

CONSUMER AFFAIRS PROTOCOL FOR INTERDISTRICT COORDINATION OF CONSUMER COMPLIANCE SUPERVISION

	Holding Company/Multiple SMBs Across Districts		Single Multi-State SMB Across Districts	
	RESPONSIBLE RESERVE BANK (RRB)	LOCAL RESERVE BANK (LRB)	RESPONSIBLE RESERVE BANK (RRB)	LOCAL RESERVE BANK (LRB)

SUPERVISORY PLAN: LEADERSHIP	<p>The RRB will assign an individual with compliance supervision responsibility for each multi-district holding company.</p> <p>That individual will be responsible for planning and coordinating the compliance supervision of the SMBs in the consolidated organization with the LRB(s).</p>	<p>The LRB, coordinating with the RRB, will develop and implement a supervisory plan for its SMB(s) in consonance with System consumer compliance supervision, policies, and the supervisory plan for the overall organization.</p>	<p>The RRB is responsible for the consumer compliance supervision of SMBs headquartered in its district. As such, it will coordinate examination and other supervisory activities with LRB(s) in districts containing branches, assessment areas, and other operations germane to the SMB's compliance posture.</p>	<p>The LRB will coordinate with the RRB for a SMB having branches, assessment areas, and operations in its district and will render assistance in conducting examinations and other consumer compliance activities as agreed with the RRB.</p>
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SUPERVISORY PLAN: PLANNING	<p>The RRB will develop:</p> <ul style="list-style-type: none"> A nation-wide risk assessment for SMBs in the consolidated organization, after receiving pertinent views and information from LRB(s) regarding any out-of-district SMB(s) A risk assessment of the organization's centralized operations, calling on the LRB(s) for information, views, resources or other assistance when necessary and appropriate A nation-wide supervisory plan based on the risk assessment, coordinating with the LRB regarding examination mandates, resource needs, and other matters for out of district SMB(s), when appropriate A schedule for consumer compliance examinations of the SMBs in the holding company that facilitates sequencing with the mandated examination date for the lead bank, when appropriate. <p>The RRB's supervisory plan should be done sufficiently in advance to facilitate effective</p>	<p>The LRB will:</p> <ul style="list-style-type: none"> Develop a risk assessment for its SMB(s) utilizing relevant information from the RRB concerning consolidated supervisory goals and objectives, centralized operations, and the holding company's management policies and practices. Provide feedback to the RRB on mandate time frames and resource requirements for local operations for inclusion in the nation-wide supervisory plan. <p>If necessary for implementation of the plan regarding proper sequencing of examinations or other mandated supervisory activities (e.g., monitoring), the LRB will request any necessary extensions of timing requirements from the Board's staff in coordination with the RRB. The request will be made well in advance of the mandated time and will specify a date by which the examination or other</p>	<p>The RRB is responsible for developing the risk profile, examination scope, and supervisory plan. The RRB should rely on the LRB for pertinent portions of scoping based on its particular knowledge and expertise relating to the elements of the SMB in its district.</p> <p>Examinations are scheduled and supervisory plans developed by the RRB. The need for resources outside the RRB's district will be discussed with all districts involved, in a timely manner, for input and coordination.</p>	<p>The LRB is responsible for providing local expertise needed by the RRB in examination scoping and planning.</p> <p>The LRB will provide the RRB with a preliminary indication of resources that the LRB will be able to provide.</p>
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	<p>resource planning.</p> <p>The RRB will advise the LRB immediately of new developments or activities not previously scheduled that have come to its attention and impact LRB examination staffing plans.</p> <p>The RRB will coordinate implementation of the overall supervisory plan with the LRB(s).</p>	<p>mandated supervisory action will commence. The LRB will also retain documentation of the request and provide copies to the RRB.</p> <p>The LRB will plan its examinations to ensure that adequate staff is available to conduct the examinations in accordance with the RRB's overall supervisory plan.</p> <p>The LRB should advise the RRB immediately of new developments or activities not previously scheduled and any staffing changes or resource needs.</p>		
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<p>SUPERVISORY PLAN: EXAMINATION PLANNING AND IMPLEMENTATION</p>	<p>The RRB will develop a comprehensive nationwide examination program. The RRB will coordinate with the LRB(s) to facilitate the execution of the examination program, consistent with System policies and the overall supervisory plan.</p> <p>The RRB will determine the scope of the consumer compliance examinations, consistent with System policies, for:</p> <ul style="list-style-type: none"> • The lead bank and any other SMBs to be examined in its district. • Centralized operations. • Areas posing material systemic risk exposure to the consolidated organization. To the extent that the risk issues originate at an out-of-district SMB or operations center, the RRB will coordinate with the LRB in determining the scope of the examination. <p>With respect to examinations of SMBs in its district, the RRB will:</p> <ul style="list-style-type: none"> • Select the EIC and staffing. • Determine the scope. • Conduct the onsite 	<p>With respect to examinations of SMBs in its district, consistent with System policies, the overall nationwide supervisory plan and the examination program, the LRB will:</p> <ul style="list-style-type: none"> • Select the EIC and staffing. • Determine the scope. • Provide a copy of the scope memo to the RRB in a timely manner. • The LRB will promptly notify the RRB if it finds that significant modifications to the scoping determination are needed. • Conduct the on-site examination(s) • Conduct the exit meeting with senior management. The RRB may attend the meeting. • Write and transmit the report. • Follow-up on supervisory matters pertaining to the SMB. <p>The LRB will be responsible for conducting the examination in</p>	<p>The RRB will develop an examination plan, appoint the EIC and determine the number and composition of assisting examiners and support staff members necessary for the examination. The RRB will coordinate with any LRB regarding the amount, type, and timing of resource support it needs from the LRB.</p> <p>The RRB will advise the LRB sufficiently in advance of an examination in the LRB's district of the scheduled date of the examination, its anticipated scope, and the resources likely to be needed from the LRB.</p> <p>The RRB will advise the LRB immediately of changes in staffing needs resulting from new developments that have come to the RRB's attention or activities not previously scheduled.</p>	<p>The LRB will provide appropriate staff and other resources to assist the RRB in carrying out the examination and other supervisory activities, as agreed in the planning process.</p> <p>The LRB should include these resources in its budget and schedule to ensure that the resources needed by the RRB are available and provided in a timely manner.</p> <p>The LRB should advise the RRB immediately of changes in staffing and other resource availability resulting from new developments or activities not previously scheduled.</p>
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	<p>examination(s).</p> <ul style="list-style-type: none"> • Conduct the exit meeting with senior management. • Write and transmit the report. • Follow -up on supervisory matters pertaining to the SMB. <p>The RRB will be responsible for conducting the</p>	<p>accordance with System policies and procedures for Compliance and CRA examinations.</p> <p>When a consumer compliance risk is identified that is systemic or presents significant material exposure to the consolidated organization, the LRB will coordinate with the RRB in determining the scope of the local SMB event.</p>		
	<p>examination in accordance with System policies and procedures for Compliance and CRA examinations.</p> <p>The RRB will have overall responsibility for ensuring that the supervisory plan is implemented with the appropriate consistency for all SMBs and other relevant entities.</p> <p>The RRB will coordinate with the LBR(s) to ensure uniform and consistent implementation of the examination procedures and treatment of findings, as appropriate, across districts.</p> <p>In particular, the RRB is responsible for coordinating with the LRB to ensure that a single FRS position is maintained regarding similar matters affecting SMBs across the districts. If differences exist, the RRB and the LRB will resolve them in a way that is consistent with the law and Board policy.</p>	<p>When systemic risk or significant material issues relating to the consolidated organization emerge during an examination, the LRB will consult with the RRB at that time and coordinate examination completion, the final meeting with management and report writing.</p> <p>In those cases in which the LRB examines a SMB in its district that shares common consumer compliance management programs with SMBs in other districts, close cooperation and coordination should be maintained with other relevant Reserve Banks, whether they are the RRB or another LRB, from the scoping to any post-examination activities.</p>		

EXAMINATION ADMINISTRATION

<p>The RRB will process examination administration data for the lead bank and affiliates in its district. This information will include completed CARES and National Examinations Database (NED) forms as well as Time Tracking System (TTS) data or the equivalent.</p> <p>The RRB will also aggregate data it receives for all subsidiaries of the consolidated company to</p>	<p>The LRB is responsible for accurate and timely processing of examination administration data for SMB examinations in its district and will inform the RRB when it has been done. This information will include completed CARES and National Examinations Database (NED) forms, as well as Time Tracking System (TTS) data or the equivalent.</p>	<p>The RRB is responsible for ensuring a consistent format for charts and tables, and for quality control with respect to them. If necessary the RRB will either generate required charts and tables centrally, using any needed data supplied by the LRB, or supply the LRB with the resources needed to generate the charts and tables in the required format.</p> <p>The RRB will inform the LRB of its needs for</p>	<p>The LRB is responsible for preparing draft summaries of examination findings and comments according to the format prescribed by the RRB.</p> <p>The LRB is responsible for the integrity of the data used by the LRB or the RRB to produce charts and tables, and for timely transmission of the data to the RRB for producing the charts and tables. The LRB will supply accurate and timely examination administration data to the RRB of the type and at the time agreed to in the</p>
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	<p>facilitate offsite monitoring and surveillance.</p> <p>The RRB is responsible for ensuring a consistent format for charts and tables. If necessary, the RRB will either generate required charts and tables centrally, using any needed data supplied by the LRB, or supply the LRB with the resources needed to generate the charts and tables in the required format.</p>	<p>The LRB will store and archive all examination-related documents for SMBs in its district.</p>	<p>examination administration data and the date by which the data should be received.</p> <p>The RRB will store and archive all examination-related documents.</p>	<p>planning process.</p>
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EXAMINATION REPORT	<p>The RRB, in consultation with the LRB, will determine a format for the examination reports. The RRB will ensure that the format of examination reports, supervisory comments, and all other examination-related documents, other than work papers, is consistent with respect to all affiliated SMBs.</p> <p>The RRB is responsible for preparing a report for each SMB in its district that addresses:</p> <ul style="list-style-type: none"> • The findings pertaining to the SMBs • The findings related to centralized functions for affiliated SMBs; and • Findings that reflect material or systemic risk or violations. <p>The RRB will assign ratings to its SMB(s). The RRB will also consult with the LRB on the assignment of ratings for their institutions impacted by centralized functions or material systemic concerns.</p> <p>For concurrent examinations or examinations scheduled closely together in time under a supervisory plan, it is anticipated that, as a general rule, no examination of an affiliated SMB or other affiliate examined would be closed until the examinations of all the affiliates are completed. This will allow the RRB to determine whether systemic risk or problems exist that</p>	<p>The LRB will write and transmit the examination report and any other supervisory materials prepared in connection with the examination of a SMB in its district, and will assign the ratings. The report shall be transmitted within mandated guidelines.</p> <p>Copies of the reports will be forwarded to the RRB in a manner agreed upon.</p> <p>For examinations that disclose findings of systemic risk or material concern to the consolidated organization, the LRB will draft the report for review by, and consultation with, the RRB before transmittal. In such cases, the LRB will also consult with the RRB before assigning a final rating.</p> <p>The LRB is responsible for providing all relevant documents in a format and by a completion date agreed upon with the RRB. The LRB will review these materials in detail before they are provided to the RRB. The LRB is responsible for the integrity of the data in charts and tables used or provided in connection with an examination.</p>	<p>The RRB is responsible for preparing and transmitting examination reports and other necessary supervisory documents and assigning all ratings related to an examination.</p>	<p>The LRB is responsible for supplying information related to any portion of an examination that it conducts to the RRB in the format and at the time agreed to under the supervisory program or examination program.</p>

	<p>should be communicated to the organization.</p> <p>The timing of the closing date(s) and the transmittal date(s) of examination reports should be covered in the advance planning process and discussed with the LRB(s).</p>			
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MONITORING	<p>The RRB will coordinate and review all monitoring exercises, and will be responsible for conducting monitoring of centralized operations and banks in the RRB's district. It is expected that the RRB will rely heavily on the LRB for monitoring decentralized activities outside of RRB's district. It is also expected that the RRB may need only limited involvement of the LRB (s) for highly centralized organizations.</p> <p>The LRB may be called upon to assist with possible monitoring activities in its district. These activities will be incorporated in the supervisory plan.</p>	<p>The LRB is responsible for monitoring activities related to decentralized activities of SMBs within its district. For centralized organizations, the monitoring of SMBs in the LRB's district will be coordinated with the RRB. In that event, the LRB will consult with the RRB regarding the LRB's role in the monitoring process as outlined in the supervisory plan. The LRB will retain copies of all monitoring reports exchanged with the RRB.</p>	<p>The RRB is responsible for ensuring that monitoring of SMBs between examinations is completed in accordance with the supervisory plan. The RRB should inform the LRB of needs for monitoring assistance in a timely manner. The RRB will send a copy of the monitoring report to the LRB.</p>	<p>The LRB may be called upon to assist with possible monitoring activities in its district. These activities will be incorporated in the supervisory plan.</p>
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CONTACT WITH BANKS	<p>The RRB has the primary responsibility for communicating with the holding company, the lead SMB and affiliates in its district. The RRB and LRB should agree on any alternative arrangements with respect to contacting SMBs, other affiliates or the holding company if they appear to be desirable or are requested by the holding company or SMB. The RRB will advise the LRB of any correspondence with a SMB in the LRB's district, as well as any oral or written communications, including inquiries, relating to the SMB.</p> <p>Confidentiality : The RRB is expected to ensure the confidentiality of supervisory information regarding holding company business strategy, such as contemplated consolidation or restructuring, and to advise the LRB not to discuss such confidential information with the local</p>	<p>The LRB has the primary responsibility for communicating with SMB(s) in its district.</p> <p>LRB will inform the RRB regarding any significant communications with the SMB. The LRB will inform the RRB in advance of any significant anticipated contact with the SMB relating to supervisory activities. To ensure consistent responses to inquiries, the LRB will copy the RRB on all SMB inquiries and the LRB reply.</p> <p>Confidentiality : The LRB is expected to ensure that confidential supervisory information is not transmitted, inadvertently, or otherwise, to the local SMB.</p>	<p>The RRB has the primary responsibility for communicating with the SMB(s) in its district.</p>	<p>It is expected that SMBs will contact the RRB for information. If LRBs are contacted by the SMB instead, the LRBs should refer the SMB to the RRB.</p>
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SUPERVISORY ACTION	<p>The RRB will draft documents pertaining to supervisory actions with respect to the lead SMB and other affiliates in its district.</p> <p>The RRB will coordinate the drafting of supervisory actions for out-of-district SMBs with regard to issues that are material or systemic.</p> <p>The RRB will be responsible for information flows regarding these actions to the holding company and Board staff.</p>	<p>The LRB will promptly advise the RRB of any recommended supervisory action relating to a SMB in its district. The LRB will draft the necessary documents and consult with the RRB and, when necessary, Board staff.</p> <p>The LRB will coordinate communication and information flows to the organization and Board staff with the RRB.</p> <p>The LRB will coordinate with and involve the RRB in the drafting a SMB supervisory enforcement action which arises from issues that impact the consolidated corporation.</p>	<p>The RRB will make determinations regarding supervisory actions, in accordance with Board procedures.</p>	<p>The LRB will refer SMBs that have questions regarding supervisory actions to the RRB.</p>
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COMPLAINTS ACTIVITIES	<p>The RRB will handle complaints of the lead SMB and other affiliates in its district and will be responsible for the maintenance, quality, and oversight of CAESAR information. The RRB will oversee complaint trend analysis pertaining to affiliated SMBs and other affiliates and advise the LRB(s) of its findings.</p>	<p>The LRBs are responsible for handling complaints against SMBs in their districts, as well as for the maintenance, quality, and oversight of CAESAR information. The LRB will share with the RRB any significant complaint, for example, a discrimination complaint or a complaint in which supervisory concerns have been identified.</p>	<p>The RRB will coordinate all complaint activities, including acknowledgements, responses and on-site investigations, for SMBs with multi-district branches. The RRB is responsible for the quality and oversight of CAESAR information for multi-district SMBs. The RRB may request LRB resources for on-site complaint investigations.</p>	
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