

## FDIC Proposes Supervision of ILC Holding Companies

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The FDIC proposed a rule to formalize certain longstanding expectations it has for approving applications by new industrial loan companies (ILCs) that would be subsidiaries of a parent company that would not be subject to consolidated supervision by the Federal Reserve. The proposal would require a written agreement with the ILC parent and prior FDIC approval for certain changes at the ILC level and allow the FDIC to impose other requirements. The FDIC characterized the proposal as “formalizing and strengthening [its] existing supervisory processes and policies.” The proposal should be of interest to fintechs and other nontraditional firms seeking to enter the banking sector without becoming a bank holding company.

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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