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Regulatory and Supervisory Roundup

FDIC

Supervisory Insights

Supervisory Insights is published by the Division of Risk Management Supervision of the Federal Deposit Insurance Corporation to promote sound principles and practices for bank supervision.

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Issue at a Glance

Volume 15, Issue 2 Winter 2018

Articles

A popular reference rate for commercial loans, residential mortgages, derivatives and swaps, and other credit instruments has been the London Inter-bank Offered Rate (LIBOR). While LIBOR is often viewed as a reference rate used by larger financial institutions, it is also important to smaller community banks and savings institutions. After 2021, LIBOR may no longer be available for financial institutions to use. This article discusses alternative reference rates and planning considerations for a potential change.

Regular Features

This feature provides an overview of recently released regulations and other items of interest.

Letter from the Director

The Winter 2018 issue of *Supervisory Insights* examines the future of, and alternatives to, the London Inter-bank Offered Rate (LIBOR).

LIBOR is a popular reference rate for commercial loans, residential mortgages, derivatives and swaps, and other credit instruments. While LIBOR is often viewed as a reference rate used by larger financial institutions, it is also important to smaller community banks and savings institutions. Despite its current worldwide use, initiatives are underway that could transition financial markets away from the use of LIBOR as a reference rate after 2021.

The FDIC recognizes that the potential transition away from or reduced use of LIBOR may result in adjustments for financial institutions that have this rate embedded in contracts. "Transitions in Financial Instrument Reference Rates" provides useful information to help financial institution management understand the potential impact and planning considerations for a possible transition from LIBOR.

This issue of *Supervisory Insights* also includes an overview of recently released regulations and other items of interest.

We hope you find this issue of *Supervisory Insights* to be a useful resource. We encourage our readers to provide feedback and suggest topics for future issues. Please email your comments and suggestions to SupervisoryJournal@fdic.gov.

Doreen R. Eberley
Director
Division of Risk Management Supervision

Transitions in Financial Instrument Reference Rates

Introduction

For decades, the London Interbank Offered Rate (LIBOR) has been one of the most frequently used interest rate benchmarks, or reference rates, used in pricing assets and liabilities as well as off-balance sheet derivative contracts. While LIBOR is often viewed as a reference rate (a rate used to set other rates) used by larger financial institutions, it is also important to smaller financial institutions, including community banks and savings institutions. Despite its current worldwide use, there are initiatives underway that could transition financial markets away from the use of LIBOR as a reference rate. The FDIC recognizes that the potential transition away from, or reduced usage of, LIBOR may result in some adjustments for financial institutions that have it embedded in their contracts. This article is intended to provide useful information to help such entities understand the potential impact and planning considerations for a possible transition from LIBOR.

What is LIBOR?

LIBOR is a reference rate that represents the interest rate at which large banks would lend to one another on a short-term basis. More specifically, LIBOR is calculated as the average of the rates that panels of large banks doing business in London report that each bank could borrow unsecured from another bank in a given currency for certain specified periods. As such, LIBOR includes the average credit risk of large banks.

As a reference rate, LIBOR's use has been ubiquitous in the financial markets. LIBOR, plus a spread, is widely used for pricing derivatives and loans. In addition, many financial institutions use LIBOR as a basis for setting interest rates on deposits.

Although the first use of LIBOR was in 1969, it was not until 1986 that the British Bankers Association formalized the data collection for LIBOR.[1] In 2012, UK financial regulators (currently, the Financial Conduct Authority (FCA)) began overseeing LIBOR and required that reports be based on actual transactions, if available. If a panel member does not have actual transactions for its report, the member is allowed to use its best estimates based on models.[2]

Several problems developed with LIBOR reports, casting doubt on LIBOR's usefulness as a reference rate. First, some banks included in the panels declined to continue their participation, resulting in fewer reporters for the calculation of LIBOR. Second, term interbank unsecured borrowing has declined as banks have started using more overnight ***secured*** funding from repurchase agreements (the repo market) or from securities lending activities. As more banks have turned to secured borrowing, LIBOR reports are based on even fewer transactions. Although most panel banks have agreed to keep reporting LIBOR rates for now, the FCA and various other

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[1] Hou, David and Skeie, David. "LIBOR: Origins, Economics, Crisis, Scandal, and Reform." Federal Reserve Bank of New York Staff Report no. 667, 2014. https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr667.pdf.

[2] In 2014, a different company (International Exchange (ICE)) began to calculate and administer the rate, now called ICE Libor, subject to FCA regulation.

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authorities have warned that LIBOR may cease to be calculated in 2021.

In addition to the possible discontinuance of LIBOR, it is also possible that LIBOR could continue to be calculated for quite some time and the users may be promised continued LIBOR quotes. Even if LIBOR remains indefinitely, financial institutions may nonetheless be compelled, for economic or other reasons, to move from LIBOR if the reference rate suffers a significant decline in use. This could potentially result in a fundamental change of the LIBOR rate structure, resulting in increased rate volatility and, importantly, an increase in its spread to other rates. Such changes could cause financial institutions to determine to move at a date that is sooner than the potential 2021 termination date of LIBOR.

Why is the potential transition from LIBOR an issue?

Many people associate LIBOR with the vast derivatives market, where use of LIBOR as a reference rate has contributed to the standardization of financial contracts with floating rate terms. As a result, the current estimated outstanding volume of derivatives based on US Dollar LIBOR is $199 trillion.[3] Likewise, many bonds and loans, such as syndicated loans, are LIBOR-based. As such, institutions that buy participations in syndicated loans likely have LIBOR exposure.

Financial institutions also use LIBOR as a reference rate for variable rate commercial and consumer loans. The most common consumer loans based on LIBOR include home mortgages, student loans, credit card, and auto loans, with approximately $1.3 trillion outstanding.[4] Moreover, LIBOR use is not limited to the asset side of the balance sheet. Financial institutions also may set deposit rates based on a spread from LIBOR; others have hedging structures based on LIBOR.

About 82% of the financial instruments and loans outstanding at the end of 2016 will mature before 2021,[5] but those remaining represent a very large dollar volume. Much of this volume was likely priced to LIBOR, and there have been additional LIBOR-based financial instruments and loans issued since 2016. The end of LIBOR has the potential to create issues for financial institutions, beginning with the legal and financial risk from changing an interest rate specified in legacy financial instrument documentation.

Most loan agreements contain some contingency language that becomes applicable if the reference rate becomes unavailable. The language, however, may not be clear, may not cover the situation if the reference rate becomes permanently unavailable, or may allow a change in reference rate but not in the spread over the reference rate.

To assist in the potential transition away from LIBOR, the International Securities Dealers Association (ISDA) is working on proposed model contract language for financial instruments to facilitate substitution for LIBOR. In addition, the Federal Housing

[3] "Second Report of the Alternative Reference Rates Committee (ARRC)," March 2018 (Second ARRC Report), p. 2. ARRC was convened by the Federal Reserve Bank of New York in November 2017, and originally consisted of 15 large interest rate derivatives dealers; its membership has expanded several times. https://www.newyorkfed.org/medialibrary/Microsites/arrc/files/2018/ARRC-Second-report

[4] Second ARRC Report, p. 2

[5] Ibid.

Finance Authority (FHFA) is working on proposed contract language for residential mortgages. However, even if current contract language supports the substitution of the original reference rate, the alternative may result in an interest rate that is fundamentally different than the LIBOR-based rate. Therefore, the potential substitution of one reference rate for another may result in either the borrower or the institution experiencing payments and valuations that differ from expectations.

The Federal Financial Institutions Examination Council (FFIEC) is raising awareness and helping to educate financial institutions and examiners about potential transitional issues and encouraging planning for a potential transition from LIBOR as a reference rate.

Alternatives to LIBOR

Some groups have begun creating alternatives to LIBOR. While two such groups are mentioned below, others exist and more could be created in the future. In the USA, one option is the Alternative Reference Rate Committee (ARRC), established by the Federal Reserve Bank of New York, of which the FDIC is an *ex officio* member. The ARRC is currently composed of 27 full members and ten *ex officio* members. The full members include many large securities dealers and banks while the *ex officio* members include the financial regulators.[6] While the FDIC is an *ex officio* member of the ARRC, it is important to understand that the FDIC does not endorse or require the use of any particular reference rate. Rather, the FDIC believes that the use of a particular reference rate is a business decision for each institution based on its needs and unique circumstances.

In 2017, the ARRC developed the Secured Overnight Financing Rate (SOFR) primarily for dollar-denominated derivative products. SOFR is a fully transaction-based rate incorporating tri-party repo data, the Fixed Income Clearing Corporation's (FICC) General Collateral Finance (GCF) Repo data, and bilateral Treasury repo transactions cleared through the FICC.[7] SOFR is quite different from LIBOR as it is based on actual overnight secured transactions that could vary significantly from LIBOR under some market conditions. The ARRC is also creating a term rate.

Another US-based alternative reference rate is Ameribor, which was created by the American Financial Exchange (AFX), and reflects the borrowing costs of more than 100 US small- and mid-sized banks using a 30-day rolling average of the weighted average daily volume in the AFX overnight unsecured market. Other reference rates also may be created for application to particular products.

International groups have created reference rates for use with other countries and non-US dollar related currencies. Examples include the following: the UK selected the reformed Sterling Overnight Index Average (SONIA); the Swiss National Working Group chose the Swiss Average Rate Overnight (SARON); and the Japanese chose an *unsecured* overnight call

[6] Bowman, David, Senior Advisor, Federal Reserve Board, "Alternative Reference Rates Committee Update." (ARRC Second Report Update), August 31, 2018, p. 6.

[7] According to the ARRC Second Report, "The volumes underlying SOFR are far larger than the transactions in any other U.S. money market and dwarf the volumes underlying LIBOR or other term unsecured funding rates. …Because of its range of coverage, SOFR is a good representation of general funding conditions in the overnight Treasury repo market. As such, it will reflect an economic cost of lending and borrowing relevant to the wide array of market participants active in these markets, including not only broker-dealers, but also money market funds, asset managers, insurance companies, securities lenders, and pension funds. FRBNY has released roughly three years of historical data for SOFR and the other repo rates that it will produce." p. 7-8.

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rate.[8] Thus far, no reference rate has attained the popularity of LIBOR.

Planning Considerations

At this point, it appears that LIBOR will likely be around for at least several more years. FDIC examiners will not be examining financial institutions for LIBOR planning or criticize risk management of loans or deposits merely because they use LIBOR as a reference rate. The FDIC will provide additional awareness materials to the industry as appropriate. Institutions should feel free to discuss any concerns they may have about the potential transition with their primary federal regulator.

Some institutions are beginning to plan for the change by evaluating their use of LIBOR. Institutions conducting their own proactive assessments will likely focus first on the potential impact to LIBOR linked assets and liabilities and derivative contracts that mature after 2021. Additionally, institutions may consider using a different reference rate when making new loans that mature after 2021, or begin incorporating language in new contracts that would facilitate a smooth transition to an alternative reference rate, if needed. For residential real estate mortgages intended to be sold on the secondary market, an institution may want to consider waiting to change interest rate language until the FHFA recommends or adopts standard language. The FDIC does not recommend or require the use of any particular reference rate.

Institutions might also review the structure of their assets and liabilities to determine how they would be affected by a change from the LIBOR reference rate. In particular, institutions might consider what commercial and consumer loans are priced using LIBOR, evaluate what contracts need revision because they do not contain acceptable language if LIBOR is no longer available, consider which loans might need prudent renegotiation to avoid issues arising from a change to an interest rate not based on LIBOR, and evaluate any hedging relationships that might be affected by a move away from LIBOR.

Sound planning goes beyond selecting interest rates to also assessing the comprehensive effect of the risks associated with a potential transition in reference rates on the whole institution in areas such as information technology, management information systems, accounting (including hedge accounting and valuation), governance, compliance, and internal control structures.

[8] ARRC Second Report, p. 14.

Summary

LIBOR may or may not be available after 2021, resulting in a possible transition from LIBOR as a reference rate. Institutions that begin analyzing how a change from LIBOR will affect the pricing of loans, deposits, or derivatives used to hedge interest rate risk, as well as the impact on all systems and controls, will be better prepared to facilitate a smooth transition. Institution management should feel free to discuss any concerns about the transition with their primary federal regulator.

There are no plans to examine financial institutions for the status of LIBOR planning or criticize loans merely because they use LIBOR as a reference rate. The FDIC does not require any institution to use any particular reference or interest rate. Institutions can plan for a potential change by understanding how a discontinuation in the LIBOR rate may impact the institution and considering whether any action is necessary to prepare for the potential transition and to protect themselves from related risks.

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Table 1

Selected references:
FSOC 2013 Annual Report, Section 3.1.3 *Reforms Relating to Reference Rates:* https://www.treasury.gov/initiatives/fsoc/Documents/FSOC%202013%20Annual%20Report.pdf
LIBOR: Origins, Economics, Crisis, Scandal, and Reform, Federal Reserve Bank of New York Staff Reports (March 2014): https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr667.pdf
Financial Stability Board - July 2014 report "Reforming Major Interest Rate Benchmarks": http://www.fsb.org/2014/07/r_140722/
Financial Stability Board - Reforming major interest rate benchmarks Progress report on implementation of July 2014 FSB recommendations (October 2017; report on IBOR reforms): http://www.fsb.org/2017/10/reforming-major-interest-rate-benchmarks-4/
LIBOR Alternatives under Development (Office of Financial Research): https://www.financialresearch.gov/data/libor-alternatives/
Alternative Reference Rates: SOFR, LIBOR, and Issues for Transitions (July 2018): https://www.cftc.gov/sites/default/files/2018-07/mrac071218_AlternativeReferenceRates.pdf
Alternative Reference Rate Committee (ARRC) Frequently Asked Questions: https://www.newyorkfed.org/arrc/faq
Second Report of The Alternative Reference Rates Committee (March 2018): https://www.newyorkfed.org/medialibrary/Microsites/arrc/files/2018/ARRC-Second-report
Ask the Fed Webinar - LIBOR and Reference Rate Reform https://www.webcaster4.com/Webcast/Page/584/26025. Registration is required.
Federal Financial Institutions Examination Council (FFIEC) webinar: The FFIEC held a webinar on December 6, 2018, to promote awareness and understanding of efforts to develop alternative reference rates to LIBOR, because of the uncertainty as to continued availability of LIBOR after 2021. To access the archived webinar broadcast, select the registration tab within the press release announcement. https://www.ffiec.gov/press/pr111918.htm. Registration is required.

Overview of Selected Regulations and Supervisory Guidance

This section provides an overview of recently released regulations and other items of interest, arranged in reverse chronological order. Press Release (PR) and Financial Institution Letter (FIL) designations are included so the reader can obtain more information.

ACRONYMS and DEFINITIONS	
CFPB	Consumer Financial Protection Bureau
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
FRB	Federal Reserve Board
NCUA	National Credit Union Administration
OCC	Office of the Comptroller of the Currency
Federal bank regulatory agencies	FDIC, FRB, and OCC
Federal financial institution regulatory agencies	CFPB, FDIC, FRB, NCUA, and OCC

Subject	Summary
Agencies Extend Comment Period on Proposed Standardized Approach for Calculating the Exposure Amount of Derivative Contracts (PR-8-2019, February 15, 2019)	The federal bank regulatory agencies have extended until March 18, 2019, the comment period for a proposed rule to update the standards for how firms measure counterparty credit risk posed by derivative contracts. The proposal would implement a new approach for calculating the exposure amount of derivative contracts under the agencies' regulatory capital rule. See https://www.fdic.gov/news/news/press/2019/pr19008.html
Issuance of Final Rule on Loans in Areas Having Special Flood Hazards – Private Flood Insurance (FIL-8-2019, February 13, 2019)	The federal bank regulatory agencies, NCUA, and the Farm Credit Administration issued final rules to implement provisions of the *Biggert-Waters Flood Insurance Reform Act of 2012* requiring regulated institutions to accept certain private flood insurance policies in addition to National Flood Insurance Program policies. The rules take effect July 1, 2019. See https://www.fdic.gov/news/news/financial/2019/fil19008.html
FDIC Extends Comment Period Related to the Request for Information on the Deposit Insurance Application Process (FIL-7-2019, PR-7-2019, February 12, 2019)	The FDIC has extended the comment period related to the Request for Information (RFI) on the Deposit Insurance Application Process from February 11, 2019, to March 31, 2019. In addition to requesting information regarding steps the FDIC can take to improve the deposit insurance application process, the RFI solicits information regarding ways the FDIC could modify the application process for traditional community banks or to support the continuing evolution of emerging technology and fintech companies as part of its application review process. See https://www.fdic.gov/news/news/financial/2019/fil19007.html

Subject	Summary
Proposed Rulemaking to Revise the Deposit Insurance Assessment System to Apply the Community Bank Leverage Ratio Framework (FIL-6-2019, February 5, 2019)	The FDIC Board of Directors authorized publication of a Notice of Proposed Rulemaking that would apply the Community Bank Leverage Ratio framework proposed by the federal bank regulatory agencies to the deposit insurance assessment system. The framework allows qualifying community banking organizations the option to adopt a simplified measure of capital adequacy and complete a simpler regulatory capital schedule on the Call Report. Comments will be accepted through April 9, 2019. See https://www.fdic.gov/news/news/financial/2019/fil19006.html
Voluntary Private Education Loan Rehabilitation Programs (FIL-5-2019, February 4, 2019)	The FDIC and FRB are jointly providing an advisory on *Voluntary Private Education Loan Rehabilitation Programs* to make financial institutions aware of an amendment to Section 623 of the *Fair Credit Reporting Act* contained in Section 602 of the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (EGRRCPA). The amendment gives consumers the opportunity to rehabilitate a private education loan with a previously reported default under certain conditions. See https://www.fdic.gov/news/news/financial/2019/fil19005.html
Banker Webinar: Update on the Standardized Export of Imaged Loan Documents Initiative (FIL-4-2019, January 31, 2019)	The FDIC is hosting a webinar for financial institutions on February 19, 2019, that will provide an update on the standardized export of imaged loan documents initiative. The webinar will examine lessons learned from the testing period that concluded December 31, 2018, and outline the potential benefits for financial institutions that implement this or other complementary solutions the FDIC is considering to improve the efficiency and effectiveness of examination activities. See https://www.fdic.gov/news/news/financial/2019/fil19004.html
Shared National Credit Review Finds Some Improvement in Credit Quality, Risk Remains Elevated in Leveraged Loans (PR-4, 2019, January 25, 2019)	The federal bank regulatory agencies reported that risk in the portfolio of large syndicated bank loans has declined due to improving conditions in most sectors. Despite the improvement, the dollar volume of loans rated below "Pass" remains elevated compared with levels experienced in prior economic cycles, according to the Shared National Credit Program Review. Furthermore, the review found increased risks associated with leveraged lending. See https://www.fdic.gov/news/news/press/2019/pr19004.html
Consolidated Reports of Condition and Income for Fourth Quarter 2018 (FIL-2-2019, January 11, 2019; FIL-3-2019, January 15, 2019)	The Consolidated Reports of Condition and Income for the December 31, 2018, report date must be submitted by January 30, 2019. Certain institutions with foreign offices have an additional five calendar days to file. While the report for the quarter does not include any new data items, the "Total reciprocal deposits as of June 30, 2018" line item in Schedule RC-E has been deleted this quarter. This data item was collected on a one-time only basis in September 2018. See https://www.fdic.gov/news/inactive-financial-institution-letters/2019/fil19003.html
Regulators Encourage Institutions to Work with Borrowers Affected by Government Shutdown (FIL-1-2019, PR-2-2019, January 11, 2019)	The federal financial institution regulatory agencies encourage financial institutions to work with customers affected by the federal government shutdown. While the agencies realize that the effects of the federal government shutdown on individuals should be transitory, affected borrowers may face a temporary hardship in making payments on financial obligations such as mortgages, student loans, car loans, credit cards, and other debt. See https://www.fdic.gov/news/news/financial/2019/fil19001.html

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Subject	Summary
Bank Secrecy Act Technical Assistance Video Updated (FIL-90-2018, December 28, 2018)	The FDIC released an updated technical assistance video on the *Bank Secrecy Act* (BSA), anti-money laundering (AML) requirements, and the Treasury Department's Office of Foreign Asset Control (OFAC) sanctions program. The updated video provides an overview of current BSA/AML and OFAC requirements for directors of FDIC-supervised institutions and is available at https://www.fdic.gov/regulations/resources/director/virtual/bsa.html. See https://www.fdic.gov/news/news/financial/2018/fil18090.html
Agencies Issue Statement on Financial Institutions Issuing Loans When National Flood Insurance Program is Unavailable (PR-106-2018, December 28, 2018)	The federal bank regulatory agencies remind institutions that lenders may continue to make loans subject to the federal flood insurance statutes during periods when the National Flood Insurance Program is unavailable. In doing so, lenders must continue to make flood determinations; provide timely, complete, and accurate notices to borrowers; and comply with other parts of the flood insurance regulations. See https://www.fdic.gov/news/news/press/2018/pr18106.html
Final Rules on Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks (FIL-89-2018, PR-103-2018, December 21, 2018)	The federal financial institution regulatory agencies have adopted as final without change the interim final rules issued on August 29, 2018, that permit insured deposit institutions with less than $3 billion in total assets, and that meet certain other criteria, to qualify for an 18-month on-site examination cycle. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18089.html
Agencies Allow Three-Year Regulatory Capital Phase In for New Current Expected Credit Losses (CECL) Accounting Standard (PR-102-2018, December 21, 2018)	The federal bank regulatory agencies approved a final rule modifying the regulatory capital rules and providing an option to phase in over a period of three years the day-one regulatory capital effects of the update to the accounting standard known as the "Current Expected Credit Losses" methodology. The final rule will take effect April 1, 2019. See https://www.fdic.gov/news/news/press/2018/pr18102.html
Federal Reserve and FDIC Announce Resolution Plan Determinations for Four Foreign-based Banks and Finalize Guidance for Eight Domestic Banks (PR-101-2018, December 20, 2018)	The FRB and FDIC announced that the resolutions plans for four foreign-based banks had weaknesses, but did not have "deficiencies," which are weaknesses severe enough to result in additional prudential requirements if not corrected. Resolution plans must describe the company's strategy for rapid and orderly resolution under bankruptcy in the event of material financial distress or failure of the company. The FRB and FDIC also have finalized resolution plan guidance applying to the eight largest and most complex domestic banking organizations. See https://www.fdic.gov/news/news/press/2018/pr18101.html
Agencies Release Annual CRA Asset-Size Threshold Adjustments for Small and Intermediate Small Institutions (PR-100-2018, December 20, 2018)	The federal bank regulatory agencies announced the annual adjustment to the asset-size thresholds used to define small bank, small savings association, intermediate small bank, and intermediate small savings association under the *Community Reinvestment Act* (CRA) regulations. The adjustments will be effective as stated in the final rule that will be published in the *Federal Register*. See https://www.fdic.gov/news/news/press/2018/pr18100.html

Subject	Summary
Interagency Proposed Rule on Thresholds Increase for *Major Assets Prohibition of the Depository Institution Management Interlocks Act* Rules (FIL-88-2018, PR-99-2018, December 20, 2018)	The federal bank regulatory agencies invite public comment on a proposal to update the rules restricting the ability of a director or other management official to serve at more than one depository institution. Management officials would generally remain prohibited from serving with multiple depository institutions that are above the increased thresholds, limiting the potential risk of anticompetitive conduct at larger institutions. Comments will be accepted until April 1, 2019. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18088.html
Reciprocal Deposit Rulemaking and Request for Comments on Brokered Deposit and Interest Rate Restriction Issues (FIL-87-2018, PR-98-2018, December 19, 2018)	The FDIC adopted a final rule related to the treatment of reciprocal deposits and issued an advance notice of proposed rulemaking related to brokered deposits and the interest rate restrictions. The final rule exempts certain reciprocal deposits from being considered as brokered deposits for certain insured institutions, and makes conforming amendments to the regulations governing deposit insurance assessments. Comments on brokered deposits and interest rate restrictions will be accepted until May 7, 2019. See https://www.fdic.gov/news/news/financial/2018/fil18087.html
FDIC Issues Notice of Proposed Rulemaking: Company-Run Stress Testing Requirements for FDIC-Supervised State Nonmember Banks and State Savings Associations (PR-97-2018, December 18, 2018)	The FDIC issued a notice of proposed rulemaking that would revise the FDIC's requirements for stress testing by FDIC-supervised institutions, consistent with changes made by the EGRRCPA. The rule would amend the FDIC's existing stress testing regulations to change the minimum threshold for applicability from $10 billion to $250 billion, revise the frequency of required stress tests from annual to periodic, reduce the number of required stress testing scenarios from three to two, and make certain other conforming and technical changes. This notice of proposed rulemaking was published in the *Federal Register* on December 28, 2018, and comments will be accepted until February 19, 2019. This notice of proposed rulemaking was developed in coordination with consistent and comparable rulemakings issued by the OCC and the FRB. See https://www.fdic.gov/news/news/press/2018/pr18097.html
Volcker Rule: Proposed Revisions to Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds (FIL-86-2018, December 18, 2018; PR-104-2018, December 21, 2018)	The federal bank regulatory agencies, the U.S. Securities and Exchange Commission, and the U.S. Commodity Futures Trading Commission are issuing a Notice of Proposed Rulemaking and requesting comment on a proposal to amend regulations implementing the Volcker Rule. The proposed amendments would implement statutory changes made by the EGRRCPA to exclude certain community banks from the Volcker Rule and permit banking entities to share a name with a hedge fund or private equity fund under certain circumstances. Comments will be accepted until March 11, 2019. See https://www.fdic.gov/news/news/financial/2018/fil18086.html
Banker Teleconference: Regulatory Capital Rule: Capital Simplifications for Qualifying Community Banking Organizations (FIL-85-2018, December 12, 2018)	The federal bank regulatory agencies will host an interagency conference call for bankers on December 18, 2018, to discuss the optional community bank leverage ratio framework. Discussion will include the definition of a qualifying community banking organization, the definition of tangible equity, and compliance with the proposed framework. See https://www.fdic.gov/news/news/financial/2018/fil18085.html
FDIC Updates *Affordable Mortgage Lending Guide* Information on Federal Agencies and Government-Sponsored Enterprises (FIL-84-2018, December 6, 2018)	The FDIC has updated the *Affordable Mortgage Lending Guide, Part 1: Federal Agencies and Government-Sponsored Enterprises* to reflect the most up-to-date information available about the mortgage products offered through federal housing programs, Fannie Mae and Freddie Mac. See https://www.fdic.gov/news/news/financial/2018/fil18084.html

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Subject	Summary
FDIC Issues an Update to its Publication Entitled *Applying for Deposit Insurance*, Finalizes its *Deposit Insurance Applications Manual*, and Establishes a Designated Applications Mailbox (FIL-83-2018, December 6, 2018)	The FDIC issued an update to its publication entitled *Applying for Deposit Insurance – A Handbook for Organizers of De Novo Institutions,* and is issuing its *Deposit Insurance Applications Procedures Manual* in final form. The handbook was developed to facilitate the process of establishing new banks, and the manual provides comprehensive instructions to staff regarding the deposit insurance application process. The mailbox provides an additional channel for interested parties to ask questions of designated applications specialists. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18083.html
Review Process for Draft Deposit Insurance Proposals (FIL-82-2018, December 6, 2018)	The FDIC is establishing a process to allow prospective organizers the option to request FDIC review of a draft deposit insurance proposal prior to filing an official application. The FDIC will review draft proposals to identify potential issues, provide preliminary feedback, and work with organizers on submissions before submitting a formal application. See https://www.fdic.gov/news/news/financial/2018/fil18082.html
FDIC Re-Issues its Processing Timeframe Guidelines for Applications, Notices, and Other Requests (FIL-81-2018, December 6, 2018)	The FDIC is re-publishing its timeframe guidelines for processing applications, notices, requests, and other filings submitted on behalf of existing and proposed institutions and other parties. A list of filing types and the processing timeframe guidelines are posted on the FDIC's website. See https://www.fdic.gov/news/news/financial/2018/fil18081.html
FDIC Requests Information on the Deposit Insurance Application Process (FIL-80-2018, December 6, 2018)	The FDIC is seeking comments from interested parties on all aspects of the deposit insurance application process. The Request for Information (RFI) is part of the FDIC's efforts to enhance transparency, efficiency, and accountability. As published, comments on the RFI will be accepted until February 11, 2019; however, an extension until March 31, 2019, is in process. See https://www.fdic.gov/news/news/financial/2018/fil18080.html
FDIC's Advisory Committee on Systemic Resolution to Meet on December 6, 2018 (PR-93-2018, December 4, 2018)	The FDIC's Advisory Committee on Systemic Resolution is scheduled to meet December 6, 2018. Discussion will focus on making bankruptcy work, orderly liquidation, and cross-border resolution implementation. See https://www.fdic.gov/news/news/press/2018/pr18093.html
Interagency Statement on Innovative Efforts to Combat Money Laundering and Terrorist Financing (FIL-79-2018, PR-91-2018, December 3, 2018)	The federal bank regulatory agencies, NCUA, and the Financial Crimes Enforcement Network issued a joint statement to encourage depository institutions to consider, evaluate and, where appropriate, responsibly implement innovative approaches to meet their BSA/AML compliance obligations to strengthen the financial system against illicit financial activity. Each of the agencies has, or will establish, projects or offices to support the implementation of responsible innovation and new technology in the financial system. See https://www.fdic.gov/news/news/financial/2018/fil18079.html

Subject	Summary
Deposit Insurance Fund Reserve Ratio Exceeds Minimum 1.35 Percent (FIL-78-2018, November 28, 2018)	The Deposit Insurance Fund Reserve Ratio reached 1.36 percent on September 30, 2018. Upon reaching the statutory minimum Reserve Ratio of 1.35 percent, surcharges on large institutions (generally those with over $10 billion in total assets) will cease. Also, when the Reserve Ratio is at least 1.38 percent, small banks (generally those with less than $10 billion in total assets) will begin receiving assessment credits for the portion of their assessments that contributed to the growth in the Reserve Ratio from between 1.15 percent and 1.35 percent. For more information on timing and applicability, see https://www.fdic.gov/regulations/laws/rules/2000-5000.html for rules governing the assessment process. See https://www.fdic.gov/news/news/financial/2018/fil18078.html
Regulatory Capital Rule: Capital Simplification for Qualifying Community Banking Organizations (FIL-77-2018, PR-88-2018, November 21, 2018)	The federal bank regulatory agencies invite public comment on a proposal that would simplify regulatory capital requirements for qualifying community bank organizations, consistent with Section 201 of the EGRRCPA. The proposal would provide regulatory burden relief to qualifying community banking organizations by giving these institutions the option to calculate a simple leverage ratio, rather than multiple measures of capital adequacy. Comments will be accepted until April 9, 2019. See https://www.fdic.gov/news/news/financial/2018/fil18077.html
Appraisal Threshold for Residential Real Estate Loans (FIL-76-2018, November 21, 2018; PR-87-2018, November 20, 2018)	The FDIC issued a notice of proposed rulemaking to raise the threshold for residential real estate transactions requiring an appraisal to $400,000. This proposal is in response to concerns raised about the time and cost associated with completing residential real estate transactions in conjunction with the EGRRCPA. Comments will be accepted until February 5, 2019. See https://www.fdic.gov/news/news/financial/2018/fil18076.html
Reduced Reporting for Covered Depository Institutions (FIL-74-2018, November 19, 2018; FIL-75-2018, November 20, 2018; PR-82-2018, November 7, 2018)	The federal bank regulatory agencies published a notice of proposed rulemaking that would expand the eligibility to file the agencies' most streamlined Call Report, the FFIEC 051, and establish that version of the Call Report as the one that provides reduced reporting for the first and third calendar quarters of a year. The comment period closes on January 18, 2019. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18075.html
Banker Teleconference Series: Implications from the FDIC 2017 National Survey of Unbanked and Underbanked Households (FIL-73-2018, November 16, 2018)	The FDIC will discuss the results of its 2017 biennial *National Survey of Unbanked and Underbanked Households* during a teleconference scheduled for November 28, 2018. Other topics include economic inclusion resources and CRA consideration for activities that benefit underserved communities. See https://www.fdic.gov/news/news/financial/2018/fil18073.html
Request for Information on Small-Dollar Lending (FIL-71-2018, PR-84-2018, November 14, 2018)	The FDIC is seeking public comment on issues related to small-dollar lending by FDIC-supervised financial institutions. The Request for Information solicits comments on the consumer demand for small-dollar credit products, the supply of small-dollar credit products offered by banks, and what the FDIC can do to better enable banks to offer responsible, prudently underwritten credit products to meet consumer demand. Comments will be accepted until January 22, 2019. See https://www.fdic.gov/news/news/financial/2018/fil18071.html
FDIC Releases 2018 Version of Money Smart for Adults (FIL-70-2018, PR-83-2018, November 14, 2018)	The FDIC released the 2018 version of the *Money Smart for Adults* financial education curriculum. Instructors can use the fully scripted materials to deliver relevant and accurate financial education. To learn more about the FDIC's *Money Smart* program, visit the FDIC's website at https://www.fdic.gov/consumers/consumer/moneysmart/index.html. See https://www.fdic.gov/news/news/financial/2018/fil18070.html

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Subject	Summary
Modifications to the Statement of Policy for Section 19 of the Federal Deposit Insurance Act (FIL-68-2018, November 1, 2018)	The FDIC issued modifications to its *Statement of Policy for Section 19 of the Federal Deposit Insurance Act*. Section 19 prohibits, without prior written consent of the FDIC, a person convicted of any criminal offense involved in dishonesty, breach of trust, money laundering, or any pre-trial diversion or similar program in connection with prosecution for such offense, from participating in the affairs of an FDIC-insured institution. Automatic exceptions not requiring application have been updated and clarified. The modifications are expected to reduce the number of Section 19 applications and regulatory burden. See https://www.fdic.gov/news/ninactive-financial-institution-letters/2018/fil18068.html
Regulatory Capital Rule: New Standardized Approach for Calculating the Exposure Amount of Derivative Contracts (FIL-67-2018, PR-80-2018, October 30, 2018)	The federal bank regulatory agencies are inviting public comment on a proposal to update standards for how firms measure counterparty credit risk posed by derivative contracts under the regulatory capital rules. The proposed changes are designed to better reflect the current derivatives market and incorporate risks observed during the 2007-2008 financial crisis. Comments will be accepted until February 15, 2019. See https://www.fdic.gov/news/news/financial/2018/fil18067.html
Proposed Removal of the FDIC's Part 350 Annual Disclosure Statement Requirement (FIL-66-2018, October 30, 2018)	The FDIC published a notice of proposed rulemaking to rescind and remove Part 350 of its regulations, entitled *Disclosure of Financial and Other Information by FDIC Insured State Nonmember Banks.* This would eliminate the need for certain annual financial data as more extensive and timely information is now available online. Comments should be received on or before November 26, 2018. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18066.html
Agencies Announce Availability of 2017 Small Business, Small Farm, and Community Development Lending Data (PR-78-2018, October 25, 2018)	The federal bank regulatory agencies announced the availability of data on small business, small farm, and community development lending reported pursuant to the CRA. The FFIEC also prepared aggregate disclosure statements of small business and small farm lending for all metropolitan statistical areas and non-metropolitan counties in the United States and its territories. These statements are available on the FFIEC website at www.ffiec.gov/cra. See https://www.fdic.gov/news/news/press/2018/pr18078.html
Community Affairs Webinar: Expanding Access to Safe Transaction Accounts (FIL-64-2018, October 24, 2018)	The FDIC will conduct a webinar on October 31, 2018, on expanding access to safe transaction accounts. Safe and affordable transaction and savings accounts build positive banking relationships and promote economic inclusion and community development. See https://www.fdic.gov/news/news/financial/2018/fil18064.html
Share of U.S. Households without a Bank Account Continues to Drop (PR-77-2018, October 23, 2018)	The *National Survey of Unbanked and Underbanked Households* released by the FDIC shows the number of U.S. households without a bank account fell for the third consecutive survey period. The survey results are available at https://www.fdic.gov/householdsurvey/2017/2017report.pdf. See https://www.fdic.gov/news/news/press/2018/pr18077.html
Cybersecurity Preparedness Resource (FIL-63-2018, October 19, 2018)	As part of its Community Banking Initiative, the FDIC is adding to its cybersecurity awareness resources for financial institutions. This includes two new vignettes for the *Cyber Challenge*, which consists of exercises intended to encourage discussions of operational risk issues and the potential impact of information technology disruptions on banking functions. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18063.html

Subject	Summary
FDIC Advisory Committee Will Meet to Discuss Unbanked/Underbanked Survey (PR-76-2018, October 18, 2018)	The FDIC Advisory Committee on Economic Inclusion will meet on October 24, 2018, to discuss the results of the latest FDIC *National Survey of the Unbanked and Underbanked Households*. Other discussion topics include the effectiveness of mobile text notifications by the U.K. – Financial Conduct Authority and introducing young people to the financial mainstream through youth employment programs and deposit accounts. See https://www.fdic.gov/news/news/press/2018/pr18076.html
Appraisal Regulations *Frequently Asked Questions* (FIL-62-2018, October 16, 2018)	The federal bank regulatory agencies issued a *Frequently Asked Questions* document on appraisal and evaluation functions. The document was developed in response to recent questions about the agencies' real estate appraisal regulations and guidelines and replaces previous frequently asked questions on the appraisal regulations issued in 2005. See https://www.fdic.gov/news/news/financial/2018/fil18062.html
FDIC Enhances Tool to Prevent Elder Financial Exploitation (PR-75-2018, October 15, 2018)	The FDIC announced the release of a Spanish-language version of *Money Smart for Older Adults.* The curriculum has been updated to provide new information and resources to help older adults and their caregivers recognize and prevent fraud, scams, and other types of financial exploitation. The information is available at https://catalog.fdic.gov/catalog/s/?selCategoryNm=a1Et0000003lWcDEAU. See https://www.fdic.gov/news/news/press/2018/pr18075.html
Consolidated Reports of Condition and Income for Third Quarter 2018 (FIL-60-2018, October 12, 2018; FIL-61-2018, October 15, 2018)	The Consolidated Reports of Condition and Income for the September 30, 2018, report date must be submitted by October 30, 2018. Certain institutions with foreign offices have an additional five calendar days to file. The report for the quarter includes two new data items for reciprocal deposits. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18061.html
FDIC Announces Subscription Alerts for Updates to Examination Manuals (FIL-57-2018, October 10, 2018)	The FDIC is offering FDIC-supervised institutions the ability to receive a notification when the agency's examination manuals are updated on the website. The service will help community banks remain current on changes in instructions provided to examination staff. To sign up for alerts, please go to https://public.govdelivery.com/accounts/USFDIC/subscribers/new. See https://www.fdic.gov/news/news/financial/2018/fil18057.html
Banker Teleconference Series: Consumer Compliance Provisions in the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) (FIL-56-2018, October 10, 2018)	The FDIC will discuss via a banker teleconference consumer compliance topics related to the EGRRCPA on October 25, 2018. The FDIC holds events to help bankers maintain open lines of communication and update bank management and staff on regulatory and emerging issues in the compliance and consumer protection areas. See https://www.fdic.gov/news/news/financial/2018/fil18056.html
FDIC to Hold 8th Annual Consumer Research Symposium in Arlington, Virginia (PR-72-2018, October 5, 2018)	The FDIC will sponsor the 8th Annual Consumer Research Symposium on October 12, 2018. The Conference will feature presentations of selected research papers. For more information, access the Consumer Research Symposium page at https://www.fdic.gov/news/conferences/consumersymposium/index.html. See https://www.fdic.gov/news/news/press/2018/pr18072.html

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Subject	Summary
FDIC Announces Meeting of Advisory Committee on Community Banking (PR-70-2018, October 4, 2018)	The FDIC will hold a meeting of the Advisory Committee on Community Banking on October 10, 2018. The Committee will discuss local banking conditions, and FDIC senior staff will brief the Committee on industry collaboration initiatives, deposit insurance assessments, and interest rate restrictions. The agenda is available at https://www.fdic.gov/communitybanking/index.html. See https://www.fdic.gov/news/news/press/2018/pr18070.html
FDIC Chairman McWilliams Announces Transparency and Accountability Initiative (PR-69-2018, October 3, 2018)	FDIC Chairman McWilliams announced an agency-wide "Trust through Transparency" initiative. A section was launched on the public website to provide new performance metrics that cross business lines. The metrics include data on turnaround times for examinations and bank applications, and response rates for the FDIC call center. See https://www.fdic.gov/news/news/press/2018/pr18069.html
Interagency Statement on Sharing Bank Secrecy Act Resources (FIL-55-2018, PR-68-2018, October 3, 2018)	The federal bank regulatory agencies, NCUA, and the Financial Crimes Enforcement Network are issuing a statement to address instances in which bank and credit unions may enter into collaborative arrangements to share resources to manage BSA/AML obligations more efficiently and effectively. The statement indicates that collaborative arrangements are generally more suitable for financial institutions with a community focus, less complex operations, and lower-risk profiles for money laundering or terrorist financing. See https://www.fdic.gov/news/news/financial/2018/fil18055.html
Proposed Revisions to the Consolidated Reports of Condition and Income and Other Regulatory Reports (FIL-54-2018, October 2, 2018)	In response to changes in the accounting for credit losses, the federal bank regulatory agencies and the FFIEC are requesting comment on proposed revisions to the Consolidated Reports of Condition and Income and certain other FFIEC Reports. Other changes in the proposal relate to the reporting of high volatility commercial real estate exposures and reciprocal deposits. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18054.html
Request for Information on FDIC Communication and Transparency (FIL-53-2018, PR-67-2018, October 1, 2018)	The FDIC is seeking comment on the FDIC's communication methods and related initiatives to promote efficiency and increase transparency. The FDIC recognizes that the amount of information disseminated can create challenges for banks. As such, the FDIC is seeking input on topics such as the efficiency of FDIC's current communication, ease of access of FDIC information, and the content of the FDIC's current communication. Comments must be received by December 4, 2018. See https://www.fdic.gov/news/news/financial/2018/fil18053.html
FDIC Releases Report on Small Business Lending Survey (PR-66-2018, October 1, 2018)	The FDIC published a report on the findings of its *Small Business Lending Survey*, which collects data on how banks conduct lending to small businesses. The report found that banks of different sizes approach small business lending differently, but relationships are important for both small and large banks. More information can be found on the small business lending page at https://www.fdic.gov/bank/historical/sbls/index.html. See https://www.fdic.gov/news/news/press/2018/pr18066.html

Subject	Summary
Customer Identification Program Rule Exemption for Insurance Premium Finance Loans (FIL-52-2018, September 28, 2018)	The federal financial institution regulatory agencies grant an exemption from the requirements of the customer identification program rules for loans extended by banks and their subsidiaries to commercial customers to facilitate purchases of property and casualty insurance policies. The Financial Crimes Enforcement Network Administrator has stated these loans present a low risk of money laundering. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18052.html
Proposed Revisions to the Consolidated Reports of Condition and Income and Certain Other Regulatory Reports (FIL-51-2018, September 28, 2018)	The federal bank regulatory agencies and the FFIEC published for public comment proposed changes to the *Consolidated Reports of Condition and Income and Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework*. The proposed changes result from the revised accounting for credit losses, and changes to the treatment of high volatility commercial real estate and reciprocal deposits. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18051.html
Agencies Approve Amendments to Swap Margin Rule (PR-64-2018, September 21, 2018)	The federal bank regulatory agencies, the Federal Housing Finance Agency, and the Farm Credit Administration approved final amendments to swap margin requirements to conform to recent rule changes that impose new restrictions on certain qualified financial contracts of systemically important banking organizations. The margin requirements are designed to help ensure the safety and soundness of swap entities and reduce risks to the stability of the financial system associated with non-cleared swaps activity. See https://www.fdic.gov/news/news/press/2018/pr18064.html
Regulatory Capital Rules: Revised Definition of a High Volatility Commercial Real Estate (HVCRE) Exposure (FIL-50-2018, PR-63-2018, September 18, 2018)	The federal bank regulatory agencies invite public comment on a proposal to modify the agencies' capital rules for high volatility commercial real estate (HVCRE) exposures, as required by Section 214 of the EGRRCPA. The proposal also seeks to clarify certain aspects of the revised HVCRE exposure definition. The changes, when finalized, would apply to all banking organizations subject to the agencies' capital rules. See https://www.fdic.gov/news/news/financial/2018/fil18050.html
Interagency Statement Clarifying the Role of Supervisory Guidance (FIL-49-2018, September 17, 2018; PR-59-2018, September 11, 2018)	The federal financial institution regulatory agencies have issued a statement to explain the role of supervisory guidance and describe the agencies' approach to supervisory guidance. The statement, among other things, reiterates that guidance is not itself enforceable. The statement also discusses the types of guidance issued and why guidance is provided. The agencies will seek to reduce the issuance of multiple guidance documents on the same topic and continue efforts to be clear in communications and encourage questions from supervised institutions. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18049.html
FDIC Releases Results of Summary of Deposits Survey (PR-61-2018, September 14, 2018)	The FDIC released the results of its annual survey of branch office deposits for FDIC-insured institutions. The results provide deposit totals for each of the more than 88,000 domestic offices operated by more than 5,500 FDIC-insured commercial and savings banks, savings associations, and U.S. branches of foreign banks. The latest data are as of June 30, 2018. The Summary of Deposits is available at https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2. See https://www.fdic.gov/news/news/press/2018/pr18061.html

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Subject	Summary
Proposed Rulemaking Regarding Reciprocal Deposit Treatment (FIL-47-2018, PR-60-2018, September 13, 2018)	The FDIC is seeking comment on a proposed rule to exempt certain reciprocal deposits from being considered as brokered deposits for certain insured institutions. Under the exception addressed in this proposed rule, well-capitalized and well-rated institutions are not required to treat reciprocal deposits as brokered deposits up to the lesser of 20 percent of total liabilities or $5 billion. Comments must be received by October 26, 2018. See https://www.fdic.gov/news/inactive-financial-institution-letters/2018/fil18047.html
FDIC Seeks Comment on Proposed Retirement of Certain Financial Institution Letters (FIL-46-2018, September 10, 2018)	The FDIC is seeking comment on a proposal to retire certain Financial Institution Letters to an inactive status. The proposal is part of a continuing effort to reduce regulatory burden and would target 374 of the 664 risk management-related letters issued between 1995 through 2017. Comments will be accepted until October 10, 2018. See https://www.fdic.gov/news/news/financial/2018/fil18046.html
Interim Final Rules on Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks (FIL-45-2018, September 7, 2018; PR-51-2018, August 23, 2018)	The federal financial institution regulatory agencies have jointly adopted interim final rules permitting insured depository institutions with up to $3 billion in total assets, and that meet certain other criteria, to qualify for an 18-month on-site examination cycle. The implementation of these rules reduces regulatory burden on small, well-capitalized and well-managed institutions, while allowing the agencies to better focus supervisory resources on institutions that may present supervisory concerns. See https://www.fdic.gov/news/news/financial/2018/fil18045.html
Supervisory Insights Journal: Summer 2018 Issue Now Available (FIL-44-2018, PR-58-2018, September 5, 2018)	The FDIC issued the Summer 2018 issue of *Supervisory Insights*. The first article highlights the specialized business of bank lending to the oil and gas sector. The second article presents information and analysis drawn from examiner observations regarding loan risk-rating systems at large state nonmember banks. This article illustrates how strong credit grading systems incorporate clearly identifiable processes and establish a sound governance framework. The issue is available at https://www.fdic.gov/regulations/examinations/supervisory/insights/. See https://www.fdic.gov/news/news/financial/2018/fil18044.html
Agencies Extend Comment Period for Proposed Rule Simplifying and Tailoring the Volcker Rule (PR-55-2018, September 4, 2018)	The federal bank regulatory agencies, the U.S. Securities and Exchange Commission, and the U.S. Commodity Futures Trading Commission extended the comment period for a proposed rule to simplify and tailor compliance requirements for the Volcker Rule. The Volcker Rule generally restricts banking entities from engaging in proprietary trading and owning or controlling hedge funds or private equity funds. The new comment deadline is October 17, 2018. See https://www.fdic.gov/news/news/press/2018/pr18055.html
Agencies Extend Deadline for Certain Resolution Plan Submissions (PR-52-2018, August 30, 2018)	The FRB and the FDIC announced that they have extended the next resolution plan filing deadline for a designated nonbank to December 31, 2019, and the deadline for four foreign banking organizations to July 1, 2020. The extensions will allow additional time for the agencies to provide feedback to the firms on their last submissions and for the firms to produce their next plans. See https://www.fdic.gov/news/news/press/2018/pr18052.html

Subject	Summary
Liquidity Coverage Ratio: Treatment of Certain Municipal Obligations as High-Quality Liquid Assets (FIL-43-2018, PR-49-2018, August 22, 2018)	The federal bank regulatory agencies issued an interim final rule amending the agencies' liquidity rules to treat certain eligible municipal securities as high-quality liquid assets. As required by the EGRRCPA, the agencies are required to treat a municipal obligation as a high-quality liquid asset under the liquidity coverage ratio rules if that obligation is considered "liquid and readily-marketable" and "investment grade." See https://www.fdic.gov/news/news/financial/2018/fil18043.html
Modifications to the Statement of Policy for Section 19 of the Federal Deposit Insurance Act (FIL-42-2018, August 20, 2018)	The FDIC has issued modifications to its *Statement of Policy for Section 19* of the *Federal Deposit Insurance Act*. Section 19 prohibits, without the prior written consent of the FDIC, a person convicted of any criminal offense involving dishonesty, breach of trust, money laundering, or who has entered into a pretrial diversion, or similar program, in connection with a prosecution for such offense, from participating in the affairs of an FDIC-insured institution. The modifications provide more clarity for *de minimis* exceptions for which an application is not required, such as insufficient funds checks, small dollar simple theft, and isolated minor offenses committed by young adults. See https://www.fdic.gov/news/news/financial/2018/fil18042.html
FDIC Publishes 25th Anniversary Special Edition of Consumer Newsletter (PR-48-2018, August 3, 2018)	*FDIC Consumer News* is celebrating its 25th anniversary with an expanded edition featuring updated versions of 25 of the publication's more popular articles. Topics addressed in this edition include saving for retirement, understanding FDIC deposit insurance coverage, money tips for travelers, and how to search for lost or forgotten bank accounts. The edition is available at https://www.fdic.gov/consumers/consumer/news/cnsum18. See https://www.fdic.gov/news/news/press/2018/pr18048.html

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