

Office of Regulatory Activities

TB 8-1 rescinded 5/4/95 by CRA Final Rule; 60 FR 22156

Handbooks: Compliance Activities; Trust Activities
Subject: General Report Guidelines

Sections: 110-1 (Compliance); 050 (Trust)
TB 8-1

March 30, 1989

Disclosure of Compliance, CRA, and Trust Ratings

RESCINDED

Summary: This Bulletin sets forth Office of Regulatory Activities policy regarding the disclosure of examination ratings assigned to institutions in the areas of Compliance, CRA, and Trust. Pursuant to this policy, ratings assigned in those three areas based on examinations commenced on or after July 1, 1989, will be disclosed to management and boards of directors as part of the transmitted reports of examination.

For Further Information Contact:
The FHLBank District in which you are located, or the Division of Compliance Programs, Office of Regulatory Activities, Washington, DC

Thrift Bulletin 8-1

Background

On November 30, 1988, the Office of Regulatory Activities issued Thrift Bulletin No. 8 (TB 8), establishing Bank System policy for disclosure of an institution's MACRO rating. TB 8 also indicated that guidelines for disclosure of CRA ratings would be forthcoming.

Subsequent to issuance of TB 8, the Federal Home Loan Bank Board approved the Bank System's new compliance examination program. Under this program, examinations and ratings for (a) compliance with consumer, civil rights and other public interest laws, (b) Community Reinvestment Act ("CRA") performance, and (c) compliance with trust laws and regulations will be administered separately from safety and soundness examinations and MACRO ratings.

For the reasons stated in TB 8, the Office of Regulatory Activities believes that management and directors should have available, for their internal consideration, their institution's Compliance, CRA, and Trust ratings, as well as its MACRO

rating. However, implementation of the new compliance program, although already underway, is being phased in over a number of months. In addition, a revised CRA rating system will be adopted effective with CRA examinations commenced on or after July 1, 1989. For these reasons, this policy authorizing restricted disclosure of Compliance, CRA, and Trust ratings becomes operational only for examinations commenced on or after July 1, 1989. There is no change in the disclosure policy for MACRO ratings as established in TB 8.

Policy

Effective with examinations commencing on or after July 1, 1989, the Summary section of Reports of Compliance Examination and of Reports of Trust Examination will disclose, for the information of institution management and boards of directors, the performance ratings assigned as a result of those examinations. The Report of Compliance Examination will disclose both the Compliance Rating and the CRA Rating. The Report of Trust Examination will disclose the Trust Rating.

Ratings should be assigned by the Examiner in Charge (EIC) at the conclusion of an examination and, for examinations begun on or after July 1, 1989, included in the Summary section of the EIC's report as well as discussed in the Confidential

section. However, ratings should not be disclosed to, or discussed with, an institution's management or board of directors until approved by the District's Principal Supervisory Agent or Director of Agency Functions, or the authorized designee(s) of either of them.

Institutions should be cautioned that examination ratings are subject to the same prohibition on disclosure as any other portion of a report of examination. As stated on the cover pages of Compliance and Trust reports, "Under no circumstances shall the institution, or any of its directors, officers, employees, attorneys, or auditors disclose in any manner this report or any portion thereof to any person or organization not officially connected with the institution as director, officer, employee, attorney, or auditor." Any unauthorized disclosure of an examination rating will be considered a breach of this restriction and a violation of Part 505 of the General Regulations of the Federal Home Loan Bank Board. The Securities and Exchange Commission (SEC) staff has advised that the SEC does not require public disclosure of actual ratings assigned by regulatory agencies.

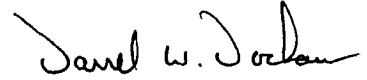
No Compliance, CRA, or Trust rating is permitted to be used or referenced in any form by an institution in its advertising, marketing, or public relations activities.

Thrift Bulletin

TB 8-1

Federal Home Loan Banks may release examination ratings to independent auditors subject to the supervisory guidelines referenced in TB 8. The disclosure must be pre-

ceded by a written request and shall be covered by the same confidentiality agreement required for review of an entire report of examination by auditors.



— Darrel W. Dochow, Executive Director

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