

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 5

[Docket ID OCC-2025-0273]

RIN 1557-AF38

Community Bank Licensing Amendments

AGENCY: Office of the Comptroller of the Currency, Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Office of the Comptroller of the Currency (OCC) is proposing to amend its rules related to policies and procedures to simplify licensing requirements for corporate activities and transactions involving national banks and Federal savings associations that have less than \$30 billion in total assets and satisfy certain conditions. The proposed rule is intended to reduce burden on these institutions.

DATES: Comments must be received by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

ADDRESSES: Commenters are encouraged to submit comments through the Federal eRulemaking Portal. Please use the title “Community Bank Licensing Amendments” to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal – Regulations.gov:*

Go to <https://regulations.gov/>. Enter Docket ID “OCC-2025-0273” in the Search Box and click “Search.” Public comments can be submitted via the “Comment” box below the displayed document information or by clicking on the document title and then

clicking the “Comment” box on the top-left side of the screen. For help with submitting effective comments, please click on “Commenter’s Checklist.” For assistance with the *Regulations.gov* site, please call 1-866-498-2945 (toll free) Monday-Friday, 9 a.m.-5 p.m. EST, or e-mail regulationshelpdesk@gsa.gov.

- *Mail:* Chief Counsel’s Office, Attention: Comment Processing, Office of the Comptroller of the Currency, 400 7th Street, SW, Suite 3E-218, Washington, DC 20219.
- *Hand Delivery/Courier:* 400 7th Street, SW, Suite 3E-218, Washington, DC 20219.

Instructions: You must include “OCC” as the agency name and Docket ID “OCC-2025-0273” in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the *Regulations.gov* website without change, including any business or personal information provided such as name and address information, e-mail addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this action by the following method:

- *Viewing Comments Electronically – Regulations.gov:*

Go to <https://regulations.gov/>. Enter Docket ID “OCC-2025-0273” in the Search Box and click “Search.” Click on the “Dockets” tab and then the document’s title. After clicking the document’s title, click the “Browse All Comments” tab. Comments can be viewed and filtered by clicking on the “Sort By” drop-down on the

right side of the screen or the “Refine Comments Results” options on the left side of the screen. Supporting materials can be viewed by clicking on the “Browse Documents” tab. Click on the “Sort By” drop-down on the right side of the screen or the “Refine Results” options on the left side of the screen checking the “Supporting & Related Material” checkbox. For assistance with the *Regulations.gov* site, please call 1-866-498-2945 (toll free) Monday-Friday, 9 a.m.-5 p.m. EST, or e-mail regulationshelpdesk@gsa.gov.

The docket may be viewed after the close of the comment period in the same manner as during the comment period.

FOR FURTHER INFORMATION CONTACT: Christopher Crawford, Special Counsel, or Scott Burnett, Counsel, Chief Counsel’s Office, 202-649-5490, Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219. If you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION:

I. Background

Twelve CFR part 5 sets forth the OCC's requirements for national banks and Federal savings associations that seek to engage in certain corporate activities and transactions, including establishing, changing the structure of or the activities performed by, and dissolving OCC-supervised institutions. The filing requirements differ depending on the nature of corporate activity or transaction, ranging from a full application before engaging in an activity or transaction to an after-the-fact notification for informational purposes.

While all similarly categorized corporate activities and transactions are generally subject to identical filing requirements, the OCC's licensing regulations provide expedited review of filings and modified filing requirements in certain circumstances (hereinafter, "expedited or reduced filing procedures"). The OCC first introduced these expedited or reduced filing procedures in 1996, when the regulations in 12 CFR part 5 were amended to include expedited procedures for certain filings by "eligible banks."¹ The 1996 amendments also established notice procedures, rather than applications, for certain filings by national banks that were "adequately capitalized" or "well capitalized," as those terms are defined in the prompt corrective action (PCA) framework set forth in 12 CFR part 6.² Over time, the OCC has amended and expanded these expedited or reduced filing procedures, with current 12 CFR part 5 providing expedited or reduced filing procedures to OCC-supervised institutions that are: (1) either an "eligible bank" or "eligible savings association," or (2) both "well managed" and "well capitalized." These procedures reduce the baseline burden for OCC-supervised institutions that satisfy the eligibility criteria, as there is either less burden in preparing the requisite filing for the OCC, reduced delay before engaging in a proposed activity or transaction, or both. As noted when the OCC first adopted expedited review, certain applications by healthy institutions entail low levels of risk.³ The OCC similarly believes that applications by community national banks and community Federal savings associations will generally present low levels of risk, comparable to those by eligible banks and eligible savings associations, and thus should also benefit from expedited or reduced filing procedures.

¹ 61 FR 60342-43 (Nov. 27, 1996).

² 61 FR 60343.

³ See 61 FR 60342.

II. Description of the Proposed Rule

The OCC's current licensing requirements generally apply equally regardless of the size of the OCC-supervised institution. The proposed rule will modify this approach by establishing a new definition of "covered community bank or covered community savings association" and provide such institutions access to all currently available expedited or reduced filing procedures. The OCC is proposing these changes as part of a broader initiative to tailor the regulatory framework for community national banks and community Federal savings associations, with the goal of reducing regulatory burden and tailoring requirements to the size and risk-profile of the institution. Community national banks and community Federal savings associations typically engage in lower risk and less complex activities. Accordingly, the OCC will generally be able to review filings from community national banks and community Federal savings associations more quickly. Similarly, a lower risk profile is generally correlated to a proposal more clearly meeting the evaluative factors and less likely to warrant denial. Accordingly, the OCC is proposing to expand the existing expedited or reduced filing procedures to community national banks and community Federal savings associations that satisfy certain conditions. The OCC will retain the ability to extend the expedited review period or remove a filing from expedited review as is currently applied to eligible banks and eligible savings associations in 12 CFR 5.13(a)(2)(i). Further, the OCC retains the discretion under 12 CFR 5.2(b) to adopt materially different procedures for a particular filing, or class of filings, as it deems necessary, for example, in exceptional circumstances or for unusual transactions, after providing notice of the change to the filer and to any other party that the OCC determines should receive notice.

Twelve CFR 5.3 defines the terms that are used throughout part 5. The OCC is proposing a new definition for this section, covered community bank or covered community savings association. The proposed rule would define a “covered community bank or covered community savings association” as a national bank or Federal savings association that: (1) has less than \$30 billion in total assets and is not an affiliate of a depository institution or foreign bank with \$30 billion or more in total assets, (2) is “well capitalized” as defined in 12 CFR 5.3, and (3) is not subject to a cease and desist order, a consent order, or a formal written agreement, that requires action to improve the financial condition of the national bank or Federal savings association unless otherwise informed in writing by the OCC. The total assets of the national bank, Federal savings association, and any depository institution affiliate would be as reported in the institution’s Consolidated Report of Condition and Income (Call Report). Any foreign bank’s total assets would be as reported in an equivalent to a Call Report. A national bank or Federal savings association would be an affiliate of a depository institution or foreign bank if it controls, is controlled by, or is under common control with the depository institution or foreign bank, as “control” is defined in 12 CFR 5.50(d)(4). The OCC believes that this standard for control, as used in the Change in Bank Control Act and implementing regulations,⁴ provides the appropriate, flexible test for determining when a national bank or Federal savings association is affiliated with a larger institution, as this standard is well known and frequently applied for control analyses.

The proposed definition’s \$30 billion total asset limitation is consistent with the OCC’s recently announced Community Bank group, which will supervise institutions

⁴ 12 U.S.C. 1817(j); 12 CFR 5.50.

with total assets up to that threshold.⁵ These national banks and Federal savings associations typically engage in lower risk and less complex activities. The proposed definition's requirement that the OCC-supervised institution be "well capitalized" is consistent with the OCC's general approach to conferring expedited or reduced filing procedures. The proposed definition's enforcement action restriction mirrors the current language in the "troubled condition" definition in 12 CFR 5.51(c)(7)(ii) with respect to enforcement actions. A national bank or Federal savings association that is not well capitalized or is subject to an enforcement action that requires improvement in its financial condition typically has a higher risk profile than a covered community bank or covered community savings association. Accordingly, the OCC more closely examines filings from these institutions, and expedited or reduced filing procedures are not appropriate.

The OCC's regulations currently have expedited review provisions for eligible banks or eligible savings associations for thirteen types of filings. For charter applications, 12 CFR 5.20(j) provides expedited review for an application to establish a full-service national bank or Federal savings association sponsored by a bank holding company or savings and loan holding company whose lead depository institution is an eligible bank or eligible savings association. Twelve CFR 5.23(d)(4) and 5.24(h) provide for expedited review of an application to convert from an eligible bank to a Federal savings association and from an eligible savings association to a national bank, respectively. Twelve CFR 5.26(e)(3) provides for expedited review of an application by

⁵ See OCC, News Release 2025-89, "OCC Announces Updates to Organizational Structure" (Sept. 18, 2025), <https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-89.html>.

an eligible bank or eligible savings association to exercise fiduciary powers. Twelve CFR 5.30(f)(6) provides for expedited review of applications for establishment or relocation of a branch by an eligible bank. Twelve CFR 5.31(f)(2)(iii) provides that an eligible savings association need not file an application to establish or relocate a branch if it has published public notice and no person has filed a comment opposing the branch, or if the OCC determines that a comment raises issues not relevant to the approval standards for an application or a branch or that OCC action in response to the comment is not required. If an application is required, because a comment has been filed or the branch is located in the District of Columbia,⁶ 12 CFR 5.31(f)(1)(iii) provides for expedited review of applications by an eligible savings association. Twelve CFR 5.40(c)(4) provides for expedited review of applications to relocate a main office or home office of an eligible bank or eligible savings association, respectively. Twelve CFR 5.45(g)(3) provides for expedited review of applications for a capital increase by an eligible savings association. Twelve CFR 5.46(i)(2) provides for expedited review of applications for a change in permanent capital by an eligible bank. Under 12 CFR 5.47(f)(1)(i)(A) and (f)(2)(i)(A), an eligible bank is required to receive OCC approval to issue or prepay subordinated debt included in tier 2 capital, respectively, only if the national bank will not continue to be an eligible bank after the transaction, the OCC has previously notified the national bank that prior approval is required, or prior approval is required by law. Similarly, 12 CFR 5.56(b)(1)(ii) provides for expedited review of applications to include subordinated debt securities or mandatorily redeemable preferred stock in tier 2 capital by an eligible savings association. The OCC proposes adding covered community bank or covered

⁶ See 12 U.S.C. 1464(m); 12 CFR 5.31(j).

community savings association to each of these provisions referencing eligible bank or eligible savings association.

Under 12 CFR 5.33(i), an application for a business combination is eligible for expedited review if the filing qualifies as a business reorganization as defined in 12 CFR 5.33(d)(3) or the filing qualifies as a streamlined business combination application as described in 12 CFR 5.33(j).⁷ The OCC is proposing to add to paragraph (j) a new paragraph permitting the use of the streamlined application form when the acquiring national bank or Federal savings association is a covered community bank or covered community savings association and the transaction would result in a national bank or Federal savings association with less than \$30 billion in total assets.

Under 12 CFR 5.55(e)(1)(i), a Federal savings association must file an application before making a capital distribution if, inter alia, it would not be at least well capitalized

⁷ Twelve CFR 5.33(j) authorizes the use of a streamlined application if: (i) at least one party to the transaction is an eligible bank or eligible savings association, and all other parties to the transaction are eligible banks, eligible savings associations, or eligible depository institutions; the resulting national bank or resulting Federal savings association will be well capitalized immediately following consummation of the transaction; and the total assets of the target institution are no more than 50 percent of the total assets of the acquiring bank or Federal savings association, as reported in each institution's Consolidated Report of Condition and Income filed for the quarter immediately preceding the filing of the application; (ii) the acquiring bank or Federal savings association is an eligible bank or eligible savings association; the target bank or savings association is not an eligible bank, eligible savings association, or an eligible depository institution; the resulting national bank or resulting Federal savings association will be well capitalized immediately following consummation of the transaction; and the filers in a prefiling communication request and obtain approval from the appropriate OCC licensing office to use the streamlined application; (iii) the acquiring bank or Federal savings association is an eligible bank or eligible savings association; the target bank or savings association is not an eligible bank, eligible savings association, or an eligible depository institution; the resulting bank or resulting Federal savings association will be well capitalized immediately following consummation of the transaction; and the total assets acquired do not exceed 10 percent of the total assets of the acquiring national bank or acquiring Federal savings association, as reported in each institution's Consolidated Report of Condition and Income filed for the quarter immediately preceding the filing of the application; or (iv) in the case of a transaction under 12 CFR 5.33(g)(4), the acquiring bank is an eligible bank; the resulting national bank will be well capitalized immediately following consummation of the transaction; the filers in a prefiling communication request and obtain approval from the appropriate OCC licensing office to use the streamlined application; and the total assets acquired do not exceed 10 percent of the total assets of the acquiring national bank, as reported in the bank's Consolidated Report of Condition and Income filed for the quarter immediately preceding the filing of the application.

or otherwise remain an eligible savings association following the distribution. The OCC proposes adding covered community savings association to this provision and restructuring paragraph (e)(1)(i) for clarity. Specifically, an application would be required if either the Federal savings association is not an eligible savings association or a covered community savings association or the Federal savings association is an eligible savings association or a covered community savings association but would not remain well capitalized following the distribution. Twelve CFR 5.55(g)(1) provides for expedited review of capital distribution applications by eligible savings associations. The OCC proposes adding covered community savings association to this provision.

The OCC's regulations also provide for expedited or reduced filing requirements for certain filings by national banks and Federal savings associations that are well managed and well capitalized. Twelve CFR 5.34(f)(1) generally requires an application for a national bank to establish or acquire an operating subsidiary or perform a new activity in an existing operating subsidiary. Twelve CFR 5.34(f)(2) permits a national bank that is well capitalized and well managed to provide after the fact notice instead of an application if the operating subsidiary meets certain structural and activity requirements. Similarly, 12 CFR 5.34(f)(6) permits a national bank to acquire or establish an operating subsidiary or perform a new activity in an existing operating subsidiary if the bank is well managed and well capitalized and meets other requirements. The OCC is proposing that a national bank qualify for these expedited or reduced filing requirements if it is a covered community bank or is both well capitalized and well managed.

Twelve CFR 5.35(f)(2)(ii) provides for expedited review of a notice to make an investment in a bank service company or to perform new activities in an existing bank

service company if the national bank or Federal savings association is well capitalized and well managed and the bank service company meets certain activity qualifications. The OCC is proposing adding covered community banks and covered community savings associations to this provision.

Twelve CFR 5.36(e) permits a national bank to file a notice no later than 10 days after making a non-controlling investment if the notice contains, inter alia, a certification that the bank is well capitalized and well managed at the time of the investment. If the national bank is not well capitalized and well managed but still meets other requirements necessary to make the non-controlling investment, it must instead file an application under 12 CFR 5.36(f). The OCC is proposing to add covered community bank as an alternative to the current requirement that a national bank be well capitalized and well managed for purposes of the certification in 12 CFR 5.36(e)(2). Twelve CFR 5.36(h)(1) permits a national bank that is well capitalized and well managed to make a non-controlling investment in an enterprise that engages in the activities of holding and managing assets acquired by the parent bank in satisfaction of a debt previously contracted. The national bank must submit a notice with the OCC no later than 10 days after making the investment. The OCC is proposing to permit covered community banks to use this procedure. Twelve CFR 5.58 provides substantively identical provisions for Federal savings association's pass-through investments. The OCC is proposing parallel changes for covered community savings associations in that regulation.

Twelve CFR 5.38 provides for expedited review of an application to establish or acquire an operating subsidiary or to perform a new activity in an existing operating

subsidiary by a Federal savings association⁸ that is well capitalized and well managed if the operating subsidiary meets certain structural and activity requirements. Twelve CFR 5.59 provides for expedited review of an application to establish or acquire a service corporation, or to perform a new activity in an existing service corporation subsidiary, by a Federal savings association⁹ that is well capitalized and well managed if the service corporation engages only in one or more of the preapproved activities listed in 12 CFR 5.59(f). The OCC is proposing to add covered community savings associations to these provisions.

Additionally, the OCC is proposing to clarify the standard for when an adverse comment raises a significant supervisory, Community Reinvestment Act (CRA) or compliance concern. Under 12 CFR 5.13(a)(2)(i), the OCC may extend the expedited review period or remove a filing from expedited review procedures if, *inter alia*, it concludes that the filing, or an adverse comment regarding the filing, presents a significant supervisory, CRA, or compliance concern. The OCC does not extend the expedited review period or remove a filing from expedited review procedures if, *inter alia*, the OCC determines that an adverse comment does not raise a significant supervisory, CRA, or compliance concern. The OCC's regulation does not define when a concern is significant. The OCC is proposing to add a sentence to 12 CFR 5.13(a)(2)(ii) that, for purposes of that paragraph, it considers a concern to be significant if the facts are

⁸ Twelve CFR 5.38 does not apply to a Federal savings association that is not subject to 12 U.S.C. 1828(m) because the Federal savings association is a Federal savings bank that was chartered prior to October 15, 1982, as a savings bank under State law or acquired its principal assets from an institution that was chartered prior to October 15, 1982, as a savings bank under State law. *See* 12 CFR 5.38(b). Such a Federal savings association may establish or acquire an operating subsidiary or commence a new activity in an existing operating subsidiary without a filing to the OCC.

⁹ As with 12 CFR 5.38, the application requirements in 12 CFR 5.59 do not apply to Federal savings associations not subject to 12 U.S.C. 1828(m). *See* 12 CFR 5.59(h)(1)(i).

previously unknown to the OCC and, if proven accurate, would support denial of the filing. This new sentence would provide additional clarity to filers and commenters on when the OCC may extend the expedited review period or remove a filing from expedited review procedures in light of the comment. If the information in a comment is already known to the OCC, the OCC may take action under 12 CFR 5.13(a)(2)(i) or deny the filing, as appropriate. If the information in a comment, if accurate, would not support denial of the filing, the OCC does not see a basis to change the otherwise applicable expedited processing as the record available to the OCC would already provide sufficient basis for decision.

III. Request for Comments

The OCC requests comment on all aspects of the expedited or reduced filing procedures discussed above. The OCC is also considering further ways to tailor and reduce burden with respect to its licensing regulations. The OCC requests comment on all aspects of its licensing regulations, with a purpose of reducing burden, consistent with safety and soundness, including the following.

1. *What asset threshold should the OCC use for covered community banks and covered community savings associations?*
2. *Should the OCC aggregate affiliated depository institutions for purposes of applying the covered community bank or covered community savings association definition? Should the OCC aggregate the national bank or Federal savings association with its holding company on a consolidated basis for purposes of the definition?*

3. *Are there other provisions in the OCC's licensing regulations where the OCC should apply expedited or reduced filing procedures for community national banks and community Federal savings associations?*
4. *Should the OCC streamline and simplify its regulations for Federal savings association charters and bylaws in 12 CFR 5.21 and 5.22? If so, how?*
5. *Should the OCC provide for expedited review for conversion applications by eligible depository institutions, as defined in 12 CFR 5.3? If so, what timeline should the OCC use to ensure that the OCC has sufficient time to review the application and perform a pre-conversion examination, if appropriate?*
6. *Should the OCC provide for a shorter expedited review period for national bank branching applications? How should the OCC ensure compliance with applicable branching requirements under 12 U.S.C. 36?*
7. *Should the OCC continue to retain branching applications for Federal savings associations, other than for the establishment of a branch in the District of Columbia, as required by 12 U.S.C. 1464(m)?*
8. *Should the OCC eliminate filing requirements for national bank and Federal savings association operating subsidiaries and non-controlling and pass-through investments (to the extent permitted by 12 U.S.C. 1828(m) for Federal savings associations)? Are there particular investments or activities for which the OCC should continue to require a notice or application?*
9. *Should the OCC provide for automatic approval of director residency waiver applications by some or all national banks?*

10. *Should the OCC reduce the filing requirements for changes in national bank and Federal savings association capital, to the extent permitted by applicable statutes?*

11. *Should the OCC expand the activities permissible for Federal savings association service corporations?*

IV. Regulatory Analysis

Paperwork Reduction Act

Under the Paperwork Reduction Act of 1995 (PRA),¹⁰ the OCC may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The information collection requirements in this proposed rule have been submitted to OMB under OMB control number 1557-0014 (Licensing Manual).

The proposal would create a new definition of “covered community bank or covered community savings association” and amend various provisions of 12 CFR part 5 to grant expedited or reduced filing procedures already present in the regulations to covered community banks and covered community savings associations.

Title of Information Collection: Licensing Manual.

OMB control number: 1557-0014.

Frequency of Response: Occasional.

Affected Public: National banks and Federal savings associations.

The changes to the burden of the Licensing Manual are *de minimis* and continue to be:

Estimated Number of Respondents: 3,694.

¹⁰ 44 U.S.C. 3501-3521.

Estimated Total Annual Burden: 12,481.15.

Regulatory Flexibility Act

In general, the Regulatory Flexibility Act (RFA)¹¹ requires an agency, in connection with a proposed rule, to prepare an Initial Regulatory Flexibility Analysis describing the impact of the rule on small entities (defined by the U.S. Small Business Administration for purposes of the RFA to include commercial banks and savings institutions with total assets of \$850 million or less and trust companies with total assets of \$47 million or less). However, under section 605(b) of the RFA, this analysis is not required if an agency certifies that the proposed rule would not have a significant economic impact on a substantial number of small entities and publishes its certification and a short explanatory statement in the **Federal Register** along with its proposed rule.

The OCC currently supervises approximately 609 small entities.¹² The OCC estimates that on average, up to 64 OCC-supervised institutions could be impacted by the rule, based on the definition of covered community bank or covered community savings association. In general, the OCC classifies the economic impact on an individual small entity as significant if the total estimated impact in one year is greater than 5 percent of the small entity's total annual salaries and benefits or greater than 2.5 percent of the small entity's total non-interest expense. Furthermore, the OCC considers 5 percent or more of

¹¹ 5 U.S.C. 601 *et seq.*

¹² We base our estimate of the number of small entities on the Small Business Administration's size thresholds for commercial banks and savings institutions, and trust companies, which are \$850 million and \$47 million, respectively. Consistent with the General Principles of Affiliation 13 CFR 121.103(a), we count the assets of affiliated financial institutions when determining if we should classify an OCC-supervised institution as a small entity. We use December 31, 2024, to determine size because a "financial institution's assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year." See footnote 8 of the U.S. Small Business Administration's *Table of Size Standards*.

OCC-supervised small entities to be a substantial number. Thus, at present, 30 OCC-supervised small entities would constitute a substantial number.

The proposed rule would provide expedited review of certain applications for some small entities and would require fewer filings for some small entities for other types of filings. This would result in cost savings for some OCC-regulated institutions that would now qualify for expedited or reduced filing procedures. Although there are individual small entities that would be impacted by the proposed rule, the economic impact would not be more than 5 percent of the small entity's total annual salaries and benefits nor greater than 2.5 percent of the small entity's total non-interest expense. Accordingly, the OCC expects the proposed rule to have a *de minimis* effect on small entities. The OCC certifies that the proposed rule would not have a significant economic impact on a substantial number of small entities.

Unfunded Mandates Reform Act

The OCC has analyzed the proposed rule under the factors in the Unfunded Mandates Reform Act of 1995 (UMRA).¹³ Under this analysis, the OCC considered whether the proposed rule includes a Federal mandate that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any one year (\$187 million as adjusted annually for inflation). Pursuant to section 202 of the UMRA,¹⁴ if a proposed rule meets this UMRA threshold, the OCC would need to prepare a written statement that includes, among other things, a

¹³ 2 U.S.C. 1531 *et seq.*

¹⁴ 2 U.S.C. 1532.

cost-benefit analysis of the proposal. The UMRA does not apply to regulations that incorporate requirements specifically set forth in law.

The OCC's estimates that the proposal would not require additional expenditure from OCC regulated entities. As noted earlier, there would likely be a decrease in expenditures due to reduced filing requirements, resulting in cost savings. Therefore, the OCC finds that the proposed rule does not trigger the UMRA cost threshold.

Accordingly, the OCC has not prepared the written statement described in section 202 of the UMRA.

Riegle Community Development and Regulatory Improvement Act of 1994

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act of 1994, 12 U.S.C. 4802(a), in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions, the agencies will consider, consistent with principles of safety and soundness and the public interest: (1) any administrative burdens that the proposed rule would place on depository institutions, including small depository institutions and customers of depository institutions; and (2) the benefits of the proposed rule. The OCC requests comment on any administrative burdens that the proposed rule would place on depository institutions, including small depository institutions, and their customers, and the benefits of the proposed rule that the agencies should consider in determining the effective date and administrative compliance requirements for a final rule.

Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023, 12 U.S.C. 553(b)(4), requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the internet website *www.regulations.gov*.

The proposed regulation would amend the OCC's licensing regulations by providing expedited review or reduced filing requirements for some licensing applications by community national banks and community Federal savings association. A community national bank or community Federal savings association is one that has total assets of less than \$30 billion and meets other criteria related to capital and lack of a formal enforcement action that requires improvement in financial condition.

The proposal and the required summary can be found at <https://www.regulations.gov> by searching for Docket ID OCC-2025-0273 and <https://occ.gov/topics/laws-and-regulations/occ-regulations/proposed-issuances/index-proposed-issuances.html>.

Executive Order 12866

Executive Order 12866, titled "Regulatory Planning and Review," as amended, requires the Office of Information and Regulatory Affairs (OIRA), Office of Management and Budget to determine whether a proposed rule is a "significant regulatory action" prior to the disclosure of the proposed rule to the public. If OIRA finds the proposed rule to be a "significant regulatory action," Executive Order 12866 requires the agencies to conduct a cost-benefit analysis of the proposed rule and for OIRA to conduct a review of the proposed rule prior to publication in the *Federal Register*. Executive Order 12866 defines "significant regulatory action" to mean a regulatory

action that is likely to (1) have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in Executive Order 12866.

The OCC has determined that this proposed rule is not a significant regulatory action under Executive Order 12866 and, therefore, is not subject to review under Executive Order 12866.

Executive Order 14192

Executive Order 14192, titled “Unleashing Prosperity Through Deregulation,” requires that an agency, unless prohibited by law, identify at least 10 existing regulations to be repealed when the agency publicly proposes for notice and comment or otherwise promulgates a new regulation with total costs greater than zero. Executive Order 14192 further requires that new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least ten prior regulations. The OCC has determined that the proposed rule is not a regulatory action for purposes of Executive Order 14192. Further, the proposed rule, if finalized, would be a deregulatory action under Executive Order 14192 because it would result in potential cost savings for OCC-supervised institutions.

List of Subjects in 12 CFR Part 5

Administrative practice and procedure, National banks, Reporting and recordkeeping requirements, Savings associations, Securities.

For the reasons set forth in the preamble, the OCC proposes to amend chapter I of title 12 of the Code of Federal Regulations as follows:

PART 5—RULES, POLICIES, AND PROCEDURES FOR CORPORATE ACTIVITIES

1. The authority citation for part 5 continues to read as follows:

Authority: 12 U.S.C. 1 *et seq.*, 24a, 35, 93a, 214a, 215, 215a, 215a–1, 215a–2, 215a–3, 215c, 371d, 481, 1462a, 1463, 1464, 1817(j), 1831i, 1831u, 2901 *et seq.*, 3101 *et seq.*, 3907, and 5412(b)(2)(B).

2. Amend § 5.3 by adding the definition of “Covered community bank or covered community savings association” to read as follows:

§ 5.3 Definitions.

* * * * *

Covered community bank or covered community savings association means:

(1) A national bank or Federal savings association that:

(i) Has less than \$30 billion in total assets, as reported in the national bank’s or Federal savings association’s Call Report, and is not an affiliate of a depository institution or foreign bank with \$30 billion or more in total assets, as reported in the depository institution’s Call Report or the foreign bank’s equivalent to a Call Report;

(ii) Is well capitalized as defined in § 5.3; and

(iii) Is not subject to a cease and desist order, a consent order, or a formal written agreement, that requires action to improve the financial condition of the national bank or Federal savings association unless otherwise informed in writing by the OCC.

(2) For purposes of this definition, the term “affiliate” means any company that controls, is controlled by, or is under common control with the depository institution or foreign bank, as control is defined in § 5.50(d)(4).

* * * * *

3. Amend § 5.13(a)(2)(ii) by adding a sentence after the first sentence to read as follows:

§ 5.13 Decisions.

(a). * * *

(2) * * *

(ii) * * * For purposes of this paragraph, the OCC considers a concern to be significant if the facts are previously unknown to the OCC and, if proven accurate, would support denial of the filing. * * *

* * * * *

§ 5.20 [Amended]

4. Amend § 5.20(j) by removing the phrase “eligible bank or eligible savings association” and adding in its place the phrase “eligible bank, eligible savings association, covered community bank, or covered community savings association”.

§ 5.23 [Amended]

5. Amend § 5.23(d)(4) by adding the phrase “or covered community bank” after the phrase “eligible bank”.

§ 5.24 [Amended]

6. Amend § 5.24(h) by adding the phrase “or covered community savings association” after the phrase “eligible savings association”.

§ 5.26 [Amended]

7. Amend § 5.26(e)(3) by removing the phrase “eligible bank or eligible savings association” and adding in its place the phrase “eligible bank, eligible savings association, covered community bank, or covered community savings association”.

§ 5.30 [Amended]

8. Amend § 5.30(f)(6) by adding the phrase “or covered community bank” after the phrase “eligible bank”.

§ 5.31 [Amended]

9. In § 5.31, amend paragraphs (f)(1)(iii) and (f)(2)(iii) introductory text by adding the phrase “or covered community savings association” after the phrase “eligible savings association”.

10. Amend § 5.33 by:

a. In paragraph (j)(1)(iii) removing the phrase “application; or” and adding in its place the phrase “application;”;

b. In paragraph (j)(1)(iv) removing the period after the phrase “filing of the application” and adding in its place the phrase “; or”; and

c. Adding a new paragraph (j)(1)(v) to read as follows:

§ 5.33 Business combinations involving a national bank or Federal savings association.

* * * * *

(j)* * *

(1) * * *

(v) The acquiring national bank or Federal savings association is a covered community bank or covered community savings association and the transaction would result in a national bank or Federal savings association with less than \$30 billion in total assets.

* * * * *

§ 5.34 [Amended]

11. Amend § 5.34 by:

- a. In paragraph (f)(2)(i) introductory text adding the phrase “a covered community bank or is both” after the phrase “a national bank that is”; and
- b. In paragraph (f)(6) introductory text “a covered community bank or is both” after the phrase “if the bank is”.

§ 5.35 [Amended]

12. Amend § 5.35(f)(2)(ii)(A) by adding the phrase “a covered community bank or covered community savings association or is both” after the phrase “national bank or Federal savings association is”.

§ 5.36 [Amended]

13. Amend § 5.36 by:

- a. In paragraph (e)(3) adding the phrase “a covered community bank or is both” after the phrase “that the bank is”; and
- b. In paragraph (h)(1) adding the phrase “a covered community bank or is both” after the phrase “national bank that is”.

§ 5.38 [Amended]

14. Amend § 5.38(f)(2)(ii)(A) by adding the phrase “a covered community savings association or is both” after the phrase “savings association is”.

§ 5.40 [Amended]

15. Amend § 5.40(c)(4) by removing the phrase “eligible bank or eligible savings association” and adding in its place the phrase “eligible bank, eligible savings association, covered community bank, or covered community savings association”.

§ 5.45 [Amended]

16. Amend § 5.45(g)(3) by removing the phrase “eligible savings association’s application” and adding in its place the phrase “application by an eligible savings association or covered community savings association”.

17. Amend § 5.46 by revising and republishing paragraph (i)(2) to read as follows:

§ 5.46 Changes in permanent capital of a national bank.

* * * * *

(i) * * *

(2) *Expedited review.* An application by an eligible bank or covered community bank is deemed approved by the OCC 15 days after the date the OCC receives the application described in paragraph (i)(1) of this section, unless the OCC notifies the bank prior to that date that the application has been removed from expedited review, or the expedited review process is extended, under § 5.13(a)(2). An eligible bank or covered community bank seeking to decrease its capital may request OCC approval for up to four consecutive quarters. The request need only specify a total dollar amount for the four-quarter period and need not specify amounts for each quarter. An eligible bank may

decrease its capital pursuant to such a plan only if the bank maintains its eligible bank status before and after each decrease in its capital. A covered community bank may decrease its capital pursuant to such a plan only if it maintains its covered community bank status before and after each decrease in its capital.

18. Amend § 5.47 by:

- a. Redesignating paragraph (f)(1)(i)(B) as paragraph (f)(1)(i)(C);
- b. Adding new paragraph (f)(1)(i)(B);
- c. Revising redesignated paragraph (f)(1)(i)(C);
- d. Redesignating paragraph (f)(2)(i)(B) as paragraph (f)(2)(i)(C);
- e. Adding new paragraph (f)(2)(i)(B); and
- f. Revising redesignated paragraph (f)(2)(i)(C).

The additions and revisions read as follows.

§ 5.47 Subordinated debt issued by a national bank.

* * * * *

(f) * * *

(1) * * *

(i) * * *

(B) *Covered community bank.* A covered community bank is required to receive prior approval from the OCC to issue any subordinated debt, in accordance with paragraph (g)(1)(i) of this section, if:

(1) The national bank will not continue to be well capitalized after the transaction;

(2) The OCC has previously notified the national bank that prior approval is required; or

(3) Prior approval is required by law.

(C) *National bank not an eligible bank or covered community bank.* A national bank that is not an eligible bank or covered community bank must receive prior OCC approval to issue any subordinated debt, in accordance with paragraph (g)(1)(i) of this section.

* * * * *

(2) * * *

(i) * * *

(B) *Covered community bank.* A covered community bank is required to receive prior approval from the OCC to prepay any subordinated debt that is not included in tier 2 capital (including acceleration, repurchase, redemption prior to maturity, and exercising a call option), in accordance with paragraph (g)(1)(ii) of this section, only if:

(1) The national bank will not continue to be well capitalized after the transaction;

(2) The OCC has previously notified the national bank that prior approval is required;

(3) Prior approval is required by law; or

(4) The amount of the proposed prepayment is equal to or greater than one percent of the national bank's total capital, as defined in 12 CFR 3.2.

(C) *National bank not an eligible bank or covered community bank.* A national bank that is not an eligible bank or covered community bank must receive prior OCC approval to prepay any subordinated debt that is not included in tier 2 capital (including acceleration, repurchase, redemption prior to maturity, and exercising a call option), in accordance with paragraph (g)(1)(ii) of this section.

* * * * *

19. Amend § 5.55 by:

a. Revising paragraph (e)(1)(i); and

b. In paragraphs (g)(1) introductory text and (g)(2)(i) adding the phrase “or covered community savings association” after the phrase “eligible savings association”;

The revision reads as follows:

§ 5.55 Capital distributions by Federal savings associations.

* * * * *

(e) * * *

(1) * * *

(i) The Federal savings association is:

(A) Not an eligible savings association or covered community savings association; or

(B) Is an eligible savings association or covered community savings association but would not continue to be well capitalized following the distribution;

* * * * *

§ 5.56 [Amended]

20. Amend § 5.56(b)(1)(ii) introductory text by adding the phrase “or covered community savings association” after the phrase “eligible savings association”.

§ 5.58 [Amended]

21. Amend § 5.58 by:

a. In paragraph (e)(3) adding the phrase “a covered community savings association or is both” after the phrase “that the Federal savings association is”; and

b. In paragraph (h)(1) adding the phrase “a covered community savings association or is both” after the phrase “Federal savings association that is”.

§ 5.59 [Amended]

22. Amend § 5.59(h)(2)(ii)(A) by adding the phrase “a covered community savings association or is both” after the phrase “savings association is”.

Jonathan V. Gould,
Comptroller of the Currency.