

**MEMORANDUM TO:** The Board of Directors

**FROM:** Claude A. Rollin  
Program Manager (EGRPRA)  
Office of the Vice Chairman

**SUBJECT:** Notice and Request for Public Comment Pursuant to the  
Economic Growth and Regulatory Paperwork Reduction Act of  
1996 (EGRPRA)

**PROPOSAL**

The Division of Supervision and Consumer Protection and the Legal Division propose that the Board approve the publication of the attached Federal Register notice pursuant to section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). The notice summarizes the EGRPRA process to date and requests public comment on three categories of regulations: Banking Operations; Directors, Officers and Employees; and Rules of Procedure. If approved by the Board and the other agencies, this notice and request for public comment will be issued jointly with the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), and the Office of Thrift Supervision (OTS).

**RECOMMENDATION**

This memorandum recommends that the FDIC Board of Directors approve the attached notice and authorize it to be published in the Federal Register for a 90-day comment period. It is anticipated that this release, if approved, will be published in August 2005.

Recommend Approval:

Concur:

---

Michael J. Zamorski, Director  
Division of Supervision & Consumer Protection

---

William F. Kroener, III  
General Counsel

For further information, contact:  
Claude A. Rollin, ext. 88741  
Steven D. Fritts, ext. 83723  
Ruth R. Amberg, ext. 83736

**Request for Burden Reduction Comments Pursuant to EGRPRA:  
Banking Operations; Directors, Officers and Employees; and Rules of Procedure.**

**BACKGROUND**

The purpose of the EGRPRA review is to identify outdated, unnecessary, or unduly burdensome regulatory requirements imposed on insured depository institutions. Section 2222 of EGRPRA, requires the OCC, FRB, FDIC, and OTS (the Agencies) to:

- categorize their regulations by type and publish categories at regular intervals in the Federal Register, seeking public comment on whether the regulations contain outdated, unnecessary or unduly burdensome requirements;
- conduct the review at least once every 10 years (the first 10-year publication cycle will end in September, 2006);
- publish in the Federal Register a summary of the comments received, identifying and discussing the significant issues raised;
- report to Congress, within 30 days of publishing the summary of comments, on any significant issues raised by the public comments, the relative merits of such issues, and whether the Agencies have the ability to address regulatory burdens through regulation or if legislation would be required to address the burdens; and
- eliminate unnecessary regulations to the extent that such action is appropriate.

EGRPRA affords the FDIC and the other Agencies a significant opportunity to receive input from the industry as to more streamlined and less burdensome ways to regulate.

Today's notice is the fifth in an anticipated series of six Federal Register notices requesting the public to recommend ways to reduce regulatory burden imposed on insured institutions. The first notice, published on June 16, 2003, described the Agencies' plan to review our regulatory requirements pursuant to EGRPRA. The notice identified the proposed categorization of our regulations. It also requested public comment on the first three categories of regulations (Applications and Reporting, Powers and Activities, and International) as well as on the Agencies' categorization of and schedule for publishing the regulations. In response to the first request for comment, the Agencies received 19 written responses.

On January 21, 2004, the Agencies published a second Federal Register notice that modified our original plan in response to public comment and requested burden reduction recommendations on Consumer Protection: Lending Related Rules. In response to that notice, the Agencies received about 560 comments. On July 20, 2004, the Agencies published a third notice that requested comment on Consumer Protection: Account / Deposit Relationships and Miscellaneous Consumer Rules to which the Agencies received over 100 comments. On February 3, 2005 we requested comment about three categories of rules: Money Laundering; Safety and Soundness; and Securities. In response to that notice, the Agencies received 120 comments. Today, we request comment on rules related to Banking Operations; Directors, Officers and Employees; and Rules of Procedure.

In addition to receiving written comments, the Agencies think that it is important to have face-to-face meetings with bankers and consumer group representatives so that we can hear a variety of views on burden reduction directly. To accomplish that, the Agencies have sponsored nine banker outreach meetings in different cities around the country to heighten industry awareness of the EGRPRA project, listen to regulatory burden concerns, comments and suggestions, and to identify possible solutions. Outreach meetings have been held in Orlando, St. Louis, Denver, San Francisco, New York, Nashville, Seattle, Chicago, Phoenix and New Orleans and have been attended by approximately 450 bankers. More meetings are planned for the rest of the year. The Agencies have also held three outreach meetings with over 100 participants for consumer and community groups to obtain their input on regulatory burden reduction. The consumer and community group meetings have been held in Arlington, Virginia, San Francisco, and Chicago and additional such meetings are being planned.

The Agencies are actively discussing the recommendations we have received from all sources in order to develop further burden reducing responses. As contemplated by EGRPRA, we are considering regulatory and statutory changes, as well as changes in agency procedures, to reduce burden.

In 2004 and 2005, representatives of the Agencies and industry leaders testified before congressional committees about these legislative reform proposals and other ideas for reducing burden on the financial services industry.

## **DISCUSSION**

Today, the Agencies are requesting the public to provide burden reduction recommendations on 28 regulations we have categorized as regulations related to Banking Operations; Directors, Officers and Employees; and Rules of Procedure. Included among the rules on which we will request comment in this notice are the following that are applicable to state nonmember banks:

- Prohibition of Payment of Interest on Demand Deposits
- Availability of Funds and Collection of Checks
- Reserve Requirements of Depository Institutions
- Assessments
- Assessment of Fees upon Entrance to or Exit from the Bank Insurance Fund or the Savings Association Insurance Fund
- Determination of Economically Depressed Regions
- Disclosure of Financial Information
- Golden Parachute and Indemnification Programs
- Limits on Extensions of Credit to Executive Officers, Directors and Principal Shareholders
- Management Official Interlocks
- Uniform Rules of Practice and Procedure
- Resolution and Receivership Rules
- Restrictions on Sale of Assets by the Federal Deposit Insurance Corporation

As in the previous notices, the proposed Federal Register notice requests public comment on the:

- possible need for statutory change;
- continuing relevance of the regulations and their relationship to their authorizing statutes;
- possibility of a better method to approach regulating, including the use of flexible regulatory standards;
- effect of the regulations on competitive positioning;
- reporting, recordkeeping and disclosure requirements;
- consistency or redundancy of regulatory requirements;
- clarity of regulatory language; and
- burden on small institutions.

At the conclusion of the fifth EGRPRA comment period, as in the previous four, the Agencies will review the comments received and decide whether further action is appropriate with respect to the categories of regulations included in that notice. Any rulemaking deemed appropriate from the review will be undertaken jointly for interagency regulations or by the appropriate agency for agency-specific regulations.

## **CONCLUSION**

We recommend that the Board authorize publication of the attached notice and request for public comment in the Federal Register. We also recommend that the Board authorize the Executive Secretary and General Counsel to make technical, nonsubstantive, or conforming changes to the attached notice and request for comment to ensure that the Corporation and the other Agencies can issue this document jointly in the Federal Register and to take such other actions and issue such other documents incident and related to the foregoing as they deem necessary or appropriate to fulfill the Board's objective in connection with this matter.

Attachments

Concur:

---

Jodey C. Arrington  
Chief of Staff