



FIL-108-2006
December 18, 2006

REPORTING REQUIREMENTS

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: Elimination of Annual Report on Indebtedness of Executive Officers and Principal Shareholders to Correspondent Banks (FFIEC 004)

Section 601 of the Financial Services Regulatory Relief Act of 2006 (Relief Act) removed several statutory reporting requirements relating to insider lending by insured banks and savings associations (institutions). One of these amendments, which became effective on October 13, 2006, eliminated the statutory requirement that an executive officer or principal shareholder of an institution file an annual report with the institution's board of directors during any year in which the officer or shareholder, or a related interest of the officer or shareholder, has an outstanding extension of credit from any of the institution's correspondent banks.

In previous years, the Federal Financial Institutions Examination Council (FFIEC) distributed a copy of the FFIEC 004 report to institutions for use by their executive officers and principal shareholders in complying with the annual reporting requirements pertaining to extensions of credit from correspondent banks. Because the Relief Act has eliminated the specific statutory reporting requirement for this information, the federal banking agencies will no longer require executive officers and principal shareholders to submit an annual report on indebtedness to correspondent banks to their boards of directors. Accordingly, the FFIEC 004 report is being discontinued and, to the extent appropriate, the agencies are amending their regulations to eliminate the statutory reporting requirement. These regulations are found in 12 CFR Part 215 for member banks, 12 CFR Part 349 for insured state nonmember banks, 12 CFR Part 31 for national banks, and 12 CFR 563.43 for savings associations.

Institutions and their insiders should note that Section 601 of the Relief Act does not alter the substantive restrictions on loans made to executive officers and principal shareholders of banks and savings associations by their correspondent banks set forth in 12 U.S.C. 1972(2). Moreover, the elimination of these reporting requirements does not limit the authority of the appropriate federal banking agency to take enforcement action against an institution or its insiders for violations of these insider lending restrictions.

For further information, state member banks should contact their Federal Reserve District Bank, insured state nonmember banks should contact their Federal Deposit Insurance Corporation Regional Office, national banks should contact their Office of the Comptroller of the Currency District Office, and savings associations should contact their Office of Thrift Supervision Regional Office.

Tamara J. Wiseman
Executive Secretary

Distribution: State Member Banks, Insured State Nonmember Banks, National Banks, and Savings Associations