

## 2013 CFPB-State Supervisory Coordination Framework

May 7, 2013

The 2011 Memorandum of Understanding (Information-Sharing MOU) between the Consumer Financial Protection Bureau (CFPB), the Conference of State Bank Supervisors (CSBS), and various state financial regulatory authorities (State Regulators), hereafter referred collectively as “the Parties,” establishes an agreement for coordination and information sharing in supervision and enforcement work. Pursuant to Section IV.B. of the Information-Sharing MOU, this Framework is intended to establish a process for coordinated federal/state consumer protection supervision and enforcement of entities providing consumer products or services that are subject to concurrent jurisdiction of the CFPB and one or more State Regulators.

This Framework was collaboratively developed by the CFPB and CSBS, on behalf of the State Regulators, to be a flexible, dynamic process enabling efficient implementation of the Information-Sharing MOU. This Framework is not a binding agreement on the Parties, but is rather a guide for effective and efficient coordination and collaboration of supervisory and enforcement activities, as set forth in Section IV.B. of the Information-Sharing MOU.

### I. Intent of Framework

The Parties intend to work together to achieve examination efficiencies and to avoid duplication of time and resources expended. In furtherance of this purpose, the Parties concur that:

- A. in the normal course of supervision, the majority of examinations covered under this Framework are examinations performed on large multi-state entities;
- B. the Parties will continue to independently conduct a number of examinations that are outside the intended scope of this Framework; and
- C. in order to minimize regulatory burden and overlapping examination efforts, the Parties intend to share proposed examination schedules for Independent Examinations, on at least an annual basis.

### II. Definitions

- A. “Concurrent Reports of Examination” mean two or more reports of examination drafted by the CFPB and any State Regulator under this Framework, for the same institution or entity, for the same examination period.
- B. “Corrective Action” for purposes of this Framework includes formal and informal enforcement actions by either the CFPB or a State Regulator regarding a Covered Person under this Framework.
- C. “Covered Person” for purposes of this Framework means any person that engages in offering or providing a consumer financial product or service, as defined by 12 U.S.C. 5481(5), subject to supervisory authority of both the CFPB and one or more State Regulators.
- D. “Covered Depository Institution” means a Covered Person that is an insured state-chartered depository institution or credit union with more than \$10,000,000,000 in assets, or the affiliates thereof.
- E. “Covered Non-Dekpository Entity” means any Covered Person that is not a Covered Depository Institution.
- F. “Home State” means the state where a state-chartered Covered Depository Institution is chartered.
- G. “Home State Supervisor” means the depository supervisory agency of the Home State.
- H. “Host State” means a state other than the Home State of a Covered Depository Institution, in which the depository institution maintains a branch.
- I. “Host State Supervisor” means the depository supervisory agency of a Host State.

## 2013 CFPB-State Supervisory Coordination Framework

May 7, 2013

- J. "Independent Examination" means an examination conducted outside of this Framework, either of a Covered Depository Institution, or of a Covered Non-Depository Entity subject to examination under IV.B.1.
- K. "Multi-State Examination" means an examination involving two or more states.
- L. "Party" and "Parties" mean the signatories to the Information-Sharing MOU.
- M. "Single Point of Contact" means an individual with the responsibilities outlined under IV.C.1. through 3. of this Framework.
- N. "State Coordinating Committee" or "SCC" means a committee of state regulators authorized by all participating states to perform the duties of the SCC under this Framework.
- O. "Supervisory Plan" means the agreed upon written plan by which a Covered Person identified for examination will be supervised.

### **III. Responsibilities and Coordinating Bodies**

#### **A. Covered Depository Institution Supervision**

- 1. The Home State/Host State Supervisors and the CFPB intend to coordinate on supervision and examination for all Covered Depository Institutions to the extent permitted by applicable law. The Parties recognize that the state banking and credit union departments shall continue to be bound by the Nationwide Cooperative Agreement, dated December 9, 1997, and the Nationwide Cooperative Agreement for the Supervision of State Chartered Credit Unions (last updated July 2007), which govern the supervisory responsibilities among the State supervisory authorities for multi-state banks and credit unions.
- 2. The CFPB recognizes the responsibility of the Home State Supervisor to coordinate the involvement of Host State Supervisors in the supervision and examination of Covered Depository Institutions.<sup>1</sup>

#### **B. Covered Non-Depository Entity Supervision**

- 1. The States will form the SCC. The SCC is responsible for state coordination with the CFPB for supervision over Covered Non-Depository Entities.
- 2. The SCC and the CFPB will coordinate and consult on the identification and supervision of Covered Non-Depository Entities that are to be examined under this Framework.

#### **C. CSBS as State Facilitator**

CSBS is understood by the CFPB and State Regulators to provide support and facilitation to the State Regulators in the coordination efforts under this Framework.

### **IV. Examination Process**

#### **A. Covered Depository Institutions**

- 1. To facilitate effective supervision, the CFPB and the Home State/Host State Supervisors should no less than annually:
  - a. schedule Covered Depository Institutions to be examined subject to this Framework; and
  - b. identify to each other the schedules of proposed Independent Examinations.
- 2. On a no less than quarterly basis, the schedules under IV.A.1. should be reviewed by the CFPB and the Home State/Host State Supervisors and, as needed, updated.

---

<sup>1</sup> The Nationwide Cooperative Agreement dated December 9, 1997, and the Nationwide Cooperative Agreement for the Supervision of State Chartered Credit Unions (updated in July 2007), set forth similar Home State Supervisor responsibilities for multi-state banks and credit unions.

May 7, 2013

3. The CFPB and Home State Supervisor should each designate a Single Point of Contact for each Covered Depository Institution.
  4. The CFPB and the Home State Supervisor may agree to have one examiner-in-charge (the "EIC") or may each assign a co-EIC to manage examinations.
- B. Covered Non-Depository Entities
1. To facilitate effective supervision, the CFPB and the SCC should no less than annually develop a list of Covered Non-Depository Entities potentially subject to examinations under this Framework.
  2. From the list developed through IV.B.1. of this Framework, the CFPB and the SCC jointly should no less than annually:
    - a. schedule Covered Non-Depository Entities to be examined subject to this Framework; and
    - b. identify to each other the schedules of proposed Independent Examinations.
  3. On a no less than quarterly basis, the schedules under IV.B.2. should be reviewed by the CFPB and the SCC and, as needed, updated.
  4. The CFPB and SCC may develop additional protocols for scheduling, sharing and updating examination schedules.
  5. The CFPB and SCC should each designate a Single Point of Contact for each of the Covered Non-Depository Entities scheduled for examination under this Framework.
  6. The CFPB and the SCC may agree to have one EIC or may each assign a co-EIC to manage examinations.
- C. Both Covered Depository Institutions and Covered Non-Depository Entities
1. Among other things, the Single Points of Contact should jointly coordinate the supervisory and examination responsibilities for examinations scheduled under this Framework. The Single Points of Contact should develop and, as needed, update a written comprehensive Supervisory Plan that covers an agreed upon supervisory period and provides for an effective and efficient supervision process tailored to the institution's or entity's organizational structure and risk profile.
  2. In developing and updating the comprehensive Supervisory Plan, the Single Points of Contact should consider the views and examination mandates/guidelines of the CFPB, the Host State Supervisors for Covered Depository Institutions, the State Regulators with jurisdiction over Covered Non-Depository Entities, and all applicable law, as appropriate. The comprehensive Supervisory Plan may be amended as necessary and should include:
    - a. an examination plan;
    - b. a risk assessment of the organization;
    - c. estimated resource requirements for conducting examinations and how those resources will be distributed among the participating Parties;
    - d. the results of prior examinations;
    - e. review of the institution's or entity's organizational structure, internal control/compliance functions, and external audit;
    - f. review of pending issues, such as complaints, and compliance with enforcement actions or other regulatory requirements;
    - g. supervisory monitoring and reporting plans; and
    - h. such other matters as are necessary to promote the goal of coordinated supervision.
  3. The Single Points of Contact, and/or the EICs, together should draft the examination plan which should include:
    - a. the focus and scope of the examination;
    - b. a collection and compilation of examination-related information;

2013 CFPB-State Supervisory Coordination Framework

May 7, 2013

- c. a single entry or information request letter, where appropriate, to be delivered to the institution or entity in a timely manner prior to the start of the examination;<sup>2</sup>
  - d. a determination of appropriate staffing levels, resource allocations among the CFPB and State Regulators, and assignment of responsibilities to examination staff;
  - e. an understanding on procedures for coordinating information requests during the examination;
  - f. a schedule of meetings with examination staff and institution or entity management; and
  - g. if there is to be:
    - i. a single Report of Examination (ROE), an agreement on the format for the ROE and assigned responsibilities for writing and processing the ROE, including timeframes for completion; or
    - ii. Concurrent ROEs, an agreement on the process for ROE review to ensure there are no conflicts.<sup>3</sup>
  - h. Any other matters determined as necessary by the examination teams to complete the examination.
4. Notwithstanding the above provisions, the CFPB and State Regulators may conduct examinations separate and apart from the Framework in exceptional circumstances.<sup>4</sup> The Party initiating such an examination should make every effort to provide appropriate notice to the other Parties prior to commencing the examination. The Parties concur that efficiencies are achieved by not conducting examinations separate and apart from this Framework of the same institutions or entities within the same examination period.

V. Corrective Actions Subject to this Framework

A. Covered Depository Institutions

The Parties should, in all cases where permitted by applicable law, share information and consult one another regarding Corrective Actions involving a Covered Depository Institution.

B. Covered Non-Depository Entities

The Parties should, in all cases where permitted by applicable law, share information and consult one another regarding Corrective Actions involving a Covered Non-Depository Entity identified for examination under IV.B of this Framework.

C. Both Covered Depository Institutions and Covered Non-Depository Entities

1. Whenever possible, sharing or consultation should occur in a reasonable time prior to the commencement of any Corrective Action.
2. In cases of emergency, the CFPB and State Regulators may initiate Corrective Action prior to coordination and consultation with one another, with the understanding that notice should be provided as soon as practicable, and not later than 48 hours after initiation of the action.
3. The Parties intend to support each other, to the fullest extent permitted by law and as warranted by the circumstances, in the enforcement of laws that protect consumers of financial products and services, including by joint or coordinated investigations of wrongdoing and coordinated Corrective Actions.

---

<sup>2</sup> In certain cases the Parties may determine that an unannounced examination is the appropriate course of action.

<sup>3</sup> If conflicts exist in Concurrent ROEs, the Parties concur that they should work together to reach an appropriate resolution.

<sup>4</sup> For example, when there is imminent risk to consumers.

May 7, 2013

4. Nothing in this Framework shall require approval of a Corrective Action by the notified Party prior to the initiation of the enforcement action.

VI. Development of Processes and Procedures

The Parties should develop processes, procedures and protocols as necessary for uniformity, standardization, consistency and effectiveness. Wherever possible, the processes and procedures should include standardized documents, forms, templates and worksheets to guide and assist regulators in the completion of work under this Framework.

VII. Supervisory Information

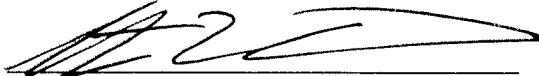
All information shared between the Parties is subject to the confidentiality requirements of the Information-Sharing MOU; other agreements between the CFPB and a particular State Regulator; and all applicable law, as appropriate.

VIII. Resolution Of Significant Differences

- A. The Single Points of Contact should make every effort to resolve any significant differences concerning the supervision of institutions or entities identified for examination.
- B. In those matters where, despite their best efforts, the Single Points of Contact cannot resolve a significant difference concerning the supervision of institutions or entities identified for examination, the matters should immediately be referred to the appropriate senior officials of the CFPB, and the Home State Supervisor for Covered Depository Institutions or the SCC for Covered Non-Depository Entities.

IX. Miscellaneous

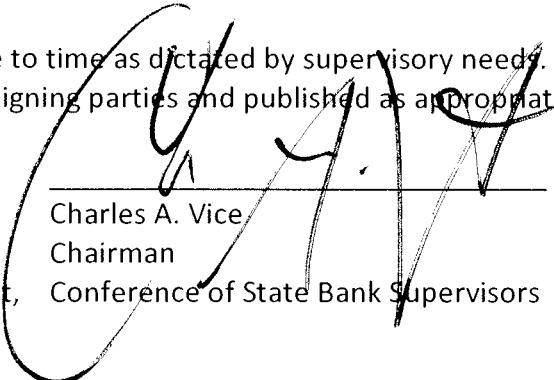
This Framework may be amended from time to time as dictated by supervisory needs. Any amendments should be memorialized by the Framework signing parties and published as appropriate.



Steven L. Antonakes  
Acting Deputy Director  
Associate Director, Supervision, Enforcement,  
and Fair Lending  
Consumer Financial Protection Bureau

5/20/13

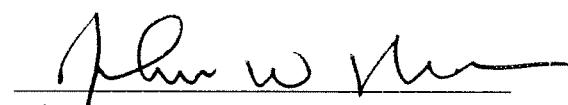
Date



Charles A. Vice  
Chairman  
Conference of State Bank Supervisors

05/20/2013

Date



John W. Ryan  
President and CEO  
Conference of State Bank Supervisors

5/20/2013

Date