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2012 FFIEC Capital Markets Conference

Senior Examiner Kurt Blair recently attended a Capital Markets Conference hosted by the FFIEC in Washington, D. C. Numerous speakers made presentations during the four day event. Topics included an overview of current economic conditions, investment strategies and liquidity and interest rate risk management. Information detailed during the conference included the following:

Current economic conditions are not expected to improve anytime soon with the Federal Reserve Board likely to begin QE3 in the near future. Yields on investment securities could remain at low levels for the foreseeable future. Discussion suggested that with the treasuries at such low levels municipal bonds have become more attractive; however, aggressive due diligence is necessary considering the economic difficulties occurring in various municipalities in parts of the country.

Liquidity is one area that appears to have improved during the current banking environment; however, liquidity issues have contributed to bank failures during the past few years. It is rare to have a run on a bank, but it still occurs. Discussion emphasized the need for a bank to establish and maintain a feasible contingency funding plan (CFP). Most of the banks regulated by the Oklahoma Banking Department have written strategies; however, many of these could be improved. One of the most important items to include in a CFP is a strategy of how to deal with the potential public aspect of a liquidity crisis. Plans to instill public confidence during such an event should be in place. Additional guidance concerning an affective CFP is located in the FDIC FIL 13-10.

2011 FFIEC Capital Markets Conference

Senior Examiners Daryl Jones and Doyle Jones attend last year's FFIEC Capital Markets Conference. The conference focused on risks associated with capital markets activities prevalent in most financial institutions. The content included analysis of investment activities and strategies and interest rate risk management. Topics included economic trends, market risk exposure to interest rate positions, liquidity management and asset/liability management. This informative conference also included topics on derivatives and securitizations activities and relevant accounting issues.

2011 OSU Farm and Business Tax Institute

Senior Examiners Wayne Arbuthnot, Mike Faulkenberry, Deloris Finley, and Michael Kellum recently attended the 2011 OSU Farm and Business Tax Institute. This two-day tax seminar covered many current issues including agriculture, banking, government legislation, and proposed tax changes. These examiners found this seminar very informative

and useful in staying abreast of the continuing changes in the tax code and their effects on the overall banking climate.

CBAO BSA/AML Compliance School

Tulsa-based Senior Examiners Roger Brock and Randy Willard and Oklahoma City-based Examiner Chuck Harryman recently attended a two-day Bank Secrecy Act / Anti-Money Laundering Compliance School conducted by Professional Bank Services and hosted by Community Bankers Association of Oklahoma. The class provided important updates regarding rule changes and current trends.

The course covered information on core BSA procedures as well as enhanced procedures for specific areas of BSA/AML and Office of Foreign Asset Control (OFAC). The speaker also discussed the new Currency Transaction Report (CTR) and Suspicious Activity Report (SAR) forms that will become mandatory by April 1, 2013. Also discussed was the upcoming deadline requiring all government checks from the Treasury be issued electronically (see godirect.org).