

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

March 24, 2014

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 14-2 / CA 14-1 Enhancing Transparency in the Federal Reserve's Application Process

On February 24, 2014, the Federal Reserve issued [SR letter 14-2/CA letter 14-1, Enhancing Transparency in the Federal Reserve's Applications Process](#). This guidance provides financial institutions and the public with a better understanding of the Federal Reserve's approach to filings that do not satisfy statutory requirements for approval of the proposed transaction or possibly raise supervisory or regulatory concerns. The letter notes the following categories as the most common Applications-related issues:

1. Less-than-satisfactory safety and soundness ratings
2. Less-than-satisfactory consumer compliance or CRA ratings
3. Enforcement actions
4. Other financial factors. Proposals that result in:
 - a. The combined organization's capital levels or structure do not provide adequate support
 - b. Holding companies that are unable to serve as a source of strength
 - c. Acquisition debt that does not meet relevant regulatory policies and procedures
5. Other managerial factors. Review of notificants provides information that illustrates that the individual:
 - a. Lacks sufficient banking experience relevant to the size and complexity of the institution and the position being sought
 - b. Has incurred a bankruptcy, defaulted on obligations, or other behaviors that indicate a lack of financial responsibility
 - c. Has been convicted of a crime. (Non-criminal acts that result in adverse action by a state or federal agency can also become problematic.)
6. Other factors and considerations
 - a. Business Plan (overly aggressive, concentrations, managerial deficiencies, or ineffective)
 - b. Inadequate Bank Secrecy Act and anti-money laundering compliance
 - c. Receipt of adverse public comments
 - d. Transactions that do not comply with the competitive and financial stability criteria

The Federal Reserve will begin publishing a semi-annual report that will provide information relating to filings submitted to the Federal Reserve, including summary information relating to the length of application processing timeframes, the overall volume of application actions (i.e., approvals, denials, and withdrawals), and the primary reasons a filing was withdrawn. The first report, covering the period from January to June 2014, will be available during the second half of 2014.

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:

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