



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-90-2007
October 24, 2007

EXAMINATION CYCLE

Joint Final Rules on Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks

Summary: The FDIC and the other federal financial institution regulatory agencies have jointly adopted the attached final rules permitting insured depository institutions that have up to \$500 million in total assets, and that meet certain other criteria, to qualify for an 18-month (rather than 12-month) on-site examination cycle. These changes will allow the agencies to better focus their supervisory resources on those institutions that may present capital, managerial or other issues of supervisory concern, while reducing the regulatory burden on small, well-capitalized and well-managed institutions.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

Chief Executive Officer
Compliance Officer

Related Topics:

FDIC Rules and Regulations, 12 CFR Parts 337 and 347

Attachment:

Final Rule – Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks (72 FR 54347, September 25, 2007)

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Note:

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Highlights:

- The FDIC and the other federal financial institution regulatory agencies jointly adopted as final the interim rules issued on April 10, 2007, that implemented section 605 of the Financial Services Regulatory Relief Act of 2006 and related legislation (collectively, the Examination Amendments).
- The final rule raises from \$250 million to \$500 million the total asset threshold below which an insured depository institution may qualify for an 18-month (rather than 12-month) on-site safety and soundness examination cycle.
- As authorized by the Examination Amendments, the agencies determined that it is consistent with safety and soundness to permit institutions that fall within this expanded total asset threshold, and that received a CAMELS composite rating of 1 or 2, and that meet other qualifying criteria to qualify for an 18-month on-site examination cycle.
- Other qualifying criteria include being well-capitalized, well-managed, not having undergone any change in control during the previous 12-month period, and not being subject to a formal enforcement proceeding or order.
- The extended 18-month examination cycle applies similarly to qualifying U.S. branches or agencies of a foreign bank.
- In all cases, the agencies reserve the right to examine more frequently if they deem it necessary.