



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC PROPOSES TO REVISE CLASSIFICATIONS USED IN BROKERED DEPOSIT RULE

The FDIC Board today proposed to revise its brokered deposit regulations in order to use the capital definitions used under prompt corrective action regulations issued by the federal financial regulatory agencies.

In the brokered deposit rule, which became final on June 16, 1992, the FDIC noted that the terms "well capitalized institution" and "adequately capitalized institution" were also used in the FDIC Improvement Act provision dealing with Prompt Corrective Action. The FDIC stated in the brokered deposit rule that it intended to adopt the Prompt Corrective Action definitions when they became effective.

Specifically, the term "well-capitalized" will exclude any institution that is subject to any written agreement, order, capital directive or prompt corrective action directive that orders it to maintain specific capital levels. This definition will replace the current terminology that excludes any institution in a "troubled condition." The terms "adequately capitalized" and "undercapitalized" will also conform with the definitions of the terms used in the prompt corrective action rule. The term "undercapitalized" includes institutions that are "significantly" or "critically" undercapitalized.

These changes are not expected to have an adverse affect on a large number of institutions. The FDIC is asking that comments on the proposed rule be sent to the agency within 60 days after it appears in the Federal Register.

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