



## **Financial Institution Regulators Issue FAQs on Interest Rate Risk Management**

The Federal Financial Institutions Examination Council today released answers to Frequently Asked Questions (FAQs) about the January 2010 advisory on Interest Rate Risk Management. These FAQs are being adopted by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the National Credit Union Administration, and the State Liaison Committee (collectively, the “financial regulators”).

The FAQs respond to common questions on several areas that are critical to sound interest rate risk management, including appropriate measurement and reporting, robust and meaningful stress testing, assumption development reflecting the institution’s experience, and comprehensive model validation.

The financial regulators expect that all supervised institutions will manage interest rate risk exposures using processes and systems commensurate with their complexity, business models, risk profiles, scope of operations, and earnings and capital levels. Each financial institution’s management team is responsible for ensuring that the institution’s interest rate risk management processes and measurement systems are capable of capturing, reporting, and controlling risks being taken. The FAQs provide examples of risk management expectations for financial institutions of various interest rate risk profiles, including how to adjust processes as risks change.

The FAQs supplement the advisory and should be reviewed in conjunction with that document and other referenced guidance.

Attachment: Interagency Advisory on Interest Rate Risk Management Frequently Asked Questions. Click [here](#) to view the FAQs

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The FFIEC was established in March 1979 to prescribe uniform principles, standards, and report forms and to promote uniformity in the supervision of financial institutions. The Council has six voting members: a Governor of the Board of Governors of the Federal Reserve System designated by the Chairman of the Board, the Chairman of the Federal Deposit Insurance Corporation, the Chairman of the Board of the National Credit Union Administration, the Comptroller of the Currency, the Director of the Consumer Financial Protection Bureau, and the Chairman of the State Liaison Committee. The Council's activities are supported by interagency task forces and by an advisory State Liaison Committee, comprised of five representatives of state agencies that supervise financial institutions.

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