



**Shadow Financial
Regulatory Committee**

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Statement by the
Shadow Financial Regulatory Committee
on

Disclosure of Supervisory Actions and Examiners' Ratings

June 9, 1986

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The Federal Deposit Insurance Corporation (FDIC) has proposed disclosing its filings of final supervisory enforcement actions (such as cease and desist orders). Such actions have increased in frequency and are released sporadically. A general policy is overdue. We favor this type of disclosure. Moreover, we agree with the FDIC's decision not to publicize its notices of charges, because such revelation does not give the bank charged adequate opportunity to explain its side of the issue and is subject to abuse.

We suggest that all supervisory agencies reveal their examiner's ratings to all bank directors. In additions, we urge supervisors to develop a uniform and objective rating system and allow (but not require) banks to publicize these ratings. All banks should be allowed to tell the public about their performance. Those with bad ratings can be silent, but their silence provides information to those who have incentives to use this information.

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