



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Board Approves Final Covered Bond Policy Statement

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today approved a final covered bond policy statement (the "Policy Statement") that will facilitate the development of the U.S. covered bond market by providing bondholders expedited access to collateral if the FDIC declines to continue the covered bonds after a bank failure. Covered bonds originated in Europe, where they are subject to extensive statutory and supervisory regulation designed to protect the interests of covered bond investors from the risks of insolvency of the issuing bank. By contrast, covered bonds are a relatively new innovation in the U.S., with only two issuers to date. The Policy Statement aims to facilitate the prudent and incremental development of the U.S. covered bond market while the FDIC and other regulators evaluate the benefits and risks of these products.

"I believe that the underwriting standards set out in the Policy Statement will support strong, sustainable lending while at the same time give stability to the value of the covered bonds," said Sheila C. Bair, FDIC Chairman. "Covered bonds can serve as an additional source of financing for mortgage lending, and thereby offer potential benefits to banks and home buyers."

On April 23, 2008, the FDIC published an Interim Final Covered Bond Policy Statement and requested public comment. The FDIC received approximately 130 comment letters, including comments from national banks, federal home loan banks, industry groups, and individuals. Most commenters supported the FDIC's adoption of the Policy Statement to clarify how the FDIC would treat covered bonds in the case of a conservatorship or receivership and, thereby, facilitate the development of the U.S. covered bond market. After reviewing the comments, FDIC staff recommended Board approval of the final Policy Statement.

The Covered Bond Policy Statement is attached.

Attachment:

[Covered Bond Policy Statement](#)



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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