



Supervisory Update News Summary

AS OF MAY 15, 2023

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
CFPB and Federal Partners Confirm Automated Systems and Advanced Technology Not an Excuse for Lawbreaking Behavior	Press Release April 25, 2023	<p>Four federal agencies jointly pledged today to uphold America’s commitment to the core principles of fairness, equality, and justice as emerging automated systems, including those sometimes marketed as “artificial intelligence” or “AI,” have become increasingly common in our daily lives – impacting civil rights, fair competition, consumer protection, and equal opportunity.</p> <p>The Civil Rights Division of the DOJ, CFPB, FTC, and U.S. Equal Employment Opportunity Commission released a joint statement outlining a commitment to enforce their respective laws and regulations.</p>	CFPB FTC DOJ EEOC
CFPB Issues Rule to Facilitate Orderly Wind Down of LIBOR	Press Release April 28, 2023	<p>The CFPB issued an interim final rule amending the agency’s 2021 LIBOR transition rule. The interim final rule contains updates to reflect the subsequent enactment of the Adjustable Interest Rate (LIBOR) Act and issuance of an implementing regulation by the Board of Governors of the Federal Reserve Board System. This interim final rule will further facilitate the orderly transition of those consumer loans that currently use the LIBOR index to other indices in anticipation of the planned cessation U.S. Dollar (USD) LIBOR after June 30, 2023.</p>	CFPB
CFPB Issues Guidance to Rein in Creation of Fake Accounts to Harvest Fees	Press Release May 10, 2023	<p>The CFPB issued a new circular affirming that a bank may violate federal law if it unilaterally reopens a deposit account to process transactions after a consumer has already closed it. The CFPB has observed in complaints that even after a consumer completes all the required steps to close an account, their bank has “reopened” the closed account and assessed overdraft and nonsufficient funds fees. Consumers have reported to the CFPB that financial institutions have also charged account maintenance fees upon reopening, even if the consumer was not required to pay account maintenance fees prior to account closure.</p>	CFPB

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2023 CSBS Annual Community Bank Survey Is Open	Press Release April 28, 2023	The CSBS encourages community banks to participate in its tenth annual National Community Bank Survey, open now through June 30.	CSBS
Applicability of Texas Legal Lending Limit Statutes to Purchases of Third-Party Loans and Related Supervisory Concerns	Industry Notice April 25, 2023	Texas state bankers occasionally purchase loans originated by third parties to diversify their loan portfolios and improve earnings. As a bank's volume in third-party loans purchased from any one originator/seller approaches 25% of the bank's Tier 1 capital, bank management should be aware of the factors and considerations discussed in the industry notice to prevent violating the bank's legal lending limit.	TDB
FDIC Releases Semiannual Update on the Deposit Insurance Fund Restoration Plan	PR-30-2023 April 18, 2023	The Board of Directors of the FDIC released its semiannual update on the Restoration Plan for the agency's Deposit Insurance Fund (the Fund).	FDIC
FDIC Releases Report Detailing Supervision of the Former Signature Bank, New York, New York	PR-33-2023 April 28, 2023	FDIC Chief Risk Officer Marshall Gentry released FDIC's Supervision of Signature Bank , an internal review evaluating the agency's supervision of Signature Bank, New York, New York, from 2017 until its failure in March 2023. The internal review report identifies the causes of Signature Bank's failure and assesses the FDIC's supervision of the bank. The review was conducted at the request of FDIC Chairman Martin J. Gruenberg.	FDIC
JPMorgan Chase Bank, National Association, Columbus, Ohio Assumes All the Deposits of First Republic Bank, San Francisco, California	PR-34-2023 May 1, 2023	First Republic Bank, San Francisco, California, was closed today by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. To protect depositors, the FDIC is entering into a purchase and assumption agreement with JPMorgan Chase Bank, National Association, Columbus, Ohio, to assume all of the deposits and substantially all of the assets of First Republic Bank.	FDIC

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FDIC Releases Comprehensive Overview of Deposit Insurance System, Including Options for Deposit Insurance Reform	PR-35-2023 May 1, 2023	The FDIC released a comprehensive overview of the deposit insurance system and options for reform to address financial stability concerns stemming from recent bank failures. The report, Options for Deposit Insurance Reform , examines the role of deposit insurance in promoting financial stability and preventing bank runs, as well as policies and tools that may complement changes to deposit insurance coverage.	FDIC
FDIC Issues List of Banks Examined for CRA Compliance	PR-36-2023 May 3, 2023	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 February 2023. Included in the list was one Texas state-chartered bank, which received a rating of Satisfactory.	FDIC
FDIC Board of Directors Issues a Proposed Rule on Special Assessment Pursuant to Systemic Risk Determination	PR-37-2023 May 11, 2023 FIL-24-2023 May 11, 2023	The FDIC Board of Directors today approved a notice of proposed rulemaking, which would implement a special assessment to recover the cost associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank. The Federal Deposit Insurance Act (FDI Act) requires the FDIC to take this action in connection with the systemic risk determination announced on March 12, 2023.	FDIC
Interagency Policy Statement on Allowances for Credit Losses (Revised April 2023)	FIL-17-2023 April 21, 2023	The federal financial institution regulatory agencies have jointly issued the attached Interagency Policy Statement on Allowances for Credit Losses (Revised April 2023) (revised statement). The agencies issued this revised statement in response to changes in the accounting guidance for troubled debt restructurings (TDRs) by creditors under U.S. generally accepted accounting principles (U.S. GAAP).	FDIC FRB Treasury NCUA
Supervisory Guidance on Charging Overdraft Fees for Authorize Positive, Settle Negative Transactions	FIL-19-2023 April 26, 2023	The FDIC is issuing supervisory guidance to its supervised institutions to ensure that supervised institutions are aware of the consumer compliance risks associated with assessing overdraft fees on a transaction that was authorized against a positive balance but settled against a negative balance (APSN).	FDIC

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Joint Statement on Completing the LIBOR Transition	FIL-20-2023 April 26, 2023	The FRB, FDIC, OCC, NCUA, and CFPB (collectively, the agencies) issued a statement to remind supervised institutions that U.S. dollar (USD) LIBOR panels will end on June 30, 2023. The agencies also reiterate their expectations that institutions with USD LIBOR exposure should complete their transition of remaining LIBOR contracts away from LIBOR as soon as practicable. As noted in prior interagency statements, failure to adequately prepare for LIBOR’s discontinuance could undermine financial stability and institutions’ safety and soundness and create litigation, operational, and consumer protection risks.	FDIC FRB OCC NCUA CFPB
Securities Transaction Settlement Cycle	FIL-21-2023 April 27, 2023	FDIC regulations at 12 CFR 344.7 require FDIC-supervised institutions to settle most securities transactions within the number of business days in the “standard settlement cycle followed by registered broker dealers in the United States” unless otherwise agreed to by the parties at the time of the transaction. The regulation specifies that FDI-institutions must determine the number of business days in the standard settlement cycle by reference to SEC Rule 15c6-1, 17 CFR 240.15c6-1, which is the settlement cycle applicable to registered broker dealers.	FDIC
Cooper Selected to FFIEC State Liaison Committee, Elected Chairman	Press Release May 1, 2023	The FFIEC announced the selection of Charles G. Cooper to the FFIEC’s State Liaison Committee (SLC) for the term that runs from May 1, 2023, through April 30, 2025. Concurrently, the SLC announced Mr. Cooper as its chairman for a one-year term that runs until April 30, 2024.	FFIEC
Federal Reserve Issues Initial Findings from its 2022 Triennial Payments Study	Press Release April 21, 2023	The FRB issued initial findings from its 2022 triennial payments study. The information shows how consumers and businesses chose to make noncash payments, using checks, different types of cards, and the automated clearinghouse (ACH). Additional details will be available as analysis is completed.	FRB

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Federal Reserve Board Announces the Results from the Review of the Supervision and Regulation of Silicon Valley Bank, Led by Vice Chair for Supervision Barr	Press Release April 28, 2023	The FRB announced the results from the review of the supervision and regulation of Silicon Valley Bank, led by Vice Chair for Supervision Michael S. Barr. The review finds four key takeaways on the causes of the bank's failure.	FRB
One Agile Supervision Solution External Portal to be Utilized for Information Exchange During Supervisory Events	SR 23-3 May 8, 2023	The purpose of this letter is to inform FR-supervised institutions, their authorized representatives, and other key stakeholders that the FR plans to use an external portal through the One Agile Supervision Solution (OASiS) application to exchange information related to examinations or supervisory events. The OASiS external portal will allow supervised institutions and regulators to securely communicate and exchange examination-related documents. The implementation of the OASiS external portal will be phased in over a period of two to three years, beginning in the second quarter of 2023. FR supervisory staff will inform supervised institutions and regulators that may be impacted by this implementation.	FRB
FinCEN Renews and Expands Real Estate Geographic Targeting Orders	Press Release April 21, 2023	The FinCEN announced the renewal and expansion of its Geographic Targeting Orders (GTOs) that require U.S. title insurance companies to identify the natural persons behind shell companies used in non-financed purchases of residential real estate.	FinCEN
FinCEN Fiscal Year 2022 in Review	Press Release April 25, 2023	The FinCEN issued its FinCEN Year in Review for FY 2022. The Year in Review is intended to help stakeholders gain insight into both FinCEN's efforts to support law enforcement and national security agencies, and how financial information—filed pursuant to the BSA—is used.	FinCEN

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FinCEN Assesses \$1.5 Million Civil Money Penalty against Kingdom Trust Company for Violations of the Bank Secrecy Act	Press Release April 26, 2023	The FinCEN has assessed a \$1.5 million civil money penalty on South Dakota-chartered The Kingdom Trust Company (Kingdom Trust) for willful violations of the BSA and its implementing regulations. This is FinCEN’s first enforcement action against a trust company.	FinCEN
Acting Comptroller Issues Statement at Financial Stability Oversight Council Meeting	NR 2023-40 April 21, 2023	Acting Comptroller of the Currency Michael J. Hsu today issued a statement at the Financial Stability Oversight Council (FSOC) meeting.	OCC
Overdraft Protection Programs: Risk Management Practices	NR 2023-41 April 26, 2023 OCC Bulletin 2023-12 April 26, 2023	The OCC issued guidance to address the risks associated with bank overdraft protection programs. The guidance provides background information on overdraft protection programs and identifies certain practices that may result in heightened risk exposure. These practices include assessing overdraft fees on “authorize positive, settle negative” transactions and assessing a fee each time an item is presented for payment after it was returned for non-sufficient funds (representment fees).	OCC
Acting Comptroller Issues Statement in Support of FDIC Notice of Proposed Rulemaking on Special Assessments	NR 2023-43 May 11, 2023	Acting Comptroller of the Currency Michael J. Hsu today issued a statement in support of the FDIC notice of proposed rulemaking on special assessments. The special assessment is intended to recover the losses to the Deposit Insurance Fund incurred by protecting the uninsured depositors of Silicon Valley Bank and Signature Bank following the U.S. government’s systemic risk determination in March 2023.	OCC

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President Biden Partially Approves Governor Abbott’s Request For Major Disaster Declaration	Press Release April 22, 2023	<p>Governor Greg Abbott announced that President Joe Biden partially approved the state's request for a Major Disaster Declaration for Texas counties impacted by the effects of icy conditions and winter weather from Winter Storm Mara earlier this year.</p> <p>Out of the 23 counties in the Governor's request to President Biden in February, the White House approved access to the Federal Emergency Management Agency (FEMA) Public Assistance (PA) program for the following 13 counties: Bastrop, Blanco, Burleson, Burnet, Hays, Henderson, Kendall, Lee, Leon, Milam, Robertson, Travis, and Williamson.</p>	TxGov
Texas Named Best State For Business For Record-Shattering 19 Years In A Row	Press Release April 26, 2023	Governor Greg Abbott today celebrated Texas being named the Best State for Business by the nation's leading CEOs in an annual survey conducted by Chief Executive Magazine for a record-shattering 19th year in a row.	TxGov
Governor Abbott Announces Counties Added To Winter Storm Mara Federal Disaster Declaration	Press Release May 10, 2023	<p>Governor Greg Abbott announced that the Federal Emergency Management Agency (FEMA) has added eight more Texas counties to the federal Major Disaster Declaration for Winter Storm Mara.</p> <p>Three of the eight counties added—Falls, Hopkins, and Red River—were included in the Governor’s original disaster declaration request sent to President Joe Biden in February. The additional five counties—Anderson, Gillespie, Kerr, Kimble, and Limestone—were approved based on certified damage assessments following the winter storm.</p>	TxGov
Governor Abbott Renews Drought Disaster Declaration In April 2023	Proclamation April 30, 2023	<p>Governor Greg Abbott amended and renewed a July 8, 2022, Disaster Declaration originally covering 164 counties due to exceptional drought conditions that posed a threat of imminent disaster.</p> <p>The amended proclamation excluded Aransas, Bee, Bell, Brooks, Caldwell, Duval, Gonzales, Guadalupe, Jim Hogg, Jim Wells, Kenedy, Kleberg, Starr, and Zapata counties</p>	TxGov

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Governor Abbott Issues Severe Disaster Declaration For Hidalgo County	Proclamation May 10, 2023	Governor Greg Abbott issued a disaster declaration for Hidalgo County as the result of severe thunderstorms that began on April 28, 2023, including large hail, heavy rainfall, and hazardous wind gusts, causing widespread and severe property damage, injury, or loss of life	TxGov
Governor Abbott Renews COVID-19 Disaster Declaration In May 2023	Proclamation May 15, 2023	Governor Greg Abbott renewed his March 13, 2020, proclamation extending his Disaster Declaration for all 254 Texas counties in response to COVID-19. The Disaster Declaration provides the state a number of resources to effectively serve Texans as the Lone Star State continues to mitigate the spread of COVID-19.	TxGov
FSOC Issues for Public Comment Proposed Analytic Framework for Financial Stability Risks and Proposed Guidance on Nonbank Financial Company Determinations	Press Release April 21, 2023	The Financial Stability Oversight Council (Council) voted unanimously to issue for public comment a proposed analytic framework for financial stability risks. This new framework is intended to provide greater transparency to the public about how the Council identifies, assesses, and addresses potential risks to financial stability, regardless of whether the risk stems from activities or firms.	Treasury
Treasury Department Announces 2023 De-Risking Strategy	Press Release April 25, 2023	The Treasury issued the 2023 De-risking Strategy, as mandated by Congress in the Anti-Money Laundering Act of 2020. The first of its kind, the Strategy examines the phenomenon of financial institutions de-risking and its causes, and it identifies those greatest impacted. It also offers recommended policy options to combat it.	Treasury
Quarterly Refunding Statement of Assistant Secretary for Financial Markets Josh Frost	Press Release May 3, 2023	The Treasury is offering \$96 billion of Treasury securities to refund approximately \$75.2 billion of privately-held Treasury notes maturing on May 15, 2023. This issuance will raise new cash from private investors of approximately \$20.8 billion.	Treasury

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<p>New Treasury Department, IRS, and Census Study Finds Economic Impact Payments Quickly and Effectively Reached Underserved Communities and Americans Most In Need</p>	<p>Press Release May 9, 2023</p>	<p>A team of researchers at the Treasury, U.S. Census Bureau, and Internal Revenue Service published a working paper that studies the demographic breakdown of Economic Impact Payment (EIP) recipients to examine potential disparities in the receipt of these payments by race and ethnicity. The new study examines the first round of payments made in 2020, coming from the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act). These payments were designed to blunt the economic effects of the pandemic.</p>	<p>Treasury</p>
<p>SEC Charges Crypto Asset Trading Platform Bittrex and its Former CEO for Operating an Unregistered Exchange, Broker, and Clearing Agency</p>	<p>Press Release April 17, 2023</p>	<p>The SEC charged crypto asset trading platform Bittrex, Inc. and its co-founder and former CEO William Shihara for operating an unregistered national securities exchange, broker, and clearing agency. The SEC also charged Bittrex, Inc.'s foreign affiliate, Bittrex Global GmbH, for failing to register as a national securities exchange in connection with its operation of a single shared order book along with Bittrex.</p>	<p>SEC</p>

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INDUSTRY PUBLICATIONS

FRB [Beige Book](#) - Summary of Commentary on Current Economic Conditions – April 19, 2023

FRB - [January 2023 Senior Loan Officer Opinion Survey on Bank Lending Practices](#) - May 8, 2023

FRB - [Financial Stability Report](#) - May 8, 2023

FRB - [Supervision and Regulation Report](#) - May 15, 2023

FRB Dallas - [Your Texas Economy](#) - An overview of the Texas economy as of April 21, 2023, examining job growth, unemployment trends, and the performance of key industry sectors

FRB Kansas City - [Interest Rates Rise and Farm Lending Softens](#) (National) - April 19, 2023

Texas Comptroller of Public Accounts - [Fiscal Notes](#) - Periodic summary providing information, original research, and balanced analysis of the Texas economy, May 2023; this issue includes an article examining the record amount of funds available to the 88th Texas Legislature

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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