

SELF-STUDY PROGRAM #1

The Self-Study Programs (SSPs) are an integral component of the System’s SR 98-2 training program. The SSPs cover various safety and soundness subjects and regulations and provide an introduction to pertinent topics outside the safety and soundness specialty track (i.e., consumer regulations and information technology concepts).

The SSPs encompass three (3) distinct programs with **all assistant examiners in the safety and soundness specialty track hired after February 28, 1998, required to complete all SSPs before being commissioned.**

The SSPs build on the System’s philosophy that learning and development are ongoing processes and shared responsibilities among the System, the Reserve Banks, and the participants. Along these lines, the SSPs are delivered outside of a classroom setting. While this format allows the participant to progress through the various subjects of each SSP at his/her own pace, the participant is responsible for **independently** completing each subject in the respective SSPs and may need to complete all or portions of the SSPs on his/her own time.

The SSPs are designed (optimally) to be completed as depicted in the chart below.

Self-Study Programs – Optimal and/or Required Progression		
Self-Study Program #1 (SSP #1)	Begin After Base	Must be completed in its entirety before FARM
Self-Study Program #2 (SSP #2)	Begin After FARM	Must be completed in its entirety before CRAS
Self-Study Program #3 (SSP #3)	Begin After CRAS	Must be completed in its entirety before 2 nd Proficiency Exam.

Type of Participant Targeted

Self-Study Program #1 (“SSP #1”) is to be completed by assistant safety and soundness examiners subsequent to attending Banking and Supervision Elements (BASE) and prior to attending Financial Analysis and Risk Management School (FARM).

Typically, the assistant safety and soundness assistant examiner will have six to twelve months of on-the-job experience.

SSP #1 Curriculum

Subject	Approximate Hours
Regulation W	5.00
BHC Regulations	17.00
Asset and Liability Management (ALM) Self-Study Modules	5.00
Mortgage Securities	14.00
Electronic Banking	4.00
TOTAL	45.00

Individual Module Learning Objectives

□ Regulation W

- Identify what types of transactions are subject to Regulation W/Sections 23A and 23B of the Federal Reserve Act.
- Determine if an institution complies with the quantitative limitations, collateral requirements, and other restrictions or prohibitions outlined in the regulations.
- Identify relationships and/or transactions that are exempt from the regulations.

□ BHC Regulations

- Recognize specific requirements relating to the acquisition of control of banks by bank holding companies.
- Identify the restrictions on nonbanking activities of bank holding companies.
- Determine when ownership or control relationships are subject to the Bank Holding Company Act.
- Identify violative practices, associated risks to the institution, and provide recommendations for corrective action.

□ Asset and Liability Management (ALM) Self-Study Modules

- Identify bank asset and liability management in context of measuring interest rate risk.
- Recognize capital markets and derivative products.
- Identify measure and control market risk.

□ Mortgage Securities

- Identify mortgage-backed securities (MBS) and collateralized mortgage obligations (CMOs) and recognize their yield, price, and maturity characteristics.
- Recognize the concept of mortgage loan cash flow variability and the associated risks relative to MBS and CMOs.
- Identify the risks associated with a bank's mortgage security holdings.

- Interpret how a bank's mortgage security holdings impact the overall risk profile of its investment portfolio.
- Assess the adequacy of related risk management practices.

- **Electronic Banking**
- Discuss at least one aspect of electronic banking and its impact on the services offered by financial institutions.
- Discuss the impact of this particular electronic banking service on the supervisory efforts of the regulatory agencies.