



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

Financial Institution Letter
FIL-7-2007
January 26, 2007

REPEAL OF CERTAIN REPORTING REQUIREMENTS

Final Rule Repealing Part 349

Summary: The FDIC Board of Directors has approved the attached final rule repealing FDIC Part 349, Reports and Public Disclosure of Indebtedness of Executive Officers and Principal Shareholders to a State Nonmember Bank and its Correspondent Banks. The final rule became effective on December 22, 2006.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

Chief Executive Officer
Chief Loan Officer
Chief Compliance Officer
Executive Officers and Principal Shareholders

Related Topics:

Regulation O (12 CFR 215); FFIEC Annual Report on Indebtedness of Executive Officers and Principal Shareholders to Correspondent Banks (FFIEC 004)

Attachment:

[Final Rule: 12 CFR Part 349 \(71 FR 78337, December 29, 2006- PDF\)](#)

Contact:

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Note:

FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at www.fdic.gov/news/news/financial/2007/index.html.

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Highlights:

- On October 13, 2006, the President signed into law Public Law No. 109-351, the Financial Services Regulatory Relief Act of 2006 (the Act). Section 601 of the Act eliminated statutory provisions that required reporting indebtedness of executive officers and principal shareholders to a financial institution and its correspondent bank. Although the FDIC maintains authority under other provisions of law to collect information regarding insider lending, the FDIC does not believe that such reports contribute significantly to the effective monitoring of insider lending or the prevention of insider abuse. To eliminate unnecessary burden, the FDIC has repealed its regulation.
- The repeal of Part 349 does not change the substantive restrictions on loans by depository institutions to their executive officers and principal shareholders or loans to executive officers and principal shareholders of their correspondent banks. The repeal merely eliminates the reporting requirements and public disclosure of insider loans.
- The elimination of these reporting requirements does not limit the authority of the FDIC to take enforcement action against an institution or its insider for violations of these insider lending restrictions.
- On December 18, 2006, the FFIEC discontinued the Annual Report on Indebtedness of Executive Officers and Principal Shareholders to Correspondent Banks (FFIEC 004).
- On December 11, 2006, the Board of Governors of the Federal Reserve System published amendments to 12 CFR 215 (Regulation O) in the *Federal Register* (71 FR 71472) removing certain reporting requirements regarding extensions of credit to bank insiders. Requirements under Regulation O are made applicable to state nonmembers by Section 18(j)(2) of the Federal Deposit Insurance Act.