

Alert

FDIC Announces Multiple Actions To ‘Promote a More Transparent, Streamlined, and Accountable’ Process for Bank Applicants

December 6, 2018

On Dec. 6, 2018, the Federal Deposit Insurance Corporation (“FDIC”) announced two new initiatives and two revised resources related to the deposit insurance application process for organizers of new (“*de novo*”) banks. At the same time, the FDIC announced two additional initiatives that relate to all applications filed with the agency, whether by new applicants or existing banks.

“A pipeline of new banks is critical to the long-term health of the industry and communities across the country. The application process should not be overly burdensome and should not deter prospective banks from applying. The FDIC wants to see more *de novo* banks, and we are hard at work to make this a reality,” said FDIC Chairman Jelena McWilliams.

With regard to *de novo* bank applicants, the FDIC:

- Issued a Request for Information (“RFI”), seeking comment from any interested parties on all aspects of the deposit insurance application process, including:
 - Ways in which the FDIC could or should support the continuing evolution of emerging technology and fintech companies;
 - Aspects of the application process that may discourage potential applications;
 - Possible changes to the application process for traditional community bank proposals; and
 - Other suggestions for improving the effectiveness, efficiency or transparency of the application process.¹

Comments on the RFI will be due 60 days from its publication in the *Federal Register*.

- Established a voluntary process that gives *de novo* bank organizers the option of requesting feedback on a draft deposit insurance proposal before filing a formal application.² The new process is intended to allow both the applicant and the FDIC to identify potential challenges, issues or concerns prior to the filing of the actual application. Since the filing of a formal application triggers a public notice requirement, discovering any issues beforehand would

¹ The RFI is available [here](#).

² Full details of the new process are available [here](#).

reduce the likelihood of a potentially embarrassing situation whereby an applicant publicly announces a filing, only to withdraw it later.³

- Updated two publications related to the deposit insurance application process:
 - *Applying for Deposit Insurance – A Handbook for Organizers of De Novo Institutions* and
 - *Deposit Insurance Applications Procedures Manual*.

These resources address the informational needs of organizers and provide comprehensive instruction to FDIC staff.⁴

With regard to *all* applications, the FDIC:

- Updated its time frame guidelines for applications;⁵ and
- Created a new, designated mailbox as an additional means by which any interested parties may pose questions regarding specific applications or the application process in general. The new mailbox, applicationsmailbox@fdic.gov, is in addition to the existing mailbox for submitting public comments on pending applications.

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If you have any questions concerning this *Alert*, please contact your attorney at Schulte Roth & Zabel or the authors.

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³ Three such situations occurred during the last 18 months, as Social Finance Inc. (“SoFi”), Square Inc. and Nelnet Inc. each withdrew publicly announced applications in, respectively, October 2017, July 2018 and September 2018.

⁴ The updated publications are available [here](#).

⁵ The time frame guidelines are available [here](#).