



**BOARD OF GOVERNORS**  
OF THE  
**FEDERAL RESERVE SYSTEM**

WASHINGTON, D.C. 20551

DIVISION OF BANKING  
SUPERVISION AND REGULATION

**SR 14-9**

**November 7, 2014**

**TO THE OFFICER IN CHARGE OF SUPERVISION  
AT EACH FEDERAL RESERVE BANK**

**SUBJECT:** Incorporation of Federal Reserve Policies into the Savings and Loan Holding Company Supervision Program

**Applicability:** This letter applies to all savings and loan holding companies, including those with \$10 billion or less in total consolidated assets.

The attached list identifies Federal Reserve supervisory guidance documents (SR letters) issued prior to July 21, 2011 (the date of transfer of supervision and regulation of savings and loan holding companies (SLHCs) from the former Office of Thrift Supervision (OTS) to the Federal Reserve Board) that are applicable to SLHCs. The Federal Reserve's determination to apply these SR letters to SLHCs follows an extensive review of its existing guidance documents. Applying these SR letters to SLHCs is consistent with and part of the Federal Reserve's broader initiative to establish an SLHC supervisory program similar in nature to its long-established supervisory program for bank holding companies (BHCs).

As previously discussed in SR letter 11-11/CA 11-5, "Supervision of Savings and Loan Holding Companies (SLHCs)," the majority of existing Federal Reserve guidance for BHCs is equally relevant to the supervision of SLHCs. SLHCs should refer to the Federal Reserve's SR letters – and not to OTS documents – for guidance on supervisory expectations. For SR letters issued after July 21, 2011, SLHCs should refer to a specific SR letter to determine if it applies. SR letters issued after that date are not included in the attached listing.

**Background**

Under section 312 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the Board assumed all functions and powers of the OTS relating to the supervision of and rulemaking authority for SLHCs, including their non-depository subsidiaries, effective July 21, 2011.<sup>1</sup> In establishing its SLHC supervision program, the Federal Reserve, to the greatest extent possible, considered the unique characteristics of SLHCs in the decision to apply an SR letter to SLHCs. The identified SR letters address the Federal Reserve supervisory expectations for condition, performance, and activities of SLHCs on a consolidated basis and already form the basis for the Federal Reserve's established risk-based supervision program for

<sup>1</sup> See 12 U.S.C. 5412.

BHCs. As with BHCs, the objective of SLHC supervision is to ensure that a holding company and its non-depository subsidiaries operate in a safe-and-sound manner and in compliance with banking laws.

The attached list of SR letters augment the Federal Reserve's SLHC supervisory program that is currently in place. The program is largely based on principles of safety and soundness and the source-of-strength doctrine. The determination as to whether an SR letter should apply to SLHCs included a consideration of the statutory and regulatory differences between SLHCs and BHCs. This determination also included consideration of differences in permissible activities and capital regulatory requirements.

### **Reasons for the Applicability of an SR Letter to SLHCs**

In assessing the applicability of an SR letter to SLHCs, the Federal Reserve considered whether the guidance addressed a statute or regulation and whether SLHCs were subject to the underlying statute or regulation. For a statute or regulation that did not address SLHCs or a statute that specifically excluded SLHCs, the SR letter will not apply. For interagency guidance issued for public comment, an SR letter is applicable to SLHCs only if OTS gave notice that the guidance would apply to SLHCs. In determining whether to apply an SR letter to SLHCs, the following factors were also considered:

- Consistency with the Federal Reserve's approach to the supervision of BHCs.
- Similarity of equivalent Federal Reserve guidance to OTS guidance that OTS had applied to SLHCs.
- Informational-in-nature guidance that an SLHC should consider if a specific function is carried out at the holding company level.

### **SLHC Supervisory Framework**

The SLHC portfolio encompasses small and large, shell and active, non-complex and complex, and geographically diverse SLHCs. In addition, several of these organizations primarily engage in insurance, broker-dealer, or commercial activities, and, as such, have varying supervision requirements.

As previously discussed in SR letter 11-11/CA 11-5, the Federal Reserve is using its existing BHC RFI ratings framework to assign indicative ratings to SLHCs. The Federal Reserve continues to evaluate the appropriateness of the RFI ratings framework for all SLHCs. The supervisory experience gained over the past three years is aiding the Federal Reserve in the development of a ratings framework that is appropriately consistent with the BHC supervision framework and appropriately addresses the range of non-depository activities in which certain SLHCs engage. Once a proposed ratings framework is developed, the Federal Reserve will provide an opportunity for public comment on the proposed ratings framework.

### **Interagency Coordination**

Federal Reserve examiners are expected to coordinate the SLHC supervisory planning processes and inspection programs with the appropriate primary federal and state regulators for the holding company, depository institution, and any non-depository subsidiary in order to

ensure that high-risk areas are appropriately addressed, duplicative efforts are avoided, and knowledge gaps are filled. The issuance of this letter does not affect the applicability of the guidance issued by the primary federal and state regulators for the depository institution and non-depository subsidiaries.

Reserve Banks are asked to distribute this letter to appropriate safety-and-soundness examiners and other supervisory staff. If examiners have questions about the applicability of a particular SR letter not listed in the attachment to SLHCs, they should consult with Board staff. Questions regarding this letter should be directed to the following:

- SLHC Supervision section: Karen Caplan, Manager, at (202) 452-2710; or Angela Knight-Davis, Supervisory Financial Analyst, at (202) 475-6679.
- Policy Implementation and Effectiveness section: Virginia Gibbs, Manager, at (202) 452-2521; or Jinai Holmes, Senior Supervisory Financial Analyst, at (202) 452-2834.

In addition, questions may be sent via the Board's public website.<sup>2</sup>

Michael S. Gibson  
Director

#### **Attachment**

- Listing of Federal Reserve Guidance Applicable to Savings and Loan Holding Companies Issued Prior to the Transfer Date of July 21, 2011

#### **Cross references:**

- SR letter 11-11/CA 11-5, "Supervision of Savings and Loan Holding Companies (SLHCs)"

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<sup>2</sup> See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.

## Attachment

**Listing of Federal Reserve Guidance Applicable to Savings and Loan Holding Companies  
Issued Prior to the Transfer Date of July 21, 2011**  
(Last updated: March 26, 2021)

<b>SR Letter</b>	<b>Title</b>	<b>Comments</b>
<a href="#">SR 11-10</a>	Interagency Counterparty Credit Risk Management Guidance	
<a href="#">SR 11-9</a>	Interagency Supplement to Authentication in an Internet Banking Environment	
<a href="#">SR 11-7</a>	Guidance on Model Risk Management	
<a href="#">SR 11-6</a>	Guidance on Accepting Accounts from Foreign Embassies, Consulates and Missions (foreign missions)	
<a href="#">SR 11-1</a>	Impact of High-Cost Credit Protection Transactions on the Assessment of Capital Adequacy	
<a href="#">SR 10-17</a>	Underwriting Standards for Small Business Loans Originated under the Small Business Lending Fund Program	
<a href="#">SR 10-12</a>	Interagency Supervisory Guidance on Bargain Purchases and FDIC- and NCUA-Assisted Acquisitions	
<a href="#">SR 10-10</a>	Interagency Guidance on Correspondent Concentration Risk	
<a href="#">SR 10-6</a>	Interagency Policy Statement on Funding and Liquidity Risk Management	
SR 10-3	FFIEC Retail Payment Systems Booklet	Outdated announcement. Refer to the Retail Payment Systems booklet of the <i>FFIEC Information Technology Examination Handbook</i> .
<a href="#">SR 10-1</a>	Interagency Advisory on Interest Rate Risk	
<a href="#">SR 09-7</a>	Prudent Commercial Real Estate Loan Workouts	
<a href="#">SR 09-4</a>	Applying Supervisory Guidance and Regulations on the Payment of Dividends, Stock Redemptions, and Stock Repurchases at Bank Holding Companies	
<a href="#">SR 09-1</a>	Application of the Market Risk Rule in Bank Holding Companies and State Member Banks	

SR Letter	Title	Comments
<a href="#">SR 08-12</a>	Revisions to the Guide to the Interagency Country Exposure Review Committee (ICERC) Process	
<a href="#">SR 08-9 / CA 08-12</a>	Consolidated Supervision of Bank Holding Companies and the Combined U.S. Operations of Foreign Banking Organizations	Partially superseded by SR-12-17/CA 12-14, “Consolidated Supervision Framework for Large Financial Institutions.”
<a href="#">SR 08-8 / CA 08-11</a>	Compliance Risk Management Programs and Oversight at Large Banking Organizations with Complex Compliance Profiles	
SR 08-4	Qualification Process for Advanced Approaches Risk-Based Capital Framework Implementation	Made inactive by SR 16-9, “Inactive Supervisory Guidance.” Refer to the Board’s regulatory capital rules at 12 CFR part 217 (Regulation Q).
SR 08-3	FFIEC Business Continuity Planning Booklet	Outdated announcement. Refer to the Business Continuity Planning booklet of the <i>FFIEC Information Technology Examination Handbook</i> .
<a href="#">SR 07-19</a>	Confidentiality Provisions in Third-Party Agreements	
SR 07-18	FFIEC Guidance on Pandemic Planning	Made inactive by SR 20-3/CA 20-2, “Interagency Statement on Pandemic Planning.”
<a href="#">SR 07-16 / CA 07-4</a>	Statement on Loss Mitigation Strategies for Servicers of Residential Mortgages	
<a href="#">SR 07-12 / CA 07-3</a>	Statement on Subprime Mortgage Lending	
<a href="#">SR 07-11</a>	The Fair Value Option and the Applicability of the Market Risk Capital Rule	
<a href="#">SR 07-7 / CA 07-2</a>	Guidance on Filing Notices of Proposed Class Action Settlements	
<a href="#">SR 07-6 / CA 07-1</a>	Working with Mortgage Borrowers	
<a href="#">SR 07-5</a>	Interagency Statement on Sound Practices Concerning Elevated Risk Complex Structured Finance Activities	
<a href="#">SR 07-1</a>	Interagency Guidance on Concentrations in Commercial Real Estate	
<a href="#">SR 06-17</a>	Interagency Policy Statement on the Allowance for Loan and Lease Losses (ALLL)	Partially superseded by SR 20-12, “Interagency Policy Statement on Allowances for Credit Losses,” and SR 20-13, “Interagency Guidance on Credit Risk Review Systems.”

SR Letter	Title	Comments
<a href="#">SR 06-15 / CA 06-12</a>	Interagency Guidance on Nontraditional Mortgage Product Risks	
<a href="#">SR 06-13</a>	Questions and Answers Related to Interagency Guidance on Authentication in an Internet Banking Environment	
SR 06-12	FFIEC Information Security Booklet	Outdated announcement. Refer to the Information Security booklet of the <i>FFIEC Information Technology Examination Handbook</i> .
SR 06-5	Influenza Pandemic Preparedness	Made inactive by SR 20-3/CA 20-2, "Interagency Statement on Pandemic Planning."
<a href="#">SR 06-4</a>	Interagency Advisory on the Unsafe and Unsound Use of Limitation of Liability Provisions in External Audit Engagement Letters	
<a href="#">SR 06-1</a>	Interagency Guidance on Sharing Suspicious Activity Reports with Head Offices and Controlling Companies	
SR 05-26	Special Post-Employment Restriction Set Forth in the Intelligence Reform and Terrorism Prevention Act of 2004	Superseded by SR 16-16 / CA 16-7, "Special Post-Employment Restriction for Senior Examiners."
SR 05-21	Guidance on the Examination Treatment of Assets Related to the Tobacco Transition Payment Program	Made inactive by SR 16-9. Program expired.
<a href="#">SR 05-19</a>	Interagency Guidance on Authentication in an Internet Banking Environment	
SR 05-13	Interagency Guidance on the Eligibility of Asset-Backed Commercial Paper Program Liquidity Facilities and the Resulting Risk-Based Capital Treatment	Superseded by SR 15-6, "Interagency Frequently Asked Questions (FAQs) on the Regulatory Capital Rule."
<a href="#">SR 05-11</a>	Interagency Credit Risk Management Guidance for Home Equity Lending	
<a href="#">SR 05-10</a>	Accounting and Reporting for Commitments to Originate and Sell Mortgage Loans	
SR 05-6	Risk-Based Capital Treatment for Unrated Direct Credit Substitutes Extended to Asset-Backed Commercial Paper Programs	Made inactive by SR 16-9. Refer to the Board's regulatory capital rules at 12 CFR part 217 (Regulation Q).
<a href="#">SR 05-4</a>	Interagency Advisory on the Confidentiality of Nonpublic Supervisory Information	

<b>SR Letter</b>	<b>Title</b>	<b>Comments</b>
SR 04-20	FFIEC Information Technology Examination Handbook	Outdated announcement, refer to the <i>FFIEC Information Technology Examination Handbook</i> .
SR 04-18	Bank Holding Company Rating System	Made inactive by SR 19-4 /CA 19-3, “Supervisory Rating System for Holding Companies with Total Consolidated Assets Less Than \$100 Billion.” See also, SR 19-3/CA 19-2, “Large Financial Institution (LFI) Rating System.”
<a href="#">SR 04-17</a>	FFIEC Guidance on the use of Free and Open Source Software	
<a href="#">SR 04-4</a>	Accounting for Deferred Compensation Agreements	
<a href="#">SR 03-19</a>	Guidance on Change in Bank Control Procedures	
<a href="#">SR 03-16</a>	Application Filing Information Web Page	
SR 03-14	Fraudulent Federal Reserve Note Schemes	Made inactive by SR 16-9. Outdated announcement.
SR 03-10	Enhancement to the Name Check Process Related to Applications Reviewed by the Federal Reserve	Made inactive by SR 20-20, “Updated Fingerprinting Process Related to Applications Reviewed by the Federal Reserve.”
<a href="#">SR 03-9</a>	Interagency Paper on Sound Practices to Strengthen the Resilience of the U.S. Financial System	
<a href="#">SR 03-6</a>	Guidance Regarding Restrictions on Institutions in Troubled Condition	
<a href="#">SR 03-5</a>	Amended Interagency Guidance on the Internal Audit Function and its Outsourcing	
<a href="#">SR 03-4</a>	Risk Management and Valuation of Mortgage Servicing Assets Arising from Mortgage Banking Activities	
<a href="#">SR 03-2</a>	Adoption of Regulation W Implementing Sections 23A and 23B of the Federal Reserve Act	
<a href="#">SR 03-1</a>	Account Management and Loss Allowance Methodology for Credit Card Lending	
<a href="#">SR 02-17</a>	Guidance Regarding Indemnification Agreements and Payments	
<a href="#">SR 02-15</a>	Implicit Recourse Provided to Asset Securitizations	

SR Letter	Title	Comments
<a href="#">SR 02-14</a>	Covenants in Securitization Documents Linked to Supervisory Actions or Thresholds	
SR 02-13	“Prime Bank” and Other Financial Instrument Fraud Schemes	Made inactive by SR 16-9. Outdated announcement.
<a href="#">SR 02-10</a>	Derivative Contracts Hedging Trust Preferred Stock	
<a href="#">SR 02-5</a>	Interagency Guidance on Country Risk Management	
<a href="#">SR 01-17</a>	Final Interagency Policy Statement on Allowance for Loan and Lease Losses (ALLL) Methodologies and Documentation for Banks and Savings Institutions	Partially superseded by SR 20-12, “Interagency Policy Statement on Allowances for Credit Losses.”
<a href="#">SR 01-12</a>	Interagency Guidance on Loans Held for Sale	
<a href="#">SR 01-11</a>	Identity Theft and Pretext Calling	
SR 00-17	Guidance on the Risk Management of Outsourced Technology Services	Guidance was rescinded with the issuance of the release of the 2004 release of the FFIEC Outsourcing Technology Services Booklet. See the FFIEC’s July 15, 2004 press release for more information.
<a href="#">SR 00-14</a>	Enhancements to the Interagency Program for Supervising the U.S. Operations of Foreign Banking Organizations	
<a href="#">SR 00-13</a>	Framework for Financial Holding Company Supervision	
<a href="#">SR 00-9</a>	Supervisory Guidance on Equity Investment and Merchant Banking Activities	
<a href="#">SR 00-8</a>	Revised Uniform Retail Credit Classification and Account Management Policy	
<a href="#">SR 99-37</a>	Risk Management and Valuation of Retained Interests Arising from Securitization Activities	For SLHCs that do not follow general accepted accounting principles (GAAP), the guidance pertaining to GAAP in this letter does not apply.
<a href="#">SR 99-33</a>	Interagency Policy Statement on External Audits of Banks With Less Than \$500 Million in Total Assets	
<a href="#">SR 99-25</a>	Minimum Documentation Standards for Loan Line Sheets	



SR Letter	Title	Comments
<a href="#">SR 99-24</a>	Loan Write-Up Standards for Assets Criticized During Examinations	
SR 99-22	Joint Interagency Letter on the Loan Loss Allowance	Made inactive by SR 16-9. Outdated announcement.
SR 99-18	Assessing Capital Adequacy in Relation to Risk at Large Banking Organizations and Others with Complex Risk Profiles	Superseded by SR 15-18, “Federal Reserve Supervisory Assessment of Capital Planning and Positions for LISCC Firms and Large and Complex Firms,” and SR 15-19, “Federal Reserve Supervisory Assessment of Capital Planning and Positions for Large and Noncomplex Firms.”
SR 99-13	Recent Developments Regarding Loan Loss Allowances	Made inactive by SR 16-9. Outdated announcement.
<a href="#">SR 99-3</a>	Supervisory Guidance Regarding Counterparty Credit Risk Management	
<a href="#">SR 98-38</a>	Interagency Policy Statement on Income Tax Allocation in a Holding Company Structure	
<a href="#">SR 98-25</a>	Sound Credit Risk Management and the Use of Internal Credit Risk Ratings at Large Banking Organizations	
<a href="#">SR 98-12</a>	FFIEC Policy Statement on Investment Securities and End-User Derivatives Activities	
<a href="#">SR 98-9</a>	Assessment of Information Technology in the Risk-Focused Frameworks for the Supervision of Community Banks and Large Complex Banking Organizations	
SR 97-24	Risk-Focused Framework for Supervision of Large Complex Institutions	Made inactive by SR 21-4/CA 21-2, “Inactive or Revised SR Letters Related to the Federal Reserve’s Supervisory Expectations for a Firm’s Boards of Directors.”
SR 97-21	Risk Management and Capital Adequacy of Exposures Arising from Secondary Market Credit Activities	Made inactive by SR 21-4/CA 21-2.
SR 97-18	Application of Market Risk Capital Requirements to Credit Derivatives	Made inactive by SR 16-9. Outdated. Refer to the Board’s regulatory capital rules at 12 CFR part 217 (Regulation Q).
<a href="#">SR 97-17</a>	Access to Books and Records of Financial Institutions During Examinations and Inspections	

SR Letter	Title	Comments
<a href="#">SR 97-10</a>	Guidance on Protested Proposals	
SR 97-5	Policy Statement on Interagency Notification and Coordination of Enforcement Actions	Made inactive by SR 18-4/CA 18-5, "Policy Statement on Interagency Notification of Formal Enforcement Actions."
<a href="#">SR 97-3</a>	Conversion of Common Trust Funds to Mutual Funds	
<a href="#">SR 96-37</a>	Supervisory Guidance on Required Absences from Sensitive Positions	
<a href="#">SR 96-28</a>	Subchapter S Election for Federal Income Taxes	
<a href="#">SR 96-26</a>	Provision of Individual Components of Supervisory Rating Systems to Management and Boards of Directors	
SR 96-21	FDIC Final Rule Regarding "Golden Parachutes" and Indemnification Payments	Made inactive by SR 16-9. Outdated announcement about changes in another agency's regulations. Refer to FDIC rules at 12 CFR part 369.
<a href="#">SR 96-14</a>	Risk-focused Safety and Soundness Examinations and Inspections	
<a href="#">SR 96-13</a>	Joint Policy Statement on Interest Rate Risk	
<a href="#">SR 96-10</a>	Risk-Focused Fiduciary Examinations	
SR 96-4	FDIC Amendment to Annual Audit and Reporting Requirements (Part 363)	Made inactive by SR 16-9. Outdated announcement about changes in another agency's regulations. Refer to FDIC rules at 12 CFR part 363.
SR 95-49	Addition to the "Report on the Target Inspections of Management Information Systems"	Made inactive by SR 16-9. Outdated. Refer to sections 5050 and 5052 of the <i>Bank Holding Company Supervision Manual</i> . See also the FFIEC IT Handbook available at <a href="http://www.ffiec.gov">www.ffiec.gov</a> .
<a href="#">SR 95-46</a>	Interpretation of Interagency Statement on Retail Sales of Nondeposit Investment Products	
SR 95-45	Inspections of Management Information Systems	Made inactive by SR 16-9. Outdated. Refer to sections 5050 and 5052 of the <i>Bank Holding Company Supervision Manual</i> . See also the <i>FFIEC IT Handbook</i> available at <a href="http://www.ffiec.gov">www.ffiec.gov</a> .
<a href="#">SR 95-40</a>	Interagency Statement on Guidelines for Relying on State Examinations	

SR Letter	Title	Comments
<a href="#">SR 95-38</a>	Supervisory Guidance related to FASB Statement No. 114	
<a href="#">SR 95-34</a>	Sharing of Facilities and Staff by Banking Organizations	
SR 95-32	Amendment to the Board's Anti-Tying Rules--A "Combined-Balance Discount" Safe Harbor	Made inactive by SR 16-9. Outdated announcement about a change to a Board regulation. Refer to 12 CFR 225.7, "Exceptions to tying restrictions."
<a href="#">SR 95-19</a>	Revisions to Guidance on Meetings with Boards of Directors	
SR 95-18	Section 309 of the Riegle Community Development and Regulatory Improvement Act of 1994, Intra-Agency Appeals Process	Made inactive by SR 20-28 / CA 20-14, "Internal Appeals Process for Material Supervisory Determinations and Policy Statement Regarding the Ombudsman for the Federal Reserve System."
<a href="#">SR 94-53</a>	Investment Adviser Activities	
<a href="#">SR 94-5</a>	Government Securities Act Amendments of 1993	
<a href="#">SR 94-3</a>	Supervisory Guidance on the Implementation of Section 112 of the FDIC Improvement Act	
SR 93-72	Guidance on the Capital Treatment and Other Issues Relating to the Financial Accounting Standards Board Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities"	Made inactive by SR 16-9. Outdated. Refer to the instructions to the FR Y-9 series of reports for holding companies.
SR 93-69	Examining Risk Management and Internal Controls for Trading Activities of Banking Organizations	Made inactive by SR 21-4/CA 21-2.
<a href="#">SR 93-37</a>	Split-Dollar Life Insurance	
<a href="#">SR 93-19</a>	Supplemental Guidance for the Inspection of Nonbank Subsidiaries of Bank Holding Companies	
<a href="#">SR 93-13</a>	Violations of Federal Reserve Margin Regulations in Custodial Agency Accounts Resulting From "Free-Riding" Schemes	
<a href="#">SR 92-28</a>	Interagency Guidance on Coordination and Communication Between External Auditors and Examiners	

SR Letter	Title	Comments
SR 92-11	Asset-Backed Commercial Paper Programs	Made inactive by SR 16-9. Outdated. Refer to the Board's regulatory capital rules at 12 CFR part 217 (Regulation Q).
<a href="#">SR 91-4</a>	Guidelines for the Inspection of Investment Adviser Subsidiaries of Bank Holding Companies	
SR 90-38	The Comprehensive Thrift and Bank Fraud Prosecution and Taxpayer Recovery Act of 1990	Made inactive by SR 16-9. Outdated announcement about new legislation.
<a href="#">SR 90-31</a>	Bank Holding Company Funding from Sweep Accounts	
SR 90-22	Policy Statement on the Use of "Points" in Settling Foreign Exchange Contracts	Made inactive by SR 21-4/CA 21-2.
<a href="#">SR 90-21</a>	Rating System For International Examinations	
<a href="#">SR 90-19</a>	Sale of Uninsured Debt Obligations and Securities Issued by Bank Holding Companies, Nonbank Affiliates, or State Member Banks on Retail Banking Premises	
SR 90-16	Implementation of Examination Guidelines for the Review of Asset Securitization Activities	Made inactive by SR 21-4/CA 21-2.