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# Licensing Amendments: Final Rule

## Summary

The Office of the Comptroller of the Currency (OCC) has issued a final rule relating to policies and procedures for corporate activities and transactions involving national banks and federal savings associations (FSA), codified at 12 CFR 5. Specifically, the final rule updates and clarifies these licensing policies and procedures, eliminates unnecessary requirements consistent with safety and soundness, and makes other technical and conforming changes.

### Note for Community Banks

The amendments in this final rule apply to all national banks and FSAs, including community institutions.

## To

Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties

## Highlights

This final rule makes the following changes, among others:

- Makes the definition of “well managed” consistent for all filing types.
- Eliminates the filing requirement for FSAs that adopt without change the OCC’s model or optional bylaws.
- Adds numerous provisions to 12 CFR 5.33 permitting national banks and FSAs to elect to follow the procedures applicable to state banks or state savings associations, respectively, for certain business combinations.
- For operating subsidiaries:
    - Permits an eligible operating subsidiary of a qualifying national bank or FSA to engage in an activity that is substantively the same as a previously approved bank or

FSA activity, respectively, by filing a notice with the OCC (national banks) or an application through expedited review (FSAs).
    - Removes the annual national bank operating subsidiary reporting requirement.

- For non-controlling investments by a national bank and pass-through investments by an FSA:
    - With prior OCC approval, permits investments in enterprises that have not agreed to OCC supervision.
    - Provides an expedited review procedure for these investments under certain conditions.
    - Expands the investments eligible for notice.
    - Permits investments without a filing in enterprises conducting activities limited to those previously reported by the national bank or FSA in a previous non-controlling investment or pass-through investment filing.

- Provides procedures for granting and revoking citizenship and residency waivers for national bank directors.
- Permits national banks to request approval for a reduction in capital over more than four quarters.
- Changes the definition of "troubled condition" for purposes of changes in directors and senior executive officers to align with OCC supervisory practices. The updated definition specifies that an enforcement action (a cease-and-desist order, consent order, or formal written agreement) must require the national bank or FSA to improve its financial condition for it to be considered in "troubled condition" solely as a result of the enforcement action.

## Background

The OCC periodically reviews its regulations to eliminate outdated or otherwise unnecessary regulatory provisions and to clarify or revise requirements imposed on national banks and FSAs where possible and when not inconsistent with bank safety and soundness. These reviews are in addition to the OCC's decennial review of its regulations as

required by the Economic Growth and Regulatory Paperwork Reduction Act (Pub. L 104-208 (1996)). This final rule, originally published in the *Federal Register* as a proposal on May 2, 2020, and finalized with changes based on public comments received, is a continuation of the OCC's regulatory review process. It accompanies other OCC efforts to modernize OCC rules, remove unnecessary burden, and clarify requirements, including a proposal for revisions to 12 CFR 7, "Activities and Operations."

## Further Information

Please contact Karen Marcotte, Director for Licensing Activities, (202) 649-6260; or Christopher A. Crawford, Counsel, Heidi M. Thomas, Special Counsel, Valerie M. Song, Assistant Director, or Rima G. Kundnani, Senior Attorney, Chief Counsel's Office, (202) 649-5490.

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## Related Link

- "Licensing Amendments" (PDF)