

U.S. Plans to Ease Rules for Banks Trying to Expand

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WASHINGTON — The Comptroller of the Currency moved to ease filing requirements for banks that want to expand operations.

In some cases, a federally chartered bank deemed adequately capitalized could establish an operating subsidiary to perform certain low-risk activities without prior approval from the comptroller's office. These activities include data processing, check and credit-card guaranty services and money-order and savings-bond sales.

For banks that meet higher eligibility standards, the comptroller would streamline the approval process for setting up new branches and establishing higher-risk operating subsidiaries, such as dealing and trading in foreign currency and underwriting securities. These applications would be approved automatically unless the office notified the bank otherwise in 30 days. For more routine filings, such as relocating the main office or establishing a short-distance branch, the waiting period would be 10 days.

"We are trying to set up a framework for some predictability," said Julie Williams, chief counsel at the comptroller's office. "There ought to be an expectation for [eligible] banks that they are going to receive an expedited review process."

American Bankers Association spokesman James McLaughlin called the streamlining effort "a very significant improvement for banks that usually have to go hat-in-hand" to do almost anything. The comptroller regulates national, or federally chartered, banks. Agencies that regulate other banks said they were studying the move.

The comptroller's office defines an eligible bank as a national bank that is well-capitalized and meets certain rating standards, including a satisfactory performance under the Community Reinvestment Act. Also, the bank cannot be subject to certain enforcement orders. Of the 3,200 national banks regulated by the comptroller, 80% to 90% meet these criteria, according to Ms. Williams.

To cut regulatory costs, the comptroller's office also proposed that banks be allowed to set up automatic teller machines without applying through the office as long as the ATMs can be used by customers of other banks on a comparable basis. "We were receiving 1,600 applications a year for ATMs," said Lee Cross, a spokesman for the comptroller's office. "This will provide significant savings for banks in time and money."

The comptroller will also increase public notice requirements on banks planning any activities that involve innovative or significant policy, supervisory or legal issues in order to increase input, Ms. Williams said.

The public has 60 days to comment on the proposal before the office decides on its final form.