

**BUREAU OF CONSUMER FINANCIAL PROTECTION**

**[Docket No. CFPB-2018-0004]**

**Request for Information Regarding the Bureau's Supervision Program**

**AGENCY:** Bureau of Consumer Financial Protection.

**ACTION:** Notice and request for information.

**SUMMARY:** The Bureau of Consumer Financial Protection (Bureau) is seeking comments and information from interested parties to assist the Bureau in assessing the overall efficiency and effectiveness of its Supervision Program, and, consistent with the law, considering whether any changes to the program would be appropriate.

**DATES:** Comments must be received by **[INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**ADDRESSES:** You may submit responsive information and other comments, identified by Docket No. CFPB-2018-0004, by any of the following methods:

- *Electronic:* Go to <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Email:* [FederalRegisterComments@cfpb.gov](mailto:FederalRegisterComments@cfpb.gov). Include Docket No. CFPB-2018-0004 in the subject line of the message.
- *Mail:* Comment Intake, Consumer Financial Protection Bureau, 1700 G Street NW, Washington, DC 20552.
- *Hand Delivery/Courier:* Comment Intake, Consumer Financial Protection Bureau, 1700 G Street NW, Washington, DC 20552.

**INSTRUCTIONS:** The Bureau encourages the early submission of comments. All submissions must include the document title and docket number. Please note the number of the topic on which you are commenting at the top of each response (you do not need to address all topics). Because paper mail in the Washington, DC area and at the Bureau is subject to delay, commenters are encouraged to submit comments electronically. In general, comments received will be posted without change to <http://www.regulations.gov>, with exceptions including those noted below. In addition, comments will be available for public inspection and copying at 1700 G St NW, Washington, DC 20552, on official business days between the hours of 10 a.m. and 5 p.m. eastern standard time. You can make an appointment to inspect the documents by telephoning 202-435-7275.

Submissions in response to this request for information, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Proprietary information or sensitive personal information, such as account numbers or Social Security numbers, or names of other individuals should not be included.

Commenters should also refrain from submitting confidential supervisory information (CSI), as defined in 12 CFR 1070.2(i). If discussing interactions on an examination, commenters should speak in generalities, and should refrain from describing the content of supervisory communications or the results of specific exams. Commenters may wish to submit input anonymously or through a representative if associating their name with their public comment would disclose the fact that they have been examined by the Bureau or the results of a particular exam. The Bureau reserves the right to redact or refrain from publishing CSI consistent with 12 CFR 1070.41 *et seq.*

**FOR FURTHER INFORMATION CONTACT:** For general inquiries and submission process questions, please call Brian Shearer, Counsel, at (202) 435-7611.

**SUPPLEMENTARY INFORMATION:** The Bureau has supervisory authority over insured depository institutions and credit unions with total assets over \$10 billion and their affiliates, as well as non-depository financial institutions, regardless of size, in certain specific markets including mortgage companies (originators, brokers, servicers, and offerors of loan modifications or foreclosure relief services), payday lenders and private education lenders. The Bureau also has supervisory authority over non-depository larger participants of other markets as the Bureau defines by rule. To date, this includes larger participants in the consumer reporting, debt collection, student loan servicing, international money transfer, and automobile finance markets. Additionally, the Bureau has authority over service providers of the above referenced supervised entities, and service providers to a substantial number of depository institutions and credit unions with total assets of \$10 billion or less. More detail regarding the Bureau's supervisory authority can be found principally at 12 U.S.C. §§ 5514-5516 and 12 CFR parts 1090 and 1091.

The Bureau is, as described below, issuing this request for information seeking public comment on how best to achieve meaningful burden reduction or other improvement to the processes used by the Bureau to supervise for compliance with Federal consumer financial law (Supervision Program) while continuing to meet the Bureau's statutory and regulatory objectives and ensuring a fair and transparent process for supervised entities.

### **Overview of This Request for Information**

The Bureau is using this request for information to seek public input regarding its Supervision Program. The Bureau's ability to supervise entities is an essential part of the Bureau's statutory mission of enforcing Federal consumer financial laws. The Bureau engages

in supervisory activities in accordance with applicable law and in furtherance of its statutory mandate. The Bureau understands, however, that the Bureau's supervisory activities can impose burdens on entities. The Bureau encourages comments from all interested members of the public. The Bureau anticipates that the responding public may include supervised entities or companies supervised by other agencies, compliance professionals or members of the bar who represent these entities, individual consumers, consumer advocates, regulators, and researchers, or members of academia.

### **Suggested Topics for Commenters**

To allow the Bureau to evaluate suggestions more effectively, the Bureau requests that, where possible, comments include:

- Specific suggestions regarding any potential updates or modifications to the Bureau's Supervision Program, consistent with the Bureau's statutory objectives, and including, in as much detail as possible (though without disclosing CSI), potential updates or modifications, supporting data or other information on impacts and costs, or information concerning alignment with the processes of other agencies with similar authorities; and
- Specific identification of any aspects of the Bureau's Supervision Program that should not be modified, consistent with the Bureau's statutory objectives, and including supporting data or other information on impacts and costs, or information concerning alignment with the processes of other agencies with similar authorities.

The following list represents a preliminary attempt by the Bureau to identify elements of Bureau processes related to its Supervision Program that may be deserving of more immediate focus. This non-exhaustive list is meant to assist in the formulation of comments and is not

intended to restrict the issues that may be addressed. In addressing these topics or others, the Bureau requests that commenters identify with specificity the Bureau regulations or practices at issue, providing legal citations where appropriate and available. Please feel free to comment on some or all of the topics below, but please be sure to indicate on which area you are commenting. As noted in the instructions above, please refrain from revealing CSI in your public comment.

The Bureau is seeking feedback on all aspects of its Supervision Program, including but not limited to:

1. The timing, frequency, and scope of supervisory exams.
2. The timing, method or process used by the Bureau to collect information and documents from a supervised entity prior to the commencement of an examination. Typically, the Bureau sends an examination Information Request (IR) to a supervised entity prior to the commencement of an examination. An IR is a list of information and documents that the supervised entity is asked to provide to the Bureau for off-site review or to make available when examiners are onsite at the entity. An IR is typically sent to an entity at least 60 days prior to the onsite start of an examination.
3. The type and volume of information and documents requested in IRs.
4. The effectiveness and accessibility of the CFPB Supervision and Examination Manual (Exam Manual). The Exam Manual provides internal direction to supervisory staff, including summaries of statutes and regulations and specific examination procedures for use by examiners in conducting exams. It is published on the Bureau's website to promote transparency and assist the public in understanding how the Bureau oversees supervised entities.

5. The efficiency and effectiveness of onsite examination work. Typically, while onsite, examination teams may review documents and data, hold meetings with management, conduct interviews with staff, make observations, and conduct transaction testing.
6. The effectiveness of Supervision's communications when potential violations are identified, including the usefulness and content of the potential action and request for response (PARR) letter. A PARR letter provides an entity with notice of preliminary findings of conduct that may violate Federal consumer financial laws and advises the entity that the Bureau is considering taking supervisory action or a public enforcement action based on the potential violations identified in the letter. Supervision invites the entity to respond to the PARR letter within 14 days and to set forth in the response any reasons of fact, law or policy why the Bureau should not take action against the entity. The Bureau often permits extensions of the response time when requested.
7. The clarity, organization, and quality of communications that report the results of supervisory activities, including oral communications from examiners and Supervisory Letters and Examination Reports.
8. The clarity of matters requiring attention (MRA) and the reasonability of timing requirements to satisfy MRAs. An MRA is used to address violation(s) of Federal consumer financial law or compliance management weaknesses. MRAs often require a written response to the Bureau and will include a due date for completion.
9. The process for appealing supervisory findings.
10. The use of third parties contracted by supervised entities to conduct assessments specified in MRAs, or to assess the sufficiency of completion of an MRA.

11. The usefulness of *Supervisory Highlights* to share findings and promote transparency. The Bureau periodically publishes *Supervisory Highlights* to apprise the public about its examination program, including the concerns that it finds during the course of its work.
12. The manner and extent to which the Bureau can and should coordinate its supervisory activity with Federal and state supervisory agencies, including through use of simultaneous exams, where feasible and consistent with statutory directives.

**AUTHORITY:** 12 U.S.C. 5511(c).

[THIS SIGNATURE PAGE PERTAINS TO THE REQUEST FOR INFORMATION  
TITLED “REQUEST FOR INFORMATION REGARDING THE BUREAU’S  
SUPERVISION PROGRAM”]

Dated: February 12, 2018.

A handwritten signature in blue ink, appearing to read "Mick Mulvaney".

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**Mick Mulvaney,**

*Acting Director, Bureau of Consumer Financial Protection.*