

FDIC Issues Final Rule on Supervision of ILC Holding Companies

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The FDIC has issued a final rule to formalize longstanding expectations it has had for the parent company of a new industrial loan company (ILC). The FDIC adopted the proposed rule issued in March 2020 with few changes. The final rule requires a new ILC to enter into a written agreement with the ILC parent and the FDIC, and requires prior FDIC approval for certain changes at the ILC level. Fintechs and other nontraditional firms seeking to enter the banking sector without becoming a bank holding company may be especially interested in the final rule. The final rule has attracted criticism and calls for Congress to eliminate ILCs.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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