

Overview of Selected Regulations and Supervisory Guidance

This section provides an overview of recently released regulations and supervisory guidance, arranged in reverse chronological order. Press Release (PR) and Financial Institution Letter (FIL) designations are included so the reader can obtain more information.

ACRONYMS and DEFINITIONS

CFPB	Consumer Financial Protection Bureau
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
FRB	Federal Reserve Board
NCUA	National Credit Union Administration
OCC	Office of the Comptroller of the Currency
Federal bank regulatory agencies	FDIC, FRB, and OCC
Federal financial institution regulatory agencies	CFPB, FDIC, FRB, NCUA, and OCC

Subject	Summary
Agencies Clarify Supervisory Expectations for Stress Testing by Community Banks (PR-54-2012, May 14, 2012)	The federal bank regulatory agencies clarified that financial institutions with \$10 billion or less in total assets are not required or expected to conduct enterprise-wide stress testing required of larger organizations. See http://www.fdic.gov/news/news/press/2012/pr12054.html
Agencies Finalize Large Bank Stress Testing Guidance (PR-53-2012, May 14, 2012)	The federal bank regulatory agencies issued final supervisory guidance regarding stress-testing practices at banking organizations with total consolidated assets of more than \$10 billion. The guidance outlines general principles for a satisfactory stress-testing framework and describes various stress-testing approaches and how stress testing should be used at various levels within an organization. The guidance does not implement the stress-testing requirements in the <i>Dodd-Frank Wall Street Reform and Consumer Protection Act</i> or in the FRB's capital plan rule that apply to certain companies, as those requirements have been or are being implemented through separate proposals by the respective agencies. See http://www.fdic.gov/news/news/press/2012/pr12053.html
FDIC and SBA to Offer Financial Education Support for New and Aspiring Entrepreneurs (PR-44-2012, April 24, 2012)	The FDIC and U.S. Small Business Administration (SBA) released <i>Money Smart for Small Businesses</i> , a free training curriculum for new and aspiring business owners. The training provides an introduction to day-to-day business organization and planning and is written for entrepreneurs with limited or no formal business training. It offers practical information that can be applied immediately, while also preparing participants for more advanced training. See http://www.fdic.gov/news/news/press/2012/pr12044.html

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Volcker Rule Conformance Period Clarified (PR-41-2012, April 19, 2012)	<p>The FRB announced a rule providing entities covered by Section 619 of the <i>Dodd-Frank Wall Street Reform and Consumer Protection Act</i> until July 21, 2014, to fully conform their activities and investments to the requirements of Section 619, unless that period is extended by the FRB Board. Section 619 generally requires banking entities to conform their activities and investments to the prohibitions and restrictions included in the statute on proprietary trading activities and on hedge fund and private equity fund activities and investments.</p> <p>See http://www.fdic.gov/news/news/press/2012/pr12041.html</p>
FDIC Statement on Payments to Loan Originators Based on Mortgage Transaction Terms or Conditions (FIL-20-2012, April 17, 2012)	<p>The FDIC issued a statement on CFPB Bulletin 2012-02 dated April 2, 2012, which provides additional guidance on permissible forms of compensation to loan originators under the Truth in Lending Act (Regulation Z's Compensation Rules). The Bulletin addresses whether and how the rules apply to qualified plans. FDIC-supervised institutions should ensure their policies and practices related to compensation programs are consistent with the rules and applicable CFPB guidance. FDIC compliance examiners will review institution compensation programs in light of these rules, and consider the specific facts of the institution's compensation program, the totality of the circumstances at each financial institution, and the institution's efforts to comply with the Compensation Rules.</p> <p>See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12020.html</p>
Agencies Clarify Effective Date for Section 716 of the Dodd-Frank Act (PR-37-2012, March 30, 2012)	<p>The federal bank regulatory agencies issued guidance clarifying that the effective date of Section 716, the Swaps Pushout provision of the <i>Dodd-Frank Wall Street Reform and Consumer Protection Act</i>, is July 16, 2013. Section 716 prohibits the provision of federal assistance (such as discount window lending and deposit insurance) to any entity defined under that Section to be a swaps entity.</p> <p>See http://www.fdic.gov/news/news/press/2012/pr12037.html</p>
Agencies Propose Revisions to Leveraged Finance Guidance (PR-34-2012, March 26, 2012, <i>Federal Register</i>, Vol. 77, No. 62, p. 19417, March 30, 2012)	<p>The federal bank regulatory agencies have proposed revisions to the interagency leveraged finance guidance issued in 2001. The proposed guidance outlines principles related to safe-and-sound leveraged lending activities. This proposed guidance would apply to all insured institutions substantively engaged in leveraged lending activities. The number of community banking organizations with substantial exposure to leveraged lending is very small; therefore, the agencies generally expect that community banking organizations largely would be unaffected by this guidance. Comments on the proposed guidance were due June 8, 2012.</p> <p>See http://www.fdic.gov/news/news/press/2012/pr12034.html</p>

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<p>Proposed Rule on Enforcement of Subsidiary and Affiliate Contracts by the FDIC as Receiver of a Covered Financial Company (PR-30-2012, March 20, 2012, <i>Federal Register</i>, Vol. 77, No. 59, p. 18127, March 27, 2012)</p>	<p>The FDIC issued a Notice of Proposed Rulemaking which permits the FDIC, as receiver of a financial company whose failure would pose a significant risk to the financial stability of the United States, to enforce and prevent termination of the contracts of the institution's subsidiaries or affiliates. This proposal implements Section 210(c)(16) of the <i>Dodd-Frank Wall Street Reform and Consumer Protection Act</i>. Comments were due May 29, 2012. See https://www.fdic.gov/news/board-matters/2012/2012-03-20-notice-no6.pdf</p>
<p>Proposed Revisions in Assessment Rate Definitions for Large and Highly Complex Institutions (FIL-15-2012, March 20, 2012, <i>Federal Register</i>, Vol. 77, No. 59, p. 18109, March 27, 2012)</p>	<p>The FDIC issued a Notice of Proposed Rulemaking which would amend and clarify some definitions related to higher-risk assets as used in the deposit insurance pricing scorecards for large and highly complex insured depository institutions. Comments were due May 29, 2012. See http://www.fdic.gov/news/news/financial/2012/fil12015.html</p>
<p>Guidelines Regarding the Copying and Removal of Confidential Financial Institution Information (FIL-14-2012, March 19, 2012)</p>	<p>The FDIC is reminding directors and officers that copying and removing financial institution and supervisory records from an institution in anticipation of litigation or enforcement activity against them personally is a breach of their fiduciary duty to the institution and an unsafe-and-unsound banking practice, which also may violate applicable laws and regulations and contravene the financial institution's information security program. Attorneys who represent an insured depository institution also are reminded that their fiduciary duty obligates them to act in the best interests of the institution. See http://www.fdic.gov/news/news/financial/2012/fil12014.html</p>
<p>Consolidated Reports of Condition and Income (Call Reports, FIL-10-2012, March 2, 2012)</p>	<p>The Call Report revisions implemented as of March 31, 2012, relate to the initial filing of Call Reports by savings associations as of that report date and also include certain instructional changes. The new data items to be added to the Call Report effective June 30, 2012, will help the banking agencies and state supervisors better understand institutions' risk exposures and address insurance assessment data needs. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12010.html</p>
<p>FDIC Announces a Quick Guide for Consumers on Credit, Debit and Prepaid Cards (PR-27-2012, March 5, 2012)</p>	<p>The FDIC issued a guide to help consumers understand the differences among debit, credit, and prepaid cards as well as the applicable consumer protections. The guide is available at http://www.fdic.gov/consumers/consumer/information/ncpw/index.html. See http://www.fdic.gov/news/news/press/2012/pr12027.html</p>

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Extension of Community Reinvestment Act (CRA) Consideration for Gulf Coast Disaster Area (FIL-9-2012, February 22, 2012)	<p>The areas designated major disaster areas by the Federal Emergency Management Agency in 2005 following Hurricanes Katrina and Rita continue to demonstrate significant revitalization and recovery needs. To support community development, the federal banking agencies are extending CRA consideration for community development loans, investments, and services that help revitalize or stabilize those disaster areas through 2014.</p> <p>See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12009.html</p>
FDIC Announces Series of Teleconferences Providing Information and Insights Regarding Compliance and Consumer Protection (FIL-6-2012, February 2, 2012)	<p>The FDIC is holding teleconferences during 2012 to maintain communication, provide transparency, and update FDIC-supervised institutions on compliance and consumer protection-related rulemakings, guidance, and emerging issues. The first teleconference was held on February 21 and discussed the Truth in Lending Mortgage Loan Originator (MLO) Compensation Rule and the impact on a bank's ability to compensate MLOs based on profitability. A second teleconference focusing on third-party risk is scheduled for June 5. Additional teleconferences are scheduled for September 27 and November 15, 2012.</p> <p>See http://www.fdic.gov/news/news/financial/2012/fil12006.html</p>
Free Telephone Seminars on Deposit Insurance for Bank Officers and Employees (FIL-5-2012, February 2, 2012)	<p>The FDIC is holding 15 free telephone seminars for bank officers and employees between February 15, 2012, and December 6, 2012, to provide an overview of the rules for determining deposit insurance coverage for all account ownership categories. Participants must register in advance for the seminars.</p> <p>See http://www.fdic.gov/news/news/financial/2012/fil12005.html</p>
FDIC Hosts Conference on "The Future of Community Banking" (PR-14-2012, January 31, 2012)	<p>The FDIC hosted a national conference on "The Future of Community Banking" on February 16, 2012. The conference provided a forum for community bank stakeholders to explore the unique role community banks play in the nation's economy and the challenges and opportunities this segment of the banking industry faces. Ben S. Bernanke, Chairman of the Board of Governors of the Federal Reserve System, and FDIC Director Thomas J. Curry delivered the keynote addresses.</p> <p>See http://www.fdic.gov/news/news/press/2012/pr12014.html</p>
Guidance on Junior Lien Loan Loss Allowances (FIL-4-2012, January 31, 2012)	<p>The federal financial institution regulatory agencies issued guidance on allowance for loan and lease losses (ALLL) estimation practices associated with loans and lines of credit secured by junior liens on one-to-four family residential properties. This guidance reiterates key concepts included in generally accepted accounting principles and existing supervisory guidance related to the ALLL and loss estimation practices. Institutions also are reminded to follow appropriate risk management principles in managing junior lien loans and lines of credit.</p> <p>See http://www.fdic.gov/news/news/financial/2012/fil12004.html</p>

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<p>Revised Guidance on Payment Processor Relationships (FIL-3-2012, January 31, 2012)</p>	<p>The FDIC announced revised guidance describing potential risks associated with relationships with third-party entities that process payments for telemarketers, on-line businesses, and other merchants. These relationships can pose increased risk to institutions and require careful due diligence and monitoring. This guidance outlines certain risk mitigation principles for this type activity. See http://www.fdic.gov/news/news/financial/2012/fil12003.html</p>
<p>FDIC Board Proposes Stress-Testing Regulation for Large Banks (FIL-7-2012, February 3, 2012, <i>Federal Register</i>, Vol. 77, No. 14, p. 3166, January 23, 2012)</p>	<p>The FDIC issued a notice of proposed rulemaking that would require certain large insured depository institutions to conduct annual capital-adequacy stress tests. The proposal, which implements Section 165(i)(2) of the <i>Dodd-Frank Wall Street Reform and Consumer Protection Act</i>, would apply to FDIC-insured state nonmember banks and FDIC-insured state-chartered savings associations with total consolidated assets of more than \$10 billion. The stress tests would provide forward-looking information that would assist the FDIC in assessing the capital adequacy of the banks covered by the rule. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12007.html</p>
<p>FDIC Board Approves Final Rule Requiring Resolution Plans for Insured Depository Institutions Over \$50 Billion (PR-3-2012, January 17, 2012, <i>Federal Register</i>, Vol. 77, No. 14, p. 3075, January 23, 2012)</p>	<p>The FDIC approved a final rule requiring an insured depository institution with at least \$50 billion in total assets to submit to the FDIC periodic contingency plans for resolution in the event of the institution's failure. The final rule requires the largest insured depository institutions to engage in extensive planning that, in cooperation with the FDIC, will enhance the FDIC's ability to reduce losses to the Deposit Insurance Fund and resolve the institutions in a manner that limits any disruption from their insolvency. See http://www.fdic.gov/news/news/press/2012/pr12003.html</p>
<p>Frequently Asked Questions Regarding Interagency Advisory on Interest Rate Risk Management (FIL-2-2012, January 12, 2012)</p>	<p>The federal financial institution regulatory agencies and the FFIEC issued responses to questions received following the issuance of the <i>Interagency Advisory on Interest Rate Risk (IRR) Management</i> in October 2010. The responses clarify points addressing IRR exposure measurement and reporting, model risk management, stress testing, assumption development, and model and systems validation. Financial institution management should consider the responses in the context of their institution's complexity, risk profile, business model, and scope of operations. See http://www.fdic.gov/news/news/financial/2012/fil12002.html</p>

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Adjustment to the Community Reinvestment Act (CRA) Annual Asset-Size Threshold (FIL-76-2011, December 19, 2011, <i>Federal Register</i>, Vol. 76, No. 246, p. 79529, December 22, 2011)	<p>The federal bank regulatory agencies have amended their CRA regulations to increase the asset-size threshold used to define “small bank” and “intermediate small bank” under the Act. “Small bank” or “small savings association” means a bank that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.160 billion. “Intermediate small bank” or “intermediate small savings association” means a small bank with assets of at least \$290 million as of December 31 of both of the prior two calendar years, and less than \$1.160 billion as of December 31 of either of the prior two calendar years. These asset-size threshold adjustments took effect January 1, 2012.</p> <p>See https://www.fdic.gov/news/inactive-financial-institution-letters/2011/fil11076.html</p>
Proposed Rule on Risk-Based Capital Standards: Alternatives to Credit Ratings (FIL-75-2011, December 16, 2011, <i>Federal Register</i>, Vol. 76, No. 245, p. 79360, December 21, 2011)	<p>The federal bank regulatory agencies are requesting comment on possible modifications to risk-based capital standards for market risk. The agencies are proposing to incorporate certain alternative methodologies for calculating specific risk capital requirements for debt and securitization positions that do not rely on credit ratings. Comments on the proposed rule were due February 3, 2012.</p> <p>See https://www.fdic.gov/news/inactive-financial-institution-letters/2011/fil11075.html</p>
Proposed Revisions to Consolidated Reports of Condition and Income (Call Reports) for 2012 (FIL-72-2011, December 7, 2011)	<p>The federal bank regulatory agencies are requesting comment on proposed revisions to the Call Report that would take effect in 2012. The proposed new data items would be added to the Call Report as of the June 30, 2012 report date, except for two proposed revisions that would take effect March 31, 2012, in connection with the initial filing of Call Reports by savings associations. Comments on the proposed rule were due January 20, 2012.</p> <p>See https://www.fdic.gov/news/inactive-financial-institution-letters/2011/fil11072.html</p>
FDIC Hosts Seminar on Commercial Real Estate Loan Workouts and Related Accounting Issues (FIL-71-2011, November 23, 2011)	<p>The FDIC held a free telephone seminar on December 15, 2011, to discuss prudent commercial real estate loan workouts and related accounting issues, including the treatment for troubled debt restructurings. Employees of all FDIC-supervised institutions were invited to participate.</p> <p>See https://www.fdic.gov/news/inactive-financial-institution-letters/2011/fil11071.html</p>