

1 **TITLE VII—OTHER PROVISIONS**
2 **Subtitle A—ATM Fee Reform**

3 **SEC. 701. SHORT TITLE.**

4 This subtitle may be cited as the “ATM Fee Reform
5 Act of 1999”.

6 **SEC. 702. ELECTRONIC FUND TRANSFER FEE DISCLOSURES**
7 **AT ANY HOST ATM.**

8 Section 904(d) of the Electronic Fund Transfer Act
9 (15 U.S.C. 1693b(d)) is amended by adding at the end
10 the following new paragraph:

11 “(3) FEE DISCLOSURES AT AUTOMATED TELL-
12 ER MACHINES.—

13 “(A) IN GENERAL.—The regulations pre-
14 scribed under paragraph (1) shall require any
15 automated teller machine operator who imposes
16 a fee on any consumer for providing host trans-
17 fer services to such consumer to provide notice
18 in accordance with subparagraph (B) to the
19 consumer (at the time the service is provided)
20 of—

21 “(i) the fact that a fee is imposed by
22 such operator for providing the service;
23 and

24 “(ii) the amount of any such fee.

25 “(B) NOTICE REQUIREMENTS.—

1 “(i) ON THE MACHINE.—The notice
2 required under clause (i) of subparagraph
3 (A) with respect to any fee described in
4 such subparagraph shall be posted in a
5 prominent and conspicuous location on or
6 at the automated teller machine at which
7 the electronic fund transfer is initiated by
8 the consumer.

9 “(ii) ON THE SCREEN.—The notice
10 required under clauses (i) and (ii) of sub-
11 paragraph (A) with respect to any fee de-
12 scribed in such subparagraph shall appear
13 on the screen of the automated teller ma-
14 chine, or on a paper notice issued from
15 such machine, after the transaction is initi-
16 ated and before the consumer is irrev-
17 ocably committed to completing the trans-
18 action, except that during the period begin-
19 ning on the date of the enactment of the
20 Financial Services Modernization Act of
21 1999 and ending on December 31, 2004,
22 this clause shall not apply to any auto-
23 mated teller machine that lacks the tech-
24 nical capability to disclose the notice on
25 the screen.

1 “(C) PROHIBITION ON FEES NOT PROP-
2 ERLY DISCLOSED AND EXPLICITLY ASSUMED BY
3 CONSUMER.—No fee may be imposed by any
4 automated teller machine operator in connec-
5 tion with any electronic fund transfer initiated
6 by a consumer for which a notice is required
7 under subparagraph (A), unless—

8 “(i) the consumer receives such notice
9 in accordance with subparagraph (B); and

10 “(ii) the consumer elects to continue
11 in the manner necessary to effect the
12 transaction after receiving such notice.

13 “(D) DEFINITIONS.—For purposes of this
14 paragraph, the following definitions shall apply:

15 “(i) AUTOMATED TELLER MACHINE
16 OPERATOR.—The term ‘automated teller
17 machine operator’ means any person
18 who—

19 “(I) operates an automated teller
20 machine at which consumers initiate
21 electronic fund transfers; and

22 “(II) is not the financial institu-
23 tion which holds the account of such
24 consumer from which the transfer is
25 made.

1 “(ii) ELECTRONIC FUND TRANS-
2 FER.—The term ‘electronic fund transfer’
3 includes a transaction which involves a bal-
4 ance inquiry initiated by a consumer in the
5 same manner as an electronic fund trans-
6 fer, whether or not the consumer initiates
7 a transfer of funds in the course of the
8 transaction.

9 “(iii) HOST TRANSFER SERVICES.—
10 The term ‘host transfer services’ means
11 any electronic fund transfer made by an
12 automated teller machine operator in con-
13 nection with a transaction initiated by a
14 consumer at an automated teller machine
15 operated by such operator.”.

16 **SEC. 703. DISCLOSURE OF POSSIBLE FEES TO CONSUMERS**
17 **WHEN ATM CARD IS ISSUED.**

18 Section 905(a) of the Electronic Fund Transfer Act
19 (15 U.S.C. 1693c(a)) is amended—

20 (1) by striking “and” at the end of paragraph
21 (8);

22 (2) by striking the period at the end of para-
23 graph (9) and inserting “; and”; and

24 (3) by inserting after paragraph (9) the fol-
25 lowing new paragraph:

1 “(10) a notice to the consumer that a fee may
2 be imposed by—

3 “(A) an automated teller machine operator
4 (as defined in section 904(d)(3)(D)(i)) if the
5 consumer initiates a transfer from an auto-
6 mated teller machine which is not operated by
7 the person issuing the card or other means of
8 access; and

9 “(B) any national, regional, or local net-
10 work utilized to effect the transaction.”.

11 **SEC. 704. FEASIBILITY STUDY.**

12 (a) IN GENERAL.—The Comptroller General of the
13 United States shall conduct a study of the feasibility of
14 requiring, in connection with any electronic fund transfer
15 initiated by a consumer through the use of an automated
16 teller machine—

17 (1) a notice to be provided to the consumer be-
18 fore the consumer is irrevocably committed to com-
19 pleting the transaction, which clearly states the
20 amount of any fee which will be imposed upon the
21 consummation of the transaction by—

22 (A) any automated teller machine operator
23 (as defined in section 904(d)(2)(D)(i) of the
24 Electronic Fund Transfer Act) involved in the
25 transaction;

1 (B) the financial institution holding the ac-
2 count of the consumer;

3 (C) any national, regional, or local network
4 utilized to effect the transaction; and

5 (D) any other party involved in the trans-
6 fer; and

7 (2) the consumer to elect to consummate the
8 transaction after receiving the notice described in
9 paragraph (1).

10 (b) FACTORS TO BE CONSIDERED.—In conducting
11 the study required under subsection (a) with regard to the
12 notice requirement described in such subsection, the
13 Comptroller General shall consider the following factors:

14 (1) The availability of appropriate technology.

15 (2) Implementation and operating costs.

16 (3) The competitive impact any such notice re-
17 quirement would have on various sizes and types of
18 institutions, if implemented.

19 (4) The period of time which would be reason-
20 able for implementing any such notice requirement.

21 (5) The extent to which consumers would ben-
22 efit from any such notice requirement.

23 (6) Any other factor the Comptroller General
24 determines to be appropriate in analyzing the feasi-
25 bility of imposing any such notice requirement.

1 (c) REPORT TO THE CONGRESS.—Before the end of
2 the 6-month period beginning on the date of the enact-
3 ment of this Act, the Comptroller General shall submit
4 a report to the Congress containing—

5 (1) the findings and conclusions of the Comp-
6 troller General in connection with the study required
7 under subsection (a); and

8 (2) the recommendation of the Comptroller
9 General with regard to the question of whether a no-
10 tice requirement described in subsection (a) should
11 be implemented and, if so, how such requirement
12 should be implemented.

13 **SEC. 705. NO LIABILITY IF POSTED NOTICES ARE DAM-**
14 **AGED.**

15 Section 910 of the Electronic Fund Transfer Act (15
16 U.S.C. 1693h) is amended by adding at the end the fol-
17 lowing new subsection:

18 “(d) EXCEPTION FOR DAMAGED NOTICES.—If the
19 notice required to be posted pursuant to section
20 904(d)(3)(B)(i) by an automated teller machine operator
21 has been posted by such operator in compliance with such
22 section and the notice is subsequently removed, damaged,
23 or altered by any person other than the operator of the
24 automated teller machine, the operator shall have no li-

1 ability under this section for failure to comply with section
2 904(d)(3)(B)(i).”.

3 **Subtitle B—Community**
4 **Reinvestment**

5 **SEC. 711. CRA SUNSHINE REQUIREMENTS.**

6 The Federal Deposit Insurance Act (12 U.S.C. 1811
7 et seq.), is amended by inserting after section 46, as added
8 by section 305 of this Act, the following new section:

9 **“SEC. 47. CRA SUNSHINE REQUIREMENTS.**

10 “(a) PUBLIC DISCLOSURE OF AGREEMENTS.—Any
11 agreement entered into by an insured depository institu-
12 tion or affiliate with a nongovernmental entity or person
13 made pursuant to or in connection with the Community
14 Reinvestment Act of 1977 involving funds or other re-
15 sources of such insured depository institution or
16 affiliate—

17 “(1) shall be in its entirety fully disclosed, and
18 the full text thereof made available to the appro-
19 priate Federal banking agency with supervisory re-
20 sponsibility over the insured depository institution
21 and to the public; and

22 “(2) shall obligate each party to comply with
23 this section.

24 “(b) ANNUAL REPORT OF ACTIVITY.—Each party to
25 an agreement described in subsection (a) shall report, as

1 applicable, to the appropriate Federal banking agency
2 with supervisory responsibility over the insured depository
3 institution, no less frequently than once each year, such
4 information as the Federal banking agency may by rule
5 require relating to the following actions taken by the party
6 pursuant to the agreement during the previous 12-month
7 period:

8 “(1) Payments, fees, or loans made to any
9 party to the agreement or received from any party
10 to the agreement and the terms and conditions of
11 the same.

12 “(2) Aggregate data on loans, investments, and
13 services provided by each party in its community or
14 communities pursuant to the agreement.

15 “(3) Such other pertinent matters as deter-
16 mined by regulation by the appropriate Federal
17 banking agency with supervisory responsibility over
18 the insured depository institution.

19 “(c) SCOPE OF APPLICATION.—

20 “(1) PROSPECTIVE APPLICATION FOR PRIMARY
21 AGREEMENTS.—Subsection (b) shall not apply with
22 respect to any agreement entered into before May 5,
23 1999.

24 “(2) APPLICABILITY TO SECONDARY AGREE-
25 MENTS WITHOUT REGARD TO DATE OF PRIMARY

1 AGREEMENT.—Any agreement made on or after May
2 5, 1999, pursuant to an agreement described in sub-
3 section (a) shall be subject to the requirements of
4 subsections (a) and (b) without regard to the date
5 such agreement described in subsection (a) was en-
6 tered into.

7 “(d) DEFINITIONS.—For purposes of this section, the
8 following definitions shall apply:

9 “(1) AGREEMENT.—The term ‘agreement’—

10 “(A) means any written contract, written
11 arrangement, or other written understanding
12 with a value in excess of \$10,000 annually, or
13 a group of substantively related contracts with
14 an aggregate value in excess of \$10,000 annu-
15 ally, made pursuant to or in connection with
16 the Community Reinvestment Act of 1977, at
17 least one party to which is an insured deposi-
18 tory institution or affiliate thereof, or an entity
19 owned or controlled by an insured depository in-
20 stitution or affiliate, whether organized on a
21 profit or not-for-profit basis; and

22 “(B) does not include any specific contract
23 or commitment for a loan or extension of credit
24 to individuals, businesses, farms, or other enti-
25 ties, where the purpose of the loan or extension

1 of credit does not include any relending of the
2 borrowed funds to other parties.

3 “(2) APPROPRIATE FEDERAL BANKING AGENCY
4 AND INSURED DEPOSITORY INSTITUTION.—The
5 terms ‘appropriate Federal banking agency’ and ‘in-
6 sured depository institution’ have the same meanings
7 as in section 3 of this Act.

8 “(e) VIOLATIONS.—Any violation of this section shall
9 be considered to be a violation of this Act. If the party
10 to the agreement that is not an insured depository institu-
11 tion or affiliate fails to comply with this section, the agree-
12 ment shall not be enforceable after being given notice and
13 a reasonable period of time to perform or comply.

14 “(f) LIMITATION.—Nothing in this section is in-
15 tended to provide any authority upon any appropriate
16 Federal banking agency to enforce the provisions of any
17 agreement that is subject to the requirements of sub-
18 section (a).

19 “(g) REGULATIONS.—

20 “(1) IN GENERAL.—Each appropriate Federal
21 banking agency shall prescribe regulations requiring
22 procedures reasonably designed to assure and mon-
23 itor compliance with the requirements of this sec-
24 tion.

1 “(2) PROTECTION OF PARTIES.—In carrying
2 out paragraph (1), each appropriate Federal bank-
3 ing agency shall ensure that the regulations pre-
4 scribed by the agency do not impose an undue bur-
5 den on the parties and that proprietary and con-
6 fidential information is protected.”.

7 **SEC. 712. SMALL AND RURAL BANK REGULATORY RELIEF.**

8 The Community Reinvestment Act of 1977 (12
9 U.S.C. 2901 et seq.) is amended by adding at the end
10 the following new section:

11 **“SEC. 809. SMALL AND RURAL BANK REGULATORY RELIEF.**

12 “(a) IN GENERAL.—Except as provided in subsection
13 (b), any regulated financial institution—

14 “(1) with aggregate assets of not more than
15 \$250,000,000 and that is located in a metropolitan
16 statistical area; or

17 “(2) that is located in a nonmetropolitan statis-
18 tical area,

19 shall be subject to examination under this Act not more
20 than once every 5 years.

21 “(b) EXCEPTION.—A regulated financial institution
22 described in paragraph (1) or (2) of subsection (a) may
23 be subject to examination under this Act in connection
24 with its application for a deposit facility.

1 “(c) DEFINITION.—For purposes of this section, the
2 term ‘nonmetropolitan statistical area’ means any area, no
3 part of which is within an area designated by as a metro-
4 politan statistical area by the Office of Management and
5 Budget, and which designation is consistently interpreted
6 and applied by such Office.”.

7 **SEC. 713. FEDERAL RESERVE BOARD STUDY OF CRA LEND-**
8 **ING.**

9 The Board of Governors of the Federal Reserve Sys-
10 tem shall conduct a comprehensive study, in consultation
11 with the Chairman and Ranking Member of the Com-
12 mittee on Banking and Financial Services of the House
13 of Representatives and the Chairman and Ranking Mem-
14 ber of the Committee on Banking, Housing, and Urban
15 Affairs of the Senate, of the Community Reinvestment Act
16 of 1977, which shall focus on—

17 (1) the default rates;

18 (2) the delinquency rates; and

19 (3) the profitability,

20 of loans made in conformity with such Act, and report on
21 the study to such Committees not later than March 15,
22 2000. Such report and supporting data shall also be made
23 available by the Board of Governors of the Federal Re-
24 serve System to the public.

1 **Subtitle C—Other Regulatory**
2 **Improvements**

3 **SEC. 721. EXPANDED SMALL BANK ACCESS TO S CORPORA-**
4 **TION TREATMENT.**

5 (a) STUDY.—The Comptroller General of the United
6 States shall conduct a study of—

7 (1) possible revisions to the rules governing S
8 corporations, including—

9 (A) increasing the permissible number of
10 shareholders in such corporations;

11 (B) permitting shares of such corporations
12 to be held in individual retirement accounts;

13 (C) clarifying that interest on investments
14 held for safety, soundness, and liquidity pur-
15 poses should not be considered to be passive in-
16 come;

17 (D) discontinuation of the treatment of
18 stock held by bank directors as a disqualifying
19 personal class of stock for such corporations;
20 and

21 (E) improving Federal tax treatment of
22 bad debt and interest deductions; and

23 (2) what impact such revisions might have on
24 community banks.

1 (b) REPORT TO THE CONGRESS.—Not later than 6
2 months after the date of the enactment of this Act, the
3 Comptroller General of the United States shall submit a
4 report to the Congress on the results of the study con-
5 ducted under subsection (a).

6 (c) DEFINITION.—For purposes of this section, the
7 term “S corporation” has the same meaning as in section
8 1361(a)(1) of the Internal Revenue Code of 1986.

9 **SEC. 722. “PLAIN LANGUAGE” REQUIREMENT FOR FEDERAL**
10 **BANKING AGENCY RULES.**

11 (a) IN GENERAL.—Each Federal banking agency
12 shall use plain language in all proposed and final
13 rulemakings published by the agency in the Federal Reg-
14 ister after January 1, 2000.

15 (b) REPORT.—Not later than March 1, 2001, each
16 Federal banking agency shall submit to the Congress a
17 report that describes how the agency has complied with
18 subsection (a).

19 (c) DEFINITIONS.—For purposes of this section, the
20 terms “Federal banking agency” and “State bank super-
21 visor” have the same meanings as in section 3 of the Fed-
22 eral Deposit Insurance Act.

1 **SEC. 723. RETENTION OF “FEDERAL” IN NAME OF CON-**
2 **VERTED FEDERAL SAVINGS ASSOCIATION.**

3 Section 2 of the Act entitled “An Act to enable na-
4 tional banking associations to increase their capital stock
5 and to change their names or locations”, approved May
6 1, 1886 (12 U.S.C. 30), is amended by adding at the end
7 the following new subsection:

8 “(d) RETENTION OF ‘FEDERAL’ IN NAME OF CON-
9 VERTED FEDERAL SAVINGS ASSOCIATION.—

10 “(1) IN GENERAL.—Notwithstanding subsection
11 (a) or any other provision of law, any depository in-
12 stitution, the charter of which is converted from that
13 of a Federal savings association to a national bank
14 or a State bank after the date of the enactment of
15 the Financial Services Modernization Act of 1999
16 may retain the term ‘Federal’ in the name of such
17 institution if such institution remains an insured de-
18 pository institution.

19 “(2) DEFINITIONS.—For purposes of this sub-
20 section, the terms ‘depository institution’, ‘insured
21 depository institution’, ‘national bank’, and ‘State
22 bank’ have the same meanings as in section 3 of the
23 Federal Deposit Insurance Act.”.

1 **SEC. 724. CONTROL OF BANKERS' BANKS.**

2 Section 2(a)(5)(E)(i) of the Bank Holding Company
3 Act of 1956 (12 U.S.C. 1841(a)(5)(E)(i)) is amended by
4 inserting "one or more" before "thrift institutions".

5 **SEC. 725. PROVISION OF TECHNICAL ASSISTANCE TO**
6 **MICROENTERPRISES.**

7 (a) IN GENERAL.—Title I of the Riegle Community
8 Development and Regulatory Improvement Act of 1994
9 (12 U.S.C. 4701 et seq.) is amended by adding at the end
10 the following new subtitle:

11 **“Subtitle C—Microenterprise Tech-**
12 **nical Assistance and Capacity**
13 **Building Program**

14 **“SEC. 171. SHORT TITLE.**

15 “This subtitle may be cited as the ‘Program for In-

16 vestment in Microentrepreneurs Act of 1999’, also re-

17 ferred to as the ‘PRIME Act’.

18 **“SEC. 172. DEFINITIONS.**

19 “For purposes of this subtitle, the following defini-

20 tions shall apply:

21 “(1) ADMINISTRATION.—The term ‘Administra-

22 tion’ means the Small Business Administration.

23 “(2) ADMINISTRATOR.—The term ‘Adminis-

24 trator’ means the Administrator of the Small Busi-

25 ness Administration.

1 “(3) CAPACITY BUILDING SERVICES.—The term
2 ‘capacity building services’ means services provided
3 to an organization that is, or that is in the process
4 of becoming, a microenterprise development organi-
5 zation or program, for the purpose of enhancing its
6 ability to provide training and services to disadvan-
7 taged entrepreneurs.

8 “(4) COLLABORATIVE.—The term ‘collabo-
9 rative’ means 2 or more nonprofit entities that agree
10 to act jointly as a qualified organization under this
11 subtitle.

12 “(5) DISADVANTAGED ENTREPRENEUR.—The
13 term ‘disadvantaged entrepreneur’ means a micro-
14 entrepreneur that is—

15 “(A) a low-income person;

16 “(B) a very low-income person; or

17 “(C) an entrepreneur that lacks adequate
18 access to capital or other resources essential for
19 business success, or is economically disadvan-
20 taged, as determined by the Administrator.

21 “(6) INDIAN TRIBE.—The term ‘Indian tribe’
22 has the same meaning as in section 103.

23 “(7) INTERMEDIARY.—The term ‘intermediary’
24 means a private, nonprofit entity that seeks to serve

1 microenterprise development organizations and pro-
2 grams as authorized under section 175.

3 “(8) LOW-INCOME PERSON.—The term ‘low-in-
4 come person’ has the same meaning as in section
5 103.

6 “(9) MICROENTREPRENEUR.—The term ‘micro-
7 entrepreneur’ means the owner or developer of a
8 microenterprise.

9 “(10) MICROENTERPRISE.—The term ‘micro-
10 enterprise’ means a sole proprietorship, partnership,
11 or corporation that—

12 “(A) has fewer than 5 employees; and

13 “(B) generally lacks access to conventional
14 loans, equity, or other banking services.

15 “(11) MICROENTERPRISE DEVELOPMENT ORGA-
16 NIZATION OR PROGRAM.—The term ‘microenterprise
17 development organization or program’ means a non-
18 profit entity, or a program administered by such an
19 entity, including community development corpora-
20 tions or other nonprofit development organizations
21 and social service organizations, that provides serv-
22 ices to disadvantaged entrepreneurs.

23 “(12) TRAINING AND TECHNICAL ASSIST-
24 ANCE.—The term ‘training and technical assistance’
25 means services and support provided to disadvan-

1 taged entrepreneurs, such as assistance for the pur-
2 pose of enhancing business planning, marketing,
3 management, financial management skills, and as-
4 sistance for the purpose of accessing financial serv-
5 ices.

6 “(13) VERY LOW-INCOME PERSON.—The term
7 ‘very low-income person’ means having an income,
8 adjusted for family size, of not more than 150 per-
9 cent of the poverty line (as defined in section 673(2)
10 of the Community Services Block Grant Act (42
11 U.S.C. 9902(2)), including any revision required by
12 that section).

13 **“SEC. 173. ESTABLISHMENT OF PROGRAM.**

14 “The Administrator shall establish a microenterprise
15 technical assistance and capacity building grant program
16 to provide assistance from the Administration in the form
17 of grants to qualified organizations in accordance with this
18 subtitle.

19 **“SEC. 174. USES OF ASSISTANCE.**

20 “A qualified organization shall use grants made
21 under this subtitle—

22 “(1) to provide training and technical assist-
23 ance to disadvantaged entrepreneurs;

24 “(2) to provide training and capacity building
25 services to microenterprise development organiza-

1 tions and programs and groups of such organiza-
2 tions to assist such organizations and programs in
3 developing microenterprise training and services;

4 “(3) to aid in researching and developing the
5 best practices in the field of microenterprise and
6 technical assistance programs for disadvantaged en-
7 trepreneurs; and

8 “(4) for such other activities as the Adminis-
9 trator determines are consistent with the purposes of
10 this subtitle.

11 **“SEC. 175. QUALIFIED ORGANIZATIONS.**

12 “For purposes of eligibility for assistance under this
13 subtitle, a qualified organization shall be—

14 “(1) a nonprofit microenterprise development
15 organization or program (or a group or collaborative
16 thereof) that has a demonstrated record of delivering
17 microenterprise services to disadvantaged entre-
18 preneurs;

19 “(2) an intermediary;

20 “(3) a microenterprise development organiza-
21 tion or program that is accountable to a local com-
22 munity, working in conjunction with a State or local
23 government or Indian tribe; or

24 “(4) an Indian tribe acting on its own, if the
25 Indian tribe can certify that no private organization

1 or program referred to in this paragraph exists with-
2 in its jurisdiction.

3 **“SEC. 176. ALLOCATION OF ASSISTANCE; SUBGRANTS.**

4 “(a) ALLOCATION OF ASSISTANCE.—

5 “(1) IN GENERAL.—The Administrator shall al-
6 locate assistance from the Administration under this
7 subtitle to ensure that—

8 “(A) activities described in section 174(1)
9 are funded using not less than 75 percent of
10 amounts made available for such assistance;
11 and

12 “(B) activities described in section 174(2)
13 are funded using not less than 15 percent of
14 amounts made available for such assistance.

15 “(2) LIMIT ON INDIVIDUAL ASSISTANCE.—No
16 single person may receive more than 10 percent of
17 the total funds appropriated under this subtitle in a
18 single fiscal year.

19 “(b) TARGETED ASSISTANCE.—The Administrator
20 shall ensure that not less than 50 percent of the grants
21 made under this subtitle are used to benefit very low-in-
22 come persons, including those residing on Indian reserva-
23 tions.

24 “(c) SUBGRANTS AUTHORIZED.—

1 “(1) IN GENERAL.—A qualified organization re-
2 ceiving assistance under this subtitle may provide
3 grants using that assistance to qualified small and
4 emerging microenterprise organizations and pro-
5 grams, subject to such rules and regulations as the
6 Administrator determines to be appropriate.

7 “(2) LIMIT ON ADMINISTRATIVE EXPENSES.—
8 Not more than 7.5 percent of assistance received by
9 a qualified organization under this subtitle may be
10 used for administrative expenses in connection with
11 the making of subgrants under paragraph (1).

12 “(d) DIVERSITY.—In making grants under this sub-
13 title, the Administrator shall ensure that grant recipients
14 include both large and small microenterprise organiza-
15 tions, serving urban, rural, and Indian tribal communities
16 serving diverse populations.

17 “(e) PROHIBITION ON PREFERENTIAL CONSIDER-
18 ATION OF CERTAIN SBA PROGRAM PARTICIPANTS.—In
19 making grants under this subtitle, the Administrator shall
20 ensure that any application made by a qualified organiza-
21 tion that is a participant in the program established under
22 section 7(m) of the Small Business Act does not receive
23 preferential consideration over applications from other
24 qualified organizations which are not participants in such
25 program.

1 **“SEC. 177. MATCHING REQUIREMENTS.**

2 “(a) IN GENERAL.—Financial assistance under this
3 subtitle shall be matched with funds from sources other
4 than the Federal Government on the basis of not less than
5 50 percent of each dollar provided by the Administration.

6 “(b) SOURCES OF MATCHING FUNDS.—Fees, grants,
7 gifts, funds from loan sources, and in-kind resources of
8 a grant recipient from public or private sources may be
9 used to comply with the matching requirement in sub-
10 section (a).

11 “(c) EXCEPTION.—

12 “(1) IN GENERAL.—In the case of an applicant
13 for assistance under this subtitle with severe con-
14 straints on available sources of matching funds, the
15 Administrator may reduce or eliminate the matching
16 requirements of subsection (a).

17 “(2) LIMITATION.—Not more than 10 percent
18 of the total funds made available from the Adminis-
19 tration in any fiscal year to carry out this subtitle
20 may be excepted from the matching requirements of
21 subsection (a), as authorized by paragraph (1) of
22 this subsection.

23 **“SEC. 178. APPLICATIONS FOR ASSISTANCE.**

24 “An application for assistance under this subtitle
25 shall be submitted in such form and in accordance with
26 such procedures as the Administrator shall establish.

1 **“SEC. 179. RECORDKEEPING.**

2 “The requirements of section 115 shall apply to a
3 qualified organization receiving assistance from the Ad-
4 ministration under this subtitle as if it were a community
5 development financial institution receiving assistance from
6 the Fund under subtitle A.

7 **“SEC. 180. AUTHORIZATION.**

8 “In addition to funds otherwise authorized to be ap-
9 propriated to the Fund to carry out this title, there are
10 authorized to be appropriated to the Administrator to
11 carry out this subtitle—

12 “(1) \$15,000,000 for fiscal year 2000;

13 “(2) \$15,000,000 for fiscal year 2001;

14 “(3) \$15,000,000 for fiscal year 2002; and

15 “(4) \$15,000,000 for fiscal year 2003.

16 **“SEC. 181. IMPLEMENTATION.**

17 “The Administrator shall, by regulation, establish
18 such requirements as may be necessary to carry out this
19 subtitle.”.

20 (b) CONFORMING AMENDMENTS.—Section 104(d) of
21 the Riegle Community Development and Regulatory Im-
22 provement Act of 1994 (12 U.S.C. 4703(d)) is amended—

23 (1) in paragraph (2)—

24 (A) by striking “15” and inserting “17”;

25 and

26 (B) in subparagraph (G)—

1 (i) by striking “9” and inserting
2 “11”;

3 (ii) by redesignating clauses (iv) and
4 (v) as clauses (v) and (vi), respectively;
5 and

6 (iii) by inserting after clause (iii) the
7 following new clause:

8 “(iv) 2 individuals who have expertise
9 in microenterprises and microenterprise de-
10 velopment;” and

11 (2) in paragraph (4), in the first sentence, by
12 inserting “and subtitle C” before the period.

13 **SEC. 726. FEDERAL RESERVE AUDITS.**

14 The Federal Reserve Act (12 U.S.C. 221 et seq.) is
15 amended by inserting after section 11A the following new
16 section:

17 **“SEC. 11B. ANNUAL INDEPENDENT AUDITS OF FEDERAL
18 RESERVE BANKS AND BOARD.**

19 “The Board shall order an annual independent audit
20 of the financial statements of each Federal reserve bank
21 and the Board.”.

22 **SEC. 727. AUTHORIZATION TO RELEASE REPORTS.**

23 (a) FEDERAL RESERVE ACT.—The eighth undesig-
24 nated paragraph of section 9 of the Federal Reserve Act
25 (12 U.S.C. 326) is amended by striking the last sentence

1 and inserting the following: “The Board of Governors of
2 the Federal Reserve System, at its discretion, may furnish
3 reports of examination or other confidential supervisory
4 information concerning State member banks or any other
5 entities examined under any other authority of the Board
6 to any Federal or State authorities with supervisory or
7 regulatory authority over the examined entity, to officers,
8 directors, or receivers of the examined entity, and to any
9 other person that the Board determines to be proper.”.

10 (b) COMMODITY FUTURES TRADING COMMISSION.—
11 The Right to Financial Privacy Act of 1978 (12 U.S.C.
12 3401 et seq.) is amended—

13 (1) in section 1101(7) of the (12 U.S.C.
14 3401(7))—

15 (A) by redesignating subparagraphs (G)
16 and (H) as subparagraphs (H) and (I), respec-
17 tively; and

18 (B) by inserting after subparagraph (F)
19 the following new subparagraph:

20 “(G) the Commodity Futures Trading
21 Commission;”; and

22 (2) in section 1112(e), by striking “and the Se-
23 curities and Exchange Commission” and inserting “,
24 the Securities and Exchange Commission, and the
25 Commodity Futures Trading Commission”.

1 **SEC. 728. GENERAL ACCOUNTING OFFICE STUDY OF CON-**
2 **FLICTS OF INTEREST**

3 (a) **STUDY REQUIRED.**—The Comptroller General of
4 the United States shall conduct a study analyzing the con-
5 flict of interest faced by the Board of Governors of the
6 Federal Reserve System between its role as a primary reg-
7 ulator of the banking industry and its role as a vendor
8 of services to the banking and financial services industry.

9 (b) **SPECIFIC CONFLICT REQUIRED TO BE AD-**
10 **DRESSED.**—In the course of the study required under sub-
11 section (a), the Comptroller General shall address the con-
12 flict of interest faced by the Board of Governors of the
13 Federal Reserve System between the role of the Board as
14 a regulator of the payment system, generally, and its par-
15 ticipation in the payment system as a competitor with pri-
16 vate entities who are providing payment services.

17 (c) **REPORT TO THE CONGRESS.**—Before the end of
18 the 1-year period beginning on the date of the enactment
19 of this Act, the Comptroller General shall submit a report
20 to the Congress containing the findings and conclusions
21 of the Comptroller General in connection with the study
22 required under this section, together with such rec-
23 ommendations for such legislative or administrative ac-
24 tions as the Comptroller General may determine to be ap-
25 propriate, including recommendations for resolving any
26 such conflict of interest.

1 **SEC. 729. STUDY AND REPORT ON ADAPTING EXISTING**
2 **LEGISLATIVE REQUIREMENTS TO ONLINE**
3 **BANKING AND LENDING.**

4 (a) **STUDY REQUIRED.**—The Federal banking agen-
5 cies shall conduct a study of banking regulations regard-
6 ing the delivery of financial services, including those regu-
7 lations that may assume that there will be person-to-per-
8 son contact during the course of a financial services trans-
9 action, and report their recommendations on adapting
10 those existing requirements to online banking and lending.

11 (b) **REPORT REQUIRED.**—Before the end of the 2-
12 year period beginning on the date of the enactment of this
13 Act, the Federal banking agencies shall submit a report
14 to the Congress on the findings and conclusions of the
15 agencies with respect to the study required under sub-
16 section (a), together with such recommendations for legis-
17 lative or regulatory action as the agencies may determine
18 to be appropriate.

19 (c) **DEFINITION.**—For purposes of this section, the
20 term “Federal banking agencies” means each Federal
21 banking agency (as defined in section 3(z) of the Federal
22 Deposit Insurance Act).

1 **SEC. 730. CLARIFICATION OF SOURCE OF STRENGTH DOC-**
2 **TRINE.**

3 Section 18 of the Federal Deposit Insurance Act (21
4 U.S.C. 1828) is amended by adding at the end the fol-
5 lowing new subsection:

6 “(t) LIMITATION ON CLAIMS.—

7 “(1) IN GENERAL.—No person may bring a
8 claim against any Federal banking agency (including
9 in its capacity as conservator or receiver) for the re-
10 turn of assets of an affiliate or controlling share-
11 holder of the insured depository institution trans-
12 ferred to, or for the benefit of, an insured depository
13 institution by such affiliate or controlling share-
14 holder of the insured depository institution, or a
15 claim against such Federal banking agency for mon-
16 etary damages or other legal or equitable relief in
17 connection with such transfer, if at the time of the
18 transfer—

19 “(A) the insured depository institution is
20 subject to any direction issued in writing by a
21 Federal banking agency to increase its capital;

22 “(B) the depository institution is under-
23 capitalized (as defined in section 38 of this
24 Act); and

25 “(C) for that portion of the transfer that
26 is made by an entity covered by section 5(g) of

1 the Bank Holding Company Act of 1956 or sec-
2 tion 45 of this Act, the Federal banking agency
3 has followed the procedure set forth in such
4 section.

5 “(2) DEFINITION OF CLAIM.—For purposes of
6 paragraph (1), the term ‘claim’ means—

7 “(A) a cause of action based on Federal or
8 State law that—

9 “(i) provides for the avoidance of
10 preferential or fraudulent transfers or con-
11 veyances; or

12 “(ii) provides similar remedies for
13 preferential or fraudulent transfers or con-
14 veyances; and

15 “(B) does not include any claim based on
16 actual intent to defraud pursuant to such a
17 fraudulent transfer or conveyance law.”.

18 **SEC. 731. INTEREST RATES AND OTHER CHARGES AT**
19 **INTERSTATE BRANCHES.**

20 Section 44 of the Federal Deposit Insurance Act (12
21 U.S.C. 1831u) is amended—

22 (1) by redesignating subsection (f) as sub-
23 section (g); and

24 (2) by inserting after subsection (e) the fol-
25 lowing new subsection:

1 “(f) APPLICABLE RATE AND OTHER CHARGE LIMI-
2 TATIONS.—

3 “(1) IN GENERAL.—In the case of any State
4 that has a constitutional provision that sets a max-
5 imum lawful annual percentage rate of interest on
6 any contract at not more than 5 percent above the
7 discount rate for 90-day commercial paper in effect
8 at the Federal reserve bank for the Federal reserve
9 district in which such State is located, except as pro-
10 vided in paragraph (2), upon the establishment in
11 such State of a branch of any out-of-State insured
12 depository institution in such State under this sec-
13 tion, the maximum interest rate or amount of inter-
14 est, discount points, finance charges, or other simi-
15 lar charges that may be charged, taken, received, or
16 reserved from time to time in any loan or discount
17 made or upon any note, bill of exchange, financing
18 transaction, or other evidence of debt by any insured
19 depository institution whose home State is such
20 State shall be equal to not more than the greater
21 of—

22 “(A) the maximum interest rate or amount
23 of interest, discount points, finance charges, or
24 other similar charges that may be charged,
25 taken, received, or reserved in a similar trans-

1 action under the constitution, statutory, or
2 other laws of the home State of the out-of-State
3 insured depository institution establishing any
4 such branch, without reference to this section,
5 as such maximum interest rate or amount of in-
6 terest may change from time to time; or

7 “(B) the maximum rate or amount of in-
8 terest, discount points, finance charges, or
9 other similar charges that may be charged,
10 taken, received, or reserved in a similar trans-
11 action by a State insured depository institution
12 chartered under the laws of such State or a na-
13 tional bank or Federal savings association
14 whose main office is in such State without ref-
15 erence to this section.

16 “(2) RULE OF CONSTRUCTION.—No provision
17 of this subsection shall be construed as superseding
18 or affecting—

19 “(A) the authority of any insured depository
20 institution to take, receive, reserve, and
21 charge interest on any loan made in any State
22 other than the State referred to in paragraph
23 (1); or

24 “(B) the applicability of section 501 of the
25 Depository Institutions Deregulation and Mone-

1 tary Control Act of 1980, section 5197 of the
2 Revised Statutes of the United States, or sec-
3 tion 27 of this Act.”.

4 **SEC. 732. INTERSTATE BRANCHES AND AGENCIES OF FOR-**
5 **EIGN BANKS.**

6 Section 5(a)(7) of the International Banking Act of
7 1978 (12 U.S.C. 3103(a)(7)), is amended to read as fol-
8 lows:

9 “(7) ADDITIONAL AUTHORITY FOR INTERSTATE
10 BRANCHES AND AGENCIES OF FOREIGN BANKS, UP-
11 GRADES OF CERTAIN FOREIGN BANK AGENCIES AND
12 BRANCHES.—Notwithstanding paragraphs (1) and
13 (2), a foreign bank may—

14 “(A) with the approval of the Board and
15 the Comptroller of the Currency, establish and
16 operate a Federal branch or Federal agency or,
17 with the approval of the Board and the appro-
18 priate State bank supervisor, a State branch or
19 State agency in any State outside the foreign
20 bank’s home State if—

21 “(i) the establishment and operation
22 of such branch or agency is permitted by
23 the State in which the branch or agency is
24 to be established; and

1 “(ii) in the case of a Federal or State
2 branch, the branch receives only such de-
3 posits as would be permitted for a corpora-
4 tion organized under section 25A of the
5 Federal Reserve Act; or

6 “(B) with the approval of the Board and
7 the relevant licensing authority (the Comp-
8 troller in the case of a Federal branch or the
9 appropriate State supervisor in the case of a
10 State branch), upgrade an agency, or a branch
11 of the type referred to in subparagraph (A)(ii),
12 located in a State outside the foreign bank’s
13 home State, into a Federal or State branch if—

14 “(i) the establishment and operation
15 of such branch is permitted by such State;
16 and

17 “(ii) such agency or branch—
18 “(I) was in operation in such
19 State on the day before September 29,
20 1994; or

21 “(II) has been in operation in
22 such State for a period of time that
23 meets the State’s minimum age re-
24 quirement permitted under section

1 44(a)(5) of the Federal Deposit Insur-
2 ance Act.”.

3 **SEC. 733. FAIR TREATMENT OF WOMEN BY FINANCIAL AD-**
4 **VISERS.**

5 It is the sense of the Congress that individuals offer-
6 ing financial advice and products should offer such serv-
7 ices and products in a nondiscriminatory, nongender-spe-
8 cific manner.

9 **SEC. 734. MEMBERSHIP OF LOAN GUARANTEE BOARDS.**

10 (a) EMERGENCY STEEL LOAN GUARANTEE
11 BOARD.—Section 101(e)(2) of the Emergency Steel Loan
12 Guarantee Act of 1999 is amended by inserting “, or a
13 member of the Board of Governors of the Federal Reserve
14 System designated by the Chairman” after “the Chairman
15 of the Board of Governors of the Federal Reserve Sys-
16 tem”.

17 (b) EMERGENCY OIL AND GAS LOAN GUARANTEE
18 BOARD.—Section 201(d)(2)(B) of the Emergency Oil and
19 Gas Guarantee Loan Program Act is amended by insert-
20 ing “, or a member of the Board of Governors of the Fed-
21 eral Reserve System designated by the Chairman” after
22 “the Chairman of the Board of Governors of the Federal
23 Reserve System”.

1 **SEC. 735. REPEAL OF STOCK LOAN LIMIT IN FEDERAL RE-**
2 **SERVE ACT.**

3 Section 11 of the Federal Reserve Act (12 U.S.C.
4 248) is amended by striking the paragraph designated as
5 “(m)” and inserting “(m) [Repealed]”.

6 **SEC. 736. ELIMINATION OF SAIF AND DIF SPECIAL RE-**
7 **SERVES.**

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

11 (b) DIF SPECIAL RESERVE.—Section 2704 of the
12 Deposit Insurance Funds Act of 1996 (12 U.S.C. 1821
13 note) is amended—

14 (1) by striking subsection (b); and

15 (2) in subsection (d)—

16 (A) by striking paragraph (4);

17 (B) in paragraph (6)(C)(i), by striking
18 “(6) and (7)” and inserting “(5), (6), and (7)”;

19 and

20 (C) in paragraph (6)(C), by striking clause
21 (ii) and inserting the following:

22 “(ii) by redesignating paragraph (8)
23 as paragraph (5).”.

24 (c) EFFECTIVE DATE.—This section and the amend-
25 ments made by this section shall become effective on the
26 date of the enactment of this Act.

1 **SEC. 737. BANK OFFICERS AND DIRECTORS AS OFFICERS**
2 **AND DIRECTORS OF PUBLIC UTILITIES.**

3 Section 305(b) of the Federal Power Act (16 U.S.C.
4 825d(b)) is amended—

5 (1) by striking “(b) After six” and inserting the
6 following:

7 “(b) INTERLOCKING DIRECTORATES.—

8 “(1) IN GENERAL.—After 6”; and

9 (2) by adding at the end the following:

10 “(2) APPLICABILITY.—

11 “(A) IN GENERAL.—In the circumstances
12 described in subparagraph (B), paragraph (1)
13 shall not apply to a person that holds or pro-
14 poses to hold the positions of—

15 “(i) officer or director of a public util-
16 ity; and

17 “(ii) officer or director of a bank,
18 trust company, banking association, or
19 firm authorized by law to underwrite or
20 participate in the marketing of securities
21 of a public utility.

22 “(B) CIRCUMSTANCES.—The cir-
23 cumstances described in this subparagraph are
24 that—

25 “(i) a person described in subpara-
26 graph (A) does not participate in any de-

1 liberations or decisions of the public utility
2 regarding the selection of a bank, trust
3 company, banking association, or firm to
4 underwrite or participate in the marketing
5 of securities of the public utility, if the per-
6 son serves as an officer or director of a
7 bank, trust company, banking association,
8 or firm that is under consideration in the
9 deliberation process;

10 “(ii) the bank, trust company, bank-
11 ing association, or firm of which the per-
12 son is an officer or director does not en-
13 gage in the underwriting of, or participate
14 in the marketing of, securities of the public
15 utility of which the person holds the posi-
16 tion of officer or director;

17 “(iii) the public utility for which the
18 person serves or proposes to serve as an
19 officer or director selects underwriters by
20 competitive procedures; or

21 “(iv) the issuance of securities the
22 public utility for which the person serves
23 or proposes to serve as an officer or direc-
24 tor has been approved by all Federal and

- 1 State regulatory agencies having jurisdic-
- 2 tion over the issuance.”.