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**MEMORANDUM**

June 17, 2003

To Our Clients and Friends

Re: Regulatory Review by Banking Agencies

Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996, the Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation and the Office of Thrift Supervision (the “Agencies”) are required to review their regulations every ten years to reduce burdens imposed on insured depository institutions by eliminating unnecessary regulations<sup>1</sup>.

In response to this requirement the Agencies have divided their regulations into twelve categories and are requesting public comment on regulations in three of the categories by September 15. These categories are: Applications and Reporting, Powers and Activities and International Relations. Comment on the remaining nine categories<sup>2</sup> will be requested approximately every six months through 2006. The specific regulations under consideration in each of the twelve categories are identified in the Federal Register notice.

The purpose of the public comment is to identify outdated, unnecessary or unduly burdensome regulatory requirements imposed on insured depository institutions. Comments should address the following issues:

- Need for statutory change
- Need and purpose of the regulations

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<sup>1</sup> This review supplements and complements the reviews of regulations that the Agencies conduct under other laws and their internal policies.

<sup>2</sup> These nine categories are: Banking Operations; Capital; Community Reinvestment Act; Consumer Protection; Directors, Officers and Employees; Money Laundering; Rules of Procedure; Safety and Soundness; and Securities.

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- Overarching approaches/flexibility of the regulatory standards
- Effect of the regulations on competition
- Reporting, recordkeeping and disclosure requirements
- Consistency and redundancy
- Clarity
- Burden on small insured institutions.

The Agencies must publish a summary of comments in the Federal Register along with a discussion of the significant issues raised. The Agencies then must eliminate unnecessary regulations to the extent that such action is appropriate. The Federal Financial Institutions Examination Council is to submit a report to Congress within thirty days of publication in the Federal Register of the summary of comments by the Agencies. This report is to summarize any significant issues concerning regulatory burdens that were raised and the relative merits of the issues and is to analyze whether the appropriate federal banking agency can address the issue through regulation or whether legislation is required.

The Federal Register notice can found at [www.schwartzandballen.com/WhatsNew.htm](http://www.schwartzandballen.com/WhatsNew.htm).

If you have any questions concerning the notice, please call Gilbert Schwartz, Robert Ballen or Tom Fox at (202) 776-0700.