



FEDERAL RESERVE BANK *of* KANSAS CITY

February 18, 2011

**TO: THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
OF TENTH DISTRICT FEDERAL RESERVE BANK HOLDING
COMPANIES AND STATE MEMBER BANKS**

**SUBJECT: FDICIA 112 Regulations Implementing Section 36 of the Federal Deposit
Insurance Act (Part 363 of the Federal Deposit Insurance Corporation Rules
and Regulations)**

Insured Depository Institution Reporting Requirements

Insured depository institutions with \$500 million or more in total assets as of the beginning of their fiscal year are required to follow certain reporting requirements and file certain reports with the FDIC, the appropriate federal banking agency, and the appropriate state supervisory agency. This letter is being sent as a reminder of the reporting and filing requirements under Part 363. Please note the information in this letter for future filings.

Required Filings

Under Part 363, nonpublic insured depository institutions with total assets of \$500 million and less than \$1 billion as of the beginning of their fiscal year are required to file two copies of the following reports with the FDIC, the appropriate federal banking agency, and the appropriate state supervisory agency **within 120 days after the end of their fiscal year:**

1. Audited comparative financial statements
2. Independent public accountant's report on the audited financial statements
3. Management report that contains:
 - a. A statement of management's responsibilities for:
 - i. Preparing the annual financial statements,
 - ii. Establishing and maintaining an adequate internal control structure and procedures over financial reporting, and
 - iii. Complying with designated safety and soundness laws and regulations pertaining to insider loans and dividend restrictions;
 - b. An assessment by management of:
 - i. Compliance with the designated safety and soundness laws and regulations pertaining to insider loans and dividend restrictions during the year, which must state management's conclusions regarding compliance and disclose any noncompliance with these laws and regulations¹;
 - c. Management signatures (CEO and CFO or CAO).

¹ Appendix B of Part 363 includes illustrative examples of the appropriate wording for the management report. Please refer to Appendix B for details.



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4. Any written communications issued to the board of directors or management by the independent public accountant.

Please note that all audit committee members for these institutions must be outside directors, the majority of whom must be independent of management.

Public Institutions or Institutions with \$1 Billion or More in Total Assets

Insured depository institutions that are a) public, b) a subsidiary of a public company and have total assets of 75 percent or more of the holding company consolidated assets, or c) \$1 billion or more in total assets as of the beginning of their fiscal year are required to file two copies of the reports listed above as well as two copies of the following additional reports with the FDIC, the appropriate federal banking agency, and the appropriate state supervisory agency **within 90 days after the end of their fiscal year**:

1. Management report that contains:
 - a. An assessment by management of:
 - i. The effectiveness of the internal control structure over financial reporting as of the end of the fiscal year;
 - b. Independent public accountant's attestation report concerning the institution's internal control structure over financial reporting that includes the Call report and/or the FR Y-9C report.

Please note that audit committee members for these institutions must **all** be outside directors and independent of management.

Bank Holding Company Reporting Requirements and Exceptions

Please note that as stated in SR 94-3, "Supervisory Guidance on the Implementation of Section 112 of the FDIC Improvement Act," in order to facilitate effective and prudential supervision of the holding company, bank holding companies that have institutions subject to the FDIC final rule and guidelines shall submit one copy of the reports covered by this section to the appropriate Federal Reserve Bank regardless of whether or not the holding company submitted these reports on a consolidated basis for their banking subsidiaries and regardless of the charter of the bank subsidiary in the holding company. For this Federal Reserve Bank district, reports should be mailed as follows:

Federal Reserve Bank of Kansas City
Oklahoma City Branch
226 Dean A. McGee Avenue, Suite 300
Oklahoma City, Oklahoma 73102
Attn: Manager Anita B. Feemster



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Also note that an **exception** in Part 363 allows a bank subsidiary to file at the holding company level if that bank subsidiary comprises more than 75% of the holding company consolidated banking assets or performs comparable services or functions as of the beginning of its fiscal year.²

Required Management Report Signatures

Please note the following specific signature requirements under Part 363:

- If the audited financial statements are satisfied at the institution level and the management report is satisfied entirely at the institution level, the management report must be signed by the CEO and the CFO at the institution level.
- If the audited financial statements are satisfied at the holding company level and the management report is satisfied entirely at the holding company level, the management report must be signed by the CEO and the CFO at the holding company level.
- If the audited financial statements are satisfied at the holding company level and the management report is satisfied at the institution level or one or more components are satisfied at the holding company and the remaining components are satisfied at the institution level, the management report must be signed by the CEO and CFO of both the holding company and the institution.

Late Report Filings

Extensions of time for filing reports required under Part 363 are not granted. Institutions must submit a written notice of late filing to the FDIC, the appropriate federal banking agency, and the appropriate state supervisory agency.

For more details of the reporting and filing requirements under Part 363, please refer to the final rule (“Annual Independent Audits and Reporting Requirements; Final Rule”), which is available at <http://www.fdic.gov/regulations/laws/federal/2009/09FinalCorrectJuly20.pdf>

Please direct any questions to Anita B. Feemster, Manager, in our Oklahoma City office at (800) 333-1030, extension 38603.

Kevin L. Moore
Senior Vice President

² If the bank subsidiary has total assets of \$5 billion or more, it must be rated CAMELS Composite 1 or 2 in order to satisfy its reporting requirement at the holding company level.