



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ISSUES FINAL RULE ON PROVIDING NOTICE OF RAPID GROWTH

The Board of Directors of the Federal Deposit Insurance Corporation has adopted a final rule on prior notice of rapid growth by insured banks. Acknowledging that the rule as proposed last April could prove difficult to implement and may have been unnecessarily burdensome to many small banks, as well as to the agency itself, the FDIC has narrowed the focus of the rule.

Under the final rule, banks must give the FDIC 30 days' advance notice only when planning to increase their assets 7.5 percent or more over any three-month period through the solicitation, in any combination, of fully insured brokered deposits, fully insured out-of-territory deposits, or secured borrowings, including repurchase agreements. As originally proposed, banks would have been required to report planned rapid growth by any means that was expected to exceed 9 percent over any three-month period. The final rule also eliminates any after-the-fact reporting of rapid growth.

The information collected from banks will be used by the FDIC to help assure appropriate monitoring and supervisory oversight of loans, investments or other uses of the funds obtained during the course of rapid growth.

All notices received by the FDIC will be kept confidential. Banks can notify the FDIC by means of a checkoff box on their Report of Condition and Income or, until that change is effected on the Report, a letter directed to the appropriate FDIC Regional Director for Supervision.

The final rule on notification of rapid growth is available from the FDIC's Office of Corporate Communications.

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