

## Corporate & Financial Weekly Digest

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### **FDIC Approves Final Rule Fully Insuring Noninterest-Bearing Accounts**

On November 9, the Federal Deposit Insurance Corporation approved a final rule to implement Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 343 provides temporary unlimited coverage for noninterest-bearing transaction accounts. This separate coverage will become effective on December 31, 2010, and will end on December 31, 2012. All funds held in such accounts are fully insured, without limit, and this coverage is separate from, and in addition to, the coverage provided to depositors for other accounts at an insured depository institution.

Noninterest-bearing accounts, as defined in Dodd-Frank, include only traditional, noninterest-bearing demand deposit (or checking) accounts that allow for an unlimited number of transfers and withdrawals at any time, whether held by a business, individual or other type of depositor. The final rule expressly states that Negotiable Order of Withdrawal (NOW) and Interest On Lawyers Trust Accounts (IOLTAs) are not covered under the Dodd-Frank definition of noninterest-bearing transaction accounts and do not qualify for temporary unlimited coverage. Insured institutions must post a notice in the main office, in every branch and on the bank's website, and must further mail notice to all holders of NOW and IOLTA accounts no later than December 31.

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