

115TH CONGRESS
1ST SESSION

H. R. 2403

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.

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 2017

Ms. MOORE (for herself, Mr. EMMER, Ms. MAXINE WATERS of California, Mrs. CAROLYN B. MALONEY of New York, Mr. MEEKS, Mr. HECK, Mr. POCAN, Mr. CLAY, Mr. CLEAVER, Ms. SINEMA, Mr. STIVERS, Mr. PITTENGER, Mr. MESSER, Mr. ZELDIN, Mr. HUIZENGA, Mr. HILL, and Mr. LUCAS) introduced the following bill; which was referred to the Committee on Financial Services

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. SHORT TITLE.**

4 This Act may be cited as the “Keeping Capital Local
5 for Underserved Communities Act of 2017”.

1 **SEC. 2. LIMITED EXCEPTION FOR RECIPROCAL DEPOSITS.**

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

5 “(i) LIMITED EXCEPTION FOR RECIPROCAL DEPOS-
6 ITS.—

7 “(1) IN GENERAL.—Reciprocal deposits of an
8 agent institution shall not be considered to be funds
9 obtained, directly or indirectly, by or through a de-
10 posit broker to the extent that the total amount of
11 such reciprocal deposits does not exceed the lesser
12 of—

13 “(A) \$10,000,000,000; or

14 “(B) an amount equal to 20 percent of the
15 total liabilities of the agent institution.

16 “(2) DEFINITIONS.—In this subsection:

17 “(A) AGENT INSTITUTION.—The term
18 ‘agent institution’ means an insured depository
19 institution that places a covered deposit
20 through a deposit placement network at other
21 insured depository institutions in amounts that
22 are less than or equal to the standard max-
23 imum deposit insurance amount, specifying the
24 interest rate to be paid for such amounts, if the
25 agent institution—

1 “(i)(I) when most recently examined
2 under section 10(d) was found to have a
3 composite condition of outstanding or
4 good; and

5 “(II) is well capitalized (as defined in
6 section 38(b)(1)(A));

7 “(ii) has obtained a waiver pursuant
8 to subsection (c) of this section; or

9 “(iii) does not receive an amount of
10 reciprocal deposits that causes the total
11 amount of reciprocal deposits held by the
12 agent institution to be greater than the av-
13 erage of the total amount of reciprocal de-
14 posits held by the agent institution on the
15 last day of each of the 4 calendar quarters
16 preceding the calendar quarter in which
17 the agent institution was found not to have
18 a composite condition of outstanding or
19 good or was determined to be not well cap-
20 italized.

21 “(B) COVERED DEPOSIT.—The term ‘cov-
22 ered deposit’ means a deposit that—

23 “(i) is submitted for placement
24 through a deposit placement network by an
25 agent institution; and

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

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

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

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

23 (b) INTEREST RATE RESTRICTION.—Subsection (e)
24 of section 29 of the Federal Deposit Insurance Act (12
25 U.S.C. 1831f(e)) is amended to read as follows:

1 “(e) RESTRICTION ON INTEREST RATE PAID.—

2 “(1) IN GENERAL.—An insured depository in-
3 stitution that—

4 “(A) under subsection (c) or (d), accepts
5 funds obtained, directly or indirectly, by or
6 through a deposit broker, or

7 “(B) while acting as an agent institution
8 under subsection (i), accepts reciprocal deposits
9 (as defined in such subsection) while not well
10 capitalized (as defined in section 38(b)(1)(A)),
11 may not pay a rate of interest on such funds or re-
12 ciprocal deposits which, at the time that such funds
13 or reciprocal deposits are accepted, significantly ex-
14 ceeds the limit set forth in paragraph (2).

15 “(2) LIMIT ON INTEREST RATES.—The limit on
16 the rate of interest referred to in paragraph (1) shall
17 be—

18 “(A) the rate paid on deposits of similar
19 maturity in such institution’s normal market
20 area for deposits accepted in the institution’s
21 normal market area; or

22 “(B) the national rate paid on deposits of
23 comparable maturity, as established by the Cor-

- 1 poration, for deposits accepted outside the insti-
- 2 tution's normal market area.".

