Proposed Interagency Guidance on Company-Run Stress Tests

Summary: The federal banking agencies are issuing proposed interagency stress-testing guidance outlining principles for implementation of stress tests as mandated by Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA). This guidance is applicable to all FDIC-supervised banks and savings associations with at least $10 billion but less than $50 billion in total consolidated assets. The guidance sets forth supervisory expectations for DFA stress-test practices and provides information about methodologies these institutions should use.

Statement of Applicability to Institutions Under $1 Billion in Total Assets: This Financial Institution Letter is not applicable to FDIC-supervised banks and savings associations with total assets less than $1 billion.

Distribution: FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing: Chief Executive Officer, Chief Financial Officer, Chief Risk Officer

Related Topics: Administrative Practice and Procedure, Banks, Banking, Reporting and Recordkeeping Requirements, State Savings Associations, Stress Tests

Attachment: Proposed Supervisory Guidance on Implementing Dodd-Frank Act Company-Run Stress Tests

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Highlights

- The proposed guidance describes supervisory expectations for DFA stress-testing practices for institutions with total consolidated assets between $10 billion and $50 billion.
- The proposed guidance underscores the importance of stress testing as an ongoing risk management practice that supports an institution’s forward-looking assessment of its risks and better equips the institution to address a range of macroeconomic and financial outcomes.
- The proposed guidance provides additional details to help these companies conduct stress tests based on their size, complexity, risk profile, business mix, and market footprint.