



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