

# Anchin Alert

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## **Client Alert: Changes in FDIC Deposit Insurance Coverage**

Effective December 31, 2010, banks will provide unlimited insurance coverage for all noninterest-bearing transaction accounts through December 31, 2012, resulting from the recent FDIC issuance of a final rule to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

What is a noninterest-bearing transaction account?

- A deposit account in which:
  - Interest is neither accrued nor paid
  - Depositors are permitted to make an unlimited number of transfers and withdrawals
  - The insured depository institution does not reserve the right to require advance notice of an intended withdrawal
- A deposit account that earns no interest does not necessarily qualify as a noninterest-bearing transaction account. Money Market Deposit Accounts (MMDAs) and Negotiable Order of Withdrawal (NOW) accounts are not eligible for this unlimited coverage, regardless of the interest rate.

Some other specifics of the final rule are:

- Unlimited coverage will be provided for all noninterest-bearing transaction accounts at all FDIC insured depository institutions.
- The unlimited coverage is separate from, and in addition to, the insurance coverage provided to a depositor's other accounts held at an FDIC-insured institution.
- The unlimited coverage is available to all depositors, including consumers, businesses and government entities.

For further information about this rule, contact Marc Federbush at [marc.federbush@anchin.com](mailto:marc.federbush@anchin.com) or Michael Belfer at [michael.belfer@anchin.com](mailto:michael.belfer@anchin.com).

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