



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

Financial Institution Letter
FIL-17-2016
March 4, 2016

Examination Cycle

Joint Interim Final Rules and Request for Comments 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 interim final rules permitting insured depository institutions (IDIs) with up to \$1 billion in total assets and that meet certain other criteria to qualify for an 18-month on-site examination cycle instead of a 12-month cycle. The implementation of these rules allows the agencies to better focus supervisory resources on IDIs that present capital, managerial or other issues of supervisory concern, while reducing regulatory burden on small, well-capitalized and well-managed institutions.

Statement of Applicability to Institutions with Total Assets Under \$1 Billion: This Financial Institution Letter applies to FDIC-supervised financial institutions with total assets up to \$1 billion.

Suggested 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:

Interim Rule – Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks (See [81 FR 10063](#), February 29, 2016)

Contact:

Senior Examination Specialist Karen Currie at (202) 898-3981 or KCurrie@FDIC.gov

Note:

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's Web site at <https://www.fdic.gov/news/news/financial/2016/>.

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

Paper copies may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (877-275-3342 or 703-562-2200).

Highlights:

- On February 29, 2016, the FDIC and the other federal financial institution regulatory agencies jointly issued the attached interim final rules that implement Section 83001 of the Fixing America's Surface Transportation Act (FAST Act). Comments on the rule are due by April 29, 2016.
- The interim final rules raise from \$500 million to \$1 billion the total asset threshold below which an IDI may qualify for an 18-month (rather than 12-month) on-site safety-and-soundness examination cycle.
- As authorized by the FAST Act, the agencies have determined that it is consistent with safety-and-soundness principles to permit institutions in this expanded total asset threshold, with a CAMELS composite rating of "1" or "2," and meeting certain other 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 necessary.
- The FDIC also is integrating its rules on the frequency of safety-and-soundness examinations for state savings associations and state nonmember banks.
- This FIL rescinds and replaces FIL-90-2007 previously issued under the same name.