



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **FDIC PUBLISHES SEMIANNUAL AGENDA OF REGULATIONS**

### **FOR IMMEDIATE RELEASE**

The Federal Deposit Insurance Corporation (FDIC) has published its semiannual agenda of regulations in the Federal Register to inform the public of the Corporation's regulatory actions and encourage participation in the rulemaking process.

Many of the actions are the result of the FDIC Board's ongoing efforts to reduce the regulatory burden on banks, simplify rules, improve efficiency and comply with the Riegle Community Development and Regulatory Improvement Act of 1994.

The agenda contains 26 regulatory actions. Five actions have been completed and the rest are in various stages of the rulemaking process. Highlights follow.

\* In July 1998, the Board approved a final rule relaxing the regulatory capital limitations on servicing assets and aligning the terminology used in the FDIC's capital standards more closely with the terminology used under generally accepted accounting principles. (12 CFR 325)

\* The Board in August 1998 finalized one of the FDIC's most important regulatory relief proposals. The final rule simplifies the application procedures and consolidates into a single rule the procedures previously found in various parts of the regulation. The most significant feature is that expedited processing will be available for most applications filed by well-managed, well-capitalized institutions. An estimated 90 percent of banks supervised by the FDIC will meet the definition of "eligible depository institution." The



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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final rule also revises three related policy statements and deletes two others. (12 CFR 303)

\* Also in August, the FDIC Board agreed to revise the treatment of unrealized gains on equity securities under the FDIC's risk-based capital standards. The joint final rule is consistent with the Basle Accord, which serves as the international regulatory capital framework on which the agencies' risk-based capital standards are based. (12 CFR 325)

\* The Board in August proposed revising the FDIC's management interlocks regulation to implement changes to the Management Interlocks Act made by the Economic Growth and Regulatory Paperwork Reduction Act and to permit otherwise prohibited management interlocks, including a new "small market share exemption." (12 CFR 348)

\* The FDIC, in conjunction with the other Federal Financial Institutions Examination Council agencies, in October 1998 drafted a joint interim rule, with comments requested, establishing safety and soundness standards to address the Year 2000 problem. (12 CFR 364)

\* In October 1998, the Board proposed issuing regulations requiring insured nonmember banks to develop and maintain "Know Your Customer" programs. The regulations would require each institution to develop a program designed to determine the identity of its customers, its customers' source of funds, and the normal and expected transactions of its customers; monitor account activity for transactions that are inconsistent with those normal and expected transactions; and report any transactions of its customers that are determined to be suspicious, in accordance with the FDIC's existing suspicious activity reporting regulations. (12 CFR 326)

Attached is a copy of the Semiannual Regulatory Agenda that appeared in the November 9, 1998, Federal Register pages 62698 to 62705, which contains all 26 final or planned rule changes.

Attachment: Semiannual Regulatory Agenda (November 9, 1998)

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