

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

June 27, 2013

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

SR 13-13 / CA 13-10 Supervisory Considerations for the Communication of Supervisory Findings

The purpose of this letter is to update and clarify existing examiner guidance concerning the communication of supervisory findings to banking organizations and institutions supervised by the Federal Reserve (collectively referred to as “banking organizations” or “organizations” in the guidance). The attached guidance discusses the Federal Reserve’s standard language for examination/inspection findings, which improves the consistency and clarity of written communications to banking organizations, and enhances the focus on matters requiring attention by an organization’s board of directors. In particular, the guidance clarifies requirements for addressing *Matters Requiring Immediate Attention* (MRIAs) and *Matters Requiring Attention* (MRAs) that are included in examination or inspection reports or any other supervisory communication during the supervisory cycle.

Beginning with supervisory activities commenced after the date of this letter when communicating supervisory findings to banking organizations, examiners are to discontinue using *Observations* as a separate category. *Observations* are being removed from the standard nomenclature in order to better focus an organization’s board of directors’ attention on deficiencies found during the supervision process. In the narrative sections of examination or inspection reports or other supervisory communications, examiners may, nevertheless, continue to apprise management of matters that are informative or advisory in nature that address the range of acceptable practices and that could further improve the efficiency or effectiveness of the banking organization’s operations. However, when examiners expect the banking organization to take action to address practices in a particular area or business function, examiners should treat these matters as MRIAs or MRAs.

The attached guidance revises guidance issued in 2008 and discusses the standard language that the Federal Reserve uses to enhance the focus on matters requiring attention and highlights supervisory expectations for corrective actions, Reserve Bank follow-up, and other supervisory considerations¹. The guidance also defines MRIAs and MRAs and outlines the procedures that safety-and-soundness and consumer compliance examiners will follow in presenting and communicating their supervisory findings.

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-supervision/publications/district-circular-letters/>.

For additional information, please contact:

Federal Reserve Bank of San Francisco
Banking Supervision and Regulation
(801) 322-7853

Attachment: [Supervisory Considerations for the Communication of Supervisory Findings](#)

Cross References: [SR letter 13-1/CA letter 13-1](#), “Supplemental Policy Statement on the Internal Audit Function and Its Outsourcing”

¹ SR letter 08-1/CA letter 08-1, “Communication of Examination/Inspection Findings,” is superseded with the issuance of this guidance.