



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

NR 2000- 58

FOR IMMEDIATE RELEASE
July 27, 2000

Contact: Robert M. Garsson
(202) 874-5770

Cooperation And Coordination Among Federal Banking Agencies Underlies New Financial Modernization Law

WASHINGTON -- Congress, in passing sweeping financial services legislation last year, reaffirmed the existing roles of each of the financial regulatory agencies and emphasized the importance of the special and complementary roles they play, Comptroller of the Currency John D. Hawke, Jr. said today.

“In doing so, Congress adopted an approach that puts a tremendous premium on cooperation and coordination among the various participants -- something that has always been of key importance in our multipartite structure -- both in order to assure that each can perform its respective role properly, and to reduce the burden of overlapping supervision on the regulated themselves,” Mr. Hawke said in a speech to Women in Housing and Finance.

Congress chose not to create a new structure of regulation for financial modernization. “In my view, GLB strongly reaffirms Congress' commitment to the preexisting structure of financial regulation,” Mr. Hawke said. “It reinforces the roles of the appropriate federal banking agencies as the primary line of defense for the safety and soundness of depository institutions. It perpetuates the role of the Federal Reserve as the regulator of holding companies, with its traditional function of helping to protect banks from risks that might arise elsewhere in the corporate family, outside the bank.”

The role of the primary and functional regulator underlies the approach taken by Congress. “If every agency having an interest were to make its own separate information demands on a bank, for example, each desiring information in a different format -- or if each were to decide to send its own examiners into every institution as to which they might have a colorable jurisdictional claim whenever they felt the need -- the resulting burdens could be intolerable,” he said.

“Congress clearly had this in mind in its GLB mandate that deference should be paid to the functional regulator of an entity, or to the primary federal or state regulator, in the case of a bank, when information is sought or examinations desired by the holding company regulator,” Mr. Hawke said.

-more-

The Comptroller said that close working relationships among individual agencies will be particularly important at the field level. “When a bank examiner in the field identifies a problematic bank transaction involving an insurance or securities affiliate, and needs information, there may not be time for high level deliberations,” he said.

The OCC has set a course for cooperating and coordinating with other agencies, according to the Comptroller.

“We have been engaged in discussions with our counterparts at the other banking agencies, as well as the functional regulators, aimed at assuring that we are all able to fulfill our respective responsibilities without stumbling over one another's feet or imposing needless burdens on the banks we supervise. We believe that productive understandings are emerging from these discussions,” Mr. Hawke said.

“We are in it together, bringing to bear different perspectives and different expertise, but all in the name of protecting the public interest,” he added.

#

The OCC charters, regulates and examines approximately 2,400 national banks and 58 federal branches of foreign banks in the U.S., accounting for more than 57 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.