



Supervisory Update News Summary

AS OF APRIL 15, 2018

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
CFPB Issues Semi-Annual Report	Press Release April 3, 2018	<p>The CFPB released its semi-annual report highlighting the Bureau's work. This is the first report issued by Acting Director Mick Mulvaney and includes four recommendations for statutory changes to the Bureau:</p> <ol style="list-style-type: none">1. Fund the Bureau through Congressional appropriations;2. Require legislative approval of major Bureau rules;3. Ensure that the Director answers to the President in the exercise of executive authority; and4. Create an independent Inspector General for the Bureau.	CFPB
CFPB Issues Request for Information on Consumer Complaints and Inquiries	Press Release April 11, 2018	<p>The CFPB (Bureau) today issued a Request for Information on its handling of consumer complaints and inquiries. The Bureau is seeking comments and information from interested parties to assist the Bureau in assessing its handling of consumer complaints and consumer inquiries and, consistent with law, considering whether changes to its processes would be appropriate.</p>	CFPB

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>State Financial Regulators Name Fintech Innovation Contacts</p>	<p>Press Release April 10, 2018</p>	<p>To foster communication between regulators and industry regarding financial technology, regulators from all 50 states and the District of Columbia have designated an Innovation Staff Contact within their offices, CSBS announced today.</p> <p>The Innovation Contact will be the primary contact for fintech officials, streamlining communication on money transmission, payments and lending. The contact for Texas is Daniel Frasier, Director of Corporate Activities.</p> <p>Collectively, state regulators oversee 79 percent of all U.S. banks and 23,000 nonbanks licensed at the state level. In 2017, state regulators, through CSBS, committed to moving towards an integrated, 50-state licensing and supervisory system for fintechs and other nonbanks. CSBS adopted CSBS Vision 2020 to reflect implementation initiatives, such as:</p> <ul style="list-style-type: none"> • A Fintech Industry Advisory Panel of 33 companies to identify pain points and recommend solutions • A next generation technology platform, now in development, to streamline licensing and supervision • State efforts to harmonize their licensing and supervisory practices. 	<p>CSBS</p>
<p>ALERT: Fraudulent Emails Purporting To Be From Finance Commission of Texas Involving Fictitious Invitation to Bid</p>	<p>Press Release April 5, 2018</p>	<p>The Finance Commission of Texas has become aware of fraudulent emails purporting to be an invitation to bid on computer peripherals and audio-visual equipment. The bogus solicitation is styled as “FINANCE COMMISSION OF TEXAS - Invitation to Bid” with contact information being “Charles Cooper: Banking Commissioner & Procurement Officer”. The fictitious bid specifically seeks vendors who specialize in 3D printers.</p> <p>Consumers and business owners are encouraged to review all correspondence carefully to ensure they are familiar with the sender. Recipients of this email should notify the Office of the Attorney General of Texas, Constituent Affairs Division, at 800-252-8011.</p>	<p>TDB</p>

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Preparing for the Implementation of the Current Expected Credit Losses (CECL) Methodology	Industry Notice 2018-01 March 26, 2018	The implementation of FASB's ASU 2016-13 , <i>Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> , commonly referred to as the Current Expected Credit Losses (CECL) method, will have a significant impact on the way financial institutions estimate and provide for credit losses. Early preparation is prudent; institutions should start planning as soon as possible to transition to CECL by the required implementation date.	TDB
Texas Sunset Advisory Commission Staff Report	Report April 2018	The Texas Sunset Advisory Commission released the staff report regarding the Finance Commission of Texas, Texas Department of Banking, Office of Consumer Credit Commissioner, and the Department of Savings and Mortgage Lending. The TDB's Self Evaluation Report and the Sunset Advisory Commission Executive Summary and Full Report are available on the TDB website .	TDB SAC
FDIC Makes Public February Enforcement Actions	PR-22-2018 March 30, 2018	The FDIC released a list of orders of administrative enforcement actions taken against banks and individuals. There are no administrative hearings scheduled for April 2018. Included in these actions: Removal/Prohibition Order Jonathan A. Witte, Prosperity Bank, El Campo; Issued 2/9/18.	FDIC

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Federal Banking Agencies Issue Final Rule to Exempt Commercial Real Estate Transactions of \$500,000 or Less from Appraisal Requirements	<p>PR-23-2018 April 2, 2018</p> <p>FIL-14-2018 April 2, 2018</p> <p>FRB Press Release April 2, 2018</p>	<p>The FRB, FDIC, and OCC issued a final rule that increases the threshold for commercial real estate transactions requiring an appraisal from \$250,000 to \$500,000.</p> <p>The agencies originally proposed to raise the threshold, which has been in place since 1994, to \$400,000, but determined that a \$500,000 threshold will materially reduce regulatory burden and the number of transactions that require an appraisal. The agencies also determined that the increased threshold will not pose a threat to the safety and soundness of financial institutions.</p> <p>The final rule allows a financial institution to use an evaluation rather than an appraisal for commercial real estate transactions exempted by the \$500,000 threshold. Evaluations provide a market value estimate of the real estate pledged as collateral, but do not have to comply with the Uniform Standards of Professional Appraiser Practices and do not require completion by a state licensed or certified appraiser.</p> <p>This final rule is effective on April 9, 2018.</p>	FDIC FRB OCC
FDIC Issues List of Banks Examined for CRA Compliance	<p>PR-24-2018 April 5, 2018</p>	<p>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 January 2018. The six Texas state-chartered banks evaluated each received a “Satisfactory” rating.</p>	FDIC

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>FDIC Hosts <i>Use of Technology in the Business of Banking Forum</i> in Arlington, Virginia</p>	<p>PR-25-2018 April 12, 2018</p>	<p>The FDIC will host a forum on the <i>Use of Technology in the Business of Banking</i> on Monday, May 7, 2018. Panels will focus on emerging technologies that are transforming banking operations; the impact of emerging technologies on retail banking, including new and innovative delivery channels, enhanced customer experiences, and economic inclusion; and consumer financial data access—balancing rights and security.</p> <p>The forum will bring together representatives of banks that use or are considering using emerging technologies, firms offering emerging technologies, bank trade associations, and federal and state financial regulatory agencies, as well as thought leaders on the use of technology in the business of banking and leaders of consumer and community organizations.</p> <p>The forum will be held from 9:00 a.m. to 3:45 p.m. Eastern Time in the FDIC's Sheila C. Bair Auditorium. The forum will be webcast live and recorded for on-demand access after the event. The link to access the live webcast will be available on the FDIC.gov home page the morning of the event.</p>	<p>FDIC</p>
<p>Consolidated Reports of Condition and Income</p>	<p>FIL-18-2018 April 12, 2018</p>	<p>In the Consolidated Reports of Condition and Income (Call Report) for the March 31, 2018, report date, revisions to several schedules are taking effect in response to changes in the accounting for equity securities and other equity investments. The Call Report for the first quarter of 2018 must be submitted to the banking agencies' Central Data Repository by Monday, April 30, 2018. Certain institutions with foreign offices have an additional five calendar days to file their reports.</p> <p>Institutions should review FIL-17-2018 and its accompanying Supplemental Instructions for further information on the first quarter 2018 Call Report.</p>	<p>FDIC</p>
<p>Quarterly Banking Profile: Fourth Quarter 2017</p>	<p>Report March 27, 2018</p>	<p>FDIC-insured institutions reported aggregate net income of \$25.5 billion in the fourth quarter of 2017, down \$17.7 billion (40.9 percent) from a year earlier. Higher income taxes, reflecting one-time income tax effects enacted from the new tax law, coupled with higher noninterest expense and loan-loss provisions, lowered quarterly net income. Excluding one-time income tax effects, estimated quarterly net income would have been \$42.2 billion, down 2.3 percent.</p>	<p>FDIC</p>

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>FFIEC Provides Update on Examination Modernization Project</p>	<p>Press Release March 22, 2018</p> <p>FIL-11-2018 March 22, 2018</p>	<p>FFIEC has announced an update on the status of its Examination Modernization Project. The objective of the project is to identify and assess ways to improve the community bank safety-and-soundness examination process, particularly through increased leveraging of technology. It was undertaken as a follow-up to the review of regulations under the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA).</p> <p>FFIEC members plan to focus initial efforts on the following four areas that have the potential for the most meaningful supervisory burden reduction:</p> <ul style="list-style-type: none"> • Highlight and reinforce regulator communication objectives before, during, and after examinations; • Leverage technology and shift, as appropriate, examination work from onsite to offsite; • Continue to tailor examinations based on risk; and • Improve electronic file transfer systems to facilitate the secure exchange of information between institutions and supervisory offices or examiners <p>The Examination Modernization Project is expected to be a long-term endeavor and other areas of improvement may emerge.</p>	<p>FFIEC FDIC FRB</p>
<p>Banking Agencies Finalize Revisions to Streamline the Call Report</p>	<p>Press Release March 30, 2018</p> <p>FIL-12-2018 March 30, 2018</p> <p>FIL-13-2018 March 30, 2018</p>	<p>The three federal banking agencies, as members of the FFIEC, are finalizing revisions to streamline the “Call Report” as part of their efforts to reduce data reporting and other burdens for financial institutions</p> <p>The changes finalized by the FRB, the FDIC, and the OCC would remove or consolidate a number of data items and add a new or raise certain existing reporting thresholds in the three versions of the Call Report. The revisions, which were proposed in November 2017, will take effect as of the June 30, 2018, report date.</p> <p>Combined with prior revisions to the Call Report, approximately 51 percent of required data items for smaller, less complex institutions, and 28 percent of required data items for all other institutions have been changed.</p>	<p>FFIEC FDIC FRB OCC</p>

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>FFIEC Issues Joint Statement: Cyber Insurance and Its Potential Role in Risk Management Programs</p>	<p>Press Release April 10, 2018</p> <p>FIL-16-2018 April 10, 2018</p>	<p>FFIEC members today issued a joint statement to describe matters that financial institutions should consider if they are determining whether to use cyber insurance as a component of their risk management programs.</p> <p>The FFIEC members do not require financial institutions to maintain cyber insurance. The evolving cyber insurance market and the shifting cyber threat landscape may, however, prompt financial institutions to consider whether cyber insurance would be an effective part of their overall risk management programs.</p>	<p>FFIEC FDIC</p>
<p>Federal Reserve Board Seeks to Permanently Bar Former Employee of Frost Bank from Employment in Banking Industry</p>	<p>Press Release March 22, 2018</p>	<p>The FRB announced that it is seeking to permanently bar Raysol Villalobos (a/k/a Ray Galvan), a former employee of Frost Bank, San Antonio, Texas, from employment in the banking industry and to impose a \$9,819 fine on him and require him to pay \$35,000 in restitution to Frost Bank.</p> <p>Villalobos, a former personal banker at Frost Bank, is alleged to have misappropriated approximately \$30,000 from a bank customer's safe deposit box. The FRB's enforcement action alleges that Villalobos' conduct constituted violations of law and unsafe or unsound banking practices.</p>	<p>FRB</p>
<p>Federal Reserve Board Announces it is Seeking to Fine, Permanently Bar 2 Former Regions Bank Employees from Banking Industry</p>	<p>Press Release March 26, 2018</p>	<p>The FRB announced that it is seeking to permanently bar Nathaniel Frazier and Jeffrey Garrison, former employees of Regions Bank, Birmingham, Alabama, from employment in the banking industry and to impose a fine of \$18,936 against Frazier and \$9,468 against Garrison.</p> <p>Frazier, a former branch manager at Regions Bank, and Garrison, a former financial services specialist at Regions Bank, are alleged to have made false entries in Regions Bank's records, by improperly inflating credit applicants' reported income and, in Garrison's case, opening credit card accounts without customer authorization. The FRB's enforcement action alleges that Frazier's and Garrison's conduct constituted violations of law and unsafe or unsound banking practices.</p>	<p>FRB</p>

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Rule Proposed to Tailor ‘Enhanced Supplementary Leverage Ratio’ Requirements	Press Release April 11, 2018	<p>The FRB and OCC have proposed a rule that would further tailor leverage ratio requirements to the business activities and risk profiles of the largest domestic firms.</p> <p>Currently, firms that are required to comply with the “enhanced supplementary leverage ratio” are subject to a fixed leverage standard, regardless of their systemic footprint. The proposal would instead tie the standard to the risk-based capital surcharge of the firm, which is based on the firm’s individual characteristics. The resulting leverage standard would be more closely tailored to each firm.</p>	FRB OCC
Federal Reserve Board Approves Proposal to Revise Regulatory Capital Rules to Address and Provide an Option to Phase in the Effects of the New Accounting Standard for Credit Losses	Press Release April 13, 2018	<p>The FRB announced it has approved a proposal to revise its regulatory capital rules to address and provide an option to phase in the regulatory capital effects of the new accounting standard for credit losses, known as the “Current Expected Credit Losses” (CECL) methodology.</p> <p>The proposal addresses the regulatory capital treatment of credit loss allowances under the CECL methodology and would allow banking organizations to phase in the day-one regulatory capital effects of CECL adoption over three years. The proposal would revise the Board’s regulatory capital rules and other rules to take into consideration the new accounting standard.</p>	FRB
OCC Reports Fourth Quarter 2017 Bank Trading Revenue	NR 2018-30 March 23, 2018	<p>The OCC reported trading revenue of U.S. commercial banks and federal savings associations of \$5 billion in the fourth quarter 2017, \$1.4 billion, or 21.2 percent, lower than the previous quarter.</p> <p>In the report, Quarterly Report on Bank Trading and Derivatives Activities, the OCC also noted that trading revenue in the fourth quarter 2017 decreased by 16.1 percent compared with the \$6 billion reported in the fourth quarter 2016.</p>	OCC

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Frequently Asked Questions Regarding Customer Due Diligence Requirements for Financial Institutions	FIN-2018-G001 April 3, 2018	FinCEN is issuing these Frequently Asked Questions (FAQs) to assist covered financial institutions in understanding the scope of the Customer Due Diligence Requirements for Financial Institutions (“CDD Rule”), published on May 11, 2016, as amended on September 29, 2017, available at https://www.fincen.gov/resources/statutes-regulations/federal-register-notices/customer-due-diligence-requirements . FinCEN may issue additional FAQs, guidance, or grant exceptive relief as appropriate.	FinCEN
Governor Abbott Again Declares Disaster Proclamation Extension for Texas Counties Impacted by Hurricane Harvey	Proclamation April 13, 2018	Texas Governor Greg Abbott renewed the disaster proclamation for 60 counties. This includes the counties in the original proclamation on August 23, 2017 of Aransas, Austin, Bee, Brazoria, Calhoun, Chambers, Colorado, DeWitt, Fayette, Fort Bend, Galveston, Goliad, Gonzales, Harris, Jackson, Jefferson, Jim Wells, Karnes, Kleberg, Lavaca, Liberty, Live Oak, Matagorda, Nueces, Refugio, San Patricio, Victoria, Waller, Wharton and Wilson counties as well as the counties subsequently added to include Angelina, Atascosa, Bastrop, Burleson, Bexar, Brazos, Caldwell, Cameron, Comal, Grimes, Guadalupe, Hardin, Jasper, Kerr, Lee, Leon, Madison, Milam, Montgomery, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Trinity, Tyler, Walker, Washington and Willacy counties.	TxGov
Governor Abbott Issues Disaster Declaration In Response Drought Conditions Across Texas	Proclamation April 13, 2018	Texas Governor Greg Abbott issued a disaster declaration due to drought conditions in 72 counties. This includes the counties of Armstrong, Andrews, Archer, Bastrop, Baylor, Bell, Bosque, Briscoe, Burnet, Carson, Castro, Childress, Cochran, Collingsworth, Coryell, Cottle, Crosby, Dallam, Deaf Smith, Dickens, Donley, Erath, Falls, Floyd, Foard, Gaines, Garza, Gray, Hall, Hamilton, Hansford, Hardeman, Hartley, Haskell, Hemphill, Hill, Hutchinson, Johnson, Kent, King, Knox, Lee, Limestone, Lipscomb, Loving, Lubbock, Lynn, McLennan, Milam, Moore, Motley, Ochiltrie, Oldham, Parmer, Potter, Randall, Roberts, Robertson, Shackelford, Sherman, Somervell, Stephens, Stonewall, Swisher, Throckmorton, Travis, Wheeler, Wilbarger, Williamson, Winkler, Yoakum, and Young.	TxGov

SUPERVISORY UPDATE NEWS SUMMARY

INDUSTRY PUBLICATIONS

Department of Banking/Department of Savings and Mortgage Lending - [Condition of the Texas Banking System](#) - March 2018 with financial data as of December 31, 2017

Department of Banking - [Banker Economic and Business Survey- First Quarter 2018 Results](#)

FDIC [State Profiles- Fourth Quarter 2017](#). - Quarterly summary of banking and economic conditions in each state.

FRB Dallas - [2017 Annual Report](#) - Focuses on how the Dallas Fed served Gulf Coast communities during Hurricane Harvey.

FRB Dallas - [Southwest Economy – First Quarter 2018](#) - Quarterly publication featuring in-depth articles and interviews about Texas and the surrounding region, as well as Mexico.

FRB Dallas - [Your Texas Economy](#) - An overview of the Texas economy as of March 23, 2018, examining job growth, unemployment trends, and the performance of key industry sectors

FRB Dallas - [Economic Indicators](#) - Economic indicators offer a snapshot of the economy in various cities and regions in the Eleventh District including Austin, DFW, El Paso, Houston, Permian Basin, and San Antonio.

FRB Dallas - [Texas Business Outlook Surveys](#) - Monthly Manufacturing, Service Sector and Retail Surveys

Texas Comptroller of Public Accounts - [Fiscal Notes](#) - Provides information, original research and balanced analysis on the Texas economy.

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
CFPB	Consumer Financial Protection Bureau
CFR	Code of Federal Regulations
CRA	Community Reinvestment Act
CRE	Commercial Real Estate
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