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TESTIMONY OF

KEITH A. NOREIKA

ACTING COMPTROLLER OF THE CURRENCY

before the

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

UNITED STATES SENATE

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Statement Required by 12 U.S.C. § 250: The views expressed herein are those of the Office of the Comptroller of the Currency and do not necessarily represent the views of the President.

I. Introduction

Chairman Crapo, Ranking Member Brown, and members of the Committee, thank you for the opportunity to testify today about fostering economic growth by strengthening our nation's financial institutions. I am grateful for the courtesy you have shown me since I became the Acting Comptroller of the Currency on May 6, and I appreciate your ongoing interest in the Office of the Comptroller of the Currency (OCC) and its role in the effective administration of the federal banking system.

I am honored to serve in this important position and to support the statutory mission of the OCC: to ensure that national banks and federal savings associations (banks) operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations. The agency is comprised of extraordinary professionals who share a deep commitment to this mission, and I am proud to serve alongside them until the Senate confirms the 31st Comptroller of the Currency.

During my service, I look forward to engaging with my colleagues, stakeholders, and Congress to initiate a robust dialogue and explore opportunities to foster economic growth. For our part, we at the OCC will move ahead to do what we can within our current authorities to foster economic growth and opportunity. Our efforts will be informed by the financial regulatory policy of this Administration, as articulated in the President's Executive Order entitled "Core Principles for Regulating the United States Financial System"[1] and developed more fully in the recent report prepared by the Department of the Treasury (Treasury Report).[2]

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[1] Executive Order 13772 (February 3, 2017).

[2] U.S. Department of the Treasury, "A Financial System That Creates Economic Opportunities; Banks and Credit Unions" (June 2017).

The banks that the OCC supervises should be—as they are today—engines of economic growth for the nation. When the federal banking system is running well, it can power growth and prosperity for consumers, businesses, and communities across the country. Our job as bank supervisors is to strike the right balance between supervision that effectively ensures safety, soundness, and compliance, while—at the same time—enabling economic growth. To achieve that balance, we need to avoid imposing unnecessary burden and creating an environment so adverse to risk that banks are inhibited from lending and investing in the businesses and communities they serve. Regulation does not work when it impedes progress, and banks cannot fulfill their public purpose if they cannot support and invest in their customers and communities.

In the less than two months that I have served as Acting Comptroller, I have already taken several important steps to promote a regulatory environment that is balanced and that provides the certainty needed to encourage investment. In particular, I have met with various trade groups, scholars, community groups, and my colleagues at the federal and state levels to begin a constructive, bipartisan dialogue on how our regulatory system might be recalibrated to foster economic growth.

For example, I have sought the views of my colleagues at the other federal banking agencies about simplifying the regulatory framework implementing the Volcker Rule. In recent years, many of the nation's financial institutions have struggled to understand and comply with these regulations, devoting significant resources that could have been put to more productive uses. There is near unanimous agreement that this framework needs to be simplified and clarified. I have recommended that we invite stakeholders to share their thoughts and ideas at an early stage to help inform how the agencies should proceed. Our conversation on this issue is ongoing, and it is my hope that the effort we undertake will lead to solutions that the agencies can implement and that also will inform Congress's consideration of legislation in this area.

The Volcker Rule provides a practical example of how conflicting messages and inconsistent interpretation can exacerbate regulatory burden by making industry compliance harder and more resource intensive than necessary. Under my leadership, the OCC is undertaking improvements in our internal operations to attack that problem in ways that are within our control. For example, I have emphasized the importance of the OCC speaking with one voice. The banks that we supervise must hear a clear and consistent message, regardless of whether it comes from Washington, D.C., or our field offices. A single voice provides certainty, without which businesses and consumers are reluctant to invest in the future, and it instills in the American people confidence in our government.

I also have made a point of seeking the views of our agency's "boots on the ground" for ideas to reduce unnecessary regulatory burden and improve efficiency in our supervision and regulation of the federal banking system in order to promote economic growth. The response has been overwhelming. To date, we have over 400 suggestions. OCC employees are excited to operationalize our collective experience and to contribute to efficient and effective regulation of the federal banking system. In this way, the OCC will play our part to help to minimize the burden associated with regulation and maximize regulatory certainty that will promote healthy lending by banks. The investments by the banking sector in customers, local communities, and businesses will, in turn, drive economic growth.

The next section of my testimony discusses the opportunities that I see to maximize regulatory efficiency and promote the availability of credit to fund the needs of consumers and businesses. The third section summarizes the results of the recently completed Economic

Growth and Regulatory Paperwork Reduction Act (EGRPRA) regulation review. As noted below, I also include an appendix containing a number of legislative ideas and recommendations for the Committee's consideration.

II. Opportunities to Foster Economic Growth

Overview

The United States has the strongest financial system in the world, and one that others want to emulate, in part because it has proven to be dynamic, resilient, and adaptable to changing conditions. Most would agree that whatever improvements we seek to make to that system and the way it is regulated ought to reinforce those qualities, not undermine them. I also believe that now—nearly 10 years after the events that sparked the Great Recession and seven years after the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)—is a good time to take stock of how well our financial system is working and to strive for balance and improvements in the system and in how we regulate it.

This sort of reevaluation has occurred, typically on a bipartisan basis, at intervals throughout our history. The alphabet soup of financial legislation enacted in modern memory—CEBA, FIRREA, FDICIA, GLBA, and, earlier, the Banking Act of 1933 and the laws creating federal deposit insurance and bank holding companies (BHC)—were responses to then-current events that compelled a shift in the scope or tenor of the government's oversight of the financial system. So it is not unusual—in fact, it has been our national practice—to revisit financial regulation from time to time and to make the adjustments that can attract a consensus for reform.

In that same spirit, today I offer recommendations for improvements that would promote the dynamism and resiliency of the federal banking system while addressing areas that I believe unnecessarily encumber economic growth. In my view, bringing balance to financial regulation in a way that encourages economic investment and expansion involves eliminating unnecessary or duplicative regulatory activities, streamlining and updating regulatory processes to enhance effectiveness and efficiency, and providing regulatory clarity to promote confidence and certainty for market participants. The appendix to this testimony describes each of the OCC's recommendations, and I will highlight a few of them here. In most cases, there are a number of approaches that could achieve the objectives of promoting economic growth and trimming burden. I would like to start a dialogue about which ones are best.

Our recommendations are informed by two straightforward ideas. First, while the content of some regulations can rightly be described as burdensome because, for example, the regulation is needlessly prescriptive or complex, it also is the case that a multiplicity of regulators performing overlapping functions can contribute substantially to regulatory burden and hinder economic growth. Our system sometimes deploys multiple regulators to solve the same problem. That is an approach that can lead to waste, redundancy, and duplication of resources both in the regulatory agencies and for the institutions we supervise. I have suggestions for where we might streamline supervision to reduce regulatory redundancy.

Second, our system sometimes covers more institutions or broader categories of activity than it needs to in order to contain or mitigate the risks it seeks to address. This has often been referred to as a lack of appropriate "tailoring" or, conversely, as a "trickling-down" to lower-risk institutions or activities of regulatory standards or approaches that really are only appropriate for high-risk institutions or activities. I have suggestions to offer in this category as well.[3]

The OCC's recommendations are consistent with the Treasury Report, which is guided by free-market principles and aimed at maximizing sustainable, economic growth. The Treasury

[3] The OCC's proposals also contain suggestions for updating laws that may impede economic growth because they no longer reflect modern business practice.

Report includes proposals to break the cycle of sluggish growth, improve access to credit, maintain liquid markets, and engage in a holistic analysis of the cumulative impact of the regulatory environment. The Treasury Report is a thoughtful addition to the ongoing discussion of how to promote economic growth, and I appreciate Treasury's consultation with the OCC in developing it.

Maximizing Economic Growth by Minimizing Regulatory Inefficiency

Our organically developed, uniquely American system of independent banking regulators risks, at times, unnecessary regulatory burden and overlap. Accordingly, we need to be mindful to calibrate regulatory jurisdiction to maximize regulatory efficiency by minimizing unnecessary regulatory duplication.

As the Treasury Report notes, many of the changes that would streamline regulation and free up resources that could fuel economic growth are not possible under the current statutory framework. In some instances, federal banking law allocates jurisdiction to regulators in a way that actually promotes duplication and redundancy. Congress could foster economic growth by reducing regulatory overlap and increasing coordination within the federal financial regulatory framework.

For example, under current law (subject to certain exemptions, like the one for banks that conduct only fiduciary activities) companies that own banks are regulated as BHCs by the Board of Governors of the Federal Reserve System (Federal Reserve Board) under the Bank Holding Company Act. Their depository institution subsidiaries, however, are often regulated at the federal level by a different regulator.[4] This means that most companies that own banks have at

[4] The regulator of the insured depository institution (IDI) subsidiary of the BHC will be the OCC in the case of national banks and federal savings associations, the Federal Deposit Insurance Corporation (FDIC) in the case of state-chartered banks that are not members of the Federal Reserve System (FRS), and the Federal Reserve Board itself in the case of state-chartered banks that are FRS members.

least two regulators, even if they are small and even when the depository institution subsidiary comprises the vast majority of the company’s assets so that there is no meaningful distinction between the business of the company and the business of its bank subsidiary. Congress could reduce regulatory redundancy in this situation by amending the Bank Holding Company Act to provide that when a depository institution constitutes a substantial portion of its holding company’s assets (e.g., 90 percent), the regulator of the depository institution would have sole examination and enforcement authority for both the holding company and the depository institution. This change would eliminate supervisory duplication and its inherent inefficiencies, freeing resources to meet the needs of banks’ customers and communities. It could be limited to BHCs of a certain asset size. At the same time, banking law would continue to recognize that it is appropriate to have a separate regulator for large companies that conduct complex activities, including securities and derivatives businesses, as well as consumer and commercial banking. The proposed change simply would extend to smaller banking organizations the benefits of having a single federal regulator at both the bank and holding company levels that state banks that are members of the FRS and their holding companies already enjoy today.

Another approach to the problem of multiple regulators would be to eliminate statutory impediments for firms that want the choice to operate without a holding company. Congress could modernize the corporate governance requirements for national banks by allowing them to adopt fully the governance procedures of, for example, the state in which their main office is located, the Delaware General Corporation Law, or the Model Business Corporation Act. This change would put these banks on the same footing as BHCs and benefit banks that wish to operate and access the capital markets without a holding company.

A second example of regulatory duplication in banking law is the allocation of authority to the Consumer Financial Protection Bureau (CFPB) to examine and supervise the activities of IDIs over $10 billion in asset size with respect to compliance with the laws designated as federal consumer financial laws. This division of authority means that two separate regulators—the CFPB and the prudential regulator—conduct examination and supervision activities with respect to the same institutions.

There are many options Congress could consider to address this overlap. For example, Congress could return examination and supervision authority with respect to federal consumer financial laws to the federal banking agencies for the institutions that they otherwise have jurisdiction to supervise, without regard to an institution's asset size. Under this approach, the CFPB would continue to set the standards with respect to the federal consumer financial laws, supervise non-depository institutions, and take enforcement action. Depository institutions would have a single supervisor overseeing compliance with federal consumer financial and other laws, as well as their safety and soundness, reinforcing the interdependency between sound banking practices and fair treatment of a bank's customers. As is the case today, the primary prudential regulator would retain enforcement authority with respect to institutions at or under $10 billion in asset size. The primary regulator also would retain the current "back-up" enforcement authority with respect to institutions over $10 billion in asset size, which enables it to bring an enforcement action when warranted if the CFPB declines to do so.

This approach would reduce regulatory burden and provide regulatory certainty by eliminating the need for an institution to prepare for multiple, potentially overlapping examinations and to meet the differing expectations of multiple regulators. This approach also could result in a more effective deployment of limited regulatory resources and thus facilitate more effective and efficient supervision with existing resources. In this regard, it may be useful—either as the predicate for or an alternative to this revision to current law—for Congress to require a study of how the CFPB's authorities are currently used. It has been the OCC's experience that the CFPB has focused its examination and supervisory resources primarily on the largest banks that serve the greatest number of consumers. If that observation is accurate, then returning supervisory responsibility to the primary regulator should result in a more appropriate level of oversight for midsize institutions.

As the Treasury Report describes, the formation of new financial institutions is crucial to maintain a vibrant and growing economy. Federal law currently requires the approval of two regulators to form an IDI—the chartering authority (i.e., the OCC for national banks and federal savings associations) and the FDIC. This requirement for dual approval has slowed the formation of *de novo* institutions in recent years. To facilitate new entrants into the market, Congress could streamline the process of forming *de novo* banks by allowing banks that receive deposits (other than trust funds) to obtain FDIC deposit insurance upon certification of the OCC when the OCC charters and authorizes new banks to commence business. This was the state of the law prior to 1991, and I believe it is preferable to the current process which requires applicants for a bank charter to submit two applications covering the same proposal to two different federal agencies, each of which reviews the proposal for essentially the same issues.

The current process wastes resources, results in unnecessary delays, and represents a significant barrier to entry into the banking business. Instead, we should ensure that our processes tilt in favor of chartering and insuring entities that can qualify under the statutory standards. Congress also could explore providing the FDIC with a specified time period—such as 30 days—within which to object to the grant of deposit insurance to a particular new bank and provide written reasons for its objection. Statutory consequences would attach to the FDIC's action. The FDIC's failure to object would result in the grant of insurance; the FDIC's objection, together with its rationale, would be reviewable in court as final agency action.

The options above—the allocation of supervisory authority over consumer compliance matters and the role of the primary regulator in the decision to grant deposit insurance—suggest an approach that might be used more generally to address situations where there has been an unnecessary overlap of regulators. The approach is akin to a system of traffic lights. One regulator has the lead responsibility or primary authority: it has a "green light" to act. Other regulators that have concurrent or back-up authority have a "red light." They wait to act until a contingency provided in the law has occurred.

There are a number of places where the banking laws use this approach today. The back-up authority that primary regulators have to the CFPB with respect to the enforcement of consumer laws in the case of institutions over $10 billion in asset size, discussed above, is one example.[5] The primary regulators' back-up examination authority with respect to the conduct of bank-permissible activities by non-depository institution subsidiaries of a BHC is another.[6] In my view, the primary federal prudential regulator ordinarily should have the lead responsibility for matters pertaining to an entity supervised by that regulator. But providing for the exercise of back-up, secondary, or contingent authority in well-defined circumstances by another federal regulator with a statutory interest in the conduct of activities of the supervised entity can provide an orderly mechanism for accomplishing the objectives of multiple statutes that apply to the entity.

[5] 12 U.S.C. 5515(c)(3).

[6] 12 U.S.C. 1831c(d)(2).

Right-Sizing Regulation

The statutes do not always provide the federal banking agencies with sufficient flexibility to tailor their regulations to the risk profiles of different institutions. This is true despite the fact that the risks inherent in large, complex institutions are markedly different in type and scope from those of smaller institutions. As a result, statutes that were intended to address the systemic risks typically associated with larger institutions often must be applied to smaller ones that do not pose such broad, systemic risks. This portion of my testimony provides a few examples of unintended consequences that could be reversed if specific statutes were amended to eliminate the most onerous consequences for smaller banks.

For purposes of this discussion, "right-sizing" certainly means tailoring rules to fit the community bank business model. In some cases, such as the Volcker Rule, that may mean exempting community banks altogether from the obligation to comply with a rule because they simply do not engage in the type of activity or present the levels of risk that the rule was designed to address.

In my view, right-sizing also means tailoring rules to the business models of midsize, or regional, banks. For midsize institutions, the threshold approach taken in a number of provisions in the law—$50 billion commonly defines the line between midsize and large institutions—represents a barrier to growth because, above that line, compliance costs rise so dramatically. The effect is to discourage competition with the largest institutions. For that reason, while asset size can appropriately be used as one measure of when and how to tailor regulations, in many cases, it should be supplemented by measures that better capture the level of risk an institution presents. The nature and scope of the institution's activities are one such measure. So is a prudential regulator's judgment—based on the qualitative and quantitative results of the regulator's examinations—about the institution's effectiveness in managing the risk that it does take on.

Application of the Volcker Rule again illustrates the point. In reforming the Volcker Rule, it is preferable to create an "off-ramp"—a clear path to exit for those institutions that do not present the risks that the Volcker Rule was designed to address. In my view, while size could be a factor in constructing the off-ramp, it is equally important to identify the nature and level of the activities that would bar an institution from the use of an off-ramp. In some cases, such as with community banks, an organization's size generally reflects its traditional, noncomplex activities. Because the activities of an organization will change over time as banks enter new business lines, perhaps in new ways, I favor using notice-and-comment rulemaking, undertaken by the federal banking agencies, as the best way to decide how to define them.

Similarly, section 165 of the Dodd-Frank Act requires an annual stress test for all banks with assets of more than $10 billion, limiting regulators' flexibility to determine when and within what parameters a stress test should be conducted. In certain circumstances, the burden of annual stress testing, particularly in accordance with prescriptive statutory requirements, is not commensurate with the systemic risks presented by an institution.

The Treasury Report recommends raising the threshold for these stress tests from $10 billion to $50 billion, recognizing that institutions in this size range, as a practical matter, generally do not present the risks that require annual stress testing. In addition, the Treasury Report would grant the banking regulators authority to further calibrate the threshold for banks above the $50 billion threshold to account for risk and complexity. Another option to address this issue would be for Congress to give the federal banking agencies broad authority to tailor by rule the statutory stress testing requirement, without regard to an asset threshold. This approach is consistent with the principle of bringing balance to financial regulation I discussed earlier in my testimony. It would avoid the potential for over and under inclusiveness associated with fixed-asset thresholds. It also provides regulators flexibility to calibrate rules and requirements to be commensurate with the systemic risks presented by individual or groups of institutions.

Congress also could simplify the capital requirements currently applicable to community banks by exempting banks that do not use models-based capital requirements from section 171 of the Dodd-Frank Act (the "Collins Amendment"). This provision was adopted to prevent banks using models-based capital requirements from holding less than the generally applicable amount of capital. But smaller banks do not use models-based capital requirements, so the Collins Amendment may limit bank regulators from tailoring capital requirements to these smaller institutions even when the original purpose of the Collins Amendment is not present. Adopting this change would allow the federal banking agencies to tailor the capital rules to match the size and complexity of the institutions to which this provision applies, consistent with the recommendations of the Treasury Report. One such approach that the agencies could pursue with this legislative change is the idea to exempt community banks from the Basel-based capital standards that currently apply, provided they comply with a robust leverage ratio requirement—10 percent, for example—and also do not engage in a set of risky activities that the regulators should define through notice-and-comment rulemaking.

Congress also could streamline the reporting requirements to which community banks are subject, freeing the banks' employees to return to the business of banking. For example, Congress could repeal section 122 of the Federal Deposit Insurance Corporation Improvement Act, which requires the federal banking agencies to collect unneeded information on small business lending.[7] Congress could repeal other unnecessary information collection provisions, such as the requirement stemming from section 1071 of the Dodd-Frank Act that banks gather extensive information on business loans, the benefits of which are unclear.

The potential legislative changes I have discussed seek to strike the right balance between maintaining the strength of the federal banking system through appropriate oversight of the nation's banks, while simultaneously enabling economic opportunity and encouraging economic growth. The balance can be achieved by eliminating duplication and redundancy and providing appropriate flexibility and discretion to promulgate rules that are effective and appropriately tailored. Balanced and coherent regulation, in turn, results in minimizing the cost of effective supervision and regulation and maximizing regulatory certainty and efficient compliance in order to promote growth and lending by banks that drives economic growth.

III. EGRPRA

The agency already has streamlined and reduced duplication and redundancy in several of its regulations following the recently-completed EGRPRA process. EGRPRA requires the OCC, FDIC, and Federal Reserve Board, along with the Federal Financial Institutions Examination Council (FFIEC), to conduct a review of their regulations at least once every 10 years to identify outdated or otherwise unnecessary regulatory requirements imposed on IDIs.

The agencies completed the first decennial EGRPRA review in 2007, and in June 2014, they began the second EGRPRA review. Over an 18-month period, the agencies jointly published four *Federal Register* notices, inviting the public to consider every rule applicable to the institutions they supervise, including the then-recently finalized capital rules and rules issued

[7] The Treasury Report also recommended that the OCC, FDIC, and Federal Reserve Board continue their ongoing work to simplify the Call Report. I fully support this work and have encouraged these efforts at the OCC.

pursuant to the Dodd-Frank Act, and to identify outdated, unnecessary, or unduly burdensome regulations.

In each notice, the agencies identified specific issues for the public to consider, such as whether a rule or underlying statute imposed unnecessary requirements, created competitive disadvantages, or failed to account for the unique characteristics of a particular type of financial institution. The agencies also asked specific questions about how the regulations or underlying statutes affected community banks and other small IDIs. These questions reflected the agencies' particular concern about the effect of regulatory burden on smaller institutions and their understanding that smaller institutions do not have the resources that larger institutions can bring to bear on regulatory compliance.

To broaden public participation in the EGRPRA review, the agencies hosted six public outreach sessions in geographically diverse areas across the country, including a session focused on rural banks in Kansas City, Missouri. These outreach sessions provided the public with an opportunity to present their views directly to the agencies. Agency principals and staff participated in each session, as did representatives from banks, community and consumer groups, and other interested parties. Live and recorded audio and video broadcasts of each session were accessible on the agencies' joint EGRPRA website to extend the reach of the EGRPRA review.

From the beginning and throughout the review, the agencies received a steady stream of public feedback with ideas about how to reduce regulatory burden. Although the commenters identified a wide range of issues, they singled out certain areas where agency or legislative action could lead to meaningful burden reduction, including regulatory reporting, exam frequency, real estate appraisals, and the capital rules.[8]

The agencies took important steps to address issues raised by commenters while the review was still in process. As noted in the Treasury Report, they finalized Call Report revisions, including a streamlined Call Report for institutions having only domestic offices and less than $1 billion in total assets. This new Call Report reduced the number of data items required by approximately 40 percent and can be used by approximately 90 percent of all institutions required to file Call Reports.

The agencies also finalized rules to raise the asset threshold for well capitalized and well managed institutions to qualify for an 18-month (rather than a 12-month) safety and soundness examination cycle. An additional 600 institutions now can qualify for this extended examination cycle. Institutions that qualify for the 18-month examination cycle also should be subject to less frequent Bank Secrecy Act (BSA) exams because an institution's BSA compliance program is typically reviewed during its safety and soundness examination. In response to commenters' concerns, the agencies also clarified when less burdensome evaluations can be performed in place of appraisals on real estate loans and issued guidance advising institutions of measures to address the shortage of state certified and licensed appraisers, particularly in rural areas.

In addition to these interagency projects, the OCC independently took steps prior to the completion of the EGRPRA review to address comments received during the EGRPRA process, as well as to make other burden-reducing changes identified by OCC staff. For example, the OCC revised its licensing rules to provide expedited and simplified procedures for certain

[8] A discussion of the significant issues raised in the EGRPRA review and the agencies' responses are included in the Joint Report to Congress, Economic Growth and Regulatory Paperwork Reduction Act (March 2017) (EGRPRA Report), at 22-78.

transactions and simplified requirements applicable to federal savings associations. As always, the agency's actions were framed by its statutory authority and calibrated to preserve the right balance where prudent oversight provides ample room for economic growth and investment.

Upon completion of the EGRPRA review, in March 2017, the agencies published the EGRPRA Report. This report summarizes the significant issues raised by the more than 230 written comments received in response to the *Federal Register* notices and the many comments from the panelists and attendees at the outreach sessions, each of which was carefully reviewed and considered. The EGRPRA Report highlights ongoing work, as well as steps the agencies plan to pursue jointly, in response to issues raised by commenters, including:

- Replacing the complex treatment of high-volatility commercial real estate exposures in the current, capital framework with a more straightforward treatment for most acquisition, development, or construction loans;
- Simplifying the regulatory capital treatment for mortgage servicing assets, certain deferred tax assets, and holdings of regulatory capital instruments issued by financial institutions;
- Simplifying the limitations on minority interests in the current regulatory capital framework;
- Increasing from $250,000 to $400,000 the threshold for when an appraisal is required for commercial real estate loans;
- Adjusting certain asset size thresholds that trigger the prohibition on a management official of one depository organization serving as a management official of an unaffiliated depository organization; and

- Clarifying our flood insurance guidance on the escrow of flood insurance premiums, force-placed insurance, and detached structures.

The EGRPRA Report also details individual agency efforts to address comments received during the EGRPRA process, including OCC projects to:

- Continue to integrate national bank and federal savings association rules to promote economic growth by reducing regulatory burden, ensuring fairness in supervision, and creating efficiencies;
- Remove redundant and unnecessary supervisory information requests;
- Improve the planning of on-site and off-site examinations; and
- Make the examination process more efficient and less burdensome by leveraging technology.

The agencies are aware that regulatory burden does not emanate only from statutes and regulations, but also from the processes and procedures related to examinations and supervisory oversight. In this regard, through the FFIEC, the agencies are jointly reviewing the examination process, examination report format, and examination report preparation process to identify further opportunities to minimize burden, principally by rethinking traditional processes and the use of technology. This effort is consistent with the Treasury Report's recommendation that the regulators expand on current efforts to coordinate and rationalize examination procedures to promote accountability and clarity.

The OCC also is continuing its work to enhance supervision with respect to consumer protection and compliance; to address our Community Reinvestment Act performance evaluation backlog; and to provide guidance on compliance with respect to the BSA and consumer protection matters. At the same time, the OCC continues its ongoing practice of reviewing and updating its supervisory and examiner guidance to align it with current practices and risks and to eliminate unnecessary or outdated guidance.

The EGRPRA review and the resulting EGRPRA Report represent a significant effort on the part of the agencies and provided us and the public with an opportunity to take stock of how our regulations affect the institutions to which they apply and the improvements that we can make. The information we learned from this effort will inform our work to reduce regulatory burden, and I will ensure that these efforts continue during my time at the OCC.

IV. Conclusion

During my tenure as Acting Comptroller of the Currency, I will support the OCC's efforts and work with my colleagues at the other federal banking agencies to foster economic growth, including by championing regulatory and legislative changes that eliminate unnecessary regulatory burden and promote the health and vitality of the banking system. I will pursue opportunities to make this system more inclusive to new banks engaged in the business of banking. I will work to ensure accountability within the agency.

Thank you for the opportunity to provide this Committee with my views on fostering economic growth by strengthening our nation's financial institutions. I look forward to working with you to achieve this goal.

APPENDIX

Legislative Proposals to
Foster Economic Growth by Strengthening our Nation's Financial Institutions

I. <u>Proposals to Maximize Economic Growth By Minimizing Regulatory Inefficiency</u>

1. Streamline the Supervision of Holding Companies in Certain Circumstances

Summary: This proposal would provide the appropriate federal banking agency (i.e., the OCC, FRB, or FDIC) with sole examination and enforcement authority for a BHC and savings and loan holding company with total assets below a certain threshold where a bank or savings association comprises a substantial amount (e.g., 90 percent) of the assets of the holding company. Under this approach, the FRB would retain authority to issue regulations implementing the Bank Holding Company Act and the provisions of the Home Owners' Loan Act (HOLA) relating to savings and loan holding companies.

Explanation: Depository institutions often comprise a substantial amount of the assets of holding companies. This is certainly true for those holding companies with less than $50 billion in assets. However, in most cases the depository institution and the holding company have different supervisors. Smaller institutions where the depository institution makes up the bulk of the assets in the holding company do not engage in the expansive activities that give rise to the types of complexity and interconnectedness that raise macro-prudential concerns (such as resolvability). Requiring these institutions to respond to two supervisors is inefficient, redundant, and burdensome on the institution. Legislative changes that require a single regulator to oversee both the holding company and its depository institution and other subsidiaries would streamline the regulatory process, reduce the potential for supervisory duplication and inefficiencies, strengthen the regulators' accountability, and enhance opportunities for economic growth by reducing regulatory burden. The proposal simply would extend to smaller institutions the benefits of having a single federal regulator at both the bank and holding company levels that state banks that are members of the FRS and their holding companies already enjoy today.

2. Modernize the Corporate Governance Procedures Applicable to National Banks

Summary: This proposal would repeal the residency and stock ownership requirements for directors in 12 U.S.C. 72 and harmonize and modernize the shareholder notification and meeting requirements for mergers in 12 U.S.C. 214a, 215 and 215a. It would also allow national banks to *fully* adopt the corporate governance procedures of, for example, the law of the state in which the main office of the bank is located, the Delaware General Corporation Law, or the Model Business Corporation Act.

Explanation: National banks currently have the option to adopt the corporate governance procedures identified above, but only to the extent not inconsistent with corporate governance procedures set forth in applicable federal banking statutes or regulations, or bank safety and soundness (12 C.F.R. § 7.2000). Amending relevant law to allow national banks to fully adopt a corporate governance regime would modernize corporate governance for national banks and enhance efficiencies for banks with public stock. The National Bank Act (NBA) and other relevant law contains a number of corporate governance procedures that are inflexible and outdated compared to state corporate law, such as requiring shareholder supermajorities, requiring notice to shareholders by publication and certified mail, requiring formal meetings, and requiring explicit shareholder votes. These proposals would modernize these corporate governance provisions and place national banks on the same footing as BHCs and state banks. Modernization of these provisions would benefit national banks by providing them flexibility to operate more efficiently and access the capital markets without having to employ a holding company structure and being subject to the associated regulatory burden.

3. Modernize and Add Flexibility to the Federal Savings Association Charter

Summary: This proposal would amend the HOLA to give federal savings associations the ability to elect to exercise national bank powers subject to restrictions applicable to national banks without changing their charters. HOLA could also be amended to streamline the ability of savings associations to issue securities.

Explanation: HOLA requires that a specified percentage of the assets of a savings association be in qualified thrift investments. Under existing law, a federal savings association must convert to a bank charter to implement a strategic decision to engage in commercial or consumer lending to a greater extent than is permitted by HOLA. The charter conversion process can be time consuming and burdensome, particularly for smaller institutions. Federal mutual savings associations face especially hard choices, since they must convert to the stock form of organization before they can convert to a bank charter.

In addition, section 4(h) of HOLA (12 U.S.C. 1463(h)) provides that no savings association shall: (1) issue securities which guarantee a specific maturity except with the specific approval of the appropriate federal banking agency; or (2) issue any securities the form of which has not been approved by the appropriate federal banking agency. The limitation of section 4(h) of HOLA is an inhibitor to savings associations' access to the capital markets.

Amending HOLA to provide federal savings associations with additional flexibility to adapt to changing economic conditions and business environments without having to change their corporate form would enable them to better meet the needs of their communities. In addition, streamlining the ability of savings associations to issue securities would enhance their capacity to raise capital which they could deploy to make loans and invest in consumers, local businesses, and communities and support economic growth. National banks are not subject to restrictions of the type set forth in section 4(h). The OCC's experience with national banks does not demonstrate a need for these restrictions. OCC regulations already require approval for national banks and federal savings association to increase capital in appropriate circumstances, such as when a national bank or federal savings association issues securities for consideration other than cash, or is required to obtain agency approval pursuant to the terms of an enforcement action.

4. Streamline Supervision and Enforcement of Federal Consumer Financial Laws

Summary: This proposal would amend the Dodd-Frank Act to return examination and supervision authority with respect to federal consumer financial laws (as defined in the Dodd-Frank Act) to the federal banking agency for the financial institutions over which it has jurisdiction, without regard to an institution's asset size. Under this approach, the CFPB would continue to set the standards with respect to federal consumer financial laws, supervise non-depository institutions, and take enforcement action. In connection with, or as an alternative to, this proposal, Congress could require a study of how the CFPB's authorities are currently used.

Explanation: Providing for a single regulator to oversee a depository institution's compliance with federal consumer financial laws, in addition to its safety and soundness and compliance with other laws and regulations, would reduce regulatory burden and enhance opportunities for economic growth. It would minimize redundancy and enhance regulatory certainty by eliminating the need for a depository institution to prepare for multiple, potentially overlapping examinations and to meet the differing expectations of two separate regulators. Currently, the CFPB and prudential regulator examinations for depository institutions over $10 billion in assets may overlap because the prudential regulators have supervisory responsibility for a number of consumer-related laws (including the Fair Housing Act, the Community

Reinvestment Act, the Servicemembers Civil Relief Act, and the unfair or deceptive acts or practices prohibitions of section 5 of the Federal Trade Commission Act) that intersect with the federal consumer financial laws under the CFPB's supervisory jurisdiction. Also, each agency that examines a bank for compliance with consumer-related laws reviews aspects of the bank's compliance management system and assigns a Consumer Compliance Rating, raising the potential for unnecessary burden created by differing expectations or inconsistent findings.

A study of how the CFPB's authority is currently used would assist Congress in identifying any gaps in the enforcement of federal consumer financial laws and determining how best to allocate regulatory resources to ensure an appropriate level of oversight.

5. Simplify the Process for National Banks to Obtain Deposit Insurance

Summary: This proposal would simplify the process for national banks to obtain deposit insurance. One approach would be to restore the process that existed under the Federal Deposit Insurance Act (FDI Act) prior to 1991. Under that process, a national bank engaged in the business of receiving deposits other than trust funds would become an insured bank upon chartering by the OCC and being authorized by the OCC to commence business. A separate application to the FDIC was not required. In addition to its other chartering requirements, the OCC, among other things, was required by statute to give consideration to the same factors that the FDIC currently must consider under the FDI Act in granting deposit insurance. The OCC would issue a certificate to the FDIC that consideration had been given to those factors.

Congress could also explore providing the FDIC with a specified time period—such as 30 days—within which to object to the grant of deposit insurance to a particular entity. Inaction by the FDIC would result in the grant of insurance. An FDIC objection would have to specify the reasons for the objection and would constitute a final agency action subject to judicial review.

Explanation: Congress amended the FDI Act in 1991 to require national banks to apply to the FDIC separately for deposit insurance. The statute also adopted a similar process for state banks. As a result, applicants to become nationally or state chartered depository institutions must submit two parallel applications covering the same proposal to two different federal agencies that review the proposals essentially for the same matters. This creates duplication, the need to spend extra resources and time, and the potential for delay. In the case of national banks this duplication is particularly unwarranted since the Comptroller of the Currency is a co-equal federal bank regulator and is a member of the FDIC's board. A separate application for insurance at the FDIC in effect permits the FDIC to overrule OCC decisions about chartering. Moreover, the proposal would ensure that obtaining deposit insurance can be as efficient as other fundamental aspects of the chartering process. Specifically, while national banks are required to become members of the FRS as part of the chartering process, federal law does not require a separate application and approval by the FRB. The decision of the OCC to grant a charter is sufficient to confer FRS membership.

6. Require an EGRPRA-Like Review Process for Bank Secrecy Act (BSA) Regulations

Summary: This proposal would require Treasury to conduct a periodic review of all BSA regulations in order to identify outdated, unnecessary, or unduly burdensome requirements for financial institutions. Most of these regulations are issued by the Financial Crimes Enforcement Network (FinCEN). The proposal could require Treasury to consult with the federal banking agencies, law enforcement agencies, and other stakeholders, as appropriate. It could require Treasury to solicit public comment and to submit a report to Congress on the results of its review. It could also require Treasury to specifically solicit public comment on technology that could reduce cost and burden on financial institutions, including community banks.

Explanation: During the most recent EGRPRA review, the OCC, FDIC, and FRB received many comments about the burdens imposed on financial institutions – particularly community banks—by FinCEN's BSA rules. This new requirement would give financial institutions an opportunity to express their concerns directly to the agency with the authority to issue, repeal, and modify BSA rules and require review and response by that agency.

7. Require Information Sharing in Connection with the Stress Test Requirements of Section 165

Summary: This proposal would amend section 165(i) of the Dodd-Frank Act to require the FRB to provide the appropriate primary financial regulatory agencies access to the models used to conduct its supervisory stress tests. Additionally, this proposal would require that the FRB provide the agencies with the model assumptions and the derivation of those assumptions. This proposal would also amend section 165(i) of the Dodd-Frank Act to require that the FRB share the results of supervisory stress tests with the appropriate financial regulatory agencies in a timely manner before those results are released to the public.

Explanation: Section 165(i)(1)(A) of the Dodd-Frank Act requires the FRB to conduct supervisory stress tests of nonbank financial companies supervised by the FRB and BHCs with total consolidated assets of $50 billion or more "in coordination with the appropriate primary financial regulatory agencies and the Federal Insurance Office." Section 165 also requires "all other financial companies" (i.e., banks and savings associations) with $10 billion or more in assets to conduct company-run stress tests in accordance with regulations that the federal primary financial regulatory agencies have issued.

The FRB develops and operates its own models to conduct the supervisory stress tests known as the Comprehensive Capital Analysis and Review (CCAR). In many instances, an IDI is the primary driver of a BHC's CCAR results. In addition to CCAR, those IDIs are required to complete depository institution-level stress tests under section 165(i)(2), known as Dodd-Frank Act stress testing (DFAST). The FRB frequently uses the CCAR stress test models and assumptions as a basis for developing the DFAST stress tests. The other federal banking agencies should have access to the FRB's CCAR stress test models and assumptions to enhance their assessment of the DFAST stress tests performed by IDIs. The OCC and FDIC also need time to review the results of CCAR supervisory stress tests before they are released to the public to ensure that the OCC and FDIC understand the underlying reasons for the results, which allows the OCC and FDIC to improve supervision and respond to questions from the public. The proposal would ultimately enhance the consistency and robustness of stress testing processes.

8. Make the OCC's and FDIC's Authority to Clear PRA Notices Consistent with that of the FRB

Summary: This proposal would amend the Paperwork Reduction Act (PRA), specifically, 44 U.S.C. 3507(i), to direct the Office of Management and Budget (OMB) to designate an officer of the OCC and the FDIC to approve proposed collections of information for all agency purposes. This change would give the OCC and FDIC the same authority as the FRB to clear their own collections of information.

Explanation: The PRA requires each federal agency to establish a process for reviewing collections of information, to solicit public comment on proposed collections of information, and to submit proposed collections of information to the OMB for review and approval. The process of reviewing a collection of information, soliciting public comment on it, and obtaining OMB approval generally takes about four months. A four-month delay in information collection activities to seek approval from OMB, an agency that does not have expertise in banking or financial services regulation or practices, can significantly hinder the OCC's and FDIC's ability to address emerging issues in individual institutions and in the larger financial system; this has the potential to undermine the effectiveness and efficiency of supervision by the OCC and FDIC. The OMB has provided the FRB with the authority to review and approve its own collection of information requests, collection of information requirements, and collections of information in current rules. The OCC and FDIC should have the same authority as the FRB.

II. Proposals to Right-Size Regulation

9. Volcker Rule: Exempt Community Banks, Provide an Off-Ramp for Midsize Banks, and Simplify Requirements

Summary: This proposal would revise the Volcker Rule to limit its scope and focus on banking entities that are materially engaged in risky trading activities that have the potential to trigger systemic consequences. Community banks, given the nature and scope of their activities, would be exempted altogether. Other institutions would be exempted if they qualify for an "off-ramp." While asset size could be a factor in designing the off-ramp, qualification for the off-ramp would also depend on whether an institution engages in the type of activities, or in activities that present the type of risk, that the Volcker Rule was designed to restrict. The activities measure could be based on the nature or the scope of the bank's trading activities. A bank could qualify for the off-ramp if its trading activities are low-risk, if the volume of its trading is relatively low, or if its trading revenues do not comprise a significant percentage of its total revenues. A combination of these measures could be used as well. The features of this off-ramp should be determined through a notice-and-comment rulemaking.

Institutions that did not qualify for the off-ramp would continue to be subject to the Volcker Rule, but the Rule's prohibitions and requirements would be simplified. The proprietary trading definition would be revised so that the determination whether trading is proprietary does not depend on the purpose of a trade. Instead, regulators would use bright-line, objective factors, such as applying the rule only to trading positions covered by the Market Risk Capital Rule. In addition, the requirements for permitted activities, such as market-making and risk-mitigating hedging, would be streamlined. Similarly, the covered fund prohibition could be simplified by narrowing the prong of the covered fund definition that refers to sections 3(c)(1) and 3(c)(7) of the Investment Company Act of 1940 so that the definition of a covered fund would only cover funds with certain characteristics.

Explanation: The statutory prohibition applies to any "banking entity."[9] As a result, the Volcker Rule applies to many entities that do not engage in the activities or present the risks that the Rule was designed to address. Applying the Rule to community banks engaged primarily in traditional banking activities or to institutions that are not materially engaged in risky trading activities does not further the statutory purpose. Exempting community banks and providing an off-ramp for larger institutions depending on the nature and scope of their trading activities would reduce complexity, cost, and burden associated with the Volcker Rule by providing a tailored approach to addressing the risks the Rule was designed to contain.

The Volcker Rule's proprietary trading and covered fund provisions are complex and needlessly burdensome. Streamlining these provisions would facilitate institutions' ability to engage in permissible activities, such as market-making and risk-mitigating hedging, and would

[9] "Banking entity" is statutorily defined to include any IDI, any company that controls an IDI, or that is treated as a BHC for purposes of section 8 of the International Banking Act of 1978, and any affiliate or subsidiary of such entity. 12 U.S.C. § 1851(a)(1); 12 U.S.C. § 1851(h)(1).

reduce compliance costs so that resources could be put to more productive uses. For example, if proprietary trading was redefined to include only Market Risk Capital Rule-covered positions for banks, the proprietary trading restrictions would apply to a smaller number of banks, and banks and the regulators could determine whether an activity constitutes proprietary trading without examining intent. This would promote efficiency and conserve resources for both banking entities and the agencies charged with implementing the rule.

10. Eliminate Size Thresholds and Frequency Requirements for DFAST

Summary: This proposal would eliminate the $10 billion threshold and the requirement that stress tests of "all other financial companies" (including banks and savings associations) be conducted annually under section 165(i)(2) of the Dodd-Frank Act. Instead of proposing alternative statutory requirements for size thresholds and frequency, this proposal would direct the primary federal financial regulatory agencies to each issue rules establishing the frequency for stress testing of institutions of various sizes and characteristics. Legislation could set out factors for the agencies to consider in issuing those rules, such as asset size and complexity.

Explanation: Supervisors should have more flexibility, within certain parameters, about when and under what scenarios DFAST stress tests are conducted, and to which institutions they must apply. These changes would tailor stress testing requirements to fit the needs and risk profiles of various types of institutions.

11. Exempt Community Banks from the Collins Amendment

Summary: This proposal would modify section 171 of the Dodd-Frank Act (commonly referred to as the "Collins Amendment") to exempt banks that do not use models-based capital requirements from having to comply with the "generally applicable" capital rules.

Explanation: The Collins Amendment currently requires the federal banking agencies to apply a common set of "generally applicable" capital requirements to all depository institutions, nearly all depository institution holding companies, and non-bank financial institutions supervised by the FRB (except for certain insurance companies), without regard to asset size or amount of foreign exposure. This requirement was included in the Dodd-Frank Act to prevent the federal banking agencies from permitting relatively large banking organizations to use advanced models-based approaches to determine regulatory capital requirements that could be lower than the standardized requirements applied to smaller, less complex institutions.

An exemption from the Collins Amendment for banks that do not use models-based capital requirements would free the federal banking agencies from impediments that currently prevent the agencies from tailoring their capital rules for highly capitalized smaller institutions that wish to escape the regulatory burden of calculating and complying with the standardized capital requirements. The exemption would allow the agencies to tailor the capital rules to match the size and complexity of the institutions to which the Collins Amendment applies to reduce regulatory burden for smaller and less complex institutions, which would contribute to economic growth.

12. Exempt Certain Community Banks from Capital Standards

Summary: This proposal would exempt smaller, less complex depository institutions from the Basel-based capital standards that currently apply if those institutions comply with a robust leverage ratio requirement (e.g., 10 percent) and do not engage in a set of risky activities identified by the federal banking agencies by rule.

Explanation: Simplifying capital requirements for these smaller, less complex depository institutions would reduce regulatory burden and contribute to economic growth.

13. Focusing the Scope of Section 165 of the Dodd-Frank Act

Summary: This proposal would raise the threshold for application of enhanced prudential standards under section 165 of the Dodd-Frank Act to some higher level, or use a qualitative assessment process, to more specifically capture the companies that present the types of risks requiring application of enhanced prudential standards.

Explanation: The enhanced prudential standards under section 165 of the Dodd-Frank Act apply to BHCs with $50 billion or more in total consolidated assets. While enhanced prudential standards should apply to the largest, most complex companies, they should not apply to regional institutions that have business models more like a community bank. Raising the threshold for the application of, or using an assessment process that more closely aligns with the risk being addressed by, the enhanced prudential standards under section 165 would reduce regulatory burden for BHCs with a more traditional business model. Such companies would not have to comply with enhanced prudential standards that are more appropriately imposed on larger and more complex companies.

Moreover, given the multitude of requirements and burdens that are imposed by the enhanced standards of section 165 of the Dodd-Frank Act, when the thresholds associated with these standards are set at a low level, they become an effective barrier to competition that protects the market position and competitive advantage of the largest, most complex firms. All firms subject to section 165 of the Dodd-Frank Act, whether they have trillions of dollars in assets or just $50 billion in assets, must comply with the enhanced prudential standards and the associated costs and burden. Because these burdens and costs tend to be proportionally larger and higher for smaller institutions, larger firms have a return-on-cost advantage that increases as their asset size increases, and they can more effectively absorb the impact of dealing with enhanced prudential standards. In addition, smaller firms crossing the threshold simply lack the resources and regulatory know-how to navigate the labyrinth of these enhanced prudential standards. Because competition fosters innovation that makes the banking system more vibrant and banking products more cheaply available over time, the barrier to entry created by a dollar threshold that is set too low harms the health of the system, consumers, and ultimately economic growth.

14. Reduce Regulatory Burden by Repealing Unnecessary Call Report Requirement to Collect Data on Small Business Lending

Summary: This proposal would repeal section 122 of the Federal Deposit Insurance Corporation Improvement Act.

Explanation: Section 122 of the Federal Deposit Insurance Corporation Improvement Act of 1991 requires the federal banking agencies to collect data on small business lending in the Call Report; however, the agencies do not use this information. Eliminating this section would reduce burden on the banking industry and contribute to economic growth. The federal banking agencies received comments from numerous bankers that providing this information is particularly burdensome and should be eliminated. Agency staff does not use this information for any supervisory or examination purpose, yet it must still be collected due to the statutory requirement.

15. Reduce Regulatory Burden by Repealing the Small Business Data Collection Requirement in Section 1071 of the Dodd-Frank Act

Summary: This proposal would repeal section 1071 of the Dodd-Frank Act.

Explanation: Section 1071 of the Dodd-Frank Act amends the Equal Credit Opportunity Act to require a financial institution making a business loan to obtain and maintain information on whether the loan is being extended to “a women-owned, minority-owned, or small business.” Moreover, the financial institution must collect additional granular data from each loan applicant in the form and manner provided in section 1071, and any data that the CFPB “determines would facilitate enforcement of fair lending laws and enable communities, governmental entities, and creditors to identify business and community development needs and opportunities of women-owned, minority-owned, and small businesses.” The Dodd-Frank Act directs the CFPB to write regulations or issue guidance, as necessary, to implement this section.

The CFPB has just begun the rulemaking process and has not yet issued a proposed regulation for implementation of this section. It likely will be very difficult to come up with workable definitions for this type of data collection in the small business lending context, and the rulemaking process itself could be protracted and burdensome. Moreover, once issued, the regulation implementing this section is likely to impose new and burdensome reporting requirements on financial institutions, including smaller banks that will be challenged to find the resources to comply with the new requirements, and the benefits from such reporting in the promotion of fair lending and community development are uncertain.

III. <u>Proposals to Provide Regulatory Certainty and Promote Economic Growth</u>

16. Support Clarification of the Applicability of the “Valid when Made” Doctrine

Summary: This proposal would overturn the Second Circuit’s decision in *Madden v. Midland Funding, LLC* by providing that the rate of interest on a loan made by a bank, savings association, or credit union that is valid when the loan is made remains valid after transfer of the loan.

Explanation: This proposal reduces uncertainty by reestablishing well-settled black-letter law that a loan is valid when made and the interest rate charged by a national bank legally at origination remains legal upon assignment of the loan to a third-party. It would also create a uniform standard so that there is no longer a difference in the treatment of loans made in different judicial circuits. The proposal supports economic growth by facilitating the ability of banks, savings associations, and credit unions to sell their loans, thereby promoting liquid markets.

17. Modernize Receivership Authorities for Uninsured National Banks and Federal Branches

Summary: This proposal would modernize the powers available to receivers of uninsured national banks, as well as uninsured federal branches and agencies of foreign banks ("uninsured federal branches") by amending the NBA to provide the OCC with the same receivership authorities provided to the FDIC under the FDI Act. An alternative proposal would be to amend the FDI Act to specify the FDIC as the entity to serve as the receiver for OCC-chartered banks and OCC-licensed branches, without distinction between insured and uninsured status. For uninsured national banks, this would restore the status quo to the framework established by Congress when the FDIC was created in 1933, which existed until the enactment of the Federal Financial Institutions Reform, Recovery, and Enforcement Act in 1989.

Explanation: Currently, the OCC appoints and supervises receivers for uninsured national banks and federal branches. The OCC's receiver liquidates the institution or the branch pursuant to receivership powers and directives set forth in the NBA. These statutory provisions date back to the creation of the national banking system in 1863. The receiver for an uninsured federal branch exercises the same rights, privileges, powers, and authority as a receiver for an uninsured national bank, pursuant to the International Banking Act. This proposal would provide uninsured national banks and federal branches with additional certainty and clarity about the receivership process. It would also provide the OCC with updated authority to help address issues faced by modern institutions.