PRESS RELEASE

Federal Deposit Insurance Corporation • Each depositor insured to at least $250,000

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FDIC Seeks Comment on Bank Appeals Guidelines, Third-Party Lending Guidance as Part of Package of Updated Policies and Procedures

The Federal Deposit Insurance Corporation (FDIC) is seeking comments on updates to its guidelines for institutions to appeal certain material supervisory determinations. Further, the FDIC is seeking comments on draft guidance regarding third-party lending.

The two items are part of a package issued by the FDIC Board of Directors to improve the transparency and clarity of the FDIC's supervisory policies and practices, and to ensure that institutions have clear and fair avenues to pursue when there are differences of opinion regarding supervisory matters.

Other documents in the package include a statement from the Board to guide FDIC staff in developing and reviewing supervisory guidance, a statement on the development and communication of supervisory recommendations to financial institutions, a statement on the FDIC Code of Conduct to reinforce the Board's commitment to the FDIC's Core Values, and updates to the FDIC's corporate governance policies. Further, the FDIC is reissuing a Financial Institution Letter originally issued in 2011 to reinforce FDIC's expectations for communications between the agency and bankers and to encourage bankers to raise concerns and provide feedback related to FDIC supervisory matters.

The FDIC believes that regulatory burden does not emanate solely from statutes and regulations, but also can come from supervisory policies and procedures. The Board is therefore improving the FDIC's supervisory policies and practices to make them more transparent and easy-to-understand. The changes respond to matters identified by the Office of Inspector General in its report issued in February 2016 related to the FDIC's supervision of banks engaged in making refund anticipation loans as well as by commenters who provided input during the recent Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) process.

The proposed supervision appeals guidelines expand the circumstances under which banks may appeal a material supervisory determination. Comments on the supervision appeals guidelines will be accepted until 60 days after it is published in the Federal Register.

The proposed third-party lending guidance outlines the risks that may be associated with third-party lending as well as the expectations for a risk-management program, supervisory considerations, and examination procedures related to third-party lending.

Third-party lending is an arrangement in which a bank relies on an outside source to perform a significant aspect of the lending process, such as originating loans for third parties, originating loans through third parties or jointly with third parties, and originating loans using platforms developed by third parties. The draft guidance supplements and expands on previously issued guidance and would apply to all FDIC-supervised institutions that engage in third-party lending programs.

Comments on the third-party lending guidance will be accepted until September 12, 2016. Comments should be sent to thirdpartylending@fdic.gov and will be posted on the FDIC's website at https://www.fdic.gov/regulations/laws/publiccomments/.

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA) requires the Federal Financial Institutions Examination Council, Office of the Comptroller of the Currency, FDIC, and Federal Reserve Board to review their regulations at least every 10 years. The agencies also are required to categorize and publish the regulations for comment, and submit a report to Congress that summarizes any significant issues raised by the comments and the relative merits of such issues.

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Links:

- Update to Supervision Appeals Review Committee Guidelines
- Proposed Examination Guidance on Third-Party Lending
- Statement of the FDIC Board of Directors on the Development and Review of Supervisory Guidance
- Statement of the FDIC Board of Directors on the Development and Communication of Supervisory Recommendations
- Statement of the FDIC Board of Directors on the FDIC Code of Conduct
- Financial Institution Letter Reissuance – Reminder on FDIC Examination Findings
- Statement of the FDIC Board of Directors on FDIC Corporate Governance for Supervisory Matters
- Standing Committee Resolution