114TH CONGRESS
2D SESSION

# S. 3373

To amend the Federal Deposit Insurance Act to ensure that the reciprocal deposits of an insured depository institution are not considered to be funds obtained by or through a deposit broker, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 21, 2016

Mr. WARNER (for himself and Mr. MORAN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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# A BILL

To amend the Federal Deposit Insurance Act to ensure that the reciprocal deposits of an insured depository institution are not considered to be funds obtained by or through a deposit broker, and for other purposes.

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

**SECTION 1. LIMITED EXCEPTION FOR RECIPROCAL DEPOSITS.**

(a) IN GENERAL.—Section 29 of the Federal Deposit Insurance Act (12 U.S.C. 1831f) is amended by adding at the end the following:

"(i) LIMITED EXCEPTION FOR RECIPROCAL DEPOSITS.—

"(1) DEFINITIONS.—In this subsection:

"(A) AGENT INSTITUTION.—The term 'agent institution' means an insured depository institution that places a covered deposit through a deposit placement network at other insured depository institutions in amounts that are less than or equal to the standard maximum deposit insurance amount, specifying the interest rate to be paid for such amounts, if the agent institution—

"(i)(I) when most recently examined under section 10(d) was found to have a composite condition of outstanding or good; and

"(II) is well capitalized (as defined in section 38(b));

"(ii) has obtained a waiver pursuant to subsection (c); or

"(iii) does not receive an amount of reciprocal deposits that causes the total amount of reciprocal deposits held by the agent institution to be greater than the average of the total amount of reciprocal deposits held by the agent institution on the last day of each of the 4 calendar quarters preceding the calendar quarter in which the agent institution was found not to have a composite condition of outstanding or good or was determined to be not well capitalized.

"(B) COVERED DEPOSIT.—The term 'covered deposit' means a deposit that—

"(i) is submitted for placement through a deposit placement network by an agent institution; and

"(ii) does not consist of funds that were obtained for the agent institution, directly or indirectly, by or through a deposit broker before submission for placement through a deposit placement network.

"(C) DEPOSIT PLACEMENT NETWORK.—The term 'deposit placement network' means a network in which an insured depository institution participates, together with other insured depository institutions, for the processing and receipt of reciprocal deposits.

"(D) NETWORK MEMBER BANK.—The term 'network member bank' means an insured depository institution that is a member of a deposit placement network.

"(E) RECIPROCAL DEPOSITS.—The term 'reciprocal deposits' means deposits received by an agent institution through a deposit placement network with the same maturity (if any) and in the same aggregate amount as covered deposits placed by the agent institution in other network member banks.

"(2) CONSIDERATION OF RECIPROCAL DEPOSITS.—Reciprocal deposits of an insured depository institution shall not be considered to be funds obtained, directly or indirectly, by or through a deposit broker to the extent that the total amount of such reciprocal deposits does not exceed the lesser of—

"(A) $10,000,000,000; or

"(B) an amount equal to 20 percent of the total liabilities of the insured depository institution.

"(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to limit the authority of the corporation to require, on a case-by-case basis, that an agent institution that is less than adequately capitalized (as defined in section 38(b)) not accept particular types of deposits upon finding that the acceptance of such deposits constitutes an unsafe or unsound practice with respect to such institution.''.

(b) APPLICABILITY.—Nothing in the amendments made by this Act shall be construed to limit the application of any provision of the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), other than section 29 of that Act (12 U.S.C. 1831f), to an insured depository institution (as defined in section 3 of that Act (12 U.S.C. 1813)).

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