

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 Bank
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
Extension of Deadlines and Election Instructions for Temporary Liquidity Guarantee Program (PR-110-2008, November 3, 2008, FIL-125-2008, November 3, 2008)	On October 14, 2008, the FDIC announced the Temporary Liquidity Guarantee Program to strengthen confidence and encourage liquidity in the banking system. All eligible entities are covered under the program unless they opt out of one or both of the components by December 5, 2008 (extended from November 12, 2008); otherwise, fees will apply for future participation. The FDIC provided guidance for election options and reporting requirements. See https://www.fdic.gov/news/inactive-financial-institution-letters/2008/fil08125.html .
Additional Seminars for Bank Employees on How to Calculate Deposit Insurance Coverage (FIL-120-2008, November 3, 2008)	The FDIC announced it would host four additional deposit insurance seminars identical to the eight telephone seminars for bankers announced in FIL-85-2008. The free seminars covered the recent insurance coverage rule changes and guided bank employees through the process of determining a customer's deposit insurance coverage. The seminars were conducted on November 14, December 5, 10, and 19, 2008. These seminars were available to employees of all FDIC-insured banks and savings associations. See www.fdic.gov/news/news/financial/2008/fil08120.html .
Proposed Rulemaking on Capital Treatment of Certain Claims on or Guaranteed by Fannie Mae and Freddie Mac (FIL-113-2008, October 31, 2008, Federal Register, Vol. 73, No. 208, p. 63656, October 27, 2008)	The Federal bank and thrift regulatory agencies sought comment on a joint notice of proposed rulemaking to permit banks, bank holding companies, and savings associations to assign a 10 percent risk weight to claims on or guaranteed by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. The FDIC accepted comments through November 26, 2008. See www.fdic.gov/news/news/financial/2008/fil08113.html .
Interagency Statement on the Regulatory Capital Impact of Losses on Fannie Mae and Freddie Mac Preferred Stock (PR-108-2008, October 31, 2008, FIL-112-2008, October 29, 2008)	Section 301 of the Emergency Economic Stabilization Act of 2008 (EESA) provides tax relief to banks that have suffered losses on certain holdings of Federal National Mortgage Association and Federal Home Loan Mortgage Corporation perpetual preferred stock by changing the character of these losses from capital to ordinary for federal income tax purposes. The Federal bank and thrift regulatory agencies will allow banks to recognize the effect of this tax change in their third quarter 2008 regulatory capital calculations. See www.fdic.gov/news/news/financial/2008/fil08112.html .

Subject	Summary
<p>Interim Rule on Deposit Insurance Coverage of Mortgage Servicing Accounts (PR-97-2008, October 10, 2008, FIL-111-2008, October 24, 2008, <i>Federal Register</i>, Vol. 73, No. 202, p. 61658, October 17, 2008)</p>	<p>The FDIC Board of Directors adopted an interim rule to simplify the deposit insurance rules for accounts held at FDIC-insured institutions by mortgage servicers. Under the interim rule, the FDIC will be able to make deposit insurance determinations on mortgage servicing accounts—and pay deposit insurance—more quickly. Comments on the interim rule, which took effect on October 10, 2008, are due by December 16, 2008. See www.fdic.gov/news/news/financial/2008/fil08111.html.</p>
<p>Interim Rule on Temporary Liquidity Guarantee Program (PR-105-2008, October 23, 2008, FIL-110-2008, October 23, 2008, <i>Federal Register</i>, Vol. 73, No. 210, p. 64179, October 29, 2008)</p>	<p>Following a systemic risk determination pursuant to section 141 of the Federal Deposit Insurance Corporation Improvement Act of 1991, in an effort to avoid or mitigate serious adverse effects on economic conditions and financial stability, the FDIC issued an interim rule establishing the Temporary Liquidity Guarantee Program (TLGP). The FDIC sought comment on all aspects of this interim rule, and comments were due 15 days after the interim rule's publication in the <i>Federal Register</i>. Coverage under the TLGP was established by the FDIC as of October 14, 2008. See www.fdic.gov/news/news/financial/2008/fil08110.html.</p>
<p>Applications to the Troubled Asset Relief Program's Capital Purchase Program (PR-103-2008, October 20, 2008, FIL 109-2008, October 20, 2008)</p>	<p>State nonmember institutions were encouraged to participate in the Troubled Asset Relief Program's Capital Purchase Program to strengthen their capital positions and their ability to prudently make credit available in their lending markets. All financial institutions were eligible to apply for a capital injection from the U.S. Department of Treasury. Applications were due by November 14, 2008. See www.fdic.gov/news/news/financial/2008/fil08109.html.</p>
<p>Proposed Rule on Deposit Insurance Assessments (PR-94-2008, October 7, 2008, FIL-106-2008, October 20, 2008, <i>Federal Register</i>, Vol. 73, No. 201, p. 61560, October 16, 2008)</p>	<p>The FDIC Board of Directors sought comments on a proposed rule that would amend the system for risk-based assessments and change assessment rates. For the first quarter of 2009 only, the FDIC proposed raising the current rates uniformly by 7 basis points. The FDIC also proposed to establish new initial base assessment rates that will be subject to adjustment as described in the proposed rule effective April 1, 2009. Comments on the proposed rule were due by November 17, 2008. See www.fdic.gov/news/news/financial/2008/fil08106.html.</p>
<p>Examination Procedures on Identity Theft Red Flags, Address Discrepancies, and Change of Address Regulations (FIL-105-2008, October 16, 2008)</p>	<p>The FDIC issued examination procedures on identity theft red flags, address discrepancies, and change of address requests. The regulations and guidelines took effect on January 1, 2008, and compliance was required by November 1, 2008. See www.fdic.gov/news/news/financial/2008/fil08105.html.</p>
<p>Revised Trust Examination Manual (FIL-104-2008, October 16, 2008)</p>	<p>The FDIC updated its Trust Examination Manual and is making it available to the public on its Web site and in CD-ROM format. See www.fdic.gov/news/news/financial/2008/fil08104.html.</p>
<p>Temporary Program to Encourage Liquidity and Confidence in the Banking System (PR-100-2008, October 14, 2008, FIL-103-2008, October 15, 2008)</p>	<p>The FDIC announced the Temporary Liquidity Guarantee Program to strengthen confidence and encourage liquidity in the banking system. The new program will (1) guarantee newly issued senior unsecured debt of eligible institutions, including FDIC-insured banks and thrifts, as well as certain holding companies; and (2) provide full deposit insurance coverage for non-interest-bearing deposit transaction accounts in FDIC-insured institutions, regardless of the dollar amount. See www.fdic.gov/news/news/financial/2008/fil08103.html.</p>

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Subject	Summary
Temporary Increase in Deposit Insurance Coverage (PR-93-2008, October 7, 2008, FIL-102-2008, October 3, 2008)	President George W. Bush signed the Emergency Economic Stabilization Act of 2008, which temporarily raises the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. The temporary increase in deposit insurance coverage became effective on October 3, 2008. The legislation provides that the basic deposit insurance limit will return to \$100,000 after December 31, 2009. See www.fdic.gov/news/news/financial/2008/fil08102.html .
Notice of Proposed Rulemaking on Proposed Deduction of Goodwill Net of Associated Deferred Tax Liability (FIL-100-2008, September 30, 2008, Federal Register, Vol. 73, No. 190, p. 56756, September 30, 2008)	The Federal bank and thrift regulatory agencies jointly issued a Notice of Proposed Rulemaking (NPR) seeking comment on whether to allow goodwill, which must be deducted from Tier 1 capital, to be reduced by the amount of any associated deferred tax liability. Comments on the NPR were due by October 30, 2008. See www.fdic.gov/news/news/financial/2008/fil08100.html .
Interim Rule for Changing FDIC Deposit Insurance Rules for Revocable Trust Accounts (PR-86-2008, September 26, 2008, FIL-99-2008, October 8, 2008)	The FDIC adopted an interim regulation simplifying the rules for insuring revocable trust accounts—commonly known as <i>payable-on-death accounts</i> and <i>living trust accounts</i> . The new rules are easier to understand and apply, and provide at least as much coverage as the former rules for revocable trust accounts. The revised rules became effective September 26, 2008, and apply to all existing and future revocable trust accounts at FDIC-insured institutions. Comments were due 60 days after the regulation's publication in the <i>Federal Register</i> . See www.fdic.gov/news/news/financial/2008/fil08099.html .
Proposed Revisions to Reports of Condition and Income (Call Reports) for 2009 (FIL-94-2008, September 23, 2008, Federal Register, Vol. 73, No. 185, p. 54807, September 23, 2008)	The Banking agencies requested comment on several proposed revisions to the Call Report. The proposed reporting changes, which have been approved by the Federal Financial Institutions Examination Council, would take effect on a phased-in basis during 2009. Comments were due by November 24, 2008. See www.fdic.gov/news/news/financial/2008/fil08094.html .
Statement on Investments in Fannie Mae and Freddie Mac Equity Securities (PR-78-2008, September 7, 2008, FIL-93-2008, September 18, 2008)	The FDIC issued this Statement to announce it will work with the limited number of institutions that have significant holdings of common or perpetual preferred shares in the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation to develop Capital Restoration Plans pursuant to federal regulations. These equity investments should be reported as available-for-sale equity securities, if not held for trading purposes, and any net unrealized losses should be deducted from regulatory capital. See www.fdic.gov/news/news/financial/2008/fil08093.html .
Telephone Seminar for Bank Officers and Employees of FDIC-Supervised Banks on Current Accounting Issues (FIL-92-2008, September 18, 2008)	The FDIC hosted a telephone seminar on several accounting issues of interest to bankers. The seminar was held on September 24, 2008. Interested parties can download the audio and PowerPoint presentation from the FDIC Web site. See www.fdic.gov/news/news/financial/2008/fil08092.html .

Subject	Summary
<p>Nationwide Seminars for Bank Employees on How to Calculate Deposit Insurance Coverage (FIL-85-2008, August 26, 2008)</p>	<p>The FDIC announced it would host eight identical telephone seminars for bankers on the FDIC's rules for deposit insurance coverage. The seminars guide bank employees through the process of determining a customer's deposit insurance coverage. The seminars were held between September 17 and November 4, 2008, and were available to employees of all FDIC-insured banks and savings associations. See www.fdic.gov/news/news/financial/2008/fil08085.html.</p>
<p>Final Guidance on Liquidity Risk Management (FIL-84-2008, August 26, 2008)</p>	<p>The FDIC issued this guidance to highlight the importance of liquidity risk management at financial institutions. Liquidity risk measurement and management systems should reflect an institution's complexity, risk profile, and scope of operations. Institutions that use wholesale funding, securitizations, brokered deposits, and other high-rate funding strategies should ensure their contingency funding plans address relevant stress events. The requirements governing the acceptance, renewal, or rolling over of brokered deposits are applicable to all insured depository institutions. See www.fdic.gov/news/news/financial/2008/fil08084.html.</p>
<p>Notice of Proposed Rulemaking on Recordkeeping Requirements for Qualified Financial Contracts (FIL-75-2008, August 6, 2008, <i>Federal Register</i>, Vol. 73, No. 145, p. 43635, July 28, 2008)</p>	<p>The FDIC issued a Notice of Proposed Rulemaking (NPR) that would establish recordkeeping requirements for qualified financial contracts (QFCs) held by insured depository institutions in a troubled condition. This NPR would implement certain statutory authority for purposes of the FDIC's meeting its statutory obligations regarding the treatment of QFCs in the event of its appointment as receiver of a failed insured depository institution. Comments on the NPR were due by September 26, 2008. See www.fdic.gov/news/news/financial/2008/fil08075.html.</p>
<p>FDIC Policy Statement on Covered Bonds (PR-60-2008, July 15, 2008, FIL-73-2008, August 4, 2008, <i>Federal Register</i>, Vol. 73, No. 145, p. 43754, July 28, 2008)</p>	<p>The FDIC issued the final policy statement on the treatment of "covered bonds" if the issuing insured depository institution is placed into FDIC receivership or conservatorship. The policy statement provides regulatory clarity by granting expedited access to covered bond collateral if the issuing institution fails and is placed into conservatorship or receivership and meets certain criteria. The FDIC guidance is intended to reduce market uncertainty on the treatment of covered bonds in a receivership or conservatorship, while allowing prudent development of the U.S. covered bond market. See www.fdic.gov/news/news/financial/2008/fil08073.html.</p>
<p>Final Guidance on Supervisory Review Process of Capital Adequacy (Pillar 2) Related to the Implementation of the Basel II Advanced Capital Framework (PR-59-2008, July 15, 2008, FIL-71-2008, July 31, 2008, <i>Federal Register</i>, Vol. 73, No. 148, p. 44620, July 31, 2008)</p>	<p>The Federal bank and thrift regulatory agencies jointly issued final guidance on the Supervisory Review Process of Capital Adequacy (Pillar 2) under the Basel II Advanced Capital Framework. Although this guidance reflects a continuation of the longstanding approach used by the agencies in the supervision of banks, it provides the clarification necessary to support the implementation of the advanced approaches final rule. The final guidance was effective September 2, 2008. See www.fdic.gov/news/news/financial/2008/fil08071.html.</p>
<p>Notice of Proposed Rulemaking on Risk-Based Capital Standards: Standardized Framework (PR-50-2008, June 26, 2008, FIL-69-2008, July 29, 2008, <i>Federal Register</i>, Vol. 73, No. 146, p. 43982, July 29, 2008)</p>	<p>The Federal bank and thrift regulatory agencies jointly issued a Notice of Proposed Rulemaking and sought comment on the domestic application of the Basel II standardized framework for all domestic banks, bank holding companies, and savings associations that are not subject to the Basel II advanced approaches rule. Comments were due by October 27, 2008. See www.fdic.gov/news/news/financial/2008/fil08069.html.</p>

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Subject	Summary
Expanded Guidance for Providing Technical Assistance to Minority Depository Institutions (FIL-66-2008, July 17, 2008)	The FDIC issued expanded guidance to continue to pursue strategies to preserve and encourage minority ownership of FDIC-insured financial institutions, including providing technical assistance in operational areas. The expanded guidance provides technical assistance to minority depository institution (MDI) management to enhance ongoing communication with and support of MDIs. See www.fdic.gov/news/news/financial/2008/fil08066.html .
Final Rule on Large-Bank Insurance Determination Modernization (FIL-65-2008, July 17, 2008, <i>Federal Register</i>, Vol. 73, No. 138, p. 41180, July 17, 2008)	The FDIC issued a final rule requiring certain large depository institutions to facilitate the process for determining the insurance status of depositors of an insured depository institution in the event of failure. The rule applies only to a "covered institution," defined as any insured depository institution with at least \$2 billion in domestic deposits and either (1) more than 250,000 deposit accounts or (2) total assets over \$20 billion, regardless of the number of deposit accounts. The rule took effect on August 18, 2008, and allows for an 18-month implementation period. See www.fdic.gov/news/news/financial/2008/fil08065.html .
Interim Rule for Processing Deposit Accounts in the Event of an Insured Depository Institution Failure (FIL-64-2008, July 17, 2008, <i>Federal Register</i>, Vol. 73, No. 138, p. 41170, July 17, 2008)	The FDIC issued an interim rule establishing its practices for determining deposit and other liability account balances at a failed insured depository institution. Under the rule, the FDIC will require institutions to prominently disclose to sweep account customers whether the swept funds are deposits and the status of the swept funds if the institution were to fail. The FDIC solicited comment on all aspects of this rule. Comments were due by September 15, 2008. The rule became effective on August 18, 2008; however, the effective date of the sweep account disclosure requirement will be deferred until July 1, 2009, to allow the FDIC to consider specific comments. See www.fdic.gov/news/news/financial/2008/fil08064.html .
Guidance on Other Real Estate (FIL-62-2008, July 1, 2008)	The FDIC provided guidance to remind bank management of the importance of developing and implementing policies and procedures for acquiring, holding, and disposing of other real estate. See www.fdic.gov/news/news/financial/2008/fil08062.html .
Consumer Protection and Risk Management Considerations When Changing Credit Limits and Suggested Best Practices (FIL-58-2008, June 26, 2008)	The FDIC issued supervisory guidance to remind FDIC-supervised financial institutions that if, for risk management purposes, they decide to reduce or suspend home equity lines of credit, certain legal requirements designed to protect consumers must be followed. In addition, the FDIC urged institutions to work with borrowers to minimize hardships that may result from such reductions or suspensions. See www.fdic.gov/news/news/financial/2008/fil08058.html .
Portfolio of Deposit Insurance Coverage Resources for Bankers (FIL-47-2008, June 16, 2008)	To commemorate its 75th anniversary, the FDIC mailed to each FDIC-insured institution a Portfolio of Deposit Insurance Coverage Resources for Bankers—a compilation of the FDIC's latest deposit insurance educational tools. The FDIC asked banks to use the resources provided in the Portfolio to raise awareness about deposit insurance coverage among their employees and customers. See www.fdic.gov/news/news/financial/2008/fil08047.html .
Guidance for Managing Third-Party Risk (FIL-44-2008, June 6, 2008)	The FDIC issued guidance describing potential risks arising from third-party relationships and outlining risk management principles that may be tailored to suit the complexity and risk potential of a financial institution's significant third-party relationships. See www.fdic.gov/news/news/financial/2008/fil08044.html .

Subject	Summary
Final Illustrations of Consumer Information for Hybrid Adjustable-Rate Mortgage Products (PR-35-2008, May 22, 2008, FIL-40-2008, May 29, 2008)	<p>The Federal financial institution regulatory agencies published Illustrations of Consumer Information for Hybrid Adjustable-Rate Mortgage Products, which are intended to assist institutions as they implement the Consumer Protection Principles portion of the Interagency Statement on Subprime Mortgage Lending. The illustrations give examples of the types of consumer information that the agencies recommend institutions provide. The illustrations are not intended as model forms, and institutions will not be required to use them.</p> <p>See www.fdic.gov/news/news/financial/2008/fil08040.html.</p>
Provisions for Independent Testing for BSA/AML Compliance (FIL-38-2008, May 16, 2008)	<p>The FDIC reemphasized the importance of an effective independent review for Bank Secrecy Act/Anti-Money Laundering (BSA/AML) compliance. The independent test of the BSA/AML Compliance Program can improve the efficiency and reduce the burden of the examination process.</p> <p>See www.fdic.gov/news/news/financial/2008/fil08038.html.</p>