



Foreign Banking Activities

FIL-102-99
November 17, 1999

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *Joint Final Rule Extending the Examination Cycle For U.S. Branches and Agencies of Foreign Banks*

The Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System have adopted the attached rule extending examination cycles for U.S. branches and agencies of foreign banks, which finalizes a joint interim rule that became effective August 28, 1998. The final rule, which can be found in Part 347.214 of the FDIC Rules and Regulations, took effect on October 22, 1999.

The joint final rule provides that a U.S. branch or agency of a foreign bank may be considered for an 18-month examination cycle, rather than a 12-month cycle, if certain criteria are met and no other factors suggest the need for more frequent examination. Comments received on the joint interim rule resulted in minor clarifications of the final regulation.

To be eligible for an extended examination cycle, a U.S. branch or agency of a foreign bank must:

- Have total assets of \$250 million or less;
- Have a composite ROCA supervisory rating of 1 or 2 at its most recent examination;
- Meet one of the designated "well-capitalized" criteria;
- Not be subject to a formal enforcement action; and
- Not have undergone a change in control during the preceding 12-month period.

Other factors may also be considered in determining examination frequency, including certain discretionary standards.

For further information, please contact Vanessa Villalba (202-898-6611) or Karen Walter (202-898-3540) in the Division of Supervision, or Mark Mellon (202-898-3854) in the Legal Division.

James L. Sexton
Director

Attachment: Federal Register/Vol. 64, No. 204/Friday, October 22, 1999/Rules and Regulations, pages 56949-56953

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