



BANKING AND FINANCIAL MATTERS BLOG

Expanded Examination Cycle

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The OCC, the Board of Governors of the Federal Reserve System, and the FDIC published an interagency interim final rule effective August 29, 2018. The interim final rule amends the regulations governing eligibility for an 18-month on-site examination cycle. Under the interim final rule, qualifying depository institutions with less than \$3 billion in total assets are now eligible for an 18-month examination cycle. The current version of the rule provides that the 18-month examination cycle is only available to qualifying depository institutions with less than \$1 billion in total assets. In order to qualify for the extended examination cycle, the institution must (i) have less than \$3 billion in total assets and be 1- or 2-rated; (ii) be well capitalized; (iii) not be subject to a formal enforcement proceeding or order from a federal banking agency; (iv) have not undergone a change in control during the previous 12-month period; and (v) have a management rating of 1 or 2. The appropriate agency retains the authority to maintain the current 12-month on-site examination cycle, or more frequently, as the agency deems necessary or appropriate. After a period of public commentary, the interim final rule will become a final rule upon publication in the Federal Register.

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