



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429

International Banking

FIL-85-2004
July 22, 2004

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: Proposed Rulemaking Relating to International Banking (Parts 303, 325, 327 and 347 of FDIC's Rules and Regulations)

Summary: *The FDIC has proposed amendments relating to international banking by insured state nonmember banks and insured U.S. branches of foreign banks. Among the proposed revisions are amendments to reorganize existing rules for clarity; expand the availability of general consent for foreign branching and investments in certain circumstances; address the transferability of grandfathered U.S. branches; provide for asset maintenance based on each insured branch's daily third-party liabilities; and address certain supervisory issues related to foreign banks. In addition, the FDIC is proposing to replace the fixed asset pledge percentage of 5 percent with a risk-focused asset pledge that will consider the asset maintenance and supervisory ratings for each insured branch of a foreign bank. Comments are due by September 17, 2004.*

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) has proposed the attached amendments relating to international banking by insured state nonmember banks and insured U.S. branches of foreign banks. The proposed amendments concern Parts 303, 325, 327 and 347 of the FDIC's Rules and Regulations. Comments are due by September 17, 2004.

The proposed amendments reorganize the FDIC's existing rules contained in Subpart A of Part 347, addressing foreign branching and investments by insured state nonmember banks. They also expand the availability of general consent for foreign branching and investments in certain circumstances.

The proposed amendments to Subpart B of Part 347, which primarily addresses insured U.S. branches and noninsured state branches of foreign banks, reorganize the FDIC's existing rules to more clearly indicate when the rules apply to state and federal insured branches or only to state branches. They also address the transferability of grandfathered U.S. branches, provide for asset maintenance based on each insured branch's daily third-party liabilities, and address certain supervisory issues related to foreign banks. In addition, the FDIC is proposing to replace the fixed asset pledge percentage of 5 percent with a risk-focused asset pledge that will consider the asset maintenance and supervisory ratings for each insured branch of a foreign bank.

Although the FDIC is not proposing changes to the rules in Subpart C of Part 347, which addresses accounting and reporting issues relating to international loans, the public is invited to bring particular issues about those rules to the FDIC's attention at this time. The public is also invited to comment on issues raised in the preamble to the attached *Federal Register* notice regarding deposit insurance for U.S. wholesale branches of foreign banks.

Written comments may be sent to Robert E. Feldman, Executive Secretary, Attention: Comments/Executive Secretary Section, Federal Deposit Insurance Corporation, 550 17th Street, NW, Washington, D.C. 20429. Comments also may be mailed electronically to comments@fdic.gov or hand-delivered to the guard station at the rear of the 17th Street building (located on F Street) on business days between 7 a.m. and 5 p.m. Comments also may be faxed to (202) 898-3838.

For more information, please contact John Di Clemente, Chief, International Section, Division of Supervision and Consumer Protection, at 202-898-3540 or Rodney D. Ray, Counsel, Legal Division, at 202-898-3556.

For your reference, FDIC Financial Institution Letters may be accessed from the FDIC's Web site at www.fdic.gov/news/news/financial/2004/index.html. To learn how to automatically receive FDIC Financial Institution Letters through e-mail, please visit www.fdic.gov/about/subscriptions/index.html.

Michael J. Zamorski
Director
Division of Supervision and Consumer Protection

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Attachment:

- [July 19, 2004, Federal Register, pages 43059-43087 - PDF](#) 218k

Distribution: FDIC-Supervised Banks (Commercial and Savings)

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