



Bureau of Residential Finance
Thrift Division

[Supervisory Information
Confidentiality
Electronic Storage of ROE]

MEMORANDUM

To: Illinois-Chartered Savings Banks and Savings Associations
From: Robert Stearn, Senior Counsel
Date: April 5, 2002
Re: Maintaining Report of Examination on Institution Computer Network

Illinois-chartered savings banks and savings associations may maintain Office of Banks and Real Estate (OBRE) reports of examination (ROE) in electronic form on their institution's computer network.

While both the Savings Bank Act (SBA) and the Illinois Savings and Loan Act of 1985 (ILSA) require OBRE to issue ROEs and to limit their disclosure, neither Act prescribes the form in which OBRE shall issue and an institution shall maintain ROEs. Therefore, in light of the Acts' policies and purposes and advances in information systems, OBRE believes savings banks and savings associations may maintain ROEs in electronic form on their computer networks; provided that, the institution meets the conditions described below.

The institution must minimize the possibility of unauthorized disclosure of the ROE (and any part, summary or description thereof). In the interest of safe and sound operation and effective supervision of the institution, both the SBA and the ILSA strictly limit disclosure by the Commissioner of examination information and reports to the institution's directors and its independent licensed public accountants (and to regulatory and law enforcement officials). For savings banks, see 205 ILCS 205/9012; for savings associations, see 205 ILCS 105/7-5(c), 7-6, and 7-9. This limitation on disclosure, as well as the directors' fiduciary duties, mandate that the directors of the institution treat the ROE as highly confidential information that may be disclosed only to institution personnel, auditors, and advisors and then only as strictly necessary. Accordingly, the institution and its directors must safeguard the ROE against unauthorized disclosure (regardless of the form in which the ROE is maintained).

Re: Maintaining ROE in Electronic Form

April 5, 2002

Page 2 of 2

Also, an institution must ensure that the ROE is not altered. The ROE that is maintained on the institution's computer network must be at all times identical in substance to the original ROE issued by OBRE. Discrepancies (or even their possibility) between the original ROE issued by OBRE and the version maintained by the institution may undermine the usefulness of the ROE both to OBRE in meeting its supervisory responsibilities and to the institution's directors in responding to OBRE's supervisory comments and otherwise fulfilling their management and fiduciary duties.

If discrepancies exist between the original ROE and the version maintained by the institution, it is the former that is the report issued pursuant to section 9008 of the SBA or section 7-5(c) of the ISLA (as applicable), and it shall take precedence. Further, section 9008 or section 7-5(c), as applicable, requires each institution director to read the ROE and "execute a signed affidavit" affirming that he or she has read the report. 205 ILCS 205/9008; 105/7-5(c). If discrepancies exist between the original ROE and the version made available to the directors on the institution's network, the directors may be unable to comply with the requirements of section 9008 or section 7-5(c), as applicable.

Please refer to the April 3, 2002 OBRE memorandum on electronic storage of report of examination that prescribes requirements for maintaining the confidentiality and integrity of the ROE. In addition to meeting the requirements detailed in that memorandum, an institution has a general, on-going obligation to identify, monitor, and remedy or minimize conditions that could result in unauthorized disclosure or alteration of the ROE.

If you have any questions regarding the matters discussed in this memorandum, please feel free to contact me at (312) 793-1454 or rstearn@bre.state.il.us.