

FDIC Proposes Special Assessment Rates to Make Up For Losses*

In the April 2023 newsletter, BCG reported that the Federal Deposit Insurance Corporation (FDIC) completed its resolution of Silicon Valley Bank and Signature Bank in a manner that protected all depositors, including the uninsured deposits.

Subsequently, due to the loss sustained to the deposit insurance fund from use of the systemic risk exception, on May 10, 2023, the FDIC proposed to collect a special assessment. The special risk assessment would be calculated at an annual rate of 12.5 basis points over eight quarterly assessment periods, with the rate being subject to change prior to any final rule depending on any adjustments to the loss estimate, mergers or failures, or amendments to reported estimates of uninsured deposits.

Through its notice of proposed rulemaking (NPR), the FDIC is proposing to start collecting the special assessment in the first quarter of 2024 with an invoice payment date of June 28, 2024. 88 FR 32694. The NPR provides that the special assessment would be equal to an insured depository institution's (IDI's) estimated uninsured deposits reported as of December 31, 2022, adjusted to exclude the first \$5 billion. The assessment would be applicable to either the IDI if an IDI is not a subsidiary of a holding company, or at the banking organization level for those IDIs that are part of a holding company with one or more subsidiary IDI.

Through various data reports, FDIC staff has stated that a majority of financial institutions would not be subject to the higher assessments. Chairman of the FDIC Martin Gruenberg also stated that larger institutions, such as those "with total assets over \$50 billion would pay more than 95% of the special assessment."

Comments to the NPR must be received on or before July 21, 2023. FDIC's NPR can be accessed at the following link <https://www.federalregister.gov/documents/2023/05/22/2023-10447/special-assessments-pursuant-to-systemic-risk-determination>.

The FDIC also issued a fact sheet on the special assessment which can be viewed at the following link https://www.fdic.gov/news/fact-sheets/systemic-risk-determination-5-11-23.html?utm_source=MarketingCloud&utm_medium=email&utm_campaign=newsbytes&utm_content=NEWSBYTES-20230512.html.

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