

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

FDIC	Federal Deposit Insurance Corporation
FRB	Federal Reserve Board
FFIEC	Federal Financial Institutions Examination Council
OCC	Office of the Comptroller of the Currency
OTS	Office of Thrift Supervision
NCUA	National Credit Union Administration
Banking agencies	FDIC, FRB, and OCC
Federal bank and thrift regulatory agencies	FDIC, FRB, OCC, and OTS
Federal financial institution regulatory agencies	FDIC, FRB, OCC, OTS, and NCUA

Subject	Summary
Special Reporting, Analysis, and Contingent Resolution Plans at Certain Large Insured Depository Institutions Notice of Proposed Rulemaking (PR-111-2010, May 11, 2010; FIL-26-2010, May 12, 2010)	The FDIC issued a proposed rule that would require certain identified insured depository institutions that are affiliates of large and complex financial companies to submit to the FDIC analysis, information, and plans that address and demonstrate the insured institution's ability to be separated from its parent structure and be wound down or resolved in an orderly fashion. Following standards set forth in the proposed rule, and subject to the FDIC's review and validation, covered insured depository institutions would submit information and contingent resolution plans that would allow the FDIC to assess the risks posed to the deposit insurance fund and develop effective resolution strategies and conduct contingency planning for a period of severe financial distress. See http://www.fdic.gov/news/news/financial/2010/fil10026.html
Correspondent Concentration Risks Interagency Guidance (PR-93-2010, April 30, 2010; FIL-18-2010, April 30, 2010)	The federal financial institution regulatory agencies (agencies) issued guidance on Correspondent Concentration Risks (CCR Guidance) to outline the agencies' expectations for identifying, monitoring, and managing correspondent concentration risks between financial institutions. The CCR Guidance also addresses the agencies' expectations relative to performing appropriate due diligence on all credit exposures to and funding transactions with other financial institutions. See http://www.fdic.gov/news/news/financial/2010/fil10018.html
Revised Bank Secrecy Act/Anti-Money Laundering Examination Manual (PR-92-2010, April 29, 2010; FIL-17-2010, April 29, 2010)	The FFIEC released the revised Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Examination Manual on April 29, 2010. See https://www.fdic.gov/news/inactive-financial-institution-letters/2010/fil10017.html

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Subject	Summary
<p>Deposit Insurance Coverage (FIL-16-2010, April 22, 2010)</p>	<p>The FDIC issued a new version of the Electronic Deposit Insurance Estimator (EDIE) which provides increased functionality and allows FDIC-insured institutions to customize and integrate EDIE into their Web sites. See https://www.fdic.gov/news/inactive-financial-institution-letters/2010/fil10016.html</p>
<p>Transaction Account Guarantee Extension Interim Final Rule (PR-75-2010, April 13, 2010; FIL-15-2010, April 13, 2010)</p>	<p>The FDIC adopted the interim final rule extending the Transaction Account Guarantee component of the Temporary Liquidity Guarantee Program through December 31, 2010, with the possibility of extending the program an additional 12 months without further rulemaking. See https://www.fdic.gov/news/inactive-financial-institution-letters/2010/fil10015.html</p>
<p>Assessments Notice of Proposed Rulemaking (PR-74-2010, April 13, 2010; FIL-14-2010, April 13, 2010)</p>	<p>The FDIC issued a Notice of Proposed Rulemaking which would revise the risk-based assessment system for all large insured depository institutions and alter the initial and total base assessment rates for all insured depository institutions. The proposed changes would be effective January 1, 2011. See http://www.fdic.gov/news/news/financial/2010/fil10014.html</p>
<p>Statement by FDIC Chairman Sheila C. Bair (Released April 7, 2010)</p>	<p>FDIC Chairman Bair issued a statement supporting the U.S. Securities and Exchange Commission's vote to propose new standards under the securities laws for asset-backed securities. The proposals include elements of reform which will help provide a more stable securitization market. See http://www.fdic.gov/news/news/press/2010/statement_chairman_bair.html</p>
<p>Funding and Liquidity Risk Management Interagency Guidance (PR-55-2010, March 17, 2010; FIL-13-2010, April 5, 2010)</p>	<p>The federal financial institution regulatory agencies issued guidance to provide sound practices for managing funding and liquidity risk and strengthening liquidity risk management practices. The policy statement emphasizes the importance of cash flow projections, diversified funding sources, stress testing, a cushion of liquid assets, and a formal contingency funding plan as primary tools for measuring and managing liquidity risk. Each financial institution is expected to manage funding and liquidity risk using processes and systems commensurate with the institution's complexity, risk profile, and scope of operations. See http://www.fdic.gov/news/news/financial/2010/fil10013.html</p>
<p>FDIC Advisory Committee Seeks Comment on Templates to Increase Supply of Safe Transactional and Savings Products (PR-72-2010, April 2, 2010)</p>	<p>The FDIC's Advisory Committee on Economic Inclusion met to discuss the design and distribution of safe transactional and savings accounts for low- and moderate-income consumers, many of whom are underserved. The Committee seeks public comment on criteria for templates for financial institutions to use to make these accounts more widely available to customers. See http://www.fdic.gov/news/news/press/2010/pr10072.html</p>
<p>Modernization of the Uniform Bank Performance Report (FIL-10-2010, March 25, 2010)</p>	<p>The banking agencies have modernized the production and distribution of the Uniform Bank Performance Report by moving these processes to the Central Data Repository (CDR). The CDR is an Internet-based system created to modernize and streamline how the agencies collect, validate, manage, and distribute financial data submitted by banks in the Consolidated Reports of Condition and Income. See https://www.fdic.gov/news/inactive-financial-institution-letters/2010/fil10010.html</p>

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Community Reinvestment Act Revisions to Interagency Questions and Answers (FIL-9-2010, March 11, 2010)	<p>The federal bank and thrift regulatory agencies published revisions to the Interagency Questions and Answers Regarding Community Reinvestment (Q&As). After considering comments received on the proposed Q&As, the agencies adopted one new question and answer and two revised questions and answers. The revised Q&As enable consideration of a pro rata share of mixed-income affordable housing projects as community development projects. See http://www.fdic.gov/news/news/financial/2010/fil10009.html</p>
Bank Secrecy Act Interagency Guidance on Beneficial Ownership (FIL-8-2010, March 5, 2010)	<p>The banking agencies, the Financial Crimes Enforcement Network, and the U.S. Securities and Exchange Commission (in consultation with the U.S. Commodity Futures Trading Commission) issued guidance regarding beneficial ownership information. This guidance clarifies and consolidates existing regulatory expectations for obtaining beneficial ownership information as part of the customer due diligence and enhanced due diligence processes related to certain accounts and customer relationships to help prevent money laundering. See http://www.fdic.gov/news/news/financial/2010/fil10008.html</p>
Regulatory Capital Standards Clarification of the Risk Weights for FDIC Claims and Guarantees (FIL-7-2010, February 26, 2010)	<p>The federal bank and thrift regulatory agencies issued this guidance to clarify risk weights for claims on or guaranteed by the FDIC for purposes of risk-based capital requirements. See https://www.fdic.gov/news/inactive-financial-institution-letters/2010/fil10007.html</p>
Meeting the Credit Needs of Creditworthy Small Business Borrowers (PR-29-2010, February 5, 2010; FIL-5-2010, February 12, 2010)	<p>The federal financial institution regulatory agencies and the state banking supervisors issued this guidance to restate and elaborate supervisory views on prudent lending to creditworthy small business borrowers. The Statement builds on principles for prudent lending to creditworthy borrowers and strives to ensure that supervisory policies and actions do not curtail the availability of credit to sound small business borrowers. The Statement also emphasizes that financial institutions engaging in prudent small business lending will not be subject to criticism. See http://www.fdic.gov/news/news/financial/2010/fil10005.html</p>
FDIC Symposium Focuses on Banks' Exposure to Interest-Rate Risk (PR-21-2010, January 29, 2010)	<p>The FDIC held a symposium on January 29, 2010, to hear from experts and industry participants on issues that banks face from potential changes in interest rates. The goals of the FDIC symposium were to understand where interest-rate risk resides in the financial system and how best to prepare for risks arising from changes in interest rates. See http://www.fdic.gov/news/news/press/2010/pr10021.html</p>
Revisions to the Consolidated Reports of Condition and Income for 2010 (FIL-4-2010, January 22, 2010)	<p>The FFIEC has approved revisions to the reporting requirements for the Call Report for implementation in 2010. The Call Report revisions will provide data to assist the agencies in meeting safety-and-soundness and other public policy objectives by responding to such developments as a temporary increase in the deposit insurance limit, changes in accounting standards, and credit availability concerns. The reporting changes took effect March 31, 2010. See https://www.fdic.gov/news/inactive-financial-institution-letters/2010/fil10004.html</p>

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FDIC and Bank of England Announce Enhanced Cooperation in Resolving Troubled Cross-Border Financial Institutions (PR-13-2010, January 22, 2010)	The FDIC and the Bank of England announced an agreement to expand cooperation when they act as resolution authorities in resolving troubled financial institutions with activities in the United States and the United Kingdom. The agreement represents enhanced collaboration promoting greater coordination when a distressed bank is operating in the two countries. See http://www.fdic.gov/news/news/press/2010/pr10013.html
Final Rule Amending the Risk-Based Capital Rules to Reflect the Issuance of FAS 166 and FAS 167 (PR-12-2010, January 21, 2010; FIL-3-2010, January 21, 2010)	This final rule amends the federal bank and thrift regulatory agencies' general risk-based and advanced risk-based capital adequacy frameworks in recognition of the regulatory capital impact of two recently issued accounting standards. FAS 166 and FAS 167 remove the concept of a qualifying special purpose entity from U.S. generally accepted accounting principles (GAAP) and alter the consolidation analysis for variable interest entities (VIEs), thereby requiring banks to consolidate many VIEs not consolidated under GAAP. As a result, the categories of securitization and structured finance exposures currently off-balance sheet likely will be subject to consolidation on the balance sheet of the originating or servicing bank and may result in significantly higher regulatory capital requirements. See https://www.fdic.gov/news/inactive-financial-institution-letters/2010/fil10003.html
FDIC Hosts Telephone Seminar on Brokered Deposits and Interest-Rate Restrictions for Financial Institution Officers and Employees (FIL-70-2009, December 8, 2009, Updated: January 14, 2010)	The FDIC hosted a free telephone seminar on December 10, 2009, for financial institution officers and employees to discuss issues related to brokered deposits and the interest-rate restrictions under Section 337.6 of the FDIC's Rules and Regulations. The transcript and an audio recording of this seminar are available. See http://www.fdic.gov/news/news/financial/2009/fil09070.html
Financial Institution Management of Interest Rate Risk (PR-2-2010, January 7, 2010; FIL-2-2010, January 20, 2010)	The FFIEC issued guidance describing how the board of directors and senior bank management of depository institutions are responsible for the establishment, approval, implementation, oversight, and annual review of interest rate risk (IRR) management strategies, policies, procedures, and limits (or risk tolerances). Depository institutions are expected to manage IRR exposures using policies and procedures commensurate with their complexity, business model, risk profile, and scope of operations. See http://www.fdic.gov/news/news/financial/2010/fil10002.html
Employee Compensation: Advance Notice of Proposed Rulemaking (PR-5-2010, January 12, 2010; FIL-1-2010, January 14, 2010)	The FDIC issued an Advance Notice of Proposed Rulemaking seeking comment on ways the FDIC's risk-based deposit insurance assessment system could be changed to account for risks posed by certain employee compensation programs. The FDIC does not seek to limit the amount of employee compensation, but rather is concerned with adjusting risk-based deposit insurance assessment rates to adequately compensate the Deposit Insurance Fund for the risks inherent in the design of certain compensation programs. See http://www.fdic.gov/news/news/financial/2010/fil10001.html
RESPA (Regulation X): Revisions to Good Faith Estimate and HUD-1 Settlement Statement (FIL-75-2009, December 23, 2009)	The U.S. Department of Housing and Urban Development amended Regulation X, which implements the Real Estate Settlement Procedures Act. This FIL addresses the amendments which relate primarily to the Good Faith Estimate and HUD-1 Uniform Settlement Statement. Mandatory compliance began on January 1, 2010. See https://www.fdic.gov/news/inactive-financial-institution-letters/2009/fil09075.html

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<p>Regulation Z - Open-End Consumer Credit Changes: Notice of Statutory Amendment; Additional Guidance (FIL-74-2009, December 23, 2009)</p>	<p>The FDIC updated information provided in FIL-44-2009, "Regulation Z – Open-End Credit Changes," by notifying bankers of changes that occurred as a result of the implementation of The Credit CARD Technical Corrections Act of 2009. This FIL provides details on the new Act, which narrowed the scope of application. Creditors must now mail or deliver periodic statements at least 21 days before the payment due date. This rule only applies to credit card accounts. Previously, this requirement applied to all forms of open-end credit, including home equity lines of credit. See https://www.fdic.gov/news/inactive-financial-institution-letters/2009/fil09074.html</p>
<p>Community Reinvestment Act Annual Asset-Size Threshold Adjustment (PR-240-2009, December 22, 2009; FIL-73-2009, December 23, 2009)</p>	<p>The federal bank and thrift regulatory agencies have approved a joint final rule amending the Community Reinvestment Act to make the annual adjustment to the asset-size threshold used to define "small bank" and "intermediate small bank" under the Act. These asset-size threshold adjustments took effect January 1, 2010. See https://www.fdic.gov/news/inactive-financial-institution-letters/2009/fil09073.html</p>
<p>Joint Agency Statement Seeking Comment to the Basel Committee on Banking Supervision on New Proposals that Aim to Strengthen the Resiliency of the Banking Sector Through New Capital and Liquidity Standards (PR-232-2009, December 17, 2009)</p>	<p>The Basel Committee on Banking Supervision released for comment new proposals that aim to strengthen the resiliency of the banking sector through new capital and liquidity standards. Proposed changes include introduction of new standards for liquidity risk management, the addition of a leverage ratio to the Basel II framework, improvements to the quality and consistency of capital, and strengthening of capital requirements for counterparty credit risk. See http://www.fdic.gov/news/news/press/2009/pr09232.html</p>
<p>Bank Secrecy Act Interagency Guidance on Transparency for U.S. Banking Organizations Conducting Cross-Border Payment Messages (FIL-72-2009, December 17, 2009)</p>	<p>The federal banking agencies issued guidance corresponding to the release of a Basel Committee on Banking Supervision publication addressing transparency in cross-border payment messages. See http://www.fdic.gov/news/news/financial/2009/fil09072.html</p>
<p>FDIC Board Finalizes Regulatory Capital Rule for Statements of Financial Accounting Standards (PR-230-2009, December 16, 2009)</p>	<p>The FDIC Board finalized the regulatory capital rule related to the Financial Accounting Standards Board's adoption of Statements of Financial Accounting Standards Nos. 166 and 167. Beginning in 2010, these new accounting standards will make substantive changes to how banks account for securitized assets currently excluded from their balance sheets. See http://www.fdic.gov/news/news/press/2009/pr09230.html</p>
<p>Process for Determining if an Institution Subject to Interest-Rate Restrictions is Operating in a High-Rate Area (FIL-69-2009, December 4, 2009)</p>	<p>The FDIC is requiring institutions to use a "national rate" and making them subject to the interest-rate restrictions under Part 337.6 of the FDIC Rules and Regulations. The "national rate" is defined as a simple average of rates paid by insured depository institutions and branches for which data are available. This requirement took effect January 1, 2010. See https://www.fdic.gov/news/inactive-financial-institution-letters/2009/fil09069.html</p>

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<p>New FDIC Study Shows One in Four U.S. Households Currently Unbanked or Underbanked (PR-216-2009, December 2, 2009)</p>	<p>The FDIC released the findings of its FDIC National Survey of Unbanked and Underbanked Households, gaining understanding of which Americans remain outside the banking system. The study revealed that more than one quarter (25.6 percent) of all households in the United States are unbanked or underbanked, and those households are disproportionately low-income or minority. See http://www.fdic.gov/news/news/press/2009/pr09216.html</p>
<p>Joint Agency Release of Final Rule for Mortgage Loans Modified Under the "Making Home Affordable" Program (PR-204-2009, November 13, 2009; FIL-67-2009, November 27, 2009)</p>	<p>In March 2009, the U.S. Department of the Treasury announced guidelines under the Making Home Affordable Program (MHAP) to promote sustainable loan modifications for homeowners at risk of losing their homes to foreclosure. The final rule clarifies that a banking organization may retain the risk weight assigned to a mortgage loan before the loan was modified under the MHAP following modification of the mortgage loan. See https://www.fdic.gov/news/inactive-financial-institution-letters/2009/fil09067.html</p>
<p>Electronic Fund Transfer Act (Regulation E): Disclosures at Automated Teller Machines (FIL-66-2009, November 27, 2009)</p>	<p>The FDIC is reminding banks to ensure ATM fee disclosures fully comply with Regulation E. This regulation requires appropriate fee disclosures on or at automated teller machines and on either the screen of the machine or on a paper notice. See https://www.fdic.gov/news/inactive-financial-institution-letters/2009/fil09066.html</p>
<p>Joint Agency Release on Final Model Privacy Notice Form (PR-209-2009, November 17, 2009; FIL-65-2009, November 17, 2009)</p>	<p>The federal financial institution regulatory agencies, the U.S. Commodity Futures Trading Commission, the Federal Trade Commission, and the U.S. Securities and Exchange Commission released a final rule which contains a model privacy notice form making it easier for consumers to understand how financial institutions collect and share their personal information. See https://www.fdic.gov/news/inactive-financial-institution-letters/2009/fil09065.html</p>
<p>Secure and Fair Enforcement for Mortgage Licensing Act of 2008 – Final Rule on Registration of Residential Mortgage Loan Originators - Part 365, Subpart B (FIL-64-2009, November 13, 2009)</p>	<p>The FDIC Board approved the draft final rule implementing the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act). The SAFE Act improves the accountability and tracking of residential mortgage loan originators (MLOs), enhances consumer protection, reduces fraud, and provides consumers with easily accessible information regarding the professional background of MLOs by, among other things, requiring employees of insured state nonmember banks and their subsidiaries who act as MLOs to register with the Nationwide Mortgage Licensing System and Registry. See https://www.fdic.gov/news/inactive-financial-institution-letters/2009/fil09064.html</p>
<p>FDIC Board Approves Final Rule on Prepaid Assessments (PR-203-2009, November 12, 2009; FIL-63-2009, November 12, 2009)</p>	<p>The FDIC Board adopted the final rule amending the assessment regulations to require insured depository institutions to prepay quarterly risk-based assessments for fourth quarter 2009 and all of 2010, 2011, and 2012 on December 30, 2009, along with each institution's risk-based assessment for third quarter 2009. The pre-payment allows the FDIC to strengthen the cash position of the Deposit Insurance Fund immediately without impacting earnings of the industry. See http://www.fdic.gov/news/news/financial/2009/fil09063.html</p>