

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2896

To amend the Federal Deposit Insurance Act to provide the same treatment for covered bonds as for other qualified financial contracts to which a depository institution is a party when such institution is in receivership or conservatorship, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 2009

Mr. GARRETT of New Jersey (for himself, Mr. KANJORSKI, and Mr. BACHUS) 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 provide the same treatment for covered bonds as for other qualified financial contracts to which a depository institution is a party when such institution is in receivership or conservatorship, 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 “Equal Treatment of  
5 Covered Bonds Act of 2009”.

1 **SEC. 2. COVERED BONDS TREATMENT.**

2 (a) IN GENERAL.—Section 11(e)(8)(D)(i) of the Fed-  
3 eral Deposit Insurance Act (12 U.S.C. 1821(e)(8)(D)(i))  
4 is amended by inserting “covered bond,” after “forward  
5 contract,”.

6 (b) DEFINITIONS.—Section 11(e)(8)(D) of the Fed-  
7 eral Deposit Insurance Act (12 U.S.C. 1821(e)(8)(D)) is  
8 amended—

9 (1) by redesignating clauses (vii), (viii), and (ix)  
10 as clauses (viii), (ix), and (x), respectively; and

11 (2) by inserting after clause (vi) the end the fol-  
12 lowing new clause:

13 “(vii) COVERED BOND.—The term  
14 ‘covered bond’ means a nondeposit re-  
15 course debt obligation of an insured depos-  
16 itory institution, with a term to maturity  
17 of at least 1 year, which is secured by spe-  
18 cifically identified assets which are per-  
19 forming in accordance with the terms of  
20 the contracts which created the assets.”.

21 (c) TECHNICAL AND CONFORMING AMENDMENT.—  
22 Section 8(e)(3)(C) of the Federal Deposit Insurance Act  
23 (U.S.C. 1818(e)(3)(C)) is amended—

24 (1) by striking “and” at the end of clause (i);

25 (2) by striking the period at the end of clause

26 (ii) and inserting “; and”; and

1           (3) by adding at the end the following new  
2 clause:

3                   “(iii) with respect to a covered bond,  
4 actual direct compensatory damages deter-  
5 mined as of the date of the appointment of  
6 the conservator or receiver equal to the  
7 sum of—

8                           “(I) the outstanding principal  
9 amount of the covered bond on that  
10 date;

11                           “(II) all interest that had ac-  
12 crued on the covered bond through  
13 that date but that had not been paid;

14                           “(III) the cost on that date of a  
15 guaranteed investment contract, de-  
16 posit agreement, or other instrument  
17 that would provide for scheduled pay-  
18 ments to be made on the covered bond  
19 until its originally scheduled maturity  
20 date; and

21                           “(IV) the costs (including reason-  
22 able fees of attorneys) incurred  
23 through that date that arise from or  
24 relate to the exercise of any right,  
25 power, or remedy under the covered

1                   bond or a related transaction docu-  
2                   ment.”.

3           (d) REGULATIONS.—No regulation of any Federal  
4 banking agency (as defined in section 3 of the Federal  
5 Deposit Insurance Act) shall be applicable with respect to  
6 any covered bond (as defined in the amendment made by  
7 subsection (b)(2)) unless the regulation or the application  
8 of such regulation to such bond, as the case may be, is  
9 prescribed jointly by the Secretary of the Treasury, the  
10 Board of Governors of the Federal Reserve System, the  
11 Comptroller of the Currency, the Director of the Office  
12 of Thrift Supervision, and the Board of Directors of the  
13 Federal Deposit Insurance Corporation.

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