



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Seeks Comment on Proposal to Ensure Safety and Soundness of Industrial Banks

WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) is seeking comment on a proposed rule that would require certain conditions and commitments for approval or non-objection to certain filings involving an industrial bank or industrial loan company (ILCs) whose parent company is not subject to consolidated supervision by the Federal Reserve Board. The proposed rule would apply to deposit insurance, change in bank control, and merger filings that involve industrial banks.

The proposed rule would require a covered parent company to enter into written agreements with the FDIC and the industrial bank to: address the company’s relationship with the industrial bank; require capital and liquidity support from the parent to the industrial bank; and establish appropriate recordkeeping and reporting requirements. The proposed rule would codify the FDIC’s current supervisory processes and policies with respect to covered industrial banks and ensure the safe and sound operation of these institutions as well as provide the necessary transparency regarding the FDIC’s supervisory practices.

“This proposal would ensure that parent companies serve as a source of strength for their industrial bank subsidiaries,” said FDIC Chairman Jelena McWilliams. “By codifying these requirements, the proposal would enhance transparency and provide important protections for the Deposit Insurance Fund.”

Industrial banks have operated in the United States for more than a century. Congress made all industrial banks eligible for deposit insurance in 1982 and excluded the parent companies from regulation and supervision by the Federal Reserve Board in 1987. Each industrial bank is state chartered and supervised by the FDIC under the same regulatory and supervisory framework as other state non-member banks. Filings involving industrial banks are evaluated in the same manner and under the same criteria as other institutions.

Comments on the proposed rule are due 60 days from publication in the *Federal Register*.

Attachments:

[Proposed Rule](#)

[Fact Sheet](#)

[Chairman Statement](#)

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Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation’s banking system. The FDIC insures deposits at the nation’s banks and savings associations, 5,177 as of December 31, 2019. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars—insured financial institutions fund its operations.

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