FDIC
Federal Deposit Insurance Corporation

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FDIC Issues Proposed Rule to Mitigate the Deposit Insurance Assessment Effect of Participation in the Paycheck Protection Program (PPP), the PPP Lending Facility, and the Money Market Mutual Fund Liquidity Facility

FOR IMMEDIATE RELEASE

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WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) today approved a notice of proposed rulemaking that would mitigate the deposit insurance assessment effects of participating in the Paycheck Protection Program (PPP) established by the U.S. Small Business Administration (SBA) and the Paycheck Protection Program Lending Facility (PPPLF) and Money Market Mutual Fund Liquidity Facility (MMLF) established by the Board of Governors of the Federal Reserve System.

The PPP, PPPLF and MMLF were put in place to provide financing to small businesses and liquidity to small business lenders and the broader credit markets, and to help stabilize the financial system in a time of significant economic strain. At the same time, PPP loans are fully guaranteed by the SBA, and transactions made with the PPPLF and MMLF are conducted with the Federal Reserve on a non-recourse basis. The FDIC's action today will ensure that banks will not be subject to significantly higher deposit insurance assessments for participating in these programs.

The FDIC is proposing an effective date by June 30, 2020, and an application date of April 1, 2020, which would ensure that the changes are applied to assessments starting in the second quarter of 2020 and provide certainty to the IDIs regarding the assessment effects of these programs. Comments on the proposed rule will be accepted for seven days after publication in the *Federal Register*.

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Attachment: Notice of Proposed Rulemaking Re: Assessments, Mitigating the Deposit Insurance Assessment Effect of Participation in the Paycheck Protection Program (PPP), the PPP Lending Facility, and the Money Market Mutual Fund Liquidity Facility

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Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's banks and savings associations, 5,177 as of December 31, 2019. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars—insured financial institutions fund its operations.

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