

Press Releases

April 30, 2010

OTS 10-020 - Federal Financial Regulatory Agencies Issue Final Guidance on Correspondent Concentration Risks

Joint Release

**Office of the Comptroller of the Currency
Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of Thrift Supervision**

For Immediate Release
April 30, 2010

Washington, D.C. — The federal financial regulatory agencies issued final guidance today to address the risks associated with funding and credit concentrations arising from correspondent relationships.

A correspondent relationship occurs when a financial organization provides another financial organization with services related to deposits, lending, or other activities.

The guidance highlights the need for institutions to identify, monitor, and manage correspondent concentration risk on a standalone and organization-wide basis. The guidance also reinforces the supervisory view that financial institutions should perform appropriate due diligence on all credit exposures to, and funding transactions with, other financial institutions as part of their risk management policies and procedures. The guidance does not supplant or amend applicable regulations such as Limitations on Interbank Liabilities (Regulation F).

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Attachment

Federal Register Notice for Correspondent Concentration Risks Guidance

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