



Supervisory Update News Summary

AS OF OCTOBER 15, 2016

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>CFPB Finalizes Strong Federal Protections for Prepaid Account Consumers</p>	<p>Press Release Oct. 5, 2016</p>	<p>The CFPB finalized strong federal consumer protections for prepaid account users. The new rule requires financial institutions to limit consumers' losses when funds are stolen or cards are lost, investigate and resolve errors, and give consumers free and easy access to account information. The Bureau also finalized new "Know Before You Owe" disclosures for prepaid accounts to give consumers clear, upfront information about fees and other key details. Finally, prepaid companies must now generally offer protections similar to those for credit cards if consumers are allowed to use credit on their accounts to pay for transactions that they lack the money to cover.</p>	<p>CFPB</p>
<p>Federal Reserve and CSBS Release Findings from 2016 National Survey of Community Banks</p>	<p>Press Release Sept. 29, 2016</p>	<p>The Federal Reserve System and the CSBS released the findings from a national survey of community bankers which were presented at the fourth annual Community Banking in the 21st Century Research and Policy Conference, co-hosted by the Fed and CSBS at the St. Louis FRB on Sept. 28-29, 2016.</p> <p>Highlights from the survey indicate:</p> <ul style="list-style-type: none"> • a continuing emphasis on small business lending, the lifeblood of community banks, which increased modestly in 2015 after several years of lackluster activity; • an active merger and acquisition market; • continuing concern with regulatory burden, which was cited as the number one reason for planned exits of banks from currently offered activities; • frustration with Real Estate Settlement Procedures Act (RESPA) , the Truth in Lending Act (TILA) and the TILA-RESPA Integrated Disclosure rule, which, collectively, accounted for 23 percent of all compliance expenses; and • more anticipated competition in the future from non-depository entities for many products and services traditionally provided by community banks. 	<p>CSBS</p>

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<p>CSBS-Federal Reserve Research Conference Describes the Value and Business Prospects of Community Banks</p>	<p>Press Release Oct. 6, 2016</p>	<p>The fourth annual, Community Banking in the 21st Century conference, hosted by the Federal Reserve System and CSBS, was held Sept. 28-29 at the Federal Reserve Bank of St. Louis. The conference brought together academics, community bankers, and federal and state policymakers from across the country to discuss the latest research and trends in community banking.</p> <p>The research and discussions centered around three main focal points: the continuing relevance of the community bank business model, the relationship between bank size and performance, and bank regulatory issues. In addition, state regulators in 29 states held interviews with community bankers in their states. These interviews, referred to as “Five Questions for Five Bankers,” provided qualitative insights into the data collected as part of a national survey of more than 550 community banks, which was administered prior to this year’s conference.</p> <p>Information about the conference, including the research papers that were presented and keynote speaker remarks, is available at https://www.communitybanking.org.</p>	<p>CSBS</p>
<p>Disaster Declaration Issued for Atascosa and Wilson Counties</p>	<p>Proclamation Sept. 26, 2016</p>	<p>Texas Governor Greg Abbott declared a state of disaster in Atascosa and Wilson counties after severe weather and flash flooding occurred between August 21, 2016 and August 21, 2016.</p>	<p>TXGov</p>
<p>FDIC Releases Updated Summary of Deposits Annual Survey</p>	<p>PR-83-2016 Sept. 30, 2016</p>	<p>The FDIC released the survey of branch office deposits as of June 30, 2016, for all FDIC-insured institutions.</p> <p>The Summary of Deposits (SOD) annually provides deposit totals for each of the more than 91,000 domestic offices operated by more than 6,000 FDIC-insured commercial and savings banks, savings associations, and U.S. branches of foreign banks.</p> <p>Users can locate offices in a particular geographic area and create custom market share reports for a geographic area such as state, county, and metropolitan area. The FDIC has expanded the market share reports to allow users to see market growth and market presence for specific institutions. Data dating back to 1994 can be downloaded for analysis.</p>	<p>FDIC</p>

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FDIC Issues List of Banks Examined for CRA Compliance	PR-85-2016 Oct. 4, 2016	The FDIC issued its list of state nonmember banks recently evaluated for compliance with the CRA. The list covers evaluation ratings that the FDIC assigned to institutions in July 2016. All the state-chartered banks in Texas evaluated during this period received Satisfactory ratings.	FDIC
FDIC Launches Financial Services Website in Spanish	PR-88-2016 Oct 6, 2016	The FDIC launched a new Spanish-language website, " Recursos para Consumidores en español ," which features links to webinars and video presentations that cover topics such as deposit insurance, consumer protection, and the FDIC's Money Smart education program. The FDIC continues its work to expand the resources available in Spanish so that both Hispanic consumers and the community-based organizations that serve them can learn more about the benefits of a banking relationship, including consumer protections and deposit insurance.	FDIC
Consolidated Reports of Condition and Income for Third Quarter 2016	FIL-63-2016 Oct. 7, 2016	<p>The Consolidated Reports of Condition and Income for the September 30, 2016 report date are due by October 30, 2016. There are a number of revisions this quarter which were addressed in FIL-44-2016 and FIL-45-2016. Revisions include:</p> <ul style="list-style-type: none"> • deletions of certain existing data items in three schedules; • increases in existing reporting thresholds and the establishment of a new threshold for certain data items in six schedules; and • new and revised data items and information. 	FDIC FRB OCC
FFIEC Announces Webinars in Observance of Cybersecurity Awareness Month	Press Release Oct. 6, 2016	<p>The FFIEC will host two webinars for financial institutions in October in recognition of National Cybersecurity Awareness Month:</p> <ul style="list-style-type: none"> • Mobile Financial Services — Appendix E of the Retail Payment System Booklet. This was held October 13, 2016 but is available through the registration page at https://www.webcaster4.com/Webcast/Page/583/17539. • Getting the Most Out of Your FS-ISAC Membership, October 31, 2016, 1 p.m. Eastern. Register at https://www.webcaster4.com/Webcast/Page/583/17540 	FFIEC

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Risk Management Guidance on Periodic Risk Reevaluation of Foreign Correspondent Banking	OCC Bulletin 2016-32 Oct. 5, 2016	<p>OCC issued risk management guidance to national banks, federal savings associations, and federal branches and agencies that addresses periodic reevaluations of risks associated with foreign correspondent banking accounts.</p> <p>The guidance shares a range of best practices for banks to consider when conducting these periodic reevaluations and making account retention or termination decisions.</p>	OCC
Court Finds CFPB Structure Unconstitutional	U.S. Court of Appeals Ruling Oct. 11, 2016	<p>A three-judge panel from the U.S. Court of Appeals for the District of Columbia passed a ruling that the CFPB is unconstitutionally structured.</p> <p>According to the ruling, "...the President now will have the power to remove the Director at will, and to supervise and direct the Director. The CFPB will continue to operate and to perform its many duties, but will do so as an executive agency akin to other executive agencies headed by a single person, such as the Department of Justice and the Department of the Treasury."</p> <p>The case, <i>PHH Corporation v Consumer Financial Protection Bureau</i>, at issue surrounds the CFPB's action against PHH, a New Jersey mortgage lender. The CFPB increased a previously issued sanction from \$6.4 million to \$109 million. The appeals court ruled that the CFPB's interpretation of the law was incorrect and that the RESPA violations have a three-year statute of limitations.</p>	US Court of Appeals
Treasury Sanctions Individuals and Entities as Members of the Pacnet Group	Press Release Sept. 22, 2016	<p>The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated the PacNet Group ("PacNet") as a significant transnational criminal organization (TCO) pursuant to Executive Order (E.O.) 13581, "Blocking Property of Transnational Criminal Organizations." PacNet, an international payments processor and money services business, has a lengthy history of money laundering by knowingly processing payments on behalf of a wide range of mail fraud schemes that target victims in the United States and throughout the world. PacNet is the seventh TCO targeted under E.O. 13581.</p>	Treasury

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INDUSTRY PUBLICATIONS
CSBS White Paper - Shared Resource Arrangements – An Alternative to Consolidation – September 2016
FC – Condition of the Texas Banking System – September 2016
TDB – Texas Bank Report – October 2016
TDB – Financial Education Brochure – October 2016
Dallas Fed Energy Survey – Third Quarter - September 28, 2016 Oil and Gas Activity Rises in Third Quarter
FR / CSBS Community Banking in the 21st Century - 2016
FRB Dallas Texas Business Outlook Surveys – Manufacturing, Service Sector and Retail
FRB Dallas Regional Economic Update – September 2016 Regional Economy Improves Further, but Risks to Outlook Remain
FRB Dallas Economic Indicators – Austin, DFW, El Paso, Houston, Permian Basin, San Antonio, and Texas
OCC’s Quarterly Report on Bank Trading and Derivatives Activities: Second Quarter 2016
OCC’s Mortgage Metrics Report, Second Quarter 2016
OCC Licensing Manual - Charters

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OTHER RESOURCES
Bloomberg Business and Financial News
Consumer Financial Protection Bureau (CFPB)
The Financial Forecast Center - Discount Rate Information
FFIEC Information Technology Handbook InfoBase
FFIEC BSA/AML Examination Manual InfoBase
Financial Accounting Standards Board (FASB)
Financial Action Task Force (FATF)
Financial Crimes Enforcement Network (FinCEN)
FinCEN - Money Services Businesses (MSB)
Office of Foreign Assets Control, U.S. Treasury (OFAC)
Real Estate Market Reports (Texas A&M RE Center)
Temporary Liquidity Guarantee Program
Texas Constitution and Statutes
The Texas Economy – Texas Comptroller
Texas and National Economy – Federal Reserve Bank of Dallas
Troubled Asset Relief Program (TARP)
Uniform Bank Performance Reports (UBPR) and Users Guide

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ACRONYMS AND ABBREVIATIONS

ACRONYM/ABBREVIATION	MEANING
ASU	Accounting Standards Update
AML	Anti-Money Laundering
BSA	Bank Secrecy Act
CFPB	Consumer Financial Protection Bureau
CFR	Code of Federal Regulations
CRA	Community Reinvestment Act
CRE	Commercial Real Estate
CSBS	Conference of State Bank Supervisors
DOJ	Department of Justice
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act
FCA	Farm Credit Administration
FDIC	Federal Deposit Insurance Corporation
FRB (or Fed or FR)	Federal Reserve Board
FFIEC	Federal Financial Institutions Examination Council

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ACRONYM/ABBREVIATION	MEANING
FHFA	Federal Housing Finance Agency
FHA	Federal Housing Authority
FC	Finance Commission of Texas
FASB	Financial Accounting Standards Board
FinCEN	Financial Crimes Enforcement Network
FTC	Federal Trade Commission
HUD	Housing and Urban Development Department
NCUA	National Credit Union Association
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Asset Control
OIG	Office of Inspector General
SEC	Securities and Exchange Commission
SDN	Specially Designated National
TDB	Texas Department of Banking
Treasury	U.S. Department of Treasury