Banking and Finance Law Daily Wrap Up, PRUDENTIAL REGULATION—Senators raise concerns over 'Matters Requiring Attention' process in federal bank supervision, (Aug. 7, 2025)

Banking and Finance Law Daily Wrap Up

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Republican members of the Senate Banking Committee urge regulators to standardize, legally ground, and improve oversight of MRAs to prevent supervisory failures and enhance accountability.

United States Senator Katie Boyd Britt (R-Ala.), along with her Republican colleagues on the Senate Banking Committee, sent a letter to key federal banking regulators raising concerns about the "Matters Requiring Attention (MRA)" process. The letter was sent to the Federal Reserve Board (Fed), Office of the Comptroller of the Currency (OCC), and Federal Deposit Insurance Corporation (FDIC).

In their Aug. 6, 2025, letter, the senators outlined serious shortcomings in the MRA process, a supervisory tool used to identify deficiencies or legal violations during bank examinations. MRAs require banks to develop and implement remediation plans within a reasonable timeframe to maintain safety, soundness, and regulatory compliance. However, the senators expressed concerns about the lack of structure, uniformity, and legal foundation for MRAs, which they say has led to inconsistencies and inefficiencies across the regulatory system.

Lack of legal framework. One of the primary concerns raised by the senators is that MRAs are not explicitly authorized by statute or regulation. Instead, they were created through informal agency guidance, without public notice or opportunity for comment. Despite this, MRAs are treated as *de facto* requirements, granting regulators broad discretion in how they are applied. According to the senators, this lack of a clear legal framework has resulted in subjective interpretations and inconsistent implementation across the OCC, Fed, and FDIC. Each agency has developed its own internal standards and definitions for issuing and resolving MRAs, creating confusion and uncertainty for financial institutions.

Challenges in remediation and accountability. The senators further noted that banks lack a formal mechanism to challenge MRAs, many of which, they argue, are not clearly tied to the statutory principles of "safety and soundness." The confidential nature of MRA information further complicates efforts by banks to respond or remediate effectively. Meanwhile, according to the senators, regulators face no meaningful consequences for failing to follow up, escalate, or resolve outstanding MRAs, even in cases where a bank's condition materially deteriorates. They also warned that the absence of a materiality threshold for MRAs opens the door for overuse or misuse, potentially diluting the credibility and urgency of the tool.

Lessons from Silicon Valley Bank collapse. The letter pointed to the March 2023 failure of Silicon Valley Bank (SVB) as a case study that illustrates the shortcomings of the MRA process. The senators noted that SVB had accumulated a substantial number of unresolved MRAs and Matters Requiring Immediate Attention (MRIAs), some of which had persisted through multiple examination cycles. By the end of 2022, SVB had 31 outstanding MRAs/MRIAs, including six related to liquidity risk management that had gone unaddressed for 16 months.

Despite these ongoing issues, the senators observed that regulators failed to downgrade SVB's supervisory ratings, allowing the bank to maintain satisfactory marks for management and liquidity. The senators argued that regulatory attention to vague or redundant governance issues may have distracted from more critical risks, contributing to the bank's ultimate collapse.

Recommendations for reform. To address these deficiencies, the senators urged the banking agencies to redefine MRAs and establish uniform, transparent standards for issuing and resolving them. These standards, they said, should be consistent across the OCC, Fed, and FDIC and should be adopted through a formal

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rulemaking process under the Administrative Procedure Act. The senators emphasized that MRAs should be limited to material risks and clearly grounded in legal principles tied to the safety and soundness of the banking system.

Revisiting the "Confidential Supervisory Information" framework. The senators also recommended reviewing the Confidential Supervisory Information (CSI) framework, which restricts the disclosure of supervisory communications, including MRAs. While the framework is designed to protect sensitive regulatory information, the senators argued that it may hinder banks' ability to remediate issues or seek external counsel. They called for a more balanced approach that maintains confidentiality while allowing for effective remediation and regulatory accountability.

Restoring integrity, accountability. Finally, the senators underscored the need to use MRAs judiciously and ensure regulators are held accountable for resolving and enforcing supervisory findings. Without a clear legal foundation and strong oversight, they warned, MRAs risk becoming a "check-the-box" exercise rather than a meaningful supervisory tool for mitigating systemic risks. The senators called on federal banking agencies to assess and improve the MRA framework as part of broader efforts to restore integrity and accountability in bank supervision.

Companies: Silicon Valley Bank

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