



Federal Deposit Insurance
Corporation

MEMORANDUM

TO: The Board of Directors

FROM: Matthew P. Reed, Acting General Counsel

DATE: February 28, 2025

SUBJECT: Withdrawal of Proposed Rules

I. SUMMARY:

Staff presents for adoption by the Board of Directors (the “Board”) of the Federal Deposit Insurance Corporation (the “FDIC”) a resolution and accompanying *Federal Register* notice that would withdraw three proposed rules for which the FDIC no longer intends to issue a final rule. The resolution would also withdraw authority previously approved by the Board for staff to publish in the Federal Register a proposed rule related to incentive-based compensation arrangements. If the FDIC decides to pursue regulatory action in any of these areas, it will do so by publishing a new proposed rule or other issuance consistent with the Administrative Procedure Act.

II. DISCUSSION:

Brokered Deposits Proposal

On August 23, 2024, the FDIC published a proposed rule that would have significantly revised its regulations related to brokered deposits.¹ Revamping the brokered deposit rule would be a major undertaking that would significantly disrupt many aspects of the deposit landscape. Among other issues, the proposal would have adopted a narrow interpretation of the primary

¹ See Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions, 89 Fed. Reg. 68244 (Aug. 23, 2024).

purpose exception inconsistent with the plain meaning of the law, and a broad, sweeping provision related to fees and remuneration. More generally, the proposal failed to account for the myriad of ways in which deposit arrangements have evolved over the years.

Corporate Governance Proposal

On October 11, 2023, the FDIC published a proposed rule that would have established new, enforceable safety and soundness standards related to corporate governance for FDIC-supervised institutions with \$10 billion or more in total consolidated assets.² Although the FDIC recognizes that sound corporate governance and appropriate controls are important for banks of all sizes, the proposed rule would have created a number of overly prescriptive and process-oriented expectations rather than focusing on core safety and soundness risks. In addition, the proposed rule would have conflated the roles of management and the board of directors, created unworkable expectations, and, in certain areas, would have conflicted with applicable state law.

Change in Bank Control Act Proposal

On August 19, 2024, the FDIC published a proposed rule that would have amended its regulations implementing the Change in Bank Control Act by removing an exemption from the requirement to submit a notice to the FDIC for an acquisition of voting securities of a depository institution holding company for which the Federal Reserve reviews a Change in Bank Control Act notice.³ Removing this exemption would have required a wide range of bank investors to file duplicative notices with both the FDIC and the Federal Reserve System and could have discouraged capital investments in FDIC-supervised banks.

² See Guidelines Establishing Standards for Corporate Governance and Risk Management for Covered Institutions With Total Consolidated Assets of \$10 Billion or More, 88 Fed. Reg. 70391 (Oct. 11, 2023).

³ See Regulations Implementing the Change in Bank Control Act, 89 Fed. Reg. 67002 (Aug. 19, 2024).

Incentive-based Compensation Arrangements

In May 2024, the Board approved the issuance of a proposed rule that would have implemented Section 956(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act related to incentive-based compensation arrangements.⁴ The statute requires six agencies to jointly prescribe regulations or guidelines with respect to incentive-based compensation practices at certain financial institutions. The Board authorized publication of the proposal in the Federal Register if all six agencies approved the proposal. Because the proposed rule was not adopted by all six agencies, it was never published in the *Federal Register*.

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⁴ See Press Release, Federal Deposit Insurance Corporation, Agencies Issue Proposal on Incentive-Based Compensation (May 6, 2024).