
Joint Release

**Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency
Office of Thrift Supervision
Securities and Exchange Commission**

For immediate release

January 5, 2007

Agencies Issue Final Statement Concerning Elevated Risk Complex Structured Finance Activities

Five federal agencies on Friday issued a final statement on the complex structured finance activities of financial institutions. The statement describes the types of internal controls and risk management procedures that should help financial institutions identify, manage, and address the heightened legal and reputational risks that may arise from certain complex structured finance transactions (CSFTs).

The final statement is substantially similar to the revised statement issued for comment in May 2006, but has been modified in certain respects to address comments received on the revised statement. Like the proposal issued in May, the final statement takes a risk- and principles-based approach to addressing the risks CSFTs may pose to institutions and focuses on those CSFTs that may present elevated levels of legal or reputational risk to institutions.

The final statement was issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision and the Securities and Exchange Commission. The statement represents supervisory guidance for institutions supervised by the four banking agencies and a policy statement for institutions supervised by the Securities and Exchange Commission. Because the statement focuses on sound practices related to elevated risk CSFTs -- transactions that typically are conducted by a limited number of large financial institutions -- it will not affect or apply to the vast majority of financial institutions, including most small institutions.

The final statement is attached and will be published in the Federal Register shortly.

Attachment:

Interagency Statement on Sound Practices Concerning Elevated Risk Complex Structured Finance Activities

Interagency Statement on Sound Practices Concerning Elevated Risk Complex Structured Finance Activities - PDF118k (PDF Help)

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FDIC: PR-3-2007