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#### OCC Regulatory Review Extends to Insider Lending Regulation

The Office of the Comptroller of the Currency (OCC) today proposed revisions to the regulation that governs a national bank lending to its executive officers, directors, and principal shareholders, so-called insider lending.

The proposal in today's Federal Register is the 22nd regulation that the OCC has acted on under its regulatory review program to reduce unnecessary burden and costs for national banks.

The OCC proposes to exempt from the insider lending limit loans to executive officers that are secured by U.S. obligations, obligations guaranteed by a federal agency, or segregated deposit accounts. These exemptions have been adopted by the other federal financial institution regulatory agencies and are consistent with exemptions previously adopted by the OCC to its loans to one borrower limits. Because these loans are well secured from a safety and soundness standpoint, limits on these loans are unnecessary, the OCC notes.

Under the proposal to part 31 of the OCC's regulations, insider loans would remain subject to statutory requirements, including provisions that loan terms are not more favorable to insiders than those to non-insiders and that underwriting criteria are no less stringent than those for non-insider loans.

The OCC is proposing no other substantive change to the general limit on loans to executive officers. A national bank is prohibited from making a loan to an executive officer or principal shareholder if the total of loans to that individual exceeds the higher of \$25,000 or 2.5 percent of the bank's capital and surplus, up to \$100,000.

In an effort to make the regulations more understandable, the OCC is also seeking comment on whether guidance would be helpful that would clarify the differences between the insider lending limits and the limits on loans to one borrower in instances where both regulations apply to the same loan transaction. For example, guidance might be helpful in clarifying terms which are defined differently in the two regulations, such as the definition of a loan or extension of credit. The OCC asks whether guidance is needed and what form it should take.

The comment period for today's regulation ends on February 9, 1996.

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