



PRESS RELEASE

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

FOR IMMEDIATE RELEASE
July 19, 2005

Media Contact:
Sally Kearney (202-898-8675)

FDIC Board of Directors Approves Proposed Amendment to Annual Audit and Reporting Requirement

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today approved a proposed amendment to the FDIC's annual audit and reporting requirements. Under this proposal, the FDIC would amend Part 363 of its regulations by raising the asset-size threshold from \$500 million to \$1 billion for (1) internal control assessments by management and attestations by external auditors, and (2) members of the audit committee, who must be outside directors, to be independent of management.

The FDIC's annual audit and reporting requirements, including audit committee requirements, apply to insured institutions with \$500 million or more in total assets ("covered institutions").

As proposed, for covered institutions with total assets of less than \$1 billion, management would no longer be required to assess and report on the effectiveness of internal control over financial reporting, the external auditors would no longer be required to examine and attest to management's internal control assertions, and the outside directors on the audit committee would no longer be required to be independent of management.

The proposal would relieve covered institutions in this size range from these requirements only for purposes of Part 363. These covered institutions must continue to comply with the remaining provisions of Part 363, including the annual financial statement audit requirement.

The FDIC's proposal would not relieve covered institutions that are public companies from their obligations to comply with the provisions of the Sarbanes-Oxley Act and the Securities and Exchange Commission's implementing rules on internal control assessments by management and attestations by external auditors and, if applicable, audit committee independence.

The amendments are proposed to take effect December 31, 2005. Comments on today's notice of proposed rulemaking are requested for 45 days after publication in the Federal Register.



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.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-64-2005