This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

FEDERAL DEPOSIT INSURANCE CORPORATION

Federal Deposit Insurance Corporation Restoration Plan

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Establishment of Federal Deposit Insurance Corporation Restoration Plan

The recent failures of a large institution and other smaller ones have significantly increased the Deposit Insurance Fund’s (the DIF or the fund) loss provisions, resulting in a decline in the reserve ratio. As of June 30, 2008, the reserve ratio stood at 1.01 percent, 18 basis points below the base rate schedule established in the 2006 assessments rule, a new rulemaking is required. The FDIC is concurrently publishing a notice of proposed rulemaking that would raise rates and make other changes to the assessment system.

Pursuant to section 7(b)(3)(E) (12 U.S.C. 1817(b)(3)(E)), the FDIC establishes the following restoration plan on October 7, 2008.

1. The accompanying NPR is published elsewhere in this issue of the Federal Register as soon as possible. Based upon the projections contained in the NPR, the assessment rates proposed in the NPR will return the Deposit Insurance Fund reserve ratio to at least 1.15 percent. Absent extraordinary circumstances, the reserve ratio must be returned to at least 1.15 percent no later than five years after establishment of the plan. To determine whether the reserve ratio has returned to the statutory range, the FDIC will rely on the December 31, 2013, reserve ratio, which is the first date after October 7, 2013, for which the reserve ratio will be known.

2. Before the FDIC adopts a final rule following the NPR, it will update its loss and income projections for the fund and, if needed to ensure that the fund reserve ratio reaches 1.15 percent within the five-year period, will adopt higher assessment rates than those proposed in the NPR. If consistent with the fund reserve ratio reaching 1.15 percent within the five-year period, the FDIC may also adopt lower assessment rates.

3. At least semiannually thereafter, the FDIC will update its loss and income projections for the fund and, if needed to ensure that the fund reserve ratio reaches 1.15 percent within the five-year period, will increase assessment rates, following notice-and-comment rulemaking if required. If consistent with the fund reserve ratio reaching 1.15 percent within the five-year period, the FDIC may also lower assessment rates, again following notice-and-comment rulemaking if required.

4. Institutions may continue to use assessment credits without additional restriction (other than those imposed by law) during the term of the Restoration Plan, since the few remaining credits should have only a minimal effect on fund revenue.

5. This Restoration Plan shall be implemented immediately upon establishment by the FDIC.

Dated at Washington, DC, this 7th day of October, 2008.

By order of the Board of Directors.

Federal Deposit Insurance Corporation.

Valerie J. Best,
Assistant Executive Secretary.

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