

**Amendment in the Nature of a Substitute  
to H.R. 522**

**Offered by Mr. Oxley**

Strike all after the enacting clause and insert the  
following:

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

(a) SHORT TITLE.—This Act may be cited as the  
“Federal Deposit Insurance Reform Act of 2003”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Merging the BIF and SAIF.
- Sec. 3. Increase in deposit insurance coverage.
- Sec. 4. Setting assessments and repeal of special rules relating to minimum assessments and free deposit insurance.
- Sec. 5. Replacement of fixed designated reserve ratio with reserve range.
- Sec. 6. Requirements applicable to the risk-based assessment system.
- Sec. 7. Refunds, dividends, and credits from Deposit Insurance Fund.
- Sec. 8. Deposit Insurance Fund restoration plans.
- Sec. 9. Regulations required.
- Sec. 10. Studies of FDIC structure and expenses and certain activities and further possible changes to deposit insurance system.
- Sec. 11. Technical and conforming amendments to the Federal Deposit Insurance Act relating to the merger of the BIF and SAIF.
- Sec. 12. Other technical and conforming amendments relating to the merger of the BIF and SAIF.

**1 SEC. 2. MERGING THE BIF AND SAIF.**

**2 (a) IN GENERAL.—**



1           (1) MERGER.—The Bank Insurance Fund and  
2           the Savings Association Insurance Fund shall be  
3           merged into the Deposit Insurance Fund.

4           (2) DISPOSITION OF ASSETS AND LIABIL-  
5           ITIES.—All assets and liabilities of the Bank Insur-  
6           ance Fund and the Savings Association Insurance  
7           Fund shall be transferred to the Deposit Insurance  
8           Fund.

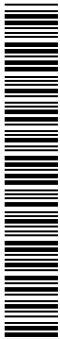
9           (3) NO SEPARATE EXISTENCE.—The separate  
10          existence of the Bank Insurance Fund and the Sav-  
11          ings Association Insurance Fund shall cease on the  
12          effective date of the merger thereof under this sec-  
13          tion.

14          (b) REPEAL OF OUTDATED MERGER PROVISION.—  
15          Section 2704 of the Deposit Insurance Funds Act of 1996  
16          (12 U.S.C. 1821 note) is repealed.

17          (c) EFFECTIVE DATE.—This section shall take effect  
18          on the first day of the first calendar quarter that begins  
19          after the end of the 90-day period beginning on the date  
20          of the enactment of this Act.

21       **SEC. 3. INCREASE IN DEPOSIT INSURANCE COVERAGE.**

22          (a) IN GENERAL.—Section 11(a)(1) of the Federal  
23          Deposit Insurance Act (12 U.S.C. 1821(a)(1)) is  
24          amended—



1 (1) by striking subparagraph (B) and inserting  
2 the following new subparagraph:

3 “(B) NET AMOUNT OF INSURED DE-  
4 POSIT.—The net amount due to any depositor  
5 at an insured depository institution shall not  
6 exceed the standard maximum deposit insur-  
7 ance amount as determined in accordance with  
8 subparagraphs (C), (D), (E) and (F) and para-  
9 graph (3).”; and

10 (2) by adding at the end the following new sub-  
11 paragraphs:

12 “(E) STANDARD MAXIMUM DEPOSIT IN-  
13 SURANCE AMOUNT DEFINED.—For purposes of  
14 this Act, the term ‘standard maximum deposit  
15 insurance amount’ means—

16 “(i) until the effective date of final  
17 regulations prescribed pursuant to section  
18 9(a)(2) of the Federal Deposit Insurance  
19 Reform Act of 2003, \$100,000; and

20 “(ii) on and after such effective date,  
21 \$130,000, adjusted as provided under sub-  
22 paragraph (F).

23 “(F) INFLATION ADJUSTMENT.—

24 “(i) IN GENERAL.—By April 1 of  
25 2005, and the 1st day of each subsequent

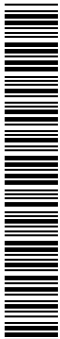


1           5-year period, the Board of Directors and  
2           the National Credit Union Administration  
3           Board shall jointly prescribe the amount  
4           by which the standard maximum deposit  
5           insurance amount and the standard max-  
6           imum share insurance amount (as defined  
7           in section 207(k) of the Federal Credit  
8           Union Act) applicable to any depositor at  
9           an insured depository institution shall be  
10          increased by calculating the product of—

11                   “(I) \$130,000; and

12                   “(II) the ratio of the value of the  
13           Personal Consumption Expenditures  
14           Chain-Type Index (or any successor  
15           index thereto), published by the De-  
16           partment of Commerce, as of Decem-  
17           ber 31 of the year preceding the year  
18           in which the adjustment is calculated  
19           under this clause, to the value of such  
20           index as of the date this subpara-  
21           graph takes effect.

22                   “(ii) ROUNDING.—If the amount de-  
23           termined under clause (ii) for any period is  
24           not a multiple of \$10,000, the amount so



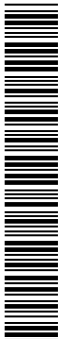
1 determined shall be rounded to the nearest  
2 \$10,000.

3 “(iii) PUBLICATION AND REPORT TO  
4 THE CONGRESS.—Not later than April 5 of  
5 any calendar year in which an adjustment  
6 is required to be calculated under clause (i)  
7 to the standard maximum deposit insur-  
8 ance amount and the standard maximum  
9 share insurance amount under such clause,  
10 the Board of Directors and the National  
11 Credit Union Administration Board  
12 shall—

13 “(I) publish in the Federal Reg-  
14 ister the standard maximum deposit  
15 insurance amount, the standard max-  
16 imum share insurance amount, and  
17 the amount of coverage under para-  
18 graph (3)(A) and section 207(k)(3) of  
19 the Federal Credit Union Act, as so  
20 calculated; and

21 “(II) jointly submit a report to  
22 the Congress containing the amounts  
23 described in subclause (I).

24 “(iv) 6-MONTH IMPLEMENTATION PE-  
25 RIOD.—Unless an Act of Congress enacted



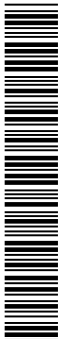
1 before July 1 of the calendar year in which  
2 an adjustment is required to be calculated  
3 under clause (i) provides otherwise, the in-  
4 crease in the standard maximum deposit  
5 insurance amount and the standard max-  
6 imum share insurance amount shall take  
7 effect on January 1 of the year imme-  
8 diately succeeding such calendar year.”.

9 (b) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT  
10 PLAN DEPOSITS.—Section 11(a)(1)(D) of the Federal De-  
11 posit Insurance Act (12 U.S.C. 1821(a)(1)(D)) is amend-  
12 ed to read as follows:

13 “(D) COVERAGE FOR CERTAIN EMPLOYEE  
14 BENEFIT PLAN DEPOSITS.—

15 “(i) PASS-THROUGH INSURANCE.—  
16 The Corporation shall provide pass-  
17 through deposit insurance for the deposits  
18 of any employee benefit plan.

19 “(ii) PROHIBITION ON ACCEPTANCE  
20 OF BENEFIT PLAN DEPOSITS.—An insured  
21 depository institution that is not well cap-  
22 italized or adequately capitalized may not  
23 accept employee benefit plan deposits.



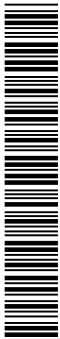
1                   “(iii) DEFINITIONS.—For purposes of  
2                   this subparagraph, the following definitions  
3                   shall apply:

4                   “(I) CAPITAL STANDARDS.—The  
5                   terms ‘well capitalized’ and ‘ade-  
6                   quately capitalized’ have the same  
7                   meanings as in section 38.

8                   “(II) EMPLOYEE BENEFIT  
9                   PLAN.—The term ‘employee benefit  
10                  plan’ has the same meaning as in  
11                  paragraph (8)(B)(ii), and includes any  
12                  eligible deferred compensation plan  
13                  described in section 457 of the Inter-  
14                  nal Revenue Code of 1986.

15                  “(III) PASS-THROUGH DEPOSIT  
16                  INSURANCE.—The term ‘pass-through  
17                  deposit insurance’ means, with respect  
18                  to an employee benefit plan, deposit  
19                  insurance coverage provided on a pro  
20                  rata basis to the participants in the  
21                  plan, in accordance with the interest  
22                  of each participant.”.

23                  (c) DOUBLING OF DEPOSIT INSURANCE FOR CER-  
24                  TAIN RETIREMENT ACCOUNTS.—Section 11(a)(3)(A) of  
25                  the Federal Deposit Insurance Act (12 U.S.C.



1 1821(a)(3)(A)) is amended by striking “\$100,000” and  
2 inserting “2 times the standard maximum deposit insur-  
3 ance amount (as determined under paragraph (1))”.

4 (d) INCREASED INSURANCE COVERAGE FOR MUNIC-  
5 IPAL DEPOSITS.—Section 11(a)(2) of the Federal Deposit  
6 Insurance Act (12 U.S.C. 1821(a)(2)) is amended—

7 (1) in subparagraph (A)—

8 (A) by moving the margins of clauses (i)  
9 through (v) 4 ems to the right;

10 (B) by striking, in the matter following  
11 clause (v), “such depositor shall” and all that  
12 follows through the period; and

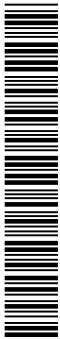
13 (C) by striking the semicolon at the end of  
14 clause (v) and inserting a period;

15 (2) by striking “(2)(A) Notwithstanding” and  
16 all that follows through “a depositor who is—” and  
17 inserting the following:

18 “(2) MUNICIPAL DEPOSITORS.—

19 “(A) IN GENERAL.—Notwithstanding any  
20 limitation in this Act or in any other provision  
21 of law relating to the amount of deposit insur-  
22 ance available to any 1 depositor—

23 “(i) a municipal depositor shall, for  
24 the purpose of determining the amount of  
25 insured deposits under this subsection, be





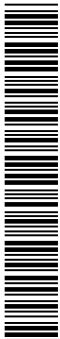
1           deemed to be a depositor separate and dis-  
2           tinct from any other officer, employee, or  
3           agent of the United States or any public  
4           unit referred to in subparagraph (E); and  
5           “(ii) except as provided in subpara-  
6           graph (B), the deposits of a municipal de-  
7           positor shall be insured in an amount  
8           equal to the standard maximum deposit in-  
9           surance amount (as determined under  
10          paragraph (1)).

11          “(B) IN-STATE MUNICIPAL DEPOSITORS.—  
12          In the case of the deposits of an in-State mu-  
13          nicipal depositor described in clause (ii), (iii),  
14          (iv), or (v) of subparagraph (E) at an insured  
15          depository institution, such deposits shall be in-  
16          sured in an amount not to exceed the lesser  
17          of—

18               “(i) \$2,000,000; or

19               “(ii) the sum of the standard max-  
20               imum deposit insurance amount and 80  
21               percent of the amount of any deposits in  
22               excess of the standard maximum deposit  
23               insurance amount.

24          “(C) MUNICIPAL DEPOSIT PARITY.—No  
25          State may deny to insured depository institu-



1           tions within its jurisdiction the authority to ac-  
2           cept deposits insured under this paragraph, or  
3           prohibit the making of such deposits in such in-  
4           stitutions by any in-State municipal depositor.

5           “(D) IN-STATE MUNICIPAL DEPOSITOR DE-  
6           FINED.—For purposes of this paragraph, the  
7           term ‘in-State municipal depositor’ means a  
8           municipal depositor that is located in the same  
9           State as the office or branch of the insured de-  
10          pository institution at which the deposits of  
11          that depositor are held.

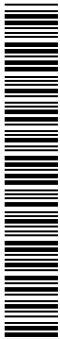
12          “(E) MUNICIPAL DEPOSITOR.—In this  
13          paragraph, the term ‘municipal depositor’  
14          means a depositor that is—”;

15          (3) by striking “(B) The” and inserting the fol-  
16          lowing:

17          “(F) AUTHORITY TO LIMIT DEPOSITS.—  
18          The”; and

19          (4) by striking “depositor referred to in sub-  
20          paragraph (A) of this paragraph” each place such  
21          term appears and inserting “municipal depositor”.

22          (e) TECHNICAL AND CONFORMING AMENDMENT RE-  
23          LATING TO INSURANCE OF TRUST FUNDS.—Paragraphs  
24          (1) and (3) of section 7(i) of the Federal Deposit Insur-  
25          ance Act (12 U.S.C. 1817(i)) are each amended by strik-



1 ing “\$100,000” and inserting “the standard maximum de-  
2 posit insurance amount (as determined under section  
3 11(a)(1))”.

4 (f) OTHER TECHNICAL AND CONFORMING AMEND-  
5 MENTS.—

6 (1) Section 11(m)(6) of the Federal Deposit In-  
7 surance Act (12 U.S.C. 1821(m)(6)) is amended by  
8 striking “\$100,000” and inserting “an amount equal  
9 to the standard maximum deposit insurance  
10 amount”.

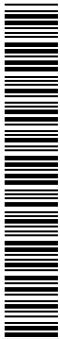
11 (2) Subsection (a) of section 18 of the Federal  
12 Deposit Insurance Act (12 U.S.C. 1828(a)) is  
13 amended to read as follows:

14 “(a) INSURANCE LOGO.—

15 “(1) INSURED DEPOSITORY INSTITUTIONS.—

16 “(A) IN GENERAL.—Each insured deposi-  
17 tory institution shall display at each place of  
18 business maintained by that institution a sign  
19 or signs relating to the insurance of the depos-  
20 its of the institution, in accordance with regula-  
21 tions to be prescribed by the Corporation.

22 “(B) STATEMENT TO BE INCLUDED.—  
23 Each sign required under subparagraph (A)  
24 shall include a statement that insured deposits



1 are backed by the full faith and credit of the  
2 United States Government.

3 “(2) REGULATIONS.—The Corporation shall  
4 prescribe regulations to carry out this subsection, in-  
5 cluding regulations governing the substance of signs  
6 required by paragraph (1) and the manner of dis-  
7 play or use of such signs.

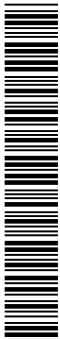
8 “(3) PENALTIES.—For each day that an in-  
9 sured depository institution continues to violate this  
10 subsection or any regulation issued under this sub-  
11 section, it shall be subject to a penalty of not more  
12 than \$100, which the Corporation may recover for  
13 its use.”.

14 (3) Section 43(d) of the Federal Deposit Insur-  
15 ance Act (12 U.S.C. 1831t(d)) is amended by strik-  
16 ing “\$100,000” and inserting “an amount equal to  
17 the standard maximum deposit insurance amount”.

18 (4) Section 6 of the International Banking Act  
19 of 1978 (12 U.S.C. 3104) is amended—

20 (A) by striking “\$100,000” each place  
21 such term appears and inserting “an amount  
22 equal to the standard maximum deposit insur-  
23 ance amount”; and

24 (B) by adding at the end the following new  
25 subsection:



1       “(e) STANDARD MAXIMUM DEPOSIT INSURANCE  
2 AMOUNT DEFINED.—For purposes of this section, the  
3 term ‘standard maximum deposit insurance amount’  
4 means the amount of the maximum amount of deposit in-  
5 surance as determined under section 11(a)(1) of the Fed-  
6 eral Deposit Insurance Act.”.

7       (g) CONFORMING CHANGE TO CREDIT UNION SHARE  
8 INSURANCE FUND.—

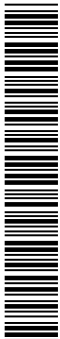
9           (1) IN GENERAL.—Section 207(k) of the Fed-  
10 eral Credit Union Act (12 U.S.C. 1787(k)) is  
11 amended—

12           (A) by striking “(k)(1)” and all that fol-  
13 lows through the end of paragraph (1) and in-  
14 serting the following:

15       “(k) INSURED AMOUNTS PAYABLE.—

16       “(1) NET INSURED AMOUNT.—

17           “(A) IN GENERAL.—Subject to the provi-  
18 sions of paragraph (2), the net amount of share  
19 insurance payable to any member at an insured  
20 credit union shall not exceed the total amount  
21 of the shares or deposits in the name of the  
22 member (after deducting offsets), less any part  
23 thereof which is in excess of the standard max-  
24 imum share insurance amount, as determined  
25 in accordance with this paragraph and para-



1 graphs (5) and (6), and consistently with ac-  
2 tions taken by the Federal Deposit Insurance  
3 Corporation under section 11(a) of the Federal  
4 Deposit Insurance Act.

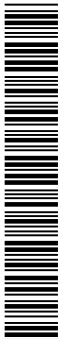
5 “(B) AGGREGATION.—Determination of  
6 the net amount of share insurance under sub-  
7 paragraph (A), shall be in accordance with such  
8 regulations as the Board may prescribe, and, in  
9 determining the amount payable to any mem-  
10 ber, there shall be added together all accounts  
11 in the credit union maintained by that member  
12 for that member’s own benefit, either in the  
13 member’s own name or in the names of others.

14 “(C) AUTHORITY TO DEFINE THE EXTENT  
15 OF COVERAGE.—The Board may define, with  
16 such classifications and exceptions as it may  
17 prescribe, the extent of the share insurance cov-  
18 erage provided for member accounts, including  
19 member accounts in the name of a minor, in  
20 trust, or in joint tenancy.”;

21 (B) in paragraph (2)—

22 (i) in subparagraph (A)—

23 (I) in clauses (i) through (v), by  
24 moving the margins 4 ems to the  
25 right;



1 (II) in the matter following  
2 clause (v), by striking “his account”  
3 and all that follows through the pe-  
4 riod; and

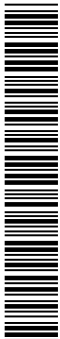
5 (III) by striking the semicolon at  
6 the end of clause (v) and inserting a  
7 period;

8 (ii) by striking “(2)(A) Notwith-  
9 standing” and all that follows through “a  
10 depositor or member who is—” and insert-  
11 ing the following:

12 “(2) MUNICIPAL DEPOSITORS OR MEMBERS.—

13 “(A) IN GENERAL.—Notwithstanding any  
14 limitation in this Act or in any other provision  
15 of law relating to the amount of insurance  
16 available to any 1 depositor or member, depos-  
17 its or shares of a municipal depositor or mem-  
18 ber shall be insured in an amount equal to the  
19 standard maximum share insurance amount (as  
20 determined under paragraph (5)), except as  
21 provided in subparagraph (B).

22 “(B) IN-STATE MUNICIPAL DEPOSITORS.—  
23 In the case of the deposits of an in-State mu-  
24 nicipal depositor described in clause (ii), (iii),  
25 (iv), or (v) of subparagraph (E) at an insured



1 credit union, such deposits shall be insured in  
2 an amount equal to the lesser of—

3 “(i) \$2,000,000; or

4 “(ii) the sum of the standard max-  
5 imum deposit insurance amount and 80  
6 percent of the amount of any deposits in  
7 excess of the standard maximum deposit  
8 insurance amount.

9 “(C) RULE OF CONSTRUCTION.—No provi-  
10 sion of this paragraph shall be construed as au-  
11 thorizing an insured credit union to accept the  
12 deposits of a municipal depositor in an amount  
13 greater than such credit union is authorized to  
14 accept under any other provision of Federal or  
15 State law.

16 “(D) IN-STATE MUNICIPAL DEPOSITOR DE-  
17 FINED.—For purposes of this paragraph, the  
18 term ‘in-State municipal depositor’ means a  
19 municipal depositor that is located in the same  
20 State as the office or branch of the insured  
21 credit union at which the deposits of that de-  
22 positor are held.

23 “(E) MUNICIPAL DEPOSITOR.—In this  
24 paragraph, the term ‘municipal depositor’  
25 means a depositor that is—”;





1 (iii) by striking “(B) The” and insert-  
2 ing the following:

3 “(F) AUTHORITY TO LIMIT DEPOSITS.—  
4 The”; and

5 (iv) by striking “depositor or member  
6 referred to in subparagraph (A)” and in-  
7 serting “municipal depositor or member”;  
8 and

9 (C) by adding at the end the following new  
10 paragraphs:

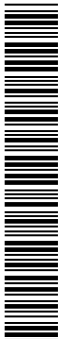
11 “(4) COVERAGE FOR CERTAIN EMPLOYEE BEN-  
12 EFIT PLAN DEPOSITS.—

13 “(A) PASS-THROUGH INSURANCE.—The  
14 Administration shall provide pass-through share  
15 insurance for the deposits or shares of any em-  
16 ployee benefit plan.

17 “(B) PROHIBITION ON ACCEPTANCE OF  
18 DEPOSITS.—An insured credit union that is not  
19 well capitalized or adequately capitalized may  
20 not accept employee benefit plan deposits.

21 “(C) DEFINITIONS.—For purposes of this  
22 paragraph, the following definitions shall apply:

23 “(i) CAPITAL STANDARDS.—The  
24 terms ‘well capitalized’ and ‘adequately



1 capitalized' have the same meanings as in  
2 section 216(c).

3 “(ii) EMPLOYEE BENEFIT PLAN.—

4 The term ‘employee benefit plan’—

5 “(I) has the meaning given to  
6 such term in section 3(3) of the Em-  
7 ployee Retirement Income Security  
8 Act of 1974;

9 “(II) includes any plan described  
10 in section 401(d) of the Internal Rev-  
11 enue Code of 1986; and

12 “(III) includes any eligible de-  
13 ferred compensation plan described in  
14 section 457 of the Internal Revenue  
15 Code of 1986.

16 “(iii) PASS-THROUGH SHARE INSUR-  
17 ANCE.—The term ‘pass-through share in-  
18 surance’ means, with respect to an em-  
19 ployee benefit plan, insurance coverage  
20 provided on a pro rata basis to the partici-  
21 pants in the plan, in accordance with the  
22 interest of each participant.

23 “(D) RULE OF CONSTRUCTION.—No provi-  
24 sion of this paragraph shall be construed as au-  
25 thorizing an insured credit union to accept the



1 deposits of an employee benefit plan in an  
2 amount greater than such credit union is au-  
3 thorized to accept under any other provision of  
4 Federal or State law.

5 “(5) STANDARD MAXIMUM SHARE INSURANCE  
6 AMOUNT DEFINED.—For purposes of this Act, the  
7 term ‘standard maximum share insurance amount’  
8 means—

9 “(A) until the effective date of final regula-  
10 tions prescribed pursuant to section 9(a)(2) of  
11 the Federal Deposit Insurance Reform Act of  
12 2003, \$100,000; and

13 “(B) on and after such effective date,  
14 \$130,000, adjusted as provided under section  
15 11(a)(1)(F) of the Federal Deposit Insurance  
16 Act.”.

17 (2) DOUBLING OF SHARE INSURANCE FOR CER-  
18 TAIN RETIREMENT ACCOUNTS.—Section 207(k)(3)  
19 of the Federal Credit Union Act (12 U.S.C.  
20 1787(k)(3)) is amended by striking “\$100,000” and  
21 inserting “2 times the standard maximum share in-  
22 surance amount (as determined under paragraph  
23 (1))”.

24 (h) EFFECTIVE DATE.—This section and the amend-  
25 ments made by this section shall take effect on the date



1 the final regulations required under section 9(a)(2) take  
2 effect.

3 **SEC. 4. SETTING ASSESSMENTS AND REPEAL OF SPECIAL**  
4 **RULES RELATING TO MINIMUM ASSESS-**  
5 **MENTS AND FREE DEPOSIT INSURANCE.**

6 (a) SETTING ASSESSMENTS.—Section 7(b)(2) of the  
7 Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is  
8 amended—

9 (1) by striking subparagraphs (A) and (B) and  
10 inserting the following new subparagraphs:

11 “(A) IN GENERAL.—The Board of Direc-  
12 tors shall set assessments for insured depository  
13 institutions in such amounts as the Board of  
14 Directors may determine to be necessary or ap-  
15 propriate, subject to subparagraph (D).

16 “(B) FACTORS TO BE CONSIDERED.—In  
17 setting assessments under subparagraph (A),  
18 the Board of Directors shall consider the fol-  
19 lowing factors:

20 “(i) The estimated operating expenses  
21 of the Deposit Insurance Fund.

22 “(ii) The estimated case resolution ex-  
23 penses and income of the Deposit Insur-  
24 ance Fund.



1           “(iii) The projected effects of the pay-  
2           ment of assessments on the capital and  
3           earnings of insured depository institutions.

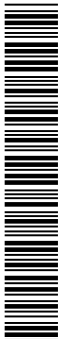
4           “(iv) the risk factors and other factors  
5           taken into account pursuant to paragraph  
6           (1) under the risk-based assessment sys-  
7           tem, including the requirement under such  
8           paragraph to maintain a risk-based sys-  
9           tem.

10           “(v) Any other factors the Board of  
11           Directors may determine to be appro-  
12           priate.”; and

13           (2) by inserting after subparagraph (C) the fol-  
14           lowing new subparagraph:

15           “(D) BASE RATE FOR ASSESSMENTS.—

16           “(i) IN GENERAL.—In setting assess-  
17           ment rates pursuant to subparagraph (A),  
18           the Board of Directors shall establish a  
19           base rate of not more than 1 basis point  
20           (exclusive of any credit or dividend) for  
21           those insured depository institutions in the  
22           lowest-risk category under the risk-based  
23           assessment system established pursuant to  
24           paragraph (1). No insured depository insti-



1                   tution shall be barred from the lowest-risk  
2                   category solely because of size.

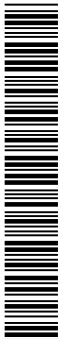
3                   “(ii) SUSPENSION.—Clause (i) shall  
4                   not apply during any period in which the  
5                   reserve ratio of the Deposit Insurance  
6                   Fund is less than the amount which is  
7                   equal to 1.15 percent of the aggregate esti-  
8                   mated insured deposits.”.

9           (b) ASSESSMENT RECORDKEEPING PERIOD SHORT-  
10 ENED.—Paragraph (5) of section 7(b) of the Federal De-  
11 posit Insurance Act (12 U.S.C. 1817(b)) is amended to  
12 read as follows:

13                   “(5) DEPOSITORY INSTITUTION REQUIRED TO  
14                   MAINTAIN ASSESSMENT-RELATED RECORDS.—Each  
15                   insured depository institution shall maintain all  
16                   records that the Corporation may require for veri-  
17                   fying the correctness of any assessment on the in-  
18                   sured depository institution under this subsection  
19                   until the later of—

20                   “(A) the end of the 3-year period begin-  
21                   ning on the due date of the assessment; or

22                   “(B) in the case of a dispute between the  
23                   insured depository institution and the Corpora-  
24                   tion with respect to such assessment, the date  
25                   of a final determination of any such dispute.”.



1 (c) INCREASE IN FEES FOR LATE ASSESSMENT PAY-  
2 MENTS.—Subsection (h) of section 18 of the Federal De-  
3 posit Insurance Act (12 U.S.C. 1828(h)) is amended to  
4 read as follows:

5 “(h) PENALTY FOR FAILURE TO TIMELY PAY AS-  
6 SESSMENTS.—

7 “(1) IN GENERAL.—Any insured depository in-  
8 stitution which fails or refuses to pay any assess-  
9 ment shall be subject to a penalty in an amount not  
10 more than 1 percent of the amount of the assess-  
11 ment due for each day that such violation continues.

12 “(2) EXCEPTION IN CASE OF DISPUTE.—Para-  
13 graph (1) shall not apply if—

14 “(A) the failure to pay an assessment is  
15 due to a dispute between the insured depository  
16 institution and the Corporation over the  
17 amount of such assessment; and

18 “(B) the insured depository institution de-  
19 posits security satisfactory to the Corporation  
20 for payment upon final determination of the  
21 issue.

22 “(3) AUTHORITY TO MODIFY OR REMIT PEN-  
23 ALTY.—The Corporation, in the sole discretion of  
24 the Corporation, may compromise, modify or remit  
25 any penalty which the Corporation may assess or



1 has already assessed under paragraph (1) upon a  
2 finding that good cause prevented the timely pay-  
3 ment of an assessment.”.

4 (d) ASSESSMENTS FOR LIFELINE ACCOUNTS.—

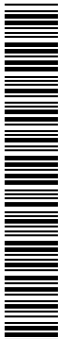
5 (1) IN GENERAL.—Section 232 of the Federal  
6 Deposit Insurance Corporation Improvement Act of  
7 1991 (12 U.S.C. 1834) is amended by striking sub-  
8 section (c).

9 (2) CLARIFICATION OF RATE APPLICABLE TO  
10 DEPOSITS ATTRIBUTABLE TO LIFELINE AC-  
11 COUNTS.—Section 7(b)(2)(H) of the Federal Deposit  
12 Insurance Act (12 U.S.C. 1817(b)(2)(H)) is amend-  
13 ed by striking “at a rate determined in accordance  
14 with such Act” and inserting “at ½ the assessment  
15 rate otherwise applicable for such insured depository  
16 institution”.

17 (3) REGULATIONS.—Section 232(a)(1) of the  
18 Federal Deposit Insurance Corporation Improvement  
19 Act of 1991 (12 U.S.C. 1834(a)(1)) is amended by  
20 striking “Board of Governors of the Federal Reserve  
21 System, and the”.

22 (e) TECHNICAL AND CONFORMING AMENDMENTS.—

23 (1) Paragraph (3) of section 7(a) of the Fed-  
24 eral Deposit Insurance Act (12 U.S.C. 1817(a)(3))  
25 is amended by striking the 3d sentence and inserting





1 the following: “Such reports of condition shall be the  
2 basis for the certified statements to be filed pursu-  
3 ant to subsection (c).”.

4 (2) Subparagraphs (B)(ii) and (C) of section  
5 7(b)(1) of the Federal Deposit Insurance Act (12  
6 U.S.C. 1817(b)(1)) are each amended by striking  
7 “semiannual” where such term appears in each such  
8 subparagraph.

9 (3) Section 7(b)(2) of the Federal Deposit In-  
10 surance Act (12 U.S.C. 1817(b)(2)) is amended—

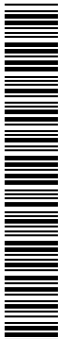
11 (A) by striking subparagraphs (E), (F),  
12 and (G);

13 (B) in subparagraph (C), by striking  
14 “semiannual”; and

15 (C) by redesignating subparagraph (H) (as  
16 amended by subsection (e)(2) of this section) as  
17 subparagraph (E).

18 (4) Section 7(b) of the Federal Deposit Insur-  
19 ance Act (12 U.S.C. 1817(b)) is amended by strik-  
20 ing paragraph (4) and redesignating paragraphs (5)  
21 (as amended by subsection (b) of this section), (6),  
22 and (7) as paragraphs (4), (5), and (6) respectively.

23 (5) Section 7(c) of the Federal Deposit Insur-  
24 ance Act (12 U.S.C. 1817(c)) is amended—



1 (A) in paragraph (1)(A), by striking  
2 “semiannual”;

3 (B) in paragraph (2)(A), by striking  
4 “semiannual”; and

5 (C) in paragraph (3), by striking “semi-  
6 annual period” and inserting “initial assess-  
7 ment period”.

8 (6) Section 8(p) of the Federal Deposit Insur-  
9 ance Act (12 U.S.C. 1818(p)) is amended by strik-  
10 ing “semiannual”.

11 (7) Section 8(q) of the Federal Deposit Insur-  
12 ance Act (12 U.S.C. 1818(q)) is amended by strik-  
13 ing “semiannual period” and inserting “assessment  
14 period”.

15 (8) Section 13(c)(4)(G)(ii)(II) of the Federal  
16 Deposit Insurance Act (12 U.S.C.  
17 1823(c)(4)(G)(ii)(II)) is amended by striking “semi-  
18 annual period” and inserting “assessment period”.

19 (9) Section 232(a) of the Federal Deposit In-  
20 surance Corporation Improvement Act of 1991 (12  
21 U.S.C. 1834(a)) is amended—

22 (A) in the matter preceding subparagraph  
23 (A) of paragraph (2), by striking “the Board  
24 and”;



1 (B) in subparagraph (J) of paragraph (2),  
2 by striking “the Board” and inserting “the  
3 Corporation”;

4 (C) by striking subparagraph (A) of para-  
5 graph (3) and inserting the following new sub-  
6 paragraph:

7 “(A) CORPORATION.—The term ‘Corpora-  
8 tion’ means the Federal Deposit Insurance Cor-  
9 poration.”; and

10 (D) in subparagraph (C) of paragraph (3),  
11 by striking “Board” and inserting “Corpora-  
12 tion”.

13 (f) EFFECTIVE DATE.—This section and the amend-  
14 ments made by this section shall take effect on the date  
15 that the final regulations required under section 9(a)(5)  
16 take effect.

17 **SEC. 5. REPLACEMENT OF FIXED DESIGNATED RESERVE**  
18 **RATIO WITH RESERVE RANGE.**

19 (a) IN GENERAL.—Section 7(b)(3) of the Federal  
20 Deposit Insurance Act (12 U.S.C. 1817(b)(3)) is amended  
21 to read as follows:

22 “(3) DESIGNATED RESERVE RATIO.—

23 “(A) ESTABLISHMENT.—

24 “(i) IN GENERAL.—The Board of Di-  
25 rectors shall designate, by regulation after



1 notice and opportunity for comment, the  
2 reserve ratio applicable with respect to the  
3 Deposit Insurance Fund.

4 “(ii) NOT LESS THAN ANNUAL REDE-  
5 TERMINATION.—A determination under  
6 clause (i) shall be made by the Board of  
7 Directors at least before the beginning of  
8 each calendar year, for such calendar year,  
9 and at such other times as the Board of  
10 Directors may determine to be appropriate.

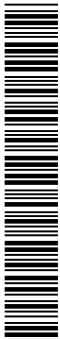
11 “(B) RANGE.—The reserve ratio des-  
12 ignated by the Board of Directors for any  
13 year—

14 “(i) may not exceed 1.4 percent of es-  
15 timated insured deposits; and

16 “(ii) may not be less than 1.15 per-  
17 cent of estimated insured deposits.

18 “(C) FACTORS.—In designating a reserve  
19 ratio for any year, the Board of Directors  
20 shall—

21 “(i) take into account the risk of  
22 losses to the Deposit Insurance Fund in  
23 such year and future years, including his-  
24 toric experience and potential and esti-



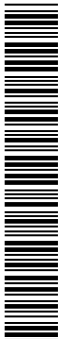
1 mated losses from insured depository insti-  
2 tutions;

3 “(ii) take into account economic con-  
4 ditions generally affecting insured deposi-  
5 tory institutions so as to allow the des-  
6 ignated reserve ratio to increase during  
7 more favorable economic conditions and to  
8 decrease during less favorable economic  
9 conditions, notwithstanding the increased  
10 risks of loss that may exist during such  
11 less favorable conditions, as determined to  
12 be appropriate by the Board of Directors;

13 “(iii) seek to prevent sharp swings in  
14 the assessment rates for insured depository  
15 institutions; and

16 “(iv) take into account such other fac-  
17 tors as the Board of Directors may deter-  
18 mine to be appropriate, consistent with the  
19 requirements of this subparagraph.

20 “(D) PUBLICATION OF PROPOSED CHANGE  
21 IN RATIO.—In soliciting comment on any pro-  
22 posed change in the designated reserve ratio in  
23 accordance with subparagraph (A), the Board  
24 of Directors shall include in the published pro-



1           positional a thorough analysis of the data and pro-  
2           jections on which the proposal is based.”.

3           (b) TECHNICAL AND CONFORMING AMENDMENT.—  
4   Section 3(y) of the Federal Deposit Insurance Act (12  
5   U.S.C. 1813(y)) is amended—

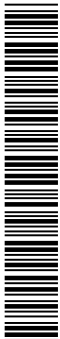
6           (1) by striking “(y) The term” and inserting  
7           “(y) DEFINITIONS RELATING TO DEPOSIT INSUR-  
8           ANCE FUND.—

9           “(1) DEPOSIT INSURANCE FUND.—The term”;  
10          and

11          (2) by inserting after paragraph (1) (as so des-  
12          ignated by paragraph (1) of this subsection) the fol-  
13          lowing new paragraph:

14          “(2) DESIGNATED RESERVE RATIO.—The term  
15          ‘designated reserve ratio’ means the reserve ratio  
16          designated by the Board of Directors in accordance  
17          with section 7(b)(3).”.

18          (c) EFFECTIVE DATE.—This section and the amend-  
19          ments made by this section shall take effect on the date  
20          that the final regulations required under section 9(a)(1)  
21          take effect.

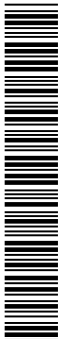


1   **SEC. 6. REQUIREMENTS APPLICABLE TO THE RISK-BASED**  
2                                   **ASSESSMENT SYSTEM.**

3           Section 7(b)(1) of the Federal Deposit Insurance Act  
4   (12 U.S.C. 1817(b)(1)) is amended by adding at the end  
5   the following new subparagraphs:

6                           “(E) INFORMATION CONCERNING RISK OF  
7                           LOSS AND ECONOMIC CONDITIONS.—

8                           “(i) SOURCES OF INFORMATION.—For  
9                           purposes of determining risk of losses at  
10                          insured depository institutions and eco-  
11                          nomic conditions generally affecting depos-  
12                          itory institutions, the Corporation shall col-  
13                          lect information, as appropriate, from all  
14                          sources the Board of Directors considers  
15                          appropriate, such as reports of condition,  
16                          inspection reports, and other information  
17                          from all Federal banking agencies, any in-  
18                          formation available from State bank super-  
19                          visors, State insurance and securities regu-  
20                          lators, the Securities and Exchange Com-  
21                          mission (including information described in  
22                          section 35), the Secretary of the Treasury,  
23                          the Commodity Futures Trading Commis-  
24                          sion, the Farm Credit Administration, the  
25                          Federal Trade Commission, any Federal  
26                          reserve bank or Federal home loan bank,

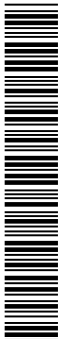


1 and other regulators of financial institu-  
2 tions, and any information available from  
3 credit rating entities, and other private  
4 economic or business analysts.

5 “(ii) CONSULTATION WITH FEDERAL  
6 BANKING AGENCIES.—

7 “(I) IN GENERAL.—Except as  
8 provided in subclause (II), in assess-  
9 ing the risk of loss to the Deposit In-  
10 surance Fund with respect to any in-  
11 sured depository institution, the Cor-  
12 poration shall consult with the appro-  
13 priate Federal banking agency of such  
14 institution.

15 “(II) TREATMENT ON AGGRE-  
16 GATE BASIS.—In the case of insured  
17 depository institutions that are well  
18 capitalized (as defined in section 38)  
19 and, in the most recent examination,  
20 were found to be well managed, the  
21 consultation under subclause (I) con-  
22 cerning the assessment of the risk of  
23 loss posed by such institutions may be  
24 made on an aggregate basis.





1                   “(iii) RULE OF CONSTRUCTION.—No  
2                   provision of this paragraph shall be con-  
3                   strued as providing any new authority for  
4                   the Corporation to require submission of  
5                   information by insured depository institu-  
6                   tions to the Corporation.

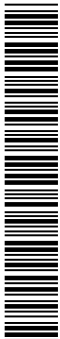
7                   “(F) MODIFICATIONS TO THE RISK-BASED  
8                   ASSESSMENT SYSTEM ALLOWED ONLY AFTER  
9                   NOTICE AND COMMENT.—In revising or modi-  
10                  fying the risk-based assessment system at any  
11                  time after the date of the enactment of the  
12                  Federal Deposit Insurance Reform Act of 2003,  
13                  the Board of Directors may implement such re-  
14                  visions or modification in final form only after  
15                  notice and opportunity for comment.”.

16 **SEC. 7. REFUNDS, DIVIDENDS, AND CREDITS FROM DE-**  
17 **POSIT INSURANCE FUND.**

18                  (a) IN GENERAL.—Subsection (e) of section 7 of the  
19 Federal Deposit Insurance Act (12 U.S.C. 1817(e)) is  
20 amended to read as follows:

21                  “(e) REFUNDS, DIVIDENDS, AND CREDITS.—

22                  “(1) REFUNDS OF OVERPAYMENTS.—In the  
23 case of any payment of an assessment by an insured  
24 depository institution in excess of the amount due to  
25 the Corporation, the Corporation may—



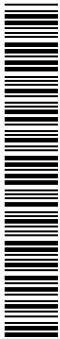
1           “(A) refund the amount of the excess pay-  
2           ment to the insured depository institution; or

3           “(B) credit such excess amount toward the  
4           payment of subsequent assessments until such  
5           credit is exhausted.

6           “(2) DIVIDENDS FROM EXCESS AMOUNTS IN  
7           DEPOSIT INSURANCE FUND.—

8           “(A) RESERVE RATIO IN EXCESS OF 1.4  
9           PERCENT OF ESTIMATED INSURED DEPOSITS.—  
10          Whenever the reserve ratio of the Deposit In-  
11          surance Fund exceeds 1.4 percent of estimated  
12          insured deposits, the Corporation shall declare  
13          the amount in the Fund in excess of the  
14          amount required to maintain the reserve ratio  
15          at 1.4 percent of estimated insured deposits, as  
16          dividends to be paid to insured depository insti-  
17          tutions.

18          “(B) RESERVE RATIO EQUAL TO OR IN EX-  
19          CESS OF 1.35 PERCENT OF ESTIMATED INSURED  
20          DEPOSITS AND NOT MORE THAN 1.4 PER-  
21          CENT.—Whenever the reserve ratio of the De-  
22          posit Insurance Fund equals or exceeds 1.35  
23          percent of estimated insured deposits and is not  
24          more than 1.4 percent of such deposits, the  
25          Corporation shall declare the amount in the

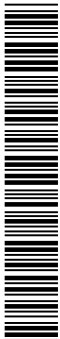


1 Fund that is equal to 50 percent of the amount  
2 in excess of the amount required to maintain  
3 the reserve ratio at 1.35 percent of the esti-  
4 mated insured deposits as dividends to be paid  
5 to insured depository institutions.

6 “(C) BASIS FOR DISTRIBUTION OF DIVI-  
7 DENDS.—

8 “(i) IN GENERAL.—Solely for the pur-  
9 poses of dividend distribution under this  
10 paragraph and credit distribution under  
11 paragraph (3)(B), the Corporation shall  
12 determine each insured depository institu-  
13 tion’s relative contribution to the Deposit  
14 Insurance Fund (or any predecessor de-  
15 posit insurance fund) for calculating such  
16 institution’s share of any dividend or credit  
17 declared under this paragraph or para-  
18 graph (3)(B), taking into account the fac-  
19 tors described in clause (ii).

20 “(ii) FACTORS FOR DISTRIBUTION.—  
21 In implementing this paragraph and para-  
22 graph (3)(B) in accordance with regula-  
23 tions, the Corporation shall take into ac-  
24 count the following factors:



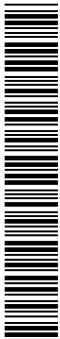
1                   “(I) The ratio of the assessment  
2                   base of an insured depository institu-  
3                   tion (including any predecessor) on  
4                   December 31, 1996, to the assessment  
5                   base of all eligible insured depository  
6                   institutions on that date.

7                   “(II) The total amount of assess-  
8                   ments paid on or after January 1,  
9                   1997, by an insured depository insti-  
10                  tution (including any predecessor) to  
11                  the Deposit Insurance Fund (and any  
12                  predecessor deposit insurance fund).

13                  “(III) That portion of assess-  
14                  ments paid by an insured depository  
15                  institution (including any predecessor)  
16                  that reflects higher levels of risk as-  
17                  sumed by such institution.

18                  “(IV) Such other factors as the  
19                  Corporation may determine to be ap-  
20                  propriate.

21                  “(D) NOTICE AND OPPORTUNITY FOR  
22                  COMMENT.—The Corporation shall prescribe by  
23                  regulation, after notice and opportunity for  
24                  comment, the method for the calculation, dec-



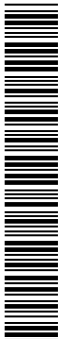
1           laration, and payment of dividends under this  
2           paragraph.

3           “(3) CREDIT POOL.—

4                   “(A) ONE-TIME CREDIT BASED ON TOTAL  
5           ASSESSMENT BASE AT YEAR-END 1996.—

6                           “(i) IN GENERAL.—Before the end of  
7                   the 270-day period beginning on the date  
8                   of the enactment of the Federal Deposit  
9                   Insurance Reform Act of 2003, the Board  
10                  of Directors shall, by regulation, provide  
11                  for a credit to each eligible insured deposi-  
12                  tory institution, based on the assessment  
13                  base of the institution (including any pred-  
14                  ecessor institution) on December 31, 1996,  
15                  as compared to the combined aggregate as-  
16                  sessment base of all eligible insured deposi-  
17                  tory institutions, taking into account such  
18                  factors as the Board of Directors may de-  
19                  termine to be appropriate.

20                           “(ii) CREDIT LIMIT.—The aggregate  
21                   amount of credits available under clause (i)  
22                   to all eligible insured depository institu-  
23                   tions shall equal the amount that the Cor-  
24                   poration could collect if the Corporation  
25                   imposed an assessment of 12 basis points



1 on the combined assessment base of the  
2 Bank Insurance Fund and the Savings As-  
3 sociation Insurance Fund as of December  
4 31, 2001.

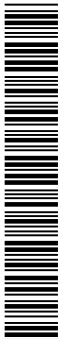
5 “(iii) ELIGIBLE INSURED DEPOSITORY  
6 INSTITUTION DEFINED.—For purposes of  
7 this paragraph, the term ‘eligible insured  
8 depository institution’ means any insured  
9 depository institution that—

10 “(I) was in existence on Decem-  
11 ber 31, 1996, and paid a deposit in-  
12 surance assessment prior to that date;  
13 or

14 “(II) is a successor to any in-  
15 sured depository institution described  
16 in subclause (II).

17 “(iv) APPLICATION OF CREDITS.—

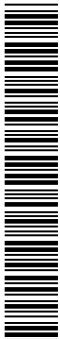
18 “(I) IN GENERAL.—The amount  
19 of a credit to any eligible insured de-  
20 pository institution under this para-  
21 graph shall be applied by the Corpora-  
22 tion, subject to subsection (b)(3)(e),  
23 to the assessments imposed on such  
24 institution under subsection (b) that  
25 become due for assessment periods be-



1                   ginning after the effective date of reg-  
2                   ulations prescribed under clause (i).

3                   “(II) REGULATIONS.—The regu-  
4                   lations prescribed under clause (i)  
5                   shall establish the qualifications and  
6                   procedures governing the application  
7                   of assessment credits pursuant to sub-  
8                   clause (I).

9                   “(v) LIMITATION ON AMOUNT OF  
10                  CREDIT FOR CERTAIN DEPOSITORY INSTI-  
11                  TUTIONS.—In the case of an insured de-  
12                  pository institution that exhibits financial,  
13                  operational, or compliance weaknesses  
14                  ranging from moderately severe to unsatis-  
15                  factory, or is not adequately capitalized (as  
16                  defined in section 38) at the beginning of  
17                  an assessment period, the amount of any  
18                  credit allowed under this paragraph  
19                  against the assessment on that depository  
20                  institution for such period may not exceed  
21                  the amount calculated by applying to that  
22                  depository institution the average assess-  
23                  ment rate on all insured depository institu-  
24                  tions for such assessment period.



1                   “(vi) PREDECESSOR DEFINED.—For  
2                   purposes of this paragraph, the term ‘pred-  
3                   ecessor’, when used with respect to any in-  
4                   sured depository institution, includes any  
5                   other insured depository institution ac-  
6                   quired by or merged with such insured de-  
7                   pository institution.

8                   “(B) ON-GOING CREDIT POOL.—

9                   “(i) IN GENERAL.—In addition to the  
10                  credit provided pursuant to subparagraph  
11                  (A) and subject to the limitation contained  
12                  in clause (vi) of such subparagraph, the  
13                  Corporation shall, by regulation, establish  
14                  an on-going system of credits to be applied  
15                  against future assessments under sub-  
16                  section (b)(1) on the same basis as the  
17                  dividends provided under paragraph  
18                  (2)(C).

19                  “(ii) LIMITATION ON CREDITS UNDER  
20                  CERTAIN CIRCUMSTANCES.—No credits  
21                  may be awarded by the Corporation under  
22                  this subparagraph during any period in  
23                  which—

24                               “(I) the reserve ratio of the De-  
25                               posit Insurance Fund is less than the





1 designated reserve ratio of such Fund;  
2 or

3 “(II) the reserve ratio of the  
4 Fund is less than 1.25 percent of the  
5 amount of estimated insured deposits.

6 “(iii) CRITERIA FOR DETERMINA-  
7 TION.—In determining the amounts of any  
8 assessment credits under this subpara-  
9 graph, the Board of Directors shall take  
10 into account the factors for designating the  
11 reserve ratio under subsection (b)(3) and  
12 the factors for setting assessments under  
13 subsection (b)(2)(B).

14 “(4) ADMINISTRATIVE REVIEW.—

15 “(A) IN GENERAL.—The regulations pre-  
16 scribed under paragraph (2)(D) and subpara-  
17 graphs (A) and (B) of paragraph (3) shall in-  
18 clude provisions allowing an insured depository  
19 institution a reasonable opportunity to chal-  
20 lenge administratively the amount of the credit  
21 or dividend determined under paragraph (2) or  
22 (3) for such institution.

23 “(B) ADMINISTRATIVE REVIEW.—Any re-  
24 view under subparagraph (A) of any determina-  
25 tion of the Corporation under paragraph (2) or



1           (3) shall be final and not subject to judicial re-  
2           view.”.

3           (b) DEFINITION OF RESERVE RATIO.—Section 3(y)  
4 of the Federal Deposit Insurance Act (12 U.S.C. 1813(y))  
5 (as amended by section 5(b) of this Act) is amended by  
6 adding at the end the following new paragraph:

7           “(3) RESERVE RATIO.—The term ‘reserve  
8           ratio’, when used with regard to the Deposit Insur-  
9           ance Fund other than in connection with a reference  
10          to the designated reserve ratio, means the ratio of  
11          the net worth of the Deposit Insurance Fund to the  
12          value of the aggregate estimated insured deposits.”.

13 **SEC. 8. DEPOSIT INSURANCE FUND RESTORATION PLANS.**

14          Section 7(b)(3) of the Federal Deposit Insurance Act  
15 (12 U.S.C. 1817(b)(3)) (as amended by section 5(a) of  
16 this Act) is amended by adding at the end the following  
17 new subparagraph:

18           “(E) DIF RESTORATION PLANS.—

19           “(i) IN GENERAL.—Whenever—

20           “(I) the Corporation projects  
21           that the reserve ratio of the Deposit  
22           Insurance Fund will, within 6 months  
23           of such determination, fall below the  
24           minimum amount specified in sub-

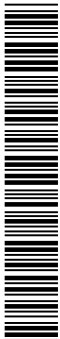


1 paragraph (B)(ii) for the designated  
2 reserve ratio; or

3 “(II) the reserve ratio of the De-  
4 posit Insurance Fund actually falls  
5 below the minimum amount specified  
6 in subparagraph (B)(ii) for the des-  
7 ignated reserve ratio without any de-  
8 termination under subclause (I) hav-  
9 ing been made,

10 the Corporation shall establish and imple-  
11 ment a Deposit Insurance Fund restora-  
12 tion plan within 90 days that meets the re-  
13 quirements of clause (ii) and such other  
14 conditions as the Corporation determines  
15 to be appropriate.

16 “(ii) REQUIREMENTS OF RESTORA-  
17 TION PLAN.—A Deposit Insurance Fund  
18 restoration plan meets the requirements of  
19 this clause if the plan provides that the re-  
20 serve ratio of the Fund will meet or exceed  
21 the minimum amount specified in subpara-  
22 graph (B)(ii) for the designated reserve  
23 ratio before the end of the 10-year period  
24 beginning upon the implementation of the  
25 plan.



1                   “(iii) RESTRICTION ON ASSESSMENT  
2 CREDITS.—As part of any restoration plan  
3 under this subparagraph, the Corporation  
4 may elect to restrict the application of as-  
5 sessment credits provided under subsection  
6 (e)(3) for any period that the plan is in ef-  
7 fect.

8                   “(iv) LIMITATION ON RESTRICTION.—  
9 Notwithstanding clause (iii), while any res-  
10 toration plan under this subparagraph is in  
11 effect, the Corporation shall apply credits  
12 provided to an insured depository institu-  
13 tion under subsection (e)(3) against any  
14 assessment imposed on the institution for  
15 any assessment period in an amount equal  
16 to the lesser of—

17                   “(I) the amount of the assess-  
18 ment; or

19                   “(II) the amount equal to 3 basis  
20 points of the institution’s assessment  
21 base.

22                   “(v) TRANSPARENCY.—Not more than  
23 30 days after the Corporation establishes  
24 and implements a restoration plan under  
25 clause (i), the Corporation shall publish in



1 the Federal Register a detailed analysis of  
2 the factors considered and the basis for the  
3 actions taken with regard to the plan.”.

4 **SEC. 9. REGULATIONS REQUIRED.**

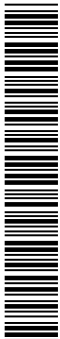
5 (a) IN GENERAL.—Not later than 270 days after the  
6 date of the enactment of this Act, the Board of Directors  
7 of the Federal Deposit Insurance Corporation shall pre-  
8 scribe final regulations, after notice and opportunity for  
9 comment—

10 (1) designating the reserve ratio for the Deposit  
11 Insurance Fund in accordance with section 7(b)(3)  
12 of the Federal Deposit Insurance Act (as amended  
13 by section 5 of this Act);

14 (2) implementing increases in deposit insurance  
15 coverage in accordance with the amendments made  
16 by section 3 of this Act;

17 (3) implementing the dividend requirement  
18 under section 7(e)(2) of the Federal Deposit Insur-  
19 ance Act (as amended by section 7 of this Act).

20 (4) implementing the 1-time assessment credit  
21 to certain insured depository institutions in accord-  
22 ance with section 7(e)(3) of the Federal Deposit In-  
23 surance Act, as amended by section 7 of this Act,  
24 including the qualifications and procedures under



1       which the Corporation would apply assessment cred-  
2       its; and

3           (5) providing for assessments under section  
4       7(b) of the Federal Deposit Insurance Act, as  
5       amended by this Act.

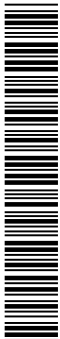
6       (b) RULE OF CONSTRUCTION.—No provision of this  
7       Act or any amendment made by this Act shall be con-  
8       strued as affecting the authority of the Corporation to set  
9       or collect deposit insurance assessments before the effec-  
10      tive date of the final regulations prescribed under sub-  
11      section (a).

12   **SEC. 10. STUDIES OF FDIC STRUCTURE AND EXPENSES AND**  
13                   **CERTAIN ACTIVITIES AND FURTHER POS-**  
14                   **SIBLE CHANGES TO DEPOSIT INSURANCE**  
15                   **SYSTEM.**

16       (a) STUDY BY COMPTROLLER GENERAL.—

17           (1) STUDY REQUIRED.—The Comptroller Gen-  
18      eral shall conduct a study of the following issues:

19                   (A) The efficiency and effectiveness of the  
20                   administration of the prompt corrective action  
21                   program under section 38 of the Federal De-  
22                   posit Insurance Act by the Federal banking  
23                   agencies (as defined in section 3 of such Act),  
24                   including the degree of effectiveness of such  
25                   agencies in identifying troubled depository insti-



1           tutions and taking effective action with respect  
2           to such institutions, and the degree of accuracy  
3           of the risk assessments made by the Corpora-  
4           tion.

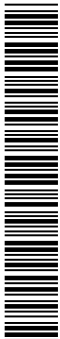
5           (B) The appropriateness of the organiza-  
6           tional structure of the Federal Deposit Insur-  
7           ance Corporation for the mission of the Cor-  
8           poration taking into account—

9                   (i) the current size and complexity of  
10                  the business of insured depository institu-  
11                  tions (as such term is defined in section 3  
12                  of the Federal Deposit Insurance Act);

13                  (ii) the extent to which the organiza-  
14                  tional structure contributes to or reduces  
15                  operational inefficiencies that increase  
16                  operational costs; and

17                  (iii) the effectiveness of internal con-  
18                  trols.

19           (2) REPORT TO THE CONGRESS.—The Comp-  
20           troller General shall submit a report to the Congress  
21           before the end of the 1-year period beginning on the  
22           date of the enactment of this Act containing the  
23           findings and conclusions of the Comptroller General  
24           with respect to the study required under paragraph  
25           (1) together with such recommendations for legisla-



1       tive or administrative action as the Comptroller Gen-  
2       eral may determine to be appropriate.

3       (b) INTERNAL STUDY BY THE FDIC.—

4           (1) STUDY REQUIRED.—Concurrently with the  
5       study required to be conducted by the Comptroller  
6       General under subsection (a), the Federal Deposit  
7       Insurance Corporation shall conduct an internal  
8       study of the same conditions and factors included in  
9       the study under subsection (a).

10          (2) REPORT TO THE CONGRESS.—The Federal  
11       Deposit Insurance Corporation shall submit a report  
12       to the Congress before the end of the 1-year period  
13       beginning on the date of the enactment of this Act  
14       containing the findings and conclusions of the Cor-  
15       poration with respect to the study required under  
16       paragraph (1) together with such recommendations  
17       for legislative or administrative action as the Board  
18       of Directors of the Corporation may determine to be  
19       appropriate.

20       (c) STUDY OF FURTHER POSSIBLE CHANGES TO DE-  
21       POSIT INSURANCE SYSTEM.—

22           (1) STUDY REQUIRED.—The Board of Directors  
23       of the Federal Deposit Insurance Corporation and  
24       the National Credit Union Administration Board  
25       shall each conduct a study of the following:





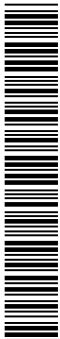
1 (A) The feasibility of establishing a vol-  
2 untary deposit insurance system for deposits in  
3 excess of the maximum amount of deposit in-  
4 surance for any depositor and the potential ben-  
5 efits and the potential adverse consequences  
6 that may result from the establishment of any  
7 such system.

8 (B) The feasibility of privatizing all deposit  
9 insurance at insured depository institutions and  
10 insured credit unions.

11 (2) REPORT.—Before the end of the 1-year pe-  
12 riod beginning on the date of the enactment of this  
13 Act, the Board of Directors of the Federal Deposit  
14 Insurance Corporation and the National Credit  
15 Union Administration Board shall each submit a re-  
16 port to the Congress on the study required under  
17 paragraph (1) containing the findings and conclu-  
18 sions of the reporting agency together with such rec-  
19 ommendations for legislative or administrative  
20 changes as the agency may determine to be appro-  
21 priate.

22 (d) STUDY REGARDING APPROPRIATE DEPOSIT  
23 BASE IN DESIGNATING RESERVE RATIO.—

24 (1) STUDY REQUIRED.—The Federal Deposit  
25 Insurance Corporation shall conduct a study of the



1 feasibility of using actual domestic deposits rather  
2 than estimated insured deposits in calculating the  
3 reserve ratio of the Deposit Insurance Fund and  
4 designating a reserve ratio for such Fund.

5 (2) REPORT.—The Federal Deposit Insurance  
6 Corporation shall submit a report to the Congress  
7 before the end of the 1-year period beginning on the  
8 date of the enactment of this Act containing the  
9 findings and conclusions of the Corporation with re-  
10 spect to the study required under paragraph (1) to-  
11 gether with such recommendations for legislative or  
12 administrative action as the Board of Directors of  
13 the Corporation may determine to be appropriate.

14 (e) STUDY OF RESERVE METHODOLOGY AND AC-  
15 COUNTING FOR LOSS.—

16 (1) STUDY REQUIRED.—The Federal Deposit  
17 Insurance Corporation, in consultation with the  
18 Comptroller General, shall conduct a study of the re-  
19 serve methodology and loss accounting used by the  
20 Corporation during the period beginning on January  
21 1, 1992, and ending December 31, 2002, with re-  
22 spect to insured depository institutions in a troubled  
23 condition (as defined in the regulations prescribed  
24 pursuant to section 32(f) of the Federal Deposit In-  
25 surance Act).



1           (2) FACTORS TO BE INCLUDED.—In conducting  
2           the study pursuant to paragraph (1), the Federal  
3           Deposit Insurance Corporation shall—

4                   (A) consider the overall effectiveness and  
5                   accuracy of the methodology used by the Cor-  
6                   poration for establishing and maintaining re-  
7                   serves and estimating and accounting for losses  
8                   at insured depository institutions, during the  
9                   period described in such paragraph;

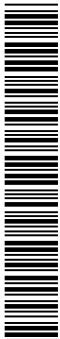
10                   (B) consider the appropriateness and reli-  
11                   ability of information and criteria used by the  
12                   Corporation in determining—

13                           (i) whether an insured depository in-  
14                           stitution was in a troubled condition; and

15                           (ii) the amount of any loss anticipated  
16                           at such institution;

17                   (C) analyze the actual historical loss expe-  
18                   rience over the period described in paragraph  
19                   (1) and the causes of the exceptionally high  
20                   rate of losses experienced by the Corporation in  
21                   the final 3 years of that period; and

22                   (D) rate the efforts of the Corporation to  
23                   reduce losses in such 3-year period to minimally  
24                   acceptable levels and to historical levels.



1           (3) REPORT REQUIRED.—The Board of Direc-  
2       tors of the Federal Deposit Insurance Corporation  
3       shall submit a report to the Congress before the end  
4       of the 6-month period beginning on the date of the  
5       enactment of this Act, containing the findings and  
6       conclusions of the Corporation, in consultation with  
7       the Comptroller General, with respect to the study  
8       required under paragraph (1), together with such  
9       recommendations for legislative or administrative ac-  
10      tion as the Board of Directors may determine to be  
11      appropriate.

12   **SEC. 11. TECHNICAL AND CONFORMING AMENDMENTS TO**  
13                   **THE FEDERAL DEPOSIT INSURANCE ACT RE-**  
14                   **LATING TO THE MERGER OF THE BIF AND**  
15                   **SAIF.**

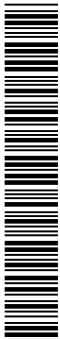
16      (a) IN GENERAL.—The Federal Deposit Insurance  
17   Act (12 U.S.C. 1811 et seq.) is amended—

18           (1) in section 3 (12 U.S.C. 1813)—

19                   (A) by striking subparagraph (B) of sub-  
20       section (a)(1) and inserting the following new  
21       subparagraph:

22                   “(B) includes any former savings associa-  
23       tion.”; and

24                   (B) by striking paragraph (1) of sub-  
25       section (y) (as so designated by section 5(b) of



1           this Act) and inserting the following new para-  
2           graph:

3           “(1) DEPOSIT INSURANCE FUND.—The term  
4           ‘Deposit Insurance Fund’ means the Deposit Insur-  
5           ance Fund established under section 11(a)(4).”;

6           (2) in section 5(b)(5) (12 U.S.C. 1815(b)(5)),  
7           by striking “the Bank Insurance Fund or the Sav-  
8           ings Association Insurance Fund,” and inserting  
9           “the Deposit Insurance Fund,”;

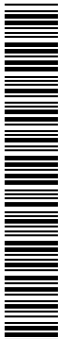
10          (3) in section 5(c)(4), by striking “deposit in-  
11          surance fund” and inserting “Deposit Insurance  
12          Fund”;

13          (4) in section 5(d) (12 U.S.C. 1815(d)), by  
14          striking paragraphs (2) and (3) (and any funds re-  
15          sulting from the application of such paragraph (2)  
16          prior to its repeal shall be deposited into the general  
17          fund of the Deposit Insurance Fund);

18          (5) in section 5(d)(1) (12 U.S.C. 1815(d)(1))—

19                (A) in subparagraph (A), by striking “re-  
20                serve ratios in the Bank Insurance Fund and  
21                the Savings Association Insurance Fund as re-  
22                quired by section 7” and inserting “the reserve  
23                ratio of the Deposit Insurance Fund”;

24                (B) by striking subparagraph (B) and in-  
25                serting the following:



1           “(2) FEE CREDITED TO THE DEPOSIT INSUR-  
2       ANCE FUND.—The fee paid by the depository insti-  
3       tution under paragraph (1) shall be credited to the  
4       Deposit Insurance Fund.”;

5           (C) by striking “(1) UNINSURED INSTITU-  
6       TIONS.—”; and

7           (D) by redesignating subparagraphs (A)  
8       and (C) as paragraphs (1) and (3), respectively,  
9       and moving the left margins 2 ems to the left;  
10       (6) in section 5(e) (12 U.S.C. 1815(e))—

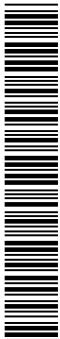
11           (A) in paragraph (5)(A), by striking  
12       “Bank Insurance Fund or the Savings Associa-  
13       tion Insurance Fund” and inserting “Deposit  
14       Insurance Fund”;

15           (B) by striking paragraph (6); and

16           (C) by redesignating paragraphs (7), (8),  
17       and (9) as paragraphs (6), (7), and (8), respec-  
18       tively;

19           (7) in section 6(5) (12 U.S.C. 1816(5)), by  
20       striking “Bank Insurance Fund or the Savings As-  
21       sociation Insurance Fund” and inserting “Deposit  
22       Insurance Fund”;

23           (8) in section 7(b) (12 U.S.C. 1817(b))—



1 (A) in paragraph (1)(C), by striking “de-  
2 posit insurance fund” each place that term ap-  
3 pears and inserting “Deposit Insurance Fund”;

4 (B) in paragraph (1)(D), by striking “each  
5 deposit insurance fund” and inserting “the De-  
6 posit Insurance Fund”; and

7 (C) in paragraph (5) (as so redesignated  
8 by section 4(e)(4) of this Act)—

9 (i) by striking “any such assessment”  
10 and inserting “any such assessment is nec-  
11 essary”;

12 (ii) by striking subparagraph (B);

13 (iii) in subparagraph (A)—

14 (I) by striking “(A) is nec-  
15 essary—”;

16 (II) by striking “Bank Insurance  
17 Fund members” and inserting “in-  
18 sured depository institutions”; and

19 (III) by redesignating clauses (i),  
20 (ii), and (iii) as subparagraphs (A),  
21 (B), and (C), respectively, and moving  
22 the margins 2 ems to the left; and

23 (iv) in subparagraph (C) (as so red-  
24 igned)—



1 (I) by inserting “that” before  
2 “the Corporation”; and

3 (II) by striking “; and” and in-  
4 serting a period;

5 (9) in section 7(j)(7)(F) (12 U.S.C.  
6 1817(j)(7)(F)), by striking “Bank Insurance Fund  
7 or the Savings Association Insurance Fund” and in-  
8 serting “Deposit Insurance Fund”;

9 (10) in section 8(t)(2)(C) (12 U.S.C.  
10 1818(t)(2)(C)), by striking “deposit insurance fund”  
11 and inserting “Deposit Insurance Fund”;

12 (11) in section 11 (12 U.S.C. 1821)—

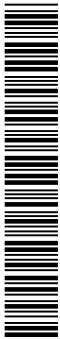
13 (A) by striking “deposit insurance fund”  
14 each place that term appears and inserting  
15 “Deposit Insurance Fund”;

16 (B) by striking paragraph (4) of sub-  
17 section (a) and inserting the following new  
18 paragraph:

19 “(4) DEPOSIT INSURANCE FUND.—

20 “(A) ESTABLISHMENT.—There is estab-  
21 lished the Deposit Insurance Fund, which the  
22 Corporation shall—

23 “(i) maintain and administer;





1                   “(ii) use to carry out its insurance  
2                   purposes, in the manner provided by this  
3                   subsection; and

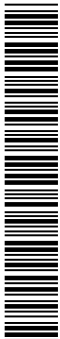
4                   “(iii) invest in accordance with section  
5                   13(a).

6                   “(B) USES.—The Deposit Insurance Fund  
7                   shall be available to the Corporation for use  
8                   with respect to insured depository institutions  
9                   the deposits of which are insured by the De-  
10                  posit Insurance Fund.

11                  “(C) LIMITATION ON USE.—Notwith-  
12                  standing any provision of law other than section  
13                  13(c)(4)(G), the Deposit Insurance Fund shall  
14                  not be used in any manner to benefit any share-  
15                  holder or affiliate (other than an insured depos-  
16                  itory institution that receives assistance in ac-  
17                  cordance with the provisions of this Act) of—

18                  “(i) any insured depository institution  
19                  for which the Corporation has been ap-  
20                  pointed conservator or receiver, in connec-  
21                  tion with any type of resolution by the  
22                  Corporation;

23                  “(ii) any other insured depository in-  
24                  stitution in default or in danger of default,



1 in connection with any type of resolution  
2 by the Corporation; or

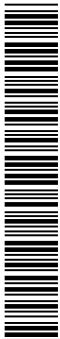
3 “(iii) any insured depository institu-  
4 tion, in connection with the provision of as-  
5 sistance under this section or section 13  
6 with respect to such institution, except  
7 that this clause shall not prohibit any as-  
8 sistance to any insured depository institu-  
9 tion that is not in default, or that is not  
10 in danger of default, that is acquiring (as  
11 defined in section 13(f)(8)(B)) another in-  
12 sured depository institution.

13 “(D) DEPOSITS.—All amounts assessed  
14 against insured depository institutions by the  
15 Corporation shall be deposited into the Deposit  
16 Insurance Fund.”;

17 (C) by striking paragraphs (5), (6), and  
18 (7) of subsection (a); and

19 (D) by redesignating paragraph (8) of sub-  
20 section (a) as paragraph (5);

21 (12) in section 11(f)(1) (12 U.S.C. 1821(f)(1)),  
22 by striking “, except that—” and all that follows  
23 through the end of the paragraph and inserting a  
24 period;



1 (13) in section 11(i)(3) (12 U.S.C.  
2 1821(i)(3))—

3 (A) by striking subparagraph (B);

4 (B) by redesignating subparagraph (C) as  
5 subparagraph (B); and

6 (C) in subparagraph (B) (as so redesign-  
7 nated), by striking “subparagraphs (A) and  
8 (B)” and inserting “subparagraph (A)”;

9 (14) in section 11(p)(2)(B) (12 U.S.C.  
10 1821(p)(2)(B)), by striking “institution, any” and  
11 inserting “institution, the”;

12 (15) in section 11A(a) (12 U.S.C. 1821a(a))—

13 (A) in paragraph (2), by striking “LIABIL-  
14 ITIES.—” and all that follows through “Except”  
15 and inserting “LIABILITIES.—Except”;

16 (B) by striking paragraph (2)(B); and

17 (C) in paragraph (3), by striking “the  
18 Bank Insurance Fund, the Savings Association  
19 Insurance Fund,” and inserting “the Deposit  
20 Insurance Fund”;

21 (16) in section 11A(b) (12 U.S.C. 1821a(b)),  
22 by striking paragraph (4);

23 (17) in section 11A(f) (12 U.S.C. 1821a(f)), by  
24 striking “Savings Association Insurance Fund” and  
25 inserting “Deposit Insurance Fund”;



1           (18) in section 12(f)(4)(E)(iv) (12 U.S.C.  
2           1822(f)(4)(E)(iv)), by striking “Federal deposit in-  
3           surance funds” and inserting “the Deposit Insur-  
4           ance Fund (or any predecessor deposit insurance  
5           fund)”;

6           (19) in section 13 (12 U.S.C. 1823)—

7                 (A) by striking “deposit insurance fund”  
8           each place that term appears and inserting  
9           “Deposit Insurance Fund”;

10                (B) in subsection (a)(1), by striking “Bank  
11           Insurance Fund, the Savings Association Insur-  
12           ance Fund,” and inserting “Deposit Insurance  
13           Fund”;

14                (C) in subsection (c)(4)(E)—

15                   (i) in the subparagraph heading, by  
16           striking “FUNDS” and inserting “FUND”;  
17           and

18                   (ii) in clause (i), by striking “any in-  
19           surance fund” and inserting “the Deposit  
20           Insurance Fund”;

21                (D) in subsection (c)(4)(G)(ii)—

22                   (i) by striking “appropriate insurance  
23           fund” and inserting “Deposit Insurance  
24           Fund”;



1 (ii) by striking “the members of the  
2 insurance fund (of which such institution  
3 is a member)” and inserting “insured de-  
4 pository institutions”;

5 (iii) by striking “each member’s” and  
6 inserting “each insured depository institu-  
7 tion’s”; and

8 (iv) by striking “the member’s” each  
9 place that term appears and inserting “the  
10 institution’s”;

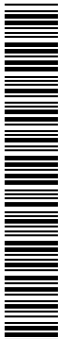
11 (E) in subsection (c), by striking para-  
12 graph (11);

13 (F) in subsection (h), by striking “Bank  
14 Insurance Fund” and inserting “Deposit Insur-  
15 ance Fund”;

16 (G) in subsection (k)(4)(B)(i), by striking  
17 “Savings Association Insurance Fund member”  
18 and inserting “savings association”; and

19 (H) in subsection (k)(5)(A), by striking  
20 “Savings Association Insurance Fund mem-  
21 bers” and inserting “savings associations”;

22 (20) in section 14(a) (12 U.S.C. 1824(a)), in  
23 the 5th sentence—



1 (A) by striking “Bank Insurance Fund or  
2 the Savings Association Insurance Fund” and  
3 inserting “Deposit Insurance Fund”; and

4 (B) by striking “each such fund” and in-  
5 serting “the Deposit Insurance Fund”;

6 (21) in section 14(b) (12 U.S.C. 1824(b)), by  
7 striking “Bank Insurance Fund or Savings Associa-  
8 tion Insurance Fund” and inserting “Deposit Insur-  
9 ance Fund”;

10 (22) in section 14(c) (12 U.S.C. 1824(c)), by  
11 striking paragraph (3);

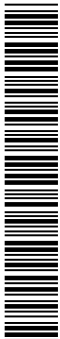
12 (23) in section 14(d) (12 U.S.C. 1824(d))—

13 (A) by striking “Bank Insurance Fund  
14 member” each place that term appears and in-  
15 serting “insured depository institution”;

16 (B) by striking “Bank Insurance Fund  
17 members” each place that term appears and in-  
18 serting “insured depository institutions”;

19 (C) by striking “Bank Insurance Fund”  
20 each place that term appears (other than in  
21 connection with a reference to a term amended  
22 by subparagraph (A) or (B) of this paragraph)  
23 and inserting “Deposit Insurance Fund”;

24 (D) by striking the subsection heading and  
25 inserting the following:



1       “(d) BORROWING FOR THE DEPOSIT INSURANCE  
2 FUND FROM INSURED DEPOSITORY INSTITUTIONS.—”;

3               (E) in paragraph (3), in the paragraph  
4 heading, by striking “BIF” and inserting “THE  
5 DEPOSIT INSURANCE FUND”; and

6               (F) in paragraph (5), in the paragraph  
7 heading, by striking “BIF MEMBERS” and in-  
8 serting “INSURED DEPOSITORY INSTITUTIONS”;

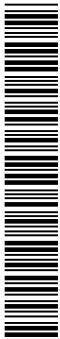
9               (24) in section 14 (12 U.S.C. 1824), by adding  
10 at the end the following new subsection:

11       “(e) BORROWING FOR THE DEPOSIT INSURANCE  
12 FUND FROM FEDERAL HOME LOAN BANKS.—

13               “(1) IN GENERAL.—The Corporation may bor-  
14 row from the Federal home loan banks, with the  
15 concurrence of the Federal Housing Finance Board,  
16 such funds as the Corporation considers necessary  
17 for the use of the Deposit Insurance Fund.

18               “(2) TERMS AND CONDITIONS.—Any loan from  
19 any Federal home loan bank under paragraph (1) to  
20 the Deposit Insurance Fund shall—

21               “(A) bear a rate of interest of not less  
22 than the current marginal cost of funds to that  
23 bank, taking into account the maturities in-  
24 volved;



1           “(B) be adequately secured, as determined  
2           by the Federal Housing Finance Board;

3           “(C) be a direct liability of the Deposit In-  
4           surance Fund; and

5           “(D) be subject to the limitations of sec-  
6           tion 15(c).”;

7           (25) in section 15(c)(5) (12 U.S.C.  
8           1825(c)(5))—

9           (A) by striking “the Bank Insurance Fund  
10          or Savings Association Insurance Fund, respec-  
11          tively” each place that term appears and insert-  
12          ing “the Deposit Insurance Fund”; and

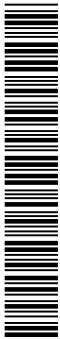
13          (B) in subparagraph (B), by striking “the  
14          Bank Insurance Fund or the Savings Associa-  
15          tion Insurance Fund, respectively” and insert-  
16          ing “the Deposit Insurance Fund”;

17          (26) in section 17(a) (12 U.S.C. 1827(a))—

18          (A) in the subsection heading, by striking  
19          “BIF, SAIF,” and inserting “THE DEPOSIT IN-  
20          SURANCE FUND”; and

21          (B) in paragraph (1)—

22                 (i) by striking “the Bank Insurance  
23                 Fund, the Savings Association Insurance  
24                 Fund,” each place that term appears and





1 inserting “the Deposit Insurance Fund”;  
2 and

3 (ii) in subparagraph (D), by striking  
4 “each insurance fund” and inserting “the  
5 Deposit Insurance Fund”;

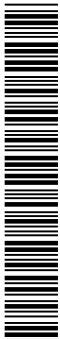
6 (27) in section 17(d) (12 U.S.C. 1827(d)), by  
7 striking “, the Bank Insurance Fund, the Savings  
8 Association Insurance Fund,” each place that term  
9 appears and inserting “the Deposit Insurance  
10 Fund”;

11 (28) in section 18(m)(3) (12 U.S.C.  
12 1828(m)(3))—

13 (A) by striking “Savings Association In-  
14 surance Fund” in the 1st sentence of subpara-  
15 graph (A) and inserting “Deposit Insurance  
16 Fund”;

17 (B) by striking “Savings Association In-  
18 surance Fund member” in the last sentence of  
19 subparagraph (A) and inserting “savings asso-  
20 ciation”;

21 (C) by striking “Savings Association Insur-  
22 ance Fund or the Bank Insurance Fund” in  
23 subparagraph (C) and inserting “Deposit Insur-  
24 ance Fund”;



1 (29) in section 18(o) (12 U.S.C. 1828(o)), by  
2 striking “deposit insurance funds” and “deposit in-  
3 surance fund” each place those terms appear and in-  
4 serting “Deposit Insurance Fund”;

5 (30) in section 18(p) (12 U.S.C. 1828(p)), by  
6 striking “deposit insurance funds” and inserting  
7 “Deposit Insurance Fund”;

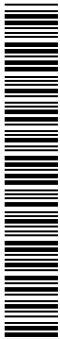
8 (31) in section 24 (12 U.S.C. 1831a)—

9 (A) in subsections (a)(1) and (d)(1)(A), by  
10 striking “appropriate deposit insurance fund”  
11 each place that term appears and inserting  
12 “Deposit Insurance Fund”;

13 (B) in subsection (e)(2)(A), by striking  
14 “risk to” and all that follows through the pe-  
15 riod and inserting “risk to the Deposit Insur-  
16 ance Fund.”; and

17 (C) in subsections (e)(2)(B)(ii) and  
18 (f)(6)(B), by striking “the insurance fund of  
19 which such bank is a member” each place that  
20 term appears and inserting “the Deposit Insur-  
21 ance Fund”;

22 (32) in section 28 (12 U.S.C. 1831e), by strik-  
23 ing “affected deposit insurance fund” each place  
24 that term appears and inserting “Deposit Insurance  
25 Fund”;



1 (33) by striking section 31 (12 U.S.C. 1831h);

2 (34) in section 36(i)(3) (12 U.S.C.  
3 1831m(i)(3)), by striking “affected deposit insur-  
4 ance fund” and inserting “Deposit Insurance  
5 Fund”;

6 (35) in section 37(a)(1)(C) (12 U.S.C.  
7 1831n(a)(1)(C)), by striking “insurance funds” and  
8 inserting “Deposit Insurance Fund”;

9 (36) in section 38 (12 U.S.C. 1831o), by strik-  
10 ing “the deposit insurance fund” each place that  
11 term appears and inserting “the Deposit Insurance  
12 Fund”;

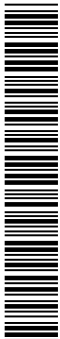
13 (37) in section 38(a) (12 U.S.C. 1831o(a)), in  
14 the subsection heading, by striking “FUNDS” and in-  
15 serting “FUND”;

16 (38) in section 38(k) (12 U.S.C. 1831o(k))—

17 (A) in paragraph (1), by striking “a de-  
18 posit insurance fund” and inserting “the De-  
19 posit Insurance Fund”;

20 (B) in paragraph (2), by striking “A de-  
21 posit insurance fund” and inserting “The De-  
22 posit Insurance Fund”; and

23 (C) in paragraphs (2)(A) and (3)(B), by  
24 striking “the deposit insurance fund’s outlays”



1 each place that term appears and inserting “the  
2 outlays of the Deposit Insurance Fund”; and  
3 (39) in section 38(o) (12 U.S.C. 1831o(o))—

4 (A) by striking “ASSOCIATIONS.—” and all  
5 that follows through “Subsections (e)(2)” and  
6 inserting “ASSOCIATIONS.—Subsections (e)(2)”;

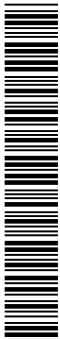
7 (B) by redesignating subparagraphs (A),  
8 (B), and (C) as paragraphs (1), (2), and (3),  
9 respectively, and moving the margins 2 ems to  
10 the left; and

11 (C) in paragraph (1) (as so redesignated),  
12 by redesignating clauses (i) and (ii) as subpara-  
13 graphs (A) and (B), respectively, and moving  
14 the margins 2 ems to the left.

15 (b) EFFECTIVE DATE.—This section and the amend-  
16 ments made by this section shall take effect on the first  
17 day of the first calendar quarter that begins after the end  
18 of the 90-day period beginning on the date of the enact-  
19 ment of this Act.

20 **SEC. 12. OTHER TECHNICAL AND CONFORMING AMEND-**  
21 **MENTS RELATING TO THE MERGER OF THE**  
22 **BIF AND SAIF.**

23 (a) SECTION 5136 OF THE REVISED STATUTES.—  
24 The paragraph designated the “Eleventh” of section 5136  
25 of the Revised Statutes of the United States (12 U.S.C.



1 24) is amended in the 5th sentence, by striking “affected  
2 deposit insurance fund” and inserting “Deposit Insurance  
3 Fund”.

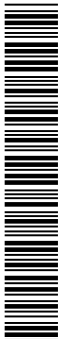
4 (b) INVESTMENTS PROMOTING PUBLIC WELFARE;  
5 LIMITATIONS ON AGGREGATE INVESTMENTS.—The 23d  
6 undesignated paragraph of section 9 of the Federal Re-  
7 serve Act (12 U.S.C. 338a) is amended in the 4th sen-  
8 tence, by striking “affected deposit insurance fund” and  
9 inserting “Deposit Insurance Fund”.

10 (c) ADVANCES TO CRITICALLY UNDERCAPITALIZED  
11 DEPOSITORY INSTITUTIONS.—Section 10B(b)(3)(A)(ii) of  
12 the Federal Reserve Act (12 U.S.C. 347b(b)(3)(A)(ii)) is  
13 amended by striking “any deposit insurance fund in” and  
14 inserting “the Deposit Insurance Fund of”.

15 (d) AMENDMENTS TO THE BALANCED BUDGET AND  
16 EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section  
17 255(g)(1)(A) of the Balanced Budget and Emergency  
18 Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is  
19 amended—

20 (1) by striking “Bank Insurance Fund” and in-  
21 serting “Deposit Insurance Fund”; and

22 (2) by striking “Federal Deposit Insurance Cor-  
23 poration, Savings Association Insurance Fund (51-  
24 4066-0-3-373);”.



1 (e) AMENDMENTS TO THE FEDERAL HOME LOAN  
2 BANK ACT.—The Federal Home Loan Bank Act (12  
3 U.S.C. 1421 et seq.) is amended—

4 (1) in section 11(k) (12 U.S.C. 1431(k))—

5 (A) in the subsection heading, by striking  
6 “SAIF” and inserting “THE DEPOSIT INSUR-  
7 ANCE FUND”; and

8 (B) by striking “Savings Association In-  
9 surance Fund” each place such term appears  
10 and inserting “Deposit Insurance Fund”;

11 (2) in section 21 (12 U.S.C. 1441)—

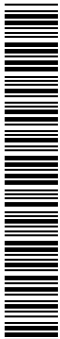
12 (A) in subsection (f)(2), by striking “, ex-  
13 cept that” and all that follows through the end  
14 of the paragraph and inserting a period; and

15 (B) in subsection (k), by striking para-  
16 graph (4);

17 (3) in section 21A(b)(4)(B) (12 U.S.C.  
18 1441a(b)(4)(B)), by striking “affected deposit insur-  
19 ance fund” and inserting “Deposit Insurance  
20 Fund”;

21 (4) in section 21A(b)(6)(B) (12 U.S.C.  
22 1441a(b)(6)(B))—

23 (A) in the subparagraph heading, by strik-  
24 ing “SAIF-INSURED BANKS” and inserting  
25 “CHARTER CONVERSIONS”; and



1 (B) by striking “Savings Association In-  
2 surance Fund member” and inserting “savings  
3 association”;

4 (5) in section 21A(b)(10)(A)(iv)(II) (12 U.S.C.  
5 1441a(b)(10)(A)(iv)(II)), by striking “Savings Asso-  
6 ciation Insurance Fund” and inserting “Deposit In-  
7 surance Fund”;

8 (6) in section 21A(n)(6)(E)(iv) (12 U.S.C.  
9 1441(n)(6)(E)(iv)), by striking “Federal deposit in-  
10 surance funds” and inserting “the Deposit Insur-  
11 ance Fund”;

12 (7) in section 21B(e) (12 U.S.C. 1441b(e))—

13 (A) in paragraph (5), by inserting “as of  
14 the date of funding” after “Savings Association  
15 Insurance Fund members” each place that term  
16 appears; and

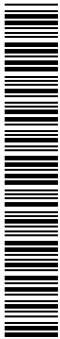
17 (B) by striking paragraphs (7) and (8);  
18 and

19 (8) in section 21B(k) (12 U.S.C. 1441b(k))—

20 (A) by inserting before the colon “, the fol-  
21 lowing definitions shall apply”;

22 (B) by striking paragraph (8); and

23 (C) by redesignating paragraphs (9) and  
24 (10) as paragraphs (8) and (9), respectively.



1 (f) AMENDMENTS TO THE HOME OWNERS' LOAN  
2 ACT.—The Home Owners' Loan Act (12 U.S.C. 1461 et  
3 seq.) is amended—

4 (1) in section 5 (12 U.S.C. 1464)—

5 (A) in subsection (c)(5)(A), by striking  
6 “that is a member of the Bank Insurance  
7 Fund”;

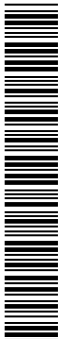
8 (B) in subsection (c)(6), by striking “As  
9 used in this subsection—” and inserting “For  
10 purposes of this subsection, the following defini-  
11 tions shall apply.”;

12 (C) in subsection (o)(1), by striking “that  
13 is a Bank Insurance Fund member”;

14 (D) in subsection (o)(2)(A), by striking “a  
15 Bank Insurance Fund member until such time  
16 as it changes its status to a Savings Association  
17 Insurance Fund member” and inserting “in-  
18 sured by the Deposit Insurance Fund”;

19 (E) in subsection (t)(5)(D)(iii)(II), by  
20 striking “affected deposit insurance fund” and  
21 inserting “Deposit Insurance Fund”;

22 (F) in subsection (t)(7)(C)(i)(I), by strik-  
23 ing “affected deposit insurance fund” and in-  
24 serting “Deposit Insurance Fund”; and





1 (G) in subsection (v)(2)(A)(i), by striking  
2 “the Savings Association Insurance Fund” and  
3 inserting “or the Deposit Insurance Fund”; and  
4 (2) in section 10 (12 U.S.C. 1467a)—

5 (A) in subsection (c)(6)(D), by striking  
6 “this title” and inserting “this Act”;

7 (B) in subsection (e)(1)(B), by striking  
8 “Savings Association Insurance Fund or Bank  
9 Insurance Fund” and inserting “Deposit Insur-  
10 ance Fund”;

11 (C) in subsection (e)(2), by striking “Sav-  
12 ings Association Insurance Fund or the Bank  
13 Insurance Fund” and inserting “Deposit Insur-  
14 ance Fund”;

15 (D) in subsection (e)(4)(B), by striking  
16 “subsection (1)” and inserting “subsection (l)”;

17 (E) in subsection (g)(3)(A), by striking  
18 “(5) of this section” and inserting “(5) of this  
19 subsection”;

20 (F) in subsection (i), by redesignating  
21 paragraph (5) as paragraph (4);

22 (G) in subsection (m)(3), by striking sub-  
23 paragraph (E) and by redesignating subpara-  
24 graphs (F), (G), and (H) as subparagraphs  
25 (E), (F), and (G), respectively;



1 (H) in subsection (m)(7)(A), by striking  
2 “during period” and inserting “during the pe-  
3 riod”; and

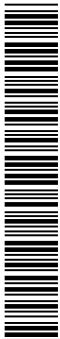
4 (I) in subsection (o)(3)(D), by striking  
5 “sections 5(s) and (t) of this Act” and inserting  
6 “subsections (s) and (t) of section 5”.

7 (g) AMENDMENTS TO THE NATIONAL HOUSING  
8 ACT.—The National Housing Act (12 U.S.C. 1701 et  
9 seq.) is amended—

10 (1) in section 317(b)(1)(B) (12 U.S.C.  
11 1723i(b)(1)(B)), by striking “Bank Insurance Fund  
12 for banks or through the Savings Association Insur-  
13 ance Fund for savings associations” and inserting  
14 “Deposit Insurance Fund”; and

15 (2) in section 536(b)(1)(B)(ii) (12 U.S.C.  
16 1735f–14(b)(1)(B)(ii)), by striking “Bank Insurance  
17 Fund for banks and through the Savings Association  
18 Insurance Fund for savings associations” and insert-  
19 ing “Deposit Insurance Fund”.

20 (h) AMENDMENTS TO THE FINANCIAL INSTITUTIONS  
21 REFORM, RECOVERY, AND ENFORCEMENT ACT OF  
22 1989.—The Financial Institutions Reform, Recovery, and  
23 Enforcement Act of 1989 (12 U.S.C. 1811 note) is  
24 amended—



1 (1) in section 951(b)(3)(B) (12 U.S.C.  
2 1833a(b)(3)(B)), by inserting “and after the merger  
3 of such funds, the Deposit Insurance Fund,” after  
4 “the Savings Association Insurance Fund,”; and

5 (2) in section 1112(c)(1)(B) (12 U.S.C.  
6 3341(c)(1)(B)), by striking “Bank Insurance Fund,  
7 the Savings Association Insurance Fund,” and in-  
8 serting “Deposit Insurance Fund”.

9 (i) AMENDMENT TO THE BANK HOLDING COMPANY  
10 ACT OF 1956.—The Bank Holding Company Act of 1956  
11 (12 U.S.C. 1841 et seq.) is amended—

12 (1) in section 2(j)(2) (12 U.S.C. 1841(j)(2)), by  
13 striking “Savings Association Insurance Fund” and  
14 inserting “Deposit Insurance Fund”; and

15 (2) in section 3(d)(1)(D)(iii) (12 U.S.C.  
16 1842(d)(1)(D)(iii)), by striking “appropriate deposit  
17 insurance fund” and inserting “Deposit Insurance  
18 Fund”.

19 (j) AMENDMENTS TO THE GRAMM-LEACH-BLILEY  
20 ACT.—Section 114 of the Gramm-Leach-Bliley Act (12  
21 U.S.C. 1828a) is amended by striking “any Federal de-  
22 posit insurance fund” in subsection (a)(1)(B), paragraphs  
23 (2)(B) and (4)(B) of subsection (b), and subsection  
24 (c)(1)(B), each place that term appears and inserting “the  
25 Deposit Insurance Fund”.



1       (k) EFFECTIVE DATE.—This section and the amend-  
2 ments made by this section shall take effect on the first  
3 day of the first calendar quarter that begins after the end  
4 of the 90-day period beginning on the date of the enact-  
5 ment of this Act.

