Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

November 22, 2011

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Foreign Bank Offices and
Savings and Loan Holding Companies
in the Twelfth Federal Reserve District

Agencies Clarify Supervisory and Enforcement Responsibilities for Federal Consumer Financial Laws

A statement that explains how the total assets of an insured bank, thrift or credit union will be measured for purposes of determining supervisory and enforcement responsibilities under the Dodd-Frank Wall Street Reform and Consumer Protection Act was issued November 17, 2011 by five federal financial supervisory agencies.

Under section 1025 of Dodd-Frank, the Consumer Financial Protection Bureau has exclusive authority to examine for compliance with federal consumer financial laws and primary authority to enforce those laws for institutions with total assets of more than $10 billion, and their affiliates. Section 1026 confirms that the four prudential regulators--the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency--will retain supervisory and enforcement authority for other institutions. The policy statement issued November 17, 2011 clarifies the application of sections 1025 and 1026 by addressing two key matters: the measure to be used to determine asset size and the schedule for making such determinations.

The statement explains that a common measure of the asset size of an insured depository institution is the total assets reported in the quarterly Reports of Condition and Income (Call Reports), which banks, thrifts, and insured credit unions are required to file.

The statement also explains the need to establish a schedule for determining the size of an institution that avoids unwarranted uncertainty or volatility regarding the identity of an institution's primary supervisor for federal consumer financial laws. Such conditions could both impose increased burden on institutions and interfere with the orderly implementation of the agencies' responsibilities with respect to the federal consumer financial laws. In order to avoid these adverse consequences, the agencies are adapting criteria used for deposit insurance assessment purposes. Accordingly, after an initial asset size determination based on June 30, 2011, data, an institution generally will not be reclassified unless four consecutive quarterly reports indicate that a change in supervisor is warranted.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at http://www.frbsf.org/banking/letters.

For additional information, please contact:

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Attachment: Supervisory Statement (101 KB PDF)