November 26, 2012

TO THE CHIEF EXECUTIVE OFFICER:

The Shared National Credit (SNC) program is an interagency effort administered by the Federal Reserve Board, in conjunction with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation that includes the collection of loan data from the agent banks and the coordination of an annual interagency examination of syndicated credits nationwide. The purpose of the examinations is to collect and analyze syndicated loan data in order to better assess and understand the credit risks facing the U.S. financial system.

The results are also used for other purposes such as assessing the quality of loans pledged at the Discount Window. The assessment of risk across the industry could not occur without the data collection and the subsequent analysis provided by the SNC examination teams.

Given the significant role of the SNC program in regulatory oversight, it is highly important that all SNC loans are captured during the annual data collection process. We are updating our database of institutions which are set up to report their SNC loans in December. Please read the below definition for a SNC loan to determine if your organization is the agent of a loan which qualifies for the program.

If your institution is currently reporting SNC loans to your primary regulator, no additional action is necessary. If you are not currently reporting SNC loans, or have any questions about the program, please read the following sections.

**What is a SNC?**

A SNC is any loan and/or formal loan commitment extended to a borrower (excluding individuals) by a supervised institution, its subsidiaries, and affiliates for which the commitment amount aggregates $20 million or more; and 1) which is shared by three or more supervised unaffiliated institutions under a formal lending agreement; or, 2) a portion of which is sold to two or more supervised unaffiliated institutions, with the purchasing institutions assuming their pro rata share of the credit risk. **All assets that meet this definition should be reported.**

**SNCs include:**

- All international credits to borrowers in the private sector regardless of currency denomination that are administered by a U.S. domestic office of the institution.

- Other assets acquired through debts previously contracted if owned by the syndication or lending group. This includes other real estate owned, corporate stock, partnership interests, and other business assets.

- Two or more credits to the same borrower that aggregate $20 million or more, in which each credit has the same supervised participating lenders and same origination date.
• Any credit facility or tranche of a syndicated loan agreement that equals $20 million or more and includes three or more supervised institutions. All other credit facilities or tranches subject to that agreement also qualify as SNCs regardless of their dollar amount or the number of supervised institutions participating in them.

**SNCs do not include:**

• Credits extended directly to an individual. These loans should be excluded from the submission.

• Credits shared solely between affiliated supervised institutions.

• Private sector credits that are 100% guaranteed by a sovereign entity.

• Direct credits to sovereign borrowers.

• Credits known as "club credits" which include related borrowings from multiple lenders but are not extended under the same lending agreement.

**Who should report SNC loans?**

• The agent or administrative agent of the credit. The agent is the supervised institution that originates a SNC and/or administers the credit for the syndication or participating lenders.

• Supervised institutions include banks and thrifts, their holding companies and non-bank subsidiaries, and individual U.S. branches and agencies of foreign banks.

**What you need to do now:**

If your institution is the agent or administrative agent for a syndicated loan which meets the definition of a Shared National Credit and you are not already a SNC reporter, please telephone or send an e-mail to the SNC Examination Office, as listed below, no later than December 7, 2012. If you are uncertain your institution meets the SNC reporter criteria or whether a credit qualifies as a SNC, the Federal Reserve will assist you in making the determination.

Contact:
Jane Stone
Federal Reserve Bank of New York
SNC Examination Office
Email: Jane.Stone@ny.frb.org
Telephone: (212) 720-2244

Please give this matter your immediate attention as several weeks are needed to set up new SNC agent reporters. Thank you for your assistance.

Sincerely,

Robert F. Cote, Program Manager
Shared National Credit (SNC) Program
Board of Governors of the Federal Reserve System