

## **Alert** | Financial Regulatory & Compliance



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### **CFPB Broadens Supervisory Appeals Process**

On Feb. 16, 2024, the Consumer Financial Protection Bureau (CFPB) **updated its internal supervisory appeals process** for institutions seeking to appeal a compliance rating or an adverse material finding. This is the first update to the process since 2015, when the CFPB reviewed its appeals process. Any entity subject to an examination under the CFPB's supervisory authority may use the appeals process. Any entity may appeal final CFPB compliance ratings, any underlying adverse findings, or adverse findings conveyed in a supervisory letter.

This supervisory appeals process is a rule of agency organization, procedure, or practice under the Administrative Procedure Act. The appeals process does not apply to: preliminary supervisory matters and findings; CFPB examiners' decisions to initiate supervisory measures, such as a memoranda of understanding; enforcement-related actions and decisions, including cease-and-desist orders; adverse findings contained in a supervisory letter or examination report related to a recommended or pending investigation or public enforcement action; or referrals of information to other law enforcement and regulatory agencies. An entity may only appeal a finding **once**. The appeals process will be confidential and submissions by supervised entities will be treated in accordance with CFPB regulations and guidance on confidential supervisory information.

**Updated Process:**

- (1) The revised process broadens the pool of potential members of the appeals committee to include any CFPB manager who did not participate in the underlying matter being appealed (not only managers from Supervision as under the previous process).
- (2) The revised process adds a new option for resolving the appeal: remanding the matter to Supervision staff for consideration of a modified finding. This is in addition to the existing options of upholding or rescinding the finding.
- (3) Under the revised process, institutions may file an appeal as to any compliance rating issued to the institution, not only an adverse rating as under the previous process.

This revised supervisory appeals process applies to any appeal pending with Supervision on the date it is published in the Federal Register.

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