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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. ______

To amend the Federal Credit Union Act to expand the investment authority of Federal credit unions.

IN THE HOUSE OF REPRESENTATIVES

Ms. BYNUM introduced the following bill; which was referred to the Committee on ______________________________

A BILL

To amend the Federal Credit Union Act to expand the investment authority of Federal credit unions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Credit Union Investment Authority Act".

SEC. 2. AUTHORITY TO INVEST IN CORPORATE DEBT.

Section 107(7) of the Federal Credit Union Act (12 U.S.C. 1757) is amended by striking "general obligations of the issuer)" and inserting "general obligations of the issuer); (L) in the marketable obligations, bonds, notes, or other instruments of indebtedness of any agency, association, or company whose membership or ownership is not restricted to Federal credit unions and the members of credit unions or organizations of credit unions and that is not designed primarily to serve or otherwise assist credit union operations, except that no credit union may invest more than 10 per centum of its paid-in unimpaired capital and surplus in the obligations of any one issuer''.

SEC. 3. AUTHORITY TO INVEST IN ASSET-BACKED SECURITIES.

(a) IN GENERAL.—Section 107 of the Federal Credit Union Act (12 U.S.C. 1757) is amended in paragraph (15)—

(1) in subparagraph (B), by striking ''or'' at the end;

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following subparagraph:

''(C) asset-backed securities (as such term is defined in section 3(a) of the Securities Exchange Act of 1934); or''.

(b) RULEMAKING.—The National Credit Union Administration Board shall, not later than 1 year after the date of the enactment of this section issue regulations to carry out the amendments made by this section and such regulations shall include, with respect to the purchase of asset-backed securities by Federal Credit Unions, requirements relating to—

(1) the minimum size of the issue of the asset-backed securities at the time of initial distribution;

(2) minimum aggregate sale price of the asset-backed securities; and

(3) the investment grade of the asset-backed securities.