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
FDIC Releases Stress Test Scenarios (PR-133-2012, November 15, 2012)	The FDIC today released the economic scenarios that will be used by certain financial institutions with total consolidated assets of more than $10 billion for the upcoming round of stress tests required under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). The economic scenarios include baseline, adverse, and severely adverse scenarios with variables that reflect economic activity, unemployment, exchange rates, prices, incomes, interest rates, and other salient aspects of the economy and financial markets. The FDIC coordinated with the Board of Governors of the Federal Reserve System and the OCC in developing and distributing these scenarios. See http://www.fdic.gov/news/news/press/2012/pr12133.html.
Regulatory Relief Meeting the Financial Needs of Customers Affected by Hurricane Sandy and its Aftermath (FIL-47-2012, November 9, 2012, and PR-132-2012, November 14, 2012)	The FDIC encourages depository institutions to consider all reasonable and prudent steps to assist customers in communities affected by Hurricane Sandy. When consistent with safe-and-sound banking practices, these efforts may include waiving fees, increasing ATM cash limits, easing credit card limits, allowing loan customers to defer or skip payments, and delaying the submission of delinquency notices to credit bureaus. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12047.html.

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Subject	Summary
Agencies Provide Guidance on Regulatory Capital Rulemakings (PR-130-2012, November 9, 2012)	The federal bank regulatory agencies issued three notices of proposed rulemaking in June 2012 that would revise and replace the current regulatory capital rules (see FIL-24-2012, FIL-25-2012, and FIL-27-2012). The proposals suggested an effective date of January 1, 2013. In light of the volume of comments received and the wide range of views expressed during the comment period, the agencies do not expect that any of the proposed rules would become effective on January 1, 2013. As members of the Basel Committee on Banking Supervision, the U.S. agencies take seriously the internationally agreed timing commitments regarding the implementation of Basel III and are working as expeditiously as possible to complete the rulemaking process. As with any rule, the agencies will take operational and other considerations into account when determining appropriate implementation dates and associated transition periods. See http://www.fdic.gov/news/news/press/2012/pr12130.html.
Supervision of Technology Service Providers and Outsourcing Technology Services (FIL-46-2012, November 6, 2012)	The FFIEC issued a revised Information Technology (IT) Examination Booklet on the Supervision of Technology Service Providers and an updated IT Examination Booklet on Outsourcing Technology Services. The federal bank regulatory agencies also issued new Administrative Guidelines, Implementation of Interagency Programs for the Supervision of Technology Service Providers. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12046.html.
Notice of Expiration: Temporary Unlimited Coverage for Noninterest-Bearing Transaction Accounts (FIL-45-2012, November 5, 2012)	Pursuant to Section 343 of the Dodd-Frank Act, temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts (NIBTAs), including Interest on Lawyer Trust Accounts, is scheduled to expire on December 31, 2012. Absent a change in law, beginning January 1, 2013, the FDIC no longer will provide separate, unlimited deposit insurance coverage for NIBTAs at insured depository institutions (IDIs). IDIs are encouraged to take reasonable steps to provide adequate advance notice to NIBTA depositors of the changes in FDIC insurance coverage. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12045.html.
International Association of Deposit Insurers Marks Tenth Anniversary and Elects New President in London - FDIC Acting Chairman Completes Two Terms as President (PR-121-2012, October 25, 2012)	The FDIC, the International Association of Deposit Insurers (IADI), the Bank Guarantee Fund of Poland, and the Financial Services Compensation Scheme announced that Acting FDIC Chairman Martin Gruenberg completed his five-year term as President of the IADI during the 11th Annual General Meeting and Conference in London. Mr. Gruenberg also served as Executive Council Chairman of the Association. During the meeting, Jerzy Pruski, President of the Management Board of the Bank Guarantee Fund of Poland, was elected IADI's President and Chairman of the Executive Council. See http://www.fdic.gov/news/news/press/2012/pr12121.html.

Subject	Summary
FDIC Approves Final Rules Regarding Large Bank Stress Tests and Large Bank Assessment Pricing and Releases An Update on the DIF Projections (FIL-44-2012, October 9, 2012, Federal Register, Vol. 77, No. 199, p. 62417, October 15, 2012, Federal Register, Vol. 77, No. 211, p. 66000, October 31, 2012)	The FDIC announced publication of its final rule regarding company-run stress testing required by the Dodd-Frank Act. The rule applies to covered institutions with total consolidated assets greater than $10 billion. The final rule implements Section 165(i)(2)(A) of the Dodd-Frank Act, which requires all financial companies with total consolidated assets of more than $10 billion regulated by a primary federal financial regulatory agency to conduct an annual company-run stress test. The final rule requires institutions with assets greater than $50 billion to begin conducting annual stress tests this year, although the FDIC reserves the authority to allow covered institutions above $50 billion to delay implementation on a case-by-case basis where warranted. The rule delays implementation for covered institutions with total consolidated assets between $10 billion and $50 billion until October 2013. In addition, the FDIC Board approved a final rule that refines the deposit insurance assessment system for insured depository institutions with more than $10 billion in assets. The final rule amends the definitions used to identify concentrations in higher-risk assets to better reflect the risk posed to institutions and the FDIC. The FDIC also updated its loss, income, and reserve ratio projections for the Deposit Insurance Fund (DIF) over the next several years and concluded that the DIF reserve ratio is on track to reach the statutory minimum target of 1.35 percent by the September 30, 2020 deadline. See http://www.fdic.gov/news/news/press/2012/pr12116.html.
New Classification System for Citing Violations in Reports of Examination (FIL-41-2012, September 25, 2012)	The FDIC revised the classification system for citing violations identified during compliance examinations to better communicate to institutions the severity of violations and provide more consistency in the classification of violations cited in Reports of Examination. Violations identified during an examination will be assigned to one of three levels based primarily on the impact to consumers. This new three-level violation system replaces the current two-level system and will be used in examinations started on or after October 1, 2012. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12041.html.
Agencies Release a Regulatory Capital Estimation Tool to Assist in Assessing the Potential Effects of Recently Proposed Regulatory Capital Rules (PR-109-2012, September 24, 2012)	The federal bank regulatory agencies announced the availability of a regulatory capital estimation tool to help community banking organizations and other interested parties evaluate recently published regulatory capital proposals (see FIL-24-2012, FIL-25-2012 and FIL-27-2012). The tool will assist organizations in estimating the potential effects on capital ratios of the agencies' Basel III Notice of Proposed Rulemaking and the Standardized Approach Notice of Proposed Rulemaking. See http://www.fdic.gov/news/news/press/2012/pr12109.html.
FDIC Holds Asset Purchaser/Investor Outreach Workshops (PR-107-2012, September 21, 2012)	The FDIC conducted outreach workshops during September and October in Chicago, Los Angeles, and New York to provide information on how to invest in or purchase assets retained from failed financial institutions. All investors, particularly small, minority- and women-owned investors interested in buying or investing in assets, were encouraged to register for the workshops. See http://www.fdic.gov/news/news/press/2012/pr12107.html.

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Subject	Summary
Deposit Insurance Coverage: Two New Deposit Insurance Resources Now Available (FIL-40-2012, September 19, 2012)	The FDIC has released two resources to help bankers and depositors understand FDIC deposit insurance coverage. Your Insured Deposits is now available in a large-print version for visually impaired individuals; and the new FDIC Deposit Insurance Coverage for Bankers, a computer-based training module, is available in an interactive format on the FDIC's Web site, on DVD, and in a Portable Document Format (PDF). See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12040.html.
FDIC Releases National Survey of Unbanked and Underbanked (PR-105-2012, September 12, 2012)	The FDIC released the results of the 2011 National Survey of Unbanked and Underbanked Households. The survey indicates that more than one in four U.S. households are either unbanked or underbanked, a slight increase from the findings of the 2009 survey. The survey, conducted every two years by the FDIC in partnership with the U.S. Bureau of the Census, provides the banking industry and policy makers with insights and guidance on the demographics and needs of the unbanked and underbanked. See http://www.fdic.gov/news/news/press/2012/pr12105.html.
FDIC Advisory on Effective Credit Risk Management Practices for Purchased Loan Participations (FIL-38-2012, September 12, 2012)	Financial institutions purchase loan participations to achieve growth and earnings goals, diversify credit risk, and deploy excess liquidity. Some institutions have successfully participated in shared credit facilities, which are arranged by bank and nonbank entities, by implementing effective due diligence and prudent credit risk management practices. However, purchasing banks' over-reliance on lead institutions, in some instances, has caused significant credit losses and contributed to bank failures, particularly for loans to out-of-territory borrowers and obligors involved in industries unfamiliar to the bank. This Advisory reminds state nonmember institutions of the importance of underwriting and administering loan participations in the same diligent manner as if they were being directly originated by the purchasing institution. See http://www.fdic.gov/news/news/financial/2012/fil12038.html.
Notice of Proposed Rulemaking on Appraisal Requirements for Higher-Risk Mortgages (FIL-36-2012, August 16, 2012,Federal Register, Vol. 77, No. 172, p. 54722, September 5, 2012)	Six federal financial regulatory agencies (FRB, CFPB, FDIC, the Federal Housing Finance Agency, NCUA, and OCC) issued a proposed rule to establish new appraisal requirements for "higher-risk mortgage loans." The proposed rule would implement amendments to the Truth in Lending Act enacted by Section 1471 of the Dodd-Frank Act. Under the Dodd-Frank Act, mortgage loans are higher risk if they are secured by a consumer's home and have interest rates above a certain threshold. Comments were due October 15, 2012. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12036.html.
FDIC Announces Regulatory Calendar for Community Banks (FIL-35-2012, July 26, 2012)	The FDIC has developed a regulatory calendar to help community banks remain current on changes in federal banking laws, regulations, and supervisory guidance. The calendar summarizes regulatory developments and highlights key dates to facilitate industry comment and compliance.

Subject	Summary
Investments in Corporate Debt Securities by Savings Associations (FIL-34-2012, July 24, 2012, Federal Register, Vol. 77, No. 142, p. 43155, July 24, 2012)	The FDIC issued a final rule that would prohibit state and federal savings associations from acquiring or holding a corporate debt security when the security's issuer does not have an adequate capacity to meet all financial commitments under the security for the projected life of the security. The final rule was issued under Section 939(a) of the Dodd-Frank Act. Savings associations must be in compliance with this rule by January 1, 2013. The FDIC also issued final guidance setting forth due diligence standards for determining the credit quality of a corporate debt security. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12034.html.
Caution Regarding Passing Deposit Insurance Assessment Fees on to Customers (FIL-33-2012, July 9, 2012)	The FDIC is aware that certain insured depository institutions (IDIs) are charging customers an "FDIC fee" or similarly described fee, apparently to compensate the IDI for some or all of the institution's FDIC deposit insurance assessment costs. This letter communicates the FDIC's concerns and expectations when IDIs assess these types of fees. See http://www.fdic.gov/news/news/financial/2012/fil12033.html.
FDIC Announces Availability of Public Sections of Resolution Plans (PR-78-2012, July 3, 2012)	The FDIC made available the public sections of the initial resolution plans submitted to the FDIC and FRB under Title I of the Dodd-Frank Act. Firms in this group include U.S. bank holding companies with $250 billion or more in total nonbank assets and foreign-based bank holding companies with $250 billion or more in total U.S. nonbank assets. The public summaries are available at www.fdic.gov/regulations/reform/resplans/index.html. Also see http://www.fdic.gov/news/news/press/2012/pr12078.html.
Banking Agencies Issue Host State Loan-to-Deposit Ratios (PR-75-2012, June 29, 2012)	The federal bank regulatory agencies issued the host state loan-to-deposit ratios the agencies will use to determine compliance with Section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994. These ratios update data released on June 30, 2011. See http://www.fdic.gov/news/news/press/2012/pr12075.html.
Agencies Release List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies (PR-74-2012, June 29, 2012)	The federal bank regulatory agencies announced the availability of the 2012 list of distressed or underserved nonmetropolitan middle-income geographies where revitalization or stabilization activities will receive Community Reinvestment Act consideration as "community development." See http://www.fdic.gov/news/news/press/2012/pr12074.html.
Consolidated Reports of Condition and Income for Second Quarter 2012 (FIL-29-2012, June 29, 2012)	The FFIEC advised that a limited number of Call Report revisions take effect this quarter. The new data items will help the banking agencies and state supervisors better understand certain risk exposures and address data needs for deposit insurance assessments. Institutions may provide reasonable estimates for any new Call Report item initially required to be reported as of June 30, 2012, for which the requested information is not readily available. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12029.html.

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Subject	Summary
Interagency Guidance on Mortgage Servicing Practices Concerning Military Homeowners with Permanent Change of Station Orders (FIL-28-2012, June 21, 2012)	The federal financial institution regulatory agencies issued guidance to address unique circumstances involving some military homeowners after they receive Permanent Change of Station (PCS) orders. The guidance highlights concerns about practices with the potential to mislead or otherwise cause harm to homeowners with PCS orders, and reminds mortgage servicers to ensure appropriate risk management policies, procedures, and training are in place. See http://www.fdic.gov/news/news/financial/2012/fil12028.html.
Regulatory Capital Rules: Standardized Approach for Risk-Weighted Assets; Market Discipline and Disclosure Requirements (FIL-27-2012, June 18, 2012, Federal Register, Vol. 77, No. 169, p. 52888, August 30, 2012)	The federal bank regulatory agencies jointly issued a Notice of Proposed Rulemaking that would revise the measurement of risk-weighted assets by implementing changes made by the Basel Committee on Banking Supervision to international regulatory capital standards and by implementing provisions of the Dodd-Frank Act. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12027.html.
Risk-Based Capital Rules Final Rule on Risk-Based Capital Standards: Market Risk (FIL-26-2012, June 18, 2012, Federal Register, Vol. 77, No. 169, p. 53060, August 30, 2012)	The federal bank regulatory agencies jointly issued a final rule modifying the risk-based capital standards for market risk. The final rule incorporates improvements to the current trading book capital regime as proposed by the Basel Committee on Banking Supervision in Revisions to the Basel II Market Risk Framework published in July 2009 and The Application of Basel II to Trading Activities and the Treatment of Double Default Effects published in July 2005. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12026.html.
Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and Transition Provisions (FIL-25-2012, June 18, 2012, Federal Register, Vol. 77, No. 169, p. 52792, August 30, 2012)	The federal bank regulatory agencies jointly issued a Notice of Proposed Rulemaking that would revise the general risk-based capital rules to incorporate certain revisions by the Basel Committee on Banking Supervision to the Basel capital framework. The proposed rule generally would revise the definition of regulatory capital components and related calculations. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12025.html.
Regulatory Capital Rules: Advanced Approaches Risk-Based Capital Rule; Market Risk Capital Rule (FIL-24-2012, June 18, 2012, Federal Register, Vol. 77, No. 169, p. 52978, August 30, 2012)	The federal bank regulatory agencies jointly issued a Notice of Proposed Rulemaking that would amend the advanced approaches risk-based capital rules to incorporate revisions to the Basel capital framework published by the Basel Committee on Banking Supervision and would remove references to credit ratings, consistent with Section 939A of the Dodd-Frank Act. It also would propose to apply the market risk capital rule to state savings associations. See https://www.fdic.gov/news/inactive-financial-institution-letters/2012/fil12024.html.

Subject	Summary
Agencies Sign Memorandum of Understanding on Supervisory Coordination (PR-61-2012, June 4, 2012)	The federal financial institution regulatory agencies released a Memorandum of Understanding that clarifies how the agencies will coordinate supervisory activities, consistent with the Dodd-Frank Act. Section 1025 of the Dodd-Frank Act requires that the CFPB and the prudential regulators (FRB, FDIC, NCUA, and OCC) coordinate important aspects of their supervision of insured depository institutions with more than $10 billion in assets and their affiliates. Such coordination includes scheduling examinations, conducting simultaneous examinations of covered depository institutions unless an institution requests separate examinations, and sharing draft reports of examination for comment. See http://www.fdic.gov/news/news/press/2012/pr12061.html.
Agencies Clarify Supervisory Expectations for Stress Testing by Community Banks (PR-54-2012, May 14, 2012)	The federal bank regulatory agencies issued a joint statement to clarify expectations for stress testing by community banks (banks, savings associations, and bank and savings and loan holding companies with $10 billion or less in total assets). The agencies clarified that community banks are not required or expected to conduct the types of 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, Federal Register, Vol. 77, No. 96, p. 29458, May 17, 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 highlights the importance of stress testing at banking organizations as an ongoing risk management practice that supports a banking organization’s forward-looking assessment of risks and better equips the bank to address a range of adverse outcomes. See http://www.fdic.gov/news/news/press/2012/pr12053.html.