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Wednesday, March 11, 2020

Announcement: NYS/DFS issues Guidance and Requirements for Coronavirus Risk

The New York State Department of Financial Services (DFS) has issued guidance and a request for assurance to ensure that financial institutions are identifying, monitoring, and managing the potential financial risk arising from the spread of a novel coronavirus known as "COVID-19".

To that end, DFS is requiring each regulated institution to submit a response to DFS describing the institution's plan regarding managing the potential financial risk arising from COVID-19.

Responses are to be provided to DFS as soon as possible, but in no event later than thirty (30) days from March 10, 2020.

We have previously published information to manage the coronavirus risk to financial institutions [HERE](#).

The issuance, Guidance to New York State Regulated Institutions and Request for Assurance Relating to Potential Financial Risk Arising from the Outbreak of the Novel Coronavirus, sets forth specific compliance requirements.

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[Coronavirus: CDC Guidance - An Urgent Message](#)

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Review the NYS/DFS Industry Letter

[HERE](#)

According to the Department of Financial Services, it is critical that your risk management programs include a plan to assess and monitor the potential financial risk that may arise from the outbreak of COVID-19.

Such a plan, at a minimum, should include the following assessments:

1. Assessment of the credit risk ratings of the customers, counterparties and business sectors impacted by COVID-19;
2. Assessment of the credit exposure to customers, counterparties and business sectors impacted by COVID-19, arising from lending, trading, investing, hedging and other financial transactions, including any credit modifications, extensions and restructurings (including capitalizations of interest);
3. Assessment of the scope and the size of credits adversely impacted by COVID-19 that currently are in, or potentially may move to, non-performing/delinquent status, including consideration of stress testing and/or sensitivity analysis of loan portfolios and the adequacy of loan loss reserves;
4. Assessment of the valuation of assets and investments that may be, or have been, impacted by COVID-19;
5. Assessment of the overall impact of COVID-19 on earnings, profits, capital, and liquidity (including impact on loan-to-deposit ratio) of your institutions; and
6. Assessment of reasonable and prudent steps to assist those adversely impacted by COVID-19.

The boards of directors or the equivalents of your institutions are responsible for ensuring that appropriate plans are in place and that sufficient resources are allocated to implement such plans.

The senior management of institutions is responsible for ensuring effective policies, processes and procedures are in place to execute the plan and for communicating the plan throughout the institution to ensure consistency in approach so that employees understand their roles and responsibilities.

If you need assistance, we can help with a cost-effective [Business Continuity Plan](#). We also provide a [Disaster Recovery & Business Continuity Plan](#) or, separately, just the Business Continuity Plan.

You will work with a Subject Matter Expert to conform the plan to your business model.

We have reduced our fees for these policies to ensure that financial institutions are able to implement protective and preventive measures as well as comply with regulatory expectations.

Contact us [HERE](#)! We will send you a presentation and proposal.



Or, send us an email [HERE](#) to discuss your particular compliance needs.



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