



# Supervisory Update News Summary

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AS OF NOVEMBER 15, 2016

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
CSBS Releases Map of State Requirements for Opening Bank Accounts for Minors	<a href="#">Press Release</a> Nov. 4, 2016	The CSBS has released an online, interactive map outlining the requirements in each state for opening a bank account for a minor. The map, available at <a href="http://facts.csbs.org">facts.csbs.org</a> , provides information that banks can use to better understand state-specific laws on providing bank accounts to minors. Using this information, financial institutions can better determine whether, and to what extent, they are able to provide minor bank accounts. For instance, the map identifies which states explicitly permit youth accounts without conditions, states that permit these accounts but have conditions such as parental consent, and states that are silent on the matter.	CSBS
State Regulators Oppose OCC Fintech Charter	<a href="#">Press Release</a> Nov. 14, 2016	The CSBS submitted a <a href="#">comment letter</a> to the OCC on the notice of proposed rulemaking, entitled <i>Receiverships for Uninsured National Bank</i> . State banking regulators oppose a potential national charter for certain financial technology companies because it would distort the marketplace for financial services and undermine State laws and regulations governing financial services. State regulators interpret the proposed rule as the next step in the OCC's desire to issue a formal charter proposal.	CSBS
Department of Banking Revises Policy on Other Real Estate Owned	<a href="#">SM 1008</a> Nov. 7, 2016	The TDB has revised Supervisory Memorandum 1008 which addresses other real estate owned by commercial banks. Current revisions to this Memorandum removed the sample forms included as Appendix A and B and added links to these forms on the Department of Banking website.	TDB

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Share of U.S. Households Without a Bank Account Drops	<a href="#">PR-93-2016</a> Oct. 20, 2016	<p>The number of U.S. households without a bank account fell significantly in 2015, according to the FDIC’s National Survey of Unbanked and Underbanked Households.</p> <p>The survey measures the share of households that are unbanked, meaning no one in the household has a bank account. It also measures how many households are underbanked, meaning they have a bank account but look outside the banking system to meet transaction or credit needs.</p> <p>U.S. households that were unbanked in 2015 dropped to 7 percent. That was the lowest share in the survey's history and a decrease from 7.7 percent in 2013 and 8.2 percent in 2011.</p> <p>Taken together, 27 percent of U.S. households were unbanked or underbanked last year.</p> <p>More information is available at <a href="http://economicinclusion.gov">economicinclusion.gov</a> for additional survey findings, to generate custom tables, and to download information from all four years of survey data. Data also is available for metropolitan areas and states.</p>	FDIC
FDIC Announces a New Resource for Community Banks: Affordable Mortgage Lending Guide, Part II: State Housing Finance Agencies	<a href="#">PR-99-2016</a> Nov. 3, 2016	<p>The FDIC published a new guide to help community bankers learn more about grant and mortgage loan programs offered by State Housing Finance Agencies.</p> <p><i>The Affordable Mortgage Lending Guide, Part II: State Housing Finance Agencies</i> describes programs offered by State Housing Finance Agencies across the country. The guide focuses on first-lien mortgage products, down payment and closing assistance, mortgage tax credit certificates, and homeownership education and counseling programs that can facilitate mortgage lending by insured depository institutions. It also provides an individual summary of each State Housing Finance Agency, listing programs offered and providing web links for easy reference by bankers operating in that state or territory.</p> <p>The FDIC's <i>Affordable Mortgage Lending Guide Part I: Federal Agencies and Government Sponsored Enterprises</i> and <i>Part II: State Housing Finance Agencies</i> can be found at the <a href="#">Affordable Mortgage Lending Center</a>, an online resource center featuring data, fact sheets, and mortgage lending studies from the FDIC and other federal resources.</p>	FDIC

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TITLE	TYPE/DATE	DESCRIPTION	SOURCE
FDIC Issues List of Banks Examined for CRA Compliance	<a href="#">PR-100-2016</a> Nov. 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 August 2016. All the state-chartered banks in Texas evaluated during this period received Satisfactory ratings.	FDIC
FDIC Board Approves Final Rule on Deposit Account Recordkeeping Requirements to Facilitate Timely Access to Deposits in Large Bank Failures	<a href="#">PR-101-2016</a> Nov. 15, 2016	<p>The FDIC approved a final rule establishing recordkeeping requirements for FDIC-insured institutions with a large number of deposit accounts to facilitate rapid payment of insured deposits to customers if the institutions were to fail.</p> <p>The rule applies to insured depository institutions with more than 2 million deposit accounts, and generally requires these institutions to maintain complete and accurate data on each depositor. Further, the institutions are required to ensure that their information technology (IT) systems are capable of calculating the amount of insured money for most depositors within 24 hours of a failure.</p> <p>Currently there are 38 institutions with more than 2 million deposit accounts. The rule allows these institutions three years to develop the recordkeeping and IT systems required for compliance.</p>	FDIC
FFIEC Cybersecurity Assessment Tool – Frequently Asked Questions	<a href="#">FIL-68-2016</a> Oct. 18, 2016	<p>The FFIEC issued a Frequently Asked Questions (FAQ) guide related to the Cybersecurity Assessment Tool (CAT).</p> <p>The FFIEC published the CAT in June of 2015 as a voluntary tool to help financial institutions' management identify risk and determine their cybersecurity preparedness. The CAT provides a repeatable and measurable process that financial institutions may use to measure their cybersecurity preparedness over time. Financial institution management may choose to use the CAT or another framework, or another risk assessment process to identify inherent risk and cybersecurity preparedness.</p> <p>Financial institution management primarily is responsible for assessing and mitigating their institution's cybersecurity risk, including risks from services provided by third-parties. Financial institutions may find the latest information about cyber security risk management at the <a href="#">FFIEC Cybersecurity Awareness website</a>.</p>	FDIC FFIEC

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<p>Final Guidance on the Uniform Interagency Consumer Compliance Rating System</p>	<p><a href="#">FIL-75-2016</a> Nov. 8, 2016</p>	<p>The FFIEC issued final revisions to the Uniform Interagency Consumer Compliance Rating System (CC Rating System) to reflect the regulatory, supervisory, technological, and market changes that occurred in the years since the system was established. The revisions are designed to more fully align the rating system with the FFIEC Agencies' current risk-based, tailored examination approaches. The revisions were not developed to set new or higher supervisory expectations for financial institutions and their adoption will represent no additional regulatory burden. The CC Ratings System Guidance is effective on March 31, 2017.</p> <p>Highlights from the Guidance:</p> <p>The final CC Rating System is composed of guidance and definitions. The guidance provides examiners with direction on how to use the definitions when assigning a consumer compliance rating to an institution. The definitions consist of qualitative descriptions for each rating category.</p> <p>The final CC Rating System includes three categories of assessment factors:</p> <ol style="list-style-type: none"> <li>1) Board and Management Oversight;</li> <li>2) Compliance Program; and</li> <li>3) Violations of Law and Consumer Harm</li> </ol> <p>The final CC Rating System is based upon a numeric scale of 1 through 5 in increasing order of supervisory concern. Ratings of "1" or "2" represent satisfactory or better performance. Ratings of "3," "4," or "5" indicate performance that is less than satisfactory.</p> <p>The CC Rating System is "risk-based" to recognize and communicate clearly that compliance management programs vary based on the size, complexity, and risk profile of supervised institutions.</p>	<p>FDIC FFIEC</p>

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TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Final Rule Creates New Prepaid Account Requirements Pursuant to the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z)	<a href="#">FIL-76-2016</a> Nov. 8, 2016	<p>The CFPB issued a final rule establishing new consumer compliance requirements for prepaid accounts pursuant to Regulations E and Z. These requirements govern disclosures, limited liability and error resolution protections, credit features, and making account agreement information publicly available for prepaid accounts, among other provisions.</p> <p>Financial institutions must comply with the rule beginning October 1, 2017, though certain provisions are not effective until October 1, 2018.</p>	FDIC
Banker Teleconference Series: Timely and Comprehensive Information and Insights from the FDIC	<a href="#">FIL-77-2016</a> Nov. 15, 2016	The FDIC's Division of Depositor and Consumer Protection is offering a an interagency webinar scheduled for November 29, 2016, that will focus on the recently revised Interagency Questions and Answers regarding Community Reinvestment. The session is free, but registration is required. The webinar will feature presentations by staff from the FDIC, the OCC, and the FRB.	FDIC
Federal Reserve Board Approves 2017 Fee Schedules for Payment Services	<a href="#">Press Release</a> Oct. 25, 2016	The FRB approved fee schedules, effective January 3, 2017, for payment services the Reserve Banks provide to depository institutions (priced services). Overall, the Reserve Banks estimate that the price changes will result in a 3.2 percent average price increase.	FRB

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TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>Federal Reserve Board Announces Annual Indexing of Reserve Requirement Exemption Amount and of Low Reserve Tranche for 2017</p>	<p><a href="#">Press Release</a> Oct. 27, 2016</p>	<p>The FRB announced the annual indexing of two amounts used in determining reserve requirements of depository institutions. These amounts are the reserve requirement exemption amount and the low reserve tranche.</p> <p>All depository institutions must hold a percentage of certain types of deposits as reserves in the form of vault cash, as a deposit in a FR Bank, or as a deposit in a pass-through account at a correspondent institution. Reserve requirements currently are assessed on the depository institution's net transaction accounts (mostly checking accounts). Depository institutions must also regularly submit reports of their deposits and other reservable liabilities.</p> <p>For net transaction accounts in 2017, the first \$15.5 million, up from \$15.2 million in 2016, will be exempt from reserve requirements. A 3 percent reserve ratio will be assessed on net transaction accounts over \$15.5 million up to and including \$115.1 million, up from \$110.2 million in 2016. A 10 percent reserve ratio will be assessed on net transaction accounts in excess of \$115.1 million.</p>	<p>FRB</p>
<p>The October 2016 Senior Loan Officer Opinion Survey on Bank Lending Practices</p>	<p><a href="#">Survey</a> Nov. 7, 2016</p>	<p>The October 2016 Senior Loan Officer Opinion Survey on Bank Lending Practices addressed changes in the standards and terms on, and demand for, bank loans to businesses and households over the past three months. The FRB received survey responses from 69 domestic banks and 21 U.S. branches and agencies of foreign banks.</p> <p>The October survey results indicated that, on balance, banks left their standards on C&amp;I loans basically unchanged while tightening standards on CRE loans over the third quarter of 2016.</p> <p>During the third quarter, a moderate net fraction of banks reported having eased standards on GSE-eligible loans, while modest net fractions reported easing standards on mortgage loans categorized as QM non-jumbo, non-GSE-eligible residential and QM jumbo residential mortgages. Meanwhile, banks left their lending standards basically unchanged for all other categories of residential real estate home-purchase loans on net. Banks also reported that demand for most types of home-purchase loans strengthened over the third quarter on net.</p> <p>Regarding consumer loans, on balance, banks indicated that changes in standards on consumer loans remained basically unchanged, while demand for auto and credit card loans rose.</p>	<p>FRB</p>

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TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p><i>FedLinks</i> Bulletin: Intercompany Transactions</p>	<p><a href="#">FedLinks Bulletin</a> Sept. 2016</p>	<p><i>FedLinks</i> is a FR resource that aims to improve understanding of supervisory expectations among community bankers. <i>FedLinks</i> articles are targeted for use by bank holding companies and banks with assets of \$10 billion or less. This <a href="#">FedLinks Bulletin</a> focuses on the laws and regulations that govern intercompany transactions between a bank and its affiliates, as well as observed common pitfalls, standard practices, and examination tips.</p>	<p>FRB</p>
<p>FinCEN Issues Advisory to Financial Institutions on Cyber-Events and Cyber- Enabled Crime</p>	<p><a href="#">FIN-2016-A005</a> Oct. 25, 2016</p>	<p>The FinCEN has issued an advisory to financial institutions on cyber-events and cyber-enabled crime. Cybercriminals target the financial system to defraud financial institutions and their customers and to further other illegal activities. Financial institutions can play an important role in protecting the U.S. financial system from these threats. This advisory assists financial institutions in understanding their BSA obligations regarding cyber-events and cyber-enabled crime.</p> <p>In addition to the advisory, FinCEN has issued <a href="#">Frequently Asked Questions</a> regarding the reporting of cyber-events, cyber-enabled crime, and cyber-related information through SARs.</p>	<p>FinCEN</p>
<p>FinCEN's 314(a) Fact Sheet</p>	<p><a href="#">Fact Sheet</a> Nov. 8, 2016</p>	<p>The FinCEN provides a unique service to law enforcement to help locate financial assets and recent transactions by subjects of criminal investigations.</p> <p>FinCEN established the 314a Program through the issuance of a rule (finalized in 2002 and, as amended, now at 31 CFR Part 1010.520), which requires certain financial institutions to search their records and identify if they have responsive information with respect to the particular investigative subject.</p> <p>This Fact Sheet provides 314(a) statistics and law enforcement feedback. Based on the feedback, 95% of the 314(a) requests have contributed to arrests or indictments.</p>	<p>FinCEN</p>

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TITLE	TYPE/DATE	DESCRIPTION	SOURCE
OCC Issues Responsible Innovation Framework	<a href="#">NR 2016-135</a> Oct. 26, 2016	<p>The OCC announced it will establish an Office of Innovation and implement a framework to improve the agency’s ability to identify, understand, and respond to financial innovation affecting the federal banking system.</p> <p>Details regarding the agency’s framework for responsible innovation are available in <a href="#">Recommendations and Decisions for Implementing a Responsible Innovation Framework</a>. Recommendations include establishing a program of outreach and technical assistance to maintain agency awareness of innovation trends and activities and support banks and nonbank financial technology companies (fintechs) in their pursuit of responsible innovation affecting the federal banking system.</p> <p>The OCC’s assessment of granting a special purpose national bank charter to fintechs, and under what conditions, continues. The OCC has made no determination regarding chartering of these firms. The agency plans to publish a paper later this year discussing the issues associated with establishing a special purpose charter and seeking comment on the topic.</p>	OCC
FS-ISAC Announces the Formation of the Financial Systemic Analysis & Resilience Center (FSARC)	<a href="#">Press Release</a> Oct. 24, 2016	<p>The Financial Services Information Sharing and Analysis Center (FS-ISAC) announced the establishment of the Financial Systemic Analysis &amp; Resilience Center (FSARC.) The FSARC’s mission is to proactively identify, analyze, assess and coordinate activities to mitigate systemic risk to the U.S. financial system from current and emerging cyber security threats through focused operations and enhanced collaboration between participating firms, industry partners, and the U.S. Government, including the Department of Treasury, the Department of Homeland Security and the Federal Bureau of Investigation.</p> <p>Earlier this year, the CEOs of eight banks – Bank of America, BNY Mellon, Citigroup, Goldman Sachs, JPMorgan Chase, Morgan Stanley, State Street and Wells Fargo – came together to proactively identify ways to enhance the resilience of the critical infrastructure underpinning much of the U.S. financial system. The FSARC will continue to collaborate with its valued government partners and will expand its operational processes, establishing a physical location for the center and adding additional financial institutions that wish to participate in similar efforts. The FSARC is affiliated with FS-ISAC and complements the mission of FS-ISAC. Findings and adaptable mitigation strategies will be shared across the financial sector through FS-ISAC and membership.</p>	FS-ISAC

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### INDUSTRY PUBLICATIONS

CFPB's [2016 Financial Literacy Annual Report](#)

CFPB's [Supervisory Highlights, Issue No. 13 \(Fall 2016\)](#)

This edition contains supervisory observations in the areas of automobile loan origination, automobile loan servicing, debt collection, mortgage origination, mortgage servicing, student loan servicing and fair lending.

Dallas Fed's [Regional Economic Update – November 4, 2016](#)

Could this Be the End of the Texas Slump?

Dallas Fed's [Economic Indicators](#)

Austin, DFW, El Paso, Houston, Permian Basin, San Antonio, and Texas

Dallas Fed's [Texas Business Outlook Surveys](#)

Manufacturing, Service Sector and Retail

OCC's Comptroller's Handbook Booklet - [Community Bank Supervision](#)

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

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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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<b>ACRONYM/ABBREVIATION</b>	<b>MEANING</b>
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