Accordingly, the FDIC believes that it is sufficient to offer the doubled-payment option for the December payment date.

The same bankers' association suggested that the FDIC should offer the doubled-payment option for payments due in the second semiannual period too. The FDIC has adopted and expanded upon this suggestion, by making the doubled-payment option available on all payment dates (including the alternate payment date) that occur before the start of the quarter to which the payment applies.

The other commenters did not focus on the doubled-payment issue.

3. Interest on Underpaid and Overpaid Assessments

None of the commenters objected to the FDIC's proposal to cease using the TFRM rate.

Five banks, two bankers' associations, and one bank holding company supported the FDIC's proposal to use the coupon equivalent rate on the 3-month Treasury bill.

Two banks, two bankers' associations, and one bank holding company did not address this point.

One banker's association said that an appropriate interest rate should meet three criteria:

- —The rate should have a neutral impact on business decisions;
- —The rate should be reasonably stable; and
- —The rate should be publicly available.

The FDIC considers that the rate adopted in this final rule—namely, the coupon equivalent rate set on the 3-month Treasury bill at the last auction held by the U.S. Treasury Department before the start of each quarter—meets these criteria.

The bankers' association called upon the FDIC to use the Federal Funds rate averaged over the quarter of the overpayments and underpayments; one bank also called on the FDIC to adopt the Federal Funds rate. The bank said that the Federal Funds rate was the rate it would have received on the funds but for the overcharge. The bankers' association likewise said that the Federal Funds rate represents the true alternative cost of funds to insured institutions. The FDIC considers, however, that it is more appropriate to use the rate set at the Treasury auction because the FDIC invests its funds with the Treasury Department, and not in the Federal Funds market.

The bankers' association pointed out that any mechanism for selecting a rate that is based on a single date can be subject to volatility. The bankers' association suggested that, as an alternative, the FDIC should consider using an average of the rates set in the last four weekly Treasury auctions prior to the start of a quarter. The bankers' association said the one-month average would produce a more stable, yet still current, market rate. The FDIC considers, however, that it is more appropriate to use the rate generated in the most recent Treasury auction because that rate more closely represents the rate in effect at the time the FDIC collects the overpayment or underpayment.

4. The Assessment-Schedule Notice

The FDIC did not ask for comments on this amendment.

- D. Effect on the Insurance Funds
- 1. Payment Dates for First Payments
- a. The Regular Payment Date

The shift in the payment date for first payments is not expected to have any substantial adverse impact on the insurance funds.

In the case of the BIF, the maximum amount of the interest foregone as a result of delaying the collection is not expected to exceed \$600,000. The actual amount of the foregone interest is likely to be considerably less, as many BIF members can be expected to take advantage of the alternate payment date. Accordingly, the FDIC considers that the BIF will not suffer any material harm by the loss of this revenue.

In the case of the SAIF, the foregone interest is not expected to exceed \$108,000. Here again, the actual amount is likely to be considerably less. While this sum is not insubstantial, the FDIC believes that its loss will not materially harm the SAIF under current conditions, and will not impede the SAIF's progress toward recapitalization.

b. The Alternate Payment Date

The alternate payment date would benefit the funds. The funds would receive payments from institutions that elect this option several days before the funds would otherwise do so. The funds would therefore have the use of the money, without being obliged to pay interest.

2. Doubled Payments

The doubled-payment option, like the alternate payment date, would benefit the funds. The funds would receive payments in advance, and would not be required to pay interest on them.

3. Interest on Underpaid and Overpaid Assessments

The change from the TFRM rate to the new rate is not expected to have any

material adverse impact on either the BIF or the SAIF. The net yearly amount routinely subject to the interest rate—that is, the net of the amounts that institutions routinely overpay, minus the amounts they routinely underpay—is approximately \$2,000,000 per year in the aggregate for both funds.

This amount represents a net overpayment. It is outstanding for 60 days on average; accordingly, at the TFRM rate, the FDIC has ordinarily paid out a net annual amount of approximately \$16,000 in interest. Under the new rate, the FDIC will pay out approximately \$18,000 yearly—for a net change to the funds of just \$2,000.

4. The Assessment-Schedule Notice

The change in the assessmentschedule notice would not affect the funds.

- E. Assessment of the Reporting or Record-Keeping Requirements
- 1. Payment Dates for First Payments
- a. The Regular Payment Date

The final rule delays the payment date for the first payment of each year, without changing the procedures that institutions must follow in order to make that payment. The FDIC considers that, in this regard, the final rule's reporting or record-keeping requirements will be minimal.

b. The Alternate Payment Date

The FDIC further believes that the burden of the one-time filing to elect the alternate payment date will be so small as to be immaterial. The final rule does not require the institution to retain the certification form, or to file a new certification each year, or to keep any other new records.

2. Doubled Payments

In the same vein, the FDIC believes that the burden of the one-time filing to elect the doubled-payment option will be so small as to be immaterial. The final rule does not require the institution to retain the certification form, or to file a new certification each year, or to keep any other new records.

3. Interest on Underpaid and Overpaid Assessments

The changes in the interest rate will have no effect on the reporting or record-keeping requirements of insured institutions.

4. The Assessment-Schedule Notice

The change in the assessmentschedule notice would not affect the reporting or record-keeping requirements of insured institutions.