NYBA

Michael P. Smith
President & CEO
New York Bankers Association
99 Park Avenue, 4th Floor
New York, NY 10016-1502
(212) 297-1699/msmith@nyba.com

May 10, 2007

Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 1-5
Washington, DC 20219
Re: Docket ID OCC-2007-0007

Jennifer J. Johnson, Secretary
Board of Governors of the
Federal Reserve System
20th St. and Constitution Ave., NW
Washington, DC 20551
Re: Docket No. R-1279

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D. C. 20429
Re: RIN 3064-AD17

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20429
Attention: OTS-2007-0006

Ladies and Gentlemen:

In response to the notice of interim rules with request for comment published in the April 10 *Federal Register*, the New York Bankers Association is submitting these comments strongly supporting this interim regulation that would permit insured depository institutions that have up to $500 million in total assets, and that meet certain other criteria, to qualify for an 18-month (rather than the current 12-month) on-site examination cycle. Prior to the enactment of the Financial Services Regulatory Relief Act and its amendment, only institutions with less than $250 million in total assets were eligible for the 18-month examination cycle. The New York Bankers Association is comprised of the community, regional and money center banks and thrifts with retail operations in New York State. Our members have total assets in excess of $4 trillion and more than 300,000 New York State employees.

Section 605 of the Financial Services Regulatory Relief Act of 2006, P.L. 109-351, which was amended and clarified by Public Law 109-473, (collectively, the "Act") increased from $250 million to $500 million the asset size of institutions authorized to be subject to a full-scope, on-site examination once every eighteen months, rather than once every twelve months, as is required for other institutions. To qualify for the 18-month examination cycle, institutions must also be well-capitalized, have earned a CAMELS rating of 1 or 2 at their most recent examinations, not be subject to formal enforcement proceedings, and not be subject to changes in control during their most recent 12-month examination cycles.

The Act is intended to reduce the regulatory burden under which insured financial institutions operate. The increase from $250 million to $500 million in the size of institutions that may qualify for the 18-month examination cycle is an appropriate recognition by Congress and the regulatory agencies of the disproportionate regulatory burden to which these institutions are subject. Institutions of this size pose very little risk to the deposit insurance fund. Their asset and liability structures are generally sufficiently straightforward as to lend themselves to off-site analysis. Moreover, the Act provides the regulatory agencies with residual authority to examine any of these institutions more frequently than required. The Act and this interim rule will allow the regulatory agencies to focus their examination resources on institutions that may pose a greater risk to the safety and soundness of the deposit insurance fund.

For these reasons, the New York Bankers Association strongly supports the interim rule that permits institutions with assets up to $500 million to qualify for the 18-month examination cycle.

Sincerely,

Michael P. Smith