

Banking and Finance Law Daily Wrap Up, LOANS—OCC and FDIC issue statement regarding insider lending and reporting restrictions, (Dec. 19, 2025)

Banking and Finance Law Daily Wrap Up

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The statement is intended as a stopgap until an amendment of Regulation O will provide a more permanent fix. The Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have issued a [statement](#) to clarify supervisory expectations for OCC- and FDIC-supervised institutions' compliance with insider lending restrictions and related reporting requirements with respect to certain types of related interests. Under Section 22(h) of the Federal Reserve Act, extensions of credit by member banks to insiders such as executive officers, directors, and principal shareholders must comply with certain individual and aggregate lending limits, and large extensions of credit by banks to insiders must be approved in advance by a majority of their boards of directors in a vote in which interested directors may not participate.

Behind the statement. The background prompting the statement was that upon acquiring more than 10 percent of a class of voting securities of a member bank, a fund complex would be a "principal shareholder," and any company in which a principal shareholder fund complex owns more than 10 percent of a class of voting securities could, in some instances, be presumed to be a "related interest" of the fund complex. In those situations, Regulation O would be implicated and these transactions would be subject to the lending limits and other restrictions and standards of Regulation O.

According to the OCC's Bulletin ([OCC Bulletin 2025-47](#), Dec. 18, 2025) and the joint statement, banks "have expressed concerns that the treatment of fund complex-controlled portfolio companies as 'related interests' under Regulation O could require the abrupt and disruptive unwinding of preexisting lending relationships."

Provisions of the statement. The new statement provides that the agencies will not take action against a bank for extensions of credit that would otherwise violate Regulation O, if the following conditions are satisfied:

- The fund complex does not directly or indirectly control 15 percent or more of any class of voting securities of the bank;
- The fund complex does not directly or indirectly control 20 percent or more of any class of voting securities of the bank, if it has received applicable agency correspondence referencing at least such a percentage, so long as no individual fund in the fund complex owns more than 10 percent of any class of voting securities of the bank and non-index funds in the fund complex do not collectively own more than 10 percent of any class of voting securities of the bank; and
- The bank does not knowingly make an extension of credit to a borrower the bank knows to be a fund complex-controlled portfolio company, unless the terms of such extension of credit are on substantially the same terms as those prevailing for comparable transactions with unaffiliated third parties and do not involve more than normal risk of repayment or present other unfavorable features.

No-Action Provision and Exceptions. Additionally, the statement provides that agencies will not take action against a bank for failure to report extensions of credit by banks to fund complex-controlled portfolio companies that would otherwise violate Regulation O but are included within the relief discussed above.

The no-action position was specifically noted to not extend to any extension of credit to principal shareholder fund complexes or to cover fund complexes that are, or are affiliated with, a bank holding company or savings and loan holding company. Additionally, the statement explicitly does not cover a fund complex-controlled

portfolio company that may be an insider of a bank for a reason other than its status as a related interest of a principal shareholder fund complex, such as by virtue of the portfolio company's status as a principal shareholder of the bank.

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