

109TH CONGRESS
1ST SESSION

H. R. 2317

To modernize credit union net worth standards, advance credit union efforts to promote economic growth, and modify and ease credit union regulatory standards and burdens, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 12, 2005

Mr. ROYCE (for himself, Mr. KANJORSKI, Mr. LATOURETTE, Mrs. MALONEY, Mr. TANCREDO, Mr. SANDERS, Mr. BOEHLERT, Mr. GUTIERREZ, Mr. BURTON of Indiana, Mr. CASE, Mr. BROWN of South Carolina, Ms. JACKSON-LEE of Texas, Mr. PAUL, Mr. CHABOT, Mr. CANNON, Mr. CUNNINGHAM, Mr. KUHL of New York, and Mr. SHERMAN) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To modernize credit union net worth standards, advance credit union efforts to promote economic growth, and modify and ease credit union regulatory standards and burdens, 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 “Credit Union Regu-
5 latory Improvements Act of 2005”.

1 **TITLE I—CAPITAL REFORM**

2 **SEC. 101. AMENDMENTS TO NET WORTH CATEGORIES.**

3 Section 216(c)(1) of the Federal Credit Union Act
4 (12 U.S.C. 1790d(c)(1)) is amended as follows:

5 (1) WELL CAPITALIZED.—

6 (A) In subparagraph (A)(i), by striking “7
7 percent” and inserting “5 percent”.

8 (B) In subparagraph (A)(ii), by striking
9 “it meets any applicable risk-based net worth
10 requirement under subsection (d) of this sec-
11 tion” and inserting “it has a risk-based net
12 worth ratio of not less than 8 percent”.

13 (2) ADEQUATELY CAPITALIZED.—

14 (A) In subparagraph (B)(i), by striking “6
15 percent” and inserting “4 percent”.

16 (B) In subparagraph (B)(ii), by striking
17 “it meets any applicable risk-based net worth
18 requirement under subsection (d) of this sec-
19 tion” and inserting “it has a risk-based net
20 worth ratio of not less than 8 percent”.

21 (3) UNDER CAPITALIZED.—

22 (A) In subparagraph (C)(i), by striking “6
23 percent” and inserting “4 percent”.

24 (B) In subparagraph (C)(ii), by striking
25 “it fails to meet any applicable risk-based net

1 worth requirement under subsection (d)” and
2 inserting “it has a risk-based net worth ratio of
3 less than 8 percent”.

4 (4) SIGNIFICANTLY UNDERCAPITALIZED.—

5 (A) In that portion of subparagraph (D)
6 that precedes clause (i), by inserting “if” after
7 “‘significantly undercapitalized’”.

8 (B) In subparagraph (D)(i)—

9 (i) by striking “if”;

10 (ii) by striking “4 percent” and in-
11 serting “3 percent”; and

12 (iii) by striking “or” after the semi-
13 colon.

14 (C) By striking clause (ii) of subparagraph
15 (D) and inserting the following new clauses:

16 “(ii) the insured credit union has a
17 risk-based net worth ratio of less than 6
18 percent; or

19 “(iii) the insured credit union has a
20 net worth ratio of less than 4 percent,
21 and—

22 “(I) fails to submit an acceptable
23 net worth restoration plan within the
24 time allowed under subsection (f); or

1 “(II) materially fails to imple-
2 ment a net worth restoration plan ac-
3 cepted by the Board.”.

4 (5) RELEVANT CAPITAL MEASURES.—Section
5 216(c)(2) is amended by striking “leverage limit”
6 and inserting “relevant capital measures”.

7 **SEC. 102. AMENDMENTS RELATING TO RISK-BASED NET**
8 **WORTH REQUIREMENTS.**

9 (a) IN GENERAL.—Section 216(d) of the Federal
10 Credit Union Act (12 U.S.C. 1790d(d)) is amended—

11 (1) in paragraph (1)—

12 (A) by striking “that are complex, as de-
13 fined by the Board”; and

14 (B) by inserting “, as defined by the
15 Board” before the period at the end; and

16 (2) by striking paragraph (2) and inserting the
17 following new paragraph:

18 “(2) STANDARD.—The Board shall design the
19 risk-based net worth requirement in relation to risk
20 assets, as defined by the Board, to take account of
21 any material risks to insured credit unions, based on
22 comparable standards for taking into account mate-
23 rial risks to insured depository institutions under the
24 Federal Deposit Insurance Act that are applicable to
25 credit unions.”.

1 (b) TECHNICAL AND CONFORMING AMENDMENT.—
2 The heading for subsection (d) of section 216 of the Fed-
3 eral Credit Union Act (12 U.S.C. 1790d(d)) is amended
4 by striking “FOR COMPLEX CREDIT UNIONS”.

5 **SEC. 103. TREATMENT BASED ON OTHER CRITERIA.**

6 Section 216(h)(2) of the Federal Credit Union Act
7 (12 U.S.C. 1790d(h)(2)) is amended by inserting “, except
8 to reclassify an insured credit union into the next lower
9 net worth category, based on interest rate risk, to the ex-
10 tent any such reclassification by a delegatee may be re-
11 viewed by the Board,” after “to reclassify an insured cred-
12 it union into a lower net worth category”.

13 **SEC. 104. DEFINITIONS RELATING TO NET WORTH.**

14 (a) NET WORTH.—Section 216(o)(2) of the Federal
15 Credit Union Act (12 U.S.C. 1790d(o)(2)) is amended—

16 (1) in subparagraph (A)—

17 (A) by inserting “the” before “retained
18 earnings balance”; and

19 (B) by inserting “, together with any
20 amounts that were previously retained earnings
21 of any other credit union with which the credit
22 union has combined” before the semicolon at
23 the end; and

24 (2) in subparagraph (B), by inserting “, subject
25 to paragraph (6),” after “includes”.

1 (b) SECONDARY CAPITAL ACCOUNTS.—Section
2 216(o) of the Federal Credit Union Act (12 U.S.C.
3 1790d(o)) is amended by adding at the end the following
4 new paragraph:

5 “(6) SECONDARY CAPITAL ACCOUNTS FOR PUR-
6 POSES OF DETERMINING NET WORTH.—The Board
7 may establish, by regulation, the following limita-
8 tions on the secondary capital accounts that may be
9 included for purposes of determining the net worth
10 of any low-income credit union pursuant to para-
11 graph (2)(B):

12 “(A) A limitation on the initial maturity of
13 any such account.

14 “(B) A reduction or limitation on the net
15 worth valuation of any such account based on
16 the remaining period to maturity.

17 “(C) Any other limitation the Board deter-
18 mines to be appropriate, for safety and sound-
19 ness purposes, with respect to credit unions
20 that are not defined as small credit unions by
21 the Board.”.

22 (c) NET WORTH RATIO.—Paragraph (3) of section
23 216(o) of the Federal Credit Union Act (12 U.S.C.
24 1790d(o)(3)) is amended—

1 (1) by inserting “minus the credit union’s de-
2 posit in the Fund” after “net worth of the credit
3 union”; and

4 (2) by inserting “minus the credit union’s de-
5 posit in the Fund” after “total assets of the credit
6 union”.

7 (d) RISK-BASED NET WORTH RATIO.—Section
8 216(o) of the Federal Credit Union Act (12 U.S.C.
9 1790d)(o)) is amended by inserting after paragraph (4)
10 the following new paragraph:

11 “(5) RISK-BASED NET WORTH RATIO.—The
12 term ‘risk-based net worth ratio’ means, with respect
13 to any credit union, the ratio of—

14 “(A) the sum of the amount of the net
15 worth of the credit union and the amount of the
16 loan loss reserves held by the credit union (sub-
17 ject to such limits on the extent to which loan
18 loss reserves may be taken into account for pur-
19 poses of determining such ratio as the Board
20 may prescribe), minus the amount of the credit
21 union’s deposit in the Fund; to

22 “(B) the amount of the risk assets of the
23 credit union,
24 as defined by the Board by regulation.”.

1 **SEC. 105. AMENDMENTS RELATING TO NET WORTH RES-**
2 **TORATION PLANS.**

3 (a) SHORT-TERM WAIVER OF REQUIREMENT FOR
4 NET WORTH RESTORATION PLAN ALLOWED UNDER
5 CERTAIN CIRCUMSTANCES.—

6 (1) IN GENERAL.—Subsection (f) of section 216
7 of the Federal Credit Union Act (12 U.S.C.
8 1790d(f)) is amended by adding at the end the fol-
9 lowing new paragraph:

10 “(6) SHORT-TERM WAIVER FOR CERTAIN MAR-
11 GINALLY UNDERCAPITALIZED CREDIT UNIONS.—The
12 Board may, by order on a case-by-case basis, waive
13 the applicability of the requirement for an under-
14 capitalized credit union to submit an acceptable net
15 worth restoration plan to the Board if the Board de-
16 termines that—

17 “(A) the loss of adequately capitalized sta-
18 tus by the credit union is growth-related;

19 “(B) the credit union is only marginally
20 undercapitalized; and

21 “(C) the credit union will only remain
22 undercapitalized for a relatively short period of
23 time.”.

24 (2) TECHNICAL AND CONFORMING AMEND-
25 MENT.—Paragraph (1) of section 216(f) of the Fed-
26 eral Credit Union Act (12 U.S.C. 1790d(f)(1)) is

1 amended by inserting “(other than a credit union for
2 which an order under paragraph (6) is in effect)”
3 after “credit union that is undercapitalized”.

4 (b) TREATMENT OF APPROVAL OF PLAN.—Para-
5 graph (2) of section 216(e) of the Federal Credit Union
6 Act (12 U.S.C. 1790d(e)(2)) is amended by inserting “,
7 or approve a net worth restoration plan of such credit
8 union that by its terms provides for such a decrease,”
9 after “to a credit union”.

10 (c) BOARD ACTION MAY INCLUDE ORDER TO CREDIT
11 UNION.—Subparagraph (B) of section 216(i)(1) of the
12 Federal Credit Union Act (12 U.S.C. 1790d(i)(1)(B)) is
13 amended—

14 (1) by inserting “, in the discretion of the
15 Board,” after “as the Board”; and

16 (2) by inserting “including issuing an order to
17 the credit union requiring the credit union to take
18 action that the Board determines would achieve such
19 purpose,” after “the purpose of this section,”.

20 (d) SUBSTITUTION OF 3-MONTH PERIOD FOR CAL-
21 ENDAR QUARTER.—Subparagraph (A) of section
22 216(i)(3) of the Federal Credit Union Act (12 U.S.C.
23 1790d(i)(3)(A)) is amended—

24 (1) by striking “calendar quarter” and insert-
25 ing “3-month period”; and

1 (2) by inserting “first” after “the date on
2 which the credit union”.

3 (e) CLARIFICATION OF COORDINATION REQUIRE-
4 MENT.—Clause (ii) of section 216(l)(3)(A) of the Federal
5 Credit Union Act (12 U.S.C. 1790d(l)(3)(A)) is amended
6 by inserting “if the Board determines that such action by
7 the official will carry out the purposes of this section”.

8 **TITLE II—ECONOMIC GROWTH**

9 **SEC. 201. LIMITS ON MEMBER BUSINESS LOANS.**

10 Section 107A(a) of the Federal Credit Union Act (12
11 U.S.C. 1757a(a)) is amended by striking “the lesser of—
12 ” and all that follows and inserting “20 percent of the
13 total assets of the credit union.”.

14 **SEC. 202. DEFINITION OF MEMBER BUSINESS LOAN.**

15 Section 107A(c)(1)(B)(iii) of the Federal Credit
16 Union Act (12 U.S.C. 1757a(c)(1)(B)(iii)) is amended by
17 striking “\$50,000” and inserting “an amount, not to ex-
18 ceed \$100,000, that the Board shall prescribe by regula-
19 tion”.

20 **SEC. 203. RESTRICTION ON MEMBER BUSINESS LOANS.**

21 Section 216(g)(2) of the Federal Credit Union Act
22 (12 U.S.C. 1790d(g)(2)) is amended by striking “until
23 such time as the credit union becomes adequately capital-
24 ized” and inserting “unless otherwise approved by the
25 Board”.

1 **SEC. 204. MEMBER BUSINESS LOAN EXCLUSION FOR LOANS**
2 **TO NONPROFIT RELIGIOUS ORGANIZATIONS.**

3 Section 107A(a) of the Federal Credit Union Act (12
4 U.S.C. 1757a(a)) is amended by inserting “, excluding
5 loans made to nonprofit religious organizations,” after
6 “total amount of such loans”.

7 **SEC. 205. CREDIT UNIONS AUTHORIZED TO LEASE SPACE**
8 **IN BUILDINGS IN CREDIT UNION OFFICES IN**
9 **UNDERSERVED AREAS.**

10 Section 107 of the Federal Credit Union Act (12
11 U.S.C. 1757) is amended—

12 (1) by striking “and” at the end of paragraph
13 (16);

14 (2) by redesignating paragraph (17) as para-
15 graph (18);

16 (3) by inserting after paragraph (16) the fol-
17 lowing new paragraph:

18 “(17) with regard to any building purchased or
19 constructed by the credit union for a credit union of-
20 fice or credit union operations in an underserved
21 area, to lease office space in such building that is
22 separate and clearly distinct from any office or oper-
23 ation of the credit union to any business enterprise,
24 subject to such regulations the Board may prescribe,
25 taking into account the safety and soundness of the
26 credit union; and”;

1 (4) in the matter preceding paragraph (1) by
 2 striking “A Federal credit union” and inserting “(a)
 3 IN GENERAL.—Any Federal credit union”; and

4 (5) adding at the end the following new sub-
 5 section:

6 “(c) UNDERSERVED AREA DEFINED.—For purposes
 7 of subsection (a)(17), the term ‘underserved area’ means
 8 an area consisting of 1 or more census tracts that have—

9 “(1) a poverty rate of 20 percent or greater,
 10 based on the most recent census data; or

11 “(2) a median family income that does not ex-
 12 ceed 80 percent of the greater of—

13 “(A) the median family income for the
 14 metropolitan area in which such census tract or
 15 tracts are located; or

16 “(B) the median family income for the
 17 State in which such census tract or tracts are
 18 located.”.

19 **TITLE III—REGULATORY**
 20 **MODERNIZATION**

21 **SEC. 301. LEASES OF LAND ON FEDERAL FACILITIES FOR**
 22 **CREDIT UNIONS.**

23 (a) IN GENERAL.—Section 124 of the Federal Credit
 24 Union Act (12 U.S.C. 1770) is amended—

1 (1) by striking “Upon application by any credit
 2 union” and inserting “Notwithstanding any other
 3 provision of law, upon application by any credit
 4 union”;

5 (2) by inserting “on lands reserved for the use
 6 of, and under the exclusive or concurrent jurisdiction
 7 of, the United States or” after “officer or agency of
 8 the United States charged with the allotment of
 9 space”;

10 (3) by inserting “lease land or” after “such of-
 11 ficer or agency may in his or its discretion”; and

12 (4) by inserting “or the facility built on the
 13 leased land” after “credit union to be served by the
 14 allotment of space”.

15 (b) CLERICAL AMENDMENT.—The heading for sec-
 16 tion 124 is amended by inserting “OR ON FEDERAL LAND”
 17 after “BUILDINGS”.

18 **SEC. 302. INVESTMENTS IN SECURITIES BY FEDERAL CRED-**
 19 **IT UNIONS.**

20 Section 107 of the Federal Credit Union Act (12
 21 U.S.C. 1757) (as amended by section 205 of this Act) is
 22 amended by inserting after subsection (a) the following
 23 new subsection:

24 “(b) INVESTMENT FOR THE CREDIT UNION’S OWN
 25 ACCOUNT.—

1 “(1) IN GENERAL.—In addition to the invest-
2 ments authorized in subsection (a), a Federal credit
3 union may purchase and hold for its own account
4 such investment securities of investment grade as
5 the Board may authorize by regulation, subject to
6 such limitations and restrictions as the Board may
7 prescribe in the regulations.

8 “(2) PERCENTAGE LIMITATIONS.—

9 “(A) SINGLE OBLIGOR.—In no event may
10 the total amount of investment securities of any
11 single obligor or maker held by a Federal credit
12 union for the credit union’s own account exceed
13 at any time an amount equal to 10 percent of
14 the net worth of the credit union.

15 “(B) AGGREGATE INVESTMENTS.—In no
16 event may the aggregate amount of investment
17 securities held by a Federal credit union for the
18 credit union’s own account exceed at any time
19 an amount equal to 10 percent of the assets of
20 the credit union.

21 “(3) INVESTMENT SECURITY DEFINED.—

22 “(A) IN GENERAL.—For purposes of this
23 subsection, the term ‘investment security’
24 means marketable obligations evidencing the in-
25 debtedness of any person in the form of bonds,

1 notes, or debentures and other instruments
2 commonly referred to as investment securities.

3 “(B) FURTHER DEFINITION BY BOARD.—

4 The Board may further define the term ‘invest-
5 ment security’.

6 “(4) INVESTMENT GRADE DEFINED.—The term
7 ‘investment grade’ means with respect to an invest-
8 ment security purchased by a credit union for its
9 own account, an investment security that at the time
10 of such purchase is rated in one of the 4 highest rat-
11 ing categories by at least 1 nationally recognized
12 statistical rating organization.

13 “(5) CLARIFICATION OF PROHIBITION ON
14 STOCK OWNERSHIP.—No provision of this subsection
15 shall be construed as authorizing a Federal credit
16 union to purchase shares of stock of any corporation
17 for the credit union’s own account, except as other-
18 wise permitted by law.”.

19 **SEC. 303. INCREASE IN GENERAL 12-YEAR LIMITATION OF**
20 **TERM OF FEDERAL CREDIT UNION LOANS TO**
21 **15 YEARS.**

22 Section 107(a)(5) of the Federal Credit Union Act
23 (12 U.S.C. 1757(5)) (as so designated by section 205 of
24 this Act) is amended—

1 (1) in the matter preceding subparagraph (A),
2 by striking “to make loans, the maturities of which
3 shall not exceed twelve years except as otherwise
4 provided herein” and inserting “to make loans, the
5 maturities of which shall not exceed 15 years or any
6 longer maturity as the Board may allow, in regula-
7 tions, except as otherwise provided in this Act”;

8 (2) in subparagraph (A)—

9 (A) by striking clause (ii);

10 (B) by redesignating clauses (iii) through
11 (x) as clauses (ii) through (ix), respectively; and

12 (C) by inserting “and” after the semicolon
13 at the end of clause (viii) (as so redesignated).

14 **SEC. 304. INCREASE IN 1 PERCENT INVESTMENT LIMIT IN**
15 **CREDIT UNION SERVICE ORGANIZATIONS.**

16 Section 107(a)(7)(I) of the Federal Credit Union Act
17 (12 U.S.C. 1757(7)(I)) (as so designated by section 205
18 of this Act) is amended by striking “up to 1 per centum
19 of the total paid” and inserting “up to 3 percent of the
20 total paid”.

1 **SEC. 305. CHECK CASHING AND MONEY TRANSFER SERV-**
2 **ICES OFFERED WITHIN THE FIELD OF MEM-**
3 **BERSHIP.**

4 Paragraph (12) of section 107(a) of the Federal
5 Credit Union Act (12 U.S.C. 1757(12)) (as so designated
6 by 205 of this Act) is amended to read as follows:

7 “(12) in accordance with regulations prescribed
8 by the Board—

9 “(A) to sell, to persons in the field of
10 membership, negotiable checks (including trav-
11 elers checks), money orders, and other similar
12 money transfer instruments (including inter-
13 national and domestic electronic fund trans-
14 fers); and

15 “(B) to cash checks and money orders and
16 receive international and domestic electronic
17 fund transfers for persons in the field of mem-
18 bership for a fee;”.

19 **SEC. 306. VOLUNTARY MERGERS INVOLVING MULTIPLE**
20 **COMMON-BOND CREDIT UNIONS.**

21 Section 109(d)(2) of the Federal Credit Union Act
22 (12 U.S.C. 1759(d)(2)) is amended—

23 (1) by striking “or” at the end of clause (ii) of
24 subparagraph (B);

25 (2) by striking the period at the end of sub-
26 paragraph (C) and inserting “; or”; and

1 (3) by adding at the end the following new sub-
2 paragraph:

3 “(D) a merger involving any such Federal
4 credit union approved by the Board on or after
5 August 7, 1998.”.

6 **SEC. 307. CONVERSIONS OF CERTAIN CREDIT UNIONS TO A**
7 **COMMUNITY CHARTER.**

8 Section 109(g) of the Federal Credit Union Act (12
9 U.S.C. 1759(g)) is amended by inserting after paragraph
10 (2) the following new paragraph:

11 “(3) CRITERIA FOR CONTINUED MEMBERSHIP
12 OF CERTAIN MEMBER GROUPS IN COMMUNITY CHAR-
13 TER CONVERSIONS.—In the case of a voluntary con-
14 version of a credit union described in paragraph (1)
15 or (2) of subsection (b) into a community credit
16 union described in subsection (b)(3), the Board shall
17 prescribe, by regulation, the criteria under which the
18 Board may determine that a member group or other
19 portion of a credit union’s existing membership, that
20 is located outside the well-defined local community,
21 neighborhood, or rural district that shall constitute
22 the community charter, can be satisfactorily served
23 by the credit union and remain within the commu-
24 nity credit union’s field of membership permitting
25 new members to be added from such groups.”.

1 **SEC. 308. CREDIT UNION GOVERNANCE.**

2 (a) **EXPULSION OF MEMBERS FOR JUST CAUSE.**—

3 Subsection (b) of section 118 of the Federal Credit Union
4 Act (12 U.S.C. 1764(b)) is amended to read as follows:

5 “(b) **POLICY AND ACTIONS OF BOARDS OF DIREC-**
6 **TORS OF FEDERAL CREDIT UNIONS.**—

7 “(1) **EXPULSION OF MEMBERS FOR NON-**
8 **PARTICIPATION OR FOR JUST CAUSE.**—The board of
9 directors of a Federal credit union may, by majority
10 vote of a quorum of directors, adopt and enforce a
11 policy with respect to expulsion from membership,
12 by a majority vote of such board of directors, based
13 on just cause, including disruption of credit union
14 operations, or on nonparticipation by a member in
15 the affairs of the credit union.

16 “(2) **WRITTEN NOTICE OF POLICY TO MEM-**
17 **BERS.**—If a policy described in paragraph (1) is
18 adopted, written notice of the policy as adopted and
19 the effective date of such policy shall be provided
20 to—

21 “(A) each existing member of the credit
22 union not less than 30 days prior to the effec-
23 tive date of such policy; and

24 “(B) each new member prior to or upon
25 applying for membership.”.

1 (b) TERM LIMITS AUTHORIZED FOR BOARD MEM-
2 BERS OF FEDERAL CREDIT UNIONS.—Section 111(a) of
3 the Federal Credit Union Act (12 U.S.C. 1761(a)) is
4 amended by adding at the end the following new sentence:
5 “The bylaws of a Federal credit union may limit the num-
6 ber of consecutive terms any person may serve on the
7 board of directors of such credit union.”.

8 (c) REIMBURSEMENT FOR LOST WAGES DUE TO
9 SERVICE ON CREDIT UNION BOARD NOT TREATED AS
10 COMPENSATION.—Section 111(c) of the Federal Credit
11 Union Act (12 U.S.C. 1761(c)) is amended by inserting
12 “, including lost wages,” after “the reimbursement of rea-
13 sonable expenses”.

14 **SEC. 309. PROVIDING THE NATIONAL CREDIT UNION AD-**
15 **MINISTRATION WITH GREATER FLEXIBILITY**
16 **IN RESPONDING TO MARKET CONDITIONS.**

17 Section 107(a)(5)(A)(vi)(I) of the Federal Credit
18 Union Act (12 U.S.C. 1757(5)(A)(vi)(I)) (as so designated
19 and amended by sections 205 and 303 of this Act) is
20 amended by striking “six-month period and that prevailing
21 interest rate levels” and inserting “6-month period or that
22 prevailing interest rate levels”.

1 **SEC. 310. CREDIT UNION CONVERSION VOTING REQUIRE-**
2 **MENTS.**

3 Section 205(b)(2)(B) of the Federal Credit Union
4 Act (12 U.S.C. 1785(b)(2)(B)) is amended by inserting
5 “, in a vote in which at least 20 percent of the credit union
6 membership participates” before the period at the end.

7 **SEC. 311. EXEMPTION FROM PRE-MERGER NOTIFICATION**
8 **REQUIREMENT OF THE CLAYTON ACT.**

9 Section 7A(c)(7) of the Clayton Act (15 U.S.C.
10 18a(c)(7)) is amended by inserting “section 205(b)(3) of
11 the Federal Credit Union Act (12 U.S.C. 1785(b)(3)),”
12 before “or section 3”.

13 **SEC. 312. TREATMENT OF CREDIT UNIONS AS BANKS**
14 **UNDER SECURITIES LAWS.**

15 (a) DEFINITION OF BANK UNDER THE SECURITIES
16 EXCHANGE ACT OF 1934.—Section 3(a)(6) of the Securi-
17 ties Exchange Act of 1934 (15 U.S.C. 78c(a)(6)) is
18 amended—

19 (1) by striking “this title, and (D) a receiver”
20 and inserting “this title, (D) an insured credit union
21 (as defined in section 101(7) of the Federal Credit
22 Union Act) but only for purposes of paragraphs (4)
23 and (5) of this subsection and only for activities oth-
24 erwise authorized by applicable laws to which such
25 credit unions are subject, and (E) a receiver”; and

1 (2) in subparagraph (E) (as so redesignated by
2 paragraph (1) of this subsection) by striking “(A),
3 (B), or (C)” and inserting “(A), (B), (C), or (D)”.

4 (b) DEFINITION OF BANK UNDER THE INVESTMENT
5 ADVISERS ACT OF 1940.—Section 202(a)(2) of the In-
6 vestment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(2))
7 is amended—

8 (1) by striking “this title, and (D) a receiver”
9 and inserting “this title, (D) an insured credit union
10 (as defined in section 101(7) of the Federal Credit
11 Union Act) but only for activities otherwise author-
12 ized by applicable laws to which such credit unions
13 are subject, and (E) a receiver”; and

14 (2) in subparagraph (E) (as so redesignated by
15 paragraph (1) of this subsection) by striking “(A),
16 (B), or (C)” and inserting “(A), (B), (C), or (D)”.

17 (c) DEFINITION OF APPROPRIATE FEDERAL BANK-
18 ING AGENCY UNDER THE SECURITIES EXCHANGE ACT OF
19 1934.—Section 3(a)(34) of the Securities Exchange Act
20 of 1934 (15 U.S.C. 78c(a)(34)) is amended—

21 (1) in subparagraph (A)—

22 (A) by striking “and” at the end of clause
23 (iii);

24 (B) by redesignating clause (iv) as clause
25 (v); and

1 (C) by inserting the following new clause
2 after clause (iii):

3 “(iv) the National Credit Union Ad-
4 ministration Board, in the case of an in-
5 sured credit union (as defined in section
6 101(7) of the Federal Credit Union Act) or
7 a subsidiary or a department or division of
8 any such insured credit union; and”;

9 (2) in subparagraph (B)—

10 (A) by striking “and” at the end of clause
11 (iii);

12 (B) by redesignating clause (iv) as clause
13 (v); and

14 (C) by inserting the following new clause
15 after clause (iii):

16 “(iv) the National Credit Union Ad-
17 ministration Board, in the case of an in-
18 sured credit union (as defined in section
19 101(7) of the Federal Credit Union Act) or
20 a subsidiary of any such insured credit
21 union; and”;

22 (3) in subparagraph (C)—

23 (A) by striking “and” at the end of clause
24 (iii);

1 (B) by redesignating clause (iv) as clause
2 (v); and

3 (C) by inserting the following new clause
4 after clause (iii):

5 “(iv) the National Credit Union Ad-
6 ministration Board, in the case of an in-
7 sured credit union (as defined in section
8 101(7) of the Federal Credit Union Act) or
9 a subsidiary of any such insured credit
10 union; and”;

11 (4) in subparagraph (D)—

12 (A) by striking “and” at the end of clause
13 (ii);

14 (B) by redesignating clause (iii) as clause
15 (iv); and

16 (C) by inserting the following new clause
17 after clause (ii):

18 “(iii) the National Credit Union Ad-
19 ministration Board, in the case of an in-
20 sured credit union (as defined in section
21 101(7) of the Federal Credit Union Act);
22 and”;

23 (5) in subparagraph (F)—

1 (A) by redesignating clauses (ii), (iii), and
2 (iv) as clauses (iii), (iv), and (v), respectively;
3 and

4 (B) by inserting the following new clause
5 after clause (i):

6 “(ii) the National Credit Union Ad-
7 ministration Board, in the case of an in-
8 sured credit union (as defined in section
9 101(7) of the Federal Credit Union Act);”.

10 (d) DEFINITION OF APPROPRIATE FEDERAL BANK-
11 ING AGENCY UNDER THE INVESTMENT ADVISERS ACT OF
12 1940.—Section 210A(c) of the Investment Advisers Act
13 of 1940 (15 U.S.C. 80b–10a(c)) is amended by inserting
14 “and includes the National Credit Union Administration
15 Board, in the case of an insured credit union (as defined
16 in section 101(7) of the Federal Credit Union Act)” before
17 the period at the end.

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