TO THE OFFICER IN CHARGE OF SUPERVISION AT EACH FEDERAL RESERVE BANK AND TO ALL INSTITUTIONS SUPERVISED BY THE FEDERAL RESERVE

SUBJECT: Supervisory Considerations for the Communication of Supervisory Findings

**Applicability to Community Banking Organizations:** This letter applies to all Federal Reserve-supervised banking organizations.

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 considerations. The guidance also defines MRIsAs and MRAs and outlines the procedures that safety-and-soundness and consumer compliance examiners will follow in presenting and communicating their supervisory findings.

Reserve Banks are asked to distribute this letter to Federal Reserve-supervised banking organizations and the appropriate safety-and-soundness examiners, consumer compliance examiners, and other supervisory staff. Questions regarding this letter and the attached examiner guidance may be directed to the following staff in the Division of Banking Supervision and Regulation (BS&R):

- Vitus Ukwuoma, Manager, at (202) 452-3163, for Community Banking Organizations;
- Keith Coughlin, Manager, at (202) 452-2056, for Regional Banking Organizations;
- Celeste Molleur, Manager, at (202) 452-2783, and Kwayne Jennings, Manager, at (202) 452-3088, for Large and Foreign Banking Organizations;
- Karen Caplan, Manager, at (202) 452-2710, for Saving and Loan Holding Companies; and
- Molly Mahar, Assistant Director, at (202) 973-7360, for LISCC portfolio institutions.

Questions regarding this letter and the attached examiner guidance may also be directed to the following staff in the Division of Consumer and Community Affairs: Tim Robertson, Manager, Reserve Bank Oversight and Community Banking Supervision, at (202) 452-2565; or Tracy Anderson, Manager, Holding Company and Large and Regional Financial Institutions, at (202) 736-1921.

In addition, questions may be sent via the Board’s public website.

Michael S. Gibson
Director
Division of Banking Supervision and Regulation

Sandra F. Braunstein
Director
Division of Consumer and Community Affairs

Attachment:
- Supervisory Considerations for the Communication of Supervisory Findings

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1 SR letter 08-1/CA letter 08-1, “Communication of Examination/Inspection Findings,” is superseded with the issuance of this guidance.

Supersedes:
- SR letter 08-1/CA letter 08-1, “Communication of Examination/Inspection Findings”

Cross References: