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(Original Signature of Member)

119TH CONGRESS  
2D SESSION

# H. R.

To amend the Federal Deposit Insurance Act to provide deposit insurance for noninterest-bearing transaction accounts, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. LUCAS introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# A BILL

To amend the Federal Deposit Insurance Act to provide deposit insurance for noninterest-bearing transaction accounts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Main Street Depositor  
5 Protection Act”.

6 **SEC. 2. TRANSACTION ACCOUNT INSURANCE.**

7 (a) DEPOSITORY INSTITUTIONS.—

1           (1) IN GENERAL.—Section 11(a)(1) of the Fed-  
2           eral Deposit Insurance Act (12 U.S.C. 1821(a)(1))  
3           is amended by striking subparagraph (B) and insert-  
4           ing the following:

5                   “(B) NET AMOUNT OF INSURED DE-  
6           POSIT.—

7                           “(i) IN GENERAL.—The net amount  
8                           due to any depositor at an insured deposi-  
9                           tory institution shall not exceed the sum  
10                          of—

11                                   “(I) the standard maximum de-  
12                                   posit insurance amount as determined  
13                                   in accordance with subparagraphs  
14                                   (C), (D), (E), and (F) and paragraph  
15                                   (3); and

16                                   “(II) the net amount under  
17                                   clause (ii).

18                           “(ii) INSURANCE FOR NONINTEREST-  
19           BEARING TRANSACTION ACCOUNTS.—

20                                   “(I) IN GENERAL.—Except as  
21                                   provided in subclause (IV), not later  
22                                   than the end of the 6-month period  
23                                   beginning on the date of enactment of  
24                                   this clause, the Corporation shall in-  
25                                   sure the net amount that any deposi-

1 tor maintains, in the aggregate, in 1  
2 or more noninterest-bearing trans-  
3 action accounts at an insured deposi-  
4 tory institution, in the amount deter-  
5 mined under subclause (II).

6 “(II) INSURED AMOUNT.—The  
7 Corporation shall issue a rule to es-  
8 tablish the maximum amount for in-  
9 surance described in subclause (I),  
10 which shall be in an amount that is—

11 “(aa) not less than the  
12 standard maximum deposit insur-  
13 ance amount on the date such  
14 rule is issued;

15 “(bb) not more than  
16 \$5,000,000; and

17 “(cc) based on consider-  
18 ations of enhancing the financial  
19 stability of the banking system,  
20 promoting economic growth, and  
21 providing for the safety of the  
22 Deposit Insurance Fund.

23 “(III) AGGREGATION.—For the  
24 purpose of determining the net  
25 amount due to any depositor under

1 subclause (I), the Corporation shall  
2 aggregate the amounts of all deposits  
3 in noninterest-bearing transaction ac-  
4 counts at insured depository institu-  
5 tions that are subsidiaries of a single  
6 depository institution holding com-  
7 pany.

8 “(IV) EXCLUSION.—

9 “(aa) DEFINITION.—In this  
10 subclause, the term ‘foreign  
11 bank’ does not include any bank  
12 organized under the laws of any  
13 territory of the United States,  
14 Puerto Rico, Guam, American  
15 Samoa, or the Virgin Islands, the  
16 deposits of which are insured by  
17 the Corporation pursuant to this  
18 Act.

19 “(bb) EXCLUSION.—The  
20 Corporation may not insure  
21 under subclause (I) amounts  
22 maintained at—

23 “(AA) any insured de-  
24 pository institution that is a  
25 subsidiary of a bank holding

1 company that is identified as  
2 a global systemically impor-  
3 tant BHC under section  
4 217.402 of title 12, Code of  
5 Federal Regulations (or any  
6 successor regulation); or

7 “(BB) any insured  
8 branch of a foreign bank.

9 “(cc) RULE OF CONSTRUC-  
10 TION.—Nothing in this subclause  
11 may be construed to exclude any  
12 insured depository institution de-  
13 scribed in subitem (AA) from the  
14 standard maximum deposit insur-  
15 ance amount described in clause  
16 (i)(I).

17 “(V) NO SUBSEQUENT ADJUST-  
18 MENTS.—After the Corporation issues  
19 a rule pursuant to subclause (II), the  
20 amount of insurance provided under  
21 subclause (I) may not subsequently be  
22 modified or repealed except by an Act  
23 of Congress.”.

1           (2) TECHNICAL AND CONFORMING AMEND-  
2           MENT.—Section 3(m) of the Federal Deposit Insur-  
3           ance Act (12 U.S.C. 1813(m)) is amended—

4                   (A) in paragraph (1), by inserting “, in-  
5                   cluding deposits in a noninterest-bearing trans-  
6                   action account,” after “deposits”; and

7                   (B) by adding at the end the following:

8                   “(5) NONINTEREST-BEARING TRANSACTION AC-  
9                   COUNT.—The term ‘noninterest-bearing transaction  
10                  account’ means a deposit or account maintained at  
11                  an insured depository institution—

12                           “(A) with respect to which interest is nei-  
13                           ther accrued nor paid;

14                           “(B) on which the depositor or account  
15                           holder is permitted to make withdrawals by ne-  
16                           gotiable or transferable instrument, payment  
17                           orders of withdrawal, telephone or other elec-  
18                           tronic media transfers, or other similar items  
19                           for the purpose of making payments or trans-  
20                           fers to third parties or others; and

21                           “(C) on which the insured depository insti-  
22                           tution does not reserve the right to require ad-  
23                           vance notice of an intended withdrawal.”.

24           (3) ASSESSMENTS.—During the transition pe-  
25           riod under subsection (c), no insured depository in-

1           stitution with total assets of \$10,000,000,000 or less  
2           shall be required to pay—

3                   (A) any special assessment under section  
4                   7(b)(5) or 13(c)(4)(G) of the Federal Deposit  
5                   Insurance Act (12 U.S.C. 1817(b)(5),  
6                   1823(c)(4)(G)) as a condition to insurance on a  
7                   noninterest-bearing transaction account, as de-  
8                   fined in paragraph (5) of section 3(m) of the  
9                   Federal Deposit Insurance Act (12 U.S.C.  
10                  1813(m)), as added by paragraph (2) of this  
11                  subsection; or

12                  (B) any increase in assessments under sec-  
13                  tion 7(b)(2) of the Federal Deposit Insurance  
14                  Act (12 U.S.C. 1817(b)(2)) solely to offset any  
15                  impact on the reserve ratio arising out of the  
16                  extension of insurance to noninterest-bearing  
17                  transaction accounts in excess of the standard  
18                  maximum deposit insurance amount as deter-  
19                  mined in accordance with subparagraphs (C),  
20                  (D), (E), and (F) of paragraph (1) and para-  
21                  graph (3) of section 11(a) of that Act (12  
22                  U.S.C. 1821(a)).

23           (b) CREDIT UNIONS.—

1           (1) IN GENERAL.—Section 207(k)(1)(A) of the  
2 Federal Credit Union Act (12 U.S.C.  
3 1787(k)(1)(A)) is amended—

4           (A) by striking “Subject to the provisions  
5 of paragraph (2), the net amount” and insert-  
6 ing the following:

7           “(i) NET AMOUNT OF INSURANCE  
8 PAYABLE.—Subject to clause (ii) and the  
9 provisions of paragraph (2), the net  
10 amount”; and

11          (B) by adding at the end the following:

12          “(ii) INSURANCE FOR NONINTEREST-  
13 BEARING TRANSACTION ACCOUNTS.—

14           “(I) IN GENERAL.—Notwith-  
15 standing clause (i), the Board shall  
16 insure the net amount that any mem-  
17 ber, or any person with funds lawfully  
18 held in a member account, maintains,  
19 in the aggregate, in 1 or more non-  
20 interest-bearing transaction accounts  
21 at an insured credit union.

22          “(II) INSURED AMOUNT.—The  
23 maximum amount for insurance de-  
24 scribed in subclause (I) shall be the  
25 maximum amount determined in the

1 rule issued by the Federal Deposit In-  
2 surance Corporation pursuant to sec-  
3 tion 11(a)(1)(B)(ii)(II) of the Federal  
4 Deposit Insurance Act (12 U.S.C.  
5 1821(a)(1)(B)(ii)(II)).

6 “(III) EXCLUSION.—The amount  
7 described in subclause (I) shall not be  
8 taken into account when computing  
9 the net amount due to a member, or  
10 to any person with funds lawfully held  
11 in a member account, described in  
12 that subclause under clause (i).”.

13 (2) TECHNICAL AND CONFORMING AMEND-  
14 MENTS.—Section 101 of the Federal Credit Union  
15 Act (12 U.S.C. 1752) is amended—

16 (A) in paragraph (5), by inserting “such  
17 terms mean a noninterest-bearing transaction  
18 account,” after “Act,”;

19 (B) in paragraph (8), by striking “and” at  
20 the end;

21 (C) in paragraph (9), by striking the pe-  
22 riod at the end and inserting “; and”; and

23 (D) by adding at the end the following:

24 “(10) The term ‘noninterest-bearing transaction  
25 account’ means an account of a member, or non-

1 member that is eligible to maintain an insured ac-  
2 count, maintained at an insured credit union—

3 “(A) with respect to which interest is nei-  
4 ther accrued nor paid;

5 “(B) on which the member or account  
6 holder is permitted to make withdrawals by ne-  
7 gotiable or transferable instrument, payment  
8 orders of withdrawal, telephone or other elec-  
9 tronic media transfers, or other similar items  
10 for the purpose of making payments or trans-  
11 fers to third parties or others; and

12 “(C) on which the insured credit union  
13 does not reserve the right to require advance  
14 notice of an intended withdrawal.”.

15 (c) TRANSITION PERIOD.—

16 (1) DEPOSITORY INSTITUTIONS.—

17 (A) IN GENERAL.—Notwithstanding any  
18 other provision of law, insured deposits in non-  
19 interest-bearing transaction accounts, as de-  
20 scribed in clause (ii) of section 11(a)(1)(B) of  
21 the Federal Deposit Insurance Act (12 U.S.C.  
22 1821(a)(1)(B)), as added by subsection (a)(1)  
23 of this section, shall be included in the deter-  
24 mination of the value of the estimated insured  
25 deposits described in sections 3(y)(3) and

1 7(b)(3)(B) of that Act (12 U.S.C. 1813(y)(3),  
2 1817(b)(3)(B)) in accordance with the plan re-  
3 quired under subparagraph (B).

4 (B) PLAN.—Not later than 1 year after  
5 the date of enactment of this Act, the Federal  
6 Deposit Insurance Corporation shall publish in  
7 the Federal Register a plan for gradually in-  
8 creasing, during the period ending on the date  
9 that is 10 years after the date of enactment of  
10 this Act, the portion of insured deposits de-  
11 scribed in subparagraph (A) in the determina-  
12 tion described in that subparagraph, reaching  
13 100 percent at the end of the period.

14 (2) CREDIT UNIONS.—

15 (A) IN GENERAL.—Notwithstanding any  
16 other provision of law, insured shares in non-  
17 interest-bearing transaction accounts, as de-  
18 scribed in clause (ii) of section 207(k)(1)(A) of  
19 the Federal Credit Union Act (12 U.S.C.  
20 1787(k)(1)(A)), as added by subsection (b)(1)  
21 of this section, shall be included in the deter-  
22 mination of the value of the aggregate amount  
23 of the insured shares, as defined in section  
24 202(h) of that Act (12 U.S.C. 1782(h)), in ac-

1 cordance with the plan required under subpara-  
2 graph (B).

3 (B) PLAN.—Not later than 1 year after  
4 the date of enactment of this Act, the National  
5 Credit Union Administration Board shall pub-  
6 lish in the Federal Register a plan for gradually  
7 increasing, during the period ending on the date  
8 that is 10 years after the date of enactment of  
9 this Act, the portion of insured shares described  
10 in subparagraph (A) in the determination de-  
11 scribed in that subparagraph, reaching 100 per-  
12 cent at the end of the period.

13 (C) REGULATIONS.—The National Credit  
14 Union Administration Board may promulgate  
15 regulations to ensure that the National Credit  
16 Union Share Insurance Fund remains well-cap-  
17 italized.

18 (d) REGULATIONS.—The Federal Deposit Insurance  
19 Corporation and the National Credit Union Administra-  
20 tion Board may promulgate regulations carrying out the  
21 amendments made by this section, including prohibiting  
22 insured depository institutions, as defined in section 3 of  
23 the Federal Deposit Insurance Act (12 U.S.C. 1813), in-  
24 sured credit unions, as defined in section 101 of the Fed-  
25 eral Credit Union Act (12 U.S.C. 1752), and third parties,

1 as applicable, from evading the limitation of insurance es-  
2 tablished under those amendments to only—

3 (1) noninterest-bearing transaction accounts;

4 (2) deposits or accounts at insured depository  
5 institutions not excluded under clause (ii)(IV) of sec-  
6 tion 11(a)(1)(B) of the Federal Deposit Insurance  
7 Act (12 U.S.C. 1821(a)(1)(B)), as added by sub-  
8 section (a) of this section; and

9 (3) shares, deposits, or accounts at insured  
10 credit unions.