

Federal Deposit Insurance Corporation

§ 346.17

of the United States economy, including the international trade finance sector, that the activity will not give the foreign bank an unfair competitive advantage over United States banking organizations and any other relevant information.

(c) *Transition period.* An uninsured state branch may maintain a retail deposit lawfully accepted pursuant to this section prior to April 1, 1996:

(1) If the deposit qualifies pursuant to paragraph (a) or (b) of this section; or

(2) If the deposit does not qualify pursuant to paragraph (a) or (b) of this section, no later than:

(i) In the case of a non-time deposit, five years from April 1, 1996; or

(ii) In the case of a time deposit, the first maturity date of the time deposit after April 1, 1996 or the date that is 90 days after April 1, 1996, whichever is later.

[61 FR 5674, Feb. 14, 1996]

§ 346.7 Notification to depositors.

Any State branch that is exempt from the insurance requirement pursuant to § 346.6 shall—

(a) Display conspicuously at each window or place where deposits are usually accepted a sign stating that deposits are not insured by the FDIC; and

(b) Include in bold face conspicuous type on each signature card, passbook, and instrument evidencing a deposit the statement “This deposit is *not* insured by the FDIC”; or require each depositor to execute a statement which acknowledges that the initial deposit and all future deposits at the branch are not insured by the FDIC. This acknowledgment shall be retained by the branch so long as the depositor maintains any deposit with the branch. This provision applies to any negotiable certificates of deposit made in a branch on or after July 6, 1989, as well as to any renewals of such deposits which become effective on or after July 6, 1989.

[54 FR 14067, Apr. 7, 1989]

§ 346.8 Optional insurance.

A foreign bank may apply to the FDIC for deposit insurance for any State branch that is not otherwise required to be insured under § 346.4 or for

any Federal branch that is not otherwise required to be insured under the rules and regulations of the Comptroller of the Currency.

§§ 346.9—346.15 [Reserved]

Subpart C—Foreign Banks Having Insured Branches

§ 346.16 Scope.

This subpart C sets out the rules that apply only to a foreign bank that operates or proposes to establish an insured State or Federal branch. These rules relate to the following matters: an agreement to provide information and to be examined and provisions concerning recordkeeping, pledge of assets, asset maintenance, and deductions from the assessment base.

[44 FR 40060, July 9, 1979, as amended at 54 FR 14067, Apr. 7, 1989]

§ 346.17 Agreement to provide information and to be examined.

(a) A foreign bank that applies for insurance for any branch shall agree in writing to the following terms:

(1) The foreign bank will provide the FDIC with information regarding the affairs of the bank and its affiliates which are located outside of the United States as the FDIC from time to time may request to:

(i) Determine the relations between the insured branch and the bank and its affiliates and

(ii) Assess the financial condition of the bank as it relates to the insured branch.

If the laws of the country of the bank's domicile or the policy of the Central Bank or other banking authority prohibit or restrict the foreign bank from entering into this agreement, the foreign bank shall agree to provide information to the extent permitted by such law or policy. Information provided shall be in the form requested by the FDIC and shall be made available in the United States. The Board of Directors will consider the existence and extent of this prohibition or restriction in determining whether to grant insurance and may deny the application if the information available is so limited

in extent that an unacceptable risk to the insurance fund is presented.

(2) The FDIC may examine the affairs of any office, agency, branch or affiliate of the foreign bank located in the United States as the FDIC deems necessary to: (i) Determine the relations between the insured branch and such offices, agencies, branches or affiliates and (ii) assess the financial condition of the bank as it relates to the insured branch. The foreign bank shall also agree to provide the FDIC with information regarding the affairs of such offices, agencies, branches or affiliates as the FDIC deems necessary. The Board of Directors will not grant insurance to any branch if the foreign bank fails to enter into an agreement as required under paragraph (a)(2) of this section.

(b) The agreement shall be signed by an officer of the bank who has been so authorized by the foreign bank's board of directors. The agreement and the authorization shall be included with the foreign bank's application for insurance. Any agreement not in English shall be accompanied by an English translation.

[44 FR 40060, July 9, 1979, as amended at 54 FR 14067, Apr. 7, 1989]

§ 346.18 Records.

(a) Each insured branch shall keep a set of accounts and records in the words and figures of the English language which accurately reflect the business transactions of the branch on a daily basis.

(b) The records of each insured branch shall be kept as though it were a separate entity, with its assets and liabilities separate from the other operations of the head office, other branches or agencies of the foreign bank and its subsidiaries or affiliates. A foreign bank which has more than one insured branch in a State may treat such branches as one entity for record keeping purposes and may designate a branch to maintain records for all the branches in the State.

§ 346.19 Pledge of assets.

(a) *Purpose.* A foreign bank that has an insured branch shall pledge assets for the benefit of the FDIC or its designee(s). Whenever the FDIC is obligated under section 11(f) of the Federal

Deposit Insurance Act (12 U.S.C 1821(f)) to pay the insured deposits of an insured branch, the assets pledged under this section shall become the property of the FDIC to be used to the extent necessary to protect the deposit insurance fund.

(b) *Amount of assets to be pledged.* (1) A foreign bank shall pledge assets equal to five percent of the average of the insured branch's liabilities for the last 30 days of the second and fourth calendar quarters, respectively. This average shall be computed by using the sum of the close of business figures for the 30 calendar days of the second and fourth calendar quarters, respectively, ending with and including the last date of the respective calendar quarter, divided by 30.³ In determining its average liabilities, the branch may exclude liabilities to other offices, agencies, branches, and wholly owned subsidiaries of the foreign bank. The value of the pledged assets shall be computed based on the lesser of the principal amount (par value) or market value of such assets at the time of the original pledge and thereafter as of the last date of the second and fourth calendar quarters, respectively.

(2) The initial five-percent deposit for a newly established insured branch shall be based on the branch's projection of liabilities at the end of the first year of its operation.

(3) The FDIC may require a foreign bank to pledge additional assets or to compute its pledge on a daily basis whenever the FDIC determines that the foreign bank's or any branch's condition is such that the assets pledged under § 346.19(b) (1) and (2) will not adequately protect the deposit insurance fund. In requiring a foreign bank to pledge additional assets, the FDIC will consult with the branch's primary regulator. Among the factors to be considered in imposing these requirements are the concentration of risk to any one borrower or group of related borrowers, or the concentration of transfer risk to any one country, including the country in which the foreign bank's head office is located.

³For days on which the branch is closed, balances from the last previous business day are to be used.