

A BILL

To reform the federal deposit insurance system and for other purposes.

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

SECTION 1. SHORT TITLE

This Act may be cited as “The Federal Deposit Insurance Reform Act of 2003”.

SEC. 2 MERGER OF DEPOSIT INSURANCE FUNDS

(a) IN GENERAL-

- (1) **ESTABLISHMENT OF DEPOSIT INSURANCE FUND** – Pursuant to Section 11(a)(4)(A) of the Federal Deposit Insurance Act, as amended by this Act, there is established a fund to be known as the Deposit Insurance Fund.
- (2) **MERGER** – The Federal Deposit Insurance Corporation shall merge the Bank Insurance Fund and the Savings Association Insurance Fund into the Deposit Insurance Fund.
- (3) **DISPOSITION OF ASSETS AND LIABILITIES** – The Federal Deposit Insurance Corporation shall transfer all assets and liabilities of the Bank Insurance Fund and the Savings Association Insurance Fund to the Deposit Insurance Fund.
- (4) **NO SEPARATE EXISTENCE** – The separate existence of the Bank Insurance Fund and the Savings Association Insurance Fund shall cease upon establishment of the Deposit Insurance Fund.

(b) **REPEAL OF OUTDATED MERGER PROVISION** – Section 2704 of P.L. 104-208 (the Deposit Insurance Funds Act of 1996) (12 U.S.C. 1821 note) is repealed.

(c) **EFFECTIVE DATE-** This section shall be effective on the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of enactment of this Act.

SEC. 3 ASSESSMENTS; DESIGNATED RESERVE RATIO

(a) Section 7(b)(2)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)(A)) is amended as follows:

(1) By striking clause (i) and inserting the following:

“

(i) IN GENERAL.

- (I) **SENSE OF CONGRESS** - It is the sense of the Congress that the Corporation should assess each

insured depository institution for the benefits of federal deposit insurance;

- (II) ASSESSMENTS - After considering the factors in clause (ii), the Board of Directors shall set assessments for insured depository institutions in accordance with this section. ”

(2) By striking clause (iii) “LIMITATION ON ASSESSMENT”.

(3) By redesignating existing clause (iv) as clause (iii) and amending it as follows:

“(iii) DESIGNATED RESERVE RATIO DEFINED- (I) IN GENERAL-- The designated reserve ratio of the Deposit Insurance Fund for each year shall be-

(aa) 1.25 percent of estimated insured deposits; or
(bb) a percentage between 1.15 percent and 1.50 percent of estimated insured deposits, as the Board of Directors determines is justified for that year, taking into account the factors in subclause (II).

(II) FACTORS - In establishing the designated reserve ratio under subclause (I), the Board of Directors shall take into account -

- (aa) the risk of losses to the Deposit Insurance Fund during that year and future years;
(bb) economic conditions generally affecting or likely to affect insured depository institutions with the goal of allowing the designated reserve ratio to increase under more favorable economic conditions and to decrease under less favorable economic conditions;
(cc) the desirability of avoiding sharp swings in the assessment rates of insured depository institutions; and
(dd) other factors that the Board of Directors deems appropriate.”

(4) By adding the following new clause (iv) and striking existing clause (v):

“(iv) NOTICE AND COMMENT- The Board may determine the designated reserve ratio pursuant to clause (iii)(I)(bb) of this subparagraph only by regulation after notice and public comment and no more than once annually.”

(c) EFFECTIVE DATE – The amendments made by this section shall take effect on the date that the final regulations required under section 6 of this Act become effective.

SEC. 4 RAISING THE RESERVE RATIO TO THE DESIGNATED RESERVE RATIO

(a) Section 7(b)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is amended as follows:

(1) By striking existing subparagraph (B) and redesignating existing subparagraph (C) as subparagraph (B).

(2) By redesignating subparagraph (E) as subparagraph (C) and amending it as follows:

“(C) **MINIMUM ASSESSMENTS** - The Corporation shall design the risk-based assessment system for the Deposit Insurance Fund so that, if the Corporation has borrowings outstanding on behalf of the Fund under section 14(a) or (b) of the Federal Deposit Insurance Act (12 U.S.C. § 1824(a) and (b)), or if the Board of Directors is required to set assessment rates pursuant to paragraph (3)(A)(ii) of this subsection, the minimum assessment rate in the risk-based assessment system, after application of any assessment credits provided under section 7(e)(2), shall be no less than 5 basis points for each insured depository institution.”

(3) By striking subparagraphs (F) and (G) and redesignating existing subparagraph (H) as subparagraph (E).

(b) Section 7(b)(3)(A)-(C) of the Federal Deposit Insurance Act (12 U.S.C. § 1817(b)(3)(A)-(C)) is amended to read as follows:

“(3) **SPECIAL RULE FOR RECAPITALIZING UNDERCAPITALIZED FUND**

(A) **IN GENERAL** – If the reserve ratio of the deposit insurance fund is less than the lower bound of the range for the designated reserve ratio under paragraph (2)(A)(iii)(I)(bb), the Board of Directors shall set assessment rates -

- (i) that are sufficient to increase the reserve ratio for the Fund to the lower bound of the range for the designated reserve ratio not later than 1 year after such rates are set; or
- (ii) in accordance with a recapitalization schedule promulgated by the Corporation under subparagraph (B).

(B) **RECAPITALIZATION SCHEDULES**. For purposes of subparagraph (A)(ii), the Corporation shall, by regulation, promulgate and implement a schedule that specifies, at semiannual intervals, target reserve ratios for the Fund, culminating in a reserve ratio equal to the lower bound of the range for the designated reserve ratio not later than 6 years after the date on which the recapitalization schedule is implemented.”

(c) **EFFECTIVE DATE** – The amendments made by this section shall take effect on the date that the final regulations required under section 6 of this Act become effective.

SEC. 5 ASSESSMENT CREDITS AND CASH REBATES

- (a) Section 7(e)(2) of the Federal Deposit Insurance Act (12 U.S.C. § 1817(e)(2)) is amended to read as follows:

“(2) ASSESSMENT CREDITS

(A) IN GENERAL - The Corporation shall establish, by regulation, criteria and procedures for providing insured depository institutions with the credits described in subparagraphs (B) and (C) to offset the institution’s deposit insurance assessments that become due for assessment periods after the effective date of regulations implementing assessments pursuant to this Act.

(B) TRANSITION CREDITS –

(i) DETERMINATION OF TRANSITION CREDIT FOR ELIGIBLE INSTITUTIONS - The Board of Directors shall determine the amount of transition credit to be provided to each eligible institution based on the assessment base of the institution as of December 31, 1996, as compared to the combined aggregate assessment base of all eligible institutions as of that date, as well as other factors that the Board may determine to be appropriate.

(ii) AGGREGATE AMOUNT - The aggregate amount of transition credits available to all eligible institutions under this subparagraph (B) shall be equal to 9 basis points of the combined assessment base of the Bank Insurance Fund and the Savings Association Insurance Fund as of December 31, 2002.

(iii) ELIGIBLE INSTITUTION DEFINED – For purposes of this subparagraph, an eligible institution is an insured depository institution that (I) was in existence on December 31, 1996 and paid a federal deposit insurance assessment prior to that date; or (II) is a successor to any insured depository institution described in subclause (I).

(C) (i) ADDITIONAL CREDITS – In addition to the transition credits authorized by subparagraph (B), if as of the most recent quarter for which information is available at such time that assessments are set for each assessment period, the reserve ratio exceeds the greater of the designated reserve ratio or 1.25 percent of reserves to estimated insured deposits, the Board of Directors may provide credits to insured depository institutions for assessment periods beginning on, or after, the first assessment period to which a transition credit under subparagraph (B) applies. In establishing any additional credit for each institution and the aggregate amount of such credit, the Board of Directors shall take into account:

(I) the factors under subsection (b)(2) for setting assessments and for setting the designated reserve ratio;

(II) the ratio of the assessment base of each insured depository institution (including any predecessor) as of December 31, 1996 to

the assessment base of all insured depository institutions as of that date;

(III) previous assessments levied with respect to an insured depository institution (including any predecessor) to the Deposit Insurance Fund (and any predecessor deposit insurance fund) on or after January 1, 1997;

(IV) that portion of assessments levied with respect to an insured depository institution (including any predecessor) that reflects higher levels of risk assumed by such institution; and

(V) such other factors as the Board may determine to be appropriate.

(ii) CASH REBATES IN LIEU OF ASSESSMENT CREDITS-- The Corporation may, in its sole discretion, elect to provide cash rebates in lieu of all or part of any assessment credits that would otherwise have been provided under this subparagraph, but only if the reserve ratio of the Deposit Insurance Fund exceeds the upper bound of the range for the designated reserve ratio under subsection (b)(2)(A)(iii)(I)(bb) and would remain above the upper bound after any such cash rebate.

(D) APPLICATION OF CREDIT –For credits authorized under subparagraphs (B) or (C),

(i) the Board of Directors may suspend or limit the use of such credits if, as of the most recent quarter for which information is available at such time that assessments are set for each assessment period, the reserve ratio of the Deposit Insurance Fund is below the lower bound of the range for the designated reserve ratio under subsection (b)(2)(A)(iii)(I)(bb); and

(ii) the amount of any credit that may be applied in an assessment period against the assessment on an insured depository institution that –

(I) exhibits financial, operational, or compliance weaknesses ranging from moderately severe to unsatisfactory, or

(II) is not adequately capitalized (as defined in section 38),

as of the date the risk-based assessment classification is made pursuant to the Corporation's regulations implementing the risk-based assessment system under subsection (b), may not exceed the amount calculated by applying to that depository institution the average assessment rate on all insured depository institutions for such assessment period.

(E) CHALLENGES TO CREDIT AMOUNTS – The regulations required by subparagraph (A) shall include procedures allowing an insured depository institution a reasonable opportunity to challenge administratively the amount of its credit or cash rebate under this paragraph. The Corporation's determination of the amount of any credit or

cash rebate following any such challenge shall be final and not subject to judicial review.”

(b) EFFECTIVE DATE – The amendments made by this section shall take effect on the date that the final regulations required under section 6 of this Act become effective.

SEC. 6. REGULATIONS REQUIRED

- (a) IN GENERAL.-Not later than 270 days after the date of enactment of this Act, the Board of Directors of the Federal Deposit Insurance Corporation shall prescribe final regulations, after notice and opportunity for comment, to implement sections 3, 4, and 5 of this Act and the amendments made by these sections.
- (b) RULE OF CONSTRUCTION.-No provision of this Act or any amendment made by this Act shall be construed as affecting the authority of the Corporation to set or collect deposit insurance assessments before the effective date of the final regulations prescribed under subsection (a).

SEC. 7 ASSESSMENT BASE STUDY

ASSESSMENT BASE STUDY AND REPORT- Within one year of the date of enactment of this Act, the Corporation shall complete a study of the Deposit Insurance Fund assessment base and shall report to Congress.

- (a) STUDY - In conducting the assessment base study, the Federal Deposit Insurance Corporation shall
- (1) consult with the Secretary of the Treasury and the Board of Governors of the Federal Reserve System, and
 - (2) take into account, among other factors, the risks posed to the Deposit Insurance Fund by the composition of insured depository institution liabilities.
- (b) REPORT – The Corporation’s report to Congress shall include recommendations for any changes in the assessment base and the Corporation’s plans for implementing such changes.

SEC. 8 ASSESSMENTS-RELATED RECORDS RETENTION AND STATUTE OF LIMITATIONS.

(a) Records Retention. –

Paragraph (5) of section 7(b) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)) is amended to read as follows:

“(5) Records to be maintained by insured depository institution. – Each insured depository institution shall maintain all records that the Corporation may require for verifying the correctness of the institution’s assessments until the later of–

- (A) 3 years from the due date of each assessment payment; or
- (B) the date of the final determination of any dispute between the insured depository institution and the Corporation over the amount of any assessment.”.

(b) Statute of Limitations for Assessment Actions. –

Subsection (g) of section 7 (12 U.S.C. 1817)) is amended to read as follows:

“(g) Statute of Limitations for Assessment Actions. – Notwithstanding any other provision in Federal law, or the law of any State:

- (1) Any action by an insured depository institution to recover from the Corporation the overpaid amount of any assessment shall be brought within 3 years from the date the assessment payment was due.
- (2) Any action by the Corporation to recover from an insured depository institution the underpaid amount of any assessment shall be brought within 3 years from the date the assessment payment was due, subject only to the exception in paragraph (3).
- (3) If an insured depository institution has made a false or fraudulent statement with intent to evade any or all of its assessment, the Corporation shall have 3 years from the date of discovery of the false or fraudulent statement in which to bring an action to recover the underpaid amount.
- (4) The limitations periods set forth in this subsection may be tolled to allow for administrative review by the Corporation of any assessment claim, pursuant to regulations prescribed by the Corporation establishing procedures for resolving such claims.
- (5) Assessment and deposit information contained in records no longer required to be maintained pursuant to subsection (b)(5) shall be considered conclusive and not subject to change.
- (6) This section shall not apply to the underpaid or overpaid amount of any assessment if payment of that assessment became due before the effective date of this subsection.”.

SEC. 9. LATE PAYMENT FEES FOR FAILURE TO PAY ASSESSMENTS.

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

“(h) Late Payment Fees. – Any insured depository institution which fails or refuses to pay any assessment shall be subject to a late payment fee of 1 percent of the required assessment for each day the violation continues after the payment was due. The Corporation may, in its sole discretion, waive all or part of any late payment fee upon a finding that good cause prevented the timely payment of the assessment. This subsection shall not be applicable under the circumstances stated in the proviso of subsection (b).”.

SEC. 10. EMPLOYEE BENEFIT PLANS.

Section 11(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)) is amended by striking subparagraph (D) and inserting the following:

“(D) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT PLAN DEPOSITS. –

- (i) **PROHIBITION ON ACCEPTANCE OF BENEFIT PLAN DEPOSITS.** -- An insured depository institution may accept employee benefit plan deposits only if the institution is:
 - (I) well capitalized, or
 - (II) adequately capitalized and has received a waiver under section 29(c).

(ii) **PASS-THROUGH INSURANCE.** -- Notwithstanding the requirements of clause (i), the Corporation shall provide pass-through deposit insurance for the deposits of any employee benefit plan.

(iii) **DEFINITIONS.** -- For purposes of this subparagraph, the following definitions shall apply:

(I) **CAPITAL STANDARDS-** The terms ‘well capitalized’ and ‘adequately capitalized’ have the same meanings as in section 38.

(II) **EMPLOYEE BENEFIT PLAN-** The term ‘employee benefit plan’ has the same meaning as in paragraph (8)(B)(ii), and includes any eligible deferred compensation plan described in section 457 of the Internal Revenue Code of 1986.

(III) **PASS-THROUGH DEPOSIT INSURANCE.** -- The term ‘pass-through deposit insurance’ means, with respect to an employee benefit plan, deposit insurance coverage provided on a pro rata basis to the participants in, or beneficiaries of, the plan in accordance with the interest of each participant or beneficiary.”.

SEC. 11– TECHNICAL AND CONFORMING AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT RELATING TO THE MERGER OF THE DEPOSIT INSURANCE FUNDS.

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

(1) in section 3 (12 U.S.C. 1813)—

(A) in subsection (a)(1),

- (i) by striking “ ‘bank’---(A) means” and inserting “‘bank’ means”;
- (ii) by striking “insured branch;” and inserting “insured branch.” and
- (iii) by striking subparagraph (B); and

(B) by revising subsection (y) as follows:

“The term “deposit insurance fund” means the Deposit Insurance Fund established under section 11(a)(4).”;

(2) in section 5(b)(5) (12 U.S.C. 1815(b)(5)), by striking “the Bank Insurance Fund or the Savings Association Insurance Fund,” and inserting “the Deposit Insurance Fund,”;

(3) in section 5(c)(4), by striking “deposit insurance fund” and inserting “Deposit Insurance Fund”;

(4) in section 5(d) (12 U.S.C. 1815(d)), by striking paragraphs (2) and (3);

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

(A) in subparagraph (A), by striking “reserve ratios in the Bank Insurance Fund and the Savings Association Insurance Fund as required by section 7” and inserting “the reserve ratio of the Deposit Insurance Fund”;

(B) by striking subparagraph (B) and inserting the following:

“(2) FEE CREDITED TO THE DEPOSIT INSURANCE FUND- The fee paid by the depository institution under paragraph (1) shall be credited to the Deposit Insurance Fund.”;

(C) by striking “(1) UNINSURED INSTITUTIONS- ”; and

(D) by redesignating subparagraphs (A) and (C) as paragraphs (1) and (3), respectively, and moving the left margins 2 ems to the left;

(6) in section 5(e) (12 U.S.C. 1815(e))—

(A) in paragraph (5)(A), by striking “Bank Insurance Fund or the Savings Association Insurance Fund” and inserting “Deposit Insurance Fund”;

(B) by striking paragraph (6); and

(C) by redesignating paragraphs (7), (8), and (9) as paragraphs (6), (7), and (8), respectively;

(7) in section 6(5) (12 U.S.C. 1816(5)), by striking “Bank Insurance Fund or the Savings Association Insurance Fund” and inserting “Deposit Insurance Fund”;

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

(A) in paragraph (1)(C), by striking “deposit insurance fund” each place that term appears and inserting “Deposit Insurance Fund”;

(B) in paragraph (1)(D), by striking “each deposit insurance fund” and inserting “the Deposit Insurance Fund”; and

(C) in paragraph (6)—

(i) by striking “any such assessment” and inserting “any such assessment is necessary”;

(ii) by striking subparagraph (B);

(iii) in subparagraph (A)—

(I) by striking “(A) is necessary—”;

(II) by striking “Bank Insurance Fund members” and inserting “insured depository institutions”; and

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

(iv) in subparagraph (C) (as so redesignated)—

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

(II) by striking “; and” and inserting a period;

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

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

(11) in section 11 (12 U.S.C. 1821)—

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

(B) by striking paragraph (4) of subsection (a) and inserting the following new paragraph:

“(4) DEPOSIT INSURANCE FUND-

“(A) ESTABLISHMENT- There is established the Deposit Insurance Fund, which the Corporation shall—

“(i) maintain and administer;

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

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

“(B) USES- The Deposit Insurance Fund shall be available to the Corporation for use with respect to insured depository institutions the deposits of which are insured by the Deposit Insurance Fund.

“(C) LIMITATION ON USE- Notwithstanding any provision of law other than section 13(c)(4)(G), the Deposit Insurance Fund shall not be used in any manner to benefit any shareholder or affiliate (other than an insured depository institution that receives assistance in accordance with the provisions of this Act) of—

“(i) any insured depository institution for which the Corporation has been appointed conservator or receiver, in connection with any type of resolution by the Corporation;

“(ii) any other insured depository institution in default or in danger of default, in connection with any type of resolution by the Corporation; or

“(iii) any insured depository institution, in connection with the provision of assistance under this section or section 13 with respect to such institution, except that this clause shall not prohibit any assistance to any insured depository institution that is not in default, or that is not in danger of default, that is acquiring (as defined in section 13(f)(8)(B)) another insured depository institution.

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

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

(D) by redesignating paragraph (8) of subsection (a) as paragraph (5);

(12) in section 11(f)(1) (12 U.S.C. 1821(f)(1)), by striking ` , except that--' and all that follows through the end of the paragraph and inserting a period;

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

(A) by striking subparagraph (B);

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

(C) in subparagraph (B) (as so redesignated), by striking “subparagraphs (A) and (B)” and inserting “subparagraph (A)”;

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

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

(A) in paragraph (2), by striking “LIABILITIES- ” and all that follows through “Except” and inserting “LIABILITIES- Except”;

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

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

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

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

(18) in section 12(f)(4)(E)(iv) (12 U.S.C. 1822(f)(4)(E)(iv)), by striking “Federal deposit insurance funds” and inserting “the Deposit Insurance Fund (or any predecessor deposit insurance fund)”;

(19) in section 13 (12 U.S.C. 1823)—

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

(B) in subsection (a)(1), by striking “Bank Insurance Fund, the Savings Association Insurance Fund,” and inserting “Deposit Insurance Fund”;

(C) in subsection (c)(4)(E)--

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

(ii) in clause (i), by striking “any insurance fund” and inserting “the Deposit Insurance Fund”;

(D) in subsection (c)(4)(G)(ii)--

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

(ii) by striking “the members of the insurance fund (of which such institution is a member)” and inserting “insured depository institutions”;

(iii) by striking “each member's” and inserting “each insured depository institution's”; and

(iv) by striking “the member's” each place that term appears and inserting “the institution's”;

(E) in subsection (c), by striking paragraph (11);

(F) in subsection (h), by striking “Bank Insurance Fund” and inserting “Deposit Insurance Fund”;

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

(H) in subsection (k)(5)(A), by striking “Savings Association Insurance Fund members” and inserting “savings associations”;

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

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

(B) by striking “each such fund” and inserting “the Deposit Insurance Fund”;

(21) in section 14(b) (12 U.S.C. 1824(b)), by striking “Bank Insurance Fund or Savings Association Insurance Fund” and inserting “Deposit Insurance Fund”;

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

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

(A) by striking “Bank Insurance Fund member” each place that term appears and inserting “insured depository institution”;

(B) by striking “Bank Insurance Fund members” each place that term appears and inserting “insured depository institutions”;

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

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

“(d) BORROWING FOR THE DEPOSIT INSURANCE FUND FROM INSURED DEPOSITORY INSTITUTIONS- ”;

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

(F) in paragraph (5), in the paragraph heading, by striking “BIF MEMBERS” and inserting “INSURED DEPOSITORY INSTITUTIONS”;

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

“(e) BORROWING FOR THE DEPOSIT INSURANCE FUND FROM FEDERAL HOME LOAN BANKS-

“(1) IN GENERAL- The Corporation may borrow from the Federal home loan banks, with the concurrence of the Federal Housing Finance Board, such funds as the Corporation considers necessary for the use of the Deposit Insurance Fund.

“(2) TERMS AND CONDITIONS- Any loan from any Federal home loan bank under paragraph (1) to the Deposit Insurance Fund shall--

“(A) bear a rate of interest of not less than the current marginal cost of funds to that bank, taking into account the maturities involved;

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

“(C) be a direct liability of the Deposit Insurance Fund; and

“(D) be subject to the limitations of section 15(c).”;

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

(A) by striking “the Bank Insurance Fund or Savings Association Insurance Fund, respectively” each place that term appears and inserting “the Deposit Insurance Fund”; and

(B) in subparagraph (B), by striking “the Bank Insurance Fund or the Savings Association Insurance Fund, respectively’ and inserting ‘the Deposit Insurance Fund”;

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

(A) in the subsection heading, by striking “BIF, SAIF,” and inserting “THE DEPOSIT INSURANCE FUND”; and

(B) in paragraph (1)—

- (i) by striking “the Bank Insurance Fund, the Savings Association Insurance Fund,” each place that term appears and inserting “the Deposit Insurance Fund”; and
- (ii) in subparagraph (D), by striking “each insurance fund” and inserting “the Deposit Insurance Fund”;

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

(28) Subsection (a) of section 18 (12 U.S.C. 1828) is amended to read as follows:

“(a) INSURANCE LOGO. –

(1) INSURED DEPOSITORY INSTITUTIONS. -- Each insured depository institution shall display at each place of business maintained by that institution a sign or signs relating to the insurance of the deposits of the institution, in accordance with regulations to be prescribed by the Corporation. The sign shall include a statement that insured deposits are backed by the full faith and credit of the United States government.

(2) REGULATIONS. -- The Corporation shall prescribe regulations to carry out this subsection, including regulations governing the substance of signs required by paragraph (1) and the manner of display or use of such signs.

(3) PENALTIES. -- For each day that an insured depository institution continues to violate this subsection or any regulation issued under this subsection, it shall be subject to a penalty of not more than \$100, which the Corporation may recover for its use.”.

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

(A) by striking “Savings Association Insurance Fund” in the 1st sentence of subparagraph (A) and inserting “Deposit Insurance Fund”;

(B) by striking “Savings Association Insurance Fund member” in the last sentence of subparagraph (A) and inserting “savings association”; and

(C) by striking “Savings Association Insurance Fund or the Bank Insurance Fund” in subparagraph (C) and inserting “Deposit Insurance Fund”;

(30) in section 18(o) (12 U.S.C. 1828(o)), by striking “deposit insurance funds” and “deposit insurance fund” each place those terms appear and inserting “Deposit Insurance Fund”;

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

(32) in section 24 (12 U.S.C. 1831a)—

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

(B) in subsection (e)(2)(A), by striking “risk to” and all that follows through the period and inserting “risk to the Deposit Insurance Fund.”; and

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

(33) in section 28 (12 U.S.C. 1831e), by striking “affected deposit insurance fund” each place that term appears and inserting “Deposit Insurance Fund”;

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

(35) in section 36(i)(3) (12 U.S.C. 1831m(i)(3)), by striking “affected deposit insurance fund” and inserting “Deposit Insurance Fund”;

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

(37) in section 38 (12 U.S.C. 1831o), by striking “the deposit insurance fund” each place that term appears and inserting “the Deposit Insurance Fund”;

(38) in section 38(a) (12 U.S.C. 1831o(a)), in the subsection heading, by striking “FUNDS” and inserting “FUND”;

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

(A) in paragraph (1), by striking “a deposit insurance fund” and inserting “the Deposit Insurance Fund”;

(B) in paragraph (2), by striking “A deposit insurance fund” and inserting “The Deposit Insurance Fund”; and

(C) in paragraphs (2)(A) and (3)(B), by striking “the deposit insurance fund's outlays” each place that term appears and inserting “the outlays of the Deposit Insurance Fund”; and

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

(A) by striking “ASSOCIATIONS- ” and all that follows through “Subsections (e)(2)” and inserting “ASSOCIATIONS- Subsections (e)(2)”;

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

(C) in paragraph (1) (as so redesignated), by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively, and moving the margins 2 ems to the left.

(b) EFFECTIVE DATE- This section shall be effective on the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of enactment of this Act.

SEC. 12 ADDITIONAL TECHNICAL AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT TO ELIMINATE REQUIREMENT OF SEMIANNUAL ASSESSMENTS.

(a) Paragraph (3) of section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(3)) is amended by striking the 3d sentence and inserting the following: "Such reports of condition shall be the basis for the certified statements to be filed pursuant to subsection (c).".

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

(c) Section 7(b)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is amended in subparagraph (B) as redesignated by section 4(a)(1) of the draft bill, by striking "semiannual".

(d) Section 7(b) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)) is amended by striking paragraph (4) and redesignating paragraphs (5), (6), and (7), as amended, as paragraphs (4), (5), and (6) respectively.

(e) Section 7(b)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(6)), as redesignated, is amended by striking "semiannual".

(f) Section 7(c) of the Federal Deposit Insurance Act (12 U.S.C. 1817(c)) is amended--

(A) in paragraph (1)(A), by striking "semiannual";

(B) in paragraph (2)(A), by striking "semiannual"; and

(C) in paragraph (3), by striking "semiannual period" and inserting "initial assessment period".

(g) Section 8(p) of the Federal Deposit Insurance Act (12 U.S.C. 1818(p)) is amended by striking "semiannual".

(h) Section 8(q) of the Federal Deposit Insurance Act (12 U.S.C. 1818(q)) is amended by striking "semiannual period" and inserting "assessment period".

(i) Section 13(c)(4)(G)(ii)(II) of the Federal Deposit Insurance Act (12 U.S.C. 1823(c)(4)(G)(ii)(II)) is amended by striking "semiannual period" and inserting "assessment period".

SEC. 13– OTHER TECHNICAL AND CONFORMING AMENDMENTS RELATING TO THE MERGER OF THE DEPOSIT INSURANCE FUNDS.

(a) SECTION 5136 OF THE REVISED STATUTES- The paragraph designated the `Eleventh' of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24) is amended in the 5th sentence, by striking "affected deposit insurance fund" and inserting "Deposit Insurance Fund".

(b) INVESTMENTS PROMOTING PUBLIC WELFARE; LIMITATIONS ON AGGREGATE INVESTMENTS- The 23d undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 338a) is amended in the 4th sentence, by striking "affected deposit insurance fund" and inserting "Deposit Insurance Fund".

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

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

(1) by striking "Bank Insurance Fund" and inserting "Deposit Insurance Fund";
and

(2) by striking "Federal Deposit Insurance Corporation, Savings Association Insurance Fund (51-4066-0-3-373);"

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

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

(A) in the subsection heading, by striking "SAIF" and inserting "THE DEPOSIT INSURANCE FUND"; and

(B) by striking “Savings Association Insurance Fund” each place such term appears and inserting “Deposit Insurance Fund”;

(2) in section 21 (12 U.S.C. 1441)—

(A) in subsection (f)(2), by striking “, except that” and all that follows through the end of the paragraph and inserting a period; and

(B) in subsection (k), by striking paragraph (4);

(3) in section 21A(b)(4)(B) (12 U.S.C. 1441a(b)(4)(B)), by striking “affected deposit insurance fund” and inserting “Deposit Insurance Fund”;

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

(A) in the subparagraph heading, by striking “SAIF-INSURED BANKS” and inserting “CHARTER CONVERSIONS”; and

(B) by striking “Savings Association Insurance Fund member” and inserting “savings association”;

(5) in section 21A(b)(10)(A)(iv)(II) (12 U.S.C. 1441a(b)(10)(A)(iv)(II)), by striking “Savings Association Insurance Fund” and inserting “Deposit Insurance Fund”;

(6) in section 21A(n)(6)(E)(iv) (12 U.S.C. 1441(n)(6)(E)(iv)), by striking “Federal deposit insurance funds” and inserting “the Deposit Insurance Fund”;

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

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

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

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

(A) by inserting before the colon “, the following definitions shall apply”;

(B) by striking paragraph (8); and

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

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

(1) in section 5 (12 U.S.C. 1464)—

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

(B) in subsection (c)(6), by striking “As used in this subsection—“ and inserting “For purposes of this subsection, the following definitions shall apply.”;

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

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

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

(F) in subsection (t)(7)(C)(i)(I), by striking “affected deposit insurance fund” and inserting “Deposit Insurance Fund”; and

(G) in subsection (v)(2)(A)(i), by striking “the Savings Association Insurance Fund” and inserting “or the Deposit Insurance Fund”; and

(2) in section 10 (12 U.S.C. 1467a)—

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

(B) in subsection (e)(1)(B), by striking “Savings Association Insurance Fund or Bank Insurance Fund” and inserting “Deposit Insurance Fund”;

(C) in the second sentence of subsection (e)(2), by striking “Savings Association Insurance Fund or the Bank Insurance Fund” and inserting “Deposit Insurance Fund”;

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

(E) in the first sentence of subsection (g)(3)(A), by striking “(5) of this section” and inserting “(5) of this subsection”;

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

(G) in subsection (m)(3), by striking subparagraph (E) and by redesignating subparagraphs (F), (G), and (H) as subparagraphs (E), (F), and (G), respectively;

(H) in subsection (m)(7)(A), by striking “during period” and inserting “during the period”; and

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

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

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

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

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

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

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

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

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

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

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

RESPONSE TO REQUEST FROM CHAIRMAN SHELBY
APRIL 30, 2003

(k) EFFECTIVE DATE- This section shall be effective on the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of enactment of this Act.