''(2) The governing official or body of the municipal corporation of Cumberland, Maryland, shall appoint three members for terms of one, two, and three years, respectively.

''(3) The governing official or body of Allegany County, Maryland, shall appoint two members for terms of one and two years, respectively.

''SEC. 6. POWERS.

''The Potomac Highlands Airport Authority has power and authority as follows:

''(1) To make and adopt all necessary bylaws, rules, and regulations for its organization and operations not inconsistent with law.

''(2) To take all legal actions necessary or desirable in relation to the general operation, governance, capital expansion, management, and protection of the Cumberland Municipal Airport.

''(3) To increase the number of members of the Authority, and to set the terms of office and appointment procedures for those additional members.

''(4) To elect its own officers, to appoint committees, and to employ and fix the compensation for personnel necessary for its operation.

''(5) To enter into contracts with any person, firm, or corporation, and generally to do anything necessary for the purpose of acquiring, equipping, expanding, maintaining, and operating an airport.

''(6) To delegate any authority given to it by law to any of its officers, committees, agents, or employees.

''(7) To apply for, receive, and use grants in aid, donations, and contributions from any sources.

''(8) To take or acquire lands by purchase, holding title to it in its own name.

''(9) To purchase, own, hold, sell, and dispose of personal property and to sell and dispose of any real estate which it may have acquired and may determine not to be needed for its purposes.

''(10) To borrow money.

''(11) To extend its funds in the execution of the powers and authority hereby given.

''(12) To take all necessary steps to provide for proper police protection at the airport.

''(13) To inventory airplanes and other personal property at the airport and provide the assessor of Mineral County and other proper governmental officials with full particulars in regard to the inventory.

''SEC. 7. PARTICIPATION BY WEST VIRGINIA.

''(a) APPOINTMENT OF MEMBERS; CONTRIBUTION TO COSTS.—The county commissions of Mineral County and of counties contiguous to Mineral County, and the governing bodies of municipal corporations situated in those counties, or any one or more of them, jointly and severally, may appoint members of the Authority and contribute to the cost of acquiring, equipping, maintaining, and operating the airport and appurtenant facilities.

''(b) TRANSFER OF PROPERTY.—Any of the foregoing county commissions or municipal corporations may transfer and convey to the Authority property of any kind acquired previously by the county commission or municipal corporation for airport purposes.

''SEC. 8. FUNDS AND ACCOUNTS.

''(a) CONTRIBUTION AND DEPOSIT OF FUNDS.—Contributions may be made to the Authority from time to time by the various bodies contributing to its funds and shall be deposited in whatever bank or banks a majority of the members of the Authority direct and may be withdrawn from them in whatever manner the Authority directs.

''(b) ACCOUNTS AND REPORTS.—The Authority shall keep strict account of all of its receipts and expenditures and shall make quarterly reports to the public and private bodies contributing to its funds, containing an itemized account of its operations in the preceding quarter. The accounts of the Authority shall be regularly examined by the State Tax Commissioner in the manner required by Article nine, Chapter six of the Code of West Virginia.

''SEC. 9. PROPERTY AND OBLIGATIONS OF AUTHORITY EXEMPT FROM TAXATION.

''The Authority is exempt from the payment of any taxes or fees to the State of West Virginia or any subdivisions of that State or to any officer or employee of the State or other subdivision of it. The property of the Authority is exempt from all local and municipal taxes. Notes, debentures, and other evidence of indebtedness of the Authority are declared to be issued for a public purpose and to be public instrumentalities, and, together with interest on them, are exempt from taxes.

''SEC. 10. SALE OR LEASE OF PROPERTY.

''In the event all of the public corporations contributing to the funds of the Authority so determine, the Authority shall make sale of all of its properties and assets and distribute the proceeds of the sale among those contributing to its funds. In the alternative, if such of the supporting corporations contributing a majority of the funds of the Authority so determine, the Authority may lease all of its property and equipment upon whatever terms and conditions the Authority may fix and determine.

''SEC. 11. EMPLOYEES TO BE COVERED BY WORKMEN'S COMPENSATION.

''All eligible employees of the Authority are considered to be within the Workmen's Compensation Act of West Virginia, and premiums on their compensation shall be paid by the Authority as required by law.

''SEC. 12. LIBERAL CONSTRUCTION OF COMPACT.

''It is the purpose of this Compact to provide for the maintenance and operation of an airport in a prudent and economical manner, and this Compact shall be liberally construed as giving to the Authority full and complete power reasonably required to give effect to the purposes hereof. The provisions of this Compact are in addition to and not in derogation of any power existing in the county commissions and municipal corporations herein named under any constitutional, statutory, or charter provisions which they or any of them may now have or may hereafter acquire or adopt.''.

SEC. 2. RIGHT TO ALTER, AMEND, OR REPEAL.

The right to alter, amend, or repeal this joint resolution is hereby expressly reserved. The consent granted by this joint resolution shall not be construed as impairing or in any manner affecting any right or jurisdiction of the United States in and over the region which forms the subject of the compact.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. NADLER) each will control 20 minutes.

The Chair recognizes the gentleman from Iowa (Mr. LEACH).

Mr. LEACH. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from New York (Mr. NADLER) to explain the bill.

(Mr. NADLER asked and was given permission to revise and extend his remarks.)

Mr. NADLER. Mr. Speaker, I rise in support of the motion. This legislation would grant the consent of Congress to a compact between the States of West Virginia and Maryland to operate the Potomac Highlands Airport Authority as required by the Compacts Clause of the Constitution.

According to the testimony received by the Subcommittee on Commercial and Administrative Law, this legislation is supported by both States and indeed our colleague the gentleman from West Virginia (Mr. MOLLOHAN) and the gentleman from Maryland (Mr. BARTLETT) appeared before the committee as did Senator SARBANES. The legislation is supported by both States and has the bipartisan support of the delegations of both States. I am aware of no opposition whatsoever to this legislation.

Congress' approval of this legislation is necessary for the compact to become legally effective. If that does not happen, if this legislation does not pass, the Airport Authority will be unable to borrow funds or engage in other core activities. I urge the adoption of this bill.

Mr. LEACH. Mr. Speaker, quickly in summary, let me just stress that this is an important resolution involving two States and it is very appropriate for the Congress to put its imprimatur upon it. I would urge my colleagues to support this broadly nonpartisan bill.

Mr. Speaker, I yield back the balance of my time.

Mr. NADLER. Mr. Speaker, the gentleman from Iowa has explained the necessity for this bill cogently. I urge our colleagues to adopt this bill.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa (Mr. LEACH) that the House suspend the rules and pass the Senate joint resolution, S.J. Res. 51.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate joint resolution was passed.

A motion to reconsider was laid on the table.

DEPOSITORY INSTITUTION REGULATORY STREAMLINING ACT OF 1998

Mrs. ROUKEMA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4364) to streamline the regulation of depository institutions, to safeguard confidential banking and credit union supervisory information, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4364

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Depository Institution Regulatory Streamlining Act of 1998''.

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

TITLE I—IMPROVING MONETARY POLICY

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

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

''(12) EARNINGS ON RESERVES.—

''(A) IN GENERAL.—Balances maintained at a Federal reserve bank by or on behalf of a depository institution may receive earnings to be paid by the Federal reserve bank at least once each calendar quarter at a rate or rates not to exceed the general level of short-term interest rates.

''(B) REGULATIONS RELATING TO PAYMENTS AND DISTRIBUTION.—The Board may prescribe regulations concerning—

''(i) the payment of earnings in accordance with this paragraph;

''(ii) the distribution of such earnings to the depository institutions which maintain balances at such banks or on whose behalf such balances are maintained; and

''(iii) the responsibilities of depository institutions, Federal home loan banks, and the National Credit Union Administration Central Liquidity Facility with respect to the crediting and distribution of earnings attributable to balances maintained, in accordance with subsection (c)(1)(B), in a Federal reserve bank by any such entity on behalf of depository institutions which are not member banks.''.

(b) AUTHORIZATION FOR PASS THROUGH RESERVES FOR MEMBER BANKS.—Section 19(c)(1)(B) of the Federal Reserve Act (12 U.S.C. 461(c)(1)(B)) is amended by striking ''which is not a member bank''.

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

(1) in subsection (b)(4) (12 U.S.C. 461(b)(4)), by striking subparagraph (C) and redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively; and

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

SEC. 102. AMENDMENTS RELATING TO SAVINGS AND DEMAND DEPOSIT ACCOUNTS AT DEPOSITORY INSTITUTIONS.

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

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

(2) by inserting after subsection (a) the following:

''(b) INTERACCOUNT TRANSFERS.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, any depository institution may permit the owner of any deposit or account on which interest or dividends are paid to make up to 24 transfers per month, for any purpose, to another account of the owner in the same institution.

''(2) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to prevent an account offered pursuant to this subsection from being considered a transaction account (as defined in section 19(b) of the Federal Reserve Act (12 U.S.C. 461(b)) for purposes of such Act.''.

(b) NOW ACCOUNTS AUTHORIZED FOR ALL BUSINESSES AFTER 2004.—

(1) IN GENERAL.—Effective on the date provided in paragraph (3), section 2 of Public Law 93–100 (12 U.S.C. 1832(a)(2)) (as amended by subsection (a) of this section) is amended to read as follows:

''SEC. 2. WITHDRAWALS BY NEGOTIABLE OR TRANSFERABLE INSTRUMENTS FOR TRANSFERS TO THIRD PARTIES.

''Notwithstanding any other provision of law, any depository institution (as defined in section 3 of the Federal Deposit Insurance Act) may permit the owner of any deposit or account to make withdrawals from such deposit or account by negotiable or transferable instruments for the purpose of making payments to third parties.''.

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

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

(B) HOME OWNERS' LOAN ACT.—The 1st sentence of section 5(b)(1)(B) of the Home Owners' Loan Act (12 U.S.C. 1464(b)(1)(B)) is amended by striking ''savings association may not—'' and all that follows through ''(ii) permit any'' and inserting ''savings association may not permit any''.

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

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on October 1, 2004.

SEC. 103. TRANSFER OF FEDERAL RESERVE SURPLUSES.

(a) PAYMENTS FROM DIVIDENDS AND SURPLUS OF FEDERAL RESERVE BANKS.—Section 7(a)(3) of the Federal Reserve Act (12 U.S.C. 289(3)) is amended by striking ''fiscal years 1997 and 1998'' and inserting ''fiscal years 1998 through 2003''.

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

(1) IN GENERAL.—In addition to the amounts required to be transferred from the surplus funds of the Federal reserve banks pursuant to section 7(a)(3) of the Federal Reserve Act and section 3002(b) of the Omnibus Budget Reconciliation Act of 1993, the Federal reserve banks shall transfer from such surplus funds to the Board of Governors of the Federal Reserve System for transfer to the Secretary of the Treasury for deposit in the general fund of the Treasury, such sums as are necessary to equal the net cost of section 101, as estimated by the Office of Management and Budget.

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

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

SEC. 104. STUDY OF RESERVE RATIOS FOR DEPOSIT INSURANCE FUNDS.

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

(1) conduct a study of the adequacy of the deposit insurance funds, taking into account—

(A) expected operating expenses, case resolution expenditures and income, and the effect of assessments on members' earnings and capital;

(B) historical failure rates and loss experience;

(C) recent changes in the law, including statutory changes requiring prompt corrective action, least-cost resolutions, and risk-based assessment systems;

(D) the income of such funds from investments;

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

(F) the historical experience of the Corporation in providing rebates or credits from any deposit insurance fund; and

(2) recommend to the Congress—

(A) an appropriate range of reserve ratios between the net worth of any deposit insurance fund and the aggregate amount of insured deposits insured by such fund; and

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

(b) REPORT REQUIRED.—The Board of Directors of the Federal Deposit Insurance Corporation, in consultation with the Board of Governors of the Federal Reserve System and the Secretary of the Treasury, shall submit a report to the Congress before June 30, 1999, containing—

(1) the findings and conclusions of the study required under subsection (a)(1); and

(2) the recommendations required under subsection (a)(2).

TITLE II—IMPROVING DEPOSITORY INSTITUTION MANAGEMENT PRACTICES

Subtitle A—National Banks

SEC. 201. AUTHORITY TO ALLOW MORE THAN 25 DIRECTORS.

Section 31 of the Banking Act of 1933 (12 U.S.C. 71a) is amended in the first sentence, by inserting before the period '', except that the Comptroller of the Currency may, by regulation or order, exempt a national banking association from the 25-member limit established by this section''.

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

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

''SEC. 5201. LOANS BY BANK ON ITS OWN STOCK.

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

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

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

''(t) LOANS BY INSURED INSTITUTIONS ON THEIR OWN STOCK.—

''(1) GENERAL PROHIBITION.—No insured depository institution shall make any loan or discount on the security of the shares of its own capital stock.

''(2) EXCLUSION.—For purposes of this subsection, an insured depository institution shall not be deemed to be making a loan or discount on the security of the shares of its own capital stock if it acquires the stock to prevent loss upon a debt contracted for in good faith.''.

SEC. 203. EXPEDITED PROCEDURES FOR CERTAIN REORGANIZATIONS.

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

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

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

''SEC. 5. EXPEDITED PROCEDURES FOR CERTAIN REORGANIZATIONS.

''(a) IN GENERAL.—A national bank may, with the approval of the Comptroller, pursuant to regulations prescribed by the Comptroller, and upon the affirmative vote of the shareholders of such bank owning at least two-thirds of the outstanding capital stock of such bank, reorganize so as to become a subsidiary of a bank holding company or a company that will, upon consummation of such reorganization, become a bank holding company.

''(b) REORGANIZATION PLAN.—A reorganization authorized under subsection (a) shall be carried out in accordance with a reorganization plan that—

''(1) specifies the manner in which the reorganization shall be carried out;

''(2) is approved by a majority of the entire board of directors of the bank;

''(3) specifies—

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

''(B) the date as of which the rights of each shareholder to participate in such exchange will be determined; and

''(C) the manner in which the exchange will be carried out; and

''(4) is submitted to the shareholders of the reorganizing bank at a meeting to be held on the call of the directors in accordance with the procedures prescribed in connection with a merger of a national bank under section 3.

''(c) APPLICABILITY OF OTHER CRITERIA.—In considering a reorganization plan under this section, the Comptroller shall—

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

''(2) apply the same standards and the same criteria as are applicable to a transaction under section 18(c) of the Federal Deposit Insurance Act, other than the requirements of paragraphs (4) and (6) of such section.

''(d) RIGHTS OF DISSENTING SHAREHOLDERS.—If, pursuant to this section, a reorganization plan has been approved by the shareholders and the Comptroller, any shareholder of the national bank who has voted against the reorganization at the meeting referred to in subsection (b)(4), or has given notice in writing at or before that meeting to the presiding officer that the shareholder dissents from the reorganization plan, shall be entitled to receive the value of the shares of the shareholder, as provided by section 3 for the merger of a national bank.

''(e) EFFECT OF REORGANIZATION.—The corporate existence of a national bank that reorganizes in accordance with this section shall not be deemed to have been affected in any way by reason of such reorganization.

''(f) APPROVAL UNDER THE BANK HOLDING COMPANY ACT OF 1956.—Notwithstanding the preceding provisions of this section, it shall be unlawful for any action to be taken that causes any company to become a bank holding company or any bank to become a subsidiary of a bank holding company, except with the prior approval of the Board of Governors of the Federal Reserve System pursuant to section 3 of the Bank Holding Company Act of 1956 (12 U.S.C. 1842).''.

Subtitle B—Savings Associations

SEC. 211. NONCONTROLLING INVESTMENTS BY SAVINGS ASSOCIATION HOLDING COMPANIES.

Section 10(e)(1)(A)(iii) of the Home Owners' Loan Act (12 U.S.C. 1467a(e)(1)(A)(iii) is amended—

(1) by inserting '', except with the prior written approval of the Director,'' after ''or to retain'';

(2) by striking ''subsidiary, or in'' and inserting ''subsidiary. In''; and

(3) by striking ''to so acquire or retain'' and inserting ''it shall be unlawful, and the Director may not authorize such a company, to acquire or retain''.

SEC. 212. STREAMLINING SAVINGS ASSOCIATION SERVICE COMPANY INVESTMENT REQUIREMENTS.

Section 5(c)(4)(B) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(4)(B)) is amended—

(1) in the subparagraph heading, by striking ''CORPORATIONS'' and inserting ''COMPANIES''; and

(2) in the first sentence, by striking ''corporation organized'' and all that follows through ''such State.'' and inserting ''company organized under the laws of any State, if such company's entire capital stock is available for purchase only by savings associations. For purposes of this subparagraph, the term 'company' includes any corporation and any limited liability company (as defined in section 1(b)(7) of the Bank Service Company Act).''.

SEC. 213. REPEAL OF DIVIDEND NOTICE REQUIREMENT.

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

''(f) [Repealed].''.

SEC. 214. UPDATING OF AUTHORITY FOR COMMUNITY DEVELOPMENT INVESTMENTS.

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

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

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

''(7) COMMUNITY DEVELOPMENT INVESTMENTS.—

''(A) IN GENERAL.—Investments in real property and obligations secured by liens on real property for the primary purpose of promoting the public welfare, including the welfare of low- and moderate-income communities or families (including the provision of housing, services, or jobs), are permitted, subject to subparagraph (B).

''(B) LIMITATIONS.—The aggregate amount of investments of a savings association under subparagraph (A) shall not exceed the sum of 5 percent of the savings association's capital stock actually paid in and unimpaired and 5 percent of the savings association's unimpaired surplus fund, unless the Director determines by order that a higher amount will pose no significant risk to the affected deposit insurance fund, and that the savings association is adequately capitalized, in which case the aggregate amount of such investments shall not exceed an amount equal to the sum of 10 percent of the savings association's capital stock actually paid in and unimpaired and 10 percent of the savings association's unimpaired surplus fund.''.

Subtitle C—Other Institutions

SEC. 221. PROHIBITION ON ACCRUAL TO INSIDERS OF ECONOMIC BENEFITS FROM CREDIT UNION CONVERSIONS.

Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended by adding at the end the following new subsection:

''(t) PROHIBITION ON ECONOMIC BENEFIT FROM CONVERSION FOR CREDIT UNION OFFICERS, DIRECTORS, AND COMMITTEE MEMBERS.—

''(1) IN GENERAL.—An individual who is or, at any time during the 5-year period preceding any conversion described in paragraph (2), was a director, committee member, or senior management official of an insured credit union described in subparagraph (A) or (B) of such paragraph (in connection with

such conversion) may not receive any economic benefit as a result of the conversion with regard to the shares or interests of such director, member, or officer in the former insured credit union or in any resulting insured depository institution.

''(2) COVERED CONVERSIONS.—The following conversions are described in this paragraph for purposes of paragraph (1):

''(A) The conversion of an insured credit union into an insured depository institution.

''(B) The conversion from the mutual form to the stock form of an insured depository institution which resulted from a prior conversion of an insured credit union into such insured depository institution.

''(3) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

''(A) INSURED CREDIT UNION.—The term 'insured credit union' has the meaning given to such term in section 101(7) of the Federal Credit Union Act.

''(B) SENIOR MANAGEMENT OFFICIAL.—The term 'senior management official' means a chief executive officer, an assistant chief executive officer, a chief financial officer, and any other senior executive officer (as defined by the appropriate Federal banking agency pursuant to section 32(f)).''.

SEC. 222. AMENDMENTS RELATING TO LIMITED PURPOSE BANKS.

Section 4(f) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)) is amended—

(1) in paragraph (2)(A)(ii)—

(A) by striking ''and'' at the end of subclause (IX);

(B) by inserting ''and'' after the semicolon at the end of subclause (X); and

(C) by inserting after subclause (X) the following new subclause:

''(XI) assets that are derived from, or are incidental to, activities in which institutions described in section 2(c)(2)(F) are permitted to engage,'';

(2) in paragraph (2)—

(A) by striking ''Paragraph (1) shall cease to apply to any company described in such paragraph if—'' and inserting ''A company described in paragraph (1) shall no longer qualify for the exemption provided under such paragraph if—''; and

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

''(B) any bank subsidiary of such company engages in any activity in which the bank was not lawfully engaged as of March 5, 1987, unless the bank is well managed and well capitalized;

''(C) any bank subsidiary of such company both—

''(i) accepts demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties; and

''(ii) engages in the business of making commercial loans; or

''(D) after the date of the enactment of the Competitive Equality Amendments of 1987, any bank subsidiary of such company permits any overdraft (including any intraday overdraft), or incurs any such overdraft in such bank's account at a Federal reserve bank, on behalf of an affiliate, other than an overdraft described in paragraph (3).''; and

(3) by striking paragraphs (3) and (4) and inserting the following new paragraphs:

''(3) PERMISSIBLE OVERDRAFTS DESCRIBED.—For purposes of paragraph (2)(D), an overdraft is described in this paragraph if—

''(A) such overdraft results from an inadvertent computer or accounting error that is beyond the control of both the bank and the affiliate; or

''(B) such overdraft—

''(i) is permitted or incurred on behalf of an affiliate which is monitored by, reports to, and is recognized as a primary dealer by the Federal Reserve Bank of New York; and

''(ii) is fully secured, as required by the Board, by bonds, notes, or other obligations which are direct obligations of the United States or on which the principal and interest are fully guaranteed by the United States or by securities and obligations eligible for settlement on the Federal Reserve book entry system.

''(4) DIVESTITURE IN CASE OF LOSS OF EXEMPTION.—If any company described in paragraph (1) fails to continue to qualify for the exemption provided under such paragraph by operation of paragraph (2), the company shall immediately notify the Board that the company has failed to continue to qualify for such exemption, and the company shall divest control of each bank it controls before the end of the 180-day period beginning on the date that the company receives notice from the Board that the company has failed to continue to qualify for such exemption, unless before the end of such 180-day period, the company has—

''(A) either—

''(i) corrected the condition or ceased the activity that caused the company to fail to continue to qualify for the exemption; or

''(ii) received approval from the Board of a plan to correct the condition in a timely manner (which shall not exceed 1 year); and

''(B) implemented procedures that are reasonably adapted to avoid the reoccurrence of such condition or activity.''.

SEC. 223. BUSINESS PURPOSE CREDIT EXTENSIONS.

Section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843) is amended by adding at the end the following new subsection:

''(k) BUSINESS PURPOSE CREDIT EXTENSIONS.—

''(1) IN GENERAL.—An institution referred to in section 2(c)(2)(F) or 4(f)(3) which extends credit through credit card accounts for qualified business purposes shall not be treated as engaging in the business of making commercial loans by reason of such extensions of credit.

''(2) QUALIFIED BUSINESS PURPOSE.—

''(A) IN GENERAL.—The Board shall prescribe regulations defining the term 'qualified business purposes' for purposes of this subsection.

''(B) CERTAIN BUSINESS PURPOSES EXCLUDED.—In defining the term 'qualified business purposes' under subparagraph (A), the Board—

''(i) may not treat extensions of credit through a credit card account for expenditures for capital improvements, acquisitions of inventory, or other large acquisitions as a qualified business purpose for credit card accounts; and

''(ii) may treat extensions of credit through a credit card account for expenditures involving employee travel, entertainment, and subsistence, purchases involving a small number of items and low-dollar amounts, and other small acquisitions as qualified business purposes for credit card accounts.

''(3) CREDIT CARD DEFINED.—For purposes of this subsection, the term 'credit card' has the same meaning as in section 103 of the Truth In Lending Act.''.

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

SEC. 301. "PLAIN ENGLISH" REQUIREMENT FOR FEDERAL BANKING AGENCY RULES.

(a) IN GENERAL.—Each Federal banking agency shall use plain English in all proposed and final rulemakings published by the agency in the Federal Register after January 1, 1999.

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

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

SEC. 302. CALL REPORT SIMPLIFICATION.

(a) MODERNIZATION OF CALL REPORT FILING AND DISCLOSURE SYSTEM.—In order to reduce the administrative requirements pertaining to bank reports of condition, savings association financial reports, and bank holding company consolidated and parent-only financial statements, and to improve the timeliness of such reports and statements, the Federal banking agencies (after consulting with State bank supervisors) shall—

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

(A) insured depository institutions and their affiliates may file such reports and statements electronically; and

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

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

(b) UNIFORM REPORTS AND SIMPLIFICATION OF INSTRUCTIONS.—The Federal banking agencies (after consulting with State bank supervisors) shall, consistent with the principles of safety and soundness, work jointly—

(1) to adopt a single form for the filing of core information required to be submitted under Federal law to all such agencies in the reports and statements referred to in subsection (a); and

(2) to simplify instructions accompanying such reports and statements and to provide an index to the instructions that is adequate to meet the needs of both filers and users.

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

(1) review the information required by schedules supplementing the core information referred to in subsection (b); and

(2) eliminate requirements that are not warranted for reasons of safety and soundness or other public purposes.

SEC. 303. PURCHASED MORTGAGE SERVICE RIGHTS.

Section 475 of the Federal Depository Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1828 note) is amended—

(1) in subsection (a)(1), by inserting ''(or such other percentage exceeding 90 percent but not exceeding 100 percent, as may be determined under subsection (b))'' after ''90 percent''; and

(2) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

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

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

''(2) JOINT RULEMAKING.—Any regulations prescribed pursuant to paragraph (1) shall be prescribed jointly by the Federal banking agencies.''.

SEC. 304. JUDICIAL REVIEW OF RECEIVERSHIP APPOINTMENTS.

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

(1) by inserting ''(a) APPOINTMENT OF RECEIVER.—'' before ''The Comptroller''; and

(2) by adding at the end the following new subsection:

''(b) JUDICIAL REVIEW.—Within 30 days after the appointment under subsection (a) of a receiver for a national bank, the national bank may bring an action in the United States district court for the judicial district in which the home office of the bank is located, or in the United States District Court for the District of Columbia, for an order requiring the Comptroller to remove the receiver, and the court shall, on the merits, dismiss the action or direct the Comptroller to remove the receiver.''.

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

''(7) JUDICIAL REVIEW.—Within 30 days after the Corporation is appointed as conservator or receiver for an insured depository institution under paragraph (4), (9), or (10), the institution may bring an action in the United States district court for the judicial district in which the home office of the institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Corporation to be removed as the conservator or receiver, and the court shall, on the merits, dismiss the action or direct the Corporation to be removed as the conservator or receiver.''.

SEC. 305. ELIMINATION OF OUTDATED STATUTORY MINIMUM CAPITAL REQUIREMENTS.

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

SEC. 306. ELIMINATION OF INDIVIDUAL BRANCH CAPITAL REQUIREMENTS.

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

(1) in the second sentence, by striking '', without regard to the capital requirements of this section,''; and

(2) by striking the third sentence.

SEC. 307. AMENDMENT TO SHAREHOLDER NOTICE PROVISIONS RELATING TO CONSOLIDATIONS AND MERGERS.

(a) Section 2(a) of the Act of August 17, 1950, entitled ''An Act to provide for the conversion of national banking associations into and their merger or consolidation with State banks, and for other purposes.'' (12 U.S.C. 214a(a)) is amended by striking ''registered mail or by certified''.

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

SEC. 308. PAYMENT OF INTEREST IN RECEIVERSHIPS WITH SURPLUS FUNDS.

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

''(C) RULEMAKING AUTHORITY OF CORPORATION.—The Corporation may prescribe such rules, including definitions of terms, as it deems appropriate to establish the interest rate for or to make payments of postinsolvency interest to creditors holding proven claims against the receivership estates of insured Federal or State depository institutions following satisfaction by the receiver of the principal amount of all creditor claims.''.

SEC. 309. REPEAL OF DEPOSIT BROKER NOTIFICATION AND RECORDKEEPING REQUIREMENT.

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

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

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

(1) by redesignating paragraphs (6) through (10) as paragraphs (8) through (12), respectively;

(2) by inserting after paragraph (5) the following new paragraphs:

''(6) A member bank may extend to any executive officer of the bank a home equity line of credit which does not exceed $100,000 and is secured by a lien on the primary residence of the executive officer, to the extent that the aggregate amount of such lien and all other outstanding extensions of credit secured by liens on such primary residence does not exceed the appraised value of such residence.

''(7) A member bank may extend credit to any executive officer of the bank in an amount not to exceed the greater of—

''(A) the amount which is the lesser of 2.5 percent of the aggregate amount of capital and unimpaired surplus of the bank or $100,000; or

''(B) $25,000,

if, at the time the credit is extended, the extension of credit is secured by readily marketable assets that have a fair market value of not less than twice the amount of credit extended.''; and

(3) in paragraph (8) (as so redesignated by paragraph (1) of this section), by striking ''(3) and (4)'' and inserting ''(3), (4), (6), and (7)''.

SEC. 311. FEDERAL RESERVE ACT LENDING LIMITS.

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

''(m) [Repealed].''.

SEC. 312. REPEAL OF BANK HOLDING COMPANY ACT PROVISION LIMITING SAVINGS BANK LIFE INSURANCE.

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

''(f) [Repealed].''.

SEC. 313. AMENDMENT TO SECTION 5137 OF THE REVISED STATUTES OF THE UNITED STATES.

(a) IN GENERAL.—Section 5137 of the Revised Statutes of the United States (12 U.S.C. 29) is amended by adding at the end the following new subsection:

''(d) ADDITIONAL EXTENSION FOR PASSIVE INVESTMENTS IN SUBSURFACE RIGHTS AND INTERESTS.—

''(1) IN GENERAL.—With respect to subsurface rights of real estate, and interests in such rights, which a national bank holds pursuant to the prior approval of the Comptroller of the Currency under subsection (b), the national bank may apply for, and the Comptroller of the Currency may approve, possession by the bank of such rights and interests for an additional period not to exceed 5 years if—

''(A) the national bank acquired the property pursuant to the paragraphs designated the 'Second', 'Third', and 'Fourth' of subsection (a);

''(B) the national bank—

''(i) holds the rights or interest passively; and

''(ii) is not engaged in production, extraction, exploration, or other active use of the rights or interests;

''(C) the national bank—

''(i) values the subsurface rights and interests in such rights on the books of the bank for no more than a nominal amount; and

''(i) separately discloses the aggregate amount of earnings from the rights and interests in the annual financial statements of the bank; and

''(D) the Comptroller of the Currency determines that the possession of such rights and interests is not inconsistent with the safety and soundness of the national bank.

''(2) AUTHORITY OF COMPTROLLER OF THE CURRENCY TO REQUIRE DIVESTITURE.—The Comptroller of the Currency may order, at any time, a national bank which holds subsurface rights of real estate, and interests in such rights, pursuant to paragraph (1) to divest such rights and interests if the Comptroller determines that continued ownership of such rights or interests is detrimental to the national bank.''.

(b) TECHNICAL AMENDMENTS TO REDESIGNATE UNDESIGNATED PARAGRAPHS AS SUBSECTIONS.—Section 5137 of the Revised Statutes of the United States (12 U.S.C. 29) is amended—

(1) in the 1st undesignated paragraph by striking ''5137. A national banking association may purchase'' and inserting the following:

''SEC. 5137. POWER TO HOLD REAL ESTATE.

''(a) IN GENERAL.—A national banking association may purchase'';

(2) in the 3d undesignated paragraph, by striking ''For real estate in the possession of a national banking association upon application'' and inserting the following:

''(b) EXTENSION OF DIVESTMENT PERIOD AUTHORIZED FOR INELIGIBLE REAL ESTATE.—For real estate in the possession of a national banking association upon application''; and

(3) in the 4th undesignated paragraph, by striking ''Notwithstanding the five-year holding limitation of this section'' and inserting the following:

''(c) EXTENSION OF HOLDING PERIOD UNDER CERTAIN CIRCUMSTANCES.—Notwithstanding the 5-year holding period limitation contained in subsection (a)''.

TITLE IV—DISCLOSURE SIMPLIFICATION

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

Section 127A(a)(2)(G) of the Truth in Lending Act (15 U.S.C. 1637a) is amended by inserting ''or, at the option of the creditor, a statement that periodic payments may substantially increase or decrease'' before the semicolon.

TITLE V—BANK EXAMINATION REPORT PRIVILEGE ACT

SEC. 501. AMENDMENT TO THE FEDERAL DEPOSIT INSURANCE ACT.

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

''SEC. 45. BANK SUPERVISORY PRIVILEGE.

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

''(1) DEPOSITORY INSTITUTION.—The term 'depository institution' includes—

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

''(B) any subsidiary or other affiliate of an insured depository institution or an institution described in subparagraph (A).

''(2) SUPERVISORY PROCESS.—The term 'supervisory process' means any activity engaged in by a Federal banking agency to carry out the official responsibilities of the agency with regard to the regulation or supervision of depository institutions.

''(3) CONFIDENTIAL SUPERVISORY INFORMATION.—Subject to paragraph (4), the term

'confidential supervisory information' means any of the following information, or any portion of any such information, which is treated as, or considered to be, confidential information by a Federal banking agency, regardless of the medium in which the information is conveyed or stored:

''(A) Any report of examination, inspection, visitation, or investigation, and information prepared or collected by a Federal banking agency in connection with the supervisory process, including any computer file, work paper, or similar document.

''(B) Any correspondence of communication from a Federal banking agency to a depository institution as part of an examination, inspection, visitation, or investigation by a Federal banking agency.

''(C) Any correspondence, communication, or document, including any compliance and other reports, created by a depository institution in response to any request, inquiry, or directive from a Federal banking agency in connection with any examination, inspection, visitation, or investigation and provided to a Federal banking agency.

''(D) Any record of a Federal banking agency to the extent it contains information derived from any report, correspondence, communication or other information described in subparagraph (A), (B), or (C).

(4) ORDINARY BUSINESS RECORDS EXCLUDED.—The term 'confidential supervisory information' shall not include any book or record in the possession of the depository institution routinely prepared by the depository institution and maintained in the ordinary course of business or any information required to be made publicly available by any Federal law or regulation.

''(b) BANK SUPERVISORY PRIVILEGE.—

''(1) PRIVILEGE ESTABLISHED.—

''(A) IN GENERAL.—All confidential supervisory information shall be the property of the Federal banking agency that created or requested the information and shall be privileged from disclosure to any other person.

''(B) PROHIBITION ON UNAUTHORIZED DISCLOSURES.—No person in possession of confidential supervisory information may disclose such information, in whole or in part, without the prior authorization of the Federal banking agency that created or requested the information, except for a disclosure made in published statistical material that does not disclose, either directly or when used in conjunction with publicly available information, the affairs of any person.

''(C) AGENCY WAIVER.—The Federal banking agency may waive, in whole or in part, in the discretion of the agency, any privilege established under this paragraph.

''(2) EXCEPTION.—No provision of paragraph (1) shall be construed as preventing access to confidential supervisory information by duly authorized committees of the United States Congress or the Comptroller General of the United States.

''(c) TREATMENT OF STATE AND FOREIGN SUPERVISORY INFORMATION.—In any proceeding before a court of the United States, in which a person seeks to compel production or disclosure by a State bank supervisor, foreign bank regulatory or supervisory authority, Federal banking agency, or other person, of information or a document prepared or collected by a State bank supervisor or foreign bank regulatory or supervisory authority that would, had they been prepared or collected by a Federal banking agency, be confidential supervisory information for purposes of this section, the information or document shall be privileged to the same extent that the information and documents of Federal banking agencies are privileged under this Act.

''(d) OTHER PRIVILEGES NOT WAIVED BY DISCLOSURE TO BANKING AGENCY.—The submission by a depository institution of any information to a Federal banking agency, a State bank supervisor, or a foreign banking authority for any purpose in the course of the supervisory process of such agency or supervisor shall not be construed as waiving, destroying, or otherwise affecting any privilege such institution may claim with respect to such information under Federal or State law.

''(e) DISCOVERY AND DISCLOSURE OF INFORMATION.—

''(1) INFORMATION AVAILABLE ONLY FROM BANKING AGENCY.—

''(A) IN GENERAL.—A person seeking discovery or disclosure, in whole or in part, of confidential supervisory information may not seek to obtain such information through subpoena, discovery procedures, or other process from any person, except that such information may be sought in accordance with this section from the Federal banking agency that created or requested the information.

''(B) REQUESTS SUBMITTED TO BANKING AGENCY.—Any request for discovery or disclosure of confidential supervisory information shall be made to the Federal banking agency that created or requested the information, which shall determine within a reasonable time period whether to disclose such information pursuant to procedures and criteria established in regulations.

''(2) EXCLUSIVE FEDERAL COURT JURISDICTION OVER DISPUTES.—

''(A) IN GENERAL.—Federal courts shall have exclusive jurisdiction over actions or proceedings in which any party seeks to compel disclosure of confidential supervisory information.

''(B) JUDICIAL REVIEW.—Judicial review of the final action of a Federal banking agency with regard to the disposition of a request for confidential supervisory information shall be before a district court of the United States of competent jurisdiction, subject to chapter 7 of part I of title 5, United States Code.

''(C) RIGHT TO APPEAL.—Any court order that compels production of confidential supervisory information may be immediately appealed by the Federal banking agency and the order compelling production shall be automatically stayed, pending the outcome of such appeal.

''(f) SUBPOENAS.—

''(1) AUTHORITY TO INTERVENE.—In the case of any action or proceeding to compel compliance with a subpoena, order, discovery request, or other judicial or administrative process with respect to any confidential supervisory information relating to any depository institution, a Federal banking agency and the depository institution may intervene in such action or proceeding for the purpose of—

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

''(B) seeking the withdrawal of any compulsory process with respect to such information; and

''(C) registering appropriate objections with respect to the action or proceeding to the extent the action or proceeding relates to or involves such information.

''(2) RIGHT TO APPEAL.—Any court order that compels production of confidential supervisory information may be immediately appealed by the Federal banking agency and the order compelling production shall be automatically stayed, pending the outcome of such appeal.

''(g) REGULATIONS.—

''(1) AUTHORITY TO PRESCRIBE.—Each Federal banking agency may prescribe such regulations as the agency considers to be appropriate, after consultation with the other Federal banking agencies and the National Credit Union Administration Board, to carry out the purposes of this section.

''(2) AUTHORITY TO REQUIRE NOTICE.—Any regulations prescribed by a Federal banking agency under paragraph (1) may require any person in possession of confidential supervisory information to notify the Federal banking agency whenever the person is served with a subpoena, order, discovery request, or other judicial or administrative process requiring the personal attendance of such person as a witness or requiring the production of such information in any proceeding.

''(h) ACCESS IN ACCORDANCE WITH REGULATIONS AND ORDERS.—Notwithstanding any other provision of this section, the Federal banking agency may, without waiving any privilege, authorize access to confidential supervisory information for any appropriate governmental, law enforcement, or public purpose in accordance with agency regulations or orders.''.

SEC. 502. AMENDMENT TO THE FEDERAL CREDIT UNION ACT.

Title II of the Federal Credit Union Act (12 U.S.C. 1781 et seq.) is amended by adding at the end the following new section:

''SEC. 215. CREDIT UNION SUPERVISORY PRIVILEGE.

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

''(1) SUPERVISORY PROCESS.—The term 'supervisory process' means any activity engaged in by the Administration to carry out the official responsibilities of the Administration with regard to the regulation or supervision of credit unions.

''(2) CONFIDENTIAL SUPERVISORY INFORMATION.—The term 'confidential supervisory information' means any of the following information, or any portion of any such information, which is treated as, or considered to be, confidential information by the Administration, regardless of the medium in which the information is conveyed or stored:

''(A) Any report of examination, inspection, visitation, or investigation, and information prepared or collected by the Administration in connection with the supervisory process, including any computer file, work paper, or similar document.

''(B) Any correspondence or communication from the Administration to a credit union arising from or relating to an examination, inspection, visitation, or investigation by the Administration.

''(C) Any correspondence, communication, or document, including any compliance and other reports, created by a credit union in response to any request, inquiry, or directive from the Administration in connection with any examination, inspection, visitation, or investigation and provided to the Administration, other than any book or record in the possession of the credit union routinely prepared by the credit union and maintained in the ordinary course of business or any information required to be made publicly available by any Federal law or regulation.

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

''(b) CREDIT UNION SUPERVISORY PRIVILEGE.—

''(1) PRIVILEGE ESTABLISHED.—

''(A) IN GENERAL.—All confidential supervisory information shall be the property of the Administration and shall be privileged from disclosure to any other person.

''(B) PROHIBITION ON UNAUTHORIZED DISCLOSURES.—No person in possession of confidential supervisory information may disclose

such information, in whole or in part, without the prior authorization of the Administration, except for a disclosure made in published statistical material that does not disclose, either directly or when used in conjunction with publicly available information, the affairs of any person.

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

''(2) EXCEPTION.—No provision of paragraph (1) shall be construed as preventing access to confidential supervisory information by duly authorized committees of the United States Congress or the Comptroller General of the United States.

''(c) OTHER PRIVILEGES NOT WAIVED BY DISCLOSURE TO ADMINISTRATION.—The submission by a credit union of any information to the Administration or a State credit union supervisor for any purpose in the course of the supervisory process of the Administration or such supervisor shall not be construed as waiving, destroying, or otherwise affecting any privilege such institution may claim with respect to such information under Federal or State law.

''(d) DISCOVERY AND DISCLOSURE OF INFORMATION.—

''(1) INFORMATION AVAILABLE ONLY FROM ADMINISTRATION.—

''(A) IN GENERAL.—A person seeking discovery or disclosure, in whole or in part, of confidential supervisory information may not seek to obtain such information through subpoena, discovery procedures, or other process from any person, except that such information may be sought in accordance with this section from the Administration.

''(B) REQUEST SUBMITTED TO ADMINISTRATION.—Any request for discovery or disclosure of confidential supervisory information shall be made in the Administration, which shall determine within a reasonable time period whether to disclose such information pursuant to procedures and criteria established in regulations.

''(2) EXCLUSIVE FEDERAL COURT JURISDICTION OVER DISPUTES.—

''(A) IN GENERAL.—Federal courts shall have exclusive jurisdiction over actions or proceedings in which any party seeks to compel disclosure of confidential supervisory information.

''(B) JUDICIAL REVIEW.—Judicial review of the final action of the Administration with regard to the disposition of a request for confidential supervisory information shall be before a district court of the United States of competent jurisdiction, subject to chapter 7 of part I of title 5, United States Code.

''(C) RIGHT TO APPEAL.—Any court order that compels production of confidential supervisory information may be immediately appealed by the Administration and the order compelling production shall be automatically stayed, pending the outcome of such appeal.

''(e) SUBPOENAS.—

''(1) AUTHORITY TO INTERVENE.—In the case of any action or proceeding to compel compliance with a subpoena, order, discover request, or other judicial or administrative process with respect to any confidential supervisory information relating to any credit union, the Administration and the credit union may intervene in such action or proceeding for the purpose of—

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

''(B) seeking the withdrawal of any compulsory process with respect to such information; and

''(C) registering appropriate objections with respect to the action or proceeding to the extent the action or proceeding relates to or involves such information.

''(2) RIGHT TO APPEAL.—Any court order that compels production of confidential supervisory information may be immediately appealed by the Administration and the order compelling production shall be automatically stayed, pending the outcome of such appeal.

''(f) REGULATIONS.—

''(1) AUTHORITY TO PRESCRIBE.—The Board may prescribe such regulations as the Board considers to be appropriate, after consultation with the Federal banking agencies (as defined in section 3 of the Federal Deposit Insurance Act), to carry out the purposes of this section.

''(2) AUTHORITY TO REQUIRE NOTICE.—Any regulations prescribed by the Administration under paragraph (1) may require any person in possession of confidential supervisory information to notify the Administration whenever the person is served with a subpoena, order, discovery request, or other judicial or administrative process requiring the personal attendance of such person as a witness or requiring the production of such information in any proceeding.

''(g) ACCESS IN ACCORDANCE WITH REGULATIONS AND ORDERS.—Notwithstanding any other provision of this section, the Administration may, without waiving any privilege, authorize access to confidential supervisory information for any appropriate governmental, law enforcement, or public purpose in accordance with agency regulations or orders.''.

TITLE VI—TECHNICAL CORRECTIONS

SEC. 601. TECHNICAL CORRECTION RELATING TO DEPOSIT INSURANCE FUNDS.

(a) IN GENERAL.—Section 2707 of the Deposit Insurance Funds Act of 1996 (12 U.S.C. 1821 note; Public Law 104–208; 110 Stat. 3009–496) is amended by striking ''7(b)(2)(C)'' and inserting ''7(b)(2)(E)''.

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

SEC. 602. RULES FOR CONTINUATION OF DEPOSIT INSURANCE FOR MEMBER BANKS CONVERTING CHARTERS.

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

SEC. 603. WAIVER OF CITIZENSHIP REQUIREMENT FOR NATIONAL BANK DIRECTORS.

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

SEC. 604. TECHNICAL AMENDMENT TO PROHIBITION ON COMPTROLLER INTERESTS IN NATIONAL BANKS.

Section 329 of the Revised Statutes of the United States (12 U.S.C. 11) is amended by striking ''to be interested in any association issuing national currency under the laws of the United States'' and inserting ''to hold an interest in any national bank''.

SEC. 605. APPLICABILITY OF LIMITATION TO PRIOR INVESTMENTS.

(a) IN GENERAL.—Section 18(s) of the Federal Deposit Insurance Act (12 U.S.C. 1828(s)) is amended by adding at the end the following new paragraph:

''(5) CERTAIN INVESTMENTS.—Paragraph (1) shall not apply to investments lawfully made before April 11, 1996, by a depository institution in a Government-sponsored enterprise.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply as if such amendment had been included in the amendment made by section 2615(b) of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 as of the effective date of such section.

TITLE VII—SPECIAL RESERVE FUNDS

SEC. 701. ABOLITION OF SPECIAL RESERVE FUNDS.

(a) SAIF SPECIAL RESERVE.—Section 11(a)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(6)) is amended by striking subparagraph (L).

(b) SPECIAL RESERVE OF THE DEPOSIT INSURANCE FUND.—Section 2704 of the Deposit Insurance Funds Act of 1996 is amended—

(1) by striking subsection (b);

(2) by striking paragraph (4) of subsection (d);

(3) in subsection (d)(6)(C)(i), by striking ''(6) and (7)'' and inserting ''(5), (6), and (7)''; and

(4) in subsection (d)(6)(C)(ii), by striking ''(6)'' and inserting ''(5)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply as if such amendments had been included in the Deposit Insurance Funds Act of 1996 as of the date of the enactment of such Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New Jersey (Mrs. ROUKEMA) and the gentleman from New York (Mr. LAFALCE) each will control 20 minutes.

The Chair recognizes the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Mr. Speaker, I yield myself such time as I may consume.

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, at this hour of the night I want to thank the Speaker and say to my colleagues here that we have a very important bill here that is somewhat complex but nevertheless we have strong bipartisan support for, and that is the reason we are here under suspension of the rules. We are considering tonight what has become a persistent issue with the Banking Committee and the Congress, namely legislation to relieve the regulatory burden on financial institutions and seeking ways to streamline the regulatory process. It is a very important issue.

We talk a lot about deregulation but here is one way we can actually take some substantive action to deal with it. This Depository Institution Regulatory Streamlining Act of 1998 will provide important regulatory relief for financial institutions. I certainly want to thank the gentleman from Iowa (Mr. LEACH) for his assistance. Without his support and strong leadership, we would not be here this evening. Also I want to acknowledge the work of the gentleman from New York (Mr. LAFALCE) the ranking member of the full committee who is with us tonight, and also the ranking member of the subcommittee, the gentleman from Minnesota (Mr. VENTO). We have had, as I stated, strong bipartisan support with significant reforms. The gentleman from Minnesota and I worked very hard to produce this bill at the subcommittee level, and I believe we have come

up with a good product. I regret that we do not have everything that we would have liked in this bill, but it is a significant step forward. Certainly the gentleman from Minnesota and I are intent on continuing our work together, and that there are other agreements on changes that we might be able to make in the future, namely at least in one respect and probably in others as well, but the one that I would single out here tonight is the debit card area, where next year I hope we can take some action. Indeed, we have a letter here which we have agreed, on a bipartisan basis, to send to the Federal Reserve regarding the customer notification issue, and we hopefully will be able to solve that problem.

I also should mention not only the interest of the gentleman from Minnesota (Mr. VENTO) the gentleman from New York (Mr. LAFALCE), the gentleman from Iowa (Mr. LEACH) and mine but also the gentleman from Wisconsin (Mr. BARRETT), a strongly contributing member of our committee.

I would like to point out that the subcommittee had the responsibility to assure that Federal banking laws and regulations in the supervisory system not only promote the safety and soundness of the banking system but in so doing it is important to recognize that we need to review on a regular basis the legal requirements that have been imposed to assure ourselves the continuing efficacy and reliability of the system. Clearly as we all know, and we see worldwide, financial markets and the banking industry are evolving at a tremendous pace, and as changes in the industry occur, old approaches may or may not be appropriate and new ones need to be advanced. That is what this bill is about.

Because of the time here and because of the unanimity of opinion, we certainly do want to hear from our chairman the gentleman from Iowa (Mr. LEACH), other members of the committee and certainly the gentleman from New York (Mr. LAFALCE), I will only outline the major portions of the bill. It has a wide ranging number of subjects, but the five most important provisions or most singular provisions are as follows.

Interest on the sterile reserves is the first major issue that we deal with. Without going into the details of it, the bill would authorize the Federal Reserve Board to pay interest on reserve balances, both required and excess reserve balances that are held at Federal Reserve banks. This is a significant change in banking law with very positive effects for both the banks and the Federal Reserve, and it will make it far easier to manage the economy. Without going into all the different aspects of it, I would simply point out that this provision is strongly supported by the Federal Reserve Board as well as by the banking industry.

Our colleagues on the committee, both the gentleman from Washington (Mr. METCALF), who is here this evening, we will be hearing from and the gentlewoman from New York (Mrs. KELLY) have been the prime advocates and leaders on this issue. I am sure we will be interested in hearing the gentleman from Washington's perspective on this and other portions of the bill.

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The second issue is the interest on business checking. It is a major component of the bill. Financial institutions are currently prohibited by Federal statute from paying interest on business transaction accounts, and actually, as so often happens in these cases and other business aspects of our economy, financial institutions have circumvented the statutory provision in different ways and have demonstrated that it is really not a current provision that we should keep in place.

So we are changing this outdated prohibition of interest on business checking and have provided a 6-year transition period for the elimination of the interest on business checking prohibition so that all parties can make adjustments to this proposal.

This has been somewhat controversial but we think we have reached an accommodation that should satisfy all parties, and it should be noted that the National Federation of Independent Business, the Treasury Management Association and the U.S. Chamber of Commerce all support repeal of that provision.

We also have in the bill the Bank Examination Report Privilege Act. Now that sounds like a lot but it establishes a privilege for correspondence, materials and information which regulators collect from banks and it is a very essential modification that should be, as far as we can tell and the way we have worked it out with all interested parties, including the American Bar Association, that it will bring us up to modern times and still not create a privilege for all documents which are turned over to the regulators.

The gentleman from Florida (Mr. MCCOLLUM), a member of the committee, was very instrumental in helping us reach this conclusion. The SAIF special reserve fund, and the time is going on so I shall simply mention the SAIF special reserve fund which now is possible to adjust and repeal the special reserve fund because of the conditions, both in the BIF and the SAIF and the sound economy that we have, and suffice it to say that all parties are completely supportive of that provision.

Of course, we like to hear this: The CBO has scored this provision and reported that there is no cost.

I am going to conclude now, without going into the details of the CEBA banks, but suffice it to say that this makes an adjustment and a reform from a 1987 law and one that is included in H.R. 10 but it has the support of everyone on all sides. We think it is long overdue reform.

Mr. Speaker, I reserve the balance of my time and would wait to hear the other Members.

Mr. LaFALCE. Mr. Speaker, I yield myself such time as I may consume.

(Mr. LaFalce asked and was given permission to revise and extend his remarks.)

Mr. LaFALCE. Mr. Speaker, I rise in support of H.R. 4364.

Mr. Speaker, I reserve the balance of my time.

Mrs. ROUKEMA. Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa (Mr. LEACH), the chairman of the Committee on Banking and Financial Services.

Mr. LEACH. Mr. Speaker, I thank the gentlewoman for yielding.

Mr. Speaker, the principal beneficiaries of the Depository Institution Regulatory Streamlining Act are the Nation's small businesses and their customers. The bill, so ably put together by the Subcommittee on Financial Institutions and Consumer Credit, under the leadership of the gentlewoman from New Jersey (Mrs. ROUKEMA) and the gentleman from Minnesota (Mr. VENTO) will repeal overtime prohibitions in current law that bar banks from paying interest on business checking accounts.

In addition, the bill authorizes financial institutions to establish on an interim basis 24-transaction-a-month money market accounts for businesses. In effect, this means that small businesses, which have fewer options in money management than their larger competitors, will be able to have their money work for them.

The gentlewoman from New York (Mrs. KELLY) deserves special attention for her contributions in helping craft this important provision.

Given the liquidity problems increasing in American banking, the above provisions will enable the principal providers of credit, to midsized American business, to more efficiently serve their customers.

I would like also to call attention to one other provision of the bill and that involves the Federal Reserve Board being allowed for the first time to pay interest to depository institutions on the money they are required to keep on reserve with the Fed.

This would appear on its face to be only fair. Banks should be treated as equitably as others and allowed to collect interest on their savings. A critical upshot of advancing this commonsense precept is that the Fed will be able to better manage monetary policy because disincentives for holding funds at the Fed will be reduced.

This important provision has been advanced with great effectiveness over the past several Congresses by the gentleman from Washington (Mr. METCALF) and he deserves enormous credit for introducing legislation in this regard and keeping it before the Committee on Banking, Housing, and Urban Affairs for such a long period of time.

In closing, I would like to thank or note again the hard work in bringing this bill to the floor by our subcommittee chairman, the gentlewoman from

New Jersey (Mrs. ROUKEMA), the ranking member of the full committee, the gentleman from New York (Mr. LAFALCE), and the gentleman from Minnesota (Mr. VENTO), and, of course, particularly to the gentleman from Washington (Mr. METCALF), who has worked so tirelessly for the principles that are in this bill.

Mrs. ROUKEMA. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Washington (Mr. METCALF), a member of the committee.

(Mr. METCALF asked and was given permission to revise and extend his remarks.)

Mr. METCALF. Mr. Speaker, let me first thank the gentleman from Iowa (Mr. LEACH), the chairman of the Committee on Banking, Housing, and Urban Affairs, the gentlewoman from New Jersey (Mrs. ROUKEMA), the Chair of the Subcommittee on Financial Institutions and Consumer Credit, and the many members of the subcommittee.

I also thank the committee for adopting my bill, the Small Business Banking Act of 1997, as a section of today's bill. This bill represents a culmination of bipartisan effort that many have worked diligently to achieve.

Many people are unaware that small businesses are prohibited, by an outdated 60-year-old law that prevents them from earning interest on their business checking accounts. To address these problems, I have in both the 104th and 105th Congresses introduced legislation to simply allow, not mandate but to allow, the paying of interest on business checking accounts now prohibited under law.

I have heard from hundreds of banks across the Nation. Given the late hour, I will just mention a few. A banker from Iowa wrote, ''There seems to be little reason to continue to prohibit interest-bearing checking accounts for businesses or corporations. Further, small community banks such as ourselves must either spend additional dollars to offer a sweep type of product or lose small business customers' accounts.''

A banker from Wisconsin wrote, ''Small banks are now required to use creative repurchasing agreement accounting in an attempt to compete. Why are our customers being disadvantaged? Please level the playing field.''

In expressing his support of this legislation, Federal Reserve Chairman Alan Greenspan wrote, ''It would eliminate a significant distortion in financial markets that places small businesses at a particular disadvantage. Moreover, it would assist us in our implementation of monetary policy. Permitting depository institutions to pay interest on demand deposits would eliminate a constraint that serves no purpose and imposes unnecessary costs on both businesses and depository institutions.''

The U.S. Chamber of Commerce, the world's largest business federation, wrote in support of the bill, ''By allowing for more open competition, this legislation offers an important opportunity to small business owners to establish a more complete relationship with their financial service providers.''

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The list goes on and on of those who support this legislation, including the National Federation of Independent Businesses, the Mutual Fund Company, T. Rowe Price, and America's Community Bankers.

In conclusion, this is a chance to do something tangible to help every small business in every congressional district. America's small businesses cannot afford for Congress to further delay lifting this outdated and anticompetitive prohibition. I encourage my colleagues to support this legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. LAFALCE. Mr. Speaker, how much time do I have remaining.

The SPEAKER pro tempore (Mr. BLUNT). The gentleman from New York (Mr. LAFALCE) has 19½ minutes remaining.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would be remiss if I did not congratulate everyone associated with this bill, most especially the chairman of the full committee, the chairman of the subcommittee, and the distinguished ranking member of the subcommittee the gentleman from Minnesota (Mr. VENTO) also.

I do want to single out that the chairman of the full committee, too. There were provisions within the subcommittee bill that was reported out of subcommittee that were ardently sought by Members of his own party, very adamantly opposed by ours.

There were provisions in the bill, other provisions that were vehemently opposed by ours and some provisions that Members from our side wanted to add to the bill. I think he took a very judicious, prudential approach in producing in a bipartisan fashion a bill that everyone today could support and is deserving of passage, not only by this House, but by the Senate, and deserving of signature by the President of the United States. I hope that will come about.

I thank the gentleman from Iowa (Mr. LEACH) and the gentlewoman from New Jersey (Mrs. ROUKEMA) for their cooperative attitude very much.

Mr. Speaker, I yield back the balance of my time.

Mrs. ROUKEMA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I do thank the ranking member for those kind words. It does show how we can be a standard for the rest of the Congress in our bipartisan efforts here. I again congratulate the chairman of the full committee. Mr. Speaker I have no further requests for time.

Mr. BEREUTER. Mr. Speaker, this Member rises today in support of H.R. 4364, the Financial Institution Regulatory Streamlining Act of 1998. This Member has a long history of initiating and supporting regulatory relief efforts and this bill is another substantial step toward this end.

This Member would like to thank the distinguished gentlelady, [Mrs. ROUKEMA] the Chairperson of the Banking Subcommittee on Financial Institutions Subcommittee from New Jersey, for introducing this bill and for her efforts in bringing H.R. 4364 to the House Floor. This Member would also like to express his appreciation to the distinguished gentleman from Iowa [Mr. LEACH], the Chairman of the full Banking Committee, and the distinguished gentleman from New York [Mr. LAFALCE], the Ranking Minority Member of the full Banking Committee, for their efforts in bringing this measure to the House Floor today.

Before going into specific provisions of H.R. 4364, this Member believes that it is imperative to note that efforts directed toward regulatory burden-relief benefits both financial institutions and consumers. It allows financial institutions to conduct their business more efficiently as well as reducing the costs of banking to the consumer.

This Member is supportive of H.R. 4364 for the following three reasons.

1. H.R. 4364 would allow the Federal Reserve to pay interest on reserve balances maintained by depository institutions at Federal Reserve Banks at a rate no greater than the general level of short-term interest rates. This Member understands and appreciates the beneficial effect of this provision since it enhances the liquidity of depository institutions which in turn will positively impact the manner in which depository institutions conduct their lending practices.

2. This measure also applauds the H.R. 4364 provision which would allow for the payment of interest on business checking accounts effective October 1, 2004. This provision, which is both pro-business and pro-commerce, eliminates an undue and unnecessary regulation.

3. This Member would also like to highlight three under-recognized, but important parts of H.R. 4364 which will decrease the everyday regulatory burden on financial institutions.

For instance, provision in H.R. 4364 would require Federal Banking Agencies to use plain English in all proposed and final rules published after January 1, 1999. This measure will help all financial institutions from confusing and perplexing rules.

Furthermor, H.R. 4364 permits the Comptroller of the Currency to waive the current restriction on having no more than 25 directors serve on the board of national banks. It appears to this Member that there actually is no rationale to support the current regulatory limit of 25. This measure appropriately enhances the flexibility and freedom of a National Bank.

One additional small, but consequential, provision of regulatory relief is the repeal of the Dividend Notice Requirement. Financial institutions are many times inundated with regulatory paperwork. This simple provision would eliminate the 30-day advance notice to the Office of Thrift Supervision of a dividend payment by a savings association to its savings and loan holding company.

In closing, because of the above reasons and others, this Member would encourage the House to vote in support of H.R. 4364.

Mr. METCALF. Mr. Speaker, let me first thank the Chairman of the Banking Committee

and also thanks to the Gentlelady from New Jersey, the Chair of the Financial Institutions Subcommittee, and the many members of the Subcommittee. I also thank the committee for adopting my bill—The Small Business Banking Act of 1997, as a major section of today's legislation. This Act now represents a culmination of bi-partisan effort that many have worked diligently to perfect.

Many people are unaware that small businesses are prohibited by an outdated 60 year-old law that prevents them from earning interest on their business checking accounts. What's more ironic is that many banks are actually clamoring to have the choice to serve their business customers by offering interest on these accounts.

To address these problems, I have, in both the 104th and 105th Congresses, introduced legislation to allow, not mandate, but to allow banks and savings institutions to pay interest on business checking accounts, which is now prohibited under law.

By lifting the current prohibition against banks offering interest, the legislation would allow banks to give small businesses this critically needed option. It would also allow banks the opportunity to better address the business concerns of their local communities without having to undergo costly, cumbersome procedures.

But don't take my word for it. Listen to some comments I have received from community banks across the nation:

A banker from Iowa wrote: ''There seems little reason to continue to prohibit interest bearing checking accounts for businesses or corporations . . . Further, small community banks such as ourselves must either spend additional dollars to offer a sweep type of product or lose a small business customers' accounts.''

A banker from Wisconsin wrote: ''Small banks are now required to use 'creative repurchase agreement accounting' in an attempt to compete. Why are our customers being disadvantaged? Please level the playing field.''

In expressing his support for the legislation, Federal Reserve Chairman Alan Greenspan wrote: ''It would eliminate a significant distortion in financial markets that places small businesses at a particular disadvantage. Moreover, it would assist us in our implementation of monetary policy . . . Permitting depository institutions to pay interest on demand deposits would eliminate a constraint that serves no purpose and imposes unnecessary costs on both businesses and depository institutions.''

The U.S. Chamber of Commerce—the world's largest business federation—wrote in support of the bill: ''By allowing for more open competition, your legislation offers an important opportunity to small business owners to establish a more complete relationship with their financial service providers.''

The list goes on of those who support this bill, including: The National Federation of Independent Businesses; T. Rowe Price, the mutual fund company; and America's Community Bankers.

In closing, this is a chance to do something tangible to help every small business in every congressional district. America's small businesses cannot afford for Congress to further delay lifting this outdated and anti-competitive prohibition. I yield back the balance of my time.

Mr. CASTLE. Mr. Speaker, I rise in support of H.R. 4364, which will provide some fair and needed relief from unnecessary regulations for many of our banks and other financial institutions. I want to thank Chairman ROUKEMA of the financial institutions subcommittee for putting this bill together and to Chairman LEACH of the full committee for helping to bring it to the floor this year.

Balancing efforts to remove unnecessary regulations, improve competition and protect consumers is never easy, but I think this bill balances all those important goals and will contribute to strengthening the financial services industry and promote new products for consumers.

I would like to comment in particular on sections 222 and 223 of the bill which I believe will promote competition and increase the quality of financial products available to consumers. These sections will lift some outdated restrictions from limited-purpose banks and allow these institutions to offer new products consistent with their charter; cross-market the financial products of their affiliates; offer business credit cards to their customers; and correct problems in a reasonable period of time in consultation with the Federal Reserve. These changes will increase the products available to consumers without unfairly affecting other financial service providers. This is consistent with the intent of the entire bill which seeks to help businesses and consumers while maintaining sound regulation.

Again, I want to thank all the members involved for their cooperative efforts on this legislation, and I urge the House to approve H.R. 4364.

Mrs. KELLY. Mr. Speaker, I thank the gentlewoman from New Jersey for yielding me time. Mr. Chairman, I rise today in strong support of H.R. 4364, the Depository Institution Regulatory Streamlining Act. This legislation represents the tireless efforts of many of my colleagues, especially the gentleman from Washington, Mr. METCALF.

H.R. 4364 is a well balanced legislative package of financial services regulatory relief. I was pleased when provisions from my legislation, H.R. 4082, were included in this bill and know that these provisions will help banks better serve their customers.

One of these provisions will allow banks to conduct ''24 sweeps'' in a given month for their commercial checking customers. Currently, banks are prohibited from paying interest on commercial checking accounts. These sweeps allow banks to move funds sitting in a commercial checking account into an interest bearing account daily after all transactions have occurred in the commercial account. The next morning the money would then be ''swept'' back into the commercial accounts, with interest. Currently, banks are only allowed to do this six times a month. Operation of additional sweeps each month would not affect the safety and soundness of banks and will allow banks to pay interest on commercial checking accounts.

In my discussions with banks, I have found that complying with this provision would take minimal effort since we will only be increasing their ability to sweep from six times a month to 24. This initiative represents a real ''win-win'' for banks and businesses.

I want to again thank the gentleman from Washington for his hard work on this bill, as well as the gentlewoman from New Jersey, Mrs. ROUKEMA, the gentleman from Minnesota, Mr. VENTO and the committee staff who worked so hard to make this bill a reality.

Lastly, I am pleased with the bipartisan consensus we have achieved with this legislation and I ask my colleagues from both sides of the aisle to join me in support for House passage of H.R. 4364.

Mr. VENTO. Mr. Speaker, I rise in support of H.R. 4364, the Depository Institution Regulatory Streamlining Act of 1998, legislation that I have worked on for many months and which I cosponsored at introduction.

I am pleased that the anti-CRA amendment that forced the opposition of all the Democrats on the Financial Institutions Subcommittee has been removed because it would effectively exempt over 80% of financial institutions from CRA, I have remaining concerns.

I am uncomfortable with the extension of the delay in allowing interest on business checking accounts, a sound public policy change that should really be effective as soon as possible, from three years to six years. However, because we were able to find an accommodation for a very minor notification provision for consumers about the debit cards they are now receiving as replacement cards for the ATM cards and the response to the F.T.C. concerns on broadcast disclosure I'm for the time supporting this process.

I do want to note for all the Members of the House, that at the Financial Institutions Subcommittee, we worked well together to assure that we would not be condemned to repeat history on regulatory burden relief. I thank the gentlelady from New Jersey, Chairwoman ROUKEMA, and her staff, for their work with us on this legislation. We crafted a balanced bill on which we held a comprehensive hearing. We worked with Members, the regulators and consumer and industry interests to advance a solid, yet basically non-controversial regulatory burden relief bill that did not adversely affect consumers, nor undercut some of the very laws that protect safety and soundness of our financial institutions.

That is not to say that this bill is completely without controversy. Title I, which contains the provisions to allow interest on business checking, a big plus for small-and medium-sized businesses which are not sweep always able to take advantage of the so-called accounts, also allows the Federal Reserve Board to pay interest on sterile reserves. Obviously, that policy, path has a price and we chose in the bill to pay for the scoring by using the Fed surplus. How far past this House floor that these provisions will advance is not clear to me at this time.

This bill provides for the elimination of the SAIF special reserves which in pulling off funds and reserving them from the Savings Association Insurance Fund could set up a differential premium and get us back in the BIF-SAIF ''situation'' that engulfed us in the last Congress. I support this provision that is supported by the FDIC.

H.R. 4364 also provides some housecleaning type provisions for the banking regulators, bringing outdated statutes up to date, clarifying the meaning of changes made in previous laws, and providing technical corrections to many laws.

Let me be clear, this bill is not about consumer burden relief which should have been in order. Indeed, our Financial Institutions Subcommittee held hearings on some timely topics including privacy issues, unsolicited loan checks and other provisions that could

have been added. Many Democratic Members, including myself, would have liked to include positive proactive legislation for consumers. For example, I would have like to increase the limit for the applicability for nonmortgage Truth In Lending Act coverage from $25,000 to $50,000 so that consumers who buy a vehicle that costs more than $25,000 would be protected by TILA. These kinds of provisions, however, were held off in the spirit of pragmatism, trying to move a bill quickly and not to bog it down in controversy.

Let me finally say, regulatory burden relief can generally be a good premise, but not if it breaches consumer protection OR safety and soundness boundaries. It cannot be an excuse for the lowest common denominator with regards to consumers, communities and safety and soundness. I supported working on this legislation so that we can maintain a non-partisan, non-controversial stance on some needed changes. There are unnecessarily changes, however, that were suggested.

For example, there are provisions in the regulatory relief bill that has been pending in the other body and I do find very egregious. They are absent in this bill and I appreciate the willingness to work together on this bill without those sort of provisions. That is what has made this bill a suspension bill today. Because of our less controversial approach, we may well have facilitated the positive consideration of this legislation in the very limited window we have left.

Mrs. ROUKEMA. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New Jersey (Mrs. ROUKEMA) that the House suspend the rules and pass the bill, H.R. 4364, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. ROUKEMA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 4363, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

CONSUMER REPORTING EMPLOYMENT CLARIFICATION ACT OF 1998

Mr. LEACH. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 2561) to amend the Fair Credit Reporting Act with respect to furnishing and using consumer reports for employment purposes.

The Clerk read as follows:

S. 2561

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 ''Consumer Reporting Employment Clarification Act of 1998''.

SEC. 2. USE OF CONSUMER REPORTS FOR EMPLOYMENT PURPOSES.

(a) DISCLOSURE TO CONSUMER.—Section 604(b)(2) of the Fair Credit Reporting Act (15 U.S.C. 1681b(b)(2)) is amended to read as follows:

''(2) DISCLOSURE TO CONSUMER.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a person may not procure a consumer report, or cause a consumer report to be procured, for employment purposes with respect to any consumer, unless—

''(i) a clear and conspicuous disclosure has been made in writing to the consumer at any time before the report is procured or caused to be procured, in a document that consists solely of the disclosure, that a consumer report may be obtained for employment purposes; and

''(ii) the consumer has authorized in writing (which authorization may be made on the document referred to in clause (i)) the procurement of the report by that person.

''(B) APPLICATION BY MAIL, TELEPHONE, COMPUTER, OR OTHER SIMILAR MEANS.—If a consumer described in subparagraph (C) applies for employment by mail, telephone, computer, or other similar means, at any time before a consumer report is procured or caused to be procured in connection with that application—

''(i) the person who procures the consumer report on the consumer for employment purposes shall provide to the consumer, by oral, written, or electronic means, notice that a consumer report may be obtained for employment purposes, and a summary of the consumer's rights under section 615(a)(3); and

''(ii) the consumer shall have consented, orally, in writing, or electronically to the procurement of the report by that person.

''(C) SCOPE.—Subparagraph (B) shall apply to a person procuring a consumer report on a consumer in connection with the consumer's application for employment only if—

''(i) the consumer is applying for a position over which the Secretary of Transportation has the power to establish qualifications and maximum hours of service pursuant to the provisions of section 31502 of title 49, or a position subject to safety regulation by a State transportation agency; and

''(ii) as of the time at which the person procures the report or causes the report to be procured the only interaction between the consumer and the person in connection with that employment application has been by mail, telephone, computer, or other similar means.''.

(b) CONDITIONS ON USE FOR ADVERSE ACTIONS.—Section 604(b)(3) of the Fair Credit Reporting Act (15 U.S.C. 1681b(b)(3)) is amended to read as follows:

''(3) CONDITIONS ON USE FOR ADVERSE ACTIONS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), in using a consumer report for employment purposes, before taking any adverse action based in whole or in part on the report, the person intending to take such adverse action shall provide to the consumer to whom the report relates—

''(i) a copy of the report; and

''(ii) a description in writing of the rights of the consumer under this title, as prescribed by the Federal Trade Commission under section 609(c)(3).

''(B) APPLICATION BY MAIL, TELEPHONE, COMPUTER, OR OTHER SIMILAR MEANS.—

''(i) If a consumer described in subparagraph (C) applies for employment by mail, telephone, computer, or other similar means, and if a person who has procured a consumer report on the consumer for employment purposes takes adverse action on the employment application based in whole or in part on the report, then the person must provide to the consumer to whom the report relates, in lieu of the notices required under subparagraph (A) of this section and under section 615(a), within 3 business days of taking such action, an oral, written or electronic notification—

''(I) that adverse action has been taken based in whole or in part on a consumer report received from a consumer reporting agency;

''(II) of the name, address and telephone number of the consumer reporting agency that furnished the consumer report (including a toll-free telephone number established by the agency if the agency compiles and maintains files on consumers on a nationwide basis);

''(III) that the consumer reporting agency did not make the decision to take the adverse action and is unable to provide to the consumer the specific reasons why the adverse action was taken; and

''(IV) that the consumer may, upon providing proper identification, request a free copy of a report and may dispute with the consumer reporting agency the accuracy or completeness of any information in a report.

''(ii) If, under clause (B)(i)(IV), the consumer requests a copy of a consumer report from the person who procured the report, then, within 3 business days of receiving the consumer's request, together with proper identification, the person must send or provide to the consumer a copy of a report and a copy of the consumer's rights as prescribed by the Federal Trade Commission under section 609(c)(3).

''(C) SCOPE.—Subparagraph (B) shall apply to a person procuring a consumer report on a consumer in connection with the consumer's application for employment only if—

''(i) the consumer is applying for a position over which the Secretary of Transportation has the power to establish qualifications and maximum hours of service pursuant to the provisions of section 31502 of title 49, or a position subject to safety regulation by a State transportation agency; and

''(ii) as of the time at which the person procures the report or causes the report to be procured the only interaction between the consumer and the person in connection with that employment application has been by mail, telephone, computer, or other similar means.''.

SEC. 3. PROVISION OF SUMMARY OF RIGHTS.

Section 604(b)(1)(B) of the Fair Credit Reporting Act (15 U.S.C. 1681b(b)(1)(B)) is amended by inserting '', or has previously provided,'' before ''a summary''.

SEC. 4. NATIONAL SECURITY INVESTIGATION CONFORMING AMENDMENTS.

(a) GOVERNMENT AS END USER.—Section 609(a)(3) of the Fair Credit Reporting Act (15 U.S.C. 1681g(a)(3)) is amended by adding at the end the following:

''(C) Subparagraph (A) does not apply if—

''(i) the end user is an agency or department of the United States Government that procures the report from the person for purposes of determining the eligibility of the consumer to whom the report relates to receive access or continued access to classified information (as defined in section 604(b)(4)(E)(i)); and

''(ii) the head of the agency or department makes a written finding as prescribed under section 604(b)(4)(A).''.

(b) NATIONAL SECURITY INVESTIGATIONS.—Section 613 of the Fair Credit Reporting Act (15 U.S.C. 1681k) is amended—

(1) by inserting ''(a) IN GENERAL.—'' before ''A consumer''; and

(2) by adding at the end the following:

''(b) EXEMPTION FOR NATIONAL SECURITY INVESTIGATIONS.—Subsection (a) does not apply in the case of an agency or department of the