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FDIC Withdraws Four Biden-Era Proposed Rules

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On March 3, 2025, the Federal Deposit Insurance Corporation (FDIC) announced the withdrawal of three proposed rules intended to reshape oversight and regulatory obligations related to brokered deposits, corporate governance practices and notices filed under the Change in Bank Control Act (CBCA). The FDIC board also withdrew its previously approved authority for publishing in the Federal Register a proposed rule on incentive-based compensation arrangements.

Noting that it "no longer intends to issue final rules with respect to these proposals," the FDIC has signaled a reconsideration of Biden-era initiatives.

Overview of the withdrawn rules

Brokered deposits proposal

The August 2024 brokered deposits proposal, **which we previously wrote about**, would have expanded the definition of brokered deposits, including by eliminating certain broad exceptions to the rule, and subjected more bank deposits to heightened regulation as brokered deposits. The proposed rule would have brought broad swaths of fintech companies under the umbrella of deposit brokers.

In the **notice announcing the withdrawal of the proposed rule**, the FDIC stated that the proposed changes would have "significantly disrupt[ed] many aspects of the deposit landscape" by adopting a narrower interpretation of the primary purpose exception and by introducing a "broad, sweeping" provision regarding fees and remuneration.

As further rationale for withdrawing the proposal, the FDIC stated that the proposed rule did not adequately consider how deposit arrangements have evolved. The proposed rule's withdrawal comes as no surprise given Acting Chairman Travis Hill's **July 2024 statement** on his vote against the proposal, noting that it was "a poor use of [] time and resources" as the deposit landscape is "too complex to continually decide which arrangements are brokered and which are not in a fair and risk-sensitive way." Many banks and fintech companies believe the deposit landscape encompasses a broad range of deposit arrangements, many of which involve third parties that bear little resemblance and risk attributed to traditional deposit brokers.

Corporate governance proposal

Published in October 2023, the corporate governance proposal sought to establish new safety and soundness standards related to corporate governance for FDIC-supervised institutions with $10 billion or more in total consolidated assets. The proposal would have expanded board responsibilities, including fostering ethical conduct among directors and officers, mandating the adoption of a formal strategic plan and a written code of ethics, and ensuring the appointment of qualified executive officers to administer institutional affairs.

The FDIC board stated that the proposed rule would have "created a number of overly prescriptive and process-oriented expectations" and conflated the roles of management and the board of directors. Hill previously **cited the corporate governance** proposal as “problematic” and one the FDIC would seek to withdraw.

Change in Bank Control Act proposal

The August 2024 proposal would have amended regulations implementing the CBCA, specifically by removing an exemption to a notice requirement and thereby requiring certain bank investors acquiring voting securities of a holding company to file notices with the FDIC. The FDIC board stated that this requirement may have resulted in investors completing duplicative filings with the FDIC and Federal Reserve, thereby discouraging investments in FDIC-supervised banks.

Incentive-based compensation arrangements proposal

In 2024, the FDIC board approved the issuance of a proposed rule to address incentive-based compensation arrangements and authorized its publication in the Federal Register if the six agencies required by statute to issue the rule also approved it. The proposal, among other things, would have prohibited certain financial institutions from establishing or maintaining incentive-based compensation arrangements for individuals that either provided excessive compensation, fees or benefits, or could lead to material financial harm to the institution. Because approval was not granted by all six agencies, the FDIC board withdrew the proposed rule.

What’s next?

The FDIC’s withdrawal of these rules signals a shift in the agency’s regulatory approach under the new administration and closely follows the priorities set out by Hill upon his appointment – such as the withdrawal of “problematic proposals” and the taking up of “a more open-minded approach to innovation and technology adoption, including … a more transparent approach to fintech partnerships and to digital assets and tokenization.”

The FDIC states that it no longer intends to issue final rules regarding these proposals, and that if it decides to consider regulatory action in the future, it will do so by publishing new proposed rules in compliance with the Administrative Procedure Act.

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