Federal Reserve Bank of Boston
Serving Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont

Federal Reserve Supervision Program

Overview
Mission

• The fundamental mission of the Federal Reserve System is to foster the stability, integrity and efficiency of the nation’s monetary, financial and payment systems so as to promote optimal macroeconomic performance.

• To promote a safe, sound, competitive and accessible banking system and stable financial markets through supervision and regulation of the nation’s banking and financial systems; through its function as the lender of last resort; and through effective implementation of statutes designed to inform and protect the consumer.
Supervision and Regulation

• Regulation entails drafting and issuing regulations and guidelines governing the conduct of banking; conduct of applications processing

• Supervision refers to our oversight of financial institutions to ensure they are operating in a safe and sound manner in compliance with laws and regulations
Structure of the Federal Reserve System

• Twelve Federal Reserve Districts - directly supervise and examine institutions in each District; activity delegated by the Board

• Board of Governors - develops supervisory policies and procedures, coordinates the implementation of those policies, participates in the supervisory process, monitors banking conditions
Federal Reserve Supervisory Responsibilities

• Bank Holding Companies (BHCs)
  – Any company or individual that owns, controls, or otherwise has the power to vote 25% or more of the voting stock in a bank. Rebuttable presumption of control for 10-25% ownership
  – Approximately 5,100 top tier BHCs
    • assets greater than $10 billion - 60
    • between $1 billion and $10 billion - 240
    • less than $1 billion - 4,800
Federal Reserve Supervisory Responsibilities (continued)

- State Member Banks (state chartered banks that are members of the Federal Reserve System) - - approximately 1,000
- US branches and agencies of foreign banks, and certain foreign activities of US banking organizations - - approximately 250
First District Overview

• Large Bank Supervision
  – 2 State Member Banks
  – 2 Bank Holding Companies
  – 1 Foreign Banking Organization

• Regional and Community Supervision
  – 98 Bank Holding Companies
    • 16 BHCs with assets >$1 billion
    • 82 BHCs with assets <$1 billion
  – 3 State Member Banks
  – 4 Foreign Banking Organizations
  – 9 Financial Holding Companies