PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC STREAMLINES APPLICATION PROCEDURES FOR STATE-CHARTERED BANK SUBSIDIARIES

FOR IMMEDIATE RELEASE

The Federal Deposit Insurance Corporation Board of Directors today adopted a revised regulation and streamlined procedures designed to expedite the processing of applications filed by well-managed, well capitalized banks and savings associations that want to sell real estate, underwrite securities or engage in a variety of other activities.

The FDIC is required under Section 24 and Section 28 of the Federal Deposit Insurance Act to review proposed activities of state-chartered banks and thrifts that are authorized by state law but not specifically authorized for federally chartered institutions. The objective of the FDIC review is to determine if the proposed activity represents a significant risk to the deposit insurance fund. The revised regulation establishes the application procedures for undertaking activities or engaging in investments authorized by state-chartering authorities. Agency activities, including insurance agency, are not affected by the new regulation.

As part of the FDIC's streamlined application process, a new notice procedure has been established for use by well-run, well-capitalized institutions seeking permission to engage in real estate investment and securities underwriting. Institutions meeting specific eligibility requirements will merely have to notify the FDIC of their intent to establish a majority-owned securities or real estate subsidiary. If the FDIC does not object within 30 days, the applicant can begin operations.

The new notice procedure is limited at this time to requests to engage in real estate investments or securities underwriting. Both are areas that have been subject to FDIC supervision, and both are subject to long-standing operating limitations and structural requirements. The new regulation simplifies existing limitations applicable to real estate and securities activities. It also establishes timeframes within which banks and thrifts should make any necessary changes to existing operations.

Institutions that do not meet the standards established for use of the notice procedure, those seeking different operating limitations or those interested in engaging in other state-authorized activities can utilize the FDIC's expedited application procedures. Applications will be processed within 60-days from the date the FDIC receives a complete submission unless written notice of a 30-day extension is provided to the applicant.

Institutions using either the notice procedure or the full application procedure will have to submit essentially the same information to the FDIC. Notices and applications should include a description of the proposed activity, the institution's anticipated investment, a business plan, proposed policies and procedures applicable to insiders and a description of the institution's expertise. Documentation from the appropriate regulatory authority granting approval to conduct the proposed activity and a citation of state law or regulatory authority also must be included.

Attachment: Statement of Chairman Donna Tanoue

Last Updated 07/14/1999