



NEWS RELEASE

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FDIC BOARD APPROVES INTERIM RULES ON PERSONNEL CHANGES, THRIFT INVESTMENTS AND BROKERED DEPOSITS

The Board of Directors of the Federal Deposit Insurance Corporation in December approved several interim regulations that stem from requirements of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The interim rules relate to: prior notice requirements on changes in board members or senior executive officers; savings institutions investments and subsidiaries; and brokered deposits.

Due to time constraints, the interim rules have been in effect since they were published in the Federal Register, but the FDIC will consider changes based on public comments. Highlights of the interim rules are:

- Prior notice requirements. Certain insured banks are required to file a notice with the FDIC prior to adding or replacing a member of the board of directors or employing or changing the responsibilities of a senior executive officer. The FDIC may disapprove any individual whose service is not considered to be in the best interest of the depositors or the public. Published in the Federal Register and effective on December 27, 1989. Comments must be received by February 26, 1990.
- Savings institutions investments and subsidiaries. Interim application and notice procedures are established governing: (1) requests by state savings associations to engage directly in activities not permissible for federally chartered savings associations; (2) state savings association activities permissible for federal savings associations but in amounts in excess of that permissible for federals; (3) the divestiture by savings associations of equity investments that no longer are permissible as a

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result of FIRREA; (4) the divestiture of "junk bonds" by savings associations; and (5) prior notice of the establishment or acquisition of a subsidiary by a savings association or the conduct of a new activity by an existing subsidiary. Published in the Federal Register and effective on December 29, 1989. Comments must be received by February 28, 1990.

- Brokered deposits. Acceptance, renewal or rollover of brokered deposits is prohibited under FIRREA to undercapitalized insured depository institutions. The rule provides guidance and further detail on when an institution is considered undercapitalized, when certain deposits are considered "brokered," and the circumstances under which a waiver may be granted. . Published in the Federal Register and effective on December 12, 1989. Comments must be received by February 12, 1990.

The FDIC Board also has approved an interim rule relating to entrance and exit fees for insured depository institutions converting from the Bank Insurance Fund (BIF) to the Savings Association Insurance Fund (SAIF). The interim rule establishes the fee structure for conversions that result in the transfer of deposits from BIF to SAIF. The interim rule was published in the Federal Register on December 26, 1989. Comments must be received by February 26, 1990. This action by the FDIC Board follows approval in September of interim rules on entrance and exit fees for institutions converting from SAIF to BIF. The interim rule on entrance fees was published in the Federal Register on October 2, 1989. Publication of the interim rule on SAIF-to-BIF exit fees is pending.

The complete regulations are available from the FDIC's Office of Corporate Communications.

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