

PART 370 FAQs



What is FDIC really trying to achieve with this mandate?

To facilitate prompt payment of deposit insurance after the failure of a large and complex insured depository institution (IDI), FDIC is adopting the Part 370 rule. The main objective of this rule is to have an IT capability at the bank/IDI that can be readily used to make depositor insurance determination in case of bank failure. This is not a compliance exercise, it is a resolution function.

To whom does the Part 370 mandate apply?

Part 370 rule applies to the IDIs with more than two million deposit accounts. As of June 30th, 2016, there are 38 institutions with each having deposit accounts of more than 2 million, with the largest topping out at 87 million.

When does this mandate go into effect? What is the timeline for the in-scope institutions to comply?

The mandate went into effect on April 1st, 2017. The in-scope IDIs have 3 years to implement the requirements of Part 370 rule.

Can the institution apply for an extension?

The institution may request FDIC to extend the implementation time. However, this is exceptional and would only follow demonstrable planning and articulation of specific concerns. The details on making this request are covered in section 370.6(b). This request should include the amount of additional time needed with a justification of reason. As part of the request for extension, the institution must also report the total number of, and dollar amount in, accounts for which the covered institution's IT system could not calculate deposit insurance coverage if the covered institution were to fail as of the date of the request.

Can the institution be exempted or get waiver from implementing the Part 370 rule?

The institution may request FDIC provide exemption from Part 370 rule. Exemptions are exceptionally rare. In this case, the institution should be able to demonstrate that it has not and will not take deposits which, when aggregated, would exceed the Standard Maximum Deposit Insurance Amount (currently \$250,000) for any beneficial owner of the funds on deposit. More details are described in Section 370.8(a).

What are the high-level requirements for the IT capability as mandated by Part 370?

The expected IT capability at the bank/IDI as stipulated in Part 370 rule should be able to accomplish the following:

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- 1) Accurately calculate the deposit insurance available to each beneficial owner of the funds on deposit in accordance with the FDIC's deposit insurance rules set forth in FDI Act (12 CFR part 330);
- 2) The ability to generate a record that reflects the deposit insurance calculation for which the detailed requirements are also defined in the rule;
- 3) Capable of grouping each beneficial owner's deposits within the applicable ownership right and capacity - this helps to determine that the deposit insurance is available up to the SMDIA for each ownership right and capacity in which the deposits are held. The detail record keeping requirements are outlined in section 370.4 of the rule;
- 4) Capable of restricting access to some or all the funds in each deposit account until the FDIC has determined the deposit insurance coverage for that account using the covered institution's IT system;
- 5) The ability to adjust the balance in each deposit account, if necessary, after the deposit insurance determination has been completed so that only insured deposits are made available; and
- 6) Capable of performing the above functions for most deposit accounts within 24 hours after the FDIC's appointment as receiver should the covered institution fail, and within 24 hours after the FDIC receives the remaining account holders the additional information needed to determine deposit insurance coverage.

Will the bank's current Resolution Plan be sufficient evidence to demonstrate compliance with Part 370?

No. The Resolution Plans, like the one set forth as part of Title II 165D plans also known as the Living Will for an institution or the one required of an institution under 360.10 of FDI Act, are generally high level guidance to orderly ramp down the institution's operations in case it reaches a state where it cannot function anymore. However, Part 370 presumes the institution establishes an IT capability that FDIC can utilize in the rare situation of institutional closure. The IT capability established at the institution through Part 370 can become part of the institution's Resolution Plan.

How is Macro Solutions able to help the bank with the Part 370 rule?

Macro Solutions is a leading technology, strategy, and management consulting firm with proven expertise in the development, implementation, integration, testing, and maintenance of enterprise applications and regulatory systems at a number of financial institutions. Macro Solutions' current experience with financial institutions puts us in a unique position to support banks in implementing a Part 370 compliance solution. We perform Operations, Maintenance and Enhancement (OM&E) of two mission essential software application portfolios for a major financial institution in support of the receivership and resolution process. Based on the requirements of Part 370 rule, we have developed the solution to meet the IT system requirements. We can help the bank or IDI in assessing Part 370 readiness, assess data quality and help build the required Part 370 IT system.

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Is there a quick assessment that the bank can take to determine the complexity and impact of implementing Part 370 rule requirements?

Macro Solutions has crafted a Part 370 Maturity Model to help aid in bank readiness assessments. Contact Macro Solutions for more information.

About Macro Solutions

Macro Solutions is a financial systems technology and compliance consulting firm that helps companies and government organizations implement, maintain and transform their critical end-to-end business solutions to ensure compliance.

Over our nearly 20-year history we have worked closely with a variety of federal regulatory agencies and their customers to support the technical underpinnings of resolution and receivership. Our team has a thorough understanding of the insurance determination rule set, the record keeping requirements for timely deposit insurance determination, and the system requirements of the FDIC Part 370 rule.

Service Offering

- Part 370 readiness assessments
- Rules set articulation
- Compliance consulting
- Software and tools development
- Examination preparation and support

Applications, Methods & Tools

- Data Ingest Engine and translation
- Deposit Calculation Rules Engine
- Data quality profiling and cleansing
- Depositor insurability determination
- Project and process management

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