



Supervisory Update News Summary

AS OF MARCH 15, 2020

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
UK, US State Officials Discuss Transatlantic Collaboration on Fintech and Financial Regulation	Press Release March 4, 2020	<p>State financial services regulators from the United States and representatives from the CSBS met with their counterparts in the United Kingdom this week to understand our different regulatory structures, explore areas of commonality, share best supervisory practices and lay the foundation for transatlantic collaboration.</p> <p>Delegation members included Charles G. Cooper, Banking Commissioner.</p>	CSBS
Banking Commissioner Issues Consent Order Relating to Justin L. Holt	Press Release Feb. 18, 2020	<p>On February 5, 2020, Commissioner Charles G. Cooper issued Consent Order No. 2020-002 relating to Justin L. Holt of Tyler, Texas.</p>	TDB
FDIC Announces Members for the Advisory Committee of State Regulators	PR-12-2020 Feb. 19, 2020	<p>The FDIC announced the selection of 15 members for its recently established Advisory Committee of State Regulators. The FDIC Board of Directors approved the formation of the new Advisory Committee on November 19, 2019, as another mechanism for state regulators and the FDIC to discuss a variety of current and emerging issues that have potential implications for the regulation and supervision of state-chartered financial institutions. The Advisory Committee members include regulators of state-chartered financial institutions from across the United States as well as other individuals with expertise in the regulation of state-chartered financial institutions.</p> <p>The new members of the Advisory Committee include Texas Banking Commissioner Charles G. Cooper.</p>	FDIC

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FDiTech Releases New Guide to Help 'FinTechs' Connect with Banks	PR-17-2020 Feb. 24, 2020	In its continuing effort to encourage technological innovation in the banking sector, the FDIC's technology lab (FDiTech) is releasing a new guide to help financial technology companies and others partner with banks.	FDIC
FDIC Makes Public January Enforcement Actions	PR-19-2020 Feb. 28, 2020	<p>The FDIC released a list of orders of administrative enforcement actions taken against banks and individuals in January. There are no administrative hearings scheduled for March 2020.</p> <p>Included in this list was an order of prohibition from further participation relating to David W. Mann, CEO and Chair of the Citizens State Bank, Woodville, Texas.</p>	FDIC
FDIC Issues List of Banks Examined for CRA Compliance	PR-21-2020 March 4, 2020	<p>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 December 2019.</p> <p>Four Texas state-chartered banks were evaluated during this period, three of which received a Satisfactory rating. Pearland State Bank, however, received a Needs to Improve rating.</p>	FDIC
Agencies Encourage Financial Institutions to Meet Financial Needs of Customers and Members Affected by Coronavirus	PR-25-2020 March 9, 2020	Federal financial institution regulators and state regulators today encouraged financial institutions to meet the financial needs of customers and members affected by the coronavirus. The agencies recognize the potential impact of the coronavirus on the customers, members, and operations of many financial institutions and will provide appropriate regulatory assistance to affected institutions subject to their supervision.	FDIC CFPB CSBS FRB NCUA OCC

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Regulatory Reporting Revisions to the Consolidated Reports of Condition and Income (Call Report) and the FFIEC 101 Report	FIL-11-2019 Feb. 19, 2020	The banking agencies, under the auspices of the FFIEC, have finalized capital-related reporting changes and other reporting revisions, which are described in the Federal Register notice. These changes and revisions apply to each version of the Call Report and the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101). These reporting changes and revisions, proposed in October 2019, are subject to approval by the U.S. Office of Management and Budget.	FDIC FRB OCC
Regulatory Relief: Working with Customers Affected by the Coronavirus	FIL-17-2020 March 13, 2020	The FDIC encourages financial institutions to take prudent steps to assist customers and communities affected by the Coronavirus Disease 2019 (referred to as COVID-19). The FDIC recognizes that efforts to work with customers and communities affected by COVID-19 can be consistent with safe and sound banking practices and in the public interest. The FDIC issued a Statement on Financial Institutions Working with Customers Affected by the Coronavirus and Regulatory and Supervisory Assistance.	FDIC
FFIEC Highlights Pandemic Preparedness Guidance	Press Release March 6, 2020	The FFIEC updated guidance identifying actions that financial institutions should take to minimize the potential adverse effects of a pandemic.	FFIEC
Federal Reserve Board Approves Rule to Simplify its Capital Rules for Large Banks, Preserving the Strong Capital Requirements Already in Place	Press Release March 4, 2020	<p>The FRB approved a rule to simplify its capital rules for large banks, preserving the strong capital requirements already in place.</p> <p>The “stress capital buffer,” or SCB, integrates the Board’s stress test results with its non-stress capital requirements. As a result, required capital levels for each firm would more closely match its risk profile and likely losses as measured via the Board’s stress tests. The rule is broadly similar to the proposal from April 2018, with a few changes in response to comments.</p>	FRB

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Federal Reserve Board Publishes Community Reinvestment Act Analytics Data Tables	Press Release March 6, 2020	The FRB released a series of CRA Analytics Data Tables. This data resource is intended to provide insight into the historical relationship between bank lending activity and regulatory assessments.	FRB
Federal Reserve Actions to Support the Flow of Credit to Households and Businesses	Press Release March 15, 2020	The FRB is carefully monitoring credit markets and is prepared to use its full range of tools to support the flow of credit to households and businesses and thereby promote its maximum employment and price stability goals. In addition to actions taken by the Federal Open Market Committee, including actions taken in coordination with other central banks, the Federal Reserve Board announced a series of actions in support of these goals.	FRB
Coordinated Central Bank Action to Enhance the Provision of U.S. Dollar Liquidity	Press Release March 15, 2020	The Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Federal Reserve, and the Swiss National Bank are today announcing a coordinated action to enhance the provision of liquidity via the standing U.S. dollar liquidity swap line arrangements.	FRB
Supervisory Practices Regarding Financial Institutions Affected by Coronavirus	SR 20-4 March 13, 2020	On March 9, the FRB and the other federal financial institution regulatory agencies and state bank regulators issued a statement to encourage financial institutions to meet the financial services needs of their customers and members in areas affected by the coronavirus. Financial institutions are encouraged to review SR letter 13-6 / CA letter 13-3, “Supervisory Practices Regarding Banking Organizations and their Borrowers and Other Customers Affected by a Major Disaster or Emergency.” This letter discusses the supervisory practices that the Federal Reserve System will employ when financial institutions and their customers are affected by coronavirus. SR letter 13-6 / CA letter 13-3 also provides examples of efforts that financial institutions may want to consider in working with affected customers.	FRB

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FASB Issues Narrow-Scope Improvements to Financial Instruments Guidance	Press Release March 9, 2020	The FASB issued ASU 2020-03 that makes narrow-scope improvements to various aspects of the financial instruments guidance, including the current expected credit losses (CECL) standard issued in 2016.	FASB
FASB Issues Guidance to Assist in Transition Away from Interbank Offered Rates to New Reference Rates	Press Release March 12, 2020	The FASB issued ASU 2020-04 that provides temporary optional guidance to ease the potential burden in accounting for reference rate reform.	FASB
FinCEN Penalizes U.S. Bank Official for Corporate Anti-Money Laundering Failures	Press Release March 4, 2020	The FinCEN has assessed a \$450,000 civil money penalty against Michael LaFontaine, former Chief Operational Risk Officer at U.S. Bank National Association (U.S. Bank), for his failure to prevent violations of the BSA during his tenure. U.S. Bank used automated transaction monitoring software to spot potentially suspicious activity, but it improperly capped the number of alerts generated, limiting the ability of law enforcement to target criminal activity. In addition, the bank failed to staff the BSA compliance function with enough people to review even the reduced number of alerts enabling criminals to escape detection.	FinCEN
Standardized Approach for Counterparty Credit Risk: Final Rule	OCC Bulletin 2020-7 Feb. 18, 2020	The OCC, FRB, and FDIC (collectively, the agencies) published a final rule to provide an updated framework for measuring the exposure amount of derivatives contracts. The final rule replaces the existing current exposure methodology (CEM) with the standardized approach for counterparty credit risk (SA-CCR) for banks subject to the advanced approaches, while permitting smaller banks to use CEM or SA-CCR. SA-CCR is a more risk-sensitive approach that better reflects industry practices including margining for derivative contracts.	OCC

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Governor Abbott, Texas Division of Emergency Management Appeal FEMA Public Assistance Denial for Tropical Storm Imelda	Press Release March 11, 2020	Governor Greg Abbott announced that the State of Texas has appealed the Federal Emergency Management Agency's (FEMA) denial of Texas' Major Disaster Declaration request for Public Assistance for Tropical Storm Imelda. The Governor initially requested a Presidential Disaster Declaration for Individual Assistance for six Texas counties in October 2019 following widespread damage and severe flooding from the storm. This request was approved in October. A subsequent request for Public Assistance, submitted by Texas Division of Emergency Management (TDEM) Chief Nim Kidd in December of 2019, was denied.	TxGov
Governor Abbott Declares State of Disaster Due to Drought Conditions In 24 Texas Counties	Proclamation March 2, 2020	<p>Texas Governor Greg Abbott on January 31, 2020, declared a state of disaster in 22 counties due to exceptional drought conditions. Included in the declaration were Anderson, Bell, Blanco, Burleson, Burnet, Cherokee, Dimmit, Freestone, Henderson, Jackson, Karnes, Kinney, Llano, Maverick, Navarro, Real, Smith, Uvalde, Val Verde, Williamson, Zapata, and Zavala counties.</p> <p>Exceptional drought conditions continue to pose a threat of imminent disaster in Burleson, Dimmit, Jackson, Karnes, Maverick, Uvalde, Zapata, and Zavala counties, and conditions also now threaten Atascosa, Bee, Caldwell, Colorado, DeWitt, Frio, Gonzales, Guadalupe, Jim Hogg, La Salle, Lavaca, Live Oak, Starr, Webb, Wharton, and Wilson counties.</p>	TxGov
Governor Abbott Declares State of Disaster in Texas Due to COVID - 19	Proclamation March 13, 2020	Texas Governor Greg Abbott issued a proclamation certifying that COVID - 19 poses an imminent threat of disaster in the state and declaring a state of disaster for all counties in Texas.	TxGov

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INDUSTRY PUBLICATIONS
Department of Banking - Overall Texas Banking Activity - Data as of December 31, 2019
Department of Banking - Agency Profile - March 2020
Department of Banking - Top 100 Banks in Texas - Data as of December 31, 2019
FDIC - Quarterly Banking Profile - Fourth Quarter 2019
FDIC - Working Paper: Information Management in Times of Crisis - February 2020
FRB Beige Book - Summary of Commentary on Current Economic Conditions - March 4, 2020
FRB Dallas - Your Texas Economy - An overview of the Texas economy as of January 31, 2020, examining job growth, unemployment trends, and the performance of key industry sectors
FRB Minneapolis - Staff Report: Rising Bank Concentration (National) - March 2020
OCC - Comptroller's Handbook - Updated sections provides information and procedures for examiners in connection with the foreclosure activities and related consumer protections covered under the Protecting Tenants at Foreclosure Act of 2009 - March 2, 2020

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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)
Office of Foreign Assets Control, U.S. Treasury (OFAC)
Real Estate Market Reports (Texas A&M RE Center)
Simply Stated (CSBS podcast)
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
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

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ACRONYM/ABBREVIATION	MEANING
FHFA	Federal Housing Finance Agency
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