

114TH CONGRESS  
1ST SESSION

# H. R. 4116

To amend the Federal Deposit Insurance Act to ensure that the reciprocal deposits of an insured depository institution are not considered to be funds obtained by or through a deposit broker, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 2015

Ms. MOORE (for herself and Mr. EMMER of Minnesota) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To amend the Federal Deposit Insurance Act to ensure that the reciprocal deposits of an insured depository institution are not considered to be funds obtained by or through a deposit broker, 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. LIMITED EXCEPTION FOR RECIPROCAL DEPOS-**  
4 **ITS.**

5 (a) IN GENERAL.—Section 29 of the Federal Deposit  
6 Insurance Act (12 U.S.C. 1831f) is amended by adding  
7 at the end the following new subsection:

1       “(i) LIMITED EXCEPTION FOR RECIPROCAL DEPOS-  
2 ITS.—

3               “(1) IN GENERAL.—Reciprocal deposits of an  
4 insured depository institution shall not be considered  
5 to be funds obtained, directly or indirectly, by or  
6 through a deposit broker if—

7                       “(A) when the institution was most re-  
8 cently examined, its composite condition was  
9 found to be outstanding or good; or

10                      “(B) the total amount of such reciprocal  
11 deposits does not exceed the lesser of—

12                               “(i) \$10,000,000,000; or

13                               “(ii) an amount equal to 20 percent of  
14 the total liabilities of the insured depository  
15 institution.

16               “(2) RULE OF CONSTRUCTION.—Nothing in  
17 this subsection shall be construed to limit the au-  
18 thority of the Corporation to require, on a case-by-  
19 case basis, that an agent institution that is less than  
20 adequately capitalized (as defined in section  
21 38(b)(1)(B)) not accept particular types of deposits  
22 upon finding that the acceptance of such deposits  
23 constitutes an unsafe or unsound practice with re-  
24 spect to such institution.

25               “(3) DEFINITIONS.—In this subsection:

1           “(A) AGENT INSTITUTION.—The term  
2           ‘agent institution’ means an insured depository  
3           institution that places a covered deposit  
4           through a deposit placement network at other  
5           insured depository institutions in amounts that  
6           are less than or equal to the standard maximum deposit insurance amount, specifying the  
7           interest rate to be paid for such amounts,  
8           where the agent institution—

10           “(i) is well capitalized (as defined in  
11           section 38(b)(1)(A)) or has obtained a  
12           waiver pursuant to subsection (c) of this  
13           section; or

14           “(ii) does not receive an amount of reciprocal deposits that causes the total  
15           amount of reciprocal deposits held by the  
16           agent institution to be greater than the average of the total amount of reciprocal deposits held by the agent institution on the  
17           last day of each of the 4 calendar quarters  
18           preceding the calendar quarter in which  
19           the agent institution was determined to be  
20           not well capitalized.

21           “(B) COVERED DEPOSIT.—The term ‘covered deposit’ means a deposit that—  
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1           “(i) is submitted for placement  
2           through a deposit placement network by an  
3           agent institution; and

4           “(ii) does not consist of funds that  
5           were obtained for the agent institution, di-  
6           rectly or indirectly, by or through a deposit  
7           broker before submission for placement  
8           through a deposit placement network.

9           “(C) DEPOSIT PLACEMENT NETWORK.—  
10          The term ‘deposit placement network’ means a  
11          network in which an insured depository institu-  
12          tion participates, together with other insured  
13          depository institutions, for the processing and  
14          receipt of reciprocal deposits.

15          “(D) NETWORK MEMBER BANK.—The  
16          term ‘network member bank’ means an insured  
17          depository institution that is a member of a de-  
18          posit placement network.

19          “(E) RECIPROCAL DEPOSITS.—The term  
20          ‘reciprocal deposits’ means deposits received by  
21          an agent institution through a deposit place-  
22          ment network with the same maturity (if any)  
23          and in the same aggregate amount as covered  
24          deposits placed by the agent institution in other  
25          network member banks.”.

1           (b) APPLICABILITY.—Nothing in this Act shall be  
2 construed to limit the application of any provision of the  
3 Federal Deposit Insurance Act, other than section 29 of  
4 such Act (12 U.S.C. 1831f), to an insured depository in-  
5 stitution (as defined in section 3(c) of such Act (12 U.S.C.  
6 1813(c))).

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