



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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FDIC Issues Final Rule to Mitigate the Deposit Insurance Assessment Effect of Participation in the Paycheck Protection Program (PPP), the PPP Liquidity Facility, and the Money Market Mutual Fund Liquidity Facility

WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) today approved a final rule that mitigates the deposit insurance assessment effects of participating in the Paycheck Protection Program (PPP) established by the U.S. Small Business Administration and the Paycheck Protection Program Liquidity Facility (PPPLF) and Money Market Mutual Fund Liquidity Facility (MMLF) established by the Board of Governors of the Federal Reserve System.

The PPP, PPPLF and MMLF were put in place to provide financing to small businesses and liquidity to small business lenders and the broader credit markets, and to help stabilize the financial system in a time of significant economic strain. At the same time, PPP loans are fully guaranteed by the SBA, and transactions made with the PPPLF and MMLF are conducted with the Federal Reserve on a non-recourse basis. The FDIC's action today will ensure that banks will not be subject to significantly higher deposit insurance assessments for participating in these programs.

Under the final rule, the FDIC will generally remove the effect of PPP lending in calculating an IDI's deposit insurance assessment. Among other changes, the final rule provides an offset to an IDI's total assessment amount for the increase in its assessment base attributable to participation in the PPP and MMLF.

The final rule will be effective immediately upon publication in the *Federal Register*, with an application date of April 1, 2020, and changes will be applied to assessments starting in the second quarter of 2020.



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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Attachment:

Final Rule

Statement by Chairman McWilliams on the Final Rule to Mitigate the Impact of PPP Lending on Deposit Insurance Premiums



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