

105TH CONGRESS
2D SESSION

H. R. 4364

To streamline the regulation of depository institutions, to safeguard confidential banking and credit union supervisory information, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 1998

Mrs. ROUKEMA (for herself and Mr. VENTO) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To streamline the regulation of depository institutions, to safeguard confidential banking and credit union supervisory information, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Depository Institution Regulatory Streamlining Act of
6 1998”.

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

Sec. 1. Short title; table of contents.

TITLE I—IMPROVING MONETARY POLICY

- Sec. 101. Payment of interest on reserve balances at Federal reserve banks.
- Sec. 102. Amendments relating to savings and demand deposit accounts at depository institutions.
- Sec. 103. Transfer of Federal reserve surpluses.
- Sec. 104. Study of reserve ratios for deposit insurance funds.

TITLE II—IMPROVING DEPOSITORY INSTITUTION MANAGEMENT PRACTICES

Subtitle A—National Banks

- Sec. 201. Authority to allow more than 25 directors.
- Sec. 202. Loans on or purchases by institutions of their own stock.
- Sec. 203. Expedited procedures for certain reorganizations.

Subtitle B—Savings Associations

- Sec. 211. Noncontrolling investments by savings association holding companies.
- Sec. 212. Streamlining thrift service company investment requirements.
- Sec. 213. Repeal of dividend notice requirement.
- Sec. 214. Updating of authority for community development investments.

Subtitle C—Other Institutions

- Sec. 221. Prohibition on accrual to insiders of economic benefits from credit union conversions.

TITLE III—STREAMLINING FEDERAL BANKING AGENCY REQUIREMENTS AND ELIMINATION OF UNNECESSARY OR OUTDATED REQUIREMENTS

- Sec. 301. “Plain English” requirement for Federal banking agency rules.
- Sec. 302. Call report simplification.
- Sec. 303. Purchased mortgage service rights.
- Sec. 304. Judicial review of receivership appointment.
- Sec. 305. Elimination of outdated statutory minimum capital requirements.
- Sec. 306. Elimination of individual branch capital requirements.
- Sec. 307. Amendment to shareholder notice provisions relating to consolidations and mergers.
- Sec. 308. Payment of interest in receiverships with surplus funds.
- Sec. 309. Repeal of deposit broker notification and recordkeeping requirement.
- Sec. 310. Allowances for certain extensions of credit to executive officers.
- Sec. 311. Federal Reserve Act lending limits.
- Sec. 312. Repeal of Bank Holding Company Act provision limiting savings bank life insurance.

TITLE IV—DISCLOSURE SIMPLIFICATION

- Sec. 401. Alternative disclosure for variable rate, open-ended home secured credit.
- Sec. 402. Alternative compliance methods for advertising credit terms.

TITLE V—BANK EXAMINATION REPORT PRIVILEGE ACT

- Sec. 501. Amendment to the Federal Deposit Insurance Act.
- Sec. 502. Amendment to Federal Credit Union Act.

TITLE VI—TECHNICAL CORRECTIONS

- Sec. 601. Technical correction relating to deposit insurance funds.
 Sec. 602. Rules for continuation of deposit insurance for member banks converting charters.
 Sec. 603. Waiver of citizenship requirement for national bank directors.
 Sec. 604. Technical amendment to prohibition on Comptroller interests in national banks.
 Sec. 605. Applicability of limitation to prior investments.

1 **TITLE I—IMPROVING MONETARY**
 2 **POLICY**

3 **SEC. 101. PAYMENT OF INTEREST ON RESERVE BALANCES**
 4 **AT FEDERAL RESERVE BANKS.**

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

8 “(12) EARNINGS ON RESERVES.—

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

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

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

1 “(ii) the distribution of such earnings
2 to the depository institutions which main-
3 tain balances at such banks or on whose
4 behalf such balances are maintained; and

5 “(iii) the responsibilities of depository
6 institutions, Federal home loan banks, and
7 the National Credit Union Administration
8 Central Liquidity Facility with respect to
9 the crediting and distribution of earnings
10 attributable to balances maintained, in ac-
11 cordance with subsection (c)(1)(B), in a
12 Federal reserve bank by any such entity on
13 behalf of depository institutions which are
14 not member banks.”.

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

19 (c) TECHNICAL AND CONFORMING AMENDMENTS.—
20 Section 19 of the Federal Reserve Act (12 U.S.C. 461)
21 is amended—

22 (1) in subsection (b)(4) (12 U.S.C. 461(b)(4)),
23 by striking subparagraph (C) and redesignating sub-
24 paragraphs (D) and (E) as subparagraphs (C) and
25 (D), respectively; and

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

4 **SEC. 102. AMENDMENTS RELATING TO SAVINGS AND DE-**
5 **MAND DEPOSIT ACCOUNTS AT DEPOSITORY**
6 **INSTITUTIONS.**

7 (a) IMMEDIATE INCREASE IN THE NUMBER OF
8 INTERACCOUNT TRANSFERS ALLOWED EACH MONTH.—
9 Section 2 of Public Law 93–100 (12 U.S.C. 1832) is
10 amended—

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

13 (2) by inserting after subsection (a) the follow-
14 ing:

15 “(b) INTERACCOUNT TRANSFERS.—

16 “(1) IN GENERAL.—Notwithstanding any other
17 provision of law, any depository institution may per-
18 mit the owner of any deposit or account on which in-
19 terest or dividends are paid to make up to 24 trans-
20 fers per month, for any purpose, to another account
21 of the owner in the same institution.

22 “(2) RULE OF CONSTRUCTION.—Nothing in
23 this subsection shall be construed to prevent an ac-
24 count offered pursuant to this subsection from being
25 considered a transaction account (as defined in sec-

1 tion 19(b) of the Federal Reserve Act (12 U.S.C.
2 461(b)) for purposes of such Act.”.

3 (b) NOW ACCOUNTS AUTHORIZED FOR ALL BUSI-
4 NESSES AFTER 2001.—

5 (1) IN GENERAL.—Effective on the date pro-
6 vided in paragraph (3), section 2 of Public Law 93-
7 100 (12 U.S.C. 1832(a)(2)) (as amended by sub-
8 section (a) of this section) is amended to read as fol-
9 lows:

10 **“SEC. 2. WITHDRAWALS BY NEGOTIABLE OR TRANSFER-**
11 **ABLE INSTRUMENTS FOR TRANSFERS TO**
12 **THIRD PARTIES.**

13 “Notwithstanding any other provision of law, any de-
14 pository institution (as defined in section 3 of the Federal
15 Deposit Insurance Act) may permit the owner of any de-
16 posit or account to make withdrawals from such deposit
17 or account by negotiable or transferable instruments for
18 the purpose of making payments to third parties.”.

19 (2) REPEAL OF PROHIBITION ON PAYMENT OF
20 INTEREST ON DEMAND DEPOSITS.—

21 (A) FEDERAL RESERVE ACT.—Section 19
22 of the Federal Reserve Act (12 U.S.C. 371a) is
23 amended by striking subsection (i).

24 (B) HOME OWNERS’ LOAN ACT.—The 1st
25 sentence of section 5(b)(1)(B) of the Home

1 Owners' Loan Act (12 U.S.C. 1464(b)(1)(B)) is
2 amended by striking "savings association may
3 not—" and all that follows through "(ii) permit
4 any" and inserting "savings association may
5 not permit any".

6 (C) FEDERAL DEPOSIT INSURANCE ACT.—
7 Section 18 of the Federal Deposit Insurance
8 Act (12 U.S.C. 1828) is amended by striking
9 subsection (g).

10 (3) EFFECTIVE DATE.—The amendments made
11 by this subsection shall take effect on October 1,
12 2001.

13 **SEC. 103. TRANSFER OF FEDERAL RESERVE SURPLUSES.**

14 (a) PAYMENTS FROM DIVIDENDS AND SURPLUS OF
15 FEDERAL RESERVE BANKS.—Section 7(a)(3) of the Fed-
16 eral Reserve Act (12 U.S.C. 289(3)) is amended by strik-
17 ing "fiscal years 1997 and 1998" and inserting "fiscal
18 years 1998 through 2003".

19 (b) ADDITIONAL TRANSFERS FOR FISCAL YEARS
20 1999 THROUGH 2003.—

21 (1) IN GENERAL.—In addition to the amounts
22 required to be transferred from the surplus funds of
23 the Federal reserve banks pursuant to section
24 7(a)(3) of the Federal Reserve Act and section
25 3002(b) of the Omnibus Budget Reconciliation Act

1 of 1993, the Federal reserve banks shall transfer
2 from such surplus funds to the Board of Governors
3 of the Federal Reserve System for transfer to the
4 Secretary of the Treasury for deposit in the general
5 fund of the Treasury, such sums as are necessary to
6 equal the net cost of section 101, as estimated by
7 the Office of Management and Budget.

8 (2) ALLOCATION BY FED.—Of the total amount
9 required to be paid by the Federal reserve banks
10 under paragraph (1) for fiscal years 1999 through
11 2003, the Board of Governors of the Federal Re-
12 serve System shall determine the amount each such
13 bank shall pay in such fiscal year.

14 (3) REPLENISHMENT OF SURPLUS FUND PRO-
15 HIBITED.—No Federal reserve bank may replenish
16 such bank's surplus fund by the amount of any
17 transfer by such bank under paragraph (1) during
18 the fiscal year for which such transfer is made.

19 **SEC. 104. STUDY OF RESERVE RATIOS FOR DEPOSIT INSUR-**
20 **ANCE FUNDS.**

21 (a) REVIEW AND RECOMMENDATION.—The Board of
22 Directors of the Federal Deposit Insurance Corporation,
23 in consultation with the Board of Governors of the Federal
24 Reserve System and the Secretary of the Treasury, shall—

1 (1) conduct a study of the adequacy of the de-
2 posit insurance funds, taking into account—

3 (A) expected operating expenses, case reso-
4 lution expenditures and income, and the effect
5 of assessments on members' earnings and cap-
6 ital;

7 (B) historical failure rates and loss experi-
8 ence;

9 (C) recent changes in the law, including
10 statutory changes requiring prompt corrective
11 action, least-cost resolutions, and risk-based as-
12 sessment systems;

13 (D) the income of such funds from invest-
14 ments;

15 (E) the potential implication of the Year
16 2000 computer problem (as defined in section
17 2(b)(5) of the Examination Parity and Year
18 2000 Readiness for Financial Institutions Act)
19 and industry consolidation; and

20 (F) the historical experience of the Cor-
21 poration in providing rebates or credits from
22 any deposit insurance fund; and

23 (2) recommend to the Congress—

24 (A) an appropriate range of reserve ratios
25 between the net worth of any deposit insurance

1 fund and the aggregate amount of insured de-
2 posits insured by such fund; and

3 (B) an appropriate mechanism for rebating
4 or providing credit from any deposit insurance
5 fund when the balance of the fund exceeds any
6 applicable reserve ratio.

7 (b) REPORT REQUIRED.—The Board of Directors of
8 the Federal Deposit Insurance Corporation, in consulta-
9 tion with the Board of Governors of the Federal Reserve
10 System and the Secretary of the Treasury, shall submit
11 a report to the Congress before June 30, 1999, contain-
12 ing—

13 (1) the findings and conclusions of the study re-
14 quired under subsection (a)(1); and

15 (2) the recommendations required under sub-
16 section (a)(2).

17 **TITLE II—IMPROVING DEPOSI-**
18 **TORY INSTITUTION MANAGE-**
19 **MENT PRACTICES**

20 **Subtitle A—National Banks**

21 **SEC. 201. AUTHORITY TO ALLOW MORE THAN 25 DIREC-**
22 **TORS.**

23 Section 31 of the Banking Act of 1933 (12 U.S.C.
24 71a) is amended in the first sentence, by inserting before
25 the period “, except that the Comptroller of the Currency

1 may, by regulation or order, exempt a national banking
2 association from the 25-member limit established by this
3 section”.

4 **SEC. 202. LOANS ON OR PURCHASES BY INSTITUTIONS OF**
5 **THEIR OWN STOCK.**

6 (a) AMENDMENT TO REVISED STATUTES.—Section
7 5201 of the Revised Statutes of the United States (12
8 U.S.C. 83) is amended to read as follows:

9 **“SEC. 5201. LOANS BY BANK ON ITS OWN STOCK.**

10 “(a) GENERAL PROHIBITION.—No national banking
11 association shall make any loan or discount on the security
12 of the shares of its own capital stock.

13 “(b) EXCLUSION.—For purposes of this section, an
14 association shall not be deemed to be making a loan or
15 discount on the security of the shares of its own capital
16 stock if it acquires the stock to prevent loss upon a debt
17 contracted for in good faith.”.

18 (b) AMENDMENT TO FEDERAL DEPOSIT INSURANCE
19 ACT.—Section 18 of the Federal Deposit Insurance Act
20 (12 U.S.C. 1828) is amended by adding at the end the
21 following new subsection:

22 “(t) LOANS BY INSURED INSTITUTIONS ON THEIR
23 OWN STOCK.—

1 “(1) GENERAL PROHIBITION.—No insured de-
 2 pository institution shall make any loan or discount
 3 on the security of the shares of its own capital stock.

4 “(2) EXCLUSION.—For purposes of this sub-
 5 section, an insured depository institution shall not be
 6 deemed to be making a loan or discount on the secu-
 7 rity of the shares of its own capital stock if it ac-
 8 quires the stock to prevent loss upon a debt con-
 9 tracted for in good faith.”.

10 **SEC. 203. EXPEDITED PROCEDURES FOR CERTAIN REORGA-**
 11 **NIZATIONS.**

12 The National Bank Consolidation and Merger Act
 13 (12 U.S.C. 215 et seq.) is amended—

14 (1) by redesignating section 5 as section 7; and

15 (2) by inserting after section 4 the following
 16 new section:

17 **“SEC. 5. EXPEDITED PROCEDURES FOR CERTAIN REORGA-**
 18 **NIZATIONS.**

19 “(a) IN GENERAL.—A national bank may, with the
 20 approval of the Comptroller, pursuant to regulations pre-
 21 scribed by the Comptroller, and upon the affirmative vote
 22 of the shareholders of such bank owning at least two-
 23 thirds of the outstanding capital stock of such bank, reor-
 24 ganize so as to become a subsidiary of a bank holding com-

1 pany or a company that will, upon consummation of such
2 reorganization, become a bank holding company.

3 “(b) REORGANIZATION PLAN.—A reorganization au-
4 thorized under subsection (a) shall be carried out in ac-
5 cordance with a reorganization plan that—

6 “(1) specifies the manner in which the reorga-
7 nization shall be carried out;

8 “(2) is approved by a majority of the entire
9 board of directors of the bank;

10 “(3) specifies—

11 “(A) the amount of cash or securities of
12 the bank holding company, or both, or other
13 consideration, to be paid to the shareholders of
14 the reorganizing bank in exchange for their
15 shares of stock of the bank;

16 “(B) the date as of which the rights of
17 each shareholder to participate in such ex-
18 change will be determined; and

19 “(C) the manner in which the exchange
20 will be carried out; and

21 “(4) is submitted to the shareholders of the re-
22 organizing bank at a meeting to be held on the call
23 of the directors in accordance with the procedures
24 prescribed in connection with a merger of a national
25 bank under section 3.

1 “(c) APPLICABILITY OF OTHER CRITERIA.—In con-
2 sidering a reorganization plan under this section, the
3 Comptroller shall—

4 “(1) require the national bank to provide notice
5 to the public in accordance with section 18(c)(3) of
6 the Federal Deposit Insurance Act; and

7 “(2) apply the same standards and the same
8 criteria as are applicable to a transaction under sec-
9 tion 18(c) of the Federal Deposit Insurance Act,
10 other than the requirements of paragraphs (4) and
11 (6) of such section.

12 “(d) RIGHTS OF DISSENTING SHAREHOLDERS.—If,
13 pursuant to this section, a reorganization plan has been
14 approved by the shareholders and the Comptroller, any
15 shareholder of the national bank who has voted against
16 the reorganization at the meeting referred to in subsection
17 (b)(4), or has given notice in writing at or before that
18 meeting to the presiding officer that the shareholder dis-
19 sents from the reorganization plan, shall be entitled to re-
20 ceive the value of the shares of the shareholder, as pro-
21 vided by section 3 for the merger of a national bank.

22 “(e) EFFECT OF REORGANIZATION.—The corporate
23 existence of a national bank that reorganizes in accord-
24 ance with this section shall not be deemed to have been
25 affected in any way by reason of such reorganization.

1 (1) in the subparagraph heading, by striking
2 “CORPORATIONS” and inserting “COMPANIES”; and

3 (2) in the first sentence, by striking “corpora-
4 tion organized” and all that follows through “such
5 State.” and inserting “company organized under the
6 laws of any State, if such company’s entire capital
7 stock is available for purchase only by savings asso-
8 ciations. For purposes of this subparagraph, the
9 term ‘company’ includes any corporation and any
10 limited liability company (as defined in section
11 1(b)(7) of the Bank Service Company Act).”.

12 **SEC. 213. REPEAL OF DIVIDEND NOTICE REQUIREMENT.**

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

15 “(f) [Repealed].”.

16 **SEC. 214. UPDATING OF AUTHORITY FOR COMMUNITY DE-**
17 **VELOPMENT INVESTMENTS.**

18 Section 5(c) of the Home Owners’ Loan Act (12
19 U.S.C. 1464(c)) is amended—

20 (1) in paragraph (3), by striking subparagraph
21 (A) and redesignating subparagraphs (B) and (C) as
22 subparagraphs (A) and (B), respectively; and

23 (2) by adding at the end the following new
24 paragraph:

1 “(7) COMMUNITY DEVELOPMENT INVEST-
2 MENTS.—

3 “(A) IN GENERAL.—Investments in real
4 property and obligations secured by liens on
5 real property for the primary purpose of pro-
6 moting the public welfare, including the welfare
7 of low- and moderate-income communities or
8 families (including the provision of housing,
9 services, or jobs), are permitted, subject to sub-
10 paragraph (B).

11 “(B) LIMITATIONS.—The aggregate
12 amount of investments of a savings association
13 under subparagraph (A) shall not exceed the
14 sum of 5 percent of the savings association’s
15 capital stock actually paid in and unimpaired
16 and 5 percent of the savings association’s
17 unimpaired surplus fund, unless the Director
18 determines by order that a higher amount will
19 pose no significant risk to the affected deposit
20 insurance fund, and that the savings association
21 is adequately capitalized, in which case the ag-
22 gregate amount of such investments shall not
23 exceed an amount equal to the sum of 10 per-
24 cent of the savings association’s capital stock
25 actually paid in and unimpaired and 10 percent

1 of the savings association’s unimpaired surplus
2 fund.”.

3 **Subtitle C—Other Institutions**

4 **SEC. 221. PROHIBITION ON ACCRUAL TO INSIDERS OF ECO-** 5 **NOMIC BENEFITS FROM CREDIT UNION CON-** 6 **VERSIONS.**

7 Section 18 of the Federal Deposit Insurance Act (12
8 U.S.C. 1828) is amended by adding at the end the follow-
9 ing new subsection:

10 “(t) PROHIBITION ON ECONOMIC BENEFIT FROM
11 CONVERSION FOR CREDIT UNION OFFICERS, DIRECTORS,
12 AND COMMITTEE MEMBERS.—

13 “(1) IN GENERAL.—An individual who is or, at
14 any time during the 5-year period preceding any
15 conversion described in paragraph (2), was a direc-
16 tor, committee member, or senior management offi-
17 cial of an insured credit union described in subpara-
18 graph (A) or (B) of such paragraph (in connection
19 with such conversion) may not receive any economic
20 benefit as a result of the conversion with regard to
21 the shares or interests of such director, member, or
22 officer in the former insured credit union or in any
23 resulting insured depository institution.

1 “(2) COVERED CONVERSIONS.—The following
2 conversions are described in this paragraph for pur-
3 poses of paragraph (1):

4 “(A) The conversion of an insured credit
5 union into an insured depository institution.

6 “(B) The conversion from the mutual form
7 to the stock form of an insured depository insti-
8 tution which resulted from a prior conversion of
9 an insured credit union into such insured de-
10 pository institution.

11 “(3) DEFINITIONS.—For purposes of this sub-
12 section, the following definitions shall apply:

13 “(A) INSURED CREDIT UNION.—The term
14 ‘insured credit union’ has the meaning given to
15 such term in section 101(7) of the Federal
16 Credit Union Act.

17 “(B) SENIOR MANAGEMENT OFFICIAL.—
18 The term ‘senior management official’ means a
19 chief executive officer, an assistant chief execu-
20 tive officer, a chief financial officer, and any
21 other senior executive officer (as defined by the
22 appropriate Federal banking agency pursuant
23 to section 32(f)).”.

1 **TITLE III—STREAMLINING FED-**
2 **ERAL BANKING AGENCY RE-**
3 **QUIREMENTS AND ELIMI-**
4 **NATION OF UNNECESSARY OR**
5 **OUTDATED REQUIREMENTS**

6 **SEC. 301. “PLAIN ENGLISH” REQUIREMENT FOR FEDERAL**
7 **BANKING AGENCY RULES.**

8 (a) IN GENERAL.—Each Federal banking agency
9 shall use plain English in all proposed and final
10 rulemakings published by the agency in the Federal Reg-
11 ister after January 1, 1999.

12 (b) REPORT.—Not later than June 1, 2000, each
13 Federal banking agency shall submit to the Congress a
14 report that describes how the agency has complied with
15 subsection (a).

16 (c) DEFINITIONS.—For purposes of this section and
17 section 302, the terms “Federal banking agency” and
18 “State bank supervisor” have the meanings given such
19 terms in section 3 of the Federal Deposit Insurance Act.

20 **SEC. 302. CALL REPORT SIMPLIFICATION.**

21 (a) MODERNIZATION OF CALL REPORT FILING AND
22 DISCLOSURE SYSTEM.—In order to reduce the adminis-
23 trative requirements pertaining to bank reports of condi-
24 tion, savings association financial reports, and bank hold-
25 ing company consolidated and parent-only financial state-

1 ments, and to improve the timeliness of such reports and
2 statements, the Federal banking agencies (after consulting
3 with State bank supervisors) shall—

4 (1) work jointly to develop a system under
5 which—

6 (A) insured depository institutions and
7 their affiliates may file such reports and state-
8 ments electronically; and

9 (B) the Federal banking agencies may
10 make such reports and statements available to
11 the public electronically; and

12 (2) not later than July 1, 2000, report to the
13 Congress and make recommendations for legislation
14 that would enhance efficiency for filers and users of
15 such reports and statements.

16 (b) UNIFORM REPORTS AND SIMPLIFICATION OF IN-
17 STRUCTIONS.—The Federal banking agencies (after con-
18 sulting with State bank supervisors) shall, consistent with
19 the principles of safety and soundness, work jointly—

20 (1) to adopt a single form for the filing of core
21 information required to be submitted under Federal
22 law to all such agencies in the reports and state-
23 ments referred to in subsection (a); and

24 (2) to simplify instructions accompanying such
25 reports and statements and to provide an index to

1 the instructions that is adequate to meet the needs
2 of both filers and users.

3 (c) REVIEW OF CALL REPORT SCHEDULE.—Each
4 Federal banking agency (after consulting with State bank
5 supervisors) shall—

6 (1) review the information required by sched-
7 ules supplementing the core information referred to
8 in subsection (b); and

9 (2) eliminate requirements that are not war-
10 ranted for reasons of safety and soundness or other
11 public purposes.

12 **SEC. 303. PURCHASED MORTGAGE SERVICE RIGHTS.**

13 Section 475 of the Federal Depository Insurance Cor-
14 poration Improvement Act of 1991 (12 U.S.C. 1828 note)
15 is amended—

16 (1) in subsection (a)(1), by inserting “(or such
17 other percentage exceeding 90 percent but not ex-
18 ceeding 100 percent, as may be determined under
19 subsection (b))” after “90 percent”; and

20 (2) by redesignating subsections (b) and (c) as
21 subsections (c) and (d), respectively, and by insert-
22 ing after subsection (a) the following new subsection:

23 “(b) AUTHORITY TO DETERMINE PERCENTAGE BY
24 WHICH TO DISCOUNT VALUE OF SERVICING RIGHTS.—

1 “(1) IN GENERAL.—Notwithstanding subsection
2 (a)(1), the appropriate Federal banking agencies
3 may allow readily marketable purchased mortgage
4 servicing rights to be valued at more than 90 per-
5 cent of their fair market value but at not more than
6 100 percent of such value, if such agencies jointly
7 make a finding before the end of the 180-day period
8 beginning on the date of the enactment of the De-
9 pository Institution Regulatory Streamlining Act of
10 1998 that such valuation would not have an adverse
11 affect on the deposit insurance funds or the safety
12 and soundness of insured depository institutions.

13 “(2) JOINT RULEMAKING.—Any regulations
14 prescribed pursuant to paragraph (1) shall be pre-
15 scribed jointly by the Federal banking agencies.”.

16 **SEC. 304. JUDICIAL REVIEW OF RECEIVERSHIP APPOINT-**
17 **MENTS.**

18 (a) APPOINTMENT FOR NATIONAL BANK.—Section 2
19 of the National Bank Receivership Act (12 U.S.C. 191)
20 is amended—

21 (1) by inserting “(a) APPOINTMENT OF RE-
22 CEIVER.—” before “The Comptroller”; and

23 (2) by adding at the end the following new sub-
24 section:

1 “(b) JUDICIAL REVIEW.—Within 30 days after the
2 appointment under subsection (a) of a receiver for a na-
3 tional bank, the national bank may bring an action in the
4 United States district court for the judicial district in
5 which the home office of the bank is located, or in the
6 United States District Court for the District of Columbia,
7 for an order requiring the Comptroller to remove the re-
8 ceiver, and the court shall, on the merits, dismiss the ac-
9 tion or direct the Comptroller to remove the receiver.”.

10 (b) APPOINTMENT OF FEDERAL DEPOSIT INSUR-
11 ANCE CORPORATION.—Section 11(c)(7) of the Federal
12 Deposit Insurance Act (12 U.S.C. 1811(c)(7)) is amended
13 to read as follows:

14 “(7) JUDICIAL REVIEW.—Within 30 days after
15 the Corporation is appointed as conservator or re-
16 ceiver for an insured depository institution under
17 paragraph (4), (9), or (10), the institution may
18 bring an action in the United States district court
19 for the judicial district in which the home office of
20 the institution is located, or in the United States
21 District Court for the District of Columbia, for an
22 order requiring the Corporation to be removed as
23 the conservator or receiver, and the court shall, on
24 the merits, dismiss the action or direct the Corpora-
25 tion to be removed as the conservator or receiver.”.

1 **SEC. 305. ELIMINATION OF OUTDATED STATUTORY MINI-**
2 **MUM CAPITAL REQUIREMENTS.**

3 Section 5138 of the Revised Statutes of the United
4 States (12 U.S.C. 51) is repealed.

5 **SEC. 306. ELIMINATION OF INDIVIDUAL BRANCH CAPITAL**
6 **REQUIREMENTS.**

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

9 (1) in the second sentence, by striking “, with-
10 out regard to the capital requirements of this sec-
11 tion,”; and

12 (2) by striking the third sentence.

13 **SEC. 307. AMENDMENT TO SHAREHOLDER NOTICE PROVI-**
14 **SIONS RELATING TO CONSOLIDATIONS AND**
15 **MERGERS.**

16 (a) Section 2(a) of the Act of August 17, 1950, enti-
17 tled “An Act to provide for the conversion of national
18 banking associations into and their merger or consolida-
19 tion with State banks, and for other purposes.” (12 U.S.C.
20 214a(a)) is amended by striking “registered mail or by
21 certified”.

22 (b) Sections 2(a) and 3(a)(2) of the National Bank
23 Consolidation and Merger Act (12 U.S.C. 215(a) and
24 215a(a)(2)) are each amended by striking “certified or
25 registered” each place it appears.

1 **SEC. 308. PAYMENT OF INTEREST IN RECEIVERSHIPS WITH**
2 **SURPLUS FUNDS.**

3 Section 11(d)(10) of the Federal Deposit Insurance
4 Act (12 U.S.C. 1821(d)(10)) is amended by adding at the
5 end the following new subparagraph:

6 “(C) RULEMAKING AUTHORITY OF COR-
7 PORATION.—The Corporation may prescribe
8 such rules, including definitions of terms, as it
9 deems appropriate to establish the interest rate
10 for or to make payments of postinsolvency in-
11 terest to creditors holding proven claims against
12 the receivership estates of insured Federal or
13 State depository institutions following satisfac-
14 tion by the receiver of the principal amount of
15 all creditor claims.”.

16 **SEC. 309. REPEAL OF DEPOSIT BROKER NOTIFICATION AND**
17 **RECORDKEEPING REQUIREMENT.**

18 Section 29A of the Federal Deposit Insurance Act
19 (12 U.S.C. 1831f–1) is repealed.

20 **SEC. 310. ALLOWANCES FOR CERTAIN EXTENSIONS OF**
21 **CREDIT TO EXECUTIVE OFFICERS.**

22 Section 22(g) of the Federal Reserve Act (12 U.S.C.
23 375a) is amended—

24 (1) by redesignating paragraphs (6) through
25 (10) as paragraphs (8) through (12), respectively;
26 and

1 (2) by inserting after paragraph (5) the follow-
2 ing new paragraphs:

3 “(6) A member bank may extend to any execu-
4 tive officer of the bank a home equity line of credit
5 which does not exceed \$100,000 and is secured by
6 a first lien on the primary residence of the executive
7 officer, to the extent that the aggregate amount of
8 such lien and all other outstanding extensions of
9 credit secured by liens on such primary residence
10 does not exceed the appraised value of such resi-
11 dence.

12 “(7) A member bank may extend credit to any
13 executive officer of the bank in an amount not to ex-
14 ceed the greater of—

15 “(A) the amount which is the lesser of 2.5
16 percent of the aggregate amount of capital and
17 unimpaired surplus of the bank or \$100,000; or

18 “(B) \$25,000,

19 if, at the time the credit is extended, the extension
20 of credit is secured by readily marketable assets that
21 have a fair market value of not less than twice the
22 amount of credit extended.”.

23 **SEC. 311. FEDERAL RESERVE ACT LENDING LIMITS.**

24 Section 11(m) of the Federal Reserve Act (12 U.S.C.
25 248(m)) is amended to read as follows:

1 “(m) [Repealed].”.

2 **SEC. 312. REPEAL OF BANK HOLDING COMPANY ACT PRO-**
 3 **VISION LIMITING SAVINGS BANK LIFE INSUR-**
 4 **ANCE.**

5 Section 3(f) of the Bank Holding Company Act of
 6 1956 (12 U.S.C. 1842(f)) is amended to read as follows:

7 “(f) [Repealed].”.

8 **TITLE IV—DISCLOSURE**
 9 **SIMPLIFICATION**

10 **SEC. 401. ALTERNATIVE DISCLOSURE FOR VARIABLE RATE,**
 11 **OPEN-ENDED HOME SECURED CREDIT.**

12 Section 127A(a)(2)(G) of the Truth in Lending Act
 13 (15 U.S.C. 1637a) is amended by inserting “or, at the
 14 option of the creditor, a statement that periodic payments
 15 may substantially increase or decrease” before the semi-
 16 colon.

17 **SEC. 402. ALTERNATIVE COMPLIANCE METHODS FOR AD-**
 18 **VERTISING CREDIT TERMS.**

19 (a) **DOWNPAYMENT AMOUNTS.**—Section 144(d) of
 20 the Truth in Lending Act (15 U.S.C. 1664(d)) is amend-
 21 ed—

22 (1) by striking “or the number of installments
 23 or the period of repayment, then”; and

24 (2) by inserting “or” before “the dollar”.

1 (b) ALTERNATIVE DISCLOSURES.—Chapter 3 of the
2 Truth in Lending Act (15 U.S.C. 1661 et seq.) is amended
3 by adding at the end the following new section:

4 **“SEC. 148. ALTERNATIVE DISCLOSURES.**

5 “(a) IN GENERAL.—A radio or television advertise-
6 ment to aid, promote, or assist, directly or indirectly, any
7 extension of consumer credit may satisfy the disclosure re-
8 quirements in sections 143, 144(d), 147(a), or 147(e), by
9 complying with all of the requirements in subsections (b)
10 and (c) of this section.

11 “(b) INFORMATION TO BE DISCLOSED.—A radio or
12 television advertisement referred to in subsection (a) com-
13 plies with this subsection if it clearly and conspicuously
14 sets forth, in such form and manner as the Board may
15 require—

16 “(1) the annual percentage rate of any finance
17 charge, and with respect to an open-end credit plan,
18 the simple interest rate or the periodic rate in addi-
19 tion to the annual percentage rate;

20 “(2) whether the interest rate may vary;

21 “(3) if the advertisement states an introductory
22 rate (or states with respect to a variable-rate plan
23 an initial rate that is not based on the index and
24 margin used to make later rate adjustments)—

1 “(A) with equal prominence, the annual
2 percentage rate that will be in effect after the
3 introductory or initial rate period expires (or
4 for a variable-rate plan, a reasonably current
5 annual percentage rate that would have been in
6 effect using the index and margin); and

7 “(B) the period during which the introduc-
8 tory or initial rate will remain in effect;

9 “(4) the amount of any annual fee for an open-
10 end credit plan;

11 “(5) a telephone number established in accord-
12 ance with subsection (c) that may be used by con-
13 sumers to obtain all of the information otherwise re-
14 quired to be disclosed pursuant to sections 143 and
15 144(d), and subsections (a) and (e) of section 147;
16 and

17 “(6) a statement that the consumer may use
18 the telephone number established in accordance with
19 subsection (c) to obtain further details about addi-
20 tional terms and costs associated with the offer of
21 credit.

22 “(c) REQUIREMENTS FOR TELEPHONE NUMBERS.—
23 In the case of an advertisement described in subsection
24 (b) that refers to a telephone number—

1 “(1) the creditor shall establish the telephone
2 number for a broadcast area not later than the date
3 on which the advertisement is first broadcast in that
4 area;

5 “(2) the required information shall be available
6 by telephone for a broadcast area for a period of not
7 less than 10 days following the date of the final
8 broadcast of the advertisement in that area;

9 “(3) the creditor shall provide all of the infor-
10 mation that is otherwise required pursuant to sec-
11 tions 143 and 144(d), and subsections (a) and (e)
12 of section 147 orally by telephone or, if requested by
13 the consumer, in written form; and

14 “(4) the consumer shall obtain the required in-
15 formation by telephone without incurring any long-
16 distance charges.”.

17 **TITLE V—BANK EXAMINATION**
18 **REPORT PRIVILEGE ACT**

19 **SEC. 501. AMENDMENT TO THE FEDERAL DEPOSIT INSUR-**
20 **ANCE ACT.**

21 The Federal Deposit Insurance Act (12 U.S.C. 1811
22 et seq.) is amended by adding at the end the following
23 new section:

1 **“SEC. 45. BANK SUPERVISORY PRIVILEGE.**

2 “(a) DEFINITIONS.—For purposes of this section, the
3 following definitions shall apply:

4 “(1) DEPOSITORY INSTITUTION.—The term ‘de-
5 pository institution’ includes—

6 “(A) any institution which is treated in the
7 same manner as an insured depository institu-
8 tion under paragraph (3), (4), (5), or (9) of
9 section 8(b); and

10 “(B) any subsidiary or other affiliate of an
11 insured depository institution or an institution
12 described in subparagraph (A).

13 “(2) SUPERVISORY PROCESS.—The term ‘su-
14 pervisory process’ means any activity engaged in by
15 a Federal banking agency to carry out the official
16 responsibilities of the agency with regard to the reg-
17 ulation or supervision of depository institutions.

18 “(3) CONFIDENTIAL SUPERVISORY INFORMA-
19 TION.—The term ‘confidential supervisory informa-
20 tion’ means any of the following information, or any
21 portion of any such information, which is treated as,
22 or considered to be, confidential information by a
23 Federal banking agency, regardless of the medium
24 in which the information is conveyed or stored:

25 “(A) Any report of examination, inspec-
26 tion, visitation, or investigation, and informa-

1 tion prepared or collected by a Federal banking
2 agency in connection with the supervisory proc-
3 ess, including any computer file, work paper, or
4 similar document.

5 “(B) Any correspondence of communica-
6 tion from a Federal banking agency to a deposi-
7 tory institution arising from or relating to an
8 examination, inspection, visitation, or investiga-
9 tion by a Federal banking agency.

10 “(C) Any correspondence, communication,
11 or document, including any compliance and
12 other reports, created by a depository institu-
13 tion in response to any request, inquiry, or di-
14 rective from a Federal banking agency in con-
15 nection with any examination, inspection, visita-
16 tion, or investigation and provided to a Federal
17 banking agency, other than any book or record
18 in the possession of the depository institution
19 routinely prepared by the depository institution
20 and maintained in the ordinary course of busi-
21 ness or any information required to be made
22 publicly available by any Federal law or regula-
23 tion.

24 “(D) Any record of a Federal banking
25 agency to the extent it contains information de-

1 rived from any report, correspondence, commu-
2 nication or other information described in sub-
3 paragraph (A), (B), or (C).

4 “(b) BANK SUPERVISORY PRIVILEGE.—

5 “(1) PRIVILEGE ESTABLISHED.—

6 “(A) IN GENERAL.—All confidential super-
7 visory information shall be the property of the
8 Federal banking agency that created or re-
9 quested the information and shall be privileged
10 from disclosure to any other person.

11 “(B) PROHIBITION ON UNAUTHORIZED
12 DISCLOSURES.—No person in possession of con-
13 fidential supervisory information may disclose
14 such information, in whole or in part, without
15 the prior authorization of the Federal banking
16 agency that created or requested the informa-
17 tion, except for a disclosure made in published
18 statistical material that does not disclose, either
19 directly or when used in conjunction with pub-
20 licly available information, the affairs of any
21 person.

22 “(C) AGENCY WAIVER.—The Federal
23 banking agency may waive, in whole or in part,
24 in the discretion of the agency, any privilege es-
25 tablished under this paragraph.

1 “(2) EXCEPTION.—No provision of paragraph
2 (1) shall be construed as preventing access to con-
3 fidential supervisory information by duly authorized
4 committees of the United States Congress or the
5 Comptroller General of the United States.

6 “(c) TREATMENT OF STATE AND FOREIGN SUPER-
7 VISORY INFORMATION.—In any proceeding before a court
8 of the United States, in which a person seeks to compel
9 production or disclosure by a State bank supervisor, for-
10 eign bank regulatory or supervisory authority, Federal
11 banking agency, or other person, of information or a docu-
12 ment prepared or collected by a State bank supervisor or
13 foreign bank regulatory or supervisory authority that
14 would, had they been prepared or collected by a Federal
15 banking agency, be confidential supervisory information
16 for purposes of this section, the information or document
17 shall be privileged to the same extent that the information
18 and documents of Federal banking agencies are privileged
19 under this Act.

20 “(d) OTHER PRIVILEGES NOT WAIVED BY DISCLO-
21 SURE TO BANKING AGENCY.—The submission by a depos-
22 itory institution of any information to a Federal banking
23 agency, a State bank supervisor, or a foreign banking au-
24 thority for any purpose in the course of the supervisory
25 process of such agency or supervisor shall not be construed

1 as waiving, destroying, or otherwise affecting any privilege
2 such institution may claim with respect to such informa-
3 tion under Federal or State law.

4 “(e) DISCOVERY AND DISCLOSURE OF INFORMA-
5 TION.—

6 “(1) INFORMATION AVAILABLE ONLY FROM
7 BANKING AGENCY.—

8 “(A) IN GENERAL.—A person seeking dis-
9 covery or disclosure, in whole or in part, of con-
10 fidential supervisory information may not seek
11 to obtain such information through subpoena,
12 discovery procedures, or other process from any
13 person, except that such information may be
14 sought in accordance with this section from the
15 Federal banking agency that created or re-
16 quested the information.

17 “(B) REQUESTS SUBMITTED TO BANKING
18 AGENCY.—Any request for discovery or disclo-
19 sure of confidential supervisory information
20 shall be made to the Federal banking agency
21 that created or requested the information,
22 which shall determine within a reasonable time
23 period whether to disclose such information
24 pursuant to procedures and criteria established
25 in regulations.

1 “(2) EXCLUSIVE FEDERAL COURT JURISDIC-
2 TION OVER DISPUTES.—

3 “(A) IN GENERAL.—Federal courts shall
4 have exclusive jurisdiction over actions or pro-
5 ceedings in which any party seeks to compel
6 disclosure of confidential supervisory informa-
7 tion.

8 “(B) JUDICIAL REVIEW.—Judicial review
9 of the final action of a Federal banking agency
10 with regard to the disposition of a request for
11 confidential supervisory information shall be be-
12 fore a district court of the United States of
13 competent jurisdiction, subject to chapter 7 of
14 part I of title 5, United States Code.

15 “(C) RIGHT TO APPEAL.—Any court order
16 that compels production of confidential super-
17 visory information may be immediately appealed
18 by the Federal banking agency and the order
19 compelling production shall be automatically
20 stayed, pending the outcome of such appeal.

21 “(f) SUBPOENAS.—

22 “(1) AUTHORITY TO INTERVENE.—In the case
23 of any action or proceeding to compel compliance
24 with a subpoena, order, discovery request, or other
25 judicial or administrative process with respect to any

1 confidential supervisory information relating to any
2 depository institution, a Federal banking agency and
3 the depository institution may intervene in such ac-
4 tion or proceeding for the purpose of—

5 “(A) enforcing the limitations established
6 in paragraph (1) of subsections (b) and (e);

7 “(B) seeking the withdrawal of any com-
8 pulsory process with respect to such informa-
9 tion; and

10 “(C) registering appropriate objections
11 with respect to the action or proceeding to the
12 extent the action or proceeding relates to or in-
13 volves such information.

14 “(2) RIGHT TO APPEAL.—Any court order that
15 compels production of confidential supervisory infor-
16 mation may be immediately appealed by the Federal
17 banking agency and the order compelling production
18 shall be automatically stayed, pending the outcome
19 of such appeal.

20 “(g) REGULATIONS.—

21 “(1) AUTHORITY TO PRESCRIBE.—Each Fed-
22 eral banking agency may prescribe such regulations
23 as the agency considers to be appropriate, after con-
24 sultation with the other Federal banking agencies

1 and the National Credit Union Administration
2 Board, to carry out the purposes of this section.

3 “(2) AUTHORITY TO REQUIRE NOTICE.—Any
4 regulations prescribed by a Federal banking agency
5 under paragraph (1) may require any person in pos-
6 session of confidential supervisory information to no-
7 tify the Federal banking agency whenever the person
8 is served with a subpoena, order, discovery request,
9 or other judicial or administrative process requiring
10 the personal attendance of such person as a witness
11 or requiring the production of such information in
12 any proceeding.

13 “(h) ACCESS IN ACCORDANCE WITH REGULATIONS
14 AND ORDERS.—Notwithstanding any other provision of
15 this section, the Federal banking agency may, without
16 waiving any privilege, authorize access to confidential su-
17 pervisory information for any appropriate governmental,
18 law enforcement, or public purpose in accordance with
19 agency regulations or orders.”.

20 **SEC. 502. AMENDMENT TO THE FEDERAL CREDIT UNION**
21 **ACT.**

22 Title II of the Federal Credit Union Act (12 U.S.C.
23 1781 et seq.) is amended by adding at the end the follow-
24 ing new section:

1 **“SEC. 215. CREDIT UNION SUPERVISORY PRIVILEGE.**

2 “(a) DEFINITIONS.—For purposes of this section, the
3 following definitions shall apply:

4 “(1) SUPERVISORY PROCESS.—The term ‘su-
5 supervisory process’ means any activity engaged in by
6 the Administration to carry out the official respon-
7 sibilities of the Administration with regard to the
8 regulation or supervision of credit unions.

9 “(2) CONFIDENTIAL SUPERVISORY INFORMA-
10 TION.—The term ‘confidential supervisory informa-
11 tion’ means any of the following information, or any
12 portion of any such information, which is treated as,
13 or considered to be, confidential information by the
14 Administration, regardless of the medium in which
15 the information is conveyed or stored:

16 “(A) Any report of examination, inspec-
17 tion, visitation, or investigation, and informa-
18 tion prepared or collected by the Administration
19 in connection with the supervisory process, in-
20 cluding any computer file, work paper, or simi-
21 lar document.

22 “(B) Any correspondence or communica-
23 tion from the Administration to a credit union
24 arising from or relating to an examination, in-
25 spection, visitation, or investigation by the Ad-
26 ministration.

1 “(C) Any correspondence, communication,
2 or document, including any compliance and
3 other reports, created by a credit union in re-
4 sponse to any request, inquiry, or directive from
5 the Administration in connection with any ex-
6 amination, inspection, visitation, or investiga-
7 tion and provided to the Administration, other
8 than any book or record in the possession of the
9 credit union routinely prepared by the credit
10 union and maintained in the ordinary course of
11 business or any information required to be
12 made publicly available by any Federal law or
13 regulation.

14 “(D) Any record of the Administration to
15 the extent it contains information derived from
16 any report, correspondence, communication or
17 other information described in subparagraph
18 (A), (B), or (C).

19 “(b) CREDIT UNION SUPERVISORY PRIVILEGE.—

20 “(1) PRIVILEGE ESTABLISHED.—

21 “(A) IN GENERAL.—All confidential super-
22 visory information shall be the property of the
23 Administration and shall be privileged from dis-
24 closure to any other person.

1 “(B) PROHIBITION ON UNAUTHORIZED
2 DISCLOSURES.—No person in possession of con-
3 fidential supervisory information may disclose
4 such information, in whole or in part, without
5 the prior authorization of the Administration,
6 except for a disclosure made in published statis-
7 tical material that does not disclose, either di-
8 rectly or when used in conjunction with publicly
9 available information, the affairs of any person.

10 “(C) AGENCY WAIVERS.—The Board may
11 waive, in whole or in part, in the discretion of
12 the Board, any privilege established under this
13 paragraph.

14 “(2) EXCEPTION.—No provision of paragraph
15 (1) shall be construed as preventing access to con-
16 fidential supervisory information by duly authorized
17 committees of the United States Congress or the
18 Comptroller General of the United States.

19 “(c) OTHER PRIVILEGES NOT WAIVED BY DISCLO-
20 SURE TO ADMINISTRATION.—The submission by a credit
21 union of any information to the Administration or a State
22 credit union supervisor for any purpose in the course of
23 the supervisory process of the Administration or such su-
24 pervisor shall not be construed as waiving, destroying, or
25 otherwise affecting any privilege such institution may

1 claim with respect to such information under Federal or
2 State law.

3 “(d) DISCOVERY AND DISCLOSURE OF INFORMA-
4 TION.—

5 “(1) INFORMATION AVAILABLE ONLY FROM AD-
6 MINISTRATION.—

7 “(A) IN GENERAL.—A person seeking dis-
8 covery or disclosure, in whole or in part, of con-
9 fidential supervisory information may not seek
10 to obtain such information through subpoena,
11 discovery procedures, or other process from any
12 person, except that such information may be
13 sought in accordance with this section from the
14 Administration.

15 “(B) REQUEST SUBMITTED TO ADMINIS-
16 TRATION.—Any request for discovery or disclo-
17 sure of confidential supervisory information
18 shall be made in the Administration, which
19 shall determine within a reasonable time period
20 whether to disclose such information pursuant
21 to procedures and criteria established in regula-
22 tions.

23 “(2) EXCLUSIVE FEDERAL COURT JURISDIC-
24 TION OVER DISPUTES.—

1 “(A) IN GENERAL.—Federal courts shall
2 have exclusive jurisdiction over actions or pro-
3 ceedings in which any party seeks to compel
4 disclosure of confidential supervisory informa-
5 tion.

6 “(B) JUDICIAL REVIEW.—Judicial review
7 of the final action of the Administration with
8 regard to the disposition of a request for con-
9 fidential supervisory information shall be before
10 a district court of the United States of com-
11 petent jurisdiction, subject to chapter 7 of part
12 I of title 5, United States Code.

13 “(C) RIGHT TO APPEAL.—Any court order
14 that compels production of confidential super-
15 visory information may be immediately appealed
16 by the Administration and the order compelling
17 production shall be automatically stayed, pend-
18 ing the outcome of such appeal.

19 “(e) SUBPOENAS.—

20 “(1) AUTHORITY TO INTERVENE.—In the case
21 of any action or proceeding to compel compliance
22 with a subpoena, order, discover request, or other ju-
23 dicial or administrative process with respect to any
24 confidential supervisory information relating to any
25 credit union, the Administration and the credit

1 union may intervene in such action or proceeding for
2 the purpose of—

3 “(A) enforcing the limitations established
4 in paragraph (1) of subsections (b) and (d);

5 “(B) seeking the withdrawal of any com-
6 pulsory process with respect to such informa-
7 tion; and

8 “(C) registering appropriate objections
9 with respect to the action or proceeding to the
10 extent the action or proceeding relates to or in-
11 volves such information.

12 “(2) RIGHT TO APPEAL.—Any court order that
13 compels production of confidential supervisory infor-
14 mation may be immediately appealed by the Admin-
15 istration and the order compelling production shall
16 be automatically stayed, pending the outcome of
17 such appeal.

18 “(f) REGULATIONS.—

19 “(1) AUTHORITY TO PRESCRIBE.—The Board
20 may prescribe such regulations as the Board consid-
21 ers to be appropriate, after consultation with the
22 Federal banking agencies (as defined in section 3 of
23 the Federal Deposit Insurance Act), to carry out the
24 purposes of this section.

1 “(2) AUTHORITY TO REQUIRE NOTICE.—Any
2 regulations prescribed by the Administration under
3 paragraph (1) may require any person in possession
4 of confidential supervisory information to notify the
5 Administration whenever the person is served with a
6 subpoena, order, discovery request, or other judicial
7 or administrative process requiring the personal at-
8 tendance of such person as a witness or requiring
9 the production of such information in any proceed-
10 ing.

11 “(g) ACCESS IN ACCORDANCE WITH REGULATIONS
12 AND ORDERS.—Notwithstanding any other provision of
13 this section, the Administration may, without waiving any
14 privilege, authorize access to confidential supervisory in-
15 formation for any appropriate governmental, law enforce-
16 ment, or public purpose in accordance with agency regula-
17 tions or orders.”.

18 **TITLE VI—TECHNICAL** 19 **CORRECTIONS**

20 **SEC. 601. TECHNICAL CORRECTION RELATING TO DEPOSIT** 21 **INSURANCE FUNDS.**

22 (a) IN GENERAL.—Section 2707 of the Deposit In-
23 surance Funds Act of 1996 (12 U.S.C. 1821 note; Public
24 Law 104–208; 110 Stat. 3009–496) is amended by strik-
25 ing “7(b)(2)(C)” and inserting “7(b)(2)(E)”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall be deemed to have the same effective
3 date as section 2707 of the Deposit Insurance Funds Act
4 of 1996.

5 **SEC. 602. RULES FOR CONTINUATION OF DEPOSIT INSUR-**
6 **ANCE FOR MEMBER BANKS CONVERTING**
7 **CHARTERS.**

8 Section 8(o) of the Federal Deposit Insurance Act
9 (12 U.S.C. 1818(o)) is amended in the second sentence,
10 by striking “subsection (d) of section 4” and inserting
11 “subsection (c) or (d) of section 4”.

12 **SEC. 603. WAIVER OF CITIZENSHIP REQUIREMENT FOR NA-**
13 **TIONAL BANK DIRECTORS.**

14 Section 5146 of the Revised Statutes of the United
15 States (12 U.S.C. 72) is amended in the 1st sentence, by
16 inserting before the period “, and waive the requirement
17 of citizenship in the case of not more than a minority of
18 the total number of directors of a national bank which
19 is an affiliate (as defined in section 3(w)(6) of the Federal
20 Deposit Insurance Act) of a foreign bank”.

21 **SEC. 604. TECHNICAL AMENDMENT TO PROHIBITION ON**
22 **COMPTROLLER INTERESTS IN NATIONAL**
23 **BANKS.**

24 Section 329 of the Revised Statutes of the United
25 States (12 U.S.C. 11) is amended by striking “to be inter-

1 ested in any association issuing national currency under
2 the laws of the United States” and inserting “to hold an
3 interest in any national bank”.

4 **SEC. 605. APPLICABILITY OF LIMITATION TO PRIOR IN-**
5 **VESTMENTS.**

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

9 “(5) **CERTAIN INVESTMENTS.**—Paragraph (1)
10 shall not apply to investments lawfully made before
11 April 11, 1996, by a depository institution in a Gov-
12 ernment-sponsored enterprise.”.

13 (b) **EFFECTIVE DATE.**—The amendment made by
14 subsection (a) shall apply as if such amendment had been
15 included in the amendment made by section 2615(b) of
16 the Economic Growth and Regulatory Paperwork Reduc-
17 tion Act of 1996 as of the effective date of such section.

○