



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Solicits Comments on Improvements to Determining Insured Deposits at Large Banks

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) is soliciting comments on proposed improvements to the process of determining the insurance status of depositors of larger institutions in the event of a failure. The FDIC originally solicited comments on this topic in December 2005. Based on its review of the comments, the FDIC has decided to seek additional comments on a new approach.

The FDIC's ability to rapidly determine the insured status of deposit accounts is essential to resolving bank failures in the most cost effective and least disruptive fashion. While the banking industry today is healthier than at any point in the nearly 75-year history of the FDIC, consolidation in the industry has resulted in larger, more geographically diverse and complex institutions. Some of these institutions have millions of deposit accounts - far more than any institution that the FDIC has resolved in the past. Because of these recent changes in the industry, the FDIC is seeking to update and modernize the deposit claims process. This is an appropriate time to consider such modernization because there are no perceived or imminent problems facing any of the large institutions.

For purposes of the advance notice of proposed rulemaking (ANPR), a large institution would have more than 250,000 deposit accounts and \$2 billion in domestic deposits or at least \$20 billion in total assets and \$2 billion in domestic deposits, regardless of the number of deposit accounts. Currently, 159 institutions out of the more than 8,700 insured by the FDIC meet the criteria.

The FDIC reviewed and considered the 28 comments received from the first ANPR. Based on its deliberations, the FDIC is soliciting comments on the following proposed new approach which divides large institutions into two tiers:



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-111-2006

- Tier 1 would include the most complex of the large institutions. They would be required to:
 - Identify the owner(s) of each account by using a unique depositor identifier.
 - Provide the FDIC a standard data framework; the format and content of the data structure for this framework will be developed in cooperation with insured institutions.
 - Provide the FDIC a standardized data structure to compute a trial balance or supply the institution's actual closing trial balance.
 - Calculate and place provisional holds automatically in the event of failure.
 - Remove provisional holds to be replaced by the FDIC-supplied holds/debits as reflected by the deposit insurance determination results.
- Tier 2 would include the remainder of large institutions. Requirements for this tier would be similar to Tier 1, except a unique depositor identifier would not be required.

The ANPR also requests comment on whether large institutions should be encouraged or required to know the insurance status for each new account opened and/or notify the customer of this status. Further comment is requested on whether a unique depositor identifier and insurance category should be required for new accounts.

The last time the FDIC updated its deposit insurance determination process was in 1999. The largest number of deposit accounts in a failed institution where the FDIC had to make an insurance determination was on July 27, 2001, for Superior Bank, FSB, Hinsdale, Illinois, with about 90,000 deposit accounts. Today, some of the larger banks have more than 50 million deposit accounts.

Comments will be accepted for 90 days after publication in the Federal Register. The ANPR is available on the FDIC's Web site at <http://www.fdic.gov/news/board/notice5dec2006.html>.