

OCC Innovation Pilot Program Frequently Asked Questions

1. *What is the goal of the proposed Innovation Pilot Program (the program)?*

The proposed program builds on the OCC's innovation initiatives to date and is consistent with the agency's vision to add value through constructive, proactive supervision.

The proposed program objectives are to

- support responsible innovation within the U.S. federal banking system, including the development and delivery of more effective and efficient products, services, systems, or processes to benefit consumers, businesses, financial institutions, and communities.
- offer timely engagement between the OCC and eligible entities navigating safety and soundness expectations, risk management principles, and compliance requirements.
- further the OCC's understanding of, and ability to supervise, innovative activities and their related risks.
- foster development of controls and safeguards commensurate with the nature, scale, and risks posed by innovative activities.
- promote OCC policy objectives, including the review and, as necessary, the adaptation of supervisory approaches that might unintentionally or unnecessarily inhibit responsible innovation.

2. *How long is the comment period open?*

The comment period is open for 45 days. Comments on the proposed program should be sent to pilotprogram@occ.treas.gov by June 14, 2019.

3. *When will the program officially launch?*

After review of comments, the OCC will consider further refinements to the program and announce the effective date.

4. *What are the benefits of participating in the proposed program?*

The voluntary program is intended to support testing of novel or innovative products, services, or processes (hereinafter, activities) that could present significant opportunity or benefits to consumers, businesses, financial institutions, and communities. The program would provide eligible entities regulatory input early in the formation of those activities, and would foster the development of appropriate controls during a pilot and as those activities scale.

5. *On what activities is the proposed program focused?*

The proposed program focuses on novel activities where uncertainty is perceived to be a barrier to development and implementation. Eligibility criteria outlined within the program serve to provide further context for interested parties. The OCC would not approve, endorse, or prioritize any particular activity within this program.

Proposals that have potentially predatory, unfair, or deceptive features, pose undue risk to consumers, or pose undue safety and soundness risk to an institution would be inconsistent with existing laws and regulations, contrary to OCC policy, and not permitted in the program.

6. *Who is eligible to submit an expression of interest (EOI) for the program?*

Eligible entities are OCC-supervised financial institutions, including those engaging a third party to offer an innovative activity. Eligible entities may propose a pilot individually or as a collaborative effort among multiple banks, such as a consortium or utility.

This program would be separate from the OCC's licensing process and would not provide an entity an expedited path toward an OCC charter. Third parties may not independently submit a proposal.

7. *Is there a cost to participate?*

No. There are no fees contemplated under the proposed program.

8. *Where do I file comments on the proposed program? Whom should I contact with questions related to the proposed program?*

Interested parties are encouraged to submit comments on the proposed program to the OCC at pilotprogram@occ.treas.gov.

Questions related to the proposed program may be directed to the OCC's Office of Innovation at innovation@occ.treas.gov or at (202) 649-5200.

9. *What regulatory tools are proposed through the program?*

The use of regulatory tools would be considered on a case-by-case basis. These tools may include interpretive letters, supervisory feedback, and technical assistance from the OCC's subject matter experts. The OCC may also address the legal permissibility of a proposed activity within the context of this program. Regulatory tools will be considered only when such use would not violate existing laws or cause an unsafe or unsound condition.

10. *Would the pilot program offer safe harbor from consumer protection requirements or any immunity from federal or state enforcement actions?*

No. The program would not provide participating entities with statutory or regulatory waivers or absolve them from complying with applicable laws and regulations. The program would not release entities from consumer protection requirements.

Proposals involving consumers will be expected to include appropriate controls and safeguards to protect consumers from harm. Such controls and safeguards could include consumer notification or consent, suitable processes for complaint handling, and mechanisms for remediation, including timely and fair compensation for any harm to consumers caused during the pilot.

11. *How might other regulators be involved?*

The OCC has established processes for cooperating and coordinating with other financial regulators, including information sharing on innovation-related topics, bank supervision, and the rulemaking process. Within this program, the OCC will consider case-by-case coordination with other regulators.