

**FEDERAL RESERVE BANK
OF NEW YORK**

At-enc. no. 10592
November 12, 1992

Regulatory Reports Monitoring Program

To the Chief Executive Officers of All State Member Banks, Bank Holding Companies, Foreign Banking Organizations and Their Branches and Agencies, Edge and Agreement Corporations, and National and State Nonmember Banks that File Form FFIEC 030 or FR 2314, in the Second Federal Reserve District:

As you may be aware, recent banking legislation reemphasized the importance of the timeliness and accuracy of the periodic regulatory reports on financial condition, such as Reports of Condition and Income, submitted to the Federal financial institutions supervisory agencies. This includes the "prompt corrective action" provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") that are triggered, in significant part, by financial information concerning capital levels submitted to Federal regulators by banking organizations in their Call Reports and other regulatory filings, and also includes the civil money penalty assessment enhancements associated with regulatory reporting deficiencies contained in FDICIA and in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and other legislation.

To ensure adequate implementation of these recent legislative enhancements concerning regulatory reporting requirements, the Federal Reserve recently developed a new Regulatory Reports Monitoring Program (the "Program"), effective as of the September 30, 1992 reporting period. As described in the overview, which is printed on the following pages, the Program is designed to identify those banking institutions supervised by the Federal Reserve that file late reports and to encourage all domestic and foreign banking organizations to file accurate and timely periodic regulatory reports. The Program will be expanded in the near future to include the Systemwide monitoring of inaccurately prepared or false regulatory reports submitted to the Federal Reserve System.

We want to take this opportunity to remind you of your banking organization's responsibility to submit timely and accurate regulatory reports, and of the fines that may be assessed against financial institutions and individuals that fail to do so. Banking organizations should make every effort to ensure that the regulatory reports filed with the Federal Reserve are accurate and that they are received prior to or no later than each report's due date. Reserve Banks will no longer be able to grant grace periods or extensions beyond the due date of a report in the absence of exigent circumstances.

Questions regarding your reporting responsibilities should be directed, at this Bank, to Elaine D. Mauriello, Assistant Vice President, Statistics Function (Tel. No. 212-720-5722).

CHESTER B. FELDBERG,
Executive Vice President.

OVERVIEW OF THE REGULATORY REPORTS MONITORING PROGRAM

In carrying out its supervisory responsibilities, the Federal Reserve System relies on the timely and accurate filing of regulatory reports by domestic and foreign financial institutions. Data collected from regulatory reports are required to facilitate early identification of problem situations that can threaten the safety and soundness of such banking organizations, to ensure compliance by banking organizations with the prompt corrective action provisions of recent banking legislation, and for other legitimate supervisory purposes. Late or false submissions of reports may conceal deterioration in an institution's financial condition and performance, and may mislead regulators and the public about an institution's financial condition.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA") and the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") amended various banking statutes to enhance the Federal Reserve's authority to assess civil money penalties against state member banks, bank holding companies and foreign institutions that file late, false or misleading regulatory reports.¹ FIRREA and FDICIA also enhanced the Federal Reserve's authority to assess monetary penalties against individuals that cause or participate in such filings.

To encourage banking institutions to file timely and accurate regulatory reports, the Federal Reserve System recently implemented a new Regulatory Reports Monitoring Program (the "Program"). Under the Program, the Federal Reserve will maintain a system to identify those banking institutions it supervises--including state member banks, bank holding companies, Edge and Agreement corporations, and the branches and agencies of foreign banks--that file late reports from the September 30, 1992 reporting period forward. The Reserve Banks will be identifying and maintaining records of late reporters and submitting summary reports of these records to Board staff after every reporting period. Although the Program is presently designed to monitor

¹ "Late" reports are self-explanatory. "False" reports generally involve the submission of mathematically incorrect data, such as addition errors or transpositions, the submission of Call Reports without appropriate schedules, and the inadvertent filing of inaccurate information. Generally, false reports can be screened through the use of computer validity edits. On the other hand, a "misleading" filing involves some degree of knowing or reckless behavior on the part of the filer and the intentional or negligent submission of inaccurate information to the Federal Reserve.

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only late filings, it will soon be expanded to cover false filings for the December 31, 1992 reporting period.

Generally, all regulatory reports of financial condition and income that are required by statute and regulation to be filed with the Federal Reserve by domestic and foreign banking organizations will be subject to the Program. However, reports that must be filed in connection with supervisory actions, applications for mergers and acquisitions, and the Confidential Report of Operations filed by foreign banking organizations (F.R. 2068), as well as Federal Reserve monetary aggregate reports, will not be subject to the Program.

To promote consistent treatment of banking organizations under the Program, the Reserve Banks may not, starting with the September 30, 1992 reporting period, grant grace periods or extensions of the submission dates of regulatory reports, unless there are exigent circumstances.

Under the Program, a late report is defined as an official copy of a report that is not received by the Reserve Bank or its designated electronic collection agent in a "timely" manner. The filing of an institution's completed original report will be considered "timely" in the following cases:

1. The report is received by the end of the reporting day on the submission deadline (i.e., 5 p.m. at each of the Reserve Banks).
2. The report is mailed first class and postmarked no later than the third calendar day preceding the submission deadline no matter when the report is received by the Federal Reserve District. In the absence of a postmark, an institution may be called upon to provide proof of timely mailing if the report has been received after the submission deadline.
3. The completed original report is put into an overnight delivery system on the day before the submission deadline. An institution may be called upon to provide proof of timely entry if the report has been received after the submission deadline.
4. For electronic filers, the report is received by the Reserve Bank by the end of the reporting day on the submission deadline (i.e., 5 p.m. at each of the Reserve Banks) or, for the Call Report, the report is received by the electronic collection agent by the submission deadline.

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The Program also requires that the Board staff responsible for enforcement actions consult with the staffs of the Reserve Banks in order to ensure that appropriate follow-up supervisory actions are taken and that the Federal Reserve addresses all instances of chronic late and false regulatory reporting through the use of civil money penalty or other enforcement proceedings.