



Comptroller of the Currency
Administrator of National Banks

*Quarterly
Journal*

QJ vol. 24 no. 3

september 2005

Quarterly Journal



Office of the Comptroller of the Currency
Administrator of National Banks

John C. Dugan
Comptroller of the Currency

Volume 24, Number 3

September 2005
(Second quarter data)

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April [Interpretations and Actions]

1020, 2/8/2005, Letter concludes that national bank directors may meet the qualifying shares requirement under 12 USC 72 by purchasing trust preferred stock. [Note: Reprinted because of date error]

1024, 3/21/2005, Letter concludes that a national bank that renews a loan to an insider violates section 215.4(a)(1) of Regulation O and section 22(h)(A) of the Federal Reserve Act if the loan either (i) is preferential or (ii) involves more than the normal risk of repayment or presents other unfavorable features.

1025, 4/6/2005, Letter concludes that it is permissible for a national bank to engage in customer-driven electricity derivative transaction and hedges, settled in cash and by transitory title transfer, as activities part of, or incidental to, bank permissible financial intermediation transactions.

May [Interpretations and Actions]

1026, 4/27/2005, Letter concludes that the bank's proposed securities conduit lending services are legally permissible for a national bank.

1027, 5/3/2005, Letter confirms that the bank may purchase and hold the preferred securities of two special purpose entities that hold interests in Australian mortgage assets.

1028, 5/9/2005, Letter concludes that the OCC would not find a violation of 12 CFR 37.3(a) in connection with a national bank's automobile loan that includes a GAP feature offered by the bank because the OCC views the underlying loan and the GAP feature as a single product, and the financial arrangement does not create a separate product.

June [Interpretations and Actions]

1029, 5/23/2005, Letter grants a request for a waiver of certain provisions of the OCC's securities confirmation rules at 12 CFR Part 12 in connection with the bank's transfer agent activities for various dividend reinvestment, stock purchase, and employee stock purchase plans.

1030, 5/26/2005, Letter concludes that national bank may continue to hold a separate account bank-owned life insurance investment that in turns holds interests in instruments with characteristics of debt securities and a rate of return, a portion of which is linked to equity securities, provided the bank’s examiner-in-charge has no supervisory objection.

1031, 1/19/1995, Letter concludes that a bank may create a trust to purchase and hold investments beyond those allowed for national banks without violating 12 USC 24(Seventh) and 12 CFR Part 1.

1032, 6/16/2005, Letter concludes that “GAP Addendums” sold by a national bank to borrowers in connection with the bank’s motor vehicle loans, in connection with a GAP program administered by an insurance company, are debt cancellation contracts subject to 12 CFR Part 37.

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Quarterly Journal

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September 2005

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Background

The Office of the Comptroller of the Currency (OCC) was established in 1863 as a bureau of the Department of the Treasury. The OCC is headed by the Comptroller, who is appointed by the President, with the advice and consent of the Senate, for a five-year term.

The OCC regulates national banks by its power to:

- Examine the banks;
- Approve or deny applications for new charters, branches, capital, or other changes in corporate or banking structure;
- Take supervisory actions against banks that do not conform to laws and regulations or that otherwise engage in unsound banking practices, including removal of officers, negotiation of agreements to change existing banking practices, and issuance of cease and desist orders; and
- Issue rules and regulations concerning banking practices and governing bank lending and investment practices and corporate structure.

The OCC divides the United States into four geographical districts, with each headed by a deputy comptroller.

Through the National Bank Act of 1978, the OCC regulates federal branches and agencies of foreign banks in the United States.

The Comptroller

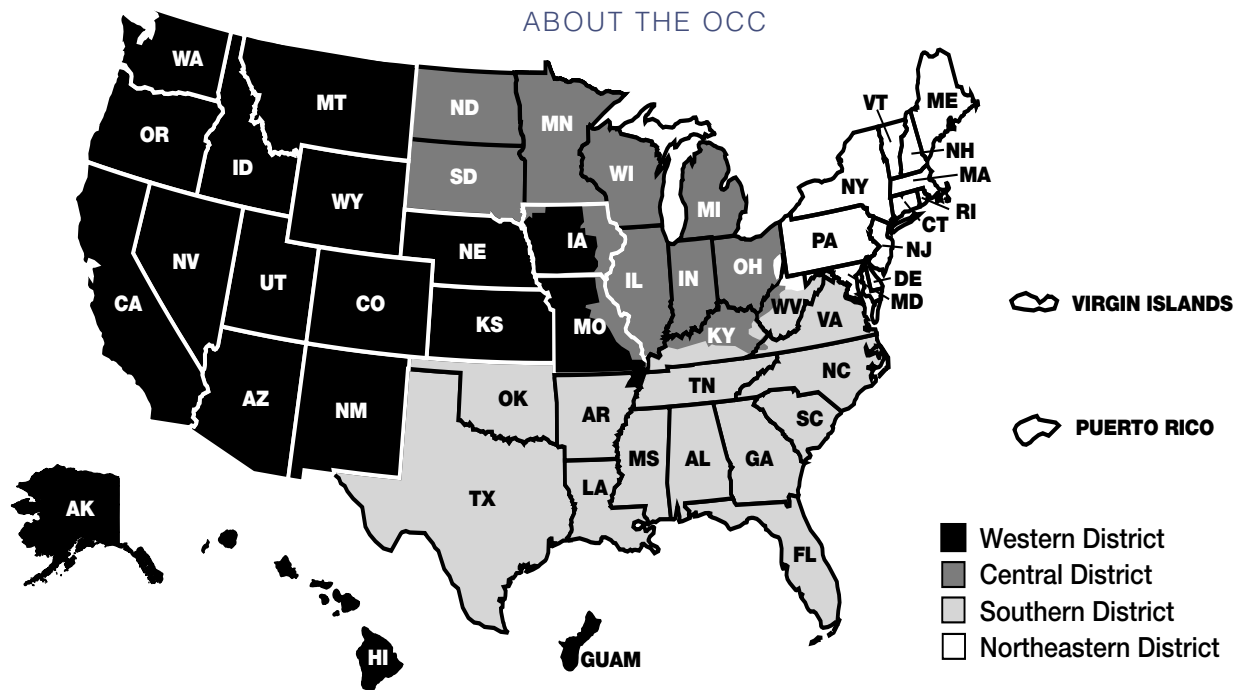


John C. Dugan was sworn in as the 29th Comptroller of the Currency on August 4, 2005. Prior to his appointment as Comptroller, Mr. Dugan was a partner at the law firm of Covington & Burling, where he chaired the firm's Financial Institutions Group. He specialized in banking and financial institution regulation. He also served as outside counsel to the ABA Securities Association. He served at the Department of the Treasury from 1989 to 1993 and was appointed assistant secretary for domestic finance in 1992. While at Treasury, Mr. Dugan had extensive responsibility for policy initiatives involving banks and financial institutions, including the savings and loan cleanup, Glass-Steagall and banking reform, and regulation of government-sponsored enterprises. In 1991, he oversaw a comprehensive study of the banking industry that formed the basis for the financial modernization legislation proposed by the administration of the first President Bush. From 1985 to 1989, Mr. Dugan was minority counsel and minority general counsel for the U.S. Senate Committee on Banking, Housing, and Urban Affairs. There he advised the committee as it debated the Competitive Equality Banking Act of 1987, the Proxmire Financial Modernization Act of 1988, and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Among his professional and volunteer activities before becoming Comptroller, he served as a director of Minbanc, a charitable organization whose mission is to enhance professional and educational opportunities for minorities in the banking industry. He was also a member of the American Bar Association's committee on banking law, the Federal Bar Association's section of financial institutions and the economy, and the District of Columbia Bar Association's section of corporations, finance, and securities laws. A graduate of the University of Michigan in 1977 with an A.B. in English literature, Mr. Dugan also earned his J.D. from Harvard Law School in 1981.

The *Quarterly Journal* is the journal of record for significant actions and policies of the OCC. It is published four times a year, based on data released in March, June, September, and December. The *Quarterly Journal* is first released on the Web at www.occ.treas.gov/qj/qj.htm, and then, by subscription, on the CD-ROM *Quarterly Journal Library*, a cumulative collection starting with volume 17. The *Quarterly Journal* includes the press briefing on the condition and performance of commercial banks, statistical tables on the performance of FDIC-insured banks and OCC data on bank corporate structure, policy statements, decisions on banking structure, appeals to the ombudsman, links to selected speeches and congressional testimony and interpretive letters, summaries of enforcement actions, and other information of interest in the administration of national banks. Please send your comments and suggestions to Rebecca Miller, senior writer-editor, by fax to (202) 874-5263 or by e-mail to quarterlyjournal@occ.treas.gov. The subscription to the *Quarterly Journal Library* CD-ROM is available for \$50 a year by writing to Publications—QJ, OCC, Attn: Accounts Receivable, MS 4-8, 250 E St., SW, Washington, DC 20219 [order form].

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September 2005

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(revised July 2005)

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