



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

NR 2002-23

FOR IMMEDIATE RELEASE
March 14, 2002

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OCC Supports Legislative Efforts to Reduce Unnecessary Regulatory Burden

WASHINGTON -- Julie L. Williams, Chief Counsel and First Senior Deputy Comptroller for the Office of the Comptroller of the Currency, told a House Financial Services subcommittee today that the OCC strongly supports provisions in pending legislation that would eliminate unnecessary regulatory burden on banks.

“Effective bank supervision demands that we achieve a balance among several, sometimes competing, but equally important, objectives,” Ms. Williams said in testimony before the Subcommittee on Financial Institutions and Consumer Credit. “One of these objectives is to foster banks’ ability to conduct their business profitably and competitively, free from burdensome constraints that are not necessary to further the purposes of the banking laws.”

Ms. Williams said consumers and financial institutions would benefit from provisions that would:

- Modify the so-called “qualifying shares” requirement in the National Bank Act, which has made it difficult for some national banks to obtain favorable tax treatment as “Subchapter S” corporations.
- Eliminate a requirement that national banks use cumulative voting in the election of their directors. The provision would bring the National Bank Act into conformity with modern corporate codes and give national banks the same flexibility available to state banks and other corporations.
- Repeal a legal requirement that states affirmatively enact legislation before national and state banks can conduct interstate expansion through *de novo* branching. Because of the current requirement, banks often must structure artificial and unnecessarily expensive transactions in order to branch across a state border. Both banks and their customers would benefit if insured institutions were allowed to choose the form of interstate expansion that makes the most sense for their business needs and customer demands.

“The bill also contains provisions that address a second, and fundamentally important, objective of bank supervision, and that is to promote and maintain the safety and soundness of the banking system,” Ms. Williams said.

For example, the bill expressly authorizes the Federal banking agencies to enforce written

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commitments of institution-affiliated parties or controlling shareholders to provide capital to an insured depository institution. This provision would reverse the effect of recent Federal court decisions that allow agencies to enforce such written commitments only if they can show that the non-bank party was “unjustly enriched.”

“By removing this impediment to our ability to hold parties to their commitments to provide capital, the new provision will enhance the safety and soundness of insured depository institutions and reduce losses to the deposit insurance funds,” Ms. Williams said.

Ms. Williams said the OCC is working with the other banking agencies to develop recommendations for additional provisions that would enhance regulators’ safety and soundness authority, reduce risk to the deposit insurance funds and facilitate enforcement efforts in cases involving wrongdoing.

Related Links

- [Oral Statement](#)
- [Testimony](#)
- [Appendix](#)

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The OCC charters, regulates and examines approximately 2,200 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 54 percent of the nation’s banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States