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**March First Half Developments**

**Overview**

The Fed is continuing to review the physical commodities activities of banking organizations. This has the potential to scale back the liberalization of activities that was permitted for financial holding companies and may represent a partial backlash from the financial crisis. The Fed adopted a final rule regarding how the capital rules interface with stress tests and finally adopts the interim final rules that have been in place since last year. In addition, the banking agencies have published their expectations on how stress tests will be run and the details of the processes they expect will be adopted.

**Credit Union Voluntary Liquidation**

On March 3, 2015, the NCUA published a proposed rule to amend its rule on voluntary liquidations to make the process easier by permitting liquidating FCUs to publish required creditor notices in either electronic media or newspapers of general circulation; increasing the asset-size threshold for requiring multiple creditor notices; requiring that preliminary partial distributions to members not exceed the insured limit for any member share account; specifying when liquidating FCUs must determine member share balances for the purposes of distributions; and permitting liquidating FCUs to distribute member share payouts either by wire or other electronic means or by mail or personal delivery. See the proposed rule at:

<http://www.gpo.gov/fdsys/pkg/FR-2014-03-03/html/2014-04231.htm>

**Physical Commodities Activities of Banking Organizations**

On March 5, 2014, the Fed published notice that it was extending the comment period for its proposal related to physical commodity activities conducted by financial holding companies and the restrictions imposed on these activities to ensure they are conducted in a safe and sound manner and consistent with applicable law. The comment period has been extended to April 16, 2014. See the notice at:

<http://www.gpo.gov/fdsys/pkg/FR-2014-03-05/html/2014-04742.htm>

**Blocking Property in Ukraine**

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On March 10, 2014, the President published an Executive Order declaring that the actions in Crimea were a threat to the US and constituted a national emergency. The order blocks property of any person found by Treasury to have been involved with the Crimea situation and prevents them from entry into the US. To see who this affects it is necessary to go to the Treasury website. See the order at:

<http://www.gpo.gov/fdsys/pkg/FR-2014-03-10/html/2014-05323.htm>

#### The Capital Rules applied to the Stress Test Rules

On March 11, 2014, the Fed published its final rule to require a bank holding company with total consolidated assets of \$50 billion or more to estimate its tier 1 common ratio using the existing definition for purposes of the Board's capital plan and stress test rules. The final rule maintains all the changes to the Board's capital plan rule and stress test rules that were required under two interim final rules that the Board issued in September 2013, except that under the final rule, no banking organization is required to use the advanced approaches rule for purposes of the capital planning and stress testing rules until 2015. This rule has a good history of the capital rules and the stress test rules and makes them quasi understandable. See the final rule at:

<http://www.gpo.gov/fdsys/pkg/FR-2014-03-11/html/2014-05053.htm>

Proposed: <http://www.gpo.gov/fdsys/pkg/FR-2013-09-30/html/2013-23619.htm>

Proposed: <http://www.gpo.gov/fdsys/pkg/FR-2013-09-30/html/2013-23618.htm>

#### Iranian Transaction License

On March 11, 2014, OFAC published its general license authorizes the exportation, reexportation, or provision to Iran of certain services, software, and hardware incident to personal communications, subject to certain limitations, as well as the importation into the United States of certain software and hardware previously exported to Iran. This was approved back on February 7, 2014. See the order at:

<http://www.gpo.gov/fdsys/pkg/FR-2014-03-11/html/2014-05210.htm>

#### Guidance on Company Stress Tests for \$10 Billion Banks

On March 13, 2014, the banking agencies published guidance for running the Dodd Frank stress tests. The guidance discusses supervisory expectations for DFA stress test practices and offers additional details about methodologies that should be employed by these companies. See the final guidance at:

<http://www.gpo.gov/fdsys/pkg/FR-2014-03-13/html/2014-05518.htm>

Proposed: <http://www.gpo.gov/fdsys/pkg/FR-2013-08-05/html/2013-18716.htm>

National Emergency with Iran

On March 10, 2014, the President published a notice that the national emergency with regard to Iran would be continued for another year. The emergency first started in 1995. The notice lists the history of all the Orders issued regarding Iran. The notice discusses the progress made on nuclear weapons, but states that other factors result in continuing the emergency. See the President's notice at:

<http://www.gpo.gov/fdsys/pkg/FR-2014-03-14/html/2014-05879.htm>

*This advisory is a service of Connell & Andersen LLP for our clients and friends. It is not a full recitation of all developments. The descriptions are summaries of complex and detailed laws and regulations and may be incomplete or misleading. We invite any of our readers to contact us to discuss any items contained herein for further elaboration.*