

FDIC's Two-Phase Approach for Processing Deposit Insurance Applications

The following summary details the FDIC's two-phase approach for processing deposit insurance applications and describes information de novo applicants will be expected to provide the agency during this review process.

Organizers are generally encouraged to meet with FDIC staff and other applicable regulatory agencies before submitting a deposit insurance application.¹ A pre-filing meeting promotes open communication between the applicant and the FDIC regarding the specifics of the potential application, regulatory expectations, and the application process. During the pre-filing meeting, a dedicated FDIC Case Manager will be assigned to serve as the primary point of contact for the organizers. Throughout the application process, all information, including meeting materials and responses to future information requests, should be provided simultaneously to the FDIC and chartering authority when possible.

Phase 1 – Within 120 Calendar Days from Receipt: Contingent Authorization Phase	
<u>Within # of Days from Receipt</u>	<u>Activities</u>
3 Business Days	The FDIC sends an acknowledgment letter to the applicant.
30 Calendar Days	FDIC staff reviews the Application Form and all supporting exhibits/materials. As part of the initial submission, the FDIC will expect to receive the following content with the application: • A comprehensive business plan that provides a market and competitive analysis, customer demographics, anticipated products and services, the planned office/branch structure, and any other pertinent items. • Accompanying financial projections with supporting assumptions for the first three years of operations, along with appropriate sensitivity analyses and/or stress testing. The financial projections should include quarterly and year-end data, as well as key ratios/metrics. Financial projections should also be provided for the parent organization, if applicable.² • A chart depicting the complete ownership and organizational structure, including affiliates. Any foreign ownership should be indicated. • A description of the planned capital raise, the proposed amount of capital needed to support the business plan, and any known or

¹ As explained in [FIL-82-2018](#), prospective organizers may choose to submit a draft deposit insurance proposal prior to submitting a formal application.

² If the IDI will be the subsidiary of an existing organization, financial statements from the organization (e.g., current period and prior three years, if available) are needed.

	anticipated investor commitments. This should include a draft offering circular, if available. • The identity of the proposed Chief Executive Officer, any other senior executive officers (if known), and any board members (if known). • An Interagency Biographical and Financial Report (IBFR) for each known director, senior executive officer, and principal shareholder. • Details regarding the proposed senior executive officer positions and an outline of the preliminary compensation plans, if known. • A description of any contract, transaction, professional fees, or other type of planned business relationship involving the insured deposit institution (IDI) and its parent company, affiliates, or any insider. • A list of the functions/services that the IDI plans to outsource, and a list of the functions/services that the IDI will perform internally, along with any supporting details. • Copies of any related application(s) to other regulatory agencies (federal or state) or details regarding any such application(s) if not yet filed. • A copy of the public notice. The FDIC communicates with the organizers regarding the application's completeness, and if necessary, issues an additional information request (AIR) letter. To the extent possible, such communication and the issuance of AIRs is coordinated with the chartering authority. FDIC staff initiate background checks, which may extend beyond Phase 1.
90 Calendar Days	FDIC/other agency representatives meet with the organizers to conduct initial management and topical interviews. The interviews are coordinated with the chartering authority and/or the appropriate Federal Reserve Board (FRB) office, to the extent possible.
120 Days (Contingent Authorization)	The FDIC issues a CA letter, if warranted, detailing all pre-opening conditions.

**Phase 2 – Within 12 Months (or Less) from Contingent Authorization:
Organizational Phase**

<u>Within # of Months from CA</u>	<u>Deliverable</u>
12 months	During Phase 2, communication between the organizers, the FDIC, and the other regulatory agencies remains ongoing. FDIC staff reviews supplemental application materials as soon as they are received. Applicants are encouraged to submit individual Phase 2 items promptly as soon as they are available to allow timely ongoing review. As part of Phase 2, the FDIC expects to receive the following supplementary application content: • The names of any board members, senior executive officers, or principal shareholders that have not yet been identified, along with IBFRs for each proposed individual. • Employment agreements and final compensation plans including any stock benefit plans and any other incentive or bonus programs. • Complete details regarding the capital raise including the final offering circular, any other related investor-related documents, and a final shareholder list. • Final organizational documents (e.g., articles of incorporation, by-laws, etc.). • Final contracts and agreements for any planned business relationship involving the IDI and its parent company, affiliates, or any insider. • Key third-party/vendor agreements and contracts, as applicable, such as those related to the core processing provider, other technological resources, primary products or services, funding, asset/liability management, audit, and other corporate services. • The specific office/branch locations and copies of any leases or related agreements. • Final risk management and compliance policies, procedures, and internal operating controls. • Final plans related to compliance with the Community Reinvestment Act. • Any other information relevant for evaluating the statutory factors including, if necessary, updated financial projections. • If necessary and, to the extent possible, in coordination with the chartering authority, the FDIC issues AIR letter(s) depending on the materials received. • FDIC staff performs additional background checks and completes prior checks. • If necessary, depending on the nature or complexity of the proposed IDI's operations, FDIC staff conducts any follow-up investigations or reviews for specific target areas or functions. The interviews are coordinated with the chartering authority and/or the appropriate FRB office, to the extent possible.

	<u>Final Approval Items</u> • FDIC staff meet with the organizers to discuss any remaining pre-opening conditions, including prior notification (60 or 90 days) of the planned opening date, and to encourage the necessary preparations for beginning operations. The chartering authority and, if applicable, FRB will be invited to attend the meeting. • FDIC staff seeks the applicant's written agreement to all proposed conditions that will be included in the FDI Order. • The FDIC issues a transmittal letter communicating the final disposition of the application. Approved applications will include an Order, Statement, and any other relevant accompanying documents.
Within 6 Months from Approval and Issuance of the Deposit Insurance Order	
	• A pre-opening examination is scheduled and completed 30 days before the IDI's proposed opening. The FDIC will coordinate the pre-opening examination with the chartering authority, when possible. • A deposit insurance certificate is issued.