

STATEMENT OF  
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SUBCOMMITTEE ON FINANCIAL INSTITUTIONS  
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COMMITTEE ON FINANCIAL SERVICES  
UNITED STATES HOUSE OF REPRESENTATIVES

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Chairman Bachus, Ranking Member Sanders, and members of the Subcommittee, the Office of the Comptroller of the Currency welcomes the opportunity to participate in the discussion of H.R. 3505, the Financial Services Regulatory Relief Act of 2005.

I commend Representatives Hensarling and Moore for taking the lead in sponsoring this legislation. Regulatory burden is an issue that affects all our nation's depository institutions, but it is a matter of special concern for our community banks.

My written testimony covers this subject broadly.

First, it describes the OCC's actions to assist banks and their customers affected by Hurricane Katrina.

Second, it discusses the work being done by the Federal banking agencies, to further the goals of the Economic Growth and Regulatory Paperwork Reduction Act of 1996, known as "EGRPRA."

Third, my testimony summarizes important initiatives being undertaken by the OCC outside the EGRPRA process to reduce needless burden.

Fourth, it summarizes what the OCC sees as priority legislative items in H.R. 3505.

Fifth, it offers suggestions for reducing burden and improving the quality of consumer disclosure.

Finally, my testimony offers the OCC's suggestions for some additions to H.R. 3505.

In the interests of time, I will touch on just a few of those points this morning.

All of us have been greatly moved by the devastation and suffering caused by Katrina. The banking system is playing a crucial role in helping individuals and their communities get back on their feet, and the Federal and state bank regulatory authorities, working in close cooperation, have been making every effort to minimize customers' disruption and the burden on banks involved in the recovery and reconstruction effort.

To that end, Comptroller Dugan, as Chairman of the Federal Financial Institutions Examination Council, established a special Katrina Working Group to facilitate coordination and communication on the bank supervision issues that will arise in Katrina's aftermath. We are very pleased that Commissioner John Allison of Mississippi will participate in this Working Group as the FFIEC's State representative.

The OCC and the other agencies have issued guidance on a wide range of questions that bankers and their customers are raising and we will continue to do our part to help those affected by these events.

But even without the extraordinary events of Hurricane Katrina, which prompted focus on relief from particular regulatory requirements, we should be finding ways to provide relief from unnecessary regulatory burden more broadly.

These burdens can arise from regulations, and here, we, as regulators, have a responsibility to ensure that the rules we adopt are no more burdensome than necessary, and to correct rules on the books that don't meet that test.

In this connection, I would mention the OCC's participation in the ongoing EGRPRA-mandated regulatory review being conducted under Director Reich's able leadership. We also have undertaken another "scrub" of the regulations that are unique to OCC, and we have participated in several interagency initiatives outside the EGRPRA process in order to identify opportunities to reduce regulatory burden.

Recent amendments to the Community Reinvestment Act regulations, and the currently ongoing project to develop clearer, shorter, more effective privacy notices, are two examples of this.

Some regulatory burden is derived from Federal legislation, and thus change requires action by Congress. In past testimonies before this subcommittee, the OCC has provided detailed summaries of our recommended legislative changes. Most of these items are included in H.R. 3505, and they are discussed in detail in my written testimony. Several other items that are not part of H.R. 3505 are noted in my testimony as well, with our recommendation that the Subcommittee consider them as this legislation moves forward.

We also support efforts being led by FinCEN to identify ways to reduce burdens arising from BSA-related requirements –without compromising tools that are valuable to law enforcement.

In conclusion, Mr. Chairman, on behalf of the OCC, let me express my appreciation to you and the Subcommittee for these hearings.

We strongly support responsible burden reduction initiatives. We are committed to assisting those whose lives and businesses were disrupted by Hurricane Katrina and those who may be similarly impacted by Hurricane Rita, and we express our sincere sympathies to all the people affected in the disaster areas and the families who have lost loved ones.

We look forward to working with you and your staff, and our regulatory colleagues on all these efforts.

Thank you and I would be happy to answer your questions.