



# NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-41-90 (3-14-90)

## FDIC PROPOSES INTERIM RULE ON EXIT FEES

The FDIC's Board of Directors has approved an interim rule prescribing exit fees to be paid by institutions participating in conversion transactions that result in the transfer of insured deposits from the Savings Association Insurance Fund (SAIF) to the Bank Insurance Fund (BIF).

The interim rule also imposes entrance and exit fees on insured deposit transfers. These are transactions in which a financial institution acts as the FDIC's agent in making insured deposits available to account holders.

In addition, the interim rule contains minor revisions to entrance fees as a result of comments received from the public. (The Board of Directors on September 22, 1989, approved an interim rule prescribing entrance fees to be paid by institutions participating in conversions involving the transfer of deposits from SAIF to BIF.)

Highlights of the interim rule on exit fees are:

- o The exit fee for SAIF-to-BIF conversions is set at .90 percent (or 90 basis points) of the deposit base being transferred from SAIF to BIF insurance. The amount set for the exit fee represents the approximate present value of each SAIF member's pro rata share of interest expense on the obligations of the Financing Corporation (FICO), projected over the next 30 years.
- o In an insured deposit transfer, fees will be assessed only to the amount of the premium offered by the acquiring institution and will be paid out of the premium.

(more)

- o The reserve ratio used when calculating SAIF-to-BIF entrance fees will be the ratio of the net worth of BIF to total deposits held in all BIF members (currently .60 percent).

The interim rule, which implements the relevant provisions of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, is effective upon publication in the Federal Register, with comments accepted for 60 days thereafter. Comments should be sent to Hoyle L. Robinson, Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429.

A copy of the interim rule is available from the FDIC's Office of Corporate Communications.

#####