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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

April 24, 2006

**Interpretive Letter #1062**  
**May 2006**  
**12 CFR 12.8**

Re: [ **Bank1** ]; [ **Bank2** ]; [ **Bank3** ]; and  
[ **Bank4** ] (collectively, the “Banks”)

Dear [ ]:

This responds to your letter dated April 5, 2006, requesting that the OCC waive a requirement applicable to the Banks under the OCC’s regulation at 12 C.F.R. Part 12. Pursuant to 12 C.F.R. § 12.8,<sup>1</sup> the Banks have requested a waiver from the requirement in 12 C.F.R. § 12.7(a)(4) that bank officers and employees who make investment recommendations or decisions for customers must report their personal transactions in securities to the bank within ten business days after the end of the calendar quarter. The Banks request that the OCC permit each Bank’s officers and employees to report their personal transactions in securities to the Bank within thirty days after the end of the calendar quarter, consistent with comparable SEC Rule 17j-1 under the Investment Company Act of 1940 (“SEC Rule 17j-1”).<sup>2</sup> Based on the facts you have presented, the OCC is granting the waiver the Banks have requested.

### **The Banks’ Waiver Request**

The Banks’ waiver request arises in connection with personal securities trading reports that employees of [ ] Corporation (“ ”) are required to file under SEC Rule 17j-1 and the OCC’s parallel rule, 12 C.F.R. § 12.7(a)(4). The OCC’s rule under 12 C.F.R. § 12.7(a)(4) requires bank officers and employees who make investment recommendations or decisions for customers to report their personal transactions in securities to the bank within ten

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<sup>1</sup> Section 12.8 of 12 C.F.R. provides that a national bank may file a written request with the OCC for waiver of one or more of the requirements set forth in §§ 12.2 through 12.7, either in whole or in part.

<sup>2</sup> SEC Rule 204A-1 under the Investment Advisors Act of 1940 also allows personal securities trading reports to be filed within thirty days after the end of the calendar quarter.

business days after the end of the calendar quarter. SEC Rule 17j-1, on the other hand, requires personal securities transaction reports to be filed within thirty days after the end of the calendar quarter.<sup>3</sup>

You have stated that [ ] has a global Securities Trading Policy (the “Policy”) that covers the personal securities trading of all employees of its affiliates worldwide. Each of the Banks has adopted the Policy as its own securities trading policy in compliance with 12 C.F.R. § 12.7. You represent that the Policy complies with SEC and OCC requirements, as well as the requirements of various jurisdictions worldwide, and attempts to apply consistent procedures to all of [ ]’s bank and non-bank employees. Consequently, procedural requirements, such as deadlines for personal securities trading reports, are geared to the strictest of the applicable jurisdictions.

In order to treat all of [ ]’s bank and non-bank employees consistently, [ ] has kept its deadline for filing personal securities transaction reports at ten days, because the Banks’ employees are covered by the more restrictive OCC requirement. However, [ ] would like to offer a 30-day deadline to all of its employees. You represent that employees typically do not receive quarterly statements from their brokers by the 10-day deadline and that requiring employees to report their personal transactions in securities within thirty days after the end of the calendar quarter (consistent with SEC Rule 17j-1) results in improved compliance by enabling employees to base their personal securities transaction reports on their most current brokerage statements. Accordingly, the Banks have requested that the OCC waive the 10-day deadline for filing personal securities transaction reports under 12 C.F.R. § 12.7(a)(4), and permit the Banks’ employees to file their personal securities transaction reports within thirty days after the end of the calendar quarter.

## **Discussion**

The OCC’s reporting requirement under 12 C.F.R. § 12.7(a)(4) was modeled on similar requirements under SEC Rule 17j-1.<sup>4</sup> At the time Part 12 was last revised by the OCC in 1996, SEC Rule 17j-1 required personal securities trading reports to be filed within ten days after the end of the calendar quarter. In July 2004, however, the SEC changed the filing deadline from 10 days to 30 days in an amendment to SEC Rule 17j-1, effective August 31, 2004, with a compliance date of January 7, 2005.<sup>5</sup>

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<sup>3</sup> The OCC’s reporting requirement under 12 C.F.R. § 12.7(a)(4) is a separate requirement from any applicable requirements under SEC Rule 17j-1. However, a person required to file a report with a national bank pursuant to SEC Rule 17j-1 need not file a separate report under the OCC’s reporting requirement if the required information is the same. *See* 12 C.F.R. § 12.7(d).

<sup>4</sup> The OCC noted in the preamble to the final rule adopting the last revisions to Part 12 that the requirement to file personal securities trading reports is similar to requirements under the securities laws and regulations. *See* 61 FR 63958, 63962 (December 2, 1996).

<sup>5</sup> *See* 69 FR 41696 (July 9, 2004). The SEC amended SEC Rule 17j-1 to extend the filing period to 30 days in response to comments received by the SEC. *Id.* at 41699, n. 34.

The OCC's current reporting requirement under section 12.7(a)(4) does not reflect the amendment that the SEC made to SEC Rule 17j-1 changing the deadline for reporting personal transactions in securities to thirty days after the end of the calendar quarter. It is the OCC's intention, however, to administer section 12.7(a)(4) in a fashion consistent with comparable SEC Rule 17j-1. Accordingly, the OCC grants the waiver the Banks have requested, and the OCC will permit each Bank's officers and employees who make investment recommendations or decisions for customers to report their personal transactions in securities to the Bank within thirty days after the end of the calendar quarter. If you have any questions, please contact Asa L. Chamberlayne, Counsel, Securities and Corporate Practices Division, at (202) 874-5210, or [ ], Examiner-in-Charge, at [ ].

Sincerely,

*signed*

Julie L. Williams  
First Senior Deputy Comptroller  
and Chief Counsel