



FACT SHEET | Notice of Proposed Rulemaking on Conversion of the Statement of Policy for Section 19 of the Federal Deposit Insurance Act to a Regulation

The Federal Deposit Insurance Corporation (FDIC) published a proposed rule to codify its Statement of Policy on Section 19 of the Federal Deposit Insurance Act, which prohibits, without the FDIC's prior written consent, any person from participating in banking who has been convicted of a crime of dishonesty or breach of trust or money laundering, or who has entered a pretrial diversion or similar program in connection with the prosecution of such an offense.

PROMOTES KEY PUBLIC POLICY OBJECTIVES: The proposal seeks to ensure that the application of Section 19 is not a barrier to entry for individuals who have paid their debt to society and reformed their conduct, and are now seeking to gain employment with a financial institution.

- The proposal seeks comment on ways the FDIC could strengthen the Section 19 process, as well as ways the FDIC could provide greater relief to individuals with convictions for minor offenses.

ENHANCES TRANSPARENCY AND ACCOUNTABILITY: The proposal would also codify the FDIC's existing Statement of Policy, which sets forth criteria for providing relief from Section 19 for individuals with convictions for certain low-risk crimes that constituted *de minimis* crimes forgoing the need for an application for a waiver of Section 19.

- By codifying the existing Statement of Policy through the notice-and-comment rulemaking process, the FDIC's guidance will be more accessible, understandable, and responsive to the public.
- The proposal advances the ongoing effort among federal financial regulators to address the appropriate role of supervisory guidance, which does not have the force and effect of law, compared to regulation.

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