



Supervisory Update News Summary

AS OF JANUARY 15, 2019

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Banking Commissioner Names Daniel Frasier as Director of Bank and Trust Supervision	Press Release Jan. 16, 2019	Texas Banking Commissioner Charles G. Cooper announced the appointment of Daniel B. (Dan) Frasier to the position of Director of Bank and Trust Supervision. Mr. Frasier replaces Kurt Purdom who was named Deputy Commissioner in November 2018.	TDB
FDIC Issues Final Rule on Reciprocal Deposits and Seeks Comments on Brokered Deposits and Interest Rate Restrictions	PR-98-2018 Dec. 19, 2018 FIL-87-2018 Dec. 19, 2018	The FDIC took two actions related to brokered deposits. The FDIC adopted a final rule related to the treatment of reciprocal deposits, and it also issued an advance notice of proposed rulemaking (ANPR) related to brokered deposits and the interest rate restrictions.	FDIC
Agencies Release Annual CRA Asset-Size Threshold Adjustments for Small and Intermediate Small Institutions	PR-100-2018 Dec. 20, 2018	The federal bank regulatory agencies announced the annual adjustment to the asset-size thresholds used to define small bank, small savings association, intermediate small bank, and intermediate small savings association under the Community Reinvestment Act (CRA) regulations.	FDIC FRB OCC
Agencies Allow Three-Year Regulatory Capital Phase in for New Current Expected Credit Losses (CECL) Accounting Standard	PR-102-2018 Dec. 21, 2018	The federal bank regulatory agencies approved a final rule modifying their regulatory capital rules and providing an option to phase in over a period of three years the day-one regulatory capital effects of the update to the accounting standard known as the CECL methodology. The final rule also revises the agencies' other rules to reflect the update to the accounting standards.	FDIC FRB OCC

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Agencies Issue Final Rules Expanding Examination Cycles for Qualifying Small Banks and U.S. Branches and Agencies of Foreign Banks	PR-103-2018 Dec. 21, 2018 FIL-89-2018 Dec. 21, 2018	The Federal banking agencies today issued final rules that adopt without change the interim final rules issued in August that expanded the number of insured depository institutions and U.S. branches and agencies of foreign banks eligible for an 18-month on-site examination cycle, rather than a 12-month cycle.	FDIC FRB OCC
Agencies Issue Statement on Financial Institutions Issuing Loans When National Flood Insurance Program is Unavailable	PR-106-2018 Dec. 28, 2018	The federal bank regulatory agencies remind banks, savings associations, and Farm Credit System institutions that they can continue to make loans during periods when the National Flood Insurance Program (NFIP) administered by the Federal Emergency Management Agency (FEMA) is unavailable.	FDIC FRB OCC FCA
FDIC Issues List of Banks Examined for CRA Compliance	PR-1-2019 Jan. 3, 2019	The FDIC issued its list of state nonmember banks recently evaluated for compliance with CRA. The list covers evaluation ratings that the FDIC assigned to institutions in October 2018. Six Texas state-chartered banks were evaluated during this period, with five receiving a Satisfactory rating and one receiving a rating of Outstanding.	FDIC
Regulators Encourage Institutions to Work with Borrowers Affected by Government Shutdown	PR-02-2019 Jan. 11, 2019 FIL-1-2019 Jan. 11, 2019	Five federal financial institutions regulators and state regulators encourage financial institutions to work with consumers affected by the federal government shutdown.	FDIC FRB OCC NCUA CSBS CFPB

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Bank Secrecy Act Technical Assistance Video Updated	FIL-90-2019 Dec. 28, 2018	<p>As part of the FDIC’s Community Banking Initiative, the FDIC is announcing the release of an updated technical assistance video on the BSA AML requirements, and the Treasury Department’s OFAC sanctions programs. The updated video provides an overview of current BSA/AML and OFAC requirements for directors of FDIC-supervised banks and savings associations.</p> <p>Among other things, the updated video reflects the new beneficial ownership and customer due diligence requirements and related examination procedures as described in FIL 26-2018 dated May 11, 2018, titled: <i>Bank Secrecy Act: Customer Due Diligence and Beneficial Ownership Examination Procedures</i></p>	FDIC
Consolidated Reports of Condition and Income for Fourth Quarter 2018	FIL-2-2019 Jan. 11, 2019	The Call Report for the December 31, 2018, report date must be submitted to the agencies' Central Data Repository (CDR) by Wednesday, January 30, 2019. Certain institutions with foreign offices have an additional five calendar days to file their reports. The Call Report for this quarter includes no new or revised data items. Supplemental Instructions address numerous reporting matters.	FDIC FRB OCC
Federal Reserve Board Approves Actions by the Boards of Directors of the Federal Reserve Banks of New York, Philadelphia, St. Louis, Minneapolis, and Dallas	Press Release Dec. 20, 2018	The FRB approved actions on Thursday by the Boards of Directors of the FRBs of New York, Philadelphia, St. Louis, Minneapolis, and Dallas, increasing the discount rate (the primary credit rate) at the Banks from 2-3/4 percent to 3 percent, effective immediately.	FRB
Federal Reserve Payments Study Supplement Shows Accelerated Electronic Payments Growth	Press Release Dec. 20, 2018	Growth in card payments has accelerated, according to new electronic payments data collected by the FRB. Card payments increased 10.1 percent by number and 8.4 percent by value from 2016 to 2017, each larger than the increases of 7.8 percent by number and 6.3 percent by value from 2015 to 2016. Remote payments claimed a greater share of total general-purpose card transactions over the 2016 to 2017 period, and the number of in-person chip-authenticated card payments also posted substantial gains. Check payments and automated teller machine (ATM) withdrawals declined by number yet increased in value.	FRB

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Federal Reserve Board Will Maintain Current Modeling Framework for Loan Allowances in its Supervisory Stress Test Through 2021	Press Release Dec. 21, 2018	The FRB announced that it will maintain the current modeling framework for loan allowances in its supervisory stress test--the Comprehensive Capital Analysis and Review (CCAR)--through 2021. The Board intends to evaluate appropriate future enhancements to the current framework as best practices for implementing CECL are developed.	FRB
Federal Reserve Board Issues Enforcement Action with Commercial State Bank	Press Release Jan. 8, 2019	The FRB announced the execution of a Cease and Desist Order dated December 26, 2018 against Commercial State Bank, Andrews, Texas, as the result of significant deficiencies in the bank's risk management and compliance with applicable laws, rules, and regulations relating to anti-money laundering.	FRB
Revision of Small and Intermediate Small Bank and Savings Association Asset Thresholds	OCC Bulletin 2019-1 Jan. 7, 2019	On December 27, 2018, the OCC published in the Federal Register revisions to its CRA regulations that became effective January 1, 2019. The revisions adjust the asset-size threshold amounts used to define "small bank," "small savings association," "intermediate small bank," and "intermediate small savings association." The rulemaking adjusts the threshold amounts based on the annual percentage change in a measure of the consumer price index.	OCC
Notice Adjusting Civil Money Penalties for 2019	OCC Bulletin 2019-2 Jan. 11, 2019	On December 27, 2018, the OCC published in the Federal Register a notice to adjust the maximum amount of each civil money penalty (CMP) within its jurisdiction pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (2015 Adjustment Act). The adjusted maximum penalties became effective as of January 1, 2019, for violations occurring on or after November 2, 2015.	OCC
FASB Issues Q&A on Estimating Credit Loss Reserves	Press Release Jan. 10, 2019	FASB staff issued a question-and-answer document that addresses particular issues related to the weighted average remaining maturity (WARM) method for estimating the allowance for credit losses as required in ASU No. 2016-13 , Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.	FASB

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
FinCEN Assesses \$14.5 Million Penalty Against UBS Financial Services for Anti-Money Laundering Failures	Press Release Dec. 18, 2018	The FinCEN announced an assessment against UBS Financial Services, Inc. (UBSFS) for willful violations of the BSA. UBSFS failed to develop and implement an appropriate, risk-based anti-money laundering (AML) program that adequately addressed the risks associated with accounts that included both traditional brokerage and banking-like services.	FinCEN
AG Paxton Announces \$575 Million Settlement with Wells Fargo for Violating Consumer Protection Laws	Press Release Dec. 28, 2018	Texas Attorney General Ken Paxton announced that Wells Fargo Bank N.A. will pay \$575 million to resolve claims that the bank violated consumer protection laws in Texas, 49 other states and the District of Columbia through alleged unfair and deceptive trade practices. Texas' share of the settlement is approximately \$47 million. The agreement represents the most significant engagement involving a national bank by state attorneys general acting without a federal law enforcement partner.	TxAG
Treasury Targets Venezuela Currency Exchange Network Scheme Generating Billions of Dollars for Corrupt Regime Insiders	Press Release January 8, 2019	The Treasury's OFAC sanctioned Venezuelan individuals and companies involved in a significant corruption scheme designed to take advantage of the Government of Venezuela's currency exchange practices, generating more than \$2.4 billion in corrupt proceeds. This designation, pursuant to Executive Order (E.O.) 13850, targets seven individuals, including former Venezuelan National Treasurer Claudia Patricia Diaz Guillen (Diaz) and Raul Antonio Gorrin Belisario (Gorrin), who bribed the Venezuelan Office of the National Treasury (ONT, or Oficina Nacional del Tesoro) in order to conduct illicit foreign exchange operations in Venezuela.	Treasury-OFAC

SUPERVISORY UPDATE NEWS SUMMARY

INDUSTRY PUBLICATIONS

FRB FedLinks - [Sound Risk Management of CRE Credit Concentrations](#) - December 2018

FRB Dallas - [Your Texas Economy](#) - An overview of the Texas economy as of December 21, 2018, examining job growth, unemployment trends, and the performance of key industry sectors

OCC - [2018 Annual Report](#) - January 2019

U.S. Treasury - [National Illicit Finance Strategy](#) – December 2018

Supporting Risk Assessments:

[The 2018 National Money Laundering Risk Assessment](#)

[The 2018 National Terrorist Financing Risk Assessment](#)

[The 2018 National Proliferation Financing Risk Assessment](#)

U.S. Treasury – Financial Stability Oversight Council – [2018 Annual Report](#)

SUPERVISORY UPDATE NEWS SUMMARY

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)
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

SUPERVISORY UPDATE NEWS SUMMARY

ACRONYMS AND ABBREVIATIONS

ACRONYM/ABBREVIATION	MEANING
AML	Anti-Money Laundering
ASU	Accounting Standards Update
BIS	Bank for International Settlements
BSA	Bank Secrecy Act
CFR	Code of Federal Regulations
CRA	Community Reinvestment Act
CRE	Commercial Real Estate
CFPB	Consumer Financial Protection Bureau
CSBS	Conference of State Bank Supervisors
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act
DOJ	Department of Justice
FASB	Financial Accounting Standards Board
FC	Finance Commission of Texas
FCA	Farm Credit Administration
FDIC	Federal Deposit Insurance Corporation
FDIC-OIG	FDIC Office of Inspector General
FFIEC	Federal Financial Institutions Examination Council
FHA	Federal Housing Authority
FHFA	Federal Housing Finance Agency

SUPERVISORY UPDATE NEWS SUMMARY

ACRONYM/ABBREVIATION	MEANING
FinCEN	Financial Crimes Enforcement Network
FRB (or Fed or FR)	Federal Reserve Board or Federal Reserve
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
SDN	Specially Designated National
SEC	Securities and Exchange Commission
TDB	Texas Department of Banking
TSSB	Texas State Securities Board
Treasury	U.S. Department of Treasury