

**AMENDMENT TO SENATE AMENDMENTS TO H.R.****1424****OFFERED BY MR. DEFAZIO OF OREGON**

In section 101(a)(1) of the matter proposed to be inserted by the amendment of the Senate to the text of the bill, strike "The Secretary" and insert "Effective only as provided in paragraph (4), the Secretary".

In section 101(a)(2) of the matter proposed to be inserted by the amendment of the Senate to the text of the bill, insert before the period at the end the following: ", in accordance with paragraph (4)".

At the end of subsection (a) of section 101 of the matter proposed to be inserted by the amendment of the Senate to the text of the bill, add the following new paragraph:

1           (4) **EFFECTIVE DATE.**—The authority of the  
2           Secretary under this subsection to establish the  
3           Troubled Asset Relief Program, and any authority  
4           of the Secretary under this Act to carry out such  
5           program, shall take effect—

6           (A) only if the Secretary—

- 1 (i) makes a determination that the  
2 program of the Federal Deposit Insurance  
3 Corporation under section 137 (relating to  
4 net worth certificate program) and all  
5 other options have not restored liquidity to  
6 the financial markets and the Secretary;  
7 and  
8 (ii) submits a report to the Congress  
9 setting forth such determination and the  
10 reasons for such determination; and  
11 (B) upon the submission of the report  
12 under subparagraph(A)(ii).

In section 120(a) of division A of the matter proposed to be inserted by the amendment of the Senate to the text of the bill, strike "on December 31, 2009" and insert "upon the expiration of the 15-month period beginning on the date of the enactment of this Act".

In section 120(b) of division A of the matter proposed to be inserted by the amendment of the Senate to the text of the bill, strike "the date of enactment of this Act" and insert "the date that the Troubled Asset Relief Program under this title takes effect pursuant to section 101(a)(4)".

At the end of title I of division A of the matter proposed to be inserted by the amendment of the Senate to the text of the bill, insert the following new section:

1 **SEC. 137. NET WORTH CERTIFICATE PROGRAM.**

2 (a) **ESTABLISHMENT; PURPOSES.—**

3 (1) **ESTABLISHMENT.**—As soon as possible  
4 after the date of the enactment of this Act, the  
5 Board of Directors of the Federal Deposit Insurance  
6 Corporation (hereafter in this section referred to as  
7 the “Corporation”) shall establish a net worth cer-  
8 tificate program under this section to provide capital  
9 to insured depository institutions (as such term is  
10 defined in section 3 of the Federal Deposit Insur-  
11 ance Act (12 U.S.C. 1813) to assist such institu-  
12 tions to resolve solvency problems.

13 (2) **PURPOSES.**—The purposes of the net worth  
14 certificate program established under this section  
15 shall be—

16 (A) to improve the capital position of trou-  
17 bled insured depository institutions with real es-  
18 tate holdings;

19 (B) to provide such insured depository in-  
20 stitutions the ability to sell and restructure as-  
21 sets; and

1 (C) to assist such institutions in their re-  
2 covery without use of taxpayer funds.

3 (b) PRINCIPLES.—The net worth program estab-  
4 lished under this section shall—

5 (1) be based upon the Federal Savings and  
6 Loan Insurance Corporation net worth program es-  
7 tablished under title II of the Garn-St Germain De-  
8 pository Institutions Act of 1982 (Public Law 97-  
9 320; 96 Stat. 1489);

10 (2) be made available only for troubled financial  
11 depository institutions that the Corporation deter-  
12 mines could be financially viable if provided solvency  
13 assistance under the program;

14 (3) provide for the Corporation to purchase  
15 capital in troubled insured depository institutions in  
16 the form of subordinated debentures or net worth  
17 certificates in such institutions;

18 (4) provide that insured depository institutions  
19 participating in the program shall agree to such reg-  
20 ulations and terms of the program as the Corpora-  
21 tion shall provide, which shall include strict over-  
22 sight and supervision, including limitations on the  
23 compensation of senior executive officers of such in-  
24 stitutions and terms for removal of officers for poor  
25 management;

1 (5) provide that the Corporation shall fund net  
2 worth certificates under the program by issuance of  
3 Corporation senior notes and obligations to partici-  
4 pating insured depository institutions;

5 (6) provide that the interest rate on net worth  
6 certificates issued under the program and the senior  
7 notes and obligations issued under the program by  
8 the Corporation shall be identical;

9 (7) not involve any subsidy, appropriation of  
10 funds, or other cash outlay or use of taxpayer funds;

11 (8) provide that asset sale transactions under  
12 the program be held in the private market.

13 (c) REGULATIONS.—The Board of Directors of the  
14 Corporation shall prescribe any regulations necessary to  
15 carry out the net worth certificate program established  
16 under this section.

At the end of title III of division A of the matter  
proposed to be inserted by the amendment of the Senate  
to the text of the bill, insert the following new section:

17 **SEC. 304. OFFSET FOR LOSSES FROM TROUBLED ASSET RE-**  
18 **LIEF PROGRAM.**

19 (a) OFFSET TRIGGER.—Upon the conclusion of each  
20 year that the Troubled Asset Relief Program established  
21 under section 101 is in effect (pursuant to section  
22 101(a)(4)), the Secretary of the Treasury shall make a

1 determination of whether the Federal Government has  
2 sustained losses as a result of the program and, if so, the  
3 amount of such losses.

4 (b) TAX ON SECURITIES TRANSACTIONS.—

5 (1) IN GENERAL.—Chapter 36 of the Internal  
6 Revenue Code of 1986 is amended by inserting after  
7 subchapter B the following new subchapter:

8 **“Subchapter C—Tax on Securities**  
9 **Transactions**

“Sec. 4475. Tax on securities transactions.

10 **“SEC. 4475. TAX ON SECURITIES TRANSACTIONS.**

11 “(a) IMPOSITION OF TAX.—With respect to a year,  
12 there is hereby imposed a tax on each covered securities  
13 transaction of a percentage, as determined under sub-  
14 section (c) for such year, of the value of the instruments  
15 involved in such transaction.

16 “(b) BY WHOM PAID.—The tax imposed by this sec-  
17 tion shall be paid by the trading facility on which the  
18 transaction occurs.

19 “(c) DETERMINATION OF PERCENTAGE.—The per-  
20 centage determined under this subsection for a year shall  
21 be the percentage determined by the Secretary necessary  
22 to recover, over a 10-year period, the amount of losses for  
23 the preceding year (as determined under section 304(a))

1 of the Emergency Economic Stabilization Act of 2008)  
2 through the imposition of the tax under this section.

3 “(d) COVERED SECURITIES TRANSACTION.—The  
4 term ‘covered securities transaction’ means—

5 “(1) any transaction to which subsection (b),  
6 (c), or (d) of section 31 of the Securities Exchange  
7 Act of 1934 applies, and

8 “(2) any transaction subject to the exclusive ju-  
9 risdiction of the Commodity Futures Trading Com-  
10 mission.

11 “(e) ADMINISTRATION.—The Secretary shall carry  
12 out this section in consultation with the Securities and Ex-  
13 change Commission and the Commodity Futures Trading  
14 Commission.”.

15 (2) CLERICAL AMENDMENT.—The table of sub-  
16 chapters for chapter 36 of such Code is amended by  
17 inserting after the item relating to subchapter B the  
18 following new item:

“SUBCHAPTER C. TAX ON SECURITIES TRANSACTIONS.”.

19 (3) EFFECTIVE DATE.—The amendments made  
20 by this section shall apply to transactions occurring  
21 on or after January 1, 2009.

