any outstanding amounts owed to or by the FDIC on and after January 1, 1996. For amounts owed to or by the FDIC during intervals prior to January 1, 1996, the FDIC will continue to apply the then-current TFRM rate (and the annual compounding) for those intervals.

## 4. The Assessment-Schedule Notice

The FDIC's assessment regulation specifies that the FDIC must announce in advance the semiannual assessment rate schedule for BIF members, together with the amount and basis for any adjustment to the rate schedule. The FDIC must make the announcement 45 days before the invoice date for the first payment of the semiannual period. 12 CFR 327.9(b)(3)(ii).

The FDIC is amending this provision by reducing the advance-notice period to 15 days. The amendment was not proposed for comment, and is unrelated to the other amendments made by the final rule. The primary reason for this technical amendment is to enable the FDIC to use more current financial information to determine the assessment rate schedule for the upcoming semiannual period.

Under the final rule, the announcement date for the first semiannual period moves from October 16 to November 15. The announcement date for the second semiannual period moves from April 15 to May 15.

When the FDIC adopted the 45-day advance notice period, the FDIC's primary concern was to assure that there would be ample time after the time the Board established an assessment rate schedule for the staff to provide and issue assessment invoices to insured institutions. When the Board issued the proposed and final rules on the BIF assessment regulation it assumed the invoice preparation process would take up to 45 days.

The FDIC's operating systems have improved, however. The FDIC now believes that the invoice preparation process can be completed within a 15-day period. Reducing the advance-notice period from 45 days to 15 days would create an opportunity for the FDIC to utilize additional information as it becomes available during the intervening 30 days. This information would include, but would not be limited to, the following:

- Updated fund balance information, which is calculated monthly.
- Updated market information, including financial-market data and economic conditions.
- Call Report data that reflect current revisions and corrections and, therefore, are more complete.

A shortening of the timetable for announcing a change in assessment rates from 45 days to 15 days would provide the FDIC with additional information that could be used to determine the appropriate assessment rates for the upcoming semiannual assessment period. The FDIC could utilize the relevant information to arrive at a more informed judgment of the assessment rates necessary to maintain the BIF reserve ratio at the statutorily mandated Designated Reserve Ratio, and to set the "adjustment factor" for changes in the assessment rate schedule.

It must be recognized that the institutions themselves will still have 45 days' notice from the time the FDIC notifies them of the assessment rate schedule to the time the payment is due. 12 CFR 327.3. For example, the announcement notice for the payment due on January 1, will be provided no later than November 15.

#### C. Summary of Comments

The FDIC's Board of Directors received comments for a period of 30 days. The Board considered that the shorter comment period was necessary in order to implement the proposal within the available time-frame.

The FDIC received 15 comments on the proposed rule: eight from banks; five from bankers' associations; and two from bank holding companies.

## 1. Payment Dates for First Payments

#### a. The Regular Payment Date

Seven banks, all five bankers' associations, and one holding company explicitly supported the January payment date.

The remaining bank supported it implicitly. The bank did not address the January payment date. Instead, the bank called for equivalent changes to be made to the other payment dates: it said that the payment dates for the second, third, and fourth calendar quarters should each be moved to the start of those quarters. The FDIC believes that a change of this kind raises questions of its own that would need to be the subject of public comment. Accordingly, the FDIC is not adopting the suggestion at this time, but is taking the issue under advisement.

The other holding company did not expressly comment on this matter. The holding company did not object to the January payment date. The holding company merely noted that it would probably elect the alternate payment date for its subsidiaries.

# b. The Alternate Payment Date

Five banks, all five bankers' associations, and one bank holding

company explicitly supported the proposal to allow institutions to make their first payments on the alternate payment date.

The bank holding company observed that it would have to file a certification for each of its insured institutions. The holding company did not ask the FDIC to alter the proposal on this point, and the FDIC has not done so. Nevertheless, the FDIC will take under advisement the issue of allowing bank holding companies to file the necessary certifications on behalf of their banking subsidiaries.

One bankers' association remarked that the term "prepayment"—which was used in the proposed rule—might lead to adverse tax consequences, and suggested labeling the earlier payment as an "alternate payment." The FDIC has adopted this suggestion.

One bank objected to the alternate payment date. The bank said it could not see why any financial institution would avail itself of the option. The bank further declared that banks would be required to choose the option, and the FDIC would be required to keep track of the choices, as well as contend with two payment schedules. The bank declared that the option would thereby create unnecessary work for both regulators and regulated institutionsand could even lead to the alternate payment date eventually becoming required once more. The FDIC does not consider, however, that the alternate payment date creates excessive work either for itself or for insured institutions. The FDIC further believes that many institutions may well take advantage of the alternate payment date, and that the benefits of this option far outweigh its costs.

Two banks and one holding company did not address this issue.

One bank and one bank holding company said the election should remain in effect until revoked. The rule as proposed so provided; the final rule does so as well.

## 2. Doubled Payments

Four banks, three bankers' associations, and one bank holding company expressly supported the doubled-payment option.

One bankers' association asked the FDIC to make the doubled-payment option available to institutions that make their first quarterly payment on the regular January payment date, and not merely to those that elect the alternate December payment date. The FDIC has considered this matter and has concluded that few or no institutions would want to make a doubled payment after the beginning of a calendar quarter.