Subject: Applying Model Risk Management to CECL Models at Large Banks

The OCC, Federal Reserve, and FDIC, will host an interagency webinar on Tuesday, September 3, 2019, at 2:00pm EST, focusing on matters related to applying model risk management to Current Expected Credit Loss (CECL) models at large banks. The CECL methodology was introduced on June 16, 2016, in Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*.

This interagency "Ask the Regulators" session is designed to help clarify the application of model risk management (MRM) by large banks for any model-based processes they may choose to employ within their CECL frameworks. Supervisors recognize that models may be used to varying degrees for CECL. Consistent with safety and soundness standards, banks should exercise sound risk management practices over all aspects of their CECL frameworks, inclusive of the models employed. The framework should be consistent with the size and complexity of the institution. In this session, staff from the OCC, Federal Reserve, and FDIC will highlight and clarify some key aspects of existing MRM expectations, for any models used by large banks in the CECL framework. Agency staff will also confirm the flexibility large banks have in applying risk management principles to CECL modeling, in line with each large bank's individual circumstances. Agency staff will also respond to questions submitted from bankers on the application of MRM to CECL models used at large banks.

The webinar is scheduled for Tuesday, September 3rd, from 2:00-3:00pm EST. **Registration is now open at** https://www.webcaster4.com/Webcast/Page/583/31365. **Dial-in:** 1-888-625-5230, Participant code: 7039 7607#.

The webinar will include a question-and-answer session following the presentation. **We strongly encourage participants to submit questions by August 22, 2019 via email to** rapid@stls.frb.org. Webinar materials will be archived for future viewing.

General Correspondence Address

Office of the Comptroller of the Currency
400 7th Street, SW
Washington, D.C. 20219

Stay Updated