



Supervisory Update News Summary

AS OF JUNE 15, 2017

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>Rules on Combating Money Laundering and Terrorist Financing in Correspondent Banking Clarified by the Basel Committee</p>	<p>Press Release June 7, 2017</p>	<p>Banks have clearer guidance on how to best manage risks related to money laundering and the financing of terrorism under final revisions issued by the Basel Committee on Banking Supervision. The revisions pertain to Annexes 2 ("Correspondent banking") and 4 ("General guide to account opening") of the guidelines on the Basel Committee's <i>Sound management of risks related to money laundering and financing of terrorism</i>.</p> <p>The revisions aim to ensure that banks conduct correspondent banking business with the best possible understanding of the applicable rules on anti-money laundering and countering the financing of terrorism. The Committee's guidance includes a list of risk indicators that correspondent banks should consider in their risk assessment of money laundering and financing of terrorism associated with correspondent banking.</p> <p>The Basel Committee's guidance sets out concrete regulatory and supervisory expectations. The publication is fully consistent with and complements the Financial Action Task Force (FATF) standards and guidance, including the <i>Guidance on correspondent banking services</i> issued in October 2016.</p>	<p>BIS</p>
<p>Second Set of FAQs on the Liquidity Coverage Ratio Issued by the Basel Committee</p>	<p>Press Release June 8, 2017</p>	<p>The Basel Committee on Banking Supervision issued a second set of frequently asked questions (FAQs) and answers on Basel III's Liquidity Coverage Ratio (LCR). These respond to a number of interpretation questions received by the Basel Committee related to the <i>January 2013 publication of the LCR standard</i>.</p> <p>To promote consistent global implementation of these requirements, the Committee periodically reviews frequently asked questions and publishes answers along with any necessary technical elaboration of the rules text and interpretative guidance. This new set of FAQs are grouped according to the paragraph number of the related issue within the LCR framework and have been combined with existing FAQs published in April 2014.</p>	<p>BIS</p>

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
CSBS Announces New Leadership	Press Release May 23, 2017	CSBS announced the election of Albert Forkner, Commissioner of the Wyoming Division of Banking, as the new chairman of the CSBS Board of Directors. The election took place during the organization’s annual membership meeting in New Orleans where new officers were also elected for 2017-2018. CSBS has also announced new committee chair appointments. Immediate Past Chairman: Charles G. Cooper, Commissioner, Texas Department of Banking, serves on the Executive Committee.	CSBS
The University of Akron Wins First Place in CSBS Community Bank Competition	Press Release May 25, 2017	<p>CSBS announced The University of Akron has been named first place winner in its nationwide 2017 Community Bank Case Study Competition. As first place winner, The University of Akron team will receive a \$1,000 CSBS scholarship per student, an opportunity to present their case study in St. Louis at the CSBS-Federal Reserve Community Banking Research and Policy Conference, and the team will have their work published in the Journal of Community Bank Case Studies.</p> <p>CSBS has also announced Iowa State University as second place winner and Texas Tech University as third place winner in the competition. As second place winner, the Iowa State University student team will receive a \$500 CSBS scholarship per student. The Texas Tech University student team will receive a \$250 CSBS scholarship per student. Both teams will also have their works published in the Journal of Community Bank Case Studies.</p>	CSBS
First Community Bank, National Association, San Benito, Texas, Converts to a State-Chartered Bank	Press Release June 2, 2017	<p>Texas Banking Commissioner Charles G. Cooper announced that First Community Bank, N.A., headquartered in San Benito, Texas, completed its conversion to a Texas state-chartered bank. Effective June 2, 2017, the bank will operate under the name of First Community Bank.</p> <p>First Community Bank is a subsidiary of First San Benito Bancshares Corporation and has \$364 million in assets. The bank opened its doors for business in October 1979 as a community-oriented bank under the name of First National Bank of San Benito. The bank has nine locations in the Rio Grande Valley – Brownsville, Harlingen, Los Fresnos, San Benito, South Padre Island, McAllen and Raymondville.</p>	TDB

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Texas Town Hall Meetings 2017	Industry Notice-2017-07 June 6, 2017	<p>The TDB will be hosting four town hall meetings to give each community banker an open forum to discuss issues affecting community banks. Topics discussed will help support the 5th Annual Community Banking in the 21st Century Conference to be held in early October.</p> <p>Space is limited to 50 seats per location. Although there is no charge to attend, participants are asked to register.</p> <p>Town hall meetings will be held in the following cities/dates:</p> <p>Dallas - Monday, July 10, 2017 San Antonio - Tuesday, August 1, 2017 Bryan/College Station - Wednesday, August 2, 2017 Lubbock - Wednesday, August 16, 2017</p>	TDB
FDIC-Insured Institutions Earn \$44 Billion in First Quarter 2017 Community Bank Net Income Rises to \$5.6 Billion	PR-39-2017 May 24, 2017	<p>Commercial banks and savings institutions insured by the FDIC reported aggregate net income of \$44 billion in the first quarter of 2017, up \$5 billion (12.7 percent) from a year earlier. The increase in earnings was mainly attributable to an \$8.8 billion (7.8 percent) increase in net interest income and a \$2.1 billion (3.4 percent) increase in noninterest income. Financial results for the first quarter of 2017 are included in the FDIC's latest Quarterly Banking Profile.</p>	FDIC
FDIC Makes Public April Enforcement Actions	PR-40-2017 May 26, 2017	<p>The FDIC released a list of orders of administrative enforcement actions taken against banks and individuals in April. The list includes:</p> <p><i>Removal/Prohibition Orders</i></p> <p>Rick Hajdik, Lone Star Bank, Houston, 4/21/2017 James R. Parker, The Elkhart State Bank, Elkhart, 4/21/2017 Diane R. Parker, The Elkhart State Bank, Elkhart, 4/21/2017</p> <p><i>Assessment of Civil Money Penalty</i></p> <p>Diane R. Parker, \$30,000, The Elkhart State Bank, Elkhart, 4/21/2017 James R. Parker, \$45,000, The Elkhart State Bank, Elkhart, 4/21/2017</p>	FDIC

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Financial Institution Regulatory Agencies Issue Advisory on Appraiser Availability	PR-41-2017 May 31, 2017 FIL-19-2017 May 31, 2017	<p>Responding to concerns over the limited availability of state-certified and -licensed appraisers, particularly in rural areas, the FRB, FDIC, NCUA, and the OCC issued an advisory that highlights two options to help insured depository institutions and bank holding companies facilitate the timely consideration of loan applications.</p> <ul style="list-style-type: none"> • The first option highlighted in the advisory, temporary practice permits, allows appraisers credentialed in one state to provide their services on a temporary basis in another state experiencing a shortage of appraisers, subject to state law. The advisory also discusses reciprocity, in which one state allows appraisers that are certified or licensed in another state to obtain certification or licensing without having to meet all of the state's certification or licensing standards. • The second option, temporary waivers, sets aside requirements relating to the certification or licensing of individuals to perform appraisals under Title XI of FIRREA in states or geographic political subdivisions where certain conditions are met. Temporary waivers may be granted when it is determined that there is a scarcity of state-certified or -licensed appraisers leading to significant delays in obtaining an appraisal. <p>The FRB issued SR 17-4 Interagency Advisory on the Availability of Appraisers on June 1, 2017. This guidance applies to state member banks and bank holding companies and their nonbank subsidiaries, including those with \$10 billion or less in consolidated assets.</p>	FDIC FRB OCC NCUA
FDIC Issues List of Banks Examined for CRA Compliance	PR-44-2017 June 5, 2017	<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 March 2017. Three state-chartered banks in Texas were evaluated during this period and received Satisfactory ratings.</p>	FDIC

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p><i>FDIC Consumer News</i> Issues Warning About 10 Scams Targeting Bank Customers</p>	<p>PR-45-2017 June 12, 2017</p>	<p>The Summer 2017 <i>FDIC Consumer News</i> alerts the public to common scams and provides basic tips for protecting personal information and money. Topics include:</p> <ul style="list-style-type: none"> • An overview of 10 schemes bank customers need to be aware of, starting with the crime that occurs when thieves pose as government employees with false claims about needing a payment or valuable information, such as Social Security or bank account numbers; • Basic defenses to consider in your everyday life, especially when engaging in financial transactions with strangers through e-mail, over the phone or on the Internet; and • Resources to turn to for more information on how to avoid becoming a victim of financial scams. <p>For mortgage shoppers, the latest <i>FDIC Consumer News</i> helps answer questions on topics like how to get a good interest rate, the ability to negotiate with a lender, and how seniors may borrow money after owning a home by taking out a "reverse mortgage."</p> <p>Also in this issue is a look at how the FDIC is working with banks, nonprofit organizations and other government agencies to bring more low- and moderate-income Americans into the financial mainstream by improving access to safe, secure and affordable banking services.</p>	<p>FDIC</p>
<p>Adoption of Supervisory Guidance on Model Risk Management</p>	<p>FIL-22-2017 June 7, 2017</p>	<p>The FDIC is adopting the Supervisory Guidance on Model Risk Management previously issued by the FRB (SR 11-7) and the OCC (OCC Bulletin 2011-12), with technical conforming changes, thereby making the guidance applicable to certain FDIC-supervised institutions. The guidance addresses supervisory expectations for model risk management, including: model development, implementation, and use; model validation; and governance, policies, and controls. The FDIC is adopting this guidance to facilitate consistent model risk-management expectations across the banking agencies and industry.</p> <p>It is not expected that this guidance will pertain to FDIC-supervised institutions with under \$1 billion in total assets unless the institution's model use is significant, complex, or poses elevated risk to the institution.</p>	<p>FDIC</p>

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>Banamex USA Agrees to Forfeit \$97 Million in Connection with Bank Secrecy Act Violations</p>	<p>Press Release May 22, 2107</p>	<p>Banamex USA (BUSA), a financial institution based in Los Angeles, California, and a subsidiary of Citigroup Inc., agreed to forfeit \$97.44 million and entered into a non-prosecution agreement (NPA) to resolve an investigation into BUSA’s BSA violations. In its agreement with the Justice Department, BUSA admitted to criminal violations by willfully failing to maintain an effective AML compliance program with appropriate policies, procedures, and controls to guard against money laundering and willfully failing to file SARs.</p> <p>According to admissions contained in the NPA and the accompanying statement of facts, from at least 2007 until at least 2012, BUSA processed more than 30 million remittance transactions to Mexico with a total value of more than \$8.8 billion. During the same period, BUSA’s monitoring system issued more than 18,000 alerts involving more than \$142 million in potentially suspicious remittance transactions. BUSA, however, conducted fewer than 10 investigations and filed only nine SARs in connection with these 18,000-plus alerts, filing no SARs on remittance transactions between 2010 and 2012.</p> <p>In July 2015, in a related matter, the FDIC and California Department of Business Oversight ordered BUSA to pay a \$140 million civil money penalty to resolve separate BSA regulatory investigations. Thus, the combined penalties paid by BUSA associated with the criminal and regulatory investigations of its BSA compliance violations amount to approximately \$237.44 million. In March 2017, the FDIC also announced related enforcement actions against four former senior BUSA executives relating to BUSA’s violations of the BSA. As part of those actions, two executives were fined and prohibited from working at financial institutions in the future, one was fined, and one was prohibited from working at financial institutions in the future.</p>	<p>FDIC-OIG</p>

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>FFIEC Release Update to Cybersecurity Assessment Tool</p>	<p>Press Release May 31, 2017</p>	<p>The FFIEC, on behalf of its members, released an update to the Cybersecurity Assessment Tool (Assessment). This update to the Assessment addresses changes to the <i>FFIEC IT Examination Handbook</i> by providing a revised mapping in Appendix A to the updated <i>Information Security and Management booklets</i>. The updated Assessment will also provide additional response options, allowing financial institution management to include supplementary or complementary behaviors, practices and processes that represent current practices of the institution in supporting its cybersecurity activity assessment.</p> <p>Use of the tool is voluntary, and financial institution management may choose to use the Assessment or another framework, or another risk assessment process to identify inherent risk and cybersecurity preparedness.</p>	<p>FFIEC</p>
<p>Federal Reserve Imposes \$1.2 Million Fine and Permanent Ban on Employment Against Former Barclays Bank PLC Employee</p>	<p>Press Release May 19, 2017</p>	<p>The FRB has imposed a \$1.2 million fine and a permanent ban on employment in the banking industry against Christopher Ashton, the former Global Head of Foreign Exchange (FX) Spot Trading at Barclays Bank PLC, in connection with the manipulation of FX pricing benchmarks.</p> <p>Ashton failed to answer, appear, or request a hearing in administrative law proceedings after the Board charged him in June 2016 with unsafe and unsound practices related to his use of electronic chat rooms to coordinate FX trading, facilitate manipulation of FX pricing benchmarks, and disclose confidential customer information to traders at other organizations, as well as his failure to appropriately supervise other Barclays traders.</p>	<p>FRB</p>

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>Federal Reserve Board Announces Final Amendments to Regulation CC and Requests Public Comment on an Additional Proposed Amendment</p>	<p>Press Release May 31, 2017</p>	<p>The FRB announced final amendments to the check collection and return provisions in Regulation CC (Availability of Funds and Collection of Checks) and also requested further public comment on an additional proposed amendment to Regulation CC's liability provisions.</p> <p>The final amendments update Regulation CC to reflect the evolution of the nation's check collection system from one that is largely paper-based to one that is virtually all electronic. The amendments create a framework for electronic check collection and return and create new warranties for electronic checks, which will result in a consistent warranty chain regardless of the check's form. As with existing rules for paper checks, the parties may, by mutual agreement, vary the effect of the amendments' provisions as they apply to electronic checks and electronic returned checks. The final amendments also modify the expeditious-return and notice of nonpayment requirements to create incentives for electronic presentment and return. The amendments become effective July 1, 2018.</p>	<p>FRB</p>
<p>Federal Reserve Board Permanently Bars Two Former Employees of Regions Bank from the Banking Industry</p>	<p>Press Release June 7, 2017</p>	<p>The FRB permanently barred Richard Henderson and Philip Cooper, former employees of Regions Bank, from the banking industry after both pled guilty to conspiracy to commit money laundering, and conspiracy to commit bank bribery and wire fraud affecting a financial institution.</p> <p>Henderson and Cooper held senior positions at Regions Equipment Finance Corporation (REFCO), a Regions' subsidiary. In their plea agreements, Henderson and Cooper admitted that they conspired to defraud Regions and REFCO by directing REFCO to purchase insurance from a shell company that paid kickbacks to Henderson and Cooper. Henderson and Cooper attempted to conceal those kickbacks by establishing additional shell companies to receive their kickbacks.</p>	<p>FRB</p>

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>Important Notices to E-Filers: FinCEN Announces Update to the Currency Transaction Report (CTR)</p> <p>Announces Technical Webinar</p>	<p>Announcement May 24, 2017</p>	<p>In August of 2017, the CTR available on the BSA E-Filing System will be updated to adhere to the changes defined in Federal Register notice posted on February 20th, 2016. New or updated data fields will be added to the online discrete CTR as well as the CTR batch files.</p> <p>Discrete filers will be able to utilize the new online form with the new and updated fields in August 2017.</p> <p>The BSA E-Filing System will continue to accept ASCII based batch files until May of 2018. Batch filers will have nine months from the to be determined go-live date in August to adhere to the new XML specification.</p> <p>FinCEN hosted a technical webinar on June 21, 2017 to provide an overview of the XML specifications and also address any questions regarding the XML User Guide. Application developers and programmers were urged to register and attend this webinar. The presentation can be viewed on the BSA-E-Filing site.</p>	<p>FinCEN</p>
<p>Violations of Laws and Regulations – Updated Guidance</p>	<p>OCC Bulletin 2017-18 May 23, 2017</p>	<p>The OCC updated its policies and procedures regarding violations of laws and regulations. These updates are reflected in the “Bank Supervision Process,” “Community Bank Supervision,” “Federal Branches and Agencies,” and “Large Bank Supervision” booklets and other sections of the Comptroller’s Handbook and internal guidance.</p> <p>The updates address recommendations in “An International Review of OCC’s Supervision of Large and Midsize Institutions” (International Peer Review report) and support the agency’s mission of ensuring a safe and sound federal banking system by emphasizing timely detection and correction of violations before they affect a bank’s condition. The updated policies and procedures also provide the agency with guidelines on consistent terminology, communication, format, follow-up, analysis, documentation, and reporting of violations. The updated policies and procedures apply to examinations of all national banks, federal savings associations, and federal branches and agencies. The policy is effective on July 1, 2017.</p>	<p>OCC</p>

SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Third Party Relationships – Frequently Asked Questions to Supplement OCC Bulletin 2013-29	OCC Bulletin 2017-21 June 7, 2017	The OCC issued frequently asked questions (FAQ) to supplement OCC Bulletin 2013-29, “Third-Party Relationships: Risk Management Guidance,” issued October 30, 2013.	OCC

SUPERVISORY UPDATE NEWS SUMMARY

INDUSTRY PUBLICATIONS
FRB Report on the Economic Well-Being of U.S. Households in 2016 – May 2017
FRB Beige Book - As of May 31, 2017
FRB Dallas Eleventh District Beige Book
FRB Dallas – Texas Economic Update – June 2017
FRB Dallas - Economic Indicators Austin, DFW, El Paso, Houston, Permian Basin, San Antonio, and Texas
FRB Dallas - Texas Business Outlook Surveys -Monthly Manufacturing and Service Sector and Retail

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)
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

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

SUPERVISORY UPDATE NEWS SUMMARY

ACRONYM/ABBREVIATION	MEANING
FFIEC	Federal Financial Institutions Examination Council
FHA	Federal Housing Authority
FHFA	Federal Housing Finance Agency
FinCEN	Financial Crimes Enforcement Network
FRB (or Fed or FR)	Federal Reserve Board
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
Treasury	U.S. Department of Treasury