

RESCINDED



Comptroller of the Currency
Administrator of National Banks
US Department of the Treasury

OCC 2011-24 was replaced by OCC 2012-14

OCC 2011-24

Subject: Stress Testing
Date: June 15, 2011

**To: Chief Executive Officers of All National Banks,
Department and Division Heads, All Examining
Personnel, and Other Interested Parties**

Description: Request for Comment on Proposed Interagency Stress Testing Guidance

Summary

The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (agencies) are seeking comment on the attached *Proposed Guidance on Stress Testing for Banking Organizations with More than \$10 Billion in Total Consolidated Assets*. This joint interagency guidance outlines high-level principles for stress-testing practices, applicable to all OCC-supervised, Federal Reserve-supervised, and FDIC-supervised banking organizations with more than \$10 billion in total consolidated assets.

Background

The U.S. federal banking agencies have previously highlighted the use of stress testing as a means to better understand the range of a banking organization's potential risk exposures. The recent financial crisis further underscored the need for banking organizations to incorporate stress testing into their risk management, as banking organizations unprepared for stressful events and circumstances can suffer acute threats to their financial condition and viability. The proposed guidance highlights the importance of stress testing as an ongoing risk management practice that supports a banking organization's forward-looking assessment of its risks. It outlines broad principles for a satisfactory stress-testing framework, and describes the manner in which stress testing should be employed as an integral component of risk management. While the guidance is not intended to provide detailed instructions for conducting stress testing for any particular risk or business area, the proposed guidance aims to describe several types of stress-testing activities and how they may be most appropriately used by banking organizations.

The proposed guidance is intended to be consistent with industry practices and with international supervisory standards. The guidance does not explicitly address the stress-testing requirements imposed upon certain companies by the Dodd-Frank Wall Street Reform and Consumer Protection Act; the agencies expect to implement that provision in a future rulemaking that would be consistent with the principles in the proposed guidance.

The OCC anticipates that this guidance would be applicable to federal savings associations with more than \$10 billion in consolidated assets once such organizations become subject to OCC supervision and regulation.

Although this supervisory guidance would apply only to banking organizations with more than \$10 billion in consolidated assets, the OCC believes that some smaller national banks may benefit from considering the principles and techniques articulated in the draft. It is unlikely that all aspects of the guidance would apply to smaller banking organizations, and, as discussed in the guidance, an organization "should develop and implement its stress testing framework in a manner commensurate with its size, complexity, business activities, and overall risk profile." The OCC is particularly interested in whether there are specific principles among those in the guidance that are clearly inappropriate for banking organizations with \$10 billion or less in total assets.

The proposed guidance was published in the *Federal Register* on June 15, 2011. The agencies are requesting comments on all aspects of the proposed guidance. Comments on the proposal are due on or before July 29, 2011.

Further Information

Questions about the draft guidance can be directed to Robert Scavotto, Lead International Expert, International Analysis and Banking Condition, at (202) 874-4943; Tanya Smith, NBE, Basel II Program Manager, Large Bank Supervision, at (202) 874-4464; Akhtarur Siddique, Deputy Director, Enterprise Risk Analysis Division, at (202) 874-

4665; or Jeanette Quick, Attorney, Legislative and Regulatory Activities Division, at (202) 874-5090. Send comments or inquiries to the Office of the Comptroller of the Currency, 250 E Street, SW, Washington, DC 20219.

Timothy W. Long
Senior Deputy Comptroller for Bank Supervision Policy
and Chief National Bank Examiner

Related Link

- [76 FR 35072](#) (PDF)

RESCINDED