

Rules and Regulations

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This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

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DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 4

[Docket ID OCC–2018–0014]

RIN 1557–AE37

FEDERAL RESERVE SYSTEM

12 CFR Parts 208 and 211

[Docket No. R–1615]

RIN 7100–AF09

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Parts 337 and 347

RIN 3064–AE76

Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Joint interim final rules and request for comments.

SUMMARY: The OCC, Board, and FDIC (collectively, the agencies) are jointly issuing and requesting public comment on interim final rules to implement section 210 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (Economic Growth Act), which was enacted on May 24, 2018. Section 210 of the Economic Growth Act amends section 10(d) of the Federal Deposit Insurance Act (FDI Act) to permit the agencies to examine qualifying insured depository institutions (IDIs) with under \$3 billion in total assets not less than once during each 18-month period. Prior to enactment of the Economic Growth Act,

qualifying IDIs with under \$1 billion in total assets were eligible for an 18-month on-site examination cycle. The interim final rules generally would allow qualifying IDIs with under \$3 billion in total assets to benefit from the extended 18-month examination schedule. In addition, the interim final rules make parallel changes to the agencies' regulations governing the on-site examination cycle for U.S. branches and agencies of foreign banks, consistent with the International Banking Act of 1978 (IBA).

DATES: These interim final rules are effective on August 29, 2018. Comments on the rules must be received by October 29, 2018.

ADDRESSES:

OCC: You may submit comments to the OCC by any of the methods set forth below. Commenters are encouraged to submit comments by the Federal eRulemaking Portal or email, if possible. Please use the title "Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks" to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- **Federal eRulemaking Portal—“Regulations.gov”:** Go to <http://www.regulations.gov>. Enter “Docket ID OCC–2018–0014” in the Search Box and click “Search.” Click on “Comment Now” to submit public comments.

- Click on the “Help” tab on the *Regulations.gov* home page to get information on using *Regulations.gov*, including instructions for submitting public comments.

- **Email:** regs.comments@occ.treas.gov.

- **Mail:** Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street SW, Suite 3E–218, Washington, DC 20219.

- **Hand Delivery/Courier:** 400 7th Street SW, Suite 3E–218, Washington, DC 20219.

- **Fax:** (571) 465–4326.

Instructions: You must include “OCC” as the agency name and “Docket ID OCC–2018–0014” in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the *Regulations.gov* website without change, including any business or

personal information that you provide, such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this rulemaking action by any of the following methods:

- **Viewing Comments Electronically:** Go to <http://www.regulations.gov>. Enter “Docket ID OCC–2018–0014” in the Search box and click “Search.” Click on “Open Docket Folder” on the right side of the screen. Comments and supporting materials can be viewed and filtered by clicking on “View all documents and comments in this docket” and then using the filtering tools on the left side of the screen.

- Click on the “Help” tab on the *Regulations.gov* home page to get information on using *Regulations.gov*. The docket may be viewed after the close of the comment period in the same manner as during the comment period.

- **Viewing Comments Personally:** You may personally inspect comments at the OCC, 400 7th Street SW, Washington, DC. For security reasons, the OCC requires visitors to make an appointment to inspect comments. You may do so by calling (202) 649–6700 or, for persons who are deaf or hearing impaired, TTY, (202) 649–5597. Upon arrival, visitors will be required to present a valid government-issued photo identification and to submit to security screening in order to inspect comments.

Board: You may submit comments, identified by Docket No. R–1615 and RIN 7100–AF09, by any of the following methods:

- **Agency Website:** <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx>.

- **Email:** regs.comments@federalreserve.gov. Include docket number and RIN in the subject line of the message.

- **FAX:** (202) 452–3819 or (202) 452–3102.

- **Mail:** Ann E. Misback, Secretary, Board of Governors of the Federal

Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.

All public comments are available from the Board's website at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, unless modified for technical reasons or to remove sensitive personally identifiable information at the commenter's request. Public comments may also be viewed electronically or in paper form in Room 3515, 1801 K Street NW, Washington, DC 20006 between 9:00 a.m. and 5:00 p.m. on weekdays.

FDIC: You may submit comments, identified by RIN 3064-AE76, by any of the following methods:

- **Agency Website:** <http://www.FDIC.gov/regulations/laws/Federal/>. Follow the instructions for submitting comments on the Agency website.

- **Email:** comments@fdic.gov. Include the RIN 3064-AE76 in the subject line of the message.

- **Mail:** Robert E. Feldman, Executive Secretary, Attention: Comments/Legal ESS, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

- **Hand Delivery/Courier:** Comments may be hand-delivered to the guard station at the rear of the 550 17th Street NW, Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.

Instructions: Comments submitted must include "FDIC" and "RIN 3064-AE76." Comments received will be posted without change to <http://www.FDIC.gov/regulations/laws/Federal/>, including any personal information provided.

FOR FURTHER INFORMATION CONTACT:

OCC: Enice Thomas, Senior Advisor to Senior Deputy Comptroller, Midsize and Community Bank Supervision, (202) 649-5420; and Deborah Katz, Assistant Director, Melissa J. Lisenbee, Senior Attorney, or Christopher Rafferty, Attorney, Legislative and Regulatory Activities Division, (202) 649-5490; for persons who are deaf or hearing impaired, TTY, (202) 649-5597.

Board: Division of Supervision and Regulation—Richard Naylor, Associate Director, (202) 728-5854; Jonathan Rono, Manager, (202) 721-4568; Assetou Traore, Supervisory Financial Analyst, (202) 974-7066; Virginia Gibbs, Manager, (202) 452-2521; or Alexander Kobulsky, Supervisory Financial Analyst, (202) 452-2031; and Legal Division—Laurie Schaffer, Associate General Counsel, (202) 452-2277; Mary Watkins, Attorney, (202) 452-3722; or Alyssa O'Connor, Attorney, (202) 452-3886.

FDIC: Policy Branch Division of Risk Management and Supervision—Thomas F. Lyons, Chief, Policy and Program Development, (202) 898-6850, tl Lyons@FDIC.gov; Karen J. Currie, Senior Examination Specialist, (202) 898-3981, Policy and Program Development, Division of Risk Management Supervision; Legal Division—Suzanne J. Dawley, Counsel, (202) 898-6509.

SUPPLEMENTARY INFORMATION:

I. Background

Enacted on May 24, 2018, section 210 of the Economic Growth Act¹ amended section 10(d) of the FDI Act² to permit the agencies to examine qualifying IDIs (generally those IDIs that are well capitalized and well managed) with under \$3 billion in total assets not less than once during each 18-month period, rather than not less than once during each 12-month period. Prior to the enactment of the Economic Growth Act, qualifying IDIs with under \$1 billion in total assets were eligible for an 18-month on-site examination cycle.³

More specifically, the agencies are issuing interim final rules to implement the Economic Growth Act's amendments to sections 10(d)(4) and 10(d)(10) of the FDI Act⁴ that allow qualifying IDIs with under \$3 billion in total assets to benefit from the extended 18-month examination schedule. In addition, the interim final rules make parallel changes to the agencies' regulations governing the on-site examination cycle for U.S. branches and agencies of foreign banks, consistent with the IBA.⁵

Section 10(d)(1) of the FDI Act⁶ generally requires the appropriate Federal banking agency for an IDI⁷ to conduct a full-scope, on-site examination of an IDI at least once during each 12-month period. With the enactment of section 210 of the Economic Growth Act, section 10(d)(4) of the FDI Act authorizes the appropriate Federal banking agency to extend the on-site examination cycle for

an IDI to at least once during an 18-month period if the IDI (1) has total assets of less than \$3 billion; (2) is well capitalized (as defined in 12 U.S.C.1831o (prompt corrective action)); (3) was found, at its most recent examination, to be well managed⁸ and to have a composite condition of "outstanding" or, in the case of an IDI with total assets of not more than \$200 million, "outstanding" or "good;" (4) is not subject to a formal enforcement proceeding or order by the FDIC or its appropriate Federal banking agency; and (5) has not undergone a change in control during the previous 12-month period in which a full-scope, on-site examination otherwise would have been required. Section 10(d)(10) of the FDI Act gives each appropriate Federal banking agency discretionary authority to extend eligibility for an 18-month examination cycle, by regulation, to qualifying IDIs with an "outstanding" or "good" composite condition and total assets not greater than \$3 billion, if the agency determines that this amount would be consistent with the principles of safety and soundness for IDIs.⁹

In addition, section 7(c)(1)(C) of the IBA provides that a Federal or a State branch or agency of a foreign bank shall be subject to on-site examination by its appropriate Federal banking agency or State bank supervisor as frequently as a national or State bank would be subject to such an examination by the agency.

II. Description of the Interim Final Rules

The agencies are adopting interim final rules to implement the Economic Growth Act's amendments to sections 10(d)(4) and 10(d)(10) of the FDI Act. The rules implement section 10(d)(4) of the FDI Act to increase, from \$1 billion to \$3 billion, the total asset threshold under which an agency may apply an

⁸ IDIs are evaluated under the Uniform Financial Institutions Rating System (commonly referred to as "CAMELS"). CAMELS is an acronym that is drawn from the first letters of the individual components of the rating system: Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk. CAMELS ratings of "1" and "2" correspond with ratings of "outstanding" and "good." In addition to having a CAMELS composite rating of "1" or "2," an IDI is considered to be "well managed" for the purposes of section 10(d) of the FDI Act *only* if the IDI also received a rating of "1" or "2" for the management component of the CAMELS rating at its most recent examination. See 72 FR 17798 (Apr. 10, 2007).

⁹ The Board and the FDIC, as the appropriate Federal banking agencies for State-chartered insured banks and savings associations, are permitted to conduct on-site examinations of such IDIs on alternating 12-month or 18-month periods with an IDI's State supervisor, if the Board or FDIC, as appropriate, determines that the alternating examination conducted by the State carries out the purposes of section 10(d) of the FDI Act. 12 U.S.C. 1820(d)(3).

¹ Public Law 115-174, 132 Stat. 1296 (2018).

² 12 U.S.C. 1820(d).

³ See section 83001 of the Fixing America's Surface Transportation Act (the FAST) Act, enacted on December 4, 2015. Public Law 114-94, 129 Stat. 1312 (permitting the agencies to examine qualifying IDIs with under \$1 billion in total assets not less than once during each 18-month period). The agencies published interim final rules implementing the FAST Act amendments in February 2016, and final rules in December 2016. See 81 FR 10069 (Feb. 29, 2016) and 81 FR 90949 (Dec. 16, 2016), respectively, codified at 12 CFR 4.6 and 4.7 (OCC), 12 CFR 208.64 and 211.26 (Board), 12 CFR 337.12 and 347.211 (FDIC).

⁴ 12 U.S.C. 1820(d)(4) and 1820(d)(10).

⁵ 12 U.S.C. 3105(c)(1)(C).

⁶ 12 U.S.C. 1820(d)(1).

⁷ The Board, FDIC, or OCC. See 12 U.S.C. 1813(q).

18-month on-site examination cycle for qualified IDIs that have an “outstanding” composite rating.

The agencies also are exercising their discretionary authority under section 10(d)(10) of the FDI Act to extend eligibility for an 18-month examination cycle, by regulation, to qualifying IDIs with an “outstanding” or “good” composite rating with total assets under \$3 billion. The agencies have determined that increasing the maximum asset amount limitation for qualifying IDIs with less than \$3 billion in total assets is consistent with the principles of safety and soundness.

In determining whether the reduction in examination frequency is consistent with the principles of safety and soundness for such IDIs, the agencies considered the following factors. The agencies agree that extending the examination cycle could make it more likely that there will be a delay in an agency’s ability to detect deterioration in an IDI’s performance. However, the agencies believe that extending the examination cycle from 12 months to 18 months for these small IDIs with relatively simple risk profiles should not appreciably increase their risk of financial deterioration or failure. In addition, the agencies will continue their off-site monitoring activities and have the ability to examine IDIs more frequently as necessary or appropriate. The agencies also note that, in order to qualify for an 18-month examination cycle, any IDI with total assets under \$3 billion—including one with a composite rating of “good”—must meet the other capital, managerial, and supervisory criteria set forth in section 10(d) of the FDI Act and the agencies’ implementing regulations.

Considering the agencies’ off-site monitoring activities; their discretion to examine IDIs more frequently as necessary; and the capital, managerial, and supervisory criteria in section 10(d) of the FDI Act, the agencies believe that increasing the maximum asset amount limitation for IDIs from less than \$1 billion to less than \$3 billion is consistent with the principles of safety and soundness. Additionally, the agencies believe this increase will allow the agencies to better focus their supervisory resources on the IDIs and U.S. branches and agencies of foreign banks (collectively, financial institutions) that may present capital, managerial, or other issues of supervisory concern, and therefore has the ability to enhance safety and soundness collectively for all financial institutions. The agencies will continue to monitor financial institutions in this

asset range and the impact of the extended examination cycle.

In accordance with section 7(c)(1)(C) of the IBA, the agencies also are making conforming changes to their regulations governing the on-site examination cycle for the U.S. branches and agencies of foreign banks. For the same reasons as discussed above, the agencies believe that extending similar treatment to qualifying U.S. branches and agencies of foreign banks is consistent with the principles of safety and soundness.

The agencies estimate that the interim final rules will increase the number of banks and savings associations that may qualify for an extended 18-month examination cycle by approximately 420 (227 of which are supervised by the FDIC, 100 by the OCC, and 93 by the Board), bringing the total number to 4,798 banks and savings associations.¹⁰ Approximately 33 U.S. branches and agencies of foreign banks would be eligible for the extended examination cycle based on the interim final rules (2 of which are supervised by the FDIC, 9 by the OCC, and 22 by the Board).¹¹

Effective Date/Request for Comment

The agencies are issuing the interim final rules without prior notice and the opportunity for public comment and the 30-day delayed effective date ordinarily prescribed by the Administrative Procedure Act (APA).¹² Pursuant to section 553(b)(B) of the APA, general notice and the opportunity for public comment are not required with respect to a rulemaking when an “agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.”¹³ The interim final rules implement the provisions in section 210 of the Economic Growth Act, which was enacted on May 24, 2018. In particular, the interim final rules adopt the statutory increase in the total asset threshold, from under \$1 billion to under \$3 billion, for qualifying IDIs with an “outstanding” composite rating, and also make available, pursuant to statutory authority, the 18-month examination cycle for qualifying IDIs with an “outstanding” or “good” composite rating and total assets under \$3 billion. The interim final rules also make conforming amendments to the agencies’ regulations governing the on-site examination cycle for U.S. branches

and agencies of foreign banks, as required by statute.

The agencies believe that the public interest is best served by implementing the statutorily amended thresholds as soon as possible. Immediate implementation will reduce regulatory burden on small, well capitalized, and well managed financial institutions while also allowing the agencies to better focus their supervisory resources on those financial institutions that may present capital, managerial, or other issues of supervisory concern. Because the affected financial institutions and agencies must plan and prepare for examinations in advance, the agencies believe issuing interim final rules will provide the certainty necessary to allow the financial institutions and agencies to begin scheduling for examinations according to the new examination cycle period. In addition, the agencies believe that providing a notice and comment period prior to issuance of the interim final rules is unnecessary because the agencies do not expect public objection to the regulations being promulgated as they merely provide the relief that Congress intended. Moreover, because the interim final rules will permit an agency to conduct an on-site examination of financial institutions more frequently than once every 18 months, the agencies retain the ability to maintain the current—or a more frequent—on-site examination schedule for a financial institution if the relevant agency determines it would be necessary or appropriate. For these reasons, the agencies find there is good cause consistent with the public interest to issue the rules without advance notice and comment.¹⁴

The APA also requires a 30-day delayed effective date, except for (1) substantive rules which grant or recognize an exemption or relieve a restriction; (2) interpretative rules and statements of policy; or (3) as otherwise provided by the agency for good cause.¹⁵ The agencies conclude that, because the rules recognize an exemption, the interim final rules are exempt from the APA’s delayed effective date requirement.¹⁶ Additionally, the agencies find good cause to publish the interim final rules with an immediate effective date for the same reasons set forth above under the discussion of section 553(b)(B) of the APA.

While the agencies believe there is good cause to issue the rules without advance notice and comment and with

¹⁰ Call Report data, Mar. 31, 2018.

¹¹ *Id.*

¹² 5 U.S.C. 553.

¹³ 5 U.S.C. 553(b)(B).

¹⁴ 5 U.S.C. 553(b)(B); 553(d)(3).

¹⁵ 5 U.S.C. 553(d).

¹⁶ 5 U.S.C. 553(d)(1).

an immediate effective date, the agencies are interested in the views of the public and request comment on all aspects of the interim final rules.

III. Solicitation of Comments on Use of Plain Language

Section 722 of the Gramm-Leach-Bliley Act¹⁷ requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The agencies invite your comments on how to make these interim final rules easier to understand. For example:

- *Have the agencies presented the material in an organized manner that meets your needs? If not, how could this material be better organized?*
- *Are the requirements in the interim final rules clearly stated? If not, how could the interim final rules be more clearly stated?*
- *Do the interim final rules contain language or jargon that is not clear? If so, which language requires clarification?*
- *Would a different format (grouping and order of sections, use of headings, paragraphing) make the interim final rules easier to understand? If so, what changes to the format would make the interim final rules easier to understand?*
- *What else could the agencies do to make the regulation easier to understand?*

IV. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA)¹⁸ requires an agency to consider whether the rules it proposes will have a significant economic impact on a substantial number of small entities.¹⁹ The RFA applies only to rules for which an agency publishes a general notice of proposed rulemaking pursuant to 5 U.S.C. 553(b). As discussed previously, consistent with section 553(b)(B) of the APA, the agencies have determined for good cause that general notice and opportunity for public comment is unnecessary, and therefore the agencies are not issuing a notice of proposed rulemaking. Accordingly, the agencies have concluded that the RFA's requirements relating to initial and final regulatory flexibility analysis do not apply. Further, the agencies note that no small entities, as defined by the Small Business Administration's rules

¹⁷ Public Law 106–102, section 722, 113 Stat. 1338, 1471 (1999).

¹⁸ 5 U.S.C. 601 *et seq.*

¹⁹ Under regulations issued by the Small Business Administration, a small entity includes a depository institution, bank holding company, or savings and loan holding company with total assets of \$550 million or less and trust companies with total assets of \$38.5 million or less.

implementing the RFA, will be affected by the interim final rule's increased asset thresholds.

V. Paperwork Reduction Act

The Paperwork Reduction Act of 1995²⁰ states that no agency may conduct or sponsor, nor is the respondent required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. Because the interim final rules do not create a new, or revise an existing, collection of information, no information collection request submission needs to be made to the OMB.

VI. Riegle Community Development and Regulatory Improvement Act

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act (RCDRIA),²¹ in determining the effective date and administrative compliance requirements for a new regulation that imposes additional reporting, disclosure, or other requirements on IDIs, each Federal banking agency must consider any administrative burdens that such regulation would place on IDIs and the benefits of such regulation. In addition, section 302(b) of the RCDRIA requires such new regulation to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form, with certain exceptions, including for good cause. Because the interim final rules expand eligibility for an 18-month, rather than 12-month, on-site examination schedule and are burden-reducing in nature, the interim final rules do not impose additional reporting, disclosure, or other requirements on IDIs, and section 302 of the RCDRIA therefore does not apply. Nevertheless, the agencies have considered the administrative burdens that such regulations would place on depository institutions and the benefits of such regulations in determining the effective date and compliance requirements. In addition, for the same reasons set forth previously under the discussion of section 553(b)(B) of the APA, the agencies find good cause would exist under section 302 of RCDRIA to publish these interim final rules with an immediate effective date.

VII. OCC Unfunded Mandates Reform Act of 1995 Determination

Consistent with section 202 of the Unfunded Mandates Reform Act of 1995

²⁰ 44 U.S.C. 3501–3521.

²¹ 12 U.S.C. 4802(a).

(UMRA), before promulgating any final rule for which a general notice of proposed rulemaking was published, the OCC prepares an economic analysis of the final rule. As discussed previously, the OCC has determined that the publication of a general notice of proposed rulemaking is unnecessary. Accordingly, the OCC has not prepared an economic analysis of the joint interim final rules under UMRA.

List of Subjects

12 CFR Part 4

Administrative practice and procedure, Freedom of information, Individuals with disabilities, Minority businesses, Organization and functions (Government agencies), Reporting and recordkeeping requirements, Women.

12 CFR Part 208

Accounting, Agriculture, Banks, banking, Confidential business information, Crime, Currency, Federal Reserve System, Flood insurance, Mortgages, Reporting and recordkeeping requirements, Safety and soundness, Securities.

12 CFR Part 211

Exports, Federal Reserve System, Foreign banking, Holding companies, Investments, Reporting and recordkeeping requirements.

12 CFR Part 337

Banks, banking, Reporting and recordkeeping requirements, Savings Associations.

12 CFR Part 347

Authority delegations (Government agencies), Bank deposit insurance, Banks, banking, Credit, Foreign banking, Investments, Reporting and recordkeeping requirements, U.S. investments abroad.

Office of the Comptroller of the Currency

12 CFR Chapter I

For the reasons set forth in the joint preamble, the OCC amends part 4 of chapter I of title 12 of the Code of Federal Regulations as follows:

PART 4—ORGANIZATION AND FUNCTIONS, AVAILABILITY AND RELEASE OF INFORMATION, CONTRACTING OUTREACH PROGRAM, POST-EMPLOYMENT RESTRICTIONS FOR SENIOR EXAMINERS

- 1. The authority citation for part 4 continues to read as follows:

Authority: 5 U.S.C. 301, 552; 12 U.S.C. 1, 93a, 161, 481, 482, 484(a), 1442, 1462a, 1463,

1464 1817(a), 1818, 1820, 1821, 1831m, 1831p-1, 1831o, 1833e, 1867, 1951 *et seq.*, 2601 *et seq.*, 2801 *et seq.*, 2901 *et seq.*, 3101 *et seq.*, 3401 *et seq.*, 5321, 5412, 5414; 15 U.S.C. 77uu(b), 78q(c)(3); 18 U.S.C. 641, 1905, 1906; 29 U.S.C. 1204; 31 U.S.C. 5318(g)(2), 9701; 42 U.S.C. 3601; 44 U.S.C. 3506, 3510; E.O. 12600 (3 CFR, 1987 Comp., p. 235).

■ 2. Section 4.6 is amended by revising paragraph (b)(1) to read as follows:

§ 4.6 Frequency of examination of national banks and Federal savings associations.

* * * * *

(b) * * *

(1) The bank or Federal savings association has total assets of less than \$3 billion;

* * * * *

■ 3. Section 4.7 is amended by revising paragraph (b)(1)(i) to read as follows:

§ 4.7 Frequency of examination of Federal agencies and branches.

* * * * *

(b) * * *

(1) * * *

(i) Has total assets of less than \$3 billion;

* * * * *

**Federal Reserve System
12 CFR Chapter II**

For the reasons set forth in the joint preamble, the Board amends parts 208 and 211 of chapter II of title 12 of the Code of Federal Regulations as follows:

PART 208—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (REGULATION H)

■ 4. The authority citation for part 208 continues to read as follows:

Authority: 12 U.S.C. 24, 36, 92a, 93a, 248(a), 248(c), 321-338a, 371d, 461, 481-486, 601, 611, 1814, 1816, 1818, 1820(d)(9), 1833(j), 1828(o), 1831, 1831o, 1831p-1, 1831r-1, 1831w, 1831x, 1835a, 1882, 2901-2907, 3105, 3310, 3331-3351, 3353, and 3906-3909; 15 U.S.C. 78b, 781(b), 781(i), 780-4(c)(5), 78q, 78q-1, 78w, 1681s, 1681w, 6801 and 6805, 31 U.S.C. 5318; 42 U.S.C. 4012a, 4104b, 4106, and 4128.

■ 5. Amend § 208.64 by revising paragraph (b)(1) to read as follows:

§ 208.64 Frequency of examination.

* * * * *

(b) * * *

(1) The bank has total assets of less than \$3 billion;

* * * * *

PART 211—INTERNATIONAL BANKING OPERATIONS (REGULATION K)

■ 6. The authority citation for part 211 continues to read as follows:

Authority: 12 U.S.C. 221 *et seq.*, 1818, 1835a, 1841 *et seq.*, 3101 *et seq.*, 3901 *et seq.*, and 5101 *et seq.*; 15 U.S.C. 1681s, 1681w, 6801 and 6805.

■ 7. Amend § 211.26 by revising paragraph (c)(2)(i)(A) to read as follows:

§ 211.26 Examinations of offices and affiliates of foreign banks.

* * * * *

(c) * * *

(2) * * *

(i) * * *

(A) Has total assets of less than \$3 billion;

* * * * *

**Federal Deposit Insurance Corporation
12 CFR Chapter III**

For the reasons set forth in the joint preamble, the Board of Directors of the FDIC amends parts 337 and 347 of chapter III of title 12 of the Code of Federal Regulations as follows:

PART 337—UNSAFE AND UNSOUND BANK PRACTICES

■ 8. The authority citation for part 337 continues to read as follows:

Authority: 12 U.S.C. 375a(4), 375b, 1463(a)(1), 1816, 1818(a), 1818(b), 1819, 1820(d), 1828(j)(2), 1831, 1831f, 5412.

■ 9. Amend § 337.12 by revising paragraph (b)(1) to read as follows:

§ 337.12 Frequency of examination.

* * * * *

(b) * * *

(1) The institution has total assets of less than \$3 billion;

* * * * *

PART 347—INTERNATIONAL BANKING

■ 10. The authority citation for part 347 continues to read as follows:

Authority: 12 U.S.C. 1813, 1815, 1817, 1819, 1820, 1828, 3103, 3104, 3105, 3108, 3109; Pub. L. 111-203, section 939A, 124 Stat. 1376, 1887 (July 21, 2010) (codified in 15 U.S.C. 780-7 note).

■ 11. Amend § 347.211 by revising paragraph (b)(1)(i) to read as follows:

§ 347.211 Examination of branches of foreign banks.

* * * * *

(b) * * *

(1) * * *

(i) Has total assets of less than \$3 billion;

* * * * *

Dated: August 20, 2018.

Joseph M. Otting,
Comptroller of the Currency.

Board of Governors of the Federal Reserve System, August 22, 2018.

Ann E. Misback,
Secretary to the Board.

Dated at Washington, DC, on August 22, 2018.

Federal Deposit Insurance Corporation.

Robert E. Feldman,
Executive Secretary.

[FR Doc. 2018-18685 Filed 8-28-18; 8:45 am]

BILLING CODE 4810-33-P

FEDERAL HOUSING FINANCE AGENCY

**12 CFR Parts 1209, 1217, and 1250
RIN 2590-AA93**

Rules of Practice and Procedure; Civil Money Penalty Inflation Adjustment

AGENCY: Federal Housing Finance Agency.

ACTION: Final rule.

SUMMARY: The Federal Housing Finance Agency (FHFA) is issuing this final rule amending its Rules of Practice and Procedure and other agency regulations to adjust each civil money penalty within its jurisdiction to account for inflation, pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

DATES: *Effective date:* September 28, 2018.

FOR FURTHER INFORMATION CONTACT: Stephen E. Hart, Deputy General Counsel, at (202) 649-3053, *Stephen.Hart@fhfa.gov*, or Frank R. Wright, Assistant General Counsel, at (202) 649-3087, *Frank.Wright@fhfa.gov* (not toll-free numbers); Federal Housing Finance Agency, 400 7th Street SW, Washington, DC 20219. The telephone number for the Telecommunications Device for the Hearing Impaired is: (800) 877-8339 (TDD only).

SUPPLEMENTARY INFORMATION:

I. Background

FHFA is an independent agency of the Federal government, and the financial safety and soundness regulator of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie