



PRESS RELEASE

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

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FDIC Approves Proposed Rule on the Definition of Insured Deposit at Foreign Branches of U.S. Banks Rule Would Clarify That These Deposits are Not Insured by the FDIC

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today approved a notice of proposed rulemaking to clarify that while deposits in foreign branches of U.S. banks can be deposits for purposes of the national depositor preference statute enacted in 1993, they are not FDIC-insured. Currently, under the Federal Deposit Insurance Act, money deposited in foreign branches of U.S. banks are not considered deposits, unless the funds are payable in the U.S. A recent proposal by the United Kingdom's Financial Services Authority (FSA) relating to the effect of national depositor preference laws makes it likely that large U.S. banks will change their deposit agreements to make their U.K. branch deposits payable in both the U.K. and U.S.

"Today's proposed regulation would allow U.S. banks with U.K. branches to exercise existing authority that would bring them into compliance with the FSA's proposal by making the deposits payable in the United States, without triggering U.S. deposit insurance coverage or the restructuring of branches in subsidiaries," said FDIC Chairman Martin Gruenberg.

The proposed rule, which will be issued with a 60-day comment period upon publication in the Federal Register, would not affect deposits in overseas military banking facilities governed by regulations of the Department of Defense. These funds will continue to be insured by the FDIC to the same extent that they have been.

Attachment: Proposed Rule on the Definition of Insured Deposit (PDF Help)



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: Fact Sheet (PDF Help)

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