



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF SUPERVISION
AND REGULATION

SR 17-12

October 26, 2017

**TO THE OFFICER IN CHARGE OF SUPERVISION
AT EACH FEDERAL RESERVE BANK**

**SUBJECT: Timing Expectations for the Completion of Safety-and-Soundness Examination and
Inspection Reports for Regional Banking Organizations**

Applicability: This guidance only applies to domestic financial institutions supervised by the Federal Reserve with greater than \$10 billion and less than \$50 billion in total consolidated assets.

This letter sets forth timing expectations for the completion of safety-and-soundness examination and inspection reports for domestic regional financial institutions and the submission of the reports to the institutions. These standards apply to examination and inspection reports for domestic institutions supervised by the Federal Reserve with greater than \$10 billion and less than \$50 billion in total consolidated assets, including state member banks, bank holding companies, savings and loan holding companies, and their subsidiary Edge Act and agreement corporations. Effective immediately, Federal Reserve supervisory staff should complete and send safety-and-soundness examination and inspection reports¹ issued by the Federal Reserve to the institution within the following timeframes:

- 90 calendar days from the start date² for all reports issued to **noncomplex holding companies**;³ and,
- 100 calendar days from the start date for all reports issued to **state member banks, complex holding companies, and their nonbank and Edge Act subsidiaries.**

¹ Examples of safety and soundness examination and inspection reports include, but are not limited to, full scope examination and inspection reports, target letters, roll-up examination and inspection letters, and specialty examination reports.

² The start date is the date that Reserve Bank examiners and supervisory staff commence the commercial examination and inspection work, either offsite or onsite, excluding pre-exam visitations and examination preparation.

³ The Federal Reserve determines the complexity of holding companies by considering such factors as the extent of intercompany transactions between affiliates, significance of nonbank activities, and the degree of leverage at the holding company. Companies are also generally considered complex if a company controls more than one insured depository institution and when material risk management processes for the organization are consolidated at the parent company.

In cases when reports are subject to statutory requirements for review by the Consumer Financial Protection Bureau (CFPB),⁴ Reserve Banks may add up to 30 calendar days to the above standards. Reserve Banks may exceed the timing requirements included in this letter at the discretion of Reserve Bank senior management; however, deviations from these standards are expected to be rare, and should be appropriately documented in workpapers. At the discretion of senior Reserve Bank management, additional exemptions from these timeframe guidelines may be considered for Federal Reserve led examinations that are conducted jointly or concurrently with another insured depository institution regulator.

The Federal Reserve is committed to ensuring timely communication of supervisory findings. As part of each Reserve Bank's continuous supervision process, Reserve Banks should maintain open communication with institution management particularly during examinations and inspections. Open communication allows an opportunity for the institution's management to respond to preliminary supervisory findings prior to a Reserve Bank finalizing such findings.

Reserve Banks are asked to distribute this letter to domestic financial institutions supervised by the Federal Reserve with total consolidated assets greater than \$10 billion and less than \$50 billion, to appropriate safety-and-soundness examiners, and other supervisory staff. Questions regarding this letter may be directed to:

- Keith Coughlin, Manager, Regional Banking Organizations, at (202) 452-2056; and
- Karen Caplan, Manager, Savings and Loan Holding Companies, at (202) 452-2710.

In addition, questions may be sent via the Board's public website.⁵

Michael S. Gibson
Director

⁴ See sections 1022, 1024, and 1025 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. For more information on the coordination of supervisory activities with the CFPB, *see also* the "Memorandum of Understanding on Supervisory Coordination" attached to the June 4, 2012 joint press release at: <http://www.federalreserve.gov/newsevents/press/bcreg/20120604a.htm>.

⁵ See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.