

111TH CONGRESS
1ST SESSION

H. R. 2657

To amend the Federal Deposit Insurance Act to limit the authority of the Federal Deposit Insurance Corporation to engage in activities relating to systemic risk without a congressional declaration of a financial emergency, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 2, 2009

Mr. CAPUANO introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Federal Deposit Insurance Act to limit the authority of the Federal Deposit Insurance Corporation to engage in activities relating to systemic risk without a congressional declaration of a financial emergency, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Depositor Protection
5 Act of 2009”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds as follows:

1 (1) The Federal Deposit Insurance Corporation
2 was established in 1933 with the explicit authority
3 and mission to insure and guarantee the deposits of
4 all its member banks and, since 1989, savings asso-
5 ciations.

6 (2) The Public-Private Investment Program for
7 Legacy Assets was established by the Secretary of
8 the Treasury, in conjunction with the Board of Gov-
9 ernors of the Federal Reserve System and the Fed-
10 eral Deposit Insurance Corporation.

11 (3) As it is not the mission of the Public-Pri-
12 vate Investment Program for Legacy Assets to pro-
13 tect the deposits of the insured depository institu-
14 tions that are insured by the Federal Deposit Insur-
15 ance Corporation, such Corporation has no purpose
16 for participating in the Program.

17 **SEC. 3. CLARIFICATION THAT OPEN INSTITUTION ASSIST-**
18 **ANCE ON THE BASIS OF SYSTEM RISK RE-**
19 **QUIRES A CONGRESSIONAL DECLARATION**
20 **OF A FINANCIAL EMERGENCY.**

21 (a) IN GENERAL.—Subparagraph (C) of section
22 13(c)(1) of the Federal Deposit Insurance Act (12 U.S.C.
23 1823(c)(1)(C)) is amended by inserting “an Act of Con-
24 gress has declared (for the specific exercise of authority
25 by the Corporation under this subparagraph) that, for a

1 period (or after a date) specified in such Act,” after “if,
2 when”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 subsection (a) shall apply as of the date of the enactment
5 of this Act to any exercise of any authority by the Federal
6 Deposit Insurance Corporation under section 13(e)(1)(C)
7 of the Federal Deposit Insurance Act regardless of any
8 action taken by the Corporation before such date but shall
9 not require the Corporation to dispose of any asset ac-
10 quired under such provision of law before such date.

11 **SEC. 4. CLARIFICATION OF LIMITATION ON LINE OF CRED-**

12 **IT.**

13 The authority under section 14(a) of the Federal De-
14 posit Insurance Act for the Federal Deposit Insurance
15 Corporation to borrow from the Treasury amounts “re-
16 quired for insurance purposes” shall not be construed as
17 authorizing the Corporation to borrow from the Treasury
18 any amount for purposes of funding any action taken by
19 the Corporation under section 13(e)(1)(C) of such Act.

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