



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC APPROVES SPEEDIER APPLICATION PROCEDURES FOR WELL-MANAGED, WELL-CAPITALIZED INSTITUTIONS

FOR IMMEDIATE RELEASE

The Federal Deposit Insurance Corporation (FDIC) Board of Directors voted today to expedite the processing of applications filed by well-managed, well-capitalized institutions. The Board also voted to simplify and streamline its application rules.

"The revised rule assures banks and thrifts that their applications will be decided in a timely fashion," said FDIC Chairman Donna Tanoue. "It's good for the industry and good for the FDIC to minimize regulatory burden associated with routine business decisions for well-managed institutions. The revised rule allows us to focus our resources on applications that present a significant issue or risk."

The revised Part 303 of the FDIC's rules will apply expedited processing procedures to applications for deposit insurance, mergers, branches, trust powers, stock buy-backs, and certain international banking activities.

Some applications will be treated like notices. For example, applications to establish a branch or relocate an office represent approximately half of the filings received by the FDIC and typically take 30 days to process. Under the revised rule, an eligible institution's branch application would generally be automatically approved 21 days after the FDIC receives a substantially complete application. This means a 30 percent reduction in the average processing time for branch applications. The revised rule reduces regulatory burden for all FDIC-insured institutions, but particularly the approximately 6,000 state-chartered institutions that the FDIC directly supervises.

To be designated an eligible institution and qualify for the expedited application procedures, an insured bank or thrift must have a:



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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- Composite rating of 1 or 2 on the interagency 5-point scale for safety and soundness;
- Satisfactory or better rating for compliance with the Community Reinvestment Act;
- Rating of 1 or 2 for compliance with consumer laws and regulations based on a 5-point scale used by examiners;
- Designation as being well-capitalized; and
- No formal or informal administrative action pending against it.

More than 90 percent of all FDIC-supervised banks currently meet these eligibility standards.

Other aspects of the rule will delete duplicative or outdated material, and update delegations of authority from the Board that permit designated FDIC staff to take final action on various applications, notices, requests and enforcement matters. This will result in a quicker response time by the agency on such application filings.

The Board also voted to remove inconsistencies or outdated procedures in policy statements involving applications. In particular, the Board voted to substantially revise its policy on deposit insurance applications. Regional FDIC officials will now have more flexibility in approving insurance applications, again resulting in a quicker response.

"Under FDIC Director Joseph Neely's direction, FDIC staff thoroughly reviewed our application procedures," said Chairman Tanoue. "We are confident that the revisions to Part 303 will meet our goals of maintaining safe and sound banking practices, while lessening regulatory burden and cutting costs."

The final rule will take effect October 1, 1998.

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