

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

November 8, 2012

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

Expiration of Unlimited Deposit Insurance for Noninterest-Bearing Transactions Accounts

On November 5, 2012, the FDIC issued [FIL-45-2012](#), *Notice of Expiration: Temporary Unlimited Coverage for Noninterest-Bearing Transaction Accounts*. As explained in the FIL, section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) provides separate, unlimited deposit insurance coverage for noninterest-bearing transaction accounts (NIBTAs), including Interest on Lawyer Trust Accounts; however, the unlimited coverage is scheduled to expire on December 31, 2012. Absent a change in law, starting on January 1, 2013, the FDIC will insure NIBTAs in accordance with 12 C.F.R. Part 330, which generally provides each depositor up to \$250,000 in coverage at each separately chartered insured depository institution (IDI).

As a result of the anticipated change, the FDIC is encouraging IDIs to take reasonable steps to provide adequate advance notice to NIBTA depositors of the change in FDIC insurance coverage so that they may consider the impact of any change in coverage in their management of these transaction accounts. IDIs are encouraged to:

- Provide NIBTA depositors adequate advance notice in writing that the temporary unlimited coverage for NIBTA deposits is scheduled to expire on December 31, 2012, and thereafter the FDIC will insure NIBTAs up to \$250,000 per depositor. (Model notice language is included in FIL-45-2012).
- Remove from their main offices, branches, and Web sites the “Notices of Changes in Temporary FDIC Insurance Coverage for Transaction Accounts” required by 12 C.F.R. section 330.16(c)(1).
- Review NIBTA account agreements and related disclosure statements, and modify the documents as necessary to reflect accurate NIBTA coverage on January 1, 2013.

Resource

The FDIC has posted frequently asked questions and answers regarding NIBTA coverage at <http://www.fdic.gov/deposit/deposits/unlimited/expiration.html>.

Model language and timeframes for taking recommended action is further detailed in the attachment to FIL-45-2012 located at <http://www.fdic.gov/news/news/financial/2012/fil12045.html?source=govdelivery>.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco’s website, at <http://www.frbsf.org/banking/letters>.

For additional information regarding supervisory expectations, please contact:

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