

## Press Releases

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May 14, 2004

### OTS 04-13 - Agencies Request Comment on Statement Concerning Complex Structured Finance Activities

#### Office of Thrift Supervision

FOR RELEASE at 11:00 A.M. EDT

For further information

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OTS 04-13

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#### Joint Release

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

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### Agencies Request Comment on Statement Concerning Complex Structured Finance Activities

Five federal agencies today requested public comment on a proposed statement describing internal controls and risk management procedures that the agencies believe will assist financial institutions that engage in complex structured finance activities to identify and address the risks associated with such transactions. As recent events have highlighted, a financial institution may assume substantial reputational and legal risk if the institution enters into a complex structured finance transaction with a customer and the customer uses the transaction to circumvent regulatory or financial reporting requirements, evade tax liabilities, or further other illegal or improper behavior.

The interagency statement describes the types of internal controls and risk management procedures that should help financial institutions effectively manage and address the reputational, legal and other risks associated with their complex structured finance activities and operate in accordance with applicable law. The statement, among other things, provides that financial institutions engaged in complex structured finance activities should have effective policies and procedures in place to:

- Identify those complex structured finance transactions that may involve heightened reputational and legal risk;
- Ensure that these transactions receive enhanced scrutiny by the institution; and
- Ensure that the institution does not participate in illegal or inappropriate transactions.

The statement also emphasizes the critical role of an institution's board of directors and senior management in establishing a corporate-wide culture that fosters integrity, compliance with

the law, and overall good business ethics. The proposed statement was issued by the Securities and Exchange Commission, Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Office of Thrift Supervision. The statement would represent supervisory guidance for institutions supervised by the four banking agencies and a policy statement for institutions supervised by the Securities and Exchange Commission.

Comment on the interagency statement is requested within thirty days of publication in the Federal Register, expected shortly. The statement is attached.

Interagency Statement - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2004-13a.pdf>

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at [www.ots.treas.gov](http://www.ots.treas.gov).