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By electronic delivery February 12, 2007

Office of the Comptroller of
the Currency
250 E Street, SW
Public Reference Room, Mail Stop 1–5
Washington, DC 20219
regs.comments@occ.treas.gov

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Attention: No. 2006-47
regs.comments@ots.treas.gov

Jennifer J. Johnson
Secretary
Board of Governors of the Federal
Reserve System
20th St. & Constitution Avenue, NW
Washington, DC 20551
regs.comments@frb.gov

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
Comments@FDIC.gov

Re: **OCC** Docket No. 2006-16; **FRB** Docket No. R-1272; **FDIC** RIN 3064-AD13; **OTS** Docket No. 2006-47; Interim Rule on Management Official Interlocks; 72 Federal Register 1274; January 11, 2007

Ladies and Gentlemen:

The American Bankers Association ("ABA") appreciates the opportunity to comment on the interim rule published by the Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision ("the Agencies") amending each Agency's rule regarding management interlocks. These revisions have been made pursuant to section 610 of the Financial Services Regulatory Relief Act of 2006.

The ABA appreciates the opportunity to comment on behalf of the more than two million men and women who work in the nation's banks. The ABA brings together all categories of banking institutions to best represent the interests of this rapidly changing industry. Its membership--which includes community, regional, and money center banks and holding companies, as well as savings associations, trust companies, savings banks, and bankers banks--makes the ABA the largest banking trade association in the country.

Discussion

<u>The ABA supports the current proposal and its recognition that asset sizes of financial institutions have increased since the $20 million threshold was established.</u>
This modification would permit management officials of one depository institution to serve as a management official of an unaffiliated depository institution within the same Relevant Metropolitan Statistical Area ("RMSA"), so long as each depository institution has total assets of less than $50 million. Increasing the RMSA threshold from $20 million to $50 million is appropriate given that the average amount of assets held by a depository institution has increased from $105 million in 1978 (the year the Depository Institutions Management Interlocks Act was enacted) to $1.3 billion currently.[1] In fact, this growth in the industry suggests that an even higher threshold would be appropriate, and we would encourage the agencies to consider further updates in the near future and seek legislative changes as appropriate.

<u>The proposal provides financial institutions with regulatory relief without endangering underlying principles of safety and soundness.</u>
The ABA believes this revision will result in depository institutions having greater access to qualified individuals who may serve as management officials, thereby increasing institutions' competitiveness and their ability to operate in a safe and sound manner. Such flexibility for an institution in its choice of management officials is valuable and strikes an appropriate balance that enables financial institutions to avail themselves of qualified individuals while avoiding unnecessary burden.

Conclusion

The ABA supports the proposed revisions to the rules governing management interlocks. We believe that modification of the RMSA asset threshold from $20 million to $50 million will provide a useful reduction in regulatory burden for smaller financial institutions, thereby increasing competition within the industry without sacrificing safety and soundness. We appreciate your consideration of our views. If the Agencies have any questions about these comments, please contact the undersigned.

Sincerely,

Christopher M. Paridon
Counsel

[1] <u>See</u> FDIC, A Statistical History of the U.S. Banking Industry, Historical 1934-1994, vol. 1, § A 48 (1995); <u>see</u> FDIC, The Quarterly Banking Profile, Third Quarter 2006, Table II-A (2006), *available at* http://www2.fdic.gov/qbp/2006sep/qbp.pdf.