

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

May 29, 2006

**BANKING SUPERVISION AND REGULATION:
REQUEST FOR COMMENT**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

**Request for Comment on Revised Statement on Complex Structured Finance Activities of
Financial Institutions**

Five federal agencies have requested public comment on a revised proposed statement on the complex structured finance activities of financial institutions. The revised statement describes the types of internal controls and risk management procedures that should help financial institutions identify, manage, and address the heightened legal and reputational risks that may arise from certain complex structured finance transactions.

The agencies have modified the revised statement in several important respects based on the comments received on the original proposed statement, which was issued for comment on May 19, 2004. For example, the agencies have reorganized, streamlined, and modified the statement to focus more on those complex structured finance transactions that may pose heightened levels of legal or reputational risk to a financial institution.

The proposed statement was issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Securities and Exchange Commission. The revised statement would represent supervisory guidance for institutions supervised by the four banking agencies, and a policy statement for institutions supervised by the Securities and Exchange Commission.

Additional Information

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

For additional information about the revised statement on complex structured finance activities of financial institutions, please contact our Banking Supervision and Regulation Department at (415) 974-2225.

FEDERAL RESERVE BANK OF SAN FRANCISCO

[Attachment: Docket No. OP-1254](#)