

Federal Deposit Insurance Corporation

550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter FIL-126-2005 December 21, 2005

CLASS ACTION SETTLEMENTS

Guidance on Filing Notices of Proposed Class Action Settlements

Summary: The FDIC is providing guidance on new requirements for filing notices of proposed class action settlements involving financial institutions for which the FDIC is the primary federal regulator.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

Chief Executive Officer Compliance Officer Legal Counsel

Related Topics:

None

Attachment:

None

Contacts:

Regional Director of the FDIC Regional Office responsible for supervision of the involved financial institution

Note:

FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at www.fdic.gov/news/news/financial/2005/index.html.

To receive FILs electronically, please visit http://www.fdic.gov/about/subscriptions/fil.html.

Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (1-877-275-3342 or 202-416-6940).

Highlights:

- Section 1715 of Title 28 of the United States Code specifies new requirements for notifying appropriate state and federal officials of proposed class action settlements.
- The new notification requirements apply to depository institutions, depository institution holding companies, foreign banks, and nondepository institution subsidiaries of one of these entities that are defendants in proposed class action settlements.
- The financial institution must notify its primary federal regulator if some or all of the matters alleged in the class action are subject to regulation or supervision by that regulator.
- State-chartered depository institutions must also notify the state bank supervisor of the state in which the defendant is incorporated or chartered if some or all of the matters alleged in the class action are subject to regulation or supervision by the state supervisor.
- FDIC-supervised institutions must file a notice of proposed class action settlement with the FDIC within 10 days of it being filed in court. At a minimum, the notice should contain a description of the lawsuit, the proposed settlement, and a point of contact (e.g., bank counsel) should additional information be required.
- Notices must be sent to the Regional Director of the FDIC's Regional Office responsible for supervision of the involved financial institution.