

RESCINDED

OCC Bulletin 2020-74| August 13, 2020

Replaced - See OCC 2021-26

Collective Investment Funds: Prior Notice Period for Withdrawals

Summary

The Office of the Comptroller of the Currency (OCC) published an interim final rule (IFR) in the *Federal Register* on August 13, 2020, that revises the requirements in 12 CFR 9.18(b)(5)(iii) applicable to a national bank or federal savings association (collectively, a bank) that administers a collective investment fund (CIF) invested primarily in real estate or other assets that are not readily marketable.¹ The rule codifies the time period a bank generally has for withdrawing accounts from these CIFs and creates an exception that allows a bank to extend the time period for withdrawals with OCC approval. The rule is effective on August 13, 2020.

To

Chief Executive Officers of All
National Banks and Federal
Savings Associations;
Department and Division Heads;
All Examining Personnel; and
Other Interested Parties

Note for Community Banks

The interim final rule is applicable to any community bank that administers a CIF that is invested primarily in real estate or other assets that are not readily marketable.

Highlights

Twelve CFR 9.18(b)(5)(iii) permits a bank administering a CIF that is invested primarily in real estate or other assets that are not readily marketable to require a prior notice period, not to exceed one year, for withdrawals from the fund. The OCC has interpreted this provision as requiring payment of such withdrawal requests within the prior notice period or, if permissible under the CIF's written plan, within one year after the required prior notice period.

The interim final rule codifies the time period for withdrawals as a distinct provision within section 9.18. It also establishes a limited exception that would allow a bank to extend the time period for withdrawing an account from a CIF by up to one year with OCC approval and subject to certain conditions. The rule also establishes an opportunity for up to two additional one-year extensions, with OCC approval, if the OCC determines that the bank has made a good faith effort to satisfy withdrawal requests and the bank has been unable to satisfy such requests without causing harm to participants due to ongoing severe market conditions.

The exception established by this interim final rule is intended to enable a bank to preserve the value of a CIF's assets for the benefit of fund participants during unanticipated and severe market conditions, such as those resulting from the current national health emergency concerning the coronavirus disease (COVID-19) outbreak.

Further Information

Please contact Patricia Dalton, Director for Asset Management Policy, or David Stankiewicz, Technical Expert for Asset Management Policy, Market Risk Policy Division, 202-649-6360; or Beth Kirby, Assistant Director, Asa Chamberlayne, Counsel, or Daniel Perez, Senior Attorney, Chief Counsel's Office, (202) 649-5490.

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Related Link

- ["Collective Investment Funds: Prior Notice Period for Withdrawals: Interim Final Rule" \(PDF\)](#)

¹ Pursuant to 12 CFR 150.260, the terms "bank" and "national bank" as used in 12 CFR 9.18 are deemed to include a federal savings association.

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