

Cabinet News and Views

Informed analysis for the financial services industry



OCC Issues Updated Enforcement Action Policies and Procedures Manual



By **Daniel Meade**
Partner | Financial Regulation

The Office of the Comptroller of the Currency (“OCC”) issued an updated [Policies and Procedures Manual \(PPM 5310-3\) on Bank Enforcement Actions and Related Matters](#) last week. The PPM is updated from the 2018 issuance. The headline change in the PPM is the addition of a new Appendix C titled “Actions Against Banks With Persistent Weaknesses.” The Appendix states that it generally would only apply to banks subject to heightened standards under 12 CFR Part 30 (*i.e.*, large banks), but the OCC reserves the right to apply the framework in the new Appendix to any bank or thrift in its jurisdiction.

The framework described in the new Appendix C of the Enforcement PPM describes actions the OCC could take “against banks that exhibit persistent weaknesses.” The press release announcing the updated PPM noted that such actions can include “requirements that a bank improve its capital or liquidity position, as well as restrictions on the bank’s growth, business activities, or payments of dividends.... [as well as] require a bank to simplify or reduce its operations, including that the bank reduce its assets, divest subsidiaries or business lines, or exit from one or more markets of operation.” Acting Comptroller Michael Hsu stated: “[t]his revised policy promotes strong management by making clear that a bank’s inability to correct persistent weaknesses will result in proportionate, fair, and appropriate consequences, including growth restrictions and divestitures when warranted.”

The press release also linked to Acting Comptroller Hsu’s speech in January titled “[Detecting, Preventing, and Addressing Too Big To Manage](#),” which we also [covered](#) at the time. The OCC’s inclusion of the January speech in the press release makes clear that the updated PPM and the guidance that it contains is the next step in the vision Acting Comptroller Hsu laid out in that January speech.
