to  
17                  prove any act, transaction, occurrence, or event  
18                  therein recorded.

19                  “(3) AUTHORITY OF THE FEDERAL BANKING  
20                  AGENCIES.—Any photographs, microphotographs, or  
21                  photographic film or copies thereof described in  
22                  paragraph (1)(A) or reproduction of electronically  
23                  stored data described in paragraph (1)(B) shall be  
24                  preserved in such manner as the Federal banking  
25                  agency shall prescribe and the original records, pa-

1       pers, or documents may be destroyed or otherwise  
 2       disposed of as the Federal banking agency may di-  
 3       rect.”.

4   **SEC. 606. CLARIFICATION OF EXTENT OF SUSPENSION, RE-**  
 5                   **MOVAL, AND PROHIBITION AUTHORITY OF**  
 6                   **FEDERAL BANKING AGENCIES IN CASES OF**  
 7                   **CERTAIN CRIMES BY INSTITUTION-AFFILI-**  
 8                   **ATED PARTIES.**

9       (a) INSURED DEPOSITORY INSTITUTION.—

10           (1) IN GENERAL.—Section 8(g)(1) of the Fed-  
 11       eral Deposit Insurance Act (12 U.S.C. 1818(g)(1))  
 12       is amended—

13           (A) in subparagraph (A), by striking “the  
 14       depository” each place such term appears and  
 15       inserting “any depository”;

16           (B) in subparagraph (B)(i), by inserting  
 17       “of which the subject of the order is an institu-  
 18       tion-affiliated party” before the period at the  
 19       end;

20           (C) in subparagraph (C), by striking “the  
 21       depository” each place such term appears and  
 22       inserting “any depository”;

23           (D) in subparagraph (D)(i), by inserting  
 24       “of which the subject of the order is an institu-



tion-affiliated party” after “upon the depository institution”; and

(E) by adding at the end the following new subparagraph:

“(E) CONTINUATION OF AUTHORITY.—A Federal banking agency may issue an order under this paragraph with respect to an individual who is an institution-affiliated party at a depository institution at the time of an offense described in subparagraph (A) without regard to—

“(i) whether such individual is an institution-affiliated party at any depository institution at the time the order is considered or issued by the agency; or

“(ii) whether the depository institution at which the individual was an institution-affiliated party at the time of the offense remains in existence at the time the order is considered or issued by the agency.”.

(2) CLERICAL AMENDMENT.—Section 8(g) of the Federal Deposit Insurance Act (12 U.S.C. 1818(g)) is amended by striking “(g)” and inserting the following new subsection heading:

1       “(g) SUSPENSION, REMOVAL, AND PROHIBITION  
2 FROM PARTICIPATION ORDERS IN THE CASE OF CERTAIN  
3 CRIMINAL OFFENSES.—”.

4       (b) INSURED CREDIT UNIONS.—

5           (1) IN GENERAL.—Section 206(i)(1) of the  
6 Federal Credit Union Act (12 U.S.C. 1786(i)(1)) is  
7 amended—

8           (A) in subparagraph (A), by striking “the  
9 credit union” each place such term appears and  
10 inserting “any credit union”;

11           (B) in subparagraph (B)(i), by inserting  
12 “of which the subject of the order is, or most  
13 recently was, an institution-affiliated party” be-  
14 fore the period at the end;

15           (C) in subparagraph (C), by striking “the  
16 credit union” each place such term appears and  
17 inserting “any credit union”;

18           (D) in subparagraph (D)(i), by striking  
19 “upon such credit union” and inserting “upon  
20 the credit union of which the subject of the  
21 order is, or most recently was, an institution-af-  
22 filiated party”; and

23           (E) by adding at the end the following new  
24 subparagraph:

1                   “(E) CONTINUATION OF AUTHORITY.—The  
2                   Board may issue an order under this paragraph  
3                   with respect to an individual who is an institu-  
4                   tion-affiliated party at a credit union at the  
5                   time of an offense described in subparagraph  
6                   (A) without regard to—

7                   “(i) whether such individual is an in-  
8                   stitution-affiliated party at any credit  
9                   union at the time the order is considered  
10                  or issued by the Board; or

11                  “(ii) whether the credit union at  
12                  which the individual was an institution-af-  
13                  filiated party at the time of the offense re-  
14                  mains in existence at the time the order is  
15                  considered or issued by the Board.”.

16                  (2) CLERICAL AMENDMENT.—Section 206(i) of  
17                  the Federal Credit Union Act (12 U.S.C. 1786(i)) is  
18                  amended by striking “(i)” at the beginning and in-  
19                  serting the following new subsection heading:

20                  “(i) SUSPENSION, REMOVAL, AND PROHIBITION  
21                  FROM PARTICIPATION ORDERS IN THE CASE OF CERTAIN  
22                  CRIMINAL OFFENSES.—”.

1 **SEC. 607. STREAMLINING DEPOSITORY INSTITUTION MERG-**  
2 **ER APPLICATION REQUIREMENTS.**

3 (a) IN GENERAL.—Paragraph (4) of section 18(c) of  
4 the Federal Deposit Insurance Act (12 U.S.C. 1828(c))  
5 is amended to read as follows:

6 “(4) REPORTS ON COMPETITIVE FACTORS.—

7 “(A) REQUEST FOR REPORT.—In the in-  
8 terests of uniform standards, before acting on  
9 any application for approval of a merger trans-  
10 action, the responsible agency, unless the agen-  
11 cy finds that it must act immediately in order  
12 to prevent the probable failure of a depository  
13 institution involved, shall—

14 “(i) request a report on the competi-  
15 tive factors involved from the Attorney  
16 General; and

17 “(ii) provide a copy of the request to  
18 the Corporation (when the Corporation is  
19 not the responsible agency).

20 “(B) FURNISHING OF REPORT.—The re-  
21 port requested under subparagraph (A) shall be  
22 furnished by the Attorney General to the re-  
23 sponsible agency—

24 “(i) not more than 30 calendar days  
25 after the date on which the Attorney Gen-  
26 eral received the request; or

1 “(ii) not more than 10 calendar days  
2 after such date, if the requesting agency  
3 advises the Attorney General that an emer-  
4 gency exists requiring expeditious action.”.

5 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
6 The penultimate sentence of section 18(c)(6) of the Fed-  
7 eral Deposit Insurance Act (12 U.S.C. 1828(c)(6)) is  
8 amended to read as follows: “If the agency has advised  
9 the Attorney General under paragraph (4)(B) of the exist-  
10 ence of an emergency requiring expeditious action and has  
11 requested a report on the competitive factors within 10  
12 days, the transaction may not be consummated before the  
13 fifth calendar day after the date of approval by the agen-  
14 cy.”.

15 **SEC. 608. INCLUSION OF DIRECTOR OF THE OFFICE OF**  
16 **THRIFT SUPERVISION IN LIST OF BANKING**  
17 **AGENCIES REGARDING INSURANCE CUS-**  
18 **TOMER PROTECTION REGULATIONS.**

19 Section 47(g)(2)(B)(i) of the Federal Deposit Insur-  
20 ance Act (12 U.S.C. 1831x(g)(2)(B)(i)) is amended by in-  
21 serting “the Director of the Office of Thrift Supervision,”  
22 after “Comptroller of the Currency,”.

1 **SEC. 609. PROTECTION OF CONFIDENTIAL INFORMATION**  
2 **RECEIVED BY FEDERAL BANKING REGU-**  
3 **LATORS FROM FOREIGN BANKING SUPER-**  
4 **VISORS.**

5 Section 15 of the International Banking Act of 1978  
6 (12 U.S.C. 3109) is amended by adding at the end the  
7 following new subsection:

8 “(c) CONFIDENTIAL INFORMATION RECEIVED FROM  
9 FOREIGN SUPERVISORS.—

10 “(1) IN GENERAL.—Except as provided in  
11 paragraph (3), a Federal banking agency may not be  
12 compelled to disclose information received from a  
13 foreign regulatory or supervisory authority if—

14 “(A) the foreign regulatory or supervisory  
15 authority has, in good faith, determined and  
16 represented to such Federal banking agency  
17 that public disclosure of the information would  
18 violate the laws applicable to that foreign regu-  
19 latory or supervisory authority; and

20 “(B) the relevant Federal banking agency  
21 obtained such information pursuant to—

22 “(i) such procedures as the Federal  
23 banking agency may establish for use in  
24 connection with the administration and en-  
25 forcement of Federal banking laws; or

1                   “(ii) a memorandum of understanding  
2                   or other similar arrangement between the  
3                   Federal banking agency and the foreign  
4                   regulatory or supervisory authority.

5                   “(2) TREATMENT UNDER TITLE 5, UNITED  
6                   STATES CODE.—For purposes of section 552 of title  
7                   5, United States Code, this subsection shall be treat-  
8                   ed as a statute described in subsection (b)(3)(B) of  
9                   such section.

10                  “(3) SAVINGS PROVISION.—No provision of this  
11                  section shall be construed as—

12                   “(A) authorizing any Federal banking  
13                   agency to withhold any information from any  
14                   duly authorized committee of the House of Rep-  
15                   resentatives or the Senate; or

16                   “(B) preventing any Federal banking  
17                   agency from complying with an order of a court  
18                   of the United States in an action commenced by  
19                   the United States or such agency.

20                  “(4) FEDERAL BANKING AGENCY DEFINED.—  
21                  For purposes of this subsection, the term ‘Federal  
22                  banking agency’ means the Board, the Comptroller,  
23                  the Federal Deposit Insurance Corporation, and the  
24                  Director of the Office of Thrift Supervision.”.

1 **SEC. 610. PROHIBITION ON PARTICIPATION BY CONVICTED**  
2 **INDIVIDUAL.**

3 Section 19 of the Federal Deposit Insurance Act (12  
4 U.S.C. 1829) is amended by inserting after subsection (c)  
5 (as added by section 603 of this title) the following new  
6 subsections:

7 “(d) BANK HOLDING COMPANIES.—Subsections (a)  
8 and (b) shall apply to any bank holding company, any sub-  
9 sidiary (other than a bank) of a bank holding company,  
10 and any organization organized and operated under sec-  
11 tion 25A of the Federal Reserve Act or operating under  
12 section 25 of the Federal Reserve Act as if such bank  
13 holding company, subsidiary, or organization were an in-  
14 sured depository institution, except such subsections shall  
15 be applied for purposes of this subsection by substituting  
16 ‘Board of Governors of the Federal Reserve System’ for  
17 ‘Corporation’ each place such term appears in such sub-  
18 sections.

19 “(e) SAVINGS AND LOAN HOLDING COMPANIES.—  
20 Subsections (a) and (b) shall apply to any savings and  
21 loan holding company and any subsidiary (other than a  
22 savings association) of a savings and loan holding com-  
23 pany as if such savings and loan holding company or sub-  
24 sidiary were an insured depository institution, except such  
25 subsections shall be applied for purposes of this subsection  
26 by substituting ‘Director of the Office of Thrift Super-



1 vision’ for ‘Corporation’ each place such term appears in  
 2 such subsections.”.

3 **SEC. 611. CLARIFICATION THAT NOTICE AFTER SEPARA-**  
 4 **TION FROM SERVICE MAY BE MADE BY AN**  
 5 **ORDER.**

6 (a) IN GENERAL.—Section 8(i)(3) of the Federal De-  
 7 posit Insurance Act (12 U.S.C. 1818(i)(3)) is amended by  
 8 inserting “or order” after “notice” each place such term  
 9 appears.

10 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
 11 The heading for section 8(i)(3) of the Federal Deposit In-  
 12 surance Act (12 U.S.C. 1818(i)(3)) is amended by insert-  
 13 ing “OR ORDER” after “NOTICE”.

14 **SEC. 612. ENFORCEMENT AGAINST MISREPRESENTATIONS**  
 15 **REGARDING FDIC DEPOSIT INSURANCE COV-**  
 16 **ERAGE.**

17 (a) IN GENERAL.—Section 18(a) of the Federal De-  
 18 posit Insurance Act (12 U.S.C. 1828(a)) is amended by  
 19 adding at the end the following new paragraph:

20 “(4) FALSE ADVERTISING, MISUSE OF FDIC  
 21 NAMES, AND MISREPRESENTATION TO INDICATE IN-  
 22 SURED STATUS.—

23 “(A) PROHIBITION ON FALSE ADVER-  
 24 TISING AND MISUSE OF FDIC NAMES.—No per-  
 25 son may—

1 “(i) use the terms ‘Federal Deposit’,  
2 ‘Federal Deposit Insurance’, ‘Federal De-  
3 posit Insurance Corporation’, any combina-  
4 tion of such terms, or the abbreviation  
5 ‘FDIC’ as part of the business name or  
6 firm name of any person, including any  
7 corporation, partnership, business trust,  
8 association, or other business entity; or

9 “(ii) use such terms or any other sign  
10 or symbol as part of an advertisement, so-  
11 licitation, or other document,

12 to represent, suggest or imply that any deposit  
13 liability, obligation, certificate or share is in-  
14 sured or guaranteed by the Federal Deposit In-  
15 surance Corporation, if such deposit liability,  
16 obligation, certificate, or share is not insured or  
17 guaranteed by the Corporation.

18 “(B) PROHIBITION ON MISREPRESENTA-  
19 TIONS OF INSURED STATUS.—No person may  
20 knowingly misrepresent—

21 “(i) that any deposit liability, obliga-  
22 tion, certificate, or share is federally in-  
23 sured, if such deposit liability, obligation,  
24 certificate, or share is not insured by the  
25 Corporation; or

1 “(ii) the extent to which or the man-  
2 ner in which any deposit liability, obliga-  
3 tion, certificate, or share is insured by the  
4 Federal Deposit Insurance Corporation, if  
5 such deposit liability, obligation, certificate,  
6 or share is not insured by the Corporation  
7 to the extent or in the manner represented.

8 “(C) AUTHORITY OF FDIC.—The Corpora-  
9 tion shall have—

10 “(i) jurisdiction over any person that  
11 violates this paragraph, or aids or abets  
12 the violation of this paragraph; and

13 “(ii) for purposes of enforcing the re-  
14 quirements of this paragraph with regard  
15 to any person—

16 “(I) the authority of the Cor-  
17 poration under section 10(c) to con-  
18 duct investigations; and

19 “(II) the enforcement authority  
20 of the Corporation under subsections  
21 (b), (c), (d) and (i) of section 8,  
22 as if such person were a state nonmember in-  
23 sured bank.

24 “(D) OTHER ACTIONS PRESERVED.—No  
25 provision of this paragraph shall be construed

1 as barring any action otherwise available, under  
2 the laws of the United States or any State, to  
3 any Federal or State law enforcement agency or  
4 individual.”.

5 (b) ENFORCEMENT ORDERS.—Section 8(c) of the  
6 Federal Deposit Insurance Act (12 U.S.C. 1818(c)) is  
7 amended by adding at the end the following new para-  
8 graph:

9 “(4) FALSE ADVERTISING OR MISUSE OF  
10 NAMES TO INDICATE INSURED STATUS.—

11 “(A) TEMPORARY ORDER.—

12 “(i) IN GENERAL.—If a notice of  
13 charges served under subsection (b)(1) of  
14 this section specifies on the basis of par-  
15 ticular facts that any person is engaged in  
16 conduct described in section 18(a)(4), the  
17 Corporation may issue a temporary order  
18 requiring—

19 “(I) the immediate cessation of  
20 any activity or practice described,  
21 which gave rise to the notice of  
22 charges; and

23 “(II) affirmative action to pre-  
24 vent any further, or to remedy any ex-  
25 isting, violation.

1                   “(ii) EFFECT OF ORDER.—Any tem-  
 2                   porary order issued under this subpara-  
 3                   graph shall take effect upon service.

4                   “(B) EFFECTIVE PERIOD OF TEMPORARY  
 5                   ORDER.—A temporary order issued under sub-  
 6                   paragraph (A) shall remain effective and en-  
 7                   forceable, pending the completion of an admin-  
 8                   istrative proceeding pursuant to subsection  
 9                   (b)(1) in connection with the notice of  
 10                  charges—

11                  “(i) until such time as the Corpora-  
 12                  tion shall dismiss the charges specified in  
 13                  such notice; or

14                  “(ii) if a cease-and-desist order is  
 15                  issued against such person, until the effec-  
 16                  tive date of such order.

17                  “(C) CIVIL MONEY PENALTIES.—Violations  
 18                  of section 18(a)(4) shall be subject to civil  
 19                  money penalties as set forth in subsection (i) in  
 20                  an amount not to exceed \$1,000,000 for each  
 21                  day during which the violation occurs or con-  
 22                  tinues.”.

23                  (c) TECHNICAL AND CONFORMING AMENDMENTS.—  
 24                  (1) Section 18(a)(3) of the Federal Deposit In-  
 25                  surance Act (12 U.S.C. 1828(a)) is amended—

1 (A) in the 1st sentence by striking “of this  
 2 subsection” and inserting “of paragraphs (1)  
 3 and (2)”;

4 (B) by striking the 2nd sentence; and

5 (C) in the 3rd sentence, by striking “of  
 6 this subsection” and inserting “of paragraphs  
 7 (1) and (2)”.

8 (2) The heading for subsection (a) of section 18  
 9 of the Federal Deposit Insurance Act (12 U.S.C.  
 10 1828(a)) is amended by striking “INSURANCE  
 11 LOGO.—” and inserting “REPRESENTATIONS OF DE-  
 12 POSIT INSURANCE.—”.

13 **SEC. 613. COMPENSATION OF FEDERAL HOME LOAN BANK**  
 14 **DIRECTORS.**

15 Section 7(i) of the Federal Home Loan Bank Act (12  
 16 U.S.C. 1427(i)) is amended to read as follows:

17 “(i) DIRECTORS’ COMPENSATION.—

18 “(1) IN GENERAL.—Each Federal home loan  
 19 bank may pay the directors on the board of directors  
 20 of the bank reasonable compensation for the time re-  
 21 quired of such directors, and reasonable expenses in-  
 22 curred by the directors, in connection with service on  
 23 the board of directors, in accordance with resolutions  
 24 adopted by the board of directors and subject to the  
 25 approval of the board.

1           “(2) ANNUAL REPORT BY THE BOARD.—Infor-  
 2           mation regarding compensation and expenses paid  
 3           by the Federal home loan banks to the directors on  
 4           the boards of directors of the banks shall be included  
 5           in the annual report submitted to the Congress by  
 6           the Board pursuant to section 2B(d).”.

7   **SEC. 614. EXTENSION OF TERMS OF FEDERAL HOME LOAN**  
 8           **BANK DIRECTORS.**

9           (a) IN GENERAL.—Section 7(d) of the Federal Home  
 10   Loan Bank Act (12 U.S.C. 1427(d)) is amended—

11           (1) in the first sentence, by striking “3 years”  
 12           and inserting “4 years”; and

13           (2) in the 2nd sentence—

14           (A) by striking “Federal Home Loan Bank  
 15           System Modernization Act of 1999” and insert-  
 16           ing “Financial Services Regulatory Relief Act  
 17           of 2003”; and

18           (B) by striking “1/3” and inserting “1/4”.

19           (b) PROSPECTIVE APPLICATION.—The amendment  
 20   made by subsection (a) shall not apply to the term of office  
 21   in which any director of a Federal home loan bank is serv-  
 22   ing as of the date of the enactment of this Act, including  
 23   any director elected or appointed to fill a vacancy in any  
 24   such term of office.

1 **SEC. 615. BIENNIAL REPORTS ON THE STATUS OF AGENCY**  
2 **EMPLOYMENT OF MINORITIES AND WOMEN.**

3 (a) IN GENERAL.—Before December 31, 2003, and  
4 the end of each 2-year period beginning after such date,  
5 each Federal banking agency shall submit a report to the  
6 Congress on the status of the employment by the agency  
7 of minority individuals and women.

8 (b) FACTORS TO BE INCLUDED.—The report shall  
9 include a detailed assessment of each of the following:

10 (1) The extent of hiring of minority individuals  
11 and women by the agency as of the time the report  
12 is prepared.

13 (2) The successes achieved and challenges faced  
14 by the agency in operating minority and women out-  
15 reach programs.

16 (3) Challenges the agency may face in finding  
17 qualified minority individual and women applicants.

18 (4) Such other information, findings, and con-  
19 clusions, and recommendations for legislative or  
20 agency action, as the agency may determine to be  
21 appropriate to include in the report.

22 (c) DEFINITIONS.—For purposes of this section, the  
23 following definitions shall apply:

24 (1) FEDERAL BANKING AGENCY.—The term  
25 “Federal banking agency”—



1 (A) has the same meaning as in section  
 2 3(z) of the Federal Deposit Insurance Act; and

3 (B) includes the National Credit Union  
 4 Administration.

5 (2) MINORITY.—The term “minority” has the  
 6 same meaning as in section 1204(c)(3) of the Finan-  
 7 cial Institutions Reform, Recovery, and Enforcement  
 8 Act of 1989.

9 **SEC. 616. COORDINATION OF STATE EXAMINATION AU-**  
 10 **THORITY.**

11 Section 10(h) of the Federal Deposit Insurance Act  
 12 (12 U.S.C. 1820(h)) is amended to read as follows:

13 “(h) COORDINATION OF EXAMINATION AUTHOR-  
 14 ITY.—

15 “(1) IN GENERAL.—The appropriate State  
 16 bank supervisor of the home State of an insured  
 17 State bank has authority to examine and supervise  
 18 the bank. The State bank supervisor of the home  
 19 State of an insured State bank shall exercise its au-  
 20 thority to supervise and examine the branches of the  
 21 bank in a host State in accordance with the terms  
 22 of any applicable cooperative agreement between the  
 23 home State bank supervisor and the State bank su-  
 24 pervisor of the relevant host State. Except as ex-  
 25 pressly provided in a cooperative agreement between

1 the State bank supervisors of the home State and  
2 host State(s) of an insured State bank, only the  
3 State bank supervisor of the home State of an in-  
4 sured State bank may levy or charge State super-  
5 visory fees on the bank.

6 “(2) HOST STATE EXAMINATION.—With respect  
7 to a branch operated in a host State by an out-of-  
8 State insured State bank that resulted from an  
9 interstate merger transaction approved under section  
10 44 or that was established in such State pursuant  
11 to section 5155(g) of the Revised Statutes, the third  
12 undesignated paragraph of section 9 of the Federal  
13 Reserve Act or section 18(d)(4) of this Act, the ap-  
14 propriate State bank supervisor of such host State  
15 may—

16 “(A) with written notice to the State bank  
17 supervisor of the bank’s home State and subject  
18 to the terms of any applicable cooperative  
19 agreement with the State bank supervisor of  
20 such home State, examine such branch for the  
21 purpose of determining compliance with host  
22 State laws that are applicable pursuant to sec-  
23 tion 24(j) of this Act, including those that gov-  
24 ern community reinvestment, fair lending, and  
25 consumer protection; and

1           “(B) if expressly permitted under and sub-  
2           ject to the terms of a cooperative agreement  
3           with the State bank supervisor of the bank’s  
4           home State or if such out-of-State insured  
5           State bank has been determined to be in a trou-  
6           bled condition by either the State bank super-  
7           visor of the bank’s home State or the bank’s  
8           appropriate Federal banking agency, participate  
9           in the examination of the bank by the State  
10          bank supervisor of the bank’s home State to as-  
11          certain that the activities of the branch in such  
12          host State are not conducted in an unsafe or  
13          unsound manner. The State bank supervisor of  
14          the home State of an insured State bank shall  
15          notify the State bank supervisor of each host  
16          State of the bank if there has been a final de-  
17          termination that the bank is in a troubled con-  
18          dition. The State bank supervisor of the bank’s  
19          home State shall provide such notice as soon as  
20          reasonably possible but in all cases within 15  
21          business days after the State bank supervisor  
22          has made such final determination or has re-  
23          ceived written notification of such final deter-  
24          mination.

1           “(3) HOST STATE ENFORCEMENT.—If the State  
2       bank supervisor of a host State determines that a  
3       branch of an out-of-State State insured State bank  
4       is violating any law of the host State that is applica-  
5       ble to such branch pursuant to section 24(j) of this  
6       Act, including a law that governs community rein-  
7       vestment, fair lending, or consumer protection, the  
8       State bank supervisor of the host State or, to the ex-  
9       tent authorized by the law of the host State, a host  
10      State law enforcement officer may, with written no-  
11      tice to the State bank supervisor of the bank’s home  
12      State and subject to the terms of any applicable co-  
13      operative agreement with the State bank supervisor  
14      of the bank’s home State, undertake such enforce-  
15      ment actions and proceedings as would be permitted  
16      under the law of the host State as if the branch  
17      were a bank chartered by that host State.

18           “(4) COOPERATIVE AGREEMENT.—The State  
19      bank supervisors from 2 or more States may enter  
20      into cooperative agreements to facilitate State regu-  
21      latory supervision of State banks, including coopera-  
22      tive agreements relating to the coordination of ex-  
23      aminations and joint participation in examinations.  
24      For purposes of this subsection (h), the term “coop-  
25      erative agreement” means a written agreement that

1 is signed by the home State bank supervisor and  
2 host State bank supervisor to facilitate State regu-  
3 latory supervision of State banks and includes na-  
4 tionwide or multi-state cooperative agreements and  
5 cooperative agreements solely between the home  
6 State and host State. Except for State bank super-  
7 visors, no provision of this subsection (h) relating to  
8 such cooperative agreements shall be construed as  
9 limiting in any way the authority of home and host  
10 State law enforcement officers, regulatory super-  
11 visors, or other officials that have not signed such  
12 cooperative agreements to enforce host State laws  
13 that are applicable to a branch of an out-of-State in-  
14 sured State bank located in the host State pursuant  
15 to section 24(j) of this Act.

16 “(5) FEDERAL REGULATORY AUTHORITY.—No  
17 provision of this subsection shall be construed as  
18 limiting in any way the authority of any Federal  
19 banking agency.

20 “(6) STATE TAXATION AUTHORITY NOT AF-  
21 FECTED.—No provision of this subsection (h) shall  
22 be construed as affecting the authority of any State  
23 or political subdivision of any State to adopt, apply,  
24 or administer any tax or method of taxation to any  
25 bank, bank holding company, or foreign bank, or

1 any affiliate of any bank, bank holding company, or  
2 foreign bank, to the extent such tax or tax method  
3 is otherwise permissible by or under the Constitution  
4 of the United States or other Federal law.

5 “(7) DEFINITIONS.—For purpose of this sec-  
6 tion, the following definition shall apply:

7 “(A) The terms ‘host State’, ‘home State’,  
8 and ‘out-of-State bank’ have the same meanings  
9 as in section 44(g).

10 “(B) The term ‘State supervisory fees’  
11 means assessments, examination fees, branch  
12 fees, license fees, and all other fees that are lev-  
13 ied or charged by a State bank supervisor di-  
14 rectly upon an insured State bank or upon  
15 branches of an insured State bank.

16 “(C) Solely for purposes of subparagraph  
17 (2)(B) of this subsection (h), an insured State  
18 bank has been determined to be in ‘troubled  
19 condition’ if the bank—

20 “(i) has a composite rating, as deter-  
21 mined in its most recent report of exam-  
22 ination, of 4 or 5 under the Uniform Fi-  
23 nancial Institutions Ratings System  
24 (UFIRS); or

“(ii) is subject to a proceeding initiated by the Corporation for termination or suspension of deposit insurance; or

“(iii) is subject to a proceeding initiated by the State bank supervisor of the bank’s home State to vacate, revoke, or terminate the charter of the bank, or to liquidate the bank, or to appoint a receiver for the bank.

“(D) For the purposes of paragraph (2)(B), the term ‘final determination’ means the transmittal of a Report of Examination to the bank or transmittal of official notice of proceedings to the bank.”.

## **TITLE VII—BUSINESS CHECKING FREEDOM**

### **SEC. 701. SHORT TITLE.**

This title may be cited as the “Business Checking Freedom Act of 2004”.

### **SEC. 702. INTEREST-BEARING TRANSACTION ACCOUNTS AUTHORIZED FOR ALL BUSINESSES.**

(a) Section 2 of Public Law 93–100 (12 U.S.C. 1832) is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

1           (2) by inserting after subsection (a) the fol-  
2       lowing:

3       “(b) Notwithstanding any other provision of law, any  
4       depository institution may permit the owner of any deposit  
5       or account which is a deposit or account on which interest  
6       or dividends are paid and is not a deposit or account de-  
7       scribed in subsection (a)(2) to make up to 24 transfers  
8       per month (or such greater number as the Board of Gov-  
9       ernors of the Federal Reserve System may determine by  
10      rule or order), for any purpose, to another account of the  
11      owner in the same institution. An account offered pursu-  
12      ant to this subsection shall be considered a transaction  
13      account for purposes of section 19 of the Federal Reserve  
14      Act unless the Board of Governors of the Federal Reserve  
15      System determines otherwise.”.

16       (b) Effective at the end of the 2-year period begin-  
17      ning on the date of the enactment of this Act, section 2  
18      of Public Law 93–100 (12 U.S.C. 1832) is amended—

19           (1) in subsection (a)(1), by striking “but sub-  
20      ject to paragraph (2)”;

21           (2) by striking paragraph (2) of subsection (a)  
22      and inserting the following new paragraph:

23           “(2) No provision of this section may be con-  
24      strued as conferring the authority to offer demand



1 deposit accounts to any institution that is prohibited  
 2 by law from offering demand deposit accounts.”; and

3 (3) in subsection (b) (as added by subsection  
 4 (a) of this section) by striking “and is not a deposit  
 5 or account described in subsection (a)(2)”.

6 **SEC. 703. INTEREST-BEARING TRANSACTION ACCOUNTS**  
 7 **AUTHORIZED.**

8 (a) REPEAL OF PROHIBITION ON PAYMENT OF IN-  
 9 TEREST ON DEMAND DEPOSITS.—

10 (1) FEDERAL RESERVE ACT.—Section 19(i) of  
 11 the Federal Reserve Act (12 U.S.C. 371a) is amend-  
 12 ed to read as follows:

13 “(i) [Repealed]”.

14 (2) HOME OWNERS’ LOAN ACT.—The first sen-  
 15 tence of section 5(b)(1)(B) of the Home Owners’  
 16 Loan Act (12 U.S.C. 1464(b)(1)(B)) is amended by  
 17 striking “savings association may not—” and all  
 18 that follows through “(ii) permit any” and inserting  
 19 “savings association may not permit any”.

20 (3) FEDERAL DEPOSIT INSURANCE ACT.—Sec-  
 21 tion 18(g) of the Federal Deposit Insurance Act (12  
 22 U.S.C. 1828(g)) is amended to read as follows:  
 23 “(g) [Repealed]”.

1 (b) EFFECTIVE DATE.—The amendments made by  
 2 subsection (a) shall take effect at the end of the 2-year  
 3 period beginning on the date of the enactment of this Act.

4 **SEC. 704. PAYMENT OF INTEREST ON RESERVES AT FED-**  
 5 **ERAL RESERVE BANKS.**

6 (a) IN GENERAL.—Section 19(b) of the Federal Re-  
 7 serve Act (12 U.S.C. 461(b)) is amended by adding at  
 8 the end the following new paragraph:

9 “(12) EARNINGS ON RESERVES.—

10 “(A) IN GENERAL.—Balances maintained  
 11 at a Federal reserve bank by or on behalf of a  
 12 depository institution may receive earnings to  
 13 be paid by the Federal reserve bank at least  
 14 once each calendar quarter at a rate or rates  
 15 not to exceed the general level of short-term in-  
 16 terest rates.

17 “(B) REGULATIONS RELATING TO PAY-  
 18 MENTS AND DISTRIBUTION.—The Board may  
 19 prescribe regulations concerning—

20 “(i) the payment of earnings in ac-  
 21 cordance with this paragraph;

22 “(ii) the distribution of such earnings  
 23 to the depository institutions which main-  
 24 tain balances at such banks or on whose  
 25 behalf such balances are maintained; and

1 “(iii) the responsibilities of depository  
 2 institutions, Federal home loan banks, and  
 3 the National Credit Union Administration  
 4 Central Liquidity Facility with respect to  
 5 the crediting and distribution of earnings  
 6 attributable to balances maintained, in ac-  
 7 cordance with subsection (c)(1)(A), in a  
 8 Federal reserve bank by any such entity on  
 9 behalf of depository institutions.

10 “(C) DEPOSITORY INSTITUTIONS DE-  
 11 FINED.—For purposes of this paragraph, the  
 12 term ‘depository institution’, in addition to the  
 13 institutions described in paragraph (1)(A), in-  
 14 cludes any trust company, corporation orga-  
 15 nized under section 25A or having an agree-  
 16 ment with the Board under section 25, or any  
 17 branch or agency of a foreign bank (as defined  
 18 in section 1(b) of the International Banking Act  
 19 of 1978).”.

20 (b) AUTHORIZATION FOR PASS THROUGH RESERVES  
 21 FOR MEMBER BANKS.—Section 19(c)(1)(B) of the Fed-  
 22 eral Reserve Act (12 U.S.C. 461(c)(1)(B)) is amended by  
 23 striking “which is not a member bank”.

24 (c) CONSUMER BANKING COSTS ASSESSMENT.—

1           (1) IN GENERAL.—The Federal Reserve Act  
2           (12 U.S.C. 221 et seq.) is amended—

3                   (A) by redesignating sections 30 and 31 as  
4                   sections 31 and 32, respectively; and

5                   (B) by inserting after section 29 the fol-  
6                   lowing new section:

7   **“SEC. 30. SURVEY OF BANK FEES AND SERVICES.**

8           “(a) ANNUAL SURVEY REQUIRED.—The Board of  
9   Governors of the Federal Reserve System shall obtain an-  
10   nually a sample, which is representative by type and size  
11   of the institution (including small institutions) and geo-  
12   graphic location, of the following retail banking services  
13   and products provided by insured depository institutions  
14   and insured credit unions (along with related fees and  
15   minimum balances):

16                   “(1) Checking and other transaction accounts.

17                   “(2) Negotiable order of withdrawal and sav-  
18                   ings accounts.

19                   “(3) Automated teller machine transactions.

20                   “(4) Other electronic transactions.

21           “(b) MINIMUM SURVEY REQUIREMENT.—The annual  
22   survey described in subsection (a) shall meet the following  
23   minimum requirements:

1           “(1) CHECKING AND OTHER TRANSACTION AC-  
2           COUNTS.—Data on checking and transaction ac-  
3           counts shall include, at a minimum, the following:

4                   “(A) Monthly and annual fees and min-  
5                   imum balances to avoid such fees.

6                   “(B) Minimum opening balances.

7                   “(C) Check processing fees.

8                   “(D) Check printing fees.

9                   “(E) Balance inquiry fees.

10                  “(F) Fees imposed for using a teller or  
11                  other institution employee.

12                  “(G) Stop payment order fees.

13                  “(H) Nonsufficient fund fees.

14                  “(I) Overdraft fees.

15                  “(J) Deposit items returned fees.

16                  “(K) Availability of no-cost or low-cost ac-  
17                  counts for consumers who maintain low bal-  
18                  ances.

19           “(2) NEGOTIABLE ORDER OF WITHDRAWAL AC-  
20           COUNTS AND SAVINGS ACCOUNTS.—Data on nego-  
21           tiable order of withdrawal accounts and savings ac-  
22           counts shall include, at a minimum, the following:

23                   “(A) Monthly and annual fees and min-  
24                   imum balances to avoid such fees.

25                   “(B) Minimum opening balances.

1           “(C) Rate at which interest is paid to con-  
2           sumers.

3           “(D) Check processing fees for negotiable  
4           order of withdrawal accounts.

5           “(E) Fees imposed for using a teller or  
6           other institution employee.

7           “(F) Availability of no-cost or low-cost ac-  
8           counts for consumers who maintain low bal-  
9           ances.

10          “(3) AUTOMATED TELLER TRANSACTIONS.—  
11          Data on automated teller machine transactions shall  
12          include, at a minimum, the following:

13               “(A) Monthly and annual fees.

14               “(B) Card fees.

15               “(C) Fees charged to customers for with-  
16               drawals, deposits, and balance inquiries through  
17               institution-owned machines.

18               “(D) Fees charged to customers for with-  
19               drawals, deposits, and balance inquiries through  
20               machines owned by others.

21               “(E) Fees charged to noncustomers for  
22               withdrawals, deposits, and balance inquiries  
23               through institution-owned machines.

24               “(F) Point-of-sale transaction fees.

1           “(4) OTHER ELECTRONIC TRANSACTIONS.—

2           Data on other electronic transactions shall include,  
3           at a minimum, the following:

4                   “(A) Wire transfer fees.

5                   “(B) Fees related to payments made over  
6           the Internet or through other electronic means.

7           “(5) OTHER FEES AND CHARGES.—Data on  
8           any other fees and charges that the Board of Gov-  
9           ernors of the Federal Reserve System determines to  
10          be appropriate to meet the purposes of this section.

11          “(6) FEDERAL RESERVE BOARD AUTHORITY.—  
12          The Board of Governors of the Federal Reserve Sys-  
13          tem may cease the collection of information with re-  
14          gard to any particular fee or charge specified in this  
15          subsection if the Board makes a determination that,  
16          on the basis of changing practices in the financial  
17          services industry, the collection of such information  
18          is no longer necessary to accomplish the purposes of  
19          this section.

20          “(c) ANNUAL REPORT TO CONGRESS REQUIRED.—

21                  “(1) PREPARATION.—The Board of Governors  
22          of the Federal Reserve System shall prepare a report  
23          of the results of each survey conducted pursuant to  
24          subsections (a) and (b) of this section and section  
25          136(b)(1) of the Consumer Credit Protection Act.

1           “(2) CONTENTS OF THE REPORT.—In addition  
2           to the data required to be collected pursuant to sub-  
3           sections (a) and (b), each report prepared pursuant  
4           to paragraph (1) shall include a description of any  
5           discernible trend, in the Nation as a whole, in a rep-  
6           resentative sample of the 50 States (selected with  
7           due regard for regional differences), and in each  
8           consolidated metropolitan statistical area (as defined  
9           by the Director of the Office of Management and  
10          Budget), in the cost and availability of the retail  
11          banking services, including those described in sub-  
12          sections (a) and (b) (including related fees and min-  
13          imum balances), that delineates differences between  
14          institutions on the basis of the type of institution  
15          and the size of the institution, between large and  
16          small institutions of the same type, and any engage-  
17          ment of the institution in multistate activity.

18          “(3) SUBMISSION TO CONGRESS.—The Board  
19          of Governors of the Federal Reserve System shall  
20          submit an annual report to the Congress not later  
21          than June 1, 2005, and not later than June 1 of  
22          each subsequent year.

23          “(d) DEFINITIONS.—For purposes of this section, the  
24          term ‘insured depository institution’ has the meaning  
25          given such term in section 3 of the Federal Deposit Insur-



1   ance Act, and the term ‘insured credit union’ has the  
 2   meaning given such term in section 101 of the Federal  
 3   Credit Union Act.”.

4           (2) CONFORMING AMENDMENT.—

5           (A) IN GENERAL.—Paragraph (1) of sec-  
 6           tion 136(b) of the Truth in Lending Act (15  
 7           U.S.C. 1646(b)(1)) is amended to read as fol-  
 8           lows:

9           “(1) COLLECTION REQUIRED.—The Board shall  
 10          collect, on a semiannual basis, from a broad sample  
 11          of financial institutions which offer credit card serv-  
 12          ices, credit card price and availability information  
 13          including—

14           “(A) the information required to be dis-  
 15          closed under section 127(c) of this chapter;

16           “(B) the average total amount of finance  
 17          charges paid by consumers; and

18           “(C) the following credit card rates and  
 19          fees:

20           “(i) Application fees.

21           “(ii) Annual percentage rates for cash  
 22          advances and balance transfers.

23           “(iii) Maximum annual percentage  
 24          rate that may be charged when an account  
 25          is in default.

1 “(iv) Fees for the use of convenience  
2 checks.

3 “(v) Fees for balance transfers.

4 “(vi) Fees for foreign currency con-  
5 versions.”.

6 (B) EFFECTIVE DATE.—The amendment  
7 made by subparagraph (A) shall take effect on  
8 January 1, 2004.

9 (3) REPEAL OF OTHER REPORT PROVISIONS.—  
10 Section 1002 of Financial Institutions Reform, Re-  
11 covery, and Enforcement Act of 1989 and section  
12 108 of the Riegle-Neal Interstate Banking and  
13 Branching Efficiency Act of 1994 are hereby re-  
14 pealed.

15 (d) TECHNICAL AND CONFORMING AMENDMENTS.—  
16 Section 19 of the Federal Reserve Act (12 U.S.C. 461)  
17 is amended—

18 (1) in subsection (b)(4) (12 U.S.C. 461(b)(4)),  
19 by striking subparagraph (C) and redesignating sub-  
20 paragraphs (D) and (E) as subparagraphs (C) and  
21 (D), respectively; and

22 (2) in subsection (c)(1)(A) (12 U.S.C.  
23 461(c)(1)(A)), by striking “subsection (b)(4)(C)”  
24 and inserting “subsection (b)”.

1 **SEC. 705. INCREASED FEDERAL RESERVE BOARD FLEXI-**  
2 **BILITY IN SETTING RESERVE REQUIRE-**  
3 **MENTS.**

4 Section 19(b)(2)(A) of the Federal Reserve Act (12  
5 U.S.C. 461(b)(2)(A)) is amended—

6 (1) in clause (i), by striking “the ratio of 3 per  
7 centum” and inserting “a ratio not greater than 3  
8 percent (and which may be zero)”; and

9 (2) in clause (ii), by striking “and not less than  
10 8 per centum,” and inserting “(and which may be  
11 zero),”.

12 **SEC. 706. TRANSFER OF FEDERAL RESERVE SURPLUSES.**

13 (a) IN GENERAL.—Section 7(b) of the Federal Re-  
14 serve Act (12 U.S.C. 289(b)) is amended by adding at  
15 the end the following new paragraph:

16 “(4) ADDITIONAL TRANSFERS TO COVER IN-  
17 TEREST PAYMENTS FOR FISCAL YEARS 2003  
18 THROUGH 2007.—

19 “(A) IN GENERAL.—In addition to the  
20 amounts required to be transferred from the  
21 surplus funds of the Federal reserve banks pur-  
22 suant to subsection (a)(3), the Federal reserve  
23 banks shall transfer from such surplus funds to  
24 the Board of Governors of the Federal Reserve  
25 System for transfer to the Secretary of the  
26 Treasury for deposit in the general fund of the

1 Treasury, such sums as are necessary to equal  
2 the net cost of section 19(b)(12) in each of the  
3 fiscal years 2003 through 2007.

4 “(B) ALLOCATION BY FEDERAL RESERVE  
5 BOARD.—Of the total amount required to be  
6 paid by the Federal reserve banks under sub-  
7 paragraph (A) for fiscal years 2003 through  
8 2007, the Board of Governors of the Federal  
9 Reserve System shall determine the amount  
10 each such bank shall pay in such fiscal year.

11 “(C) REPLENISHMENT OF SURPLUS FUND  
12 PROHIBITED.—During fiscal years 2003  
13 through 2007, no Federal reserve bank may re-  
14 plenish such bank’s surplus fund by the amount  
15 of any transfer by such bank under subpara-  
16 graph (A).”.

17 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
18 Section 7(a) of the Federal Reserve Act (12 U.S.C.  
19 289(a)) is amended by adding at the end the following  
20 new paragraph:

21 “(3) PAYMENT TO TREASURY.—During fiscal  
22 years 2003 through 2007, any amount in the sur-  
23 plus fund of any Federal reserve bank in excess of  
24 the amount equal to 3 percent of the paid-in capital  
25 and surplus of the member banks of such bank shall

1       be transferred to the Secretary of the Treasury for  
2       deposit in the general fund of the Treasury.”.

3   **SEC. 707. RULE OF CONSTRUCTION.**

4       In the case of an escrow account maintained at a de-  
5   pository institution in connection with a real estate trans-  
6   action—

7           (1) the absorption, by the depository institution,  
8       of expenses incidental to providing a normal banking  
9       service with respect to such escrow account;

10          (2) the forbearance, by the depository institu-  
11       tion, from charging a fee for providing any such  
12       banking function; and

13          (3) any benefit which may accrue to the holder  
14       or the beneficiary of such escrow account as a result  
15       of an action of the depository institution described  
16       in subparagraph (1) or (2) or similar in nature to  
17       such action,

18       shall not be treated as the payment or receipt of interest  
19       for purposes of this Act and any provision of Public Law  
20       93–100, the Federal Reserve Act, the Home Owners’ Loan  
21       Act, or the Federal Deposit Insurance Act relating to the  
22       payment of interest on accounts or deposits at depository  
23       institutions, provided, however, that nothing herein shall  
24       be construed so as to require a depository institution that  
25       maintains an escrow account in connection with a real es-

1   tate transaction to pay interest on such escrow account  
 2   or to prohibit such institution from paying interest on  
 3   such escrow account. Nor shall anything herein be con-  
 4   strued to preempt the provisions of law of any State deal-  
 5   ing with the payment of interest on escrow accounts main-  
 6   tained in connection with real estate transactions.

## 7           **TITLE VIII—CLERICAL AND** 8           **TECHNICAL AMENDMENTS**

### 9   **SEC. 801. CLERICAL AMENDMENTS TO THE HOME OWNERS’** 10           **LOAN ACT.**

11           (a) AMENDMENT TO TABLE OF CONTENTS.—The  
 12   table of contents in section 1 of the Home Owners’ Loan  
 13   Act (12 U.S.C. 1461) is amended by striking the items  
 14   relating to sections 5 and 6 and inserting the following  
 15   new items:

“Sec. 5. Savings associations.  
 “Sec. 6. [Repealed.]”.

### 16           (b) CLERICAL AMENDMENTS TO HEADINGS.—

17           (1) The heading for section 4(a) of the Home  
 18   Owners’ Loan Act (12 U.S.C. 1463(a)) is amended  
 19   by striking “(a) FEDERAL SAVINGS ASSOCIA-  
 20   TIONS.—” and inserting “(a) GENERAL RESPON-  
 21   SIBILITIES OF THE DIRECTOR.—”.

22           (2) The section heading for section 5 of the  
 23   Home Owners’ Loan Act (12 U.S.C. 1464) is  
 24   amended to read as follows:

1 **“SEC. 5. SAVINGS ASSOCIATIONS.”.**

2 **SEC. 802. TECHNICAL CORRECTIONS TO THE FEDERAL**  
3 **CREDIT UNION ACT.**

4 The Federal Credit Union Act (12 U.S.C. 1751 et  
5 seq.) is amended as follows:

6 (1) In section 101(3), strike “and” after the  
7 semicolon.

8 (2) In section 101(5), strike the terms “account  
9 account” and “account accounts” each place any  
10 such term appears and insert “account”.

11 (3) In section 107(a)(5)(E) (as so designated  
12 by section 303 of this Act), strike the period at the  
13 end and insert a semicolon.

14 (4) In paragraphs (6) and (7) of section 107(a)  
15 (as so designated by section 303 of this Act), strike  
16 the period at the end and insert a semicolon.

17 (5) In section 107(a)(7)(D) (as so designated  
18 by section 303 of this Act), strike “the Federal Sav-  
19 ings and Loan Insurance Corporation or”.

20 (6) In section 107(a)(7)(E) (as so designated  
21 by section 303 of this Act), strike “the Federal  
22 Home Loan Bank Board,” and insert “the Federal  
23 Housing Finance Board,”.

24 (7) In section 107(a)(9) (as so designated by  
25 section 303 of this Act), strike “subchapter III” and  
26 insert “title III”.

1           (8) In section 107(a)(13) (as so designated by  
2           section 303 of this Act), strike the “and” after the  
3           semicolon at the end.

4           (9) In section 109(c)(2)(A)(i), strike “(12  
5           U.S.C. 4703(16))”.

6           (10) In section 120(h), strike “under the Act  
7           approved July 30, 1947 (6 U.S.C., secs. 6–13),” and  
8           insert “chapter 93 of title 31, United States Code,”.

9           (11) In section 201(b)(5), strike “section 116  
10          of”.

11          (12) In section 202(h)(3), strike “section  
12          207(c)(1)” and insert “section 207(k)(1)”.

13          (13) In section 204(b), strike “such others pow-  
14          ers” and insert “such other powers”.

15          (14) In section 206(e)(3)(D), strike “and” after  
16          the semicolon at the end.

17          (15) In section 206(f)(1), strike “subsection  
18          (e)(3)(B)” and insert “subsection (e)(3)”.

19          (16) In section 206(g)(7)(D), strike “and sub-  
20          section (1)”.

21          (17) In section 206(t)(2)(B), insert “regula-  
22          tions” after “as defined in”.

23          (18) In section 206(t)(2)(C), strike “material  
24          affect” and insert “material effect”.



1           (19) In section 206(t)(4)(A)(ii)(II), strike “or”  
2     after the semicolon at the end.

3           (20) In section 206A(a)(2)(A), strike “regulator  
4     agency” and insert “regulatory agency”.

5           (21) In section 207(c)(5)(B)(i)(I), insert “and”  
6     after the semicolon at the end.

7           (22) In section 207(c)(8)(D)(ii)(I), insert a  
8     closing parenthesis after “Act of 1934”.

9           (23) In the heading for subparagraph (A) of  
10    section 207(d)(3), strike “TO” and insert “WITH”.

11          (24) In section 207(f)(3)(A), strike “category  
12    or claimants” and insert “category of claimants”.

13          (25) In section 209(a)(8), strike the period at  
14    the end and insert a semicolon.

15          (26) In section 216(n), insert “any action” be-  
16    fore “that is required”.

17          (27) In section 304(b)(3), strike “the affairs or  
18    such credit union” and insert “the affairs of such  
19    credit union”.

20          (28) In section 310, strike “section 102(e)” and  
21    insert “section 102(d)”.

22   **SEC. 803. OTHER TECHNICAL CORRECTIONS.**

23          (a) Section 1306 of title 18, United States Code, is  
24    amended by striking “5136A” and inserting “5136B”.

1 (b) Section 5239 of the Revised Statutes of the  
 2 United States (12 U.S.C. 93) is amended by redesignating  
 3 the second of the 2 subsections designated as subsection  
 4 (d) (as added by section 331(b)(3) of the Riegle Commu-  
 5 nity Development and Regulatory Improvement Act of  
 6 1994) as subsection (e).

7 **SEC. 804. REPEAL OF OBSOLETE PROVISIONS OF THE BANK**  
 8 **HOLDING COMPANY ACT OF 1956.**

9 (a) IN GENERAL.—Section 2 of the Bank Holding  
 10 Company Act of 1956 (12 U.S.C. 1841) is amended—

11 (1) in subsection (c)(2), by striking subpara-  
 12 graphs (I) and (J); and

13 (2) by striking subsection (m) and inserting the  
 14 following new subsection:

15 “(m) [Repealed]”.

16 (b) TECHNICAL AND CONFORMING AMENDMENTS.—  
 17 Paragraphs (1) and (2) of section 4(h) of the Bank Hold-  
 18 ing Company Act of 1956 (12 U.S.C. 1843(h)) are each  
 19 amended by striking “(G), (H), (I), or (J) of section  
 20 2(c)(2)” and inserting “(G), or (H) of section 2(c)(2)”.

Passed the House of Representatives March 18,  
 2004.

Attest:

JEFF TRANDAHL,

*Clerk.*