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MEMORANDUM

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TO: IBANYS Board of Directors

FROM: William Y. Crowell, III

DATE: October 4, 2011

RE: Legislative Update – Department of Financial Services

The new Department of Financial Services became effective yesterday. Superintendent Ben Lawsky at an opening ceremony indicated that the Department would consist of five divisions:

1. Banking Division – which will regulate state chartered banks along with other financial services providers.
2. Insurance Division.
3. Financial Fraud and Consumer Protection Division – which will protect consumers of financial products and services and fight financial fraud including the pursuit of civil and criminal investigations and enforcement proceedings.
4. Real Estate Finance Division – to focus on the mortgage industry.
5. Capital Markets Division – to monitor the latest products, policing systemic risk.

Superintendent Lawsky advised that the new Department was on track to achieve more than \$25 million in budget savings in its first year.

The Department of Financial Services has adopted an emergency regulation to provide for the selection of candidates for the State Charter Advisory Board. This regulation provides for a nomination process with selection by the Superintendent, with due consideration to the nomination process. The nomination process beings within 90 days after October 3 with notification to the institutions in the respective groups represented on the Board of the nomination process. An all-institution letter will be forwarded by the Department describing the selection process for the State Charter Advisory Board. IBANYS will keep the membership up to date on the process and timelines for the State Charter Advisory Board.

If you have any questions, please don't hesitate to contact me.