The Office of the Comptroller of the Currency issued its assessment and fee schedules for 1998, implementing several changes that reduce charges for national banks and ensure that assessments more accurately reflect the actual costs of supervision.

The assessment schedule lowers the basic rates for all institutions, but imposes a 25 percent surcharge on banks rated 3, 4 or 5 on the five-point CAMELS scale. This change, which is revenue neutral, is intended to ensure that well-managed banks do not subsidize the higher costs incurred by the OCC in supervising less healthy institutions.

OCC analyses show that lower-rated institutions cost more to supervise than those rated 1 or 2. In addition, a number of banks have recommended basing assessments on an institution's CAMELS rating. The OCC proposed the surcharge in a notice of proposed rulemaking issued Oct. 21. The rule, which will be published in tomorrow's Federal Register, is effective December 31.

Two other changes incorporated in the assessment schedule reduce the fees paid by national banks. The two changes together could save national banks as much as $19 million next year.

One change lowers assessments for nonlead national banks in multibank holding companies by 12 percent. The fee reduction, which was first implemented on an interim basis this year, reflects the fact that it takes fewer resources to supervise institutions that are not the lead -- or largest -- bank in a holding company. The new rule more closely matches the fees paid by banks to the actual costs of supervision and ensures that the assessment schedule does not favor one form of corporate organization over another.

In addition, the OCC has eliminated the formula used to calculate fees for trust department and other exams. The old rule had reflected an outmoded view that trust activities were separate and distinct from activities conducted by the rest of the bank. That change was also implemented on an interim basis for 1997 and now becomes permanent.

The OCC also decided to drop the annual franchise fee that had been imposed on national banks that are registered as municipal or government securities dealers. National banks engage in a wide variety of activities. Rather than impose special fees on specific activities, the OCC has concluded that it is more efficient and simpler for the industry for the OCC to recover its costs by imposing only one fee, the semiannual assessment.
For the fourth consecutive year, the OCC is waiving a provision in its assessment regulation that permits fee increases to account for inflation.

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The OCC charters, regulates and supervises approximately 2,800 national banks and 66 federal branches and agencies of foreign banks in the U.S., accounting for more than half the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.