Statement regarding Coordinated Federal Banking Agency Approach for the Handling of Highly Sensitive Information During Examinations

The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency (collectively, "the federal banking agencies" (FBA)) are instituting a coordinated approach for the handling of highly sensitive information during examinations of supervised banks. This communication provides information to supervised banks on this coordinated approach, how it is being rolled out across the FBAs and their supervisory personnel, and the role that supervised banks may play in implementation.

The FBAs recognize the sensitivity of supervised banks' data handled during the examination process. The FBAs are committed to protecting and handling sensitive data in accordance with applicable confidentiality laws and regulations and data security standards. Additionally, the FBAs have committed to notify affected banks of a potential or confirmed material compromise of confidential supervisory information as soon as practicable and within no more than 72 hours, once the agency impacted has a reasonable basis to believe a compromise has occurred and determines the banks affected, subject to applicable legal considerations.

The FBAs acknowledge that certain categories of data and documents have additional levels of sensitivity and heightened risks from disclosure (referenced as highly sensitive information). These may include, but are not limited to, documents and data that contain detailed information on

- technology/network diagrams and schematics;
- detailed penetration test results;
- technical details of specific information technology control weaknesses; and
- succession planning.

The FBAs have used various methods for handling such highly sensitive information in a manner that balances the requirements of effective examination with the need to minimize the risk of exposure. This coordinated approach provides greater alignment of these practices across the FBAs and examination teams.

Under this approach, the FBAs will rely on bank management to identify data and documents requested for an examination that they believe should be considered highly sensitive information. This will allow the FBAs to evaluate whether additional protocols should be invoked in the review of that information during examinations.

For highly sensitive information, the FBAs will consider a range of potential options to minimize collection and storage by the FBAs, including on-site review, direct digital review from the systems of the supervised bank, redacted or summarized versions of documents, and additional measures related to transmission of, and access to, sensitive information. Banks that have information they believe could be highly sensitive in nature should discuss their concerns with their examiners or primary agency contact. Examiners or primary agency contacts will then discuss with bank management whether the information falls into the highly sensitive category and, if so, which method(s) they will employ to protect such information.

Following the review of materials through any alternative methods and after approval through their appropriate supervisory chain, examiners may determine there is a supervisory need to obtain the information for the supervisory record. To preserve the confidentiality of highly sensitive information, in some circumstances, redacted or summary documents may be accepted for the supervisory record if legal requirements are satisfied.

The FBAs will provide their examiners with written guidance and training on this approach. Following this guidance, the FBA examiners will notify supervised banks upon the beginning of examination activities that bank management may identify to examiners any information that bank management considers highly sensitive. Examiners will also notify supervised banks of the specific processes through which they may escalate any concerns to their primary federal regulator regarding examiner determinations of how to appropriately identify and handle highly sensitive information.

This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the FBAs or their officers, employees, or agents. The FBAs look forward to working with supervised banks to implement this new approach.